

**ALFRED NOBEL UNIVERSITY
DEPARTMENT OF GLOBAL ECONOMICS**

Bachelor's Thesis

**DEVELOPMENT AND IMPLEMENTATION OF INTERNATIONAL
INVESTMENT PROJECT “STOPRISK IN SWEDEN”**

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Specialty: 292 International economic relations

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Abstract

*Kovalenko A.V. Development of international investment
project "StopRisk" in Sweden*

The work is devoted to the study of the Swedish economy, its development and assessment of the investment climate of this country. It describes changes in key economic indicators; factors affecting investment attractiveness; general SWOT analysis; export and import activities of Sweden. The practical part of the work is presented by the rationale for the investment project "StopRisk", the analysis of key competitors, the identification of possible advantages and their implementation in your project. Also, it contains basic calculations and a conclusion about the feasibility of an investment project.

Key words: Sweden, Swedish economy, investment climate, investment attractiveness, international trade, foreign direct investment, business, investment project, economic effectiveness, coffee, coffee shops, coffee traditions, Stockholm.

Анотація

*Коваленко А.В. Розробка міжнародного інвестиційного проекту
“СтопРизик” у Швеції*

Робота присвячена вивченню Шведської економіки, її розвитку та оцінці інвестиційного клімату цієї країни. В ній описуються зміни основних економічних показників; фактори, які впливають на інвестиційну привабливість; загальний SWOT аналіз; експортна та імпортна діяльності Швеції. Практична частина роботи представлена обґрунтуванням інвестиційного проекту "СтопРизик", аналізом ключових конкурентів, виявленням можливих переваг і впровадженням їх у свій проект. Також, вона містить основні розрахунки і висновок про доцільність інвестиційного проекту.

Ключові слова: Швеція, шведська економіка, інвестиційний клімат, інвестиційна привабливість, міжнародна торгівля, прямі іноземні інвестиції, бізнес, інвестиційний проект, економічна ефективність, кава, кав'ярні, кавові традиції, Стокгольм.

DEVELOPMENT OF INTERNATIONAL INVESTMENT PROJECT “STOPRISK” IN SWEDEN

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INTRODUCTION

The socio-economic development of the state today largely determines its role in the world arena. It allows you to pay more attention to the investment, and at the same time to the innovation sphere of life.

Investment is a dynamic process of changing the forms of capital, sequential transformation of initial resources and values into investment costs and the transformation of invested funds into capital gains in the form of income or social effect. Furthermore, from the point of view of the country as a whole, investment refers to the investment in the creation of new or replacement of the worn out produced, human or natural capital.

Moreover, scientists consider the developing direction of international leasing as a type of investments. Therefore, the key findings presented in my conference work “Legal regulation and the role of leasing in the system of development of economic relations” were used in the study of the Swedish investment climate.

My country of investment is Sweden, which is justly considered a model of social well-being and a developed business environment. Many foreign and domestic scientists have devoted their research to the Swedish model of socio-economic development, trying to transfer the experience of the Swedes to their countries.

Sweden is in the top 10 developed countries in terms of social development, in the top 15 of most international rankings in terms of economic indicators (Here Are the Top 10 Countries for Social Progress in 2020, 2021). A country with one of the lowest crime rates and one of the highest social benefits in the world. Sweden has one of the highest potentials for the development of human capital - the country's human development index in 2020 is 0.945 (takes 7th place in the ranking), the socio-economic development index is 88.06 (2nd place in the ranking in terms of social development) and has very high social progress.

The relevance of this topic is due to the fact that the world economy has long been working on the principles of an investment economy (portal et al., 2021).

It is not an easy task to assess in advance the usefulness and necessity of a project.

Its solution comes down to economic calculations that predict the financial results of the project. To predict the results, you need to know everything about the project: analyze the economy, assess the investment climate and attractiveness. Unfortunately, even with the most careful assessment, there is always room for risks.

The object of the research is the Swedish economy and its investment climate, and the subject is an investment project in Sweden.

The purpose of the work is to thoroughly analyze all aspects of the Swedish economy; to use a SWOT analysis to monitor and identify the strengths and weaknesses of the economy, to consider its existing opportunities, and anticipate possible risks; to identify the area in which investment activity is possible and highly likely to be profitable; to come up with a project and write out its structure; to calculate the main indicators and draw a conclusion about the feasibility of investing.

To achieve this goal, it is necessary to complete the following objectives:

1. Study the necessary theoretical and methodological materials, make an analysis of the Swedish economy.
2. Define and analyze the investment climate and its attractiveness.
3. According to main indicators of project evaluation – make calculations, describe the main positions and aspects of my investment project; to draw a conclusion about the quality and effectiveness of my project.

The research methods that have been used are: theoretical, descriptive, analytical.

This work will be useful for scientists, as well as potential Ukrainian investors who are looking for options for profitable investments in a profitable sphere abroad. The job provides an opportunity to appreciate the benefits of doing business in Sweden. The calculation of performance indicators, presented in the final part of the work, makes it possible to compare the attractiveness of the project in relation to other possible investment options, and also helps to assess the amount of resources required for the implementation of this investment project.

The structure of the study assumes the presence of an introduction, three chapters in which the set research tasks are solved, a conclusion, a list of sources used and applications.

CHAPTER 1

ANALYSIS OF THE SWEDISH ECONOMY

1.1 "Swedish model"

The term "Swedish model" refers to the formation and strengthening of the Swedish economy in the second half of the 20th century. as one of the most developed socio-economic countries.

Keynes's theory "played an important role in the transformation of the capitalist economic system, in the formation of a modern mixed economy in countries in which government regulation could effectively interact with market mechanisms" and was applied in the formation of the Swedish economy, which in the future will be able to successfully combine market relations and state regulation, prevailing private property in the sphere of production and socialization of consumption (Winch, 1966).

Another characteristic feature of post-war Sweden is the specificity of the relationship between labor and capital in the labor market. For many decades, an important part of the Swedish reality has been a centralized system of collective wage bargaining with powerful trade union organizations and employers as the main actors, with union policies based on principles of solidarity between different groups of workers (A Note on the "Solidarity Wage Policy" of the Swedish Labor Movement, 1969).

In Swedish politics, there are clearly two dominant goals: full employment and income equalization, which determine the methods of economic policy. An active policy in a highly developed labor market and an exceptionally large public sector (this refers primarily to the sphere of redistribution, not state property) are seen as the results of this policy.

Finally, in the broadest sense, the Swedish model is the whole complex of socio-economic and political realities in a country with its high standard of living and a wide scale of social policy.

It is important to notice that the main characteristic of Sweden is ultimately a combination of good governance, political stability, sustainable economic growth, high levels of social protection and decent standards of well-being.

Also, it is important to note that the formation and development of the Swedish economic system was not devoid of the negative impacts of global economic crises and recessions, as well as internal socio-economic contradictions. Therefore, Sweden's successful experience in overcoming socio-economic crises can be useful for other states.

Sweden is the largest state in Northern Europe, located on the Scandinavian Peninsula. With a dynamic industrial production and a developed service sector, it is one of the richest countries in the world with stunning nature and rich history. This country is famous for caring for its citizens, providing them with social guarantees and high living standards.

Many people call Sweden's economic policy "the model of a welfare society", as it has been led by the Social Democratic Party for many years.

It is a well-known fact that this political party ruled in Sweden from 1932 to 1992. It formed the government, in different periods it was the government of the majority or minority or the coalition government.

This is how the post-war orientation of the Swedish economic policy is determined because of the permanent foreign policy neutrality since 1814, Sweden's non-participation in both world wars and the neutral position during the Cold War. This gave an opportunity and was a prerequisite for the future formation of a really well-developed and well-organized Swedish society (History of Sweden – more than Vikings | Official site of Sweden, 2021).

In the post-war period (50s of the 20th century), important changes took place at the national level of perception of the state. It has become accepted to believe that the state can prevent too drastic shifts in the economy.

Sweden was able to combine and implement both social policy and employment policy, which made it possible to call the Kingdom of Sweden a “welfare state”.

However, due to the rapid formation of the welfare state, the first difficulties arose.

The first problem was that the state and economic sectors developed disproportionately, and the financing of the first required constant intervention in the tax system. In this regard, the share of taxes in the gross domestic product increased by about 1% every year.

Already in the early 1950s, the following large-scale social reforms were carried out:

- Education reform and pension reform
- Reform of the childcare system
- Launching the national health system and other measures

on the one hand, they were proof of the state's concern for its citizens, and on the other hand, they demanded significant government expenditures from the country's budget (Montgomery, 1962).

It is obvious that Sweden was the first state to put into practice the concept of the “welfare state”.

The Swedish economic model is analogous to the modern mixed economy, in which a market system is combined with significant government intervention to ensure economic and social stability. Moreover, the combination of liberal market and planned economies is a reflection of the Swedish model of government (Krivorotko, 2009).

Some critics of this model nevertheless note that such a system will inevitably ruin the labor initiative and enterprise of the population. The proponents of the model, on the contrary, argue that, thanks to its economic policy, Sweden was able to become one of the countries with the highest gross domestic product per capita, thereby eliminating poverty, which, in turn, eliminates or at least reduces the intensity of social conflicts.

The main features of the country are:

- geographical position
- historical background (Sweden did not participate in the world wars and kept neutrality during the Cold War)

- sufficiently rich sources of raw materials (timber, iron ore), which is associated with the possibility of industrialization of the country
- Sweden is a homogeneous country from a religious and national point of view (there were no problems with national minorities, as in other countries)
- a high degree of organization of trade unions
- the activity of the Social Democratic Party.

Thanks to the presence of all the above-mentioned features, Sweden was able to build a "welfare state", which was based on the "negotiation economy". This gives an advantage in resolving conflicts and reaching compromises in the labor market, in the field of regional, investment, housing policy, as well as in the field of consumer protection. It is also important that through the division of power among many bodies, it is decentralized, which has a positive effect on the state of the economy of this country.

The main priorities of the Swedish state were as follows:

- Social equity
- Securing full employment
- Social protection system
- Medical service

Sweden is the state with one of the lowest unemployment rates in comparison with other countries with the same level of economic development (EU: unemployment rate 2019 by country | Statista, 2021).

Also, an important component of Swedish economic policy is that every employee has the right to receive the same salary for the same work, which serves as the basis for the implementation of a policy of solidarity in the field of remuneration, regardless of the industry and place in which a person works.

The equalization of wages is provided by trade union organizations through payroll funds. The positive result of this policy is the high level of education and good health of the Swedish population.

On the other hand, there are also significant drawbacks to the Swedish economic model.

Among them:

- High tax burden on the Swedish population, which leads to demotivation of people to work harder and better
- Loss of work motivation, initiative and activity due to full employment of the population (there is no fear of losing a job)
- Reduced savings due to high taxes
- Outflow of wealthy people abroad (to avoid high income and property taxes).
- A high degree of regulation and involvement in the economy by the state
- Lack of flexibility in the labor market
- The impossibility of entrepreneurs to quickly respond to market fluctuations.

At the same time, the main advantages of the Swedish model are the provision of the Swedish population with decent living conditions: employment, good health, quality education (Krivorotko, 2009).

1.2 Structural changes in the Swedish economy over the past decades

The basis of the Swedish economy lies in the development of knowledge-intensive industries, which is greatly facilitated by a developed infrastructure, a high general level of education of the population and advanced technological developments. Sweden is already one of the world leaders in high-tech fields such as biomedicine and information technology.

The priority sectors in Sweden that provide a significant contribution to the formation of the country's GDP are the following export-oriented sectors:

- mechanical engineering, including transport engineering, electrical equipment manufacturing, power engineering, telecommunications equipment and tools;
- mining and metallurgical (ferrous and non-ferrous) industries;

- the forestry industry, which includes the cultivation and maintenance of forests and the wood processing industry (lumber production, pulp and paper industry, furniture and wood products) (Sweden - Economy, 2021);

- the chemical industry, including the production of medicines, plastics, various chemical compounds and fertilizers;

- the oil refining industry, which provides both domestic needs for oil products and 6.9% of Sweden's total exports, which is a good indicator for a country that does not have its own oil reserves and import all oil for refining, a country that has been effectively selling for more than ten years a program to reduce the dependence of its own economy on fossil energy resources.

- the food industry, which in 2017 ensured the export of food products in the amount of USD 9.8 billion;

- development of the latest information technologies and their effective implementation in all sectors of the Swedish economy, the development and creation of an e-government structure;

- development of technologies and production of equipment for environmental protection, resource and energy conservation. This industry has made Sweden famous all over the world. Countries such as the USA, China, India are actively assimilating the Swedish experience and purchasing Swedish technologies and equipment;

- the military industry, providing to a large extent with weapons and military products not only the national armed forces, but also exports in the amount of \$ 1.3 billion per year;

- research and development, which in Sweden annually spends about 3.3% of GDP. According to this indicator, the country occupies one of the leading places in the world. A well-developed and constantly funded scientific base, training of highly qualified specialists is the key to the successful development of all sectors of the economy and its competitiveness in world markets;

- An important and well-developed sector of the Swedish economy is the fuel and energy complex, the main areas of improvement of which are the active introduction of energy-saving technologies, the development and active use of

renewable energy sources, reducing the country's dependence on fossil energy resources, and reducing the impact on climate change.

Forestry has been extremely important to the Swedish economy since the mid-19th century. Over the years, the industry has acquired a predominantly export orientation. Sweden accounts for 10% of world timber exports; it is the fourth largest exporter of paper in the world, the third largest exporter of pulp and the second largest exporter of sawn softwood.

In Sweden, forestry is more important to the national economy than in any other EU country with the exception of Finland. Swedish forestry is considered one of the most modern and environmentally friendly.

In Sweden, only 3% of the productive forest is owned by the state. In 1993, most of the state forest fund was transferred to the AssiDomän corporation.

The most important group of forest owners are individuals: in the southern regions they own 80% of the forests. The second most important group of forest owners is forestry enterprises. Their possessions are concentrated in Central and partly in Northern Sweden.

Manufacturing accounts for more than half of the gross value added and export generated by the Swedish forest industry. This sector has been developing most intensively recently. Production volumes in the pulp industry remain at the same level (PAPER & PAPERBOARD PRODUCTION & CONSUMPTION FOR SWEDEN, 2021). The pulp and paper industry in Sweden is second only to Finland and satisfies 10% of the respective EU countries. The competitors of Swedish pulp and paper suppliers in the European market are Scandinavian and local producers as well as non-European suppliers. Export of paper from Eastern Europe is increasing.

The types of paper produced by Sweden are:

- graphic paper
- wrapping paper
- hygienic and special paper
- newsprint
- kraft paper

Organic farming, or biological farming system (i.e. using only organic fertilizers), is very well developed in Sweden. Moreover, in recent years it has enjoyed particular popularity and government support. Areas that have received organic production certificates account for about 17% of all agricultural land in the country, which is significantly higher than the European average (6%). In Europe, only Austria has a higher rate of 20% (Organic Food & Farming Research in Sweden | slu.se, 2021).

The sector of services aimed at entrepreneurs is rapidly developing, in particular companies providing information and consulting services.

In Sweden, such areas as postal services, communications, domestic air transport, rail transport and the electricity market have been completely liberalized. The goal of liberalization is to lower the price level while improving quality by increasing competition between the increased number of enterprises.

For centuries, Sweden has remained the largest producer and exporter of iron ore and sulfur. At present, the extraction of iron ore, sulfur and the smelting of non-ferrous metals (copper, lead, silver and gold) is concentrated in the northern regions of the country. Swedish zinc is smelted abroad.

Currently, Swedish metallurgical enterprises specialize in the production of high-quality steels - stainless, bearing, tool and others. But there is also the traditional production of strip, plate and plate steel.

Swedish metallurgists are leading the way in the implementation of new technologies: ladle furnace, thin-walled plate casting, powder steel production, computer control of the technological process.

The share of Sweden in the world extraction of iron ore is about 2%; the country is the only European exporter of iron ore. Sweden's share in the production of copper, lead and zinc in the Western Hemisphere is 1%, 3.7% and 3.3%, respectively. The share of steel exports as such in total exports reaches 4%. If we take into account the export of steel in the form of tools, machines, machine tools, vehicles, etc., this figure will be much higher.

Currently, 65% of non-ferrous metal ore is mined at the mines of Boliden AB in central and northern Sweden. Due to the absence of a zinc smelter in Sweden, all zinc

ore is exported, and finished zinc is imported. The volume of lead production fully satisfies domestic and export needs. Insufficient production of copper ore and copper smelting is forcing Swedish enterprises to import copper - in finished or intermediate form (about 35% of domestic needs). 100% gold production and 60% silver production meet domestic needs.

In the energy sector, a third of Sweden's needs are met by imported energy sources - oil, coal and natural gas. The remaining 2/3 are provided with local sources: primarily hydropower resources, as well as nuclear fuel and wood. Mechanical engineering

About 45% of export earnings to the Swedish budget comes from mechanical engineering, in particular - the automotive industry. The whole world knows such brands of Swedish cars as "Saab" and "Volvo" (export.gov, 2021). The largest consumer of the Swedish car industry is the USA, which accounts for about 1/3 of all Swedish cars exported. Also worth noting is the high development of Swedish shipbuilding, precision instrument making, the production of household appliances and cellular equipment. Despite the fact that agriculture provides only 2% of GDP, it is quite well developed and organized.

According to Figure 1.1, it can be seen that the dynamics of industrial production in recent years has been showing growth. Decrease in production volumes 2012-2015 by 2016 it had recovered and continues to strengthen (Sweden Industrial Production Index Growth, 1981 – 2021 Data, 2021).

In Sweden, such high-tech goods as anti-aircraft missile systems, anti-ship missiles (RBS), air-to-air missiles (Iris, Meteor) are produced and exported. Together with other countries, Swedish companies are involved in the development of spacecraft. Saab AB is a Swedish aircraft manufacturer and manufacturer of fighters.

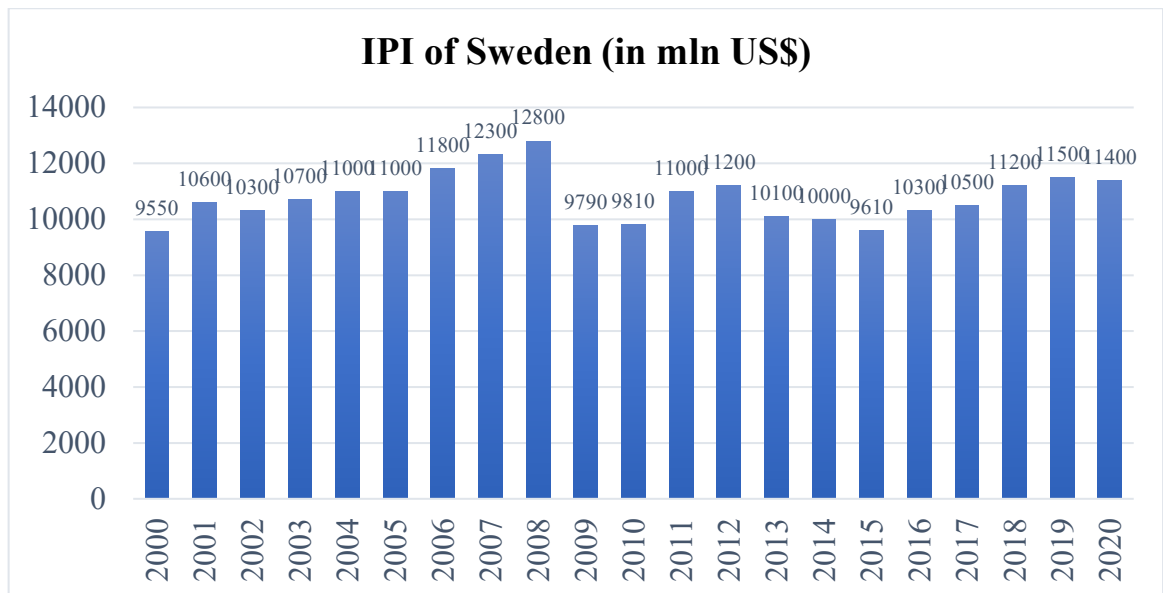


Fig. 1.1. Industrial Production Index of Sweden (in mln US\$)

Source: (Sweden Industrial Production Index Growth, 1981 – 2021 Data, 2021)

Based on the Figure 1.2 we make conclusions that from 2013 to 2016 there has been a sustained decline in agricultural activity and production. The indicator in 2016 is 1255.7 US \$ less than in 2013.

We can also notice that now the growth of the agricultural indicator is not stable and fluctuates between 3800.0 - 4239.0 mln US \$ (Agriculture, forestry and fishery, 2021).

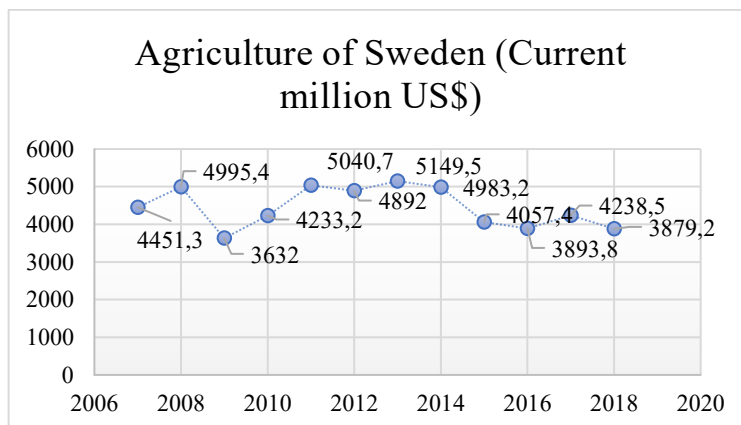


Fig.1.2 Agriculture of Sweden (Current million US\$)

Source: (Agriculture, forestry and fishery, 2021)

The agriculture data spans land use, machinery, and fertilizers to agricultural production, trade.

1.3 Main features and indicators of economic development in Sweden

It is a well-known fact that Sweden was ranked sixth in terms of competitiveness, according to the results of the International Economic Forum 2016-2017 (Sweden: Market Overview, 2021).

In addition, it still occupies not the last position as the country with the easiest conditions for trade (6th place).

This is a natural success, as the key characteristic of the Swedish economy is openness and a liberal approach to trade. In addition, it is among the countries with the lowest levels of national debt, low and stable inflation and a healthy banking system.

It is worth noting that Sweden is an export-oriented country with a positive trade balance.

Let us consider the main economic indicators.

Firstly, we have to analyze the GDP of Sweden.

From the Table 1.1 we can see that for 2013-2019. Sweden's GDP in current prices decreased by \$ 56.0 billion (by 9.5%) to \$ 530.9 billion; the change occurred by \$ 25.5 billion due to an increase in the population of \$ 0.42 million, as well as by \$ -81.5 billion due to a drop in GDP per capita by \$ 8,119.0. The average annual GDP growth in Sweden amounted to -9.3 billion dollars or -1.7%. The average annual GDP growth in Sweden in constant prices was 2.5%. The share in the world decreased by 0.15%. The share in Europe decreased by 0.22% (Sweden GDP, 1980-2020 - knoema.com, 2021).

Table 1.1

Gross domestic product in current prices		
Gross domestic product in current prices (billion US dollars)		
DATE	VALUE	CHANGE, %
2020	529.05	-0.34 %
2019	530.88	-4.42 %
2018	555.46	2.67 %
2017	541.02	4.92 %
2016	515.66	2.09 %
2015	505.10	-13.21 %
2014	581.96	-0.83 %

2013	586.84	6.22 %
2012	552.48	-3.76 %
2011	574.09	15.79 %
2010	495.81	13.58 %
2009	436.54	

Source: (Sweden - Gross domestic product (GDP) 2026 | Statista, 2021)

During 2013-2019. GDP per capita in Sweden increased by \$ 8,119.0 (13.3%) to \$ 52,896.0. The average annual growth of GDP per capita in current prices amounted to -1,353.2 dollars or -2.4%.

Pie chart “Structure of GDP by sectors” (Fig.1.3) shows following data:

- agriculture: 1.6% (2017 est.)
- industry: 33% (2017 est.)
- services: 65.4% (2017 est.)

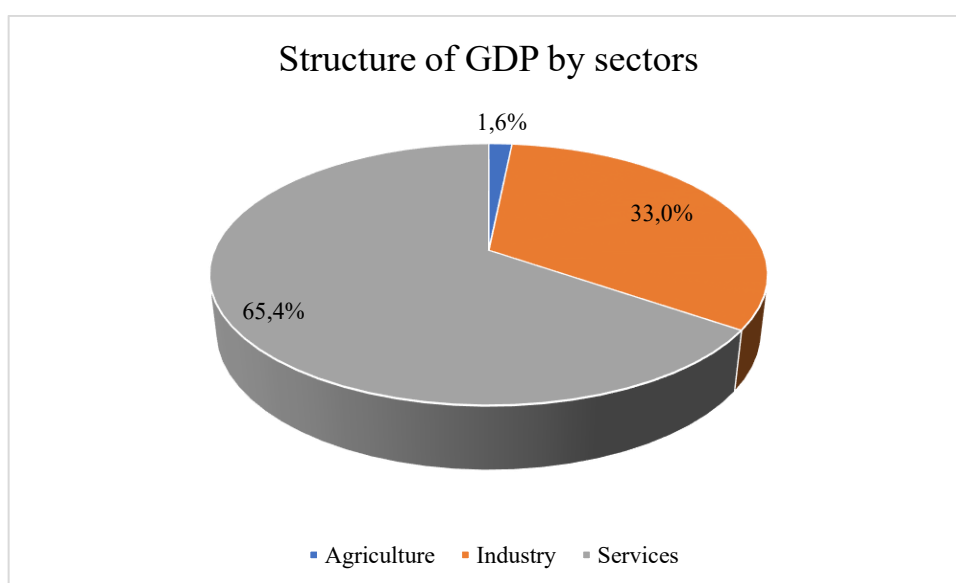


Fig. 1.3. Structure of GDP by sectors

Source: (Sweden GDP - composition by sector - Economy, 2021)

According to the pie chart, (Fig. 1.4) we can see that in the structure of GDP (by expenditure) the main share is occupied by household expenditures on consumption (44.1%), the share of gross investment is 25.7%, purchases of goods and services - 26.0%, net exports of goods and services - 4.2%, while the volume of exports reaches 45.3% of GDP (Sweden - ratio of government expenditure to gross domestic product (GDP) 2026 | Statista, 2021).

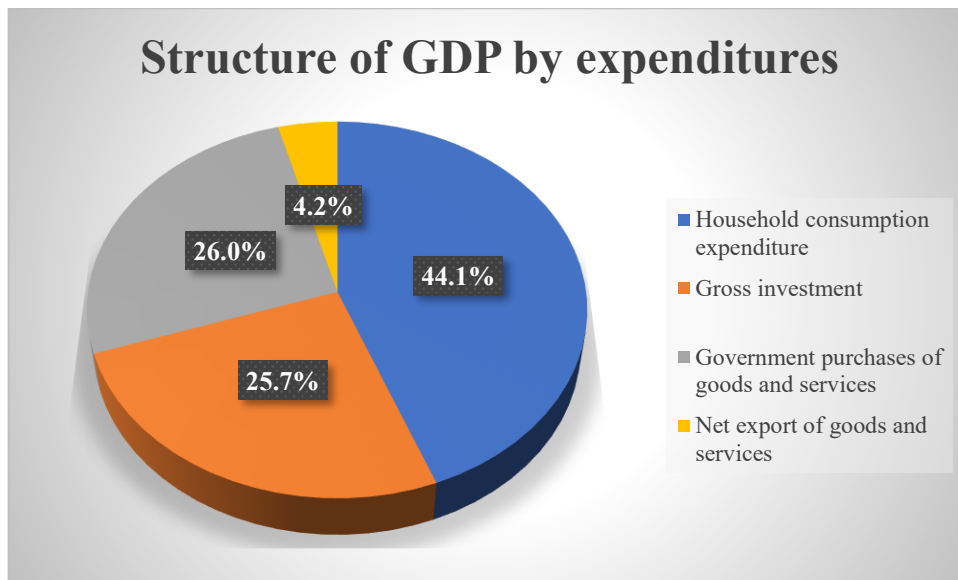


Fig. 1.4 Structure of GDP by expenditures

Source: (Sweden - ratio of government expenditure to gross domestic product (GDP) 2026 | Statista, 2021)

According to the Riksbank, GDP growth in 2018 was 2.8%, in 2019 and 2020 - 1.8% and 2.1%, respectively (Statistics, 2021).

The main reason for the growth in GDP in 2017 was the increase in domestic demand and the growth of international markets. According to Riksbank experts, the influx of refugees has led to increased domestic demand in Sweden.

Nevertheless, in 2019 the Riksbank has a noticeable slowdown in economic growth, which will negatively affect the volume of construction in the coming years.

Secondly, we have to analyze the unemployment rate in Sweden (Fig. 1.5).

As we can see from the chart, the unemployment rate is decreased from 8,05% in 2013 down to 6.3% in 2018. According to this data, for the last year, the unemployment rate rose by 1.62%.

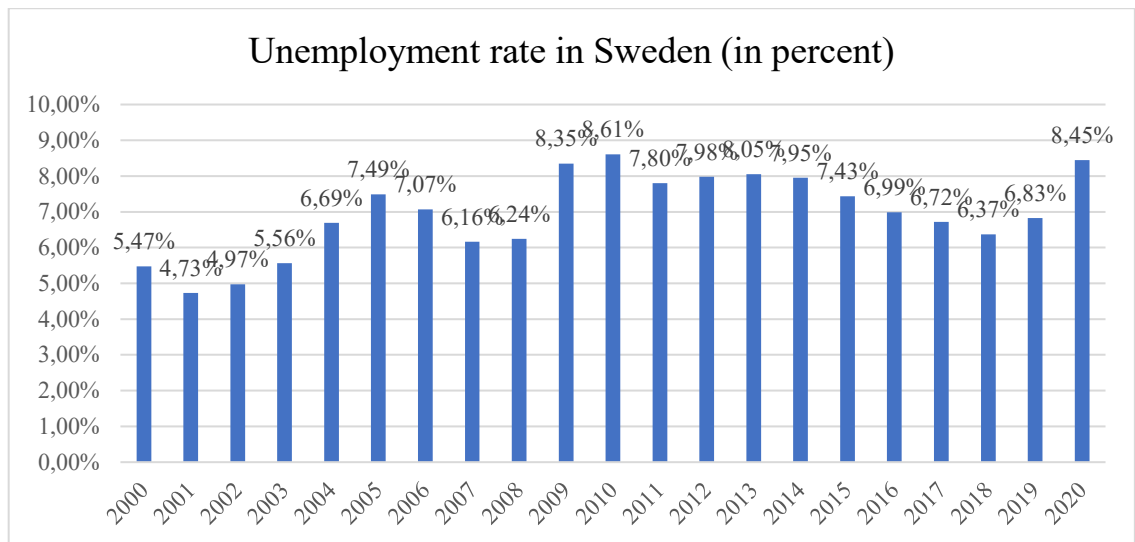


Fig. 1.5. Unemployment rate in Sweden in percent from 2000 to 2020.

Source: (Sweden Unemployment rate - data, chart | TheGlobalEconomy.com, 2021)

All this is a consequence of the coronavirus pandemic. Although Sweden refused to quarantine, this still did not help it avoid economic problems (Sweden Unemployment rate - data, chart | TheGlobalEconomy.com, 2021).

Statistics Sweden's Bloomberg says the country's unemployment rate for 2020 increased to 8.45%, beating all forecasts (Bloomberg - Are you a robot?, 2021).

Since unemployment was a serious macroeconomic problem for the Swedish state, the authorities decided to tackle economic instability by passing a bill that should make it easier for employers to lay off employees. It is assumed that its implementation helps to reduce the payments associated with the dismissal of employees.

Which was done in the recent 2020. Unionens was the unemployment insurance that paid out unemployment benefits to the most recipients in 2020, amounting to around 66.3 thousand.

Thirdly, it is important to look through the data of Employment of Professionals in Sweden across sectors.

The most people are involved in the educational sphere (25%), which indicates the high standards of education and education of the population as a whole.

Also, we can notice that the second leading position is occupied by the sphere of Health and social care, which is about 17.9%, then - Professional services, which is 15.0% and Public sector and social care, which is 10.4%.

Let's also consider a very important indicator, namely the level of education of the working population. It is obvious that along with the worldwide loss of qualified personnel due to the aging of nations, there is also the problem of the ability and quality of education for people of working age.

As we can see from the graph (Fig.1.6), the working-age population of Sweden has a high level of education and accounts for 37.6% of the total mass for 2019.

According to the chart, the maximum is for Medium Level of Education (2011), while the minimum is for Low Level of Education (2019) (Browse by country | Skills Panorama, 2021).

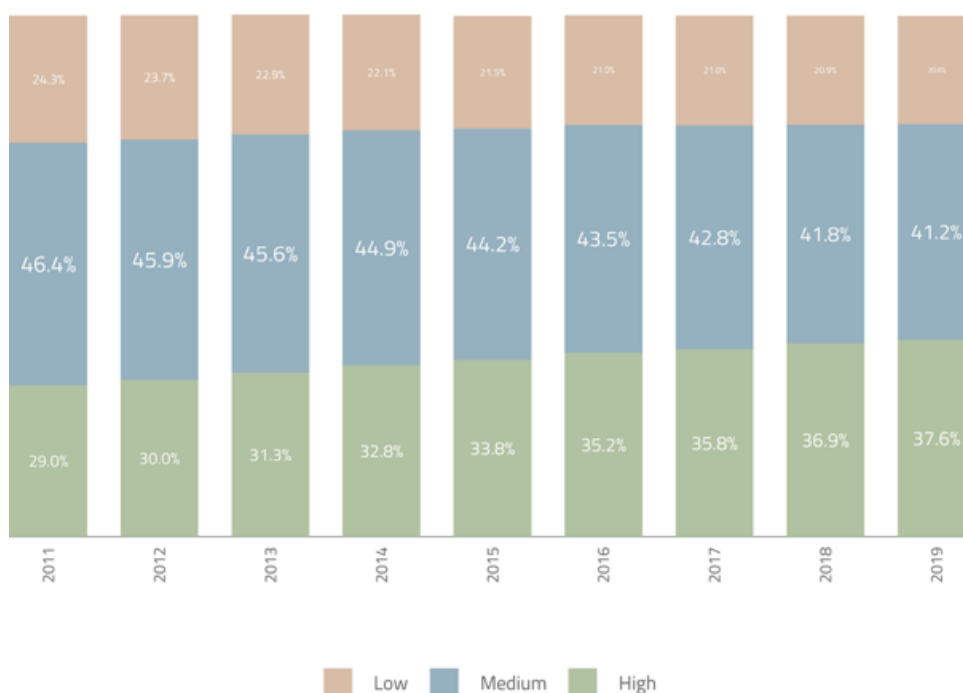


Fig. 1.6 Level of education of the working population.

Source: (Browse by country | Skills Panorama, 2021)

Then, we have to consider the inflation rate of Sweden (Fig. 1.7), which has held steady at around 1-2 percent for 11 years (from 2011 to 2020). Moreover, over the past three years, inflation in Sweden has dropped to 0.8% (2020), down 1.22% compared to 2018. As we can see from the graph below, experts predict inflation growth in 2021, which is 0.61% more than in 2020 (Sweden - Inflation rate 2025 | Statista, 2021).

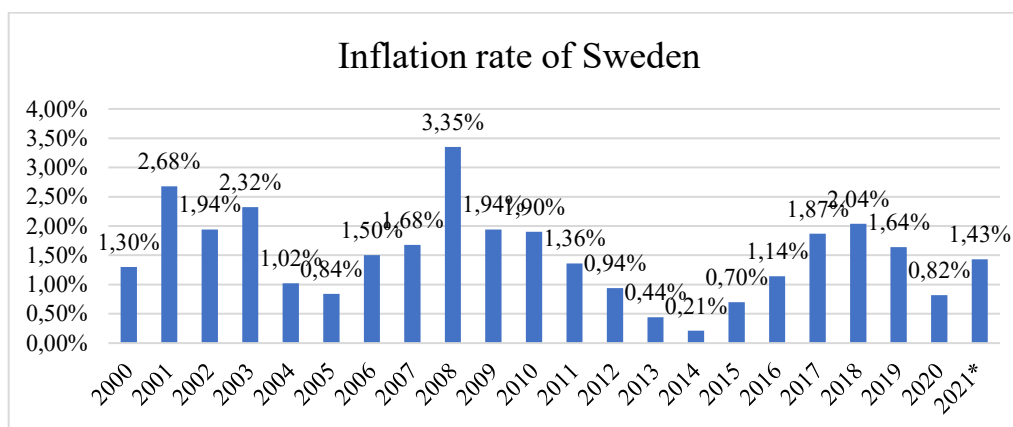


Figure 1.7 Inflation rate compared to previous year – Sweden.

Source: (Sweden - Inflation rate 2025 | Statista, 2021)

It will also be important to consider the Global Competitiveness Index (Table 1.2), as it was developed at the initiative of the World Economic Forum and is calculated using a combination of publicly available statistics and the results of a global survey of corporate executives (portal et al., 2021).

Table 1.2.

Global Competitiveness Index

	Economy	Index
1	Singapore	84,8
2	USA	83,7
3	Hong Kong	83,1
4	Netherlands	82,4
5	Switzerland	82,3
6	Japan	82,3
7	Germany	81,8
8	Sweden	81,2

Source: (portal et al., 2021)

As we can see from the table Sweden ranks eighth in the rating of Global Competitiveness Index (Fig.1.8). This means that it is included in the TOP 10 countries, which provide a higher level of well-being for their citizens (portal et al., 2021).

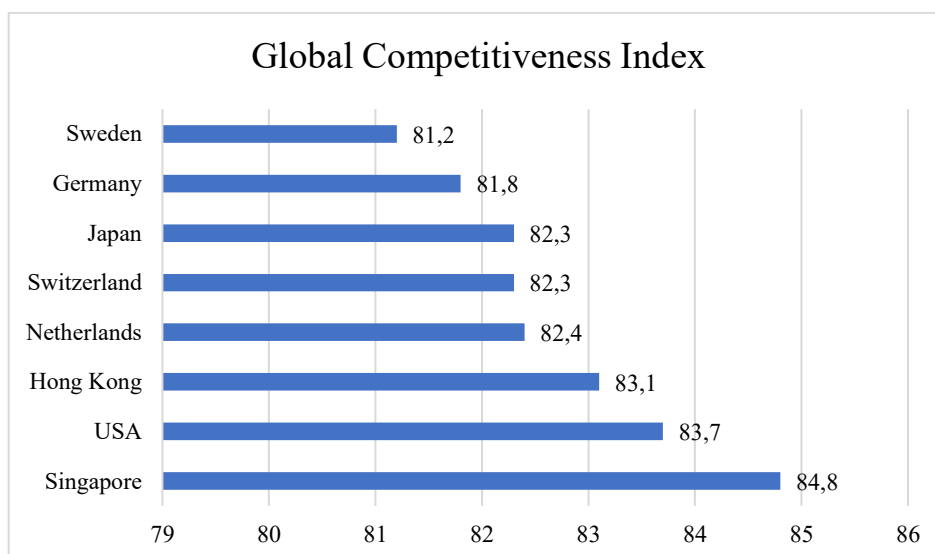


Fig. 1.8. Global Competitiveness Index.

Source: (portal et al., 2021)

As we can see from the graph, Sweden successfully manages public finances and is adept at coping with inflationary processes. Also, the protection of intellectual property rights, a developed judicial system and other measures to build up the economy have a positive effect.

As mentioned above, Sweden maintains a high level of education and is constantly engaged in improving the skills of the workforce, and the country also provides constant access to new knowledge and technologies. All these measures allow the country to occupy eighth place in this ranking, which was compiled according to 12 benchmarks, namely:

1. Quality of institutions
2. Infrastructure
3. Macroeconomic stability
4. Health and primary education

5. Higher education and vocational training
6. Efficiency of the market for goods and services
7. Labor market efficiency
8. Development of the financial market
9. Level of technological development
10. Size of the domestic market
11. Competitiveness of companies
12. Innovation potential

Summarizing the above, thanks to its economic system, Sweden is confidently leading in the main economic indicators, the country's well-being is carried away by the social distribution of budget post payments, which provides opportunities for further growth, and opens up prospects for those who want to move to this country, or invest their money here.

CHAPTER 2

PLACE AND ROLE OF SWEDEN IN INTERNATIONAL ECONOMIC RELATIONS

2.1 Export and Import of Sweden and its major destinations

Sweden is one of the most developed countries in the world (according to GDP).

At the same time, the share of the Swedish population in the total world population does not exceed 0.13%.

Over the past decades, significant changes have occurred in the commodity structure of Sweden's foreign trade (Fig.2.1).

They are associated with changes in demand in the world market, which led to a change in the structure of exports. The emphasis in exports from trade (Table 2.1) in raw materials and semi-finished products in the form of cellulose, steel, timber shifted to the export of finished goods, primarily mechanical engineering products (cars, equipment for telecommunications, hydroelectric power plants, etc.) (Sweden: main export partners 2019 | Statista, 2021).

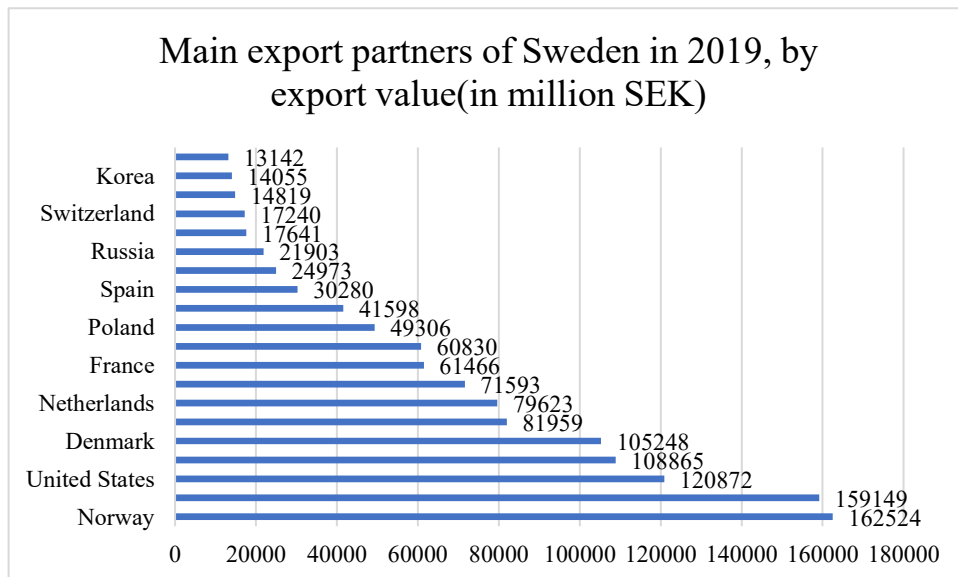


Fig. 2.1. Main export partners of Sweden in 2019, by export value (in million SEK)

Source: (Sweden: main export partners 2019 | Statista, 2021)

Table 2.1

Export of goods and services in US dollars

Export of goods and services		
DATA	VALUE	CHANGE,%
2019	251 454 403 044	-1,10%
2018	254 253 194 199	6,06%
2017	239 718 239 755	6,67%
2016	224 733 204 188	-0,37%
2015	225 574 551 121	-12,07%
2014	256 544 664 474	1,45%
2013	252 875 140 770	1,48%
2012	249 176 852 687	-4,87%
2011	261 941 660 304	18,91%
2010	220 276 557 567	16,96%
2009	188 341 802 716	-26,72%
2008	257 015 521 095	

Source: (Sweden Exports of goods and services, 1960-2020 - knoema.com, 2021)

According to the information in table 2.1, we can see that in 2019, Sweden's exports are down 1.10% percent compared to 2018. Also, it is obvious that in the period from 2016 - 2018 a significant increase in the export index of Sweden is noticeable. If we take into account the last ten years, then we can say with confidence that there is a positive trend in the increase in the export of goods and services from Sweden, in 2019 the figure increased by 63,112,600,328 US \$ (Sweden Exports of goods and services, 1960-2020 - knoema.com, 2021).

As we can see from the pie chart (Fig. 2.2.), the leading export positions are: machinery including computers, electrical machinery and pharmaceuticals.

The first one takes the largest share in Sweden's exports and amounts to US \$ 25.8 billion, which is 22,4% of total export. The second one – “electrical machinery, equipment” occupies the second place with 20,9%, which equals to US \$14.2 billion. The third position belongs to “pharmaceutical”: US\$10.3 billion, which is 12,5% of total export (exporters et al., 2021).

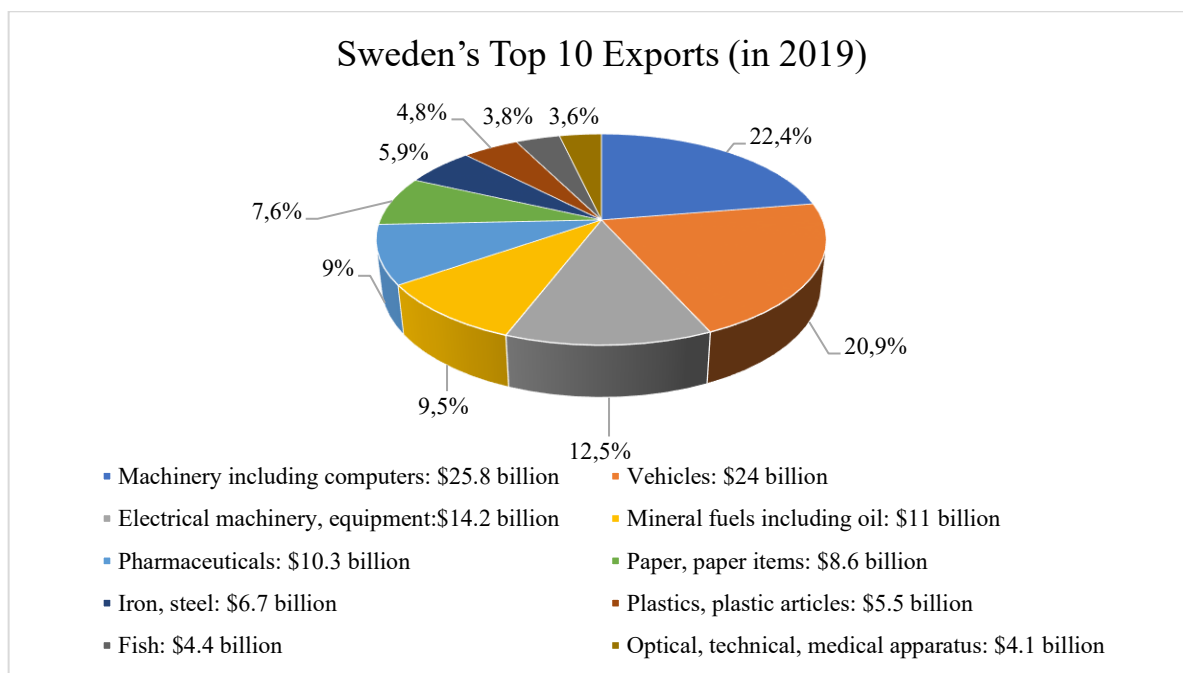


Fig. 2.2 Sweden's Top 10 Exports 2019

Source: (exporters et al., 2021)

Today, almost half of the value of imports is made up of mechanical engineering products: vehicles, computer equipment and other equipment. Among food products, coffee, tea, fruits, fish predominate. Chemical and textile products are an important import item.

As we can see from the chart (Fig. 2.3.), important trade partners of Sweden are: Germany, Netherlands, Norway, Norway, Denmark, Finland, United Kingdom, USA, etc.

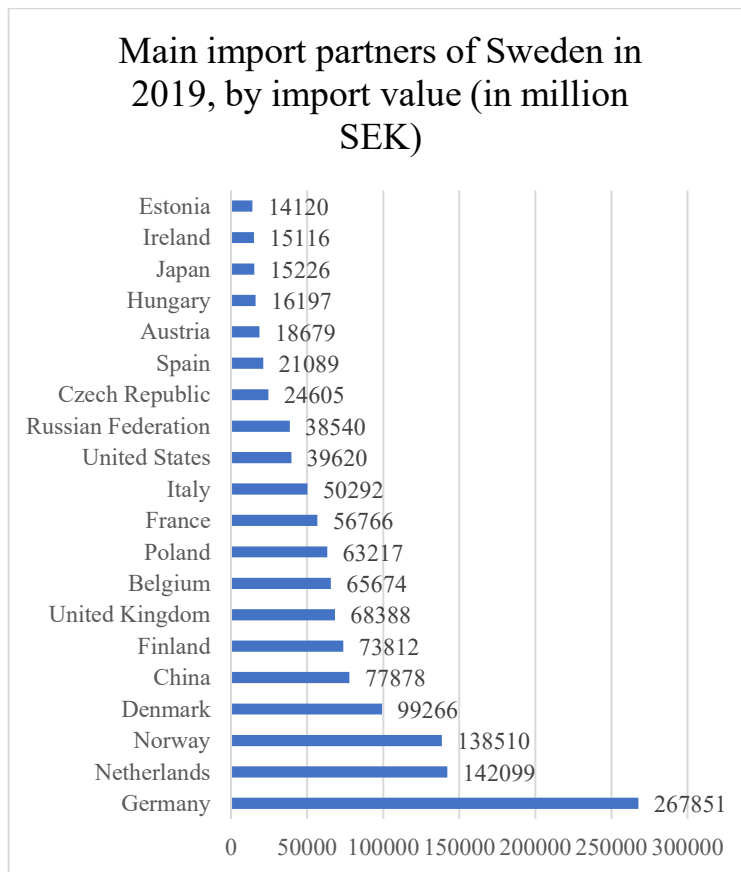


Fig. 2.3. Main import partners of Sweden in 2019, by import value

Source: (Sweden: main import partners 2019 | Statista, 2021)

It is important to notice that Germany is ahead of its rival - the Netherlands by 125 752 million SEK.

As we can see from the pie chart (Fig.2.4) “machinery including computers” takes the largest share in Sweden's imports and amounts to US \$ 21.3 billion, which is 13.4% of total exports.

Practically not inferior to the leading position, such directions as: electrical machinery, vehicles and mineral fuels.

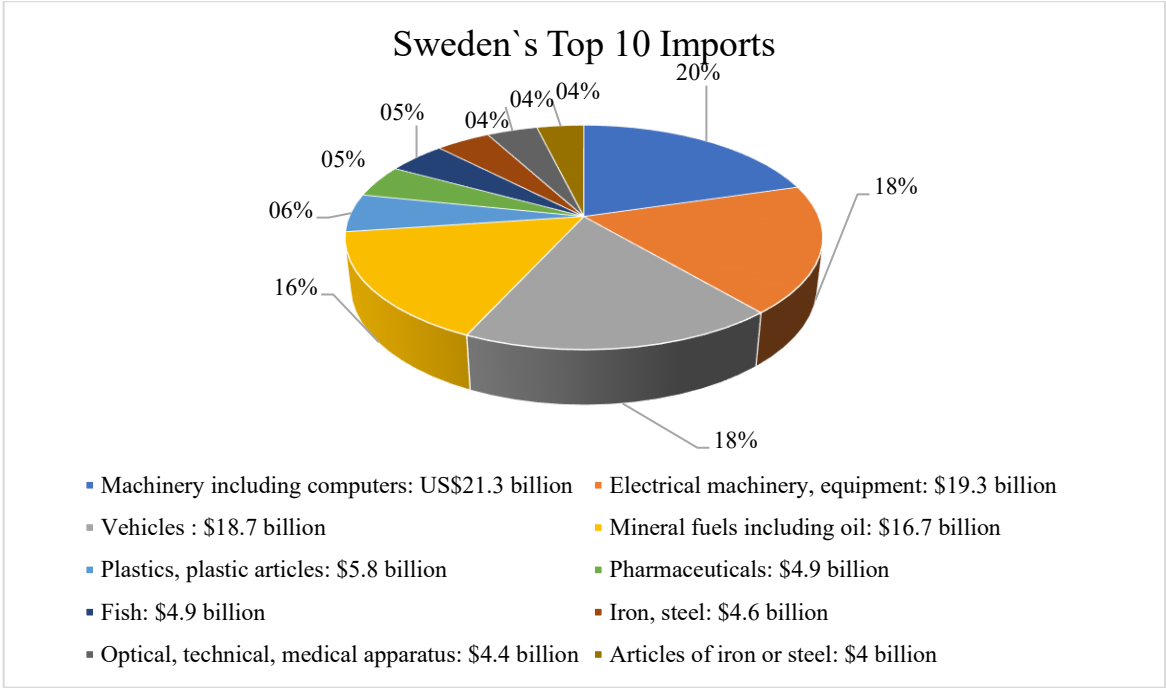


Fig. 2.4 Sweden`s Top 10 Imports

Source: (Workman, 2021)

It is obvious that globalization made it possible to import the necessary resources and goods, which made Swedish economy stronger and more stable against possible world crises (Sweden (SWE) Exports, Imports, and Trade Partners, 2021).

2.2 SWOT analysis of the Swedish economy

In order to assess and analyze in detail the prospects and risks of the Swedish economy, we need to turn to the SWOT analysis (Table 2.2), which consists in identifying the strengths and weaknesses of the economy, as well as opportunities and risks.

Table 2.2

SWOT - analysis

<p>Strengths</p> <ul style="list-style-type: none"> - Large reserves of natural resources - Relatively rich deposits - Climate of innovation; existence of excellent research environments - Development of niches: sensors, IT-security, bio-tech. - Wide spread of ICT usage (even there is a huge interest in health-care) - Knowledge of high-level system development - Infrastructure - Close co-operation industry-academia - Particularly strong ICT knowledge in telecom and automobile industry - Strong R&D base in production simulation 	<p>Weaknesses</p> <ul style="list-style-type: none"> - An isolated region with a low population density - The danger of economic fluctuations and budget deviations - Structural weakness of firms - Decreasing interest for science and technology education - Low salaries in R&D - Difficulties in attracting students In relevant areas - Parts of production industry weak ICT knowledge - Weak support to SME's (small and medium sized enterprises) adoption of ICT (information and telecommunications technology) - Weak integration with today's IT-systems
<p>Opportunities</p> <ul style="list-style-type: none"> - Tourism (tourism business) - Quality mined timber - Fresh and mineral waters - Usage of infrastructure - Pragmatic R&D climate - Create a single Nordic market (especially according to health 	<p>Threats</p> <ul style="list-style-type: none"> - Demographic crisis - Insufficient number of jobs - Small home market - Financing - Risk that SME's are forced to close down (the threat of failure to keep up with the R&D cycle)

<p>industry)</p> <ul style="list-style-type: none"> - Strong confederation in the health-care area - Early adopters - Smart ICT application gives the responsibility to still have production in Sweden - Some increased interest in production research from financing institutions can be observed 	<ul style="list-style-type: none"> - No commercialization can badly influence on the research area. - The question of security and integrity must be solved (according to IT-s systems) - The thought “we are best”; have to strive for better performance
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- The main advantages are: large reserves of natural resources, climate of innovation and existence of excellent research environments, etc.
- The main disadvantages are: the danger of economic fluctuations and budget deviations, etc.
- The main opportunities are: create a single Nordic market (especially according to health industry), etc.
- The main threats are: demographic crisis, insufficient number of jobs, etc.

2.3 Assessment of Swedish investment climate and the degree of its attractiveness to investors of Ukraine

It is a well-known fact that the decision on the readiness to invest in a certain enterprise or business idea depends on the assessment of the investment climate at the macro level and the investment attractiveness of the investment object.

In this case, the most important thing is how the information about the country of investment, in our case - Sweden, and the potential investment object is presented.

Sweden is traditionally considered as a country with favorable investment environment, which is characterized by its highly competitive and almost corruption-free economy. Besides, there is no lack in the ways of accessing to new skills and resources, products and services, technologies and innovations.

When choosing Sweden for investment, foreign companies are guided by the following dominant advantages:

- highly educated workforce
- stable political environment
- well-developed television infrastructure
- no withholding tax on dividends
- low income tax rate
- beneficial tax regime for holding companies

However, we cannot fully rely on these general descriptions and characteristics, so below I give a deeper analysis of the main criteria for investment attractiveness of countries, which are offered by the U.S. Chamber of Commerce (Commerce, 2021). Among them:

1. Characteristic of the local market
 2. Availability of market
 3. Quality of labor
 4. Currency risk
 5. Repatriation of capital
 6. Protection of intellectual property
 7. Trade policy
 8. State regulation
 9. Tax rate and exemptions
 10. Political stability
 11. Macroeconomic policy
 12. Infrastructure development and support services
1. Characteristic of the local market includes the analysis of the following economic indicators: GDP, unemployment rate; structure of market; export, import and

their main destinations; inflation rate; Global Competitiveness Index; Doing Business Index, level of labor market efficiency, etc. These indicators are presented in the first and third parts of this thesis, so now I would like to pay attention to the following criteria.

2. Availability of market

Speaking about the degree of accessibility of the Swedish market, it is necessary to analyze its geographical position, possible participation in economic and political unions, transport costs, delivery conditions, customs barriers, etc. I would like to review some of them below:

First of all, Sweden is a country on the Scandinavian Peninsula with land borders in the east - with Finland and in the west - with Norway. Two Swedish islands - Gotland and Öland are located in the Baltic Sea, which washes the country from the south.

Despite the fact that Sweden occupies a marginal position in relation to world trade routes and markets for finished goods, it has been able to become a successful, diversified and extremely competitive economy.

Secondly, on January 1, 1995, Sweden joined the European Union, which means that the market belongs to the EU's single market, access to which is regulated by its legislation (Sweden | European Union, 2021).

Therefore, regulation takes place in accordance with the foreign trade regime of the European Union, its tariff and non-tariff measures, as well as the general customs tariff.

Thirdly, one of the instruments of such regulation is the Common Customs Tariff, which includes two types of duties:

- customs duties
- and special anti-dumping duties, which are used as protective measures against dumping and subsidizing of goods.

Among the customs duties, one can distinguish:

- conventional fees (negotiable)
- autonomous fees (taken autonomously by EU authorities)
- preferential

- ad valorem duties (on the value of the goods)
- specific duties (on the quantity, size, weight, etc. of the goods) and equalization duties (in the amount of the difference between the low export price of a supplier, primarily of agricultural goods, and a higher price) (Moussis, Kordas and Moussis, 2000).

Also, the importer's expenses include payments to the Swedish State Customs Service in the form of VAT - 12% for food products and 25% for alcoholic beverages.

It is important to notice that Sweden competently and carefully approaches the regulation of its market, adheres to the EU customs regime and thus makes its market available to other countries.

3. Quality of labor

It is important to notice that Sweden focuses on an active employment policy and prefers to take measures to prevent unemployment rather than to deal with its consequences. Therefore, there is a minimum unemployment rate here.

There are four policies that help regulate the Swedish labor market. First, there are restrictive fiscal policies that keep less profitable businesses afloat and hold back the profit margins of high-yielding companies. Also, it helps to reduce inflation among these companies in terms of wage increases. The second one is implemented with the aim of stimulating the creation of not only additional jobs, but also as it is a motivation tool for increasing centers for training the working population and retraining existing personnel. The third policy is the principle of “solidarity” of wages, namely, the achievement of equal pay for equal work regardless of the financial situation of the entrepreneur or the industry to which the firm belongs. The last, fourth type of policy is aimed at selective support in different sectors of the economy, if they have low economic indicators, but at the same time socially important (Labour Force Surveys (LFS), 2021).

In the modern world, the fundamental basis for the long-term competitive advantages of the economy is made up of skilled workers who have the resources of knowledge, experience, creative and innovative abilities, and are motivated to work

highly productively. Therefore, Swedish public authorities pay great attention to the professional training and retraining of their employees.

According to the Swedish Economic Policy Review by Kerstin Johansson, in order to improve the functioning of the labor market, Sweden is introducing special programs that are aimed at retaining the labor force, increasing employment, equalizing wages, achieving gender equality in terms of positions held, etc (Johansson, 2002).

The results of these policies are:

- Stable unemployment rate (until 2020), (Fig. 2.5)
- Increasing the level of work activity
- Increased labor force participation of women and older workers
- Alignment of salaries in relation to gender, position, etc.

In light of the new developments related to the coronavirus, I believe that Sweden will have to look for new options to maintain the status of a country with favorable conditions in the labor market, since despite the stable unemployment rate, which was observed from 2011 to 2019, since 2020 this figure increased by 1.62% compared to 2019, and amounted to 8.45% (Sweden Unemployment rate - data, chart | TheGlobalEconomy.com, 2021).

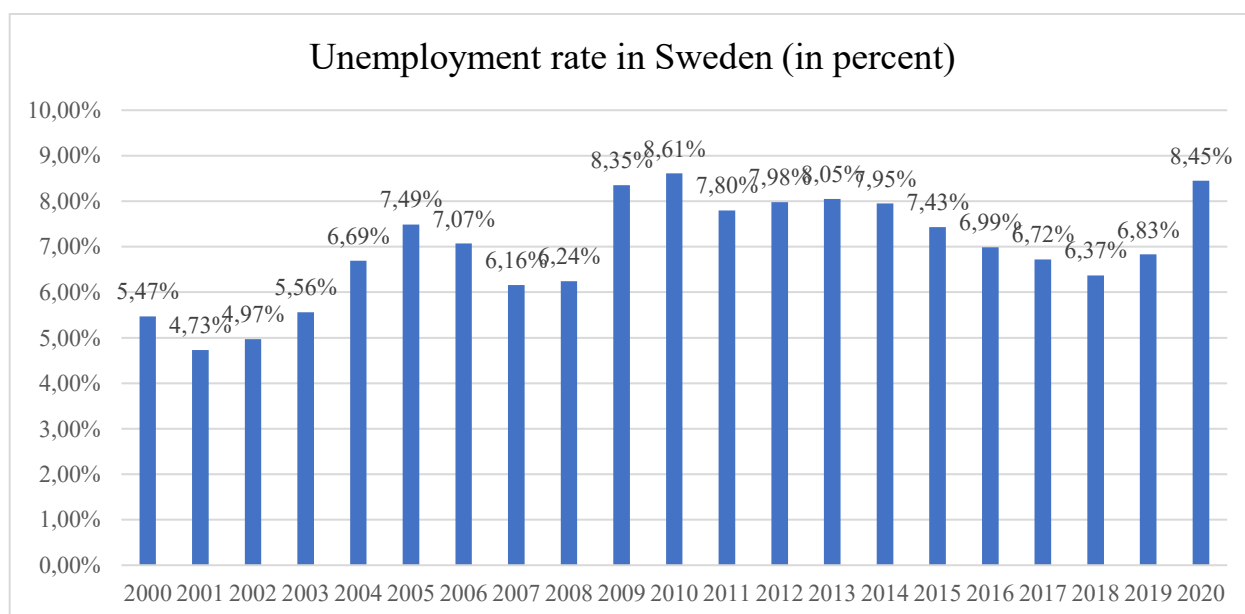


Fig. 2.5. Unemployment rate in Sweden in percent from 2000 to 2020.

Source: (Sweden Unemployment rate - data, chart | TheGlobalEconomy.com, 2021)

However, according to indicators of Doing Business, such as:

- the maximum duration of fixed-term employment contracts,
- the restrictions on work on the weekly holiday,
- the length of the workweek,
- the length of paid annual leave,
- the notification required for collective dismissals,
- the obligation to reassign or retrain and to follow priority rules for redundancy and reemployment, and
- the duration of the notice period before dismissal, Sweden lags behind in terms of labor market flexibility.

Consequently, the following problems arise in the country:

- decrease in the volume of employment of young specialists
- widening difference in income between employed and unemployed people
- lack of interest of migrants in work (Sweden's business climate: opportunities for entrepreneurs through improved regulations, 2021)

In Sweden, trade union activities and the organization of private employers are widespread.

This form of cooperation makes it possible to express opinions and defend their ideas in the labor market for both parties: employees and employers. These meetings discuss wage levels and consider rights and responsibilities in the workplace. This right is granted by the state and is defined by the Joint Labor Law (MBL- Labor market in Sweden | Informationsverige.se, 2021).

Today, the largest private employers' organizations include:

1. "Svenskt näringsliv" - a confederation of Swedish entrepreneurs for private enterprises
2. "Arbetsgivarverket" - state employers department
3. "SKL" - association of municipal and regional governments in Sweden for government jobs.

The largest trade unions include:

- “TCO” - the central union of employees
- “LO” - the central union of Swedish trade unions (LO)
- “Saco” - the central union of workers with higher education (MBL- Labor market in Sweden | Informationsverige.se, 2021).

4. Currency risk

It is a well-known fact that before deciding to do business abroad, it is worth considering all possible currency risks that can lead to unpredictable profits and losses. In Sweden, there are prerequisites for a currency crisis, namely:

1. Low interest rates

Low interest rates: The Swedish central bank has chosen a strategy of lowering interest rates and since 2009 this strategy has brought both benefits and some problems. But at the same time, the Swedish government believes that such measures cannot lead to a currency crisis, but on the contrary helps to manipulate prices in time and support the economy.

2. Rising inflation:

The Riksbank said it has only one goal: to keep inflation low. To achieve this goal, the consumer price index should remain within the range of 0.5 - 2.0%.

This is the reason that, unlike the Federal Reserve System or the European Central Bank, the Swedish bank is very sensitive to interest rates. The current Swedish legislation obliged the bank to keep the annual inflation rate below 2%, taking into account the margin of error +/- 1 percentage point (Sweden / U.S. Foreign Exchange Rate, 2021).

5. Protection of intellectual property

Since 1995 Sweden has been guided by European policy regarding the protection of intellectual property.

There are 3 categories of intellectual property objects, such as:

- Industrial property. For example: inventions (i.e. patents), industrial designs, trademarks, new varieties of plants, etc.

- Works of art that are protected by copyright. First of all, these are original literary, musical works, works in the fields of art and television, also this includes copyright protection of databases, architectural projects, and advertising projects;
- Commercial strategies. For example, know-how, trade secrets, confidential agreements.

There are regulated by the Swedish Patent and Registration Office (PRV), which provides protection and exclusive rights for technological ideas, trademarks and industrial designs.

6. Trade policy

As you know, the status of an EU country obliges to act within the framework of the EU customs union and common trade policy. Also, it gives its advantages, for example, EU member states have significant influence in the WTO. This is a very important factor as the WTO plays a central role in Swedish trade and investment.

Providing predictability and a certain comfort for Swedish and foreign companies is carried out through an extensive regulatory framework, transparency requirements and the WTO's trade policy monitoring system. Also, the WTO plays a key role in providing a mechanism for the settlement of disputes and thus helps to prevent trade wars. This is done by identifying and analyzing the compliance of countries' actions with their obligations in the WTO (WTO | Sweden - Member information, 2021).

7. State regulation

The concept of Swedish model is deeply considered in the first part of this thesis. Therefore, I would like to mention only a few things:

Sweden is 1) characterized by a socially oriented market economy, which is successfully combined with significant government intervention; 2) It is characterized by the pursuit of an active state policy to equalize the incomes of the population and a high share of redistribution of GNP through the state budget of the country (Krivorotko, 2009).

Hence, the role of the state in regulating the country's economy is significant, and leads to such results as: a high standard of living and social protection.

8. Tax rate and exemptions

Sweden's taxation is clear and well regulated. It differs depending on the business entities.

For example, for resident companies, a full tax liability is applied, which traditionally amounts to 28% of the company's income. In addition, the state can provide a deferral, and then the tax rate will be reduced to 26%. For companies with foreign participation, there are slightly different tax rules, according to which companies are obliged to pay corporate income tax on the basis of gross income at a rate of 26.3% (Taxes in Sweden system in 2020 personal income with income transport wages on dogs local rates, 2021).

The tax rate is often determined as follows: the amount of production costs is subtracted from the balance sheet profit, as well as those funds that will be used to sell products and pay taxes. All enterprises are subject to such norms, except for those who carry out their activities in the entertainment sector, for example, in the field of television.

Sweden is one of the countries with the highest tax rates in the world, but at the same time it does not lose its economic attractiveness.

It is obvious that in order to ensure a high standard of living, Sweden makes the process of paying taxes necessary and natural for its residents, manufacturers and business partners, but in return it also provides social guarantees, business support programs and high intellectual property protection.

There is also the possibility of various benefits, for example, it is possible to obtain the right to tax exemption if a foreign company can be considered the equivalent of a Swedish limited liability company.

If exempt from the tax burden, the loss of capital on shares that are held and intended for commercial activities are not deductible (Taxes in Sweden system in 2020 personal income with income transport wages on dogs local rates, 2021).

Taxes are divided into:

◆ **Direct:**

- There are federal and local levels.
- The parliament sets the rates for the former, and for the latter only the minimum limits, while local governments can adjust them in accordance with the needs of the region.

Examples:

- Income;
- Property;
- For inheritance and donation;
- Social Security Fees.

◆ **Indirect:**

- They are established by parliament and immediately sent to the central budget.

Examples:

- VAT;
- Excise taxes.

9. Political stability

Despite the fact that the global economic instability has brought great losses due to the coronavirus, including Sweden (Fig.2.6), it still occupies a leading position in terms of political stability (Sweden - Political Stability And Absence Of Violence/Terrorism: Estimate - 1996-2019 Data | 2021 Forecast, 2021). This is a logical result, since Swedish business has not exhausted the package of state incentives in 2020. Only $\frac{3}{4}$ of the financial support was used.

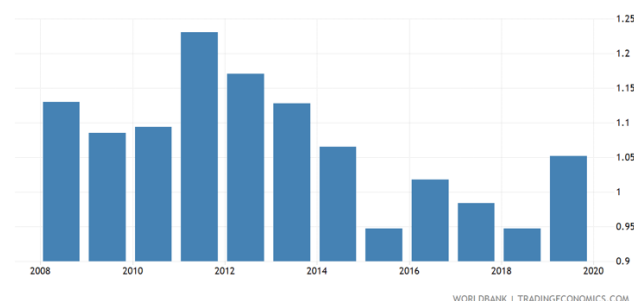


Fig. 2.6 Sweden - Political Stability And Absence Of Violence/Terrorism: Estimate.

Source: (Sweden - Political Stability And Absence Of Violence/Terrorism: Estimate - 1996-2019 Data | 2021 Forecast, 2021)

The good news is that for 2021 an amount of 105 billion Swedish kronor is allocated, which is 2.2% of GDP, it includes:

- social security measures
- as well as extended support for goods turnover
- reduction of income tax for people with low and middle income.

Moreover, the Riksbank extended its corporate lending program in 2021, and therefore allocated an amount of SEK 500 billion. At the same time, the interest rate should be kept at 0%.

Thanks to these support measures, Sweden has been able to achieve impressive business results, providing stable lending to households and companies.

However, rising corporate debt and bankruptcy are one of the main risks for the banking sector, which is now focused on restoring the bank's buffer capital.

Also, Swedish stability is manifested in relation to external accounts, despite possible problems, remain positive (Fig. 2.7).

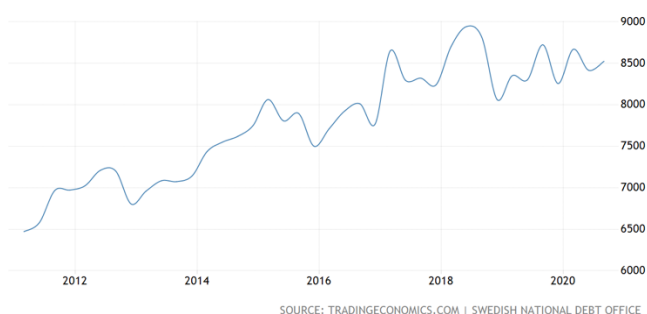


Fig. 2.7 Sweden Total Gross External Debt

Source: (Sweden Total Gross External Debt | 1997-2020 Data | 2021-2023 Forecast | Historical, 2021)

In 2020, due to the disproportionately high return on investment abroad, there was a sharp increase in the current account balance. Added to this was the situation with a slight decrease in the trade balance. Therefore, analysts predict a decrease in the position of external accounts for Sweden by approximately the level of 2019. In addition, the investment balance will be improved and will return to a more sustainable level in 2021 than it was in 2020. Exports of goods are expected to increase and there will also be a limited budget deficit, which will keep public debt at an acceptable level

(Sweden Total Gross External Debt | 1997-2020 Data | 2021-2023 Forecast | Historical, 2021).

10. Macroeconomic policy

The issue of macroeconomic policy in Sweden, as well as the main features of the Swedish model, was studied in detail by me in the first part of my thesis, so I propose to analyze the following criteria for assessing the innovation climate and attractiveness of Sweden (OECD - 2021).

11. Infrastructure development and support services

Sweden has a well-developed transport network with railways of 12,821 km (7,967 miles). Moreover, about a third of these tracks are privately owned.

Stockholm's airport, Arlanda, is connected to the city center via fast rail links. Sweden also boasts of its bridges and tunnels, one of such tunnels is the tunnel across the Øresund Strait from Malmö in Sweden to the Danish capital Copenhagen.

It also has an impressive 163,453 km (101,570 mi) highways and 1,439 km (894 mi) expressways.

Another advantage of Sweden is the availability of navigable waterways (2,052 km) and gas pipelines (84 km). Among the main ports and harbors are: Gäddede, Helsingborg, Karlshamn, Stockholm and others, as each of them is equipped with modern terminals.

Also, Sweden has a merchant fleet of 165 modern ships and continues to expand its maritime infrastructure.

It is worth noting that Sweden intends to invest more than \$ 80 billion in projects to develop rail, port and other infrastructure between 2018 and 2029.

There are different support services such as: family, educational, social, business etc. One of these services is the "SAS support service", which provides its assistance and services to beginners and advanced businessmen, enterprises, firms. They offer the following support program as: developing their technology, improving the skills of the work team, providing online consulting at any time of the day, access to research and development from several different disciplines (National Support Services - Sweden - EPALE - European Commission, 2021).

We also need to assess the possible risks. It is a well-known fact that Sweden is characterized by a complex business environment, with an operational and legal control regime and a high degree of liberalization (excluding the alcoholic beverages market and strategic segments).

Thus, investment risks are minimal.

However, problems may arise in connection with a rather high tax burden on individuals, and high costs of wages and social benefits. There are also risks associated with the coronavirus, which could lead to further dire economic consequences. Since the situation around the world is not stable and is constantly changing, it is impossible to predict the development of events in the future, even half a year ahead.

To make a conclusion, Sweden is the place where you can safely invest money. Despite the fact that the tax burden is extremely high and there is a control by the state, strict and complex rules for registering an enterprise, etc. which can complicate the investment process, any investor can be confident in the safety of their money, and feel comfortable because of clear, policy of the state.

CHAPTER 3

DEVELOPMENT AND IMPLEMENTATION OF INVESTMENT PROJECT “STOPRISK”

3.1 Justification of the investment project - "StopRisk"

Based on my analysis, I decided to open my take-out coffee shop with a delivery service in Sweden (Stockholm).

Coffee is the most popular drink in Sweden. 80% of all Swedes prefer coffee to other hot drinks.

On average, Swedes drink four cups of coffee each day, ranking them third among the world's countries with the highest coffee consumption, right behind their Scandinavian neighbors Norway and Finland. It is important to notice that many of the dads, while on parental leave, cannot deny themselves sitting in a cafe over a mug of coffee. Of course, along with the baby and buns. Therefore, in Sweden there is a word LATTEPAPPA, describing just such fathers - coffee lovers.

Therefore, you need to understand that several coffee houses for the whole city are not enough here.

1. The main idea of my investment project is the opening of a coffee shop, the main product of which will be coffee - the favorite drink of the Swedes, as well as an indispensable attribute of the daily tradition - to take a break from work at Fika.
2. The main goal of my project is the sale of various types of cold coffee and the provision of delivery services to the consumer.
3. The implementation period is about six months.
4. Sources of investment are the corresponding investments of investors.
5. The investment currency is the euro.

6. Money comes from the home country to the recipient country using Privat24 or through other government services that provide a legal mechanism for transferring money to Sweden.

7. My main competitors are: Kaffekoppen, Drop Coffee, Johan & Nyström.

8. Despite the fact that my competitors already have a clear brand identity and a proven track record, we will be able to stand out with our following advantages: 1) in a global crisis and pandemic, we offer our customers safe delivery and service by fully trained staff 2) we specialize in preparing a special kind of drink - cold coffee according to old Swedish recipes, which will create a special positioning (niche) in this market. 3) Our cafe will be able to work even at lockdown, since we will work "takeaway".

9. The Swedes are so much accustomed not to restrain themselves from drinking coffee drinks that it certainly plays into the hands. Coffee breaks are an important part of not only work, but student and social life. Very often, business meetings, first dates, and friendly gatherings take place over a cup of invigorating drink.

10. Since our cafe is located in the very heart of Sweden, in the capital - Stockholm, we can count on a large flow of people and focus on the VIP class and visiting tourists.

10. In connection with the coronavirus, it is difficult to predict possible changes in the whole market, but since stability in the work of our coffee shop is a priority for us, we can ensure it through the main idea of this investment project.

We are competitive due to the following:

- we “exist” close to customers, quickly reorienting ourselves to new market needs (vaccination-protection, coffee delivery-convenience, speed);
- opening and closing a coffee shop is easier than a business selling goods and services;

if even a small grocery store needs dozens of suppliers to work, then one coffee shop is quite enough for development (minimizing closing costs);

- coffee is a combination of manual labor and automation, while the latter component is becoming more and more, with the preservation of the taste of drinks, and sometimes with improvement.

All this creates that unique coffee culture, the flourishing of which we are now seeing.

3.2 Analysis of the competitive environment

As I mentioned before my main competitors are: Kaffekoppen, Drop Coffee, Johan & Nyström.

Kaffekoppen is close to the local landmark - Stockholm Entdecken.

Its assortment ranges from spinach pie and meatball sandwiches to hot white chocolate and coffee.

Here you can have a delicious dinner on the open veranda. This cafe is rated on Google 4.2.

Pros: good location, open veranda, good service, delicious cuisine.

Cons: no delivery service, small veranda capacity (i.e., in the next wave of coronavirus, the interior of the cafe will be closed) (Kaffekoppen Cafe, Stockholm, Stortorget 20 - Menu and restaurant reviews, 2021).

Drop Coffee

This cafe is located next to Södermalm.

Range: Vegetarian sandwiches, cinnamon rolls, brownies, coffee and finos.

Customers claim that the staff at this cafe is great. According to customer reviews, the service is great. The Google users rating Drop Coffee is 4.3.

Pros: good location, good prices and service, good selection of wine drinks.

Cons: Small selection of coffee, no delivery, no veranda, no takeaway, no delivery service (Drop Coffee, Stockholm, Wollmar Yxkullsgatan 10 - Restaurant Reviews, 2021).

Johan & Nyström – also located near Södermalm.

Range: sandwiches, cinnamon rolls and coffee. There is a terrace. This cafe is rated on Google 4.4 by its guests.

Pros: location, terrace, service.

Cons: small assortment of coffee, no pick-up point, no delivery service (Cafe Johan & Nyström - Swedenborgsgatan, Stockholm, Swedenborgsgatan 7 - Restaurant reviews, 2021).

3.3 Calculations of the indicators used in the estimation of the investment attractiveness of the project to investors

Calculation of investment requirements

To implement our project (Table 3.1), it is necessary to attract investment funds to open a company, pay for the first month of rent, purchase equipment and furniture, create a website and purchase software (Tjänster, 2021).

Table 3.1.

Investment calculation

No	Name	Amount, thing	The cost, EUR	Amount, EUR
1	Rent for 1 month	1	10140,00	10140,00
2	Turnkey company registration	1	6100,00	6100,00
3	Coffee machine	2	6902,00	13804,00
4	Refrigerator	1	2267,00	2267,00
5	Kitchen table	2	70,00	140,00
6	Chair	3	55,00	165,00
7	The first batch of goods	1	4313,86	4313,86
8	Coffee shop website	1	1479,00	1479,00
9	Online payment platform	1	2465,00	2465,00
	TOTAL			40873,86

Calculation of running expenditures

In our on-line coffee shop "StopRisk" there will be 1 administrator, 2 barista and 2 cleaning ladies. Their monthly salaries are respectively: 3000 euros, 2650 euros, 2300 euros.

We calculate the monthly salary costs (Table 3.2), taking into account the payment of social security contributions, which are paid by the employer in the amount of 31.42% of the employee's remuneration.

Table 3.2

Expenditures

Expenditures					
	Job position	Number of people	Wage, EUR/month	Social contributions, EUR/month	Total, EUR/month
1	Administrator	1	3000	942,60	3942,60
2	Barista	2	2650	1665,26	6965,26
3	Cleaning lady	2	2300	1445,32	6045,32
	TOTAL payroll				16953,18

Source: (Salary in Sweden in 2021, 2021).

* The total wage fund, taking into account payments of social benefits (31.42%), will amount to 13931 euros.

Let's calculate the amount of monthly expenditures

The cost of renting sq. in Stockholm it costs 676 euros. A small room with an area of 15 sq. m. will be enough for us. The total rental cost per month will be 10140 e.

Utility bills in Stockholm are € 6,603 thousand / year, which is equal to 550 euros / month.

For accounting service and delivery services, we will conclude an agreement with outsourcing companies in the amount of 3200 and 1950 euros per month, respectively (border, Europe, Sweden and Wroclaw, 2021).

Since we have production equipment: a coffee machine and a refrigerator, we need to take into account the depreciation deductions. According to our accounting policy, the service life of the equipment is 3 years, the depreciation method is straight-line. Thus, the amortization deduction will be: 446 euros / month (Table 3.3).

Table 3.3

Monthly amortization

Equipment				
No	Name	Amount, thing	The cost, EUR	Amount, EUR
1	Coffee machine	2	6902	13804
2	Refrigerator	1	2267	2267
3	TOTAL			16071
	Monthly amortization			446

Source: (Abi 2021)

Also, the fixed monthly costs will include (Table 3.4): salaries, advertising costs, the cost of purchasing household items and disinfectants, and other unforeseen expenses.

Table 3.4

Expenditures (year/month)

Expenditures, EUR/month		
	Name	Total, EUR/month
1	Salary	16953,18
2	Rent	10140,00
3	Communal payments	550,00
4	Outsourced services	5150,00
	Depreciation of equipment	
5		446,00
6	Marketing	1000,00
7	Household stuff	200,00
8	Other costs	200,00
	TOTAL/month	34639,18

Let's calculate the amount of annual expenditures for 3 years

Table 3.5

Expenditures (year)

Expenditures, EUR/year				
	Name	1	2	3
1	Salary	203438	206571	209876
2	Rent	121680	123554	125531
3	Communal payments	6600	6702	6809
4	Outsourced services	61800	62752	63756
	Depreciation of equipment			
5		5352	5434	5521
6	Marketing	12000	12185	12380
7	Household stuff	2400	2437	2476
8	Other costs	2400	2437	2476
	TOTAL/year	415670	422071	428825

Estimated revenue

In real life, these numbers are the result: analysis of household income, demand for goods, inflation rate, season, the location of the outlet, etc (Sweden - Inflation rate 2025 | Statista, 2021).

We will make a forecast of the sales volume and calculate the amount of the corresponding income.

Our online cafe will sell 4 types of coffee (Table 3.6).

Table 3.6

Basic products

Basic products				
	Name of product	Purchase price	Extra charge	Price, EUR
1	Viennese coffee	1,5	1,00	2,50
2	Frappuccino	0,7	0,80	1,50
3	Thai coffee	2	1,50	3,50
4	Coffee	2,5	2,00	4,50

Let's calculate the volume of the estimated (Table 3.7) income per month and per year.

Estimated revenue for month and per year.

Table 3.7

Estimated revenue

Estimated revenue				
Name of product	Expected number of orders per month	Price, EUR	Total per month	Total per year
Viennese coffee	9658	2,50	24145	289740
Frappuccino	4829	1,50	7243	86916
Thai coffee	2897	3,50	10141	121692
Coffee	14487	4,50	65191	782292
Total			106720	1280640

Let's calculate the volume of the estimated income for 3 years.

Table 3.8

Estimated revenue for 3 years

Estimated revenue			
Revenue of sale, EUR	Year		
	1	2	3
Viennese coffee	289740	294202	298909
Frappuccino	86916	88255	89667
Thai coffee	121692	123566	125543
Coffee	782292	794339	807049
Total	1280640	1300362	1321168

Net profit

When calculating net profit, we take into fixed costs and variable costs, as well as taxes.

In Sweden, the value added tax for restaurants is 12%. Income tax is 20.6% (Taxes in Sweden, 2021).

Table 3.9

Investment effectiveness

Investment effectiveness				
Indicators	Year			
	0	1	2	3
Investment, EUR	40874			
Revenue of sale, EUR		1280640	1300362	1321168
Variable costs, EUR		718548	729613	741287
Fixed costs, EUR		415670	422071	428825
Profit before taxation, EUR		146422	148677	151056
Value added tax 12%, EUR		67451	68490	69585
Income tax 20,6%, EUR		16268	16519	16783
Net Profit, EUR		62703	63668	64687

Source: (Sweden-taxation 2021)

Discount Rate

Let's calculate the Discount rate. We use the following formula:

$$i_k = (1 + \pi_k) \times (1 + h_k) \times (1 + r_k) - 1,$$

where, i_k - is the discount rate in the k-th year of the project,

k – is a year of implementation of the international project,

π_k – is inflation index in the k-th year of the project,

h_k - is the deposit rate for legal entities in the kth year of the project,

r_k – is risk adjustment in the k-th year of the project

The inflation rate in Sweden in 2021 is 1.54%.

The projected inflation rate in 2022 is 1.6%, and in 2023 - 1.8%.

The deposit rate for legal entities is 7%.

The risk is 10%.

$$i_{2021} = (1 + 0,0154) * (1 + 0,07) * (1 + 0,1) - 1 = 1,0154 * 1,07 * 1,1 - 1 = 0,1951$$

$$i_{2022} = (1 + 0,016) * (1 + 0,07) * (1 + 0,1) - 1 = 1,016 * 1,07 * 1,1 - 1 = 0,1958$$

$$i_{2023} = (1 + 0,018) * (1 + 0,07) * (1 + 0,1) - 1 = 1,018 * 1,07 * 1,1 - 1 = 0,1982$$

Discount Index:

$$1 \text{ year} - 1 / (1 + 0,1951) = 0,8368$$

$$2 \text{ years} - 1 / ((1 + 0,1951) * (1 + 0,1958)) = 0,7000$$

$$3 \text{ years} - 1 / ((1 + 0,1951) * (1 + 0,1958) * (1 + 0,1982)) = 0,5840$$

Calculation of indicators of economic efficiency of the project

We will prepare the data for analyzing the effectiveness of investments and write them down in a table.

Table 3.10

Final calculations

Final calculations

Period, years	Investments, EUR	Net Profit, EUR	Amortization, EUR	Cash Flow, EUR	Discont Index	Discounted value	
						Investments, EUR	Cash Flow, EUR
Base	40874				1	40874	
1		62703	5352	68055	0,8368		56949
2		63668	5434	69103	0,7000		48372
3		64687	5521	70209	0,5840		41002
Total	40874	191059	16308	207367		40874	146323

We will assess the effectiveness of the project using different methods.

1) Valuation by net present value – (NPV – Net Present Value)

$$NPV = \sum_{k=1}^n P_k R_k - I,$$

where, n - is quantity of years of implementation (duration) of the international project;

k – is a year of implementation of the international project (1, 2, 3..., n);

P_k – is the income (cash receipts) in the k-th year of implementation of an international project;

R_k – is the discount index in the k-th year of project implementation;

I – is the amount of one-time investment.

Conclusion:

Since $NPV > 0$, the international project should be accepted, because the value of the company will increase.

2) Estimation by the method of profitability index of international investments – PI (profitability index)

$$PI = \sum_{k=1}^n P_k R_k / I,$$

where, n - is quantity of years of implementation (duration) of the international project;

k – is a year of implementation of the international project (1, 2, 3..., n);

P_k – is the income (cash receipts) in the k-th year of implementation of an international project;

R_k – is the discount index in the k-th year of project implementation;

I – is the amount of one-time investment.

Conclusion:

Since $PI > 1$ - an international project should be accepted.

3) Estimation by the method of term payback of international investments – PP
(payback period method)

$$PP = I / P_k ,$$

where, I - is the amount of one-time investment;

P_k - is the income (cash receipts) in the k-th year of implementation of an international project.

Table 3.11

Calculation of economic efficiency

<u>Calculation of economic efficiency</u>				
Period	Net Profit, EUR	Discounted value		
0	-40874	-	<i>NPV</i>	105 449
1	62703	56949	<i>PI</i>	4
2	63668	48372	<i>PP</i>	0,65
3	64687	41002		

Conclusion:

The project will pay off quickly - in less than 2 months. The project should be accepted.

CONCLUSIONS

Sweden belongs to the highly developed industrial capitalist countries. This unprecedented development was based on the vast natural resources of northern Sweden: timber, ore and hydropower resources.

Until the middle of the twentieth century, industries related to the processing of timber and iron ore formed the basis of industrial production and exports.

Also, the economic development of Sweden was provided by its revolutionary Swedish inventions, such as, for example: a steam turbine, tetrapak packaging and many others.

Nowdays correct economic and social policy helps to ensure stability and order in society, increase jobs, curb inflation, control currency fluctuations and attract foreign investors with transparency of regulation, registration, and management of enterprises.

Also, Sweden is characterized by a highly skilled workforce, the development of IT technologies and low crime in the field of intellectual labor.

On the other hand, there are some disadvantages, such as: demographic risk, the risk of a crisis in connection with the coronavirus, the risk of the investor's inability to meet strict standards, the risk of the impossibility of development due to the large tax burden, etc.

Taking into account all these risks, I chose the area that will be most successful, taking into account all kinds of risks. This is the delivery sphere, namely coffee! Having studied local traditions, the mentality of citizens, trends in the field of tourism, I decided to open a cafe that will work both if there is no pandemic and if the state applies strict quarantine measures. I chose the city of Stockholm, as my target audience is the VIP contingent. Also, I studied my competitors, chose three main ones and analyzed their advantages and disadvantages.

In the third part of this work, we considered the project of launching an online coffee shop "StopRisk" in Stockholm (Sweden) with the service of targeted delivery of various types of cold coffee. Only vaccinated staff will work in our cafe, which will contribute to the growth of customer confidence and position the cafe among competitors.

After preparatory calculations of current costs and expected profit, we made an assessment of the project's effectiveness using different methods: the method of net present value (NPV - Net Present Value), the method of the profitability index (PI - profitability index), the method of payback period of international projects (PP - payback period).

Based on the assessment results, we received:

$NPV > 0$

$PI > 1$

Pk - less than 8 months.

As we can see, all three methods confirm the high efficiency of the proposed investment project, and, therefore, it can be recommended for adoption.

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