

A GLOBAL

# STOCKHOLM

A STRATEGY TO INTERNATIONALIZE  
SWEDEN'S CAPITAL CITY REGION  
EXECUTIVE SUMMARY



## **ABOUT THE STOCKHOLM CHAMBER OF COMMERCE**

**The Stockholm Chamber of Commerce has been the leading advocate of growth in Sweden's capital city region, which covers the counties of Stockholm and Uppsala, since 1902. Its operations have local and international dimensions and are engaged in everything that can improve regional development; from the regional housing market to international trade. We are a popular forum for 2,000 member companies, which have a combined total of half a million employees.**

**The Chamber of Commerce is also a trusted third party, with one of the world's leading arbitration institutes. Read more about the Chamber of Commerce at <http://english.chamber.se>.**

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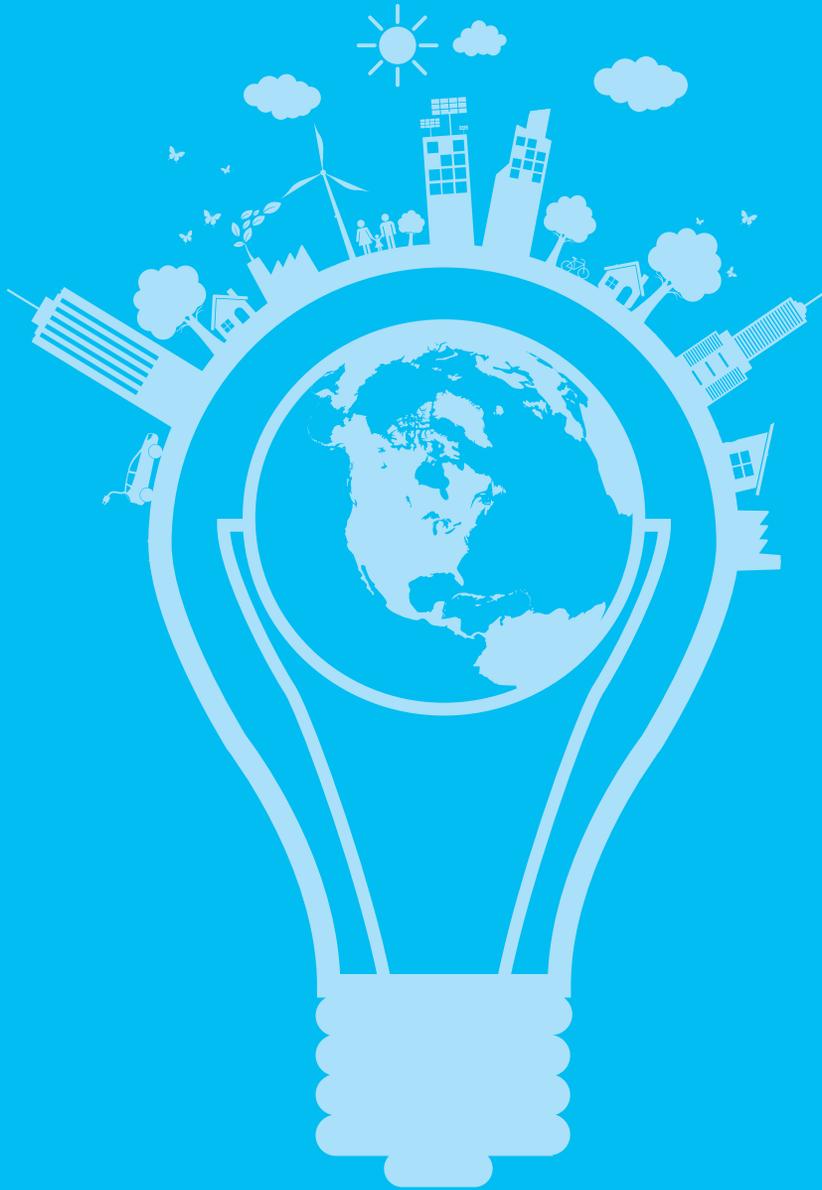
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*“Cities are engines  
of ideas  
and innovation.”*



# Successful cities are global cities

**T**o succeed in global competition, Sweden's capital city region needs to become more internationalized—it needs to spur exports, imports and investment. More businesses need to globalize their operations. The region needs to attract more international talent. It needs to gear up its exchange with key growth markets.

Internationalization is becoming more significant against the backdrop of the increasingly prominent role cities are playing in the global economy. Cities are hothouses of ideas and innovation; a mere 600 cities are expected to generate as much as 60% of global growth by 2025.

Stockholm is Sweden's export powerhouse and its hub for global business. The capital region is host to over 40% of Sweden's major exporters. The fact that Stockholm is not dependent on a handful of products or services is one of its strengths, and the diversity of its export portfolio generates strength and resilience.

But despite this, the capital city region is facing major challenges. The first is the fallout from the global economic turmoil of recent years—Stockholm's foreign trade has yet to recover. The second challenge is that the business activity of small and mid-size enterprises is too localized. SMEs make up 95% of the County of Stockholm's business community, but generate only 26% of the region's exports. The third challenge is that Stockholm still has fairly limited exchange with growth markets. Europe—beset by its problems—is still dominant.

In this document, the Stockholm Chamber of Commerce summarizes its strategy to promote the capital city region's internationalization. There is no silver bullet to increase internationalization, and this is precisely why a broad agenda is needed to address how the capital city region will become more global. Achieving success will require collaboration between many parties, public and private.



## Cities drive trade

Without the power of its cities as trade centers, Sweden would not have made anywhere near as much progress in its journey to becoming one of the world's most prosperous countries.

Though goods trade has been the core of Sweden's exporting success through history, services are playing an increasingly important role. Services are becoming a more central component of our economy, and this is also true in manufacturing, where services are now a necessity. Over 85% of Sweden's GDP is currently generated from services, and the significance of services to Stockholm's economy is only growing.

It is fair to assume that even more of the value of the capital city region's production will be derived from services. The fact that this strategy is largely centered on data based on goods trading is a result of the statistics available.

FIGURE 1

The County of Stockholm's goods exports in 2015, SEK billion.

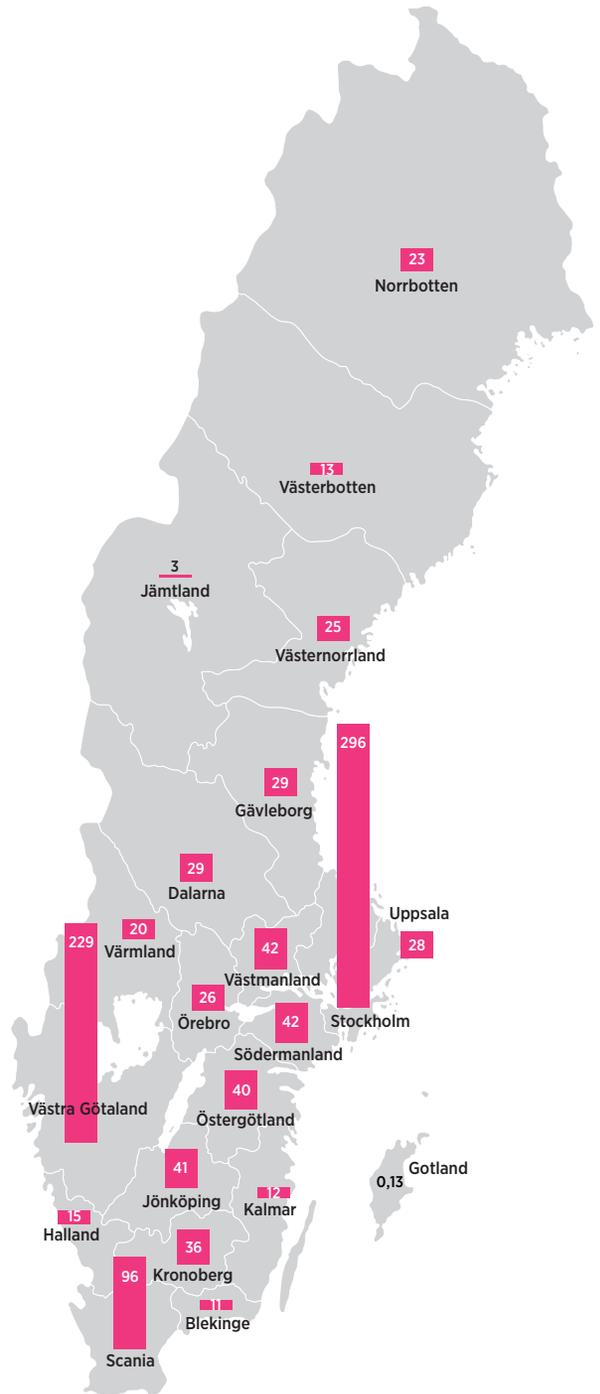
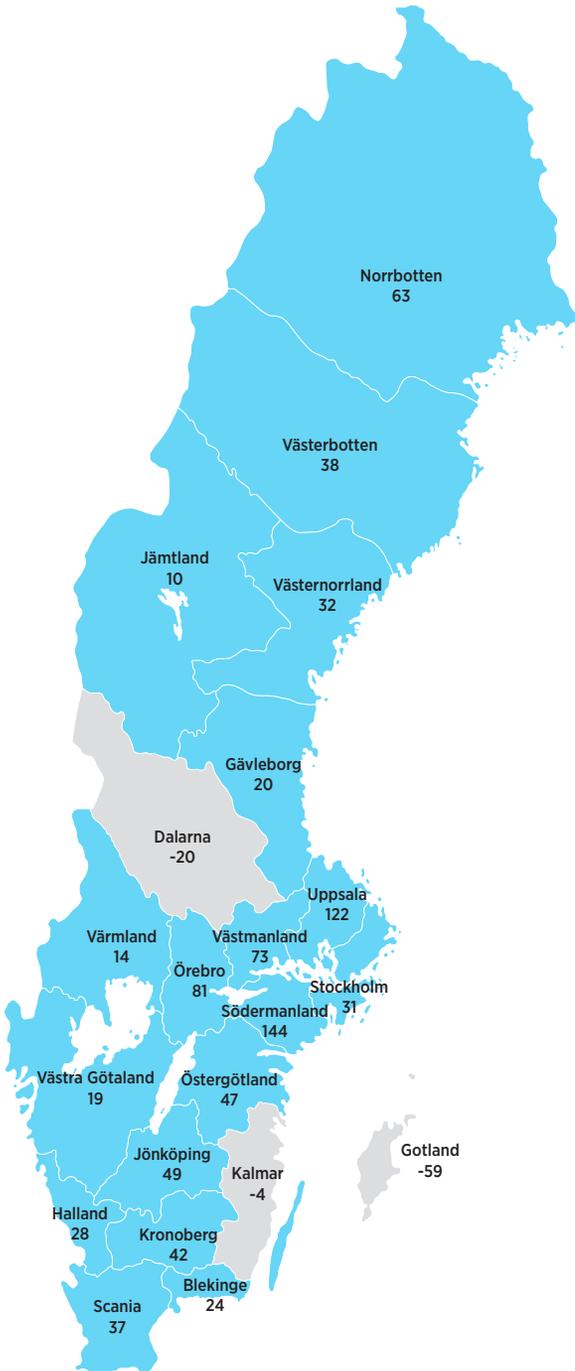


FIGURE 2

The County of Stockholm's export growth in 2003–2015, %.



## Stockholm is Sweden's export powerhouse

Exports, imports and investment are essential for economic growth and prosperity. People and businesses are dependent on imports for different reasons: people want more and better choice, and businesses are often dependent on imports goods in order to produce goods and services for export. In other words, exports and imports go hand in hand.

Stockholm is Sweden's export powerhouse. Exports from the County of Stockholm are significantly higher than the rest of Sweden, amounting to nearly SEK 300 billion, or about USD 35 billion. To put it in perspective, that is nearly 30% more than Västra Götaland, Sweden's second-largest exporting county. 23% of the country's population lives in Stockholm, while the County generates nearly 30% of the country's goods exports. Stockholm's leading role is even clearer when considering imports. Imports to Stockholm amount to SEK 430 billion, as much as SEK 220 billion higher than Västra Götaland.

“  
*Stockholm is home to nearly 30% of the country's largest exporters*  
 ”



*“The capital city region is well-placed against global competition due to its highly educated workforce with an international outlook and early adoption of new technology.”*

## How does Stockholm stand up against the global competition?

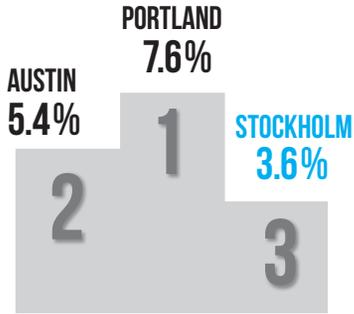
Stockholm is not only ahead of other Swedish city-regions—the capital city region is also very well placed against the global competition due to its highly educated workforce with an international outlook and early adoption of new technology. The region has a strong cluster of successful and innovative businesses, which have helped make the Stockholm region one of the world’s most productive and attractive urban economies.

The Global Cities Initiative, a joint project between American think-tank The Brookings

Institution, and JPMorgan Chase, involves a number of cities engaging in strategic work to enhance their internationalization processes. Stockholm was one of the first cities outside the U.S. to join the Initiative.

Research conducted within the Global Cities Initiative compared the Stockholm region’s competitiveness with other successful cities. It showed that Sweden’s capital city region stands up well against other US and European peer cities, but needs to keep developing to avoid falling behind.

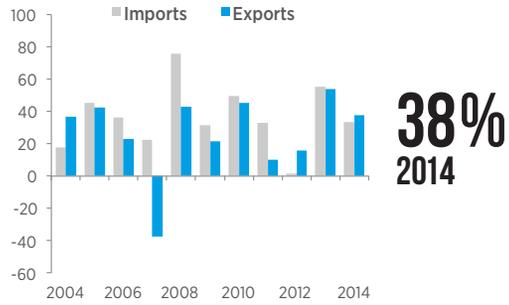
## GROWTH BRONZE MEDALLIST



Growth in traded sectors, average 2000–2014.



## STOCKHOLM BOOSTS FOREIGN TRADE

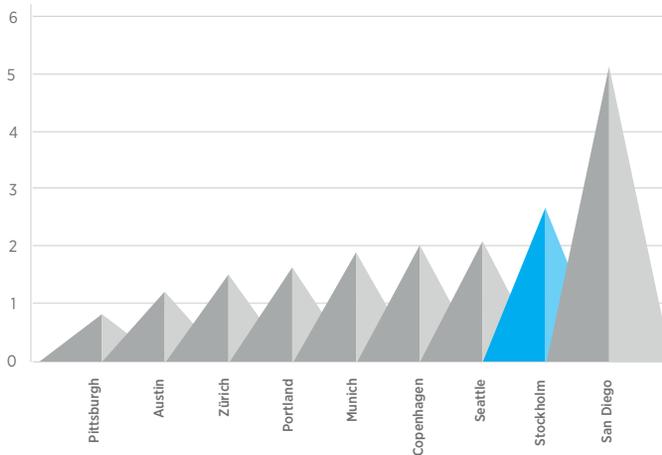


Stockholm's contribution to Sweden's trade growth, 2004–2014 (%).



## A WORLD-CLASS PATENT WORKSHOP

Number of patents per thousand inhabitants of Stockholm (2.65/1000) and comparable cities, 2008–2012.



## SUPERFAST INTERNET

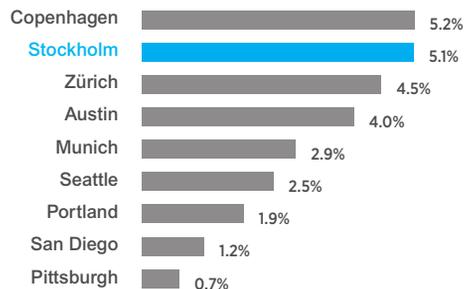


AUSTIN	70.4
STOCKHOLM	64.0
ZÜRICH	51.8
COPENHAGEN	47.5
SEATTLE	41.8
PORTLAND	36.4
SAN DIEGO	29.8
PITTSBURGH	28.6
MUNICH	26.0

Average download speed (mbps, 2015).



## GROWING PASSENGER VOLUMES



Increase in yearly passenger volumes, 2004–2014.

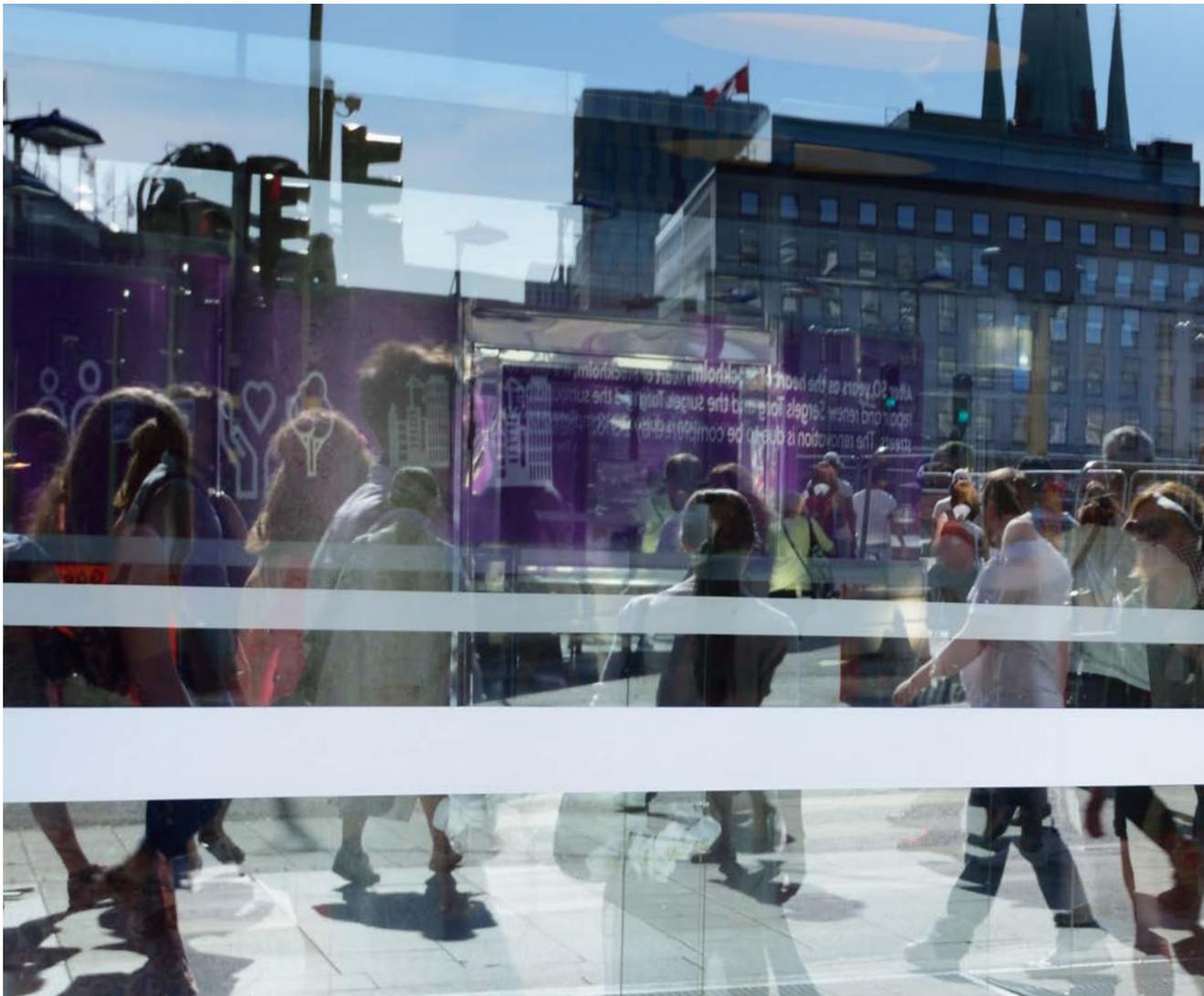
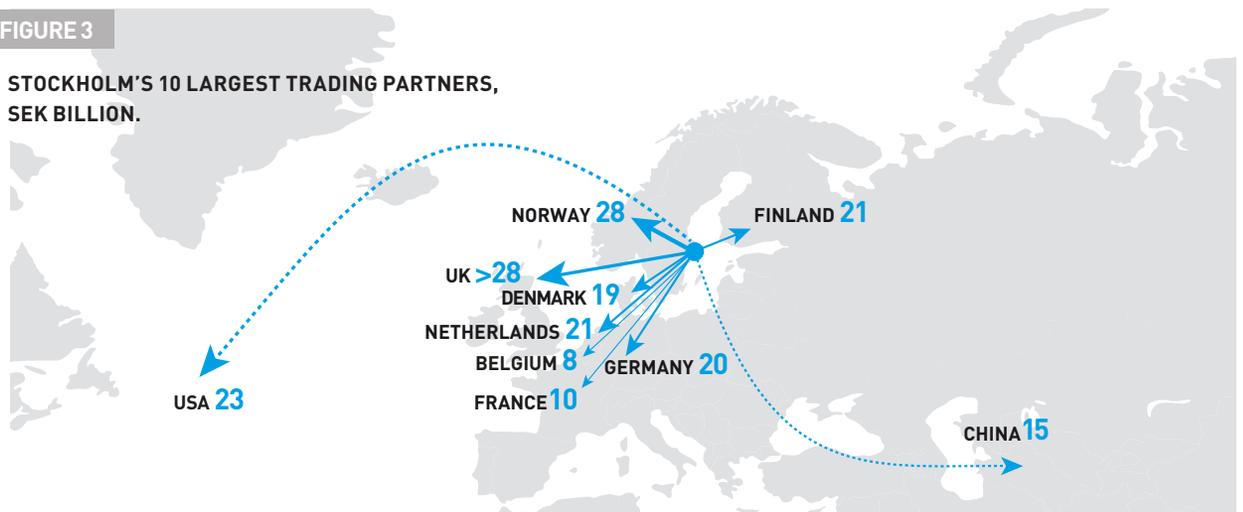


FIGURE 3

STOCKHOLM'S 10 LARGEST TRADING PARTNERS, SEK BILLION.





EXPORTS			IMPORTS		
	SEK bn	%		SEK bn	%
1 UK	> 27.8	9.4	1 Germany	82.3	19.2
2 Norway	27.8	9.4	2 Netherlands	39.0	9.1
3 US	22.8	7.7	3 Denmark	36.6	8.5
4 Finland	21.3	7.2	4 Russia*	32.9	7.7
5 Netherlands	20.8	7.0	5 Norway*	29.2	6.8
6 Germany	19.7	6.7	6 Finland	19.6	4.6
7 Denmark	19.3	6.5	7 France	17.9	4.2
8 China*	14.8	5.0	8 UK	15.0	3.5
9 France	10.3	3.5	9 China	13.8	3.2
10 Belgium	8.3	2.8	10 Italy	13.0	3.0

**TABLE**

NB: GOODS TRADE 2015.  
 \* ESTIMATED VALUES.  
 SOURCE: STATISTICS SWEDEN (2015)  
 AND STOCKHOLM CHAMBER OF  
 COMMERCE FIGURES.

## Stockholm as part of an initiative for global cities

Launched in 2012, the Global Cities Initiative, a joint project of Brookings and JPMorgan Chase, will catalyze a shift in economic development priorities and practices, resulting in more globally connected metropolitan areas and more sustainable economic growth. From initially involving US cities exclusively—from Los Angeles and Atlanta to Seattle and Philadelphia—it has now expanded to a number of global cities such as London and Stockholm.

Stockholm's participation in the Global Cities Initiative is an important component in its efforts to consolidate the capital city region's status as a global player to reckon with.



# Why Stockholm needs an internationalization strategy

The most successful businesses are those that are internationalized and operate in urban environments. Stockholm is an urban and internationalized springboard whose businesses and people demand success in the new economy. It is also where 40% of the country's largest exporters are located. Urbanization offers greater potential for companies to grow and a talented workforce to develop. In turn, internationalization is a socioeconomic 'shot in the arm.' Urbanization, digitalization and internationalization all work in tandem and are major catalysts for growth and jobs. But the Stockholm region is not fully exploiting its potential. An overwhelming majority of businesses in Stockholm are not internationalized, and this applies especially to smaller enterprises.

While Stockholm does generate a lot of exports and the number of exporting enterprises is growing, only a small share do business internationally. Not even one-tenth of Stockholm's businesses are exporters. The lion's share of the capital city region's and Sweden's exports are generated by a compact cluster of large and established industrial corporations like Assa Abloy, Atlas Copco, Electrolux, Ericsson and Scania. Persuading SMEs to step out into the international market is critical to accelerating Stockholm's growth and competitiveness.

Much of the international business of regional companies is confined to Europe. Goods exports from Stockholm to Norway amount to over SEK 5,300 per Norwegian inhabitant, while the corre-

sponding figure for China is only SEK 11. In other words, adjusted for population size, Stockholm's goods exports to Norway are some 500 times higher than to China.

Measures at a national level can help internationalization, but the Stockholm region also needs its own strategy for international business. This is critical in asserting the capital city's position in global competition, and for creating jobs, innovation and greater prosperity.

These issues are not confined to traditional activities such as lowering tariffs and deregulating trade. In the new economy, internationalization is more about the significance of the supply of knowledge, attracting talent, promoting tourism and building out soft infrastructure. These ingredients are critical for people to be able to move between cities and countries.

Capital city regions can only become more globalized by adopting a contemporary attitude, building on the way the new economy works. In this document, the Stockholm Chamber of Commerce presents a summary of a strategy to promote the internationalization of its capital city region. This summary outlines the suggested actions but does not go into detail on every initiative proposed. The strategy is extensive, because there is no panacea for success. A broad agenda is necessary to make our capital city more globalized. Achieving success will require collaboration between many parties, public and private.



# A strategy to internationalize Sweden's capital city region





## Open up the city to global talent

A greater influx of highly qualified labor stimulates internationalization and innovation, improves the growth potential of business, and reinforces business contacts throughout the world. Finding the right people with the right skills, competences or ideas, i.e. talent, becomes critical. Moreover, entering into foreign markets is facilitated by finding people with experience or connections internationally, who can speak the right language, know the culture and have the right networks. If Stockholm is to succeed in the competition for global talent, we have to create more potential for people with the right competences to work in Stockholm, and in Sweden.

## HOW TO OPEN UP THE CITY TO GLOBAL TALENT

- ✓ **STOCKHOLM HOUSE OF GLOBAL TALENT—OPEN A CENTER FOR PEOPLE WHO COME TO WORK IN THE STOCKHOLM REGION**
- ✓ **GIVE FOREIGN GRADUATES MORE TIME TO FIND A JOB**
- ✓ **INTRODUCE A VISA FOR GLOBAL TALENTS, INVESTORS AND ENTREPRENEURS**
- ✓ **DISSEMINATE KNOWLEDGE OF WORK OPPORTUNITIES IN SWEDEN**
- ✓ **CUT THE APPLICATION TIME AND RED TAPE FOR FOREIGN EMPLOYEES COMING TO WORK IN SWEDEN**
- ✓ **IMPROVE THE SYSTEM OF TAX INCENTIVES FOR FOREIGN EXPERTS**
- ✓ **FOCUS ON ATTRACTING BACK SWEDES THAT HAVE LIVED AND WORKED IN FOREIGN COUNTRIES—VIEW THEM AS FOREIGN EXPERTS**

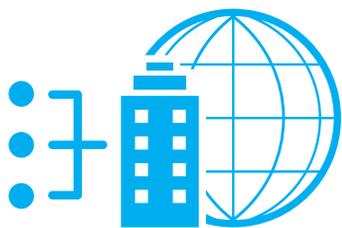


## Make Stockholm a Knowledge Capital

Any global city needs global universities. Successful cities are associated with higher education and cutting-edge research, as has always been the case. Inherently, universities are catalysts of internationalization, and thus a key component for building a successful global city. The intense competition for a qualified workforce will only increase in the coming decades. Stockholm's and Uppsala's university programs also need to attract even more qualified Swedish and foreign students and researchers.

## HOW TO MAKE STOCKHOLM A KNOWLEDGE CAPITAL

- ✓ **ENCOURAGE A LEADING FOREIGN UNIVERSITY TO OPEN A CAMPUS IN STOCKHOLM**
- ✓ **LIBERALIZE THE REGULATIONS FOR ESTABLISHING UNIVERSITIES**
- ✓ **LEVERAGE COOPERATION WITH FOREIGN UNIVERSITIES**
- ✓ **MAKE SWEDISH AND FOREIGN STUDENTS AMBASSADORS OF STOCKHOLM**
- ✓ **SHORTEN THE LEAD-TIME TO GET A STUDY VISA IN SWEDEN**
- ✓ **MAKE IT EASIER FOR FOREIGN STUDENTS TO ENTER THE LABOUR MARKET**
- ✓ **EXPAND THE SYSTEM OF SCHOLARSHIPS TO PROMOTE TALENT AND START-UPS IN SWEDEN**
- ✓ **PROMOTE INTERNATIONAL SCHOOLS IN STOCKHOLM**

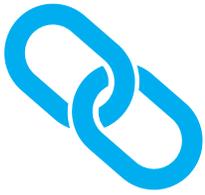


## Strengthen Stockholm's HQ economy

Nine companies active in global markets are headquartered in Stockholm, ranking Stockholm eighth in the world of cities with the most international company headquarters. In terms of head offices per capita, Sweden comes fourth in the world. This concentration of HQs is a major asset to the city and Sweden, an asset that must be protected and enhanced.

## HOW TO STRENGTHEN STOCKHOLM'S HQ ECONOMY

- ✓ **MAKE THE AIM OF ATTRACTING GLOBAL HQs A NATIONAL PRIORITY**
- ✓ **LEVERAGE THE FORTHCOMING BREXIT TO ATTRACT INVESTMENT FROM LONDON AND THE UK**
- ✓ **PROMOTE THE CREATION OF ADVANCED BUSINESS SERVICES AROUND HQs**
- ✓ **ENHANCE STOCKHOLM'S ROLE AS A FINANCIAL CENTER**



## Link up Stockholm to the world

Stockholm must produce better air and maritime connections to cut the ‘distance’ between Stockholm, other cities and countries.

Improved air connections will bring Stockholm closer to the rest of the world. New direct routes would improve connections to markets that are critical to Swedish business, promote tourism and attract capital and knowledge to the region. To make Stockholm a global city, maritime traffic must improve. This will take shipping ports with the capacity to cope with significantly higher traffic than at present

## HOW WE CAN LINK UP STOCKHOLM TO THE WORLD

- ✓ **DEVELOP A STRATEGIC VIEW OF REGIONAL AIR TRAFFIC**
- ✓ **DEVELOP AND EXPAND ARLANDA AIRPORT WHILE SECURING OPERATIONS AT BROMMA AIRPORT**
- ✓ **STRENGTHEN COLLABORATION BETWEEN THE RELEVANT BUSINESS ORGANIZATIONS**
- ✓ **SECURE U.S. PRECLEARANCE AT ARLANDA AIRPORT STOCKHOLM**
- ✓ **IMPROVE STOCKHOLM’S HARBOURS**
- ✓ **INTERCONNECT HARBOURS WITH THE CITY AND IMPROVE THE LAND INFRASTRUCTURE FOR BETTER FREIGHT SERVICES**

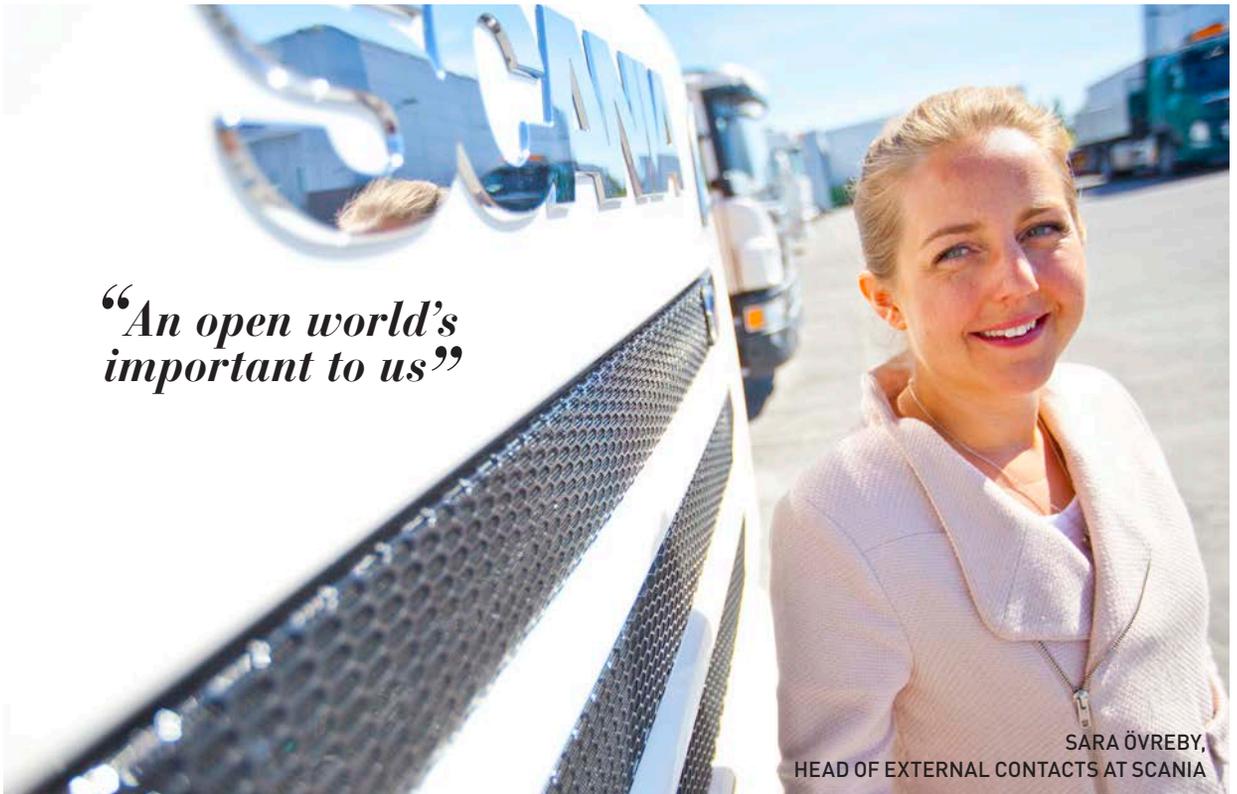
JACOB LUND, EXTERNAL CORPORATE  
COMMUNICATIONS DIRECTOR OF  
ASTRAZENECA

*“I’d like to see  
a free trade  
agreement”*



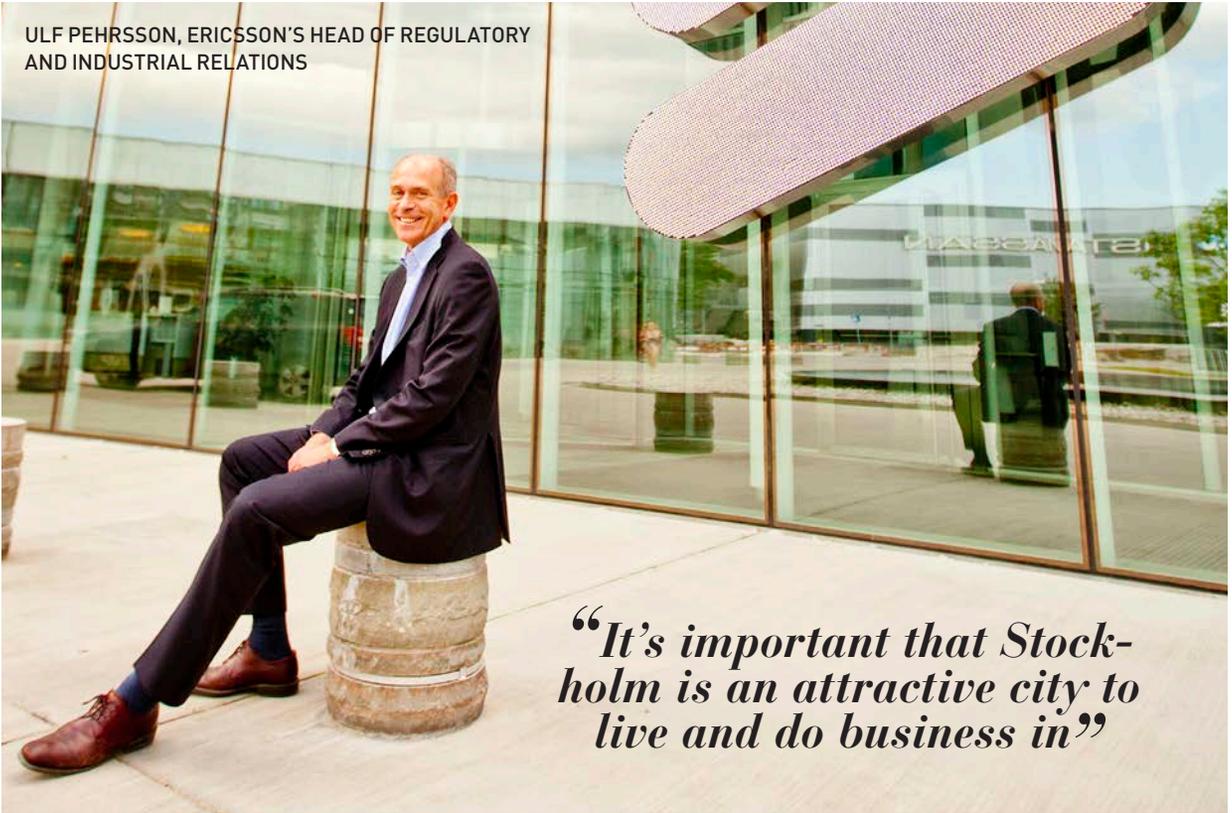
As part of its work on producing a strategy for the capital city region’s internationalization, the Stockholm Chamber of Commerce conducted in-depth interviews with a number of its member companies. The Chamber of Commerce is the largest organization promoting the capital city region’s development, with some 2,000 member companies. Some of those interviewed include pharmaceutical company AstraZeneca, telecom corporation Ericsson, automotive manufacturer Scania and spirits producer The Absolut Company.

*“An open world’s  
important to us”*



SARA ÖVREBY,  
HEAD OF EXTERNAL CONTACTS AT SCANIA

ULF PEHRSSON, ERICSSON'S HEAD OF REGULATORY AND INDUSTRIAL RELATIONS



*“It’s important that Stockholm is an attractive city to live and do business in”*

PAULA ERIKSSON, CORPORATE COMMUNICATIONS MANAGER OF THE ABSOLUT COMPANY



*“We have to get better flight connections”*



## Identify and highlight new sectors to internationalize

— medical services and health care as an example

Global demand for health and social care is increasing. The capital city region can help in this context by disseminating our health and social care competence into the world. The capital city region has a high concentration of operations in health, social care and life sciences. There are university hospitals with sophisticated specialist care, leading research environments and innovative enterprises.



## Reduce trade barriers

In terms of import and export regulation, Stockholm businesses operate on the same terms as the rest of the EU business community. But there is a need for intelligent admin solutions that specifically fit the Stockholm regional business community.

### HOW TO INTERNATIONALIZE MEDICAL SERVICES AND HEALTH CARE

- ✓ HIGHLIGHT THE POTENTIAL OF INTERNATIONALIZING SWEDEN'S HEALTH CARE SECTOR
- ✓ MARKET STOCKHOLM'S COMPARATIVE ADVANTAGE IN MEDICAL SERVICES AND HEALTH CARE
- ✓ AVOID EARNINGS LIMITATION WITHIN THE MEDICAL AND HEALTH CARE SECTOR
- ✓ ATTRACT FOREIGN PATIENTS TO STOCKHOLM
- ✓ PROMOTE THE RIGHT PERSPECTIVE HIGHLIGHT THE POTENTIAL OF INTERNATIONALIZING THE HEALTH CARE SECTOR. FOREIGN FUNDING WILL BRING A MUCH-NEEDED BOOST TO HEALTH AND SOCIAL CARE FINANCES

### HOW WE CAN FACILITATE TRADE

- ✓ SIMPLIFY CUSTOMS PROCEDURES
- ✓ FACILITATE IMPORTS FOR INCREASED INTERNATIONALIZATION
- ✓ DIGITALIZE TRADE



## Make cities the center of trade policy

Rather than countries, cities and regions are the natural hub of trade. Accordingly, successful trade policy that makes a practical difference needs to be developed, which centers on the economic potential of cities.

### HOW TO MAKE CITIES THE CENTER OF TRADE POLICY

- ✓ **PRIORITIZE SERVICES TRADE**
- ✓ **SECURE FREE DATAFLOWS**
- ✓ **APPOINT A TRADE MINISTER FOR STOCKHOLM**
- ✓ **SPUR FOREIGN INVESTMENT**
- ✓ **CREATE A TEAM STOCKHOLM OF RELEVANT BODIES AND ORGANIZATIONS TO PROMOTE INTERNATIONALIZATION**



## Open up Stockholm to tourism

International visitors inject capital into the Stockholm economy, which makes tourism an export sector. Tourism helps create an attractive region that is positive to live and work in, attract specialist knowledge, talent, and new enterprises to start up and create innovation. This clarifies Stockholm and Sweden as a brand, destination and trendsetter.

### HOW WE CAN EXPORT STOCKHOLM FOR TOURISM

- ✓ **IMPROVE CRUISE LINE ACCESS**
- ✓ **ENSURE MORE INTERNATIONAL DIRECT FLIGHTS**
- ✓ **ADAPT INFRASTRUCTURE AND IMPROVE LEISURE COMMUTING**
- ✓ **CREATE AN URBAN ENVIRONMENT SUITABLE FOR MORE VISITORS**
- ✓ **DEVELOP THE STOCKHOLM REGION AS A GLOBAL HOST OF MAJOR EVENTS**
- ✓ **MAKE ENGLISH AN OFFICIAL LANGUAGE**
- ✓ **APPOINT A NIGHT MAYOR**

# We need to act now to make Stockholm a global city

**T**o reap the fruits of globalization and succeed in competition with other global cities, Stockholm needs to improve our international business environment. We need more internationalization: more companies, especially SMEs, need to internationalize their business. This might involve exporting and importing goods or services, attracting foreign capital in the form of investment, investing in other countries or collaborating with international players through other means.

The strategy for internationalizing Sweden's capital city region has presented a number of aims that must be achieved in order for Stockholm to succeed in becoming a global city to reckon with. This strategy presents a long series of practical measures that would advance Stockholm's status in international competition. The Stockholm Chamber of Commerce has taken the initiative to develop this strategy. But these actions cannot be executed by any single player alone. Success will take concerted efforts on many different levels.

Apart from the defined segments and actions this strategy highlights, it is important to emphasize that a region's, and a city's, long-term developmental capability depends on a generally favorable climate for people and businesses. Single actions have their maximum positive impact when the basic potential for growth and development are in place. In this context, to internationalize the capital city region, it is critical that the housing shortage ends, infrastructure improves, that the thresholds to education, work, innovation and entrepreneurship are lowered. There is no silver bullet to succeed with internationalization. It is for precisely this reason that it is necessary for all relevant participants to make a collective effort right now. Both to implement improvements in those segments that the strategy identifies, and to create better general potential for the capital city region's competitiveness and development.



# ROAD MAP FOR THE CAPITAL CITY'S INTERNATIONALIZATION

**2016**

Launch of the capital city region's internationalization strategy



**2016**



The Stockholm Chamber of Commerce holds an internationalization workshop jointly with Brookings Institution attracting delegates from several other members of the Global Cities Initiative including Chicago, London and San Diego. Swedish contributors include the Swedish Government and representatives of several organizations that work on facilitating Sweden's foreign trade, national and regional. Several companies are also represented.

**2016**

Interviews with the business community to identify obstacles to international business and to the capital city region's internationalization. Small enterprises and large corporations in a range of sectors are interviewed.



**2016**

Launch of a report on the capital city region's internationalization, which presents new statistics. Opportunities and challenges identified.



**2015**

Feasibility study executed by the Stockholm Chamber of Commerce producing a unique analysis of the capital city region's competitive position against a selection of comparable cities, jointly with Brookings Institution. Analysis conducted within the Global Cities Initiative.

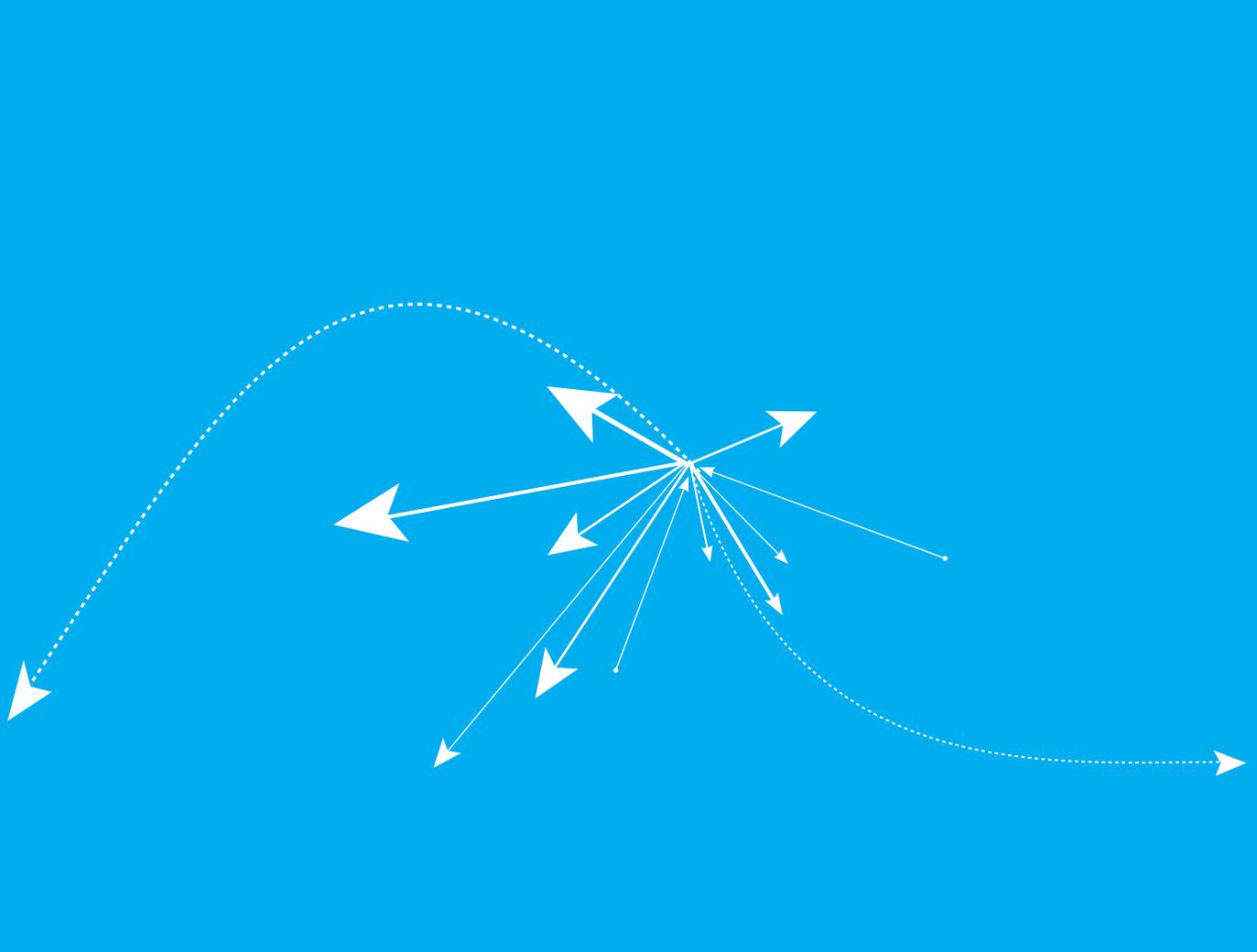


**2015**

Collaboration initiated between the Stockholm Chamber of Commerce and the American think-tank Brookings Institution within the Global Cities Initiative designed to promote internationalization. The Global Cities Initiative is funded by JPMorgan Chase.







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*Stockholms Handelskammare*