

It is an ambitious goal pursued by Sweden: The Scandinavians want to live in the world's first "fossil-free welfare state" by 2045. For this, CO₂ emissions from traffic must be drastically reduced. The prospects are good, but preferences among drivers are a challenge. The country overview.



Brief Overview of Sweden

Sweden is a parliamentary monarchy with a prime minister as head of government. As a representative head of state, the king exercises no formal power. Unlike its neighbors Norway and Denmark, the country is not a member of NATO and as a non-aligned military country has not engaged in war for two centuries. It remained neutral during the two world wars.

The Scandinavian kingdom is the third largest country in Western Europe with an area of around 450,000 km² that is three times as long as it is wide. Less than ten percent of the area is developed; even cities such as Stockholm, Gothenburg and Malmö have numerous green spaces. In addition to these cities, most of the inhabitants live in the south or in the middle of the country where the climate is mild and there is better access to mainland Europe. The harsh north, in contrast, is sparsely populated.

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Internationally Successful

Aerial view of a frozen lake in Arvidsjaur in northern Sweden. To see: A test track where car manufacturers coordinate their assistance systems and drivers are offered exciting driver training

Why not? Because the Swedish people are doing above average. The kingdom has been a leading industrial nation since the end of the Second World War. The country successfully combines free-market capitalism with comprehensive welfare elements. Whether economics, digitalization or education – the Scandinavians almost always come out on top by international standards.

As far as digitalization is concerned, the current [EU country report](#) states that Sweden (second place) is more advanced than Germany (12th place) in all areas. More than half of the 30 to 34-year-old Swedes have [a university degree \(52%\) according to Eurostat](#). There are fewer in Germany (34.9%) and the 28 EU member states in total (40.7%). Last year, Sweden had one of the top 20 gross domestic product (GDP) per capita at 45,900 euros. For comparison: In Germany, it was 40,300 euros.

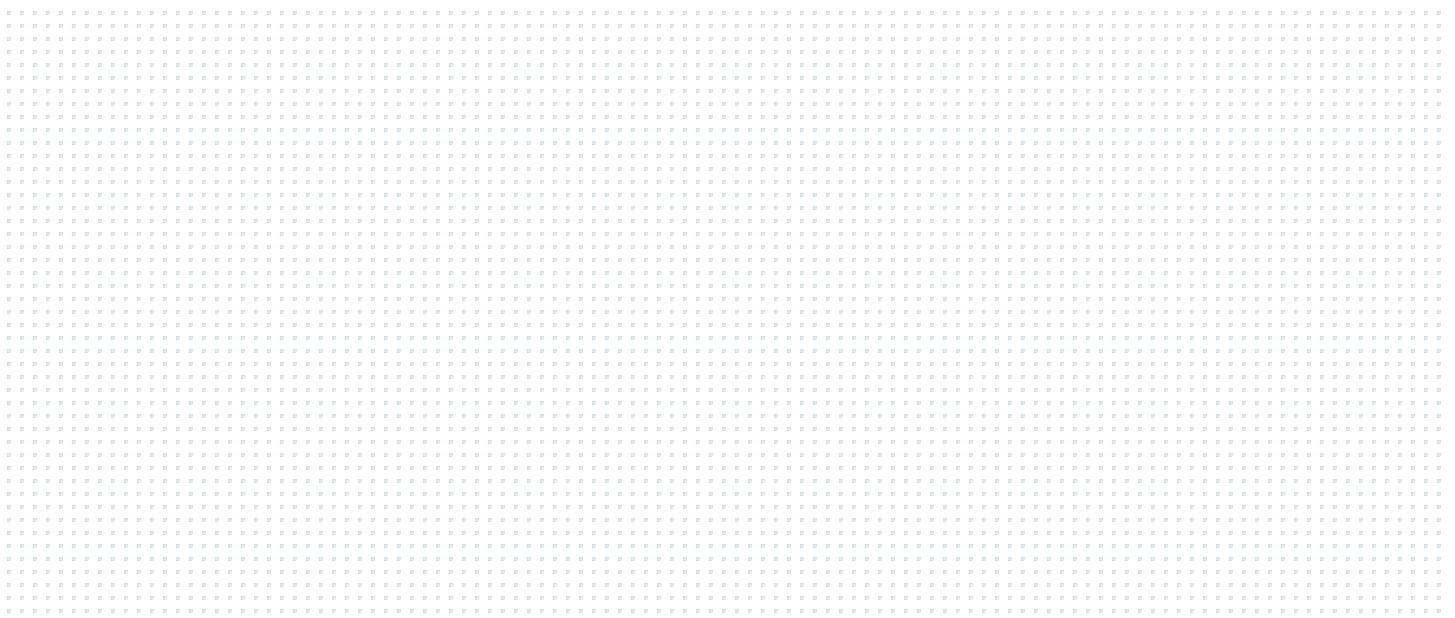
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Germany's Most Important Trading Partner

On the subject of Germany: The Federal Republic is an important partner to Sweden. Both countries work very closely together and agree on many global issues. The Federal Republic even has a particularly important role in trade relations. Around [900 German companies](#) with a total of approximately 60,000 employees generate an annual turnover of around 37 billion euros in the Scandinavian kingdom.

Volkswagen is one of the largest industrial investors in Sweden. The Swedish subsidiary Scania – a manufacturer of commercial vehicles, buses and marine and industrial engines, founded in 1911 and headquartered in Södertälje, Sweden, to the west of Stockholm – has invested 2.4 billion euros in its home market in the last 10 years.

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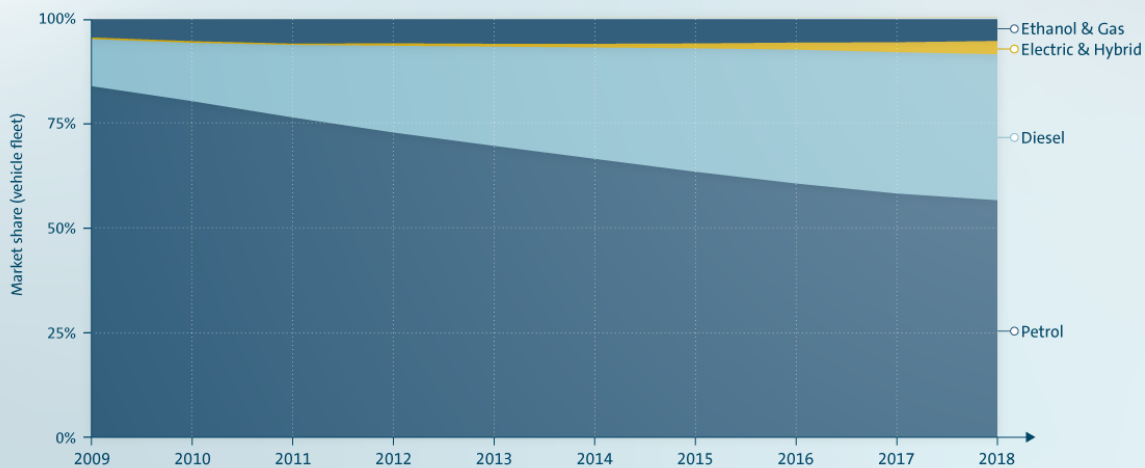


SWEDEN



Much more potential for electric cars

Passenger car share by fuel type until 2018



Source: www.scb.se

The demand for electric cars will rise: New cars with an internal combustion engine should not exist from 2030

In addition, the Volkswagen Group is one of the largest car manufacturers in the country. In 2018, 103,000 passenger cars and 16,700 of the group's trucks were registered in Sweden. Its market share was 27.4 percent for passenger cars and 30 percent for trucks. The Golf, Passat and Tiguan are the three Volkswagen models that are among the top 10 Swedish car registrations. The market share of electric vehicles was eight percent, with the Passat GTE, Sweden's most popular electric vehicle, being a Volkswagen plug-in hybrid. Because Sweden is very large, with an ever-increasing range of electric vehicles, their sales figures are likely to rise significantly.

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Exports in Billions

Like the German economy, the Swedish economy is export-oriented: 1,250 Swedish companies with around 104,000 employees generate annual sales of 71.4 billion euros in Germany, including well-known names such as IKEA, H&M and Vattenfall.

Exports account for about half of GDP in the Kingdom. In 2017, [59 percent of exports were to the EU](#), which included Germany (11%) and Denmark and Finland (both 6.9%). During the same period, 70 percent of imports came from the EU. Germany's share was 18.7 percent, followed by the Netherlands (8.9%) and Denmark (7.2%).

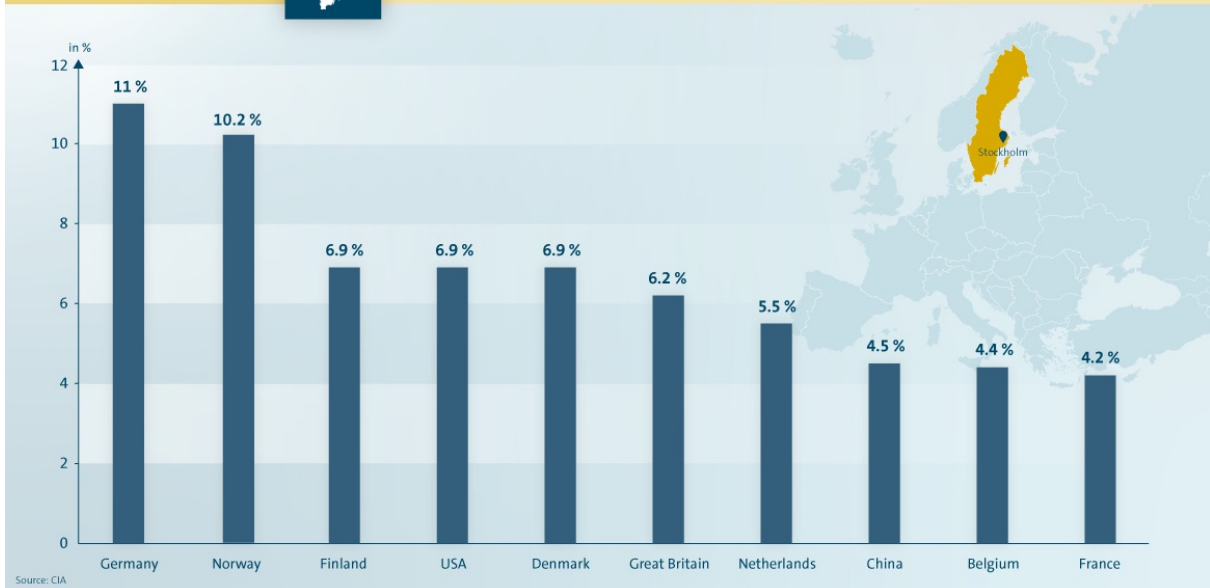
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SWEDEN



Where "Made in Sweden" is most popular

The most important export countries 2017



Germany is Sweden's most important trading partner

Homeland of Different Nationalities

Due to its comparatively longer liberal immigration policy, people from almost all parts of the world live in the northern European state. A large number of immigrants came from Germany, Italy or Turkey in the 1960s followed by asylum seekers from Iraq, Iran and Lebanon in the 1980s. With the enlargement of the EU in 2004, unlike in Germany and Austria, the citizens of the new EU member states were able to enter and work in Sweden without restrictions on freedom of movement. However, despite European integration, the Scandinavians kept their own national currency, the Swedish Krona (SEK).

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Energy Policy: Tax on Carbon Dioxide Emissions

Sweden is often used as a model in the discussion about the pricing of CO₂ emissions. As mentioned, Sweden introduced a CO₂ tax as early as 1991. The energy industry, other industries and all consumers of fossil fuels were taxed with the price of CO₂. The success proves the Swedes right: In the years that followed, emissions fell while the economy grew. It was an important first step towards achieving CO₂ neutrality by 2045 and is pioneering work for climate protection.

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No New Cars with Diesel and Gasoline Engines from 2030

Another important step: The climate protection law was introduced by Prime Minister Stefan Löfven (Swedish Social Democratic Party, SAP) in early 2018. Its aim: To make the kingdom the world's first "fossil-free welfare state". By 2030, emissions should be cut 70 percent below the 2010 level. From 2030, no more new cars with a diesel or gasoline engine will be sold. In order to promote sales of emission-free cars, Sweden introduced a bonus-malus system last year: Motorists who purchase an electric car receive a bonus of up to 6,000 euros and purchasers of combustion engines with high CO₂ emissions must pay a penalty tax of up to 7,500 euros. Diesel

vehicles are particularly affected.

The idea could pay off: Many Scandinavians still drive cars that are not efficient in terms of CO₂ emissions. The penalty could hit them particularly hard. For car manufacturers, it is more of an incentive to build cars with less CO₂ emissions.

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SUVs and sports cars are particularly in demand for Swedish drivers

“Sweden is a role model for climate protection. Today, more than half of the electricity generated comes from renewable energies”, says Andreas Renschler, Member of the Board of Management of Volkswagen Aktiengesellschaft and CEO of TRATON SE, the Group's truck division with the operating units MAN Truck & Bus, Scania Vehicles & Services and Volkswagen Caminhões e Ônibus. This is an essential prerequisite for making electric mobility sustainable for both cars as well as for trucks and buses.

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Volkswagen Invests in Sustainable Battery Development

Volkswagen is also making progress on sustainable mobility in Sweden and the rest of the world. The Group is currently planning a battery cell factory in Salzgitter, Lower Saxony, together with the Swedish company Northvolt. Northvolt produces sustainable battery cells and systems. An annual production of 16 gigawatt hours (GWh) is planned initially. So far, the Volkswagen Group has invested 900 million euros in Northvolt. Part of this will flow into the newly founded joint venture. The other part goes directly to Northvolt AB. In addition to a share of 20 percent, the Volkswagen Group gets a seat on the company's supervisory board.

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Information in accordance with directive 1999/94/EC as amended: further information on the official fuel consumption and the official specific CO₂ emissions of new cars can be found in the 'Guide on the fuel economy, CO₂ emissions and power consumption of all new passenger car models' available free of charge at all points of sale in Germany and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Strasse 1, D-73760 Ostfildern, Germany or at www.dat.de.

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