impl | Implementeringsrådet

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The Swedish Implementation Council
KN 2024:04

Ministry of Climate and Enterprise
Division for Enterprise, Innovation and Markets

The Swedish Implementation Council's Competitiveness Test - Proposal for establishing a framework of measures for strengthening the Union innovation ecosystem and amending Regulation (EU) 2017/1001 (European Innovation Act, EIA)

The Swedish Implementation Council's Competitiveness Test (KKT) is a multi-criteria-based evaluation of proposals for EU legal acts. In accordance with the mandate of the Swedish Implementation Council, the test examines how a proposal may affect the competitiveness of Swedish businesses. The KKT is based on the European Commission's (COM) impact assessment of the proposal under consideration. In addition to assessing competitiveness effects, the test also reviews the methodology, analysis, and data sources used in the impact assessment.[1]

The development of the Swedish Implementation Council's KKT is based on the Commission's 'Better Regulation' Toolbox.[2] The KKT comprises 16 questions distributed across the following dimensions: cost and price competition, international competitiveness, innovation and investment incentives, and SME competitiveness. The questions are assessed using a five-point scale: (++/+/0/–/––/n.a.). This is a descending scale, where (++) denotes a highly favourable impact and (––) denotes a highly unfavourable

[1] This may serve as support for the future Swedish impact assessment of the proposed legal act. Conducting a comprehensive national impact assessment of the proposal falls outside the mandate of the Implementation Council, but such an assessment should be carried out, with this test serving as a supporting input.

[2] See pp. 163–198 in the Better Regulation Toolbox. The OECD's Competition Assessment Toolkit has also been used, see https://www.oecd.org/en/topics/sub-issues/competitive-and-fair-markets/competition-assessment.html

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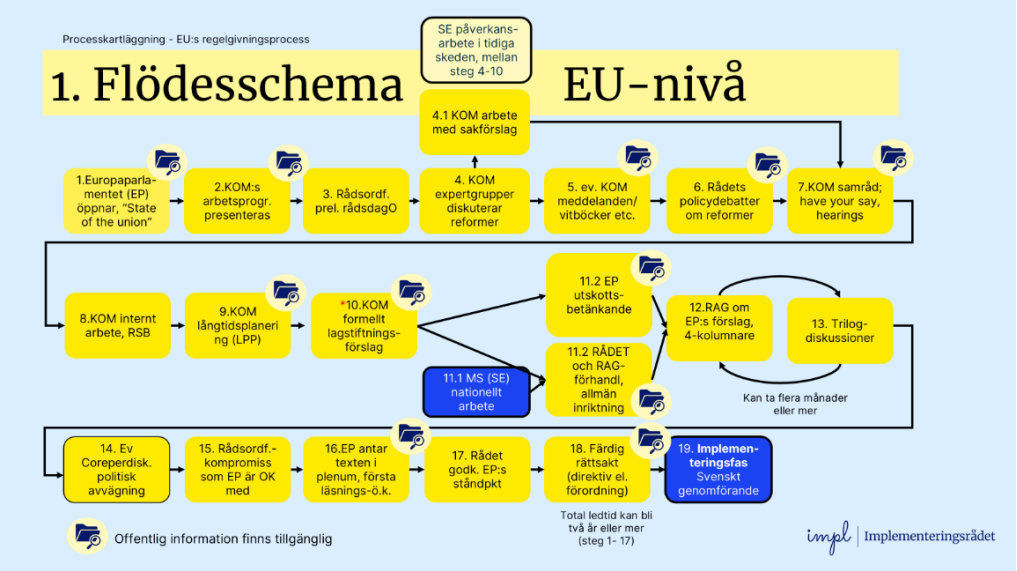
impact. For each dimension, an overall assessment is made and compared with COM's assessment at the same level.[3]

Based on the figure below, the Swedish Implementation Council's KKT are presented around point 10 based on the EU's regulatory process.



Source: The Swedish Implementation Council's mapping, 2026

The following KKT presents the competitiveness impact on Swedish businesses based on the COM's impact assessment. Page references apply to the COM's impact assessment unless otherwise stated.

[3] The COM only presents an overall assessment, and it is not clear in this report whether they have used specific questions for each dimension.

Step 1: Starting points and basic data	
Abbreviations in the COM impact assessment (the three measures assessed)	**1**: Methodology for the valuation of IP. **2**: Establish procedures for R&D procurement. **3**: Preference for EU-made solutions in R&D procurement. (For a description see p. 30).
Most advantageous combination of options under COM	**1-E**, **2-B**, **3-B** (section 8, summary table p. 65)
About the impact assessment	
Basics of COM Impact Assessment	For a description of the zero alternatives, see p. 30. The consequences of the different alternatives are analysed in section 6 (pp. 37–55). COM looks at the contracting party and participating businesses. The affected businesses are based on data from Eurostat, Invest Europe/Atomico, EUIPO & EPO (pp. 41-42). The basis for the cost-benefit analysis is based on scientific articles, reports, working papers and consultations with European business and start-up organisations (pp. 37–55).
Comments from the Swedish Implementation Council	The impact assessment was carried out by the Directorate-General for Research and Innovation (RTD). The impact assessment is perceived as a bit hastily represented with several error references. The statistics used are relatively reasonable. The background report from RTD/PwC is solid and has a special section on Swedish conditions.[4] The use of other studies should be commented on. Much of the reasoning is supported by references, which is good. However, there are relatively many working papers (which often have not undergone scientific review). For **2-B**, relatively old scientific articles are also used, for example survey studies published in 1977 (see p. 54f). Older studies may indeed be important, but they require more justification regarding their relevance.
Calculations	
COM Impact Assessment Estimated costs for businesses	**1-E: Benefits -** Efficiency gains (through cost savings): SEK 197.8 – 396.8 million (€17.6 – 35.3 million). IP-secured raised capital: SEK 30.2 – 114 billion (€2.7 – 10.2 billion). **1-E: Costs -** Adaptation costs: 0 SEK/€. (p. 44–49) **2-B: Benefits -** Impact of R&D procurement on the profits of supplier businesses: SEK 290 billion (€25.92 billion). **3-B: Benefits -** The EU's open strategic autonomy and improved market access for EU businesses: SEK 145 billion (€12.96 billion) (Annex 3 p. 91). **3-B: Costs at EU GDP level -** Cost estimate at the aggregate EU level around EU preference at the value of SEK 5.2 billion (€464 million) (p. 58).
Comments from the Swedish Implementation Council	**1-E:** The impact assessment is well done. The cost calculations made in terms of companies are reasonable even if adjustment costs are set to zero. Data on Swedish businesses is relatively well represented, mainly through Bracht & Czarnitzki[5], which is based on data from Sweden and the Netherlands (p. 47). **2-B:** Sweden is highlighted as one of the few with a well-functioning model for pre-commercial procurement (p. 18). Quantified cost estimates for businesses, on the other hand, are completely absent and are replaced by a three-point discrete scale

[4] See pp. 1146–1173 EU innovation procurement observatory - Publications Office of the EU

[5] See DP 22-033

		(low/medium/high). Since the actual cost burden on the businesses is not calculated, the impact assessment is insufficient as a basis for decision-making and should be used with great restraint. **3-B**: Here too, there are no quantified cost estimates, but only a three-point discrete scale. Regarding this part, the conclusion is thus the same as under **2-B** about insufficient decision support. Even more problematic, however, is the basis for **3-B** in terms of the cost calculation at the EU GDP level. It is based exclusively on an estimated value from Shepotilo (2020) published on VoxUkraine, according to its own statement, an independent Ukrainian analysis platform.[6] This representation is more to be seen as a popular science presentation and there is no underlying presentation of data, statistical significance, as well if it is published as report or a scientific publication. Whether this input value is of sufficient scientific level to be included in the COM's calculations cannot be determined on the basis of the information presented in the impact assessment and this lack of transparency is not in line with an evidence-based analysis.[7] Even if the Ukrainian value were to be of a high scientific level, it is still extremely doubtful to use this as the sole input value for a cost calculation at the EU GDP level, as there are reasonable fundamental differences between the Ukrainian market and the EU internal market. As the impact assessment is presented, the COM's cost estimate at the EU GDP level cannot currently serve as a basis for decision-making, as it does not meet the requirements for evidence-based analysis. The COM should promptly supplement with an evidence-based cost estimate, and COM should advantageously consider the Confederation of Swedish Enterprise's analysis of the IAA Act and EU preferences.[8]
The Swedish Implementation Council's calculation model		The Council's calculation model[9] is not applicable in this case. The act has the potential to affect a wide range of business sectors, all those businesses that actively develop, generate or own IP. This also applies to innovative businesses with the capacity/expertise to perform R&D services. Furthermore, in the council's business information, it is not possible to distinguish between businesses active in R&D procurement and those not.
Step 2. What impact does the initiative have on cost and price competition?	**++/+/0/-/--/n.a.**	**Motivation**
2.1 Are the **production costs of businesses affected**?	0/-	Overall impacts are limited, but **3-B** may increase suppliers' input and production costs by reducing access to components from third countries. However, the exemption clause may mitigate these cost increases (p. 58).

[6] See How will preferential treatment of local producers in public procurement impact the GDP of Ukraine | Vox Ukraine

[7] See p. 20 Better Regulation Toolbox 2025

[8] See European Preference and Competitiveness under the IAA

[9] For more information on our calculation model, see Calculation basis for Swedish implementation of the EU Regulation on Nature Restoration (EU) 2024/1991 - Implementation Council

2.2 Are **compliance costs** of businesses affected?	0/-	**For 1-E:** Streamlining through competence centres, however, this requires that it is made user-friendly (pp. 44–45). **Against 2-B:** Still relatively complex and time-consuming process to participate in R&D procurement. **Against 3-B**: Businesses in R&D procurement face stricter requirements for traceability and certification of EU origin throughout the supply chain (pp. 57-58).
2.3 Is **the number or supply** of suppliers limited?	0/-	**For 2-B:** Potentially opening the market to more innovative EU businesses, such as start-ups and SMEs (pp. 35, 122). **Against 2-B:** Only one winner in a procurement (award mechanism; exclusive rights?). **Against 3-B:** Procurement of strategic technologies disadvantages actors with links to third countries (p. 36).
2.4 Will **the impact on costs and prices differ between the short and long term**?	0	In the short term, transition costs and upward price pressure are likely to arise when supply chains are aligned with the EU preference in **3-B** (see footnote 5). In the long term, better intra-EU trade will result in lower costs and prices in the internal market. Will these effects possibly cancel each other out?
Step 2. Overall assessment	0/-	For businesses, the initiative is likely to have a relatively minor negative impact on cost and price competitiveness.
COM assessment (p. 135)	-	
Step 3. What impact can the initiative have on the international competitiveness of businesses?	**++/+/0/-/--/n.a.**	**Motivation**
3.1 Is it affected **that Swedish companies' ability to compete within the EU** will be affected?	+	**For 1-E:** Facilitates a common EU framework for IP valuation and cross-border capital raising (see footnote 2). **For 2-B**: Establishes harmonised procedures for cross-border R&D procurement, which could reduce barriers to establishment. **Against 3-B:** Ambiguities about the impact of EU preference.
3.2 Is **Swedish businesses' ability to compete globally affected?**	-	**For 2-B**: If more businesses with innovative ideas are commercialized and own rights to their innovation, it can lead to scale-up that can compete globally. **Against 3-B:** EU preference entails a risk of international countermeasures from key markets such as the US and China, which may have a negative impact on Swedish export businesses. It also risks driving up suppliers' input and production costs through reduced access to components from third countries (see footnote 5).
3.3 Does the initiative affect cross-border **investment flows**, including **the relocation** of economic activities to or from Sweden?	+/0	**For 1-E:** By mobilizing IP-secured financing, the incentives to keep businesses and assets in Sweden/EU are strengthened**.** **Against 3-B:** Can cause investment flows to be diverted away from third countries. How many Swedish innovative businesses will be affected?
3.4 Does the proposal show **digital by default**?	++/+	Yes, for example, within **1-E,** an EU-wide digital marketplace for trading and licensing IP will be established. However, there are uncertainties regarding the feasibility.
Step 3. Overall assessment	+/0	Overall, the proposal has a positive effect on international competition for Swedish businesses. However, the COM to some extent underestimates the uncertainties surrounding its proposal, especially regarding EU preference.
COM assessment (p. 135)	+	
Step 4. What impact does the initiative have on businesses ' capacity and incentives to innovate?	**++/+/0/-/--/n.a.**	**Motivation**
4.1 What is the impact of the initiative on **the capacity and**	++/+	Businesses retain their IP rights and are given tools to value/mortgage them (**1-E/2-B**), which strengthens the power of

incentives of businesses to innovate?		innovation and commercialisation. Questions about actual impact and how many Swedish businesses will be covered.
4.2. Does the initiative affect businesses **' access to venture capital and/or other financing**?	++/+	**For 1-E:** Facilitates the use of IP as collateral. According to Bracht & Czarnitzki (see footnote 2), Swedish companies could increase their borrowing by up to 21%. Sweden has an untapped credit potential of more than SEK 150 billion (p. 108; see Section 7 of this opinion). However, there is uncertainty regarding the proportion of innovative firms that will make use of the framework in practice.
4.3 Are **the costs and time required for compliance affected by** the development of innovative technologies/solutions?	0/-	May generate increased compliance costs and time requirements. **Against 2-B:** May result in increased administration and additional time spent on market advertising/publicity, potentially to the extent that firms choose not to apply.
4.4. Does the measure address an area where **legislation risks limiting the pace of innovation?**	0/-	The entire proposal may affect businesses in areas such as deep tech, AI, green transition, biotechnology and advanced materials (pp. 8, 138). **Against 2-B:** R&D businesses are often at the forefront and there may be a risk that legislation does not keep up with the pace of development.
Step 4. Overall assessment	+/0	COM is somewhat optimistic and for Swedish businesses the positive effects are probably smaller compared to the effects. It is currently unclear what proportion of innovative Swedish businesses will use the framework in practice.
COM assessment (p. 135)	+	
Step 5. What is the impact of the initiative on the competitiveness of small and medium-sized enterprises (SMEs)?	**++/+/0/-/--/n.a.**	**Motivation**
5.1Is the impact of the initiative **on the competitiveness of SMEs different from that on large businesses**?	0	**For 1-E:** Is there still a risk that small businesses will be hit harder because they need to release more rights than they originally thought? **For 2-B:** Can make more SMEs included in R&D procurements, but the effect is probably smaller. **Against 2-B**: Still relatively more complicated for SMEs to participate in these types of procurement.
5.2 Does the initiative include measures to **mitigate the impact on SMEs?**	+/0	**For 1-E**: A dedicated EU Competence Centre is set up to provide training, standard templates, advice and financial support for IP valuation, specifically targeted at SMEs and start-ups (pp. 34, 98).
5.3 Can the competitiveness of SMEs be affected by their **position in the value chain or by subcontracting relationships**?	-	**Against 3-B:** The requirement to demonstrate EU origin may create an administrative reporting burden throughout the supply chain, which could have a disproportionate impact on SMEs acting as subcontractors (p. 130). The EU preference mechanism may have significant adverse effects on Swedish businesses; see footnote 5.
5.4 Is the impact on **the competitiveness of micro-enterprises different from the impact on SMEs**?	0/-	Although micro-enterprises are not specifically addressed in the COM impact assessment, they are particularly sensitive to administrative burden, tender costs, short deadlines and liquidity requirements.
Step 5. Overall assessment	0/-	COM is more optimistic. Despite the proposed improvements, uncertainties remain regarding the extent to which SMEs will benefit, particularly in relation to the EU preference provisions.
COM assessment (p. 135)	+	

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