Sweden (7th) is overtaken by Hong Kong SAR this year, dropping one spot while retaining its absolute score. The Swedish economy performs best in absolute terms on the set of basic requirements, although the data show a deterioration in the perception of the institutional environment. This is true for both public and private institutions, with the economy dropping seven spots on this set of indicators. Sweden’s macroeconomic environment (4th) continues to improve as both the government’s budget deficit and debt fell in 2016. Furthermore, the country is well positioned to contribute to and benefit from technological advances, with top 10 ranks for technological readiness, business sophistication, and innovation capacity.

Most problematic factors for doing business

<table>
<thead>
<tr>
<th>Factor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax rates</td>
<td>22.6</td>
</tr>
<tr>
<td>Restrictive labor regulations</td>
<td>14.8</td>
</tr>
<tr>
<td>Tax regulations</td>
<td>13.4</td>
</tr>
<tr>
<td>Inadequately educated workforce</td>
<td>9.3</td>
</tr>
<tr>
<td>Inefficient government bureaucracy</td>
<td>6.9</td>
</tr>
<tr>
<td>Government instability/coups</td>
<td>5.2</td>
</tr>
<tr>
<td>Inadequate supply of infrastructure</td>
<td>4.9</td>
</tr>
<tr>
<td>Access to financing</td>
<td>4.9</td>
</tr>
<tr>
<td>Poor work ethic in national labor force</td>
<td>3.8</td>
</tr>
<tr>
<td>Insufficient capacity to innovate</td>
<td>3.5</td>
</tr>
<tr>
<td>Policy instability</td>
<td>3.0</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.8</td>
</tr>
<tr>
<td>Corruption</td>
<td>1.6</td>
</tr>
<tr>
<td>Crime and theft</td>
<td>1.4</td>
</tr>
<tr>
<td>Poor public health</td>
<td>1.0</td>
</tr>
<tr>
<td>Foreign currency regulations</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: From the list of factors, respondents to the World Economic Forum’s Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.
The Global Competitiveness Index in detail

Sweden

Index Component | Rank/137 | Value | Trend
--- | --- | --- | ---
6th pillar: Goods market efficiency | 14 | 5.2 | 
6.01 Intensity of local competition | 25 | 5.5 | 
6.02 Extent of market dominance | 20 | 4.6 | 
6.03 Effectiveness of anti-monopoly policy | 4 | 5.5 | 
6.04 Effect of taxation on incentives to invest | 66 | 3.6 | 
6.05 Total tax rate % profits | 108 | 49.1 | 
6.06 No. of procedures to start a business | 7 | | 
6.07 Time to start a business days | 40 | 7.0 | 
6.08 Agricultural policy costs | 11 | 4.9 | 
6.09 Prevalence of non-tariff barriers | 15 | 5.1 | 
6.10 Country capacity to attract talent | 6 | 4.3 | 
6.11 Prevalence of foreign ownership | 16 | 5.5 | 
6.12 Business impact of rules on FDI | 10 | 5.7 | 
6.13 Burden of customs procedures | 7 | 5.6 | 
6.14 Imports % GDP | 81 | 39.3 | 
6.15 Degree of customer orientation | 8 | 5.8 | 
6.16 Buyer sophistication | 13 | 4.7 | 
7th pillar: Labor market efficiency | 20 | 4.9 | 
7.01 Cooperation in labor-employer relations | 8 | 5.7 | 
7.02 Flexibility of wage determination | 129 | 3.6 | 
7.03 Hiring and firing practices | 90 | 3.5 | 
7.04 Redundancy costs weeks of salary | 57 | 14.4 | 
7.05 Effect of taxation on incentives to work | 103 | 3.4 | 
7.06 Pay and productivity | 34 | 4.5 | 
7.07 Reliance on professional management | 7 | 6.1 | 
7.08 Country capacity to retain talent | 17 | 4.9 | 
7.09 Business costs of terrorism | 26 | 4.3 | 
7.10 Female participation in the labor force ratio to men | 14 | 0.95 | 
8th pillar: Financial market development | 10 | 5.1 | 
8.01 Availability of financial services | 10 | 5.5 | 
8.02 Affordability of financial services | 17 | 5.0 | 
8.03 Financing through local equity market | 7 | 5.4 | 
8.04 Ease of access to loans | 12 | 5.1 | 
8.05 Venture capital availability | 8 | 4.3 | 
8.06 Soundness of banks | 19 | 5.8 | 
8.07 Regulation of securities exchanges | 15 | 5.7 | 
8.08 Legal rights index 0-10 (best) | 49 | 6 | 
9th pillar: Technological readiness | 5 | 6.3 | 
9.01 Availability of latest technologies | 5 | 6.5 | 
9.02 Firm-level technology absorption | 1 | 6.0 | 
9.03 FDI and technology transfer | 14 | 5.3 | 
9.04 Internet users % pop. | 10 | 91.5 | 
9.05 Fixed-broadband Internet subscriptions /100 pop. | 14 | 36.3 | 
9.06 Internet bandwidth Mbit/s | 7 | 505.6 | 
9.07 Mobile-broadband subscriptions /100 pop. | 8 | 125.2 | 
10th pillar: Market size | 40 | 4.7 | 
10.01 Domestic market size index | 36 | 4.5 | 
10.02 Foreign market size index | 37 | 5.3 | 
10.03 GDP (PPP) PPP $ billions | 37 | 498.1 | 
10.04 Exports % GDP | 52 | 41.2 | 
11th pillar: Business sophistication | 6 | 5.6 | 
11.01 Local supplier quantity | 36 | 4.8 | 
11.02 Local supplier quality | 7 | 5.7 | 
11.03 State of cluster development | 16 | 5.0 | 
11.04 Nature of competitive advantage | 7 | 6.0 | 
11.05 Value chain breadth | 5 | 5.7 | 
11.06 Control of international distribution | 3 | 5.5 | 
11.07 Production process sophistication | 5 | 6.1 | 
11.08 Extent of marketing | 8 | 5.5 | 
11.09 Willingness to delegate authority | 2 | 6.2 | 
12th pillar: Innovation | 7 | 5.5 | 
12.01 Capacity for innovation | 4 | 5.8 | 
12.02 Quality of scientific research institutions | 13 | 5.7 | 
12.03 Company spending on R&D | 6 | 5.6 | 
12.04 University-industry collaboration in R&D | 10 | 5.2 | 
12.05 Gov't procurement of advanced technology products | 17 | 4.2 | 
12.06 Availability of scientists and engineers | 20 | 4.8 | 
12.07 PCT patents applications/million pop. | 2 | 317.9 |

Note: Values are on a 1-to-7 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the interactive Economy Profiles and Rankings at http://go.weforum.org/