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Growth Analysis

Swedish Agency for Growth Policy Analysis

Dr. Dan Hjalmarsson,
Director-General



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)***

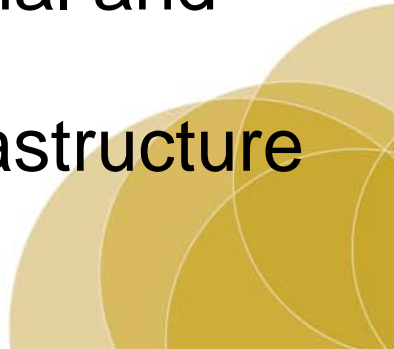


Hit by the global financial crises

- 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
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Sweden – a history of change

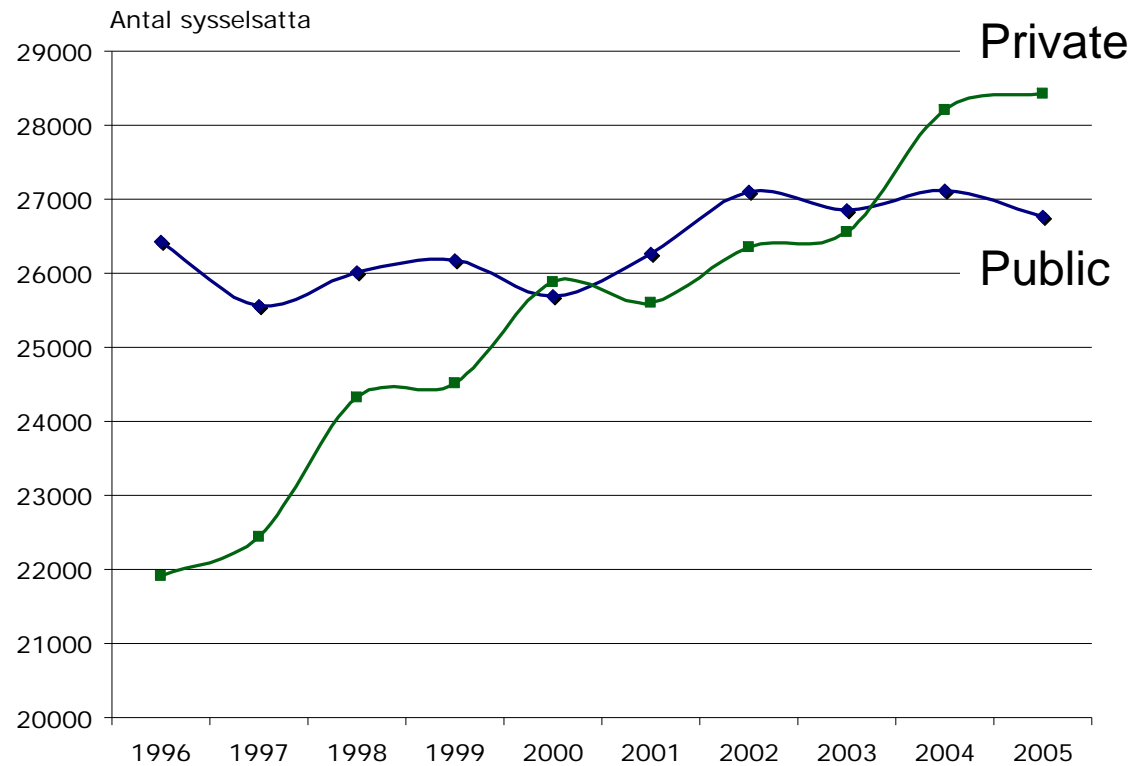
TABELL 9 Employment in Sweden 1970 – 2007 (not including public sector and agriculture)

	1970	1980	1990	2000	2007	Change 1970–2007
Shipbuilding	34	20	4	3	2	-31
Textile	89	51	30	15	10	-79
Other manufacturing	839	813	776	660	618	-220
Total decreasing	962	883	810	678	631	-331
Cars, trucks etc	65	89	107	98	96	31
Private services	1 290	1 402	1 654	1 828	2 084	794
Total increasing	1 354	1 491	1 761	1 926	2 179	825
Totalt	2 316	2 374	2 571	2 604	2 810	494

Källa: SCB.

...and Umeå is no exception

Private and public employment in Umeå



Source: Umeå municipality

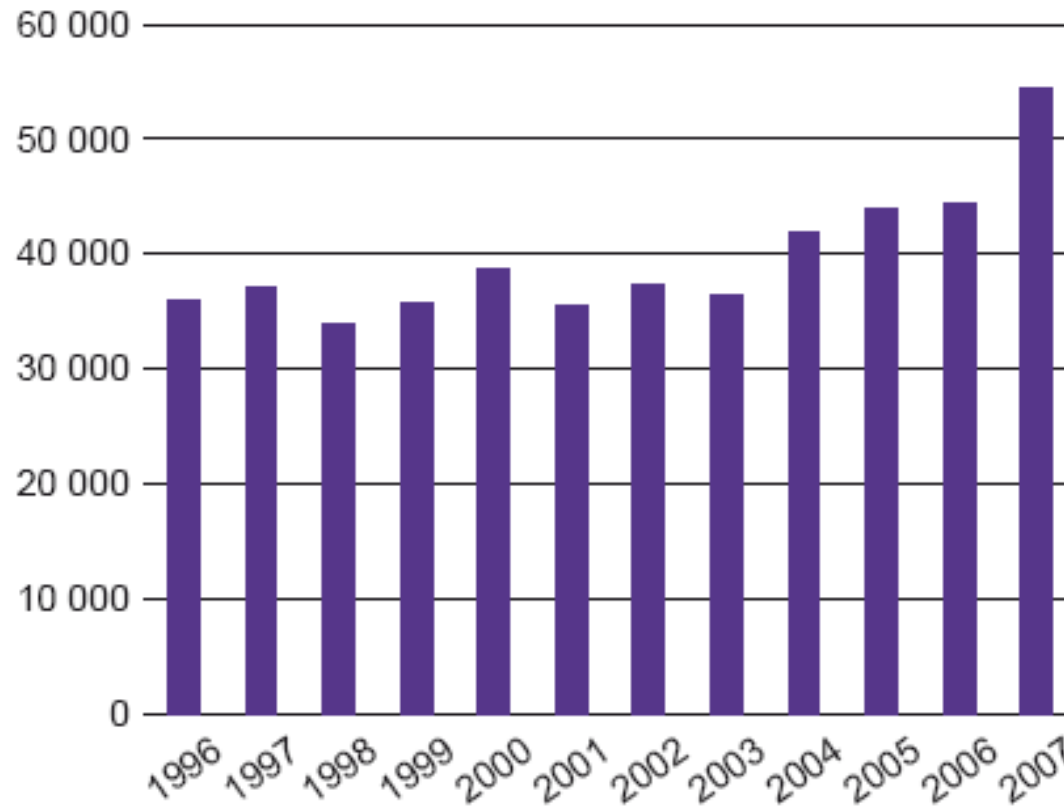


Driving forces behind change

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



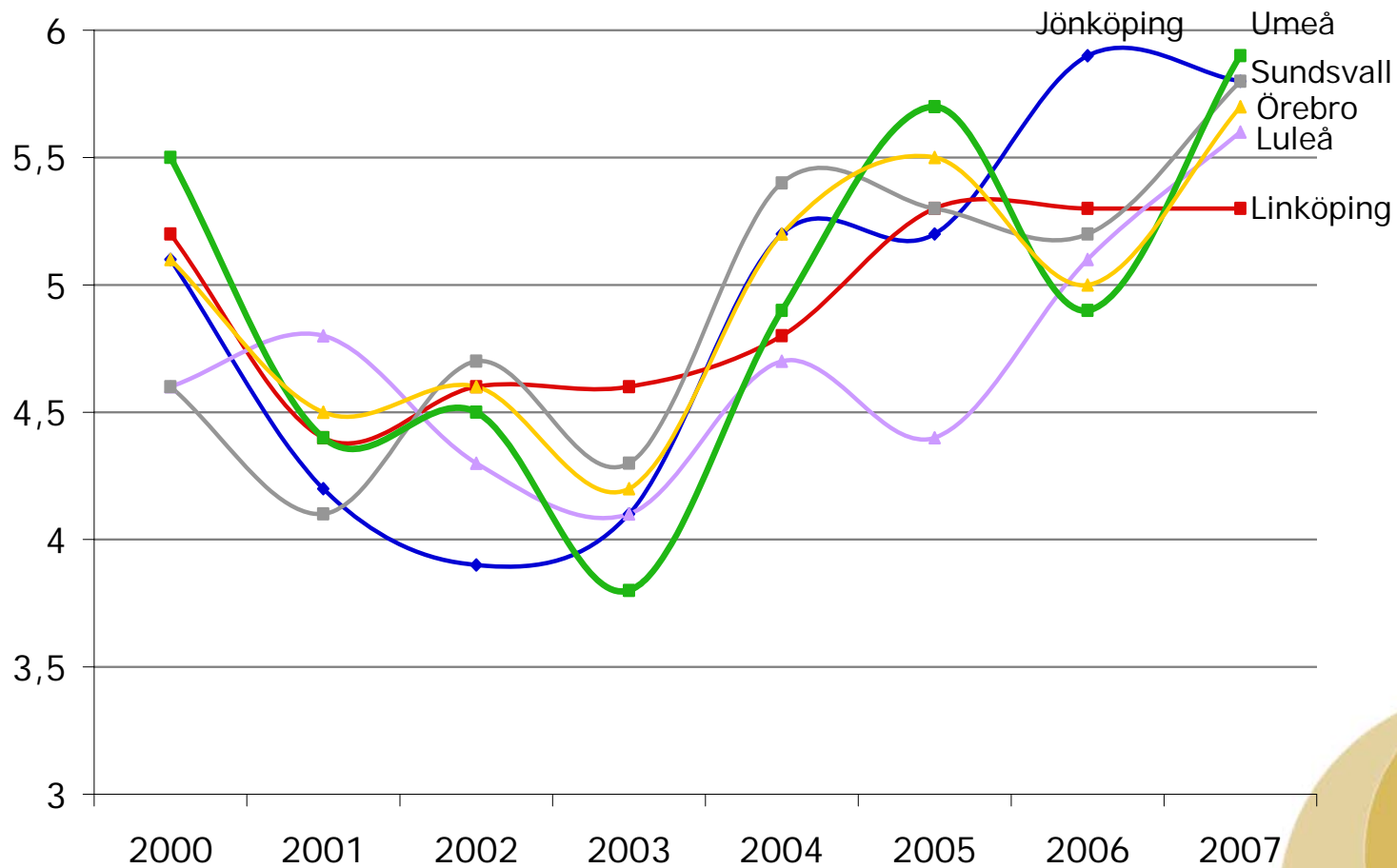
(1) Entrepreneurship in new ventures in Sweden 1996–2007



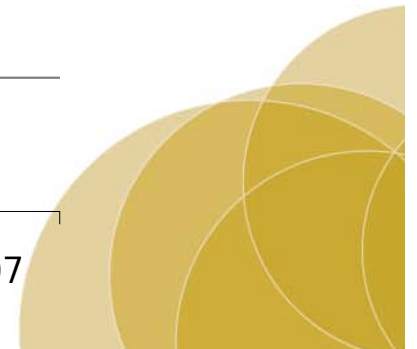
Source: ITPS



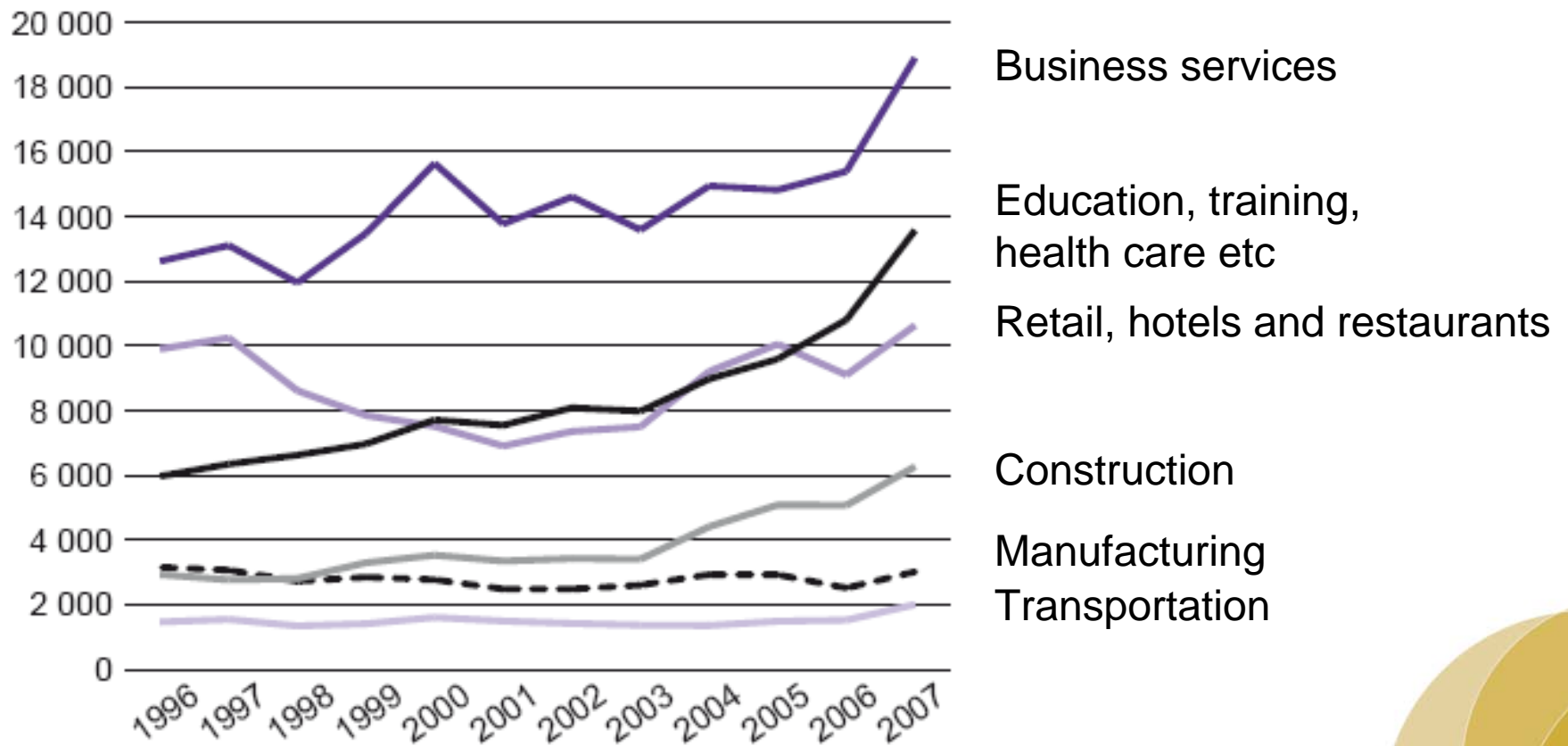
(1) Entrepreneurs in Umeå



Source: Umeå municipality



(1) Entrepreneurship in "future industries" 1996–2007



Source: ITPS



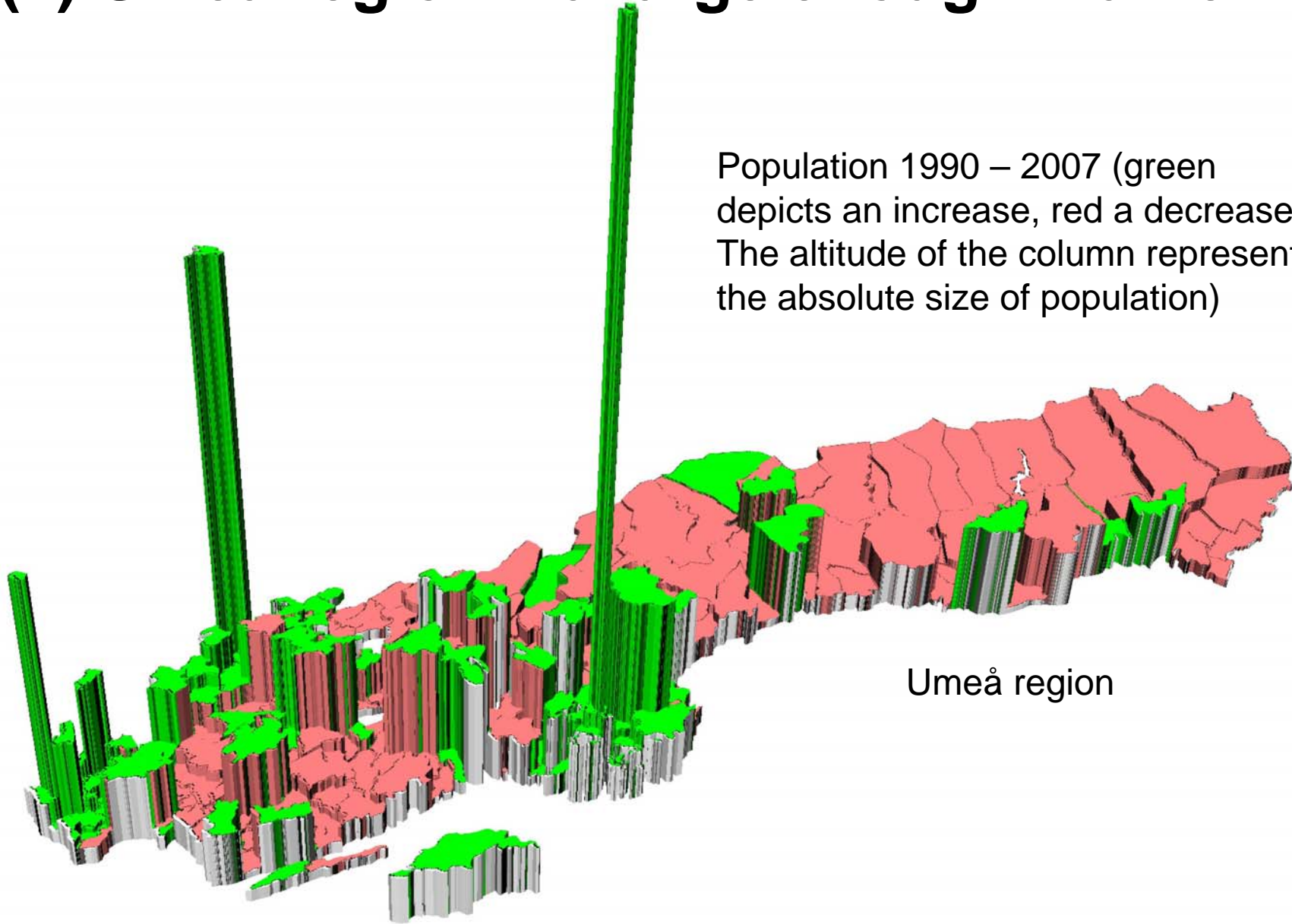
(2) Making markets more “accessible”

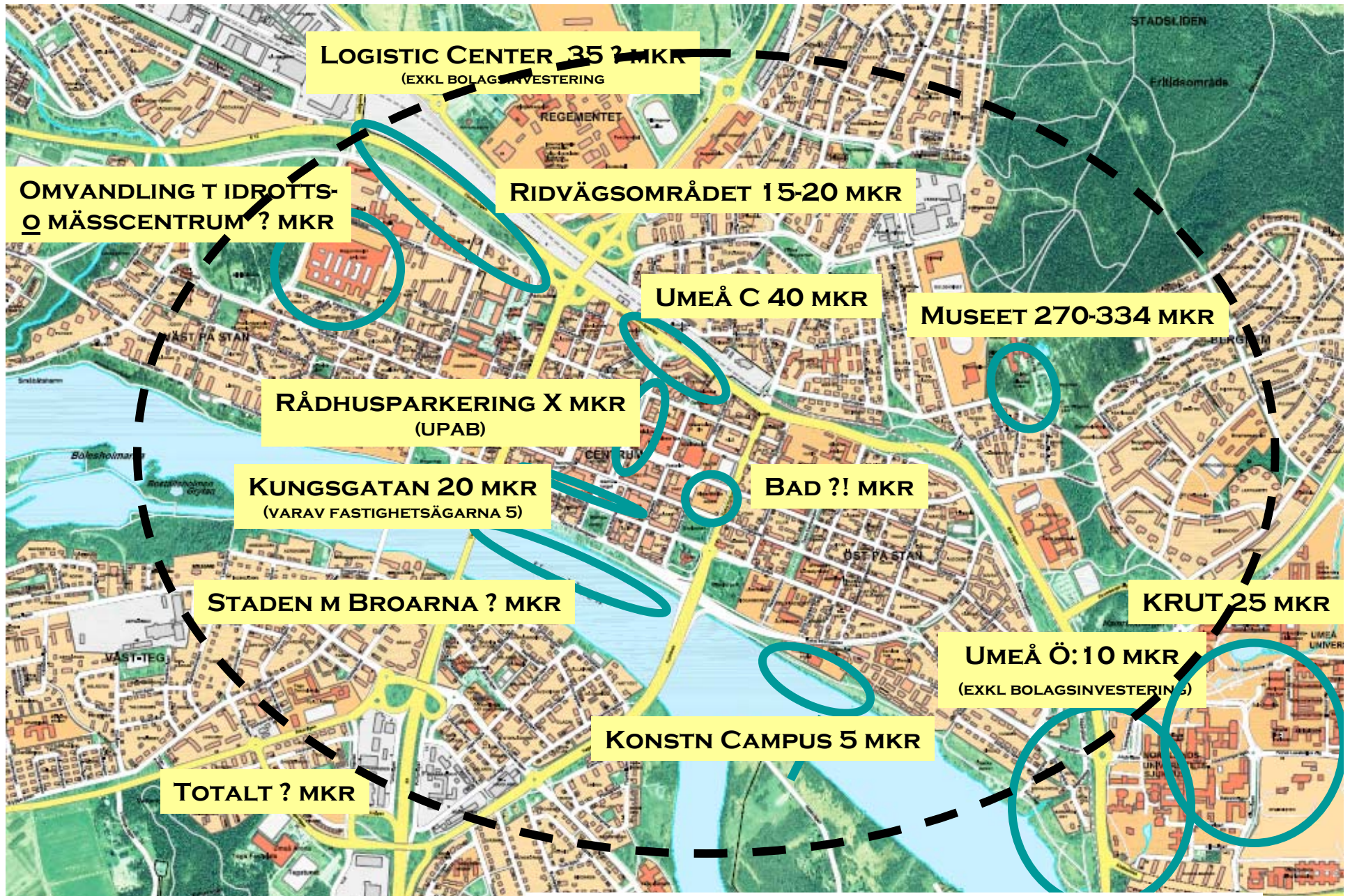
- The size of the regional market is decisive for further growth and competitiveness
- Umeå airport – 10 min from city
- Workplace and service within a bicycle distance
- New emerging opportunities by improved public transportation that extend the population from 150.000 to 200.000



(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)





Source: Umeå municipality

(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



UCIT

Umeå Center for Interaction Technology




(3) 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*
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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

