RIETI, Tokyo, June 5, 2009

Growth Analysis
Swedish Agency for Growth Policy Analysis

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Regional response to a global recession

What can we learn from the case of Umeå
Growth analysis execute:

• evaluations and analysis that strengthens Swedish competitiveness and the creation of conditions for more jobs in more, growing companies

• sustainable growth and sustainable regional development in all parts of the country
Growth analysis – evaluation and analysis with a global perspective

60 professionals with access to unique sources of empirical data and global presence
Growth analysis in short:

• Meet the needs of the Government Offices of Sweden and the Ministry of Industry, Employment and Communication,
• “System evaluation” for more effective use of growth policy measures
• Identify growth obstacles and suggest remedies
• Global trend-watch and policy benchmarking
Umeå region and the global financial crises – some facts

• Far up in the north of Sweden
• 150 000 people living in the region
• Holds one of the major Swedish universities
• Manufacturing industries such as Komatsu and Volvo
• A growing service industry
Policy response on three levels

• National policies, strongly linked to the European Union

• Regional growth policy - eight greater regions in Sweden with strategies, policy measures and a separate implementation structure

• Regional response to the recession - (county/municipal)
Hit by the global financial crises

- Banks reluctant to take on further loans – liquidity shortage and decreasing consumption on "asset bubbles-money"
- Real economy hit by a “demand pause”
- Structural problems emerge in certain industries – heavy trucks, forest machines, construction etc…
Regional response in the short run

- Regional leadership, co-ordination and a more flexible use of regular policy measures – intensified use of unemployment benefit, social welfare and EU-structural funds
- Increased volume of public support to training
- Special regional risk capital measures and enhanced credit schemes
- Temporary increased allowances to regional and local authorities
- Temporary increase in investments in infrastructure
**Sweden – a history of change**

**Employment in Sweden 1970 – 2007 (not including public sector and agriculture)**

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<tbody>
<tr>
<td>Shipbuilding</td>
<td>34</td>
<td>20</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>-31</td>
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<td>Textile</td>
<td>89</td>
<td>51</td>
<td>30</td>
<td>15</td>
<td>10</td>
<td>-79</td>
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<tr>
<td>Other manufacturing</td>
<td>839</td>
<td>813</td>
<td>776</td>
<td>660</td>
<td>618</td>
<td>-220</td>
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<tr>
<td>Total decreasing</td>
<td>962</td>
<td>883</td>
<td>810</td>
<td>678</td>
<td>631</td>
<td>-331</td>
</tr>
<tr>
<td>Cars, trucks etc</td>
<td>65</td>
<td>89</td>
<td>107</td>
<td>98</td>
<td>96</td>
<td>31</td>
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<tr>
<td>Private services</td>
<td>1 290</td>
<td>1 402</td>
<td>1 654</td>
<td>1 828</td>
<td>2 084</td>
<td>794</td>
</tr>
<tr>
<td>Total increasing</td>
<td>1 354</td>
<td>1 491</td>
<td>1 761</td>
<td>1 926</td>
<td>2 179</td>
<td>825</td>
</tr>
<tr>
<td>Total</td>
<td>2 316</td>
<td>2 374</td>
<td>2 571</td>
<td>2 604</td>
<td>2 810</td>
<td>494</td>
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*Källa: SCB.*
...and Umeå is no exception

Private and public employment in Umeå

Source: Umeå municipality
Driving forces behind change

(1) Enhanced entrepreneurship
(2) Making markets more “accessible”
(3) Focus on innovation and commercialization

Source: ITPS
(1) Entrepreneurs in Umeå

Source: Umeå municipality
(1) Entrepreneurship in "future industries" 1996–2007

- Business services
- Education, training, health care etc
- Retail, hotels and restaurants
- Construction
- Manufacturing
- Transportation

Source: ITPS
(2) Making markets more “accessible”

- The size of the regional market is decisive for further growth and competitiveness
- Umeå airport – 10 min from city
- Workplace and service within a bicycle distance
- New emerging opportunities by improved public transportation that extend the population from 150,000 to 200,000
(2) Umeå region – a large enough market?

Population 1990 – 2007 (green depicts an increase, red a decrease, the altitude of the column represents the absolute size of population)

Umeå region
(2) The “accessible” city
(3) Focus on innovation and commercialization

- Entrepreneurship and accessibility – not enough if ”the knowledge factor” is missing
- Umeå emphasize on research, education and training in close co-operation with business
- R&D alliances are established with the greater society and global actors
Interaction between academia and Business – a way to regional success

Source: Umeå municipality
Public-private partnership as a necessary condition for action

• Action groups have been appointed in all three areas (i.e. (1) entrepreneurship, (2) markets and (3) innovation)
• Strong support from business and academia is maintained
• Money from EU-structural funds used to facilitate sustainable action groups
• *Regional leadership proved to be decisive*
Conclusion

• Umeå is mitigating the current demand pause in the short term perspective …
• and is preparing for a post recession situation with measures to enhance (1) entrepreneurship, making (2) markets more accessible and “translate” (3) innovation/research into business
• Private-public partnerships as a necessary condition for success
• Growth analysis will monitor and evaluate future achievements