

SWEDISH EXPORTS LOSE MARKET SHARE

Global Export 2023

SWEDISH EXPORT OF GOODS LAG BEHIND

On an annual basis, Business Sweden monitors developments in the global export market and how Sweden's export of goods is performing relative to other countries. During the period 2015–2020, Sweden's share remained relatively stable, accounting for slightly above 1 per cent of the total value of the global export market. But since 2020, Swedish goods exports have fallen behind compared to the global development. This means that for two years running, Sweden has lost global market shares. During 2022, Sweden lost shares in virtually all commodity groups except for chemicals, pharmaceuticals and steel where the shares increased. Exports of electricity performed on par with global exports, so Sweden maintained its position in this commodity group.

Europe and Asia also lost shares in the global export market in 2022, while North and South America, the Middle East and Africa saw strong export growth.

Several contributing factors may explain why Sweden has lost export shares. From a long-term perspective, it is clearly not plausible that a small country like Sweden would retain its share of the global export market as exports from large emerging markets pick up momentum. In other words, it's less worrying that Swedish exports are losing ground as there are new players on the expanding global market. Another, more troublesome, explanation could be that Swedish export companies have lost certain features of their product offering, and that this has dampened international competitiveness, but this trend would only become apparent over time.

An unmistakable and distinguishing factor for 2022 were the sizeable movements in the currency market. The Swedish krona's 15 per cent drop in value against the US dollar in 2022 is clearly a decisive disadvantage for Sweden, as the total export value for the world's countries is converted from local currencies to one and the same currency. According to standard practice, in line with our source UN Comtrade's export data, the conversion takes place in US dollars.

At present, we do not know to what extent this currency effect has impacted Swedish exports, so it will be interesting to monitor developments going forward. Will the weak krona boost exports to such a degree that this compensates for the decline when export value is converted into dollars, or for that matter into euros? There are currently very few signs to support such an assumption, especially given the faltering demand in Sweden's home market Europe. As long as the krona weakens, Swedish companies' shares of the global export market will be undermined. It is easy to be somewhat misguided by the outlook from home: all is well and good for Swedish exports and revenues in krona continue to flow in. But in order to defend Sweden's position as an attractive export nation in the long term, we need a strong export development also when measured in the major trade currencies.

Lena Sellgren
Chief Economist



SWEDEN LOSES GLOBAL EXPORT MARKET SHARE

Every year, Business Sweden monitors the global development for export of goods with a focus on how Swedish exports are performing in relation to global export development. The analysis encompasses the 14 largest Swedish export commodity groups, which make up 85 per cent of Swedish export of goods.¹

Sweden's export value increased by 4.8 percent in 2022, which was lower than global exports of goods, which rose by 9.1 per cent. This means that Swedish goods exports lost shares in the global export market.

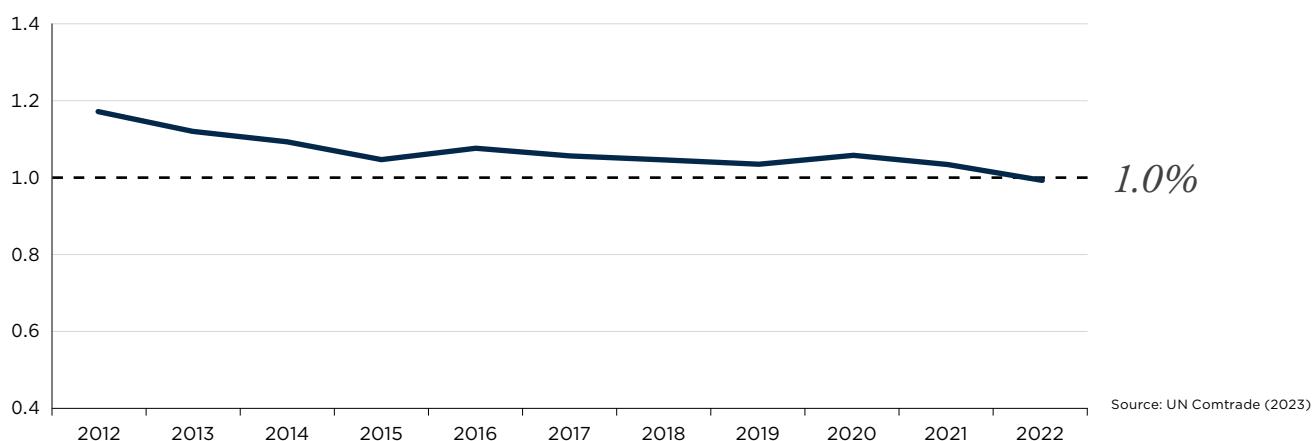
Looking at Sweden's 14 most exported commodity groups, Sweden's share of the value of the global export market for goods remained relatively stable at approximately 1.05 per cent between 2015 and 2020. But after 2020, Sweden's goods exports have lost market shares, albeit marginally, and accounted in 2022 for just under

1.0 per cent of the global market. There are several contributing reasons for this setback, with strong export growth in North America, South America and the Middle East providing part of the explanation. Other distinguishing events in 2022 were the considerable movements in the foreign exchange market – a critical factor to be considered when global trade is analysed in one and the same currency (US dollars, USD), and which likely also affects Sweden's share of the export market.

RESULTS INFLUENCED BY CURRENCY EFFECTS

The analysis in this report is based on the United Nations' database UN Comtrade, where all values are reported in current prices converted to US dollars. This means that a currency effect comes into play which impacts the results and

SWEDISH GOODS EXPORTS LOSE GLOBAL MARKET SHARES
Sweden's share of global exports in the 14 largest Swedish commodity groups, per cent



¹ The corresponding figure for global export of goods is 75 per cent. See appendix for an overview of the 14 commodity groups.



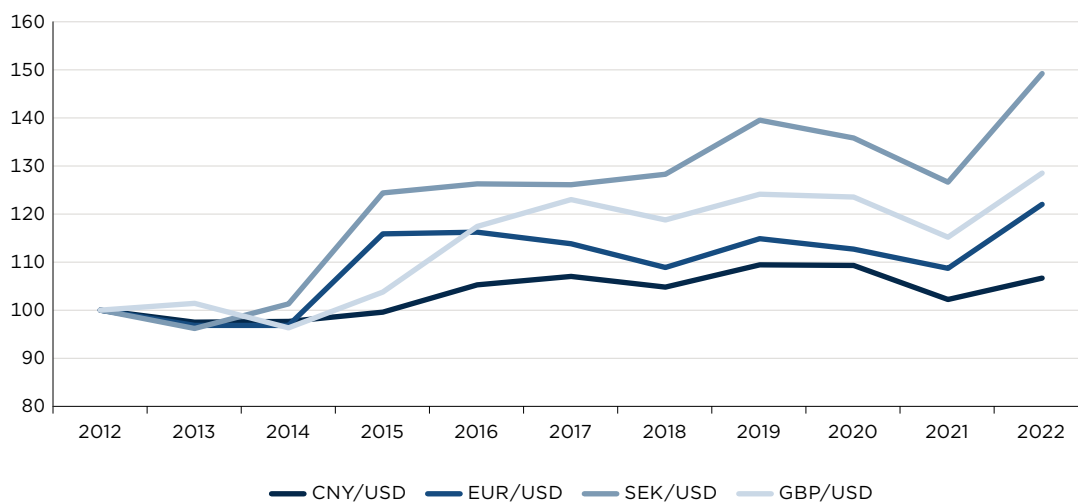
final conclusions. For a country like Sweden, this is particularly important to bear in mind given that a large share of export sales is priced and paid for in currencies other than USD, mainly in euros (EUR) and the Swedish krona (SEK). In 2022, around 40 per cent of Swedish goods exports went to the euro area, while about 9 per cent was destined for the United States. These shares should not be equated with the shares of goods exports that were traded in EUR or USD, but they do indicate that when Sweden's export is measured in USD it does not provide a full picture of how Swedish exports are performing, given that they are affected by the relative value of different currencies against the Swedish krona.

In 2022, uncertainty grew in the world economy. Geopolitical tensions and post-pandemic effects raised concerns in many markets which, in turn, meant that investors turned to larger

and more secure markets. This contributed to major shifts in the foreign exchange market as many smaller currencies fell against larger ones – movements that are important to consider when analysing global trade.

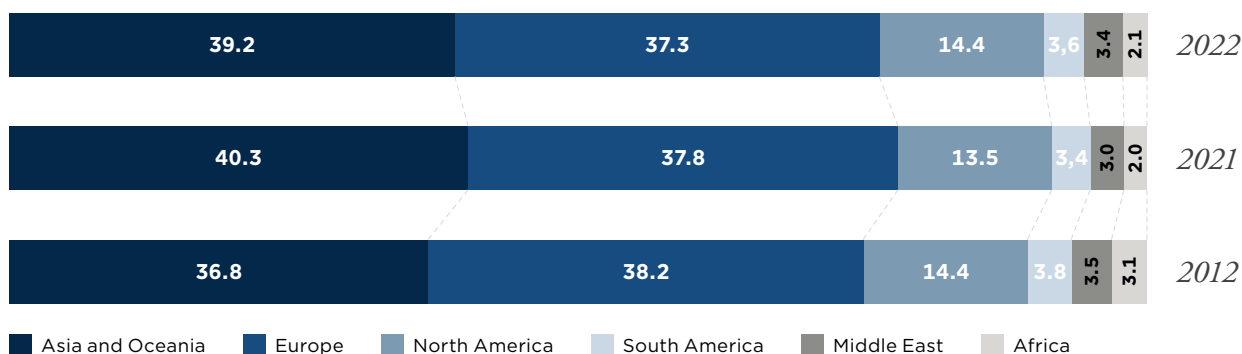
If a currency weakens, companies whose largest cost base lies in this currency become more competitive as their products and services become cheaper for foreign buyers in other currency areas. This translates into higher earnings in the local currency as foreign buyers are paying using currencies that are relatively stronger. On the flip side, imported goods and services become more expensive when the local currency loses value, which leads to increased costs for companies that depend on a large provision of intermediate goods and services from abroad. These higher costs may force companies to set higher prices for their export goods which could result

MOST CURRENCIES HAVE WEAKENED AGAINST THE US DOLLAR
Local currency per USD, index, 2012=100



Source: Macrobond

EUROPE AND ASIA LOST MARKET SHARES IN 2022
Share of global exports, per cent



Source: UN Comtrade (2023)

in falling export volumes. As such, it becomes immediately clear that the potential impact of currency fluctuations on export companies and markets is complex.

As shown in the diagram above, the Swedish krona has weakened considerably against both the USD and EUR over the past ten years. The export data points to the fact that Swedish exports have only increased moderately in dollar or euro terms, while the value has increased when exports are measured in SEK. Between 2012 and 2022, the nominal value of Sweden's exports increased by just under 15 per cent measured in USD. This can be compared with, for example, Germany, which in USD saw an increase in the value of its exports of just below 20 per cent in the same period. If Sweden's and Germany's export growth were instead measured in the local currencies over this period, i.e. SEK and EUR, the performance would be quite different. Swedish exports converted to SEK meant an increased value of just over 70 per cent. At the same time, German exports in EUR had a value increase of no more than just over 40 per cent during this period.

In all, it is important to bear in mind how currency effects impact the results presented in this report, implying that the findings should be interpreted with a degree of caution.

SWEDEN'S KEY EXPORT MARKET EUROPE LOSES GLOBAL SHARES

Like Sweden, Europe overall lost global export market shares in 2022. But Europe was less affected by currency effects compared to Sweden as the EUR lost less ground against the USD.

Due to the war in Ukraine, the European economy has lost more momentum than the

global economy overall. This has impacted exports of European goods to an extent. The soaring energy prices caused by the war in Ukraine have made production more costly, but also led to an increasing value of energy trade between European countries. This growth in energy trade has contributed positively to Europe's global export market share. Considering all of the 14 commodity groups analysed in this report, Europe's export market share decreased by half a percentage point to 37.3 per cent in 2022, from 37.8 per cent in 2021.

Asia and Oceania's export market share also dropped in 2022 to 39.2 per cent, from 40.3 per cent the previous year. This is most likely largely due to the supply issues that prevailed in 2022, which obstructed the export of many of Asia's main export commodities such as electronic equipment and telecom.

An additional explanation for why Europe and Asia and Oceania lost export market shares in 2022 was that North and South America had a strong year in goods exports. Similarly, the smaller export regions, Africa and the Middle East, saw strong export development in 2022. In North America, it was especially the US that experienced significant growth in its exports. The largest US export categories included commodities such as crude oil, fuel oil and other petroleum products, which to an extent reflects the US's strengthened position in the energy sector. In addition, the strong performance for capital goods, such as civil aircraft engines and electrical equipment, as well as the increase in food and agricultural products contributed to overall export growth. US exports of agricultural products, especially to China, showed a continued upward trend as exports increased for the fourth consecutive year.

TOP 10 SOURCE MARKETS FOR GOODS EXPORTS

Export of goods in USD billion and share of global goods exports, per cent, 2022

<i>Ranking</i>	<i>Market</i>	<i>USD billion</i>		<i>Share, per cent</i>	
1 (1)	China	3,594	(3362)	16.0	(15.5)
2 (2)	USA	2,062	(1753)	9.2	(8.1)
3 (3)	Germany	1,686	(1636)	7.5	(7.5)
4 (5)	The Netherlands	768	(697)	3.4	(3.2)
5 (4)	Japan	747	(757)	3.3	(3.5)
6 (8)	Italy	700	(616)	3.1	(2.8)
7 (7)	South Korea	684	(644)	3.0	(3.0)
8 (9)	France	618	(585)	2.7	(2.7)
9 (6)	Hong Kong	610	(671)	2.7	(3.1)
10 (10)	Canada	597	(502)	2.7	(2.3)

Note: The figures in brackets refer to 2021.

Source: UN Comtrade (2023)

South America also witnessed considerable growth in its export market share. Among the most prominent exports from South America are soybeans, crude oil, iron ore and refined petroleum products. But what mainly drove up export value in 2022 for South America was an increase in export prices for some of the most important export goods. Oil, coffee and sugar were among the commodities where prices rose the most.

CHINA IS BY FAR THE LARGEST GOODS EXPORTER

China, the US and Germany are the three major exporters in the world and account for approximately one third of global export of goods. China gained further ground as the dominant player in 2022, reaching a share of 16.0 per cent of the global export market, partly due to a marked increase in exports of electric vehicles. The US also strengthened its position in several commodity groups, including technology and heavy industry, and now has a share of 9.2 per cent of the global export market. Germany's exports remained strong in its traditional key areas such as automotive and mechanical engineering, despite global challenges including persistent shortages of certain intermediate goods, primarily semiconductors, and logistical problems that

limit export growth. Germany takes third place with a 7.5 per cent share of the global export market. The Netherlands, a central trading hub in Europe, demonstrated continued strong performance in exports of agricultural products, chemicals and machinery, overtaking Japan to now secure fourth place.

Japan and South Korea continued to lead the way in electronics and vehicles, but they faced challenges including fiercer competition from China and others. Italy, known for its luxury goods and high-quality food as well as a large automotive and pharmaceutical industry, increased its share in 2022. France continued to export a wide range of products, from luxury items to industrial goods, but failed to match Italy and increase its export value. Hong Kong, which like the Netherlands is an important trading hub, had to adapt in 2022 to a changed global momentum where Asian exports grew marginally, which meant that maintaining the onward export of many imported goods from mainland China became more difficult, which in turn resulted in a shrinking market share. Canada expanded its performance in the country's key commodity groups, particularly in mineral oils, which reflected the global demand for energy resources and rising oil prices. Sweden dropped by one notch on the list to 31st place in 2022.

EXPORT GROWTH LAGGED BEHIND IN EUROPE AND ASIA 2022
Export growth in the 14 selected commodity groups, per cent

	<i>World</i>	<i>Sweden</i>	<i>Europe</i>	<i>Asia and Oceania</i>	<i>North America</i>	<i>South America</i>	<i>Middle East</i>	<i>Africa</i>
Electrical equipment and telecom	2.1	-3.7	1.2	0.8	10.3	13.5	16.4	9.4
Electricity	92.2	93.3	106.4	12.4	60.5	1.8	-4.6	3.0
Automotive	6.2	-2.3	2.3	8.3	10.4	33.3	28.0	10.2
Instruments	7.8	-4.9	-1.3	15.6	9.9	8.0	14.0	-1.8
Chemicals and pharmaceuticals	8.8	9.7	6.5	6.9	15.3	48.4	17.6	24.7
Food and beverages	8.1	6.1	5.0	6.6	7.7	24.8	12.9	4.6
Machinery	4.3	-3.9	0.7	5.4	12.1	17.6	15.6	-1.9
Metals	8.8	-0.8	7.1	7.1	21.7	20.2	19.4	3.0
Furniture	-4.4	-5.9	-6.1	-6.8	15.1	-5.3	-6.3	9.0
Paper and pulp	6.4	2.2	3.6	8.4	7.3	19.9	13.5	5.5
Petroleum	48.4	43.1	54.7	55.5	55.5	62.4	20.1	34.1
Steel	7.9	9.4	3.8	10.1	17.7	19.3	4.4	0.2
Clothes, shoes and textiles	3.5	-2.0	4.4	2.1	9.8	14.2	13.5	7.9
Wood products	-0.4	-7.2	1.9	-2.9	-6.2	9.0	16.7	-1.0
Total	9.1	4.8	6.7	6.3	17.5	32.3	18.3	17.8

- 10 per cent weaker performance than global development
- On par with global performance
- 10 per cent stronger performance than global development

Note: UN Comtrade had not presented data for certain markets when this report was published. Some markets have therefore been left out which may affect the growth data in the table. This applies primarily to the Middle East region as data for Saudi Arabia and Kuwait was unavailable.
Source: UN Comtrade (2023)

SWEDEN LOSES SHARES IN MOST COMMODITY GROUPS

Sweden lost ground in the global export market in most of the 14 key commodity groups in 2022. However, in chemicals and pharmaceuticals as well as steel, the growth in export value was higher than the global export growth, which meant that Sweden gained shares globally. Export growth for electricity was on par with global export growth. For the other commodity groups, the change in export value was significantly lower compared to the global development.

In Europe, exports of electricity increased much more rapidly than global exports. This is due to soaring electricity prices in the wake of the war in Ukraine and, unlike other regions, Europe has strong preconditions in place for exporting electricity within the region, which has prompted European electricity exports to grow significantly in value. The automotive industry made a clear negative contribution to

Europe's shrinking global export share. Exports in this sector grew at a slower pace than the global average. In Asia, it was primarily the export of instruments that increased faster than global exports. Asia's largest export commodity group, electrical equipment and telecom, however, grew significantly slower than global exports.

North and South America stand out as the big winners for 2022 in terms of growth in export of goods. These regions performed significantly better in almost all commodity groups compared to the total export growth for goods at the global level. However, this should be viewed in light of the fact that North and especially South America are relatively small source markets for exports.

The Middle East and Africa also demonstrated significant growth in several commodity groups, but as some data for these regions is lacking, these regions' statistics should be interpreted with a degree of caution.

ABOUT GLOBAL EXPORT

Business Sweden publishes the report *Global Export* once a year. The report provides an overview of how Swedish export of goods are performing in relation to the global export market.

The analysis is based on the United Nations' database UN Comtrade for the years 2012 to 2022. UN Comtrade contains most markets' foreign trade broken down into commodity groups according to the so-called SITC nomenclature.

All figures are in current prices (value), expressed in US dollars, USD. Analysing the value of trade flows has its limitations and does not clearly indicate how export development has impacted the Swedish economy in terms of GDP and employment. Data on constant prices is lacking for many markets which is why using current prices is necessary in the analysis of individual commodity groups.

The analysis encompasses the 14 most important commodity groups for Swedish exports and covers approximately 85 per cent of Sweden's export of goods. The commodity groups are as follows, with SITC codes (Standard International Trade Classification, Rev 4.) in brackets:

- *Foodstuffs (food and beverage)* (0, 1)
- *Wood products/processing* (24, 63)
- *Chemicals and pharmaceuticals* (5)
- *Pulp and paper* (25, 64)
- *Petroleum products* (33)
- *Electricity* (35)
- *Steel* (67)
- *Metals industry* (69)
- *Machine industry* (71, 72, 73, 74)
- *Electrical equipment and telecom* (75, 76, 77)
- *Automotive* (78)
- *Furniture* (82)
- *Instruments* (87)
- *Textiles and shoes* (65, 84, 85)

The most important commodity groups outside of the 14 groups above are specific mineral fuels (SITC 32 and 34), various consumer products (SITC 89) for example sporting goods, toys etc., as well as non-ferrous metals besides iron and steel (SITC 68). Sweden's export market share is calculated as a share of total export of goods globally within the commodity groups specified above.

COMMODITY GROUPS



CHEMICALS AND PHARMACEUTICALS

This commodity group consists of products such as chemicals, fertilisers, plastics and pharmaceuticals. A considerable share of Sweden's chemicals industry today is represented by international groups such as Akzo Nobel, Nouryon, Perstorp and Borealis. The pharmaceuticals industry is dominated by Astra Zeneca which is one of Sweden's largest export companies. Other large export companies in this sector include Pfizer, Sobi, Cytiva, Fresenius Kabi and Octapharma. Pharmaceuticals also benefit from royalty revenues which are registered in the data for services exports. In 2022, chemicals and pharmaceuticals accounted for 13.7 per cent of Sweden's export of goods and is thereby the largest commodity group by value.



MACHINERY

Machinery refers to equipment for specialty industries, metalworking machines and other non-electrical machines and appliances. Many of Sweden's traditional export companies such as ABB, Atlas Copco, SKF, Alfa Laval and Husqvarna are found in the machinery industry. Other large export companies are Hexagon, Nibe, Systemair, Munters, Mycronic and Valmet. There are also many small and medium-sized companies in this sector. The machinery industry has long been Sweden's largest commodity group for exports but has recently lost ground to other commodity groups. In 2022, the machinery industry accounted for 12.0 per cent of Sweden's total export of goods, making it the second largest commodity group in Sweden in terms of export value.



AUTOMOTIVE

The automotive industry is dominated in Sweden by Volvo AB, Volvo Cars and Scania, but consists of several hundred companies. Important sub-suppliers of parts include Autoliv, Leax and Haldex. With an 11.5 per cent share of Sweden's total export of goods, the automotive industry is the third largest commodity group.



ELECTRICAL EQUIPMENT AND TELECOM

Electrical equipment and telecom includes electrical products and equipment for generating and distributing electricity, computers and computer equipment, electronic components, domestic appliances, as well as telecom equipment, audio, TV and hi-fi products. ABB is a large exporter of power equipment. Ericsson has traditionally been a large exporter within this commodity group but since 2015, Ericsson is classified as a services company. Despite this reclassification, Ericsson is still a large supplier of base stations, but a majority of these are supplied from other countries via third-party trade, also known as merchanting. In 2022, the commodity group accounted for 9.5 per cent of Swedish exports.



FOOD AND BEVERAGES

This commodity group includes meat, milk and fish products, vegetables and fruit, coffee and tea, sugar products as well as beverages and tobacco products. Foodstuffs of different kinds are a common export commodity for many countries, and most trade takes place with neighbouring countries. Absolut Vodka has long been the largest exporter in this sector, followed by Åbro, Kopparbergs, Almondy, Annas Pepparkakor, Pågen and Gevalia Löfbergs, and brands such as Wasa and Abba also contribute to Sweden's food exports. Besides domestic food production, goods such as Norwegian salmon can also boost exports as these commodities pass through Sweden destined for global markets. Sweden's food and beverage sector accounted for 6.1 per cent of Sweden's goods exports in 2022.



PETROLEUM

The commodity group petroleum includes crude oil and refined mineral oil products. Preem, Nynas and St1 are important companies in this segment. Swedish exports of petroleum and petroleum products account for 7.3 per cent of Sweden's total export value.

COMMODITY GROUPS



STEEL

This commodity group includes iron and steel. Sweden is today a leading niche producer of different types of specialty steel with companies such as SSAB, Alleima, Outokumpu, Ovako and Uddeholm at the forefront. Most of the finished steel products that are delivered to steel companies in Sweden are destined for exports, which means that all steel companies are exporters. Steel products accounted for 4.5 per cent of Sweden's total export value in 2022.



PAPER AND PULP

Paper and pulp is a long-standing export industry for Sweden which, in the decades following the Second World War, was the largest sector. Today, it is the sixth largest commodity group accounting for 6.6 per cent of Sweden's goods export value. Companies such as SCA, Metsä, Stora Enso, Billerud Korsnäs, Holmen, Södra Skogsägarna and Smurfit Kappa dominate the market.



INSTRUMENTS

Instruments include various types of measuring and control instruments as well as photographic and optical instruments for scientific and technical use, for example in healthcare. Consumer products such as watches are also included in this commodity group. Sweden has several large exporters such as Elekta and Getinge and also niche companies that are highly active in export markets, including Gambro Lundia/Baxter International. Instruments accounted for 1.9 per cent of Sweden's export value.



METALS

The metals industry manufactures different types of hand- and hydraulic tools as well as metal constructions, containers and metal items for both domestic and industrial use. Hard metals and machine tools account for a large share of Swedish exports where Sandvik is one of the leading international players along with other Swedish companies such as Gunnebo Industries and Lindab. Metals accounted for 2.4 per cent of Sweden's export value in 2022.



WOOD PRODUCTS

Wood products includes raw materials and processing of wood and cork, but not furniture. Skogsägarna, SCA, Setra, Derome and Holmen are a few examples of large Swedish companies in this sector. Wood products accounted for 3.1 per cent of Sweden's export value in 2022.



FURNITURE

This commodity group includes furniture, mattresses, bed clothes and pillows. IKEA is by far the most important Swedish exporter in this category. Furniture accounts for a small share of Sweden's exports, at 1.1 per cent of total export value.



ELECTRICITY

The largest utility companies that export electricity from Sweden are Vattenfall, EON and Fortum. Electricity demonstrated the fastest growth of Sweden's 14 main commodity groups in terms of export value. Due to the sharp increase in electricity prices, Sweden's electricity exports rose to 2.4 per cent of total goods exports in 2022.



CLOTHES, SHOES AND TEXTILES

Sweden is a well-established market in the fashion industry with large players such as H&M, Acne, Wesc, Nudie, and Filippa K. Clothes, shoes and textiles accounted for 2.5 per cent of the export value in 2022.



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