

STABLE POSITION FOR SWEDISH EXPORTS

Global Export 2022

SWEDISH EXPORT TRADE STANDS ITS GROUND

Every year, Business Sweden monitors how Sweden's export of goods is performing compared to the exports of other important competitor countries. Our study for 2021 shows that Sweden has maintained its position with a 1.1 per cent share of the global market for export goods. The share has remained stable since 2015 and jumped temporarily to 1.2 per cent during the pandemic year 2020.

Swedish exports developed on par with exports from the rest of Europe and North America, but growth was somewhat weaker than the rest of the world. Last year was characterised by strong export development in emerging and commodity exporting. These include Brazil, Türkiye and China, but also Norway which benefited from the sharp increase in the oil price during 2021. Several emerging economies gained ground as their currencies weakened against the US dollar, which gave their exports a significant boost.

When it comes to specific commodity groups, Swedish exports captured market shares in wood products and electricity, but slightly lost ground in all other commodity groups.

In all, we can observe that Sweden's export industry performed relatively well last year and that Sweden's position in the global export market remains stable.

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STABLE POSITION FOR SWEDISH EXPORTS

Sweden's share of the global export market has remained at a stable level at around 1.1 per cent since 2015. As such, the downward trend that began in the early 2000s has been broken. There are several reasons why Sweden is no longer losing market share. One important reason is that exports from rapidly growing emerging economies such as China and India are no longer growing at the same fast pace. Another contributing factor is the rate of investments in Europe – where approximately three-quarters of Sweden's exports are destined – which has picked up momentum since the global financial crisis and the debt crisis. This has strengthened Swedish exports which, to a large degree, consist of intermediate goods and investment goods.

During the pandemic year 2020, Sweden's share of the global market for export goods rose to 1.2 per cent. However, the upswing proved to

be temporary and was driven by strong export development for typical "pandemic goods" such as pharmaceuticals, electronics and wood products. Updated statistics from UN Comtrade show that Sweden's market share fell back to 1.1 per cent during 2021.

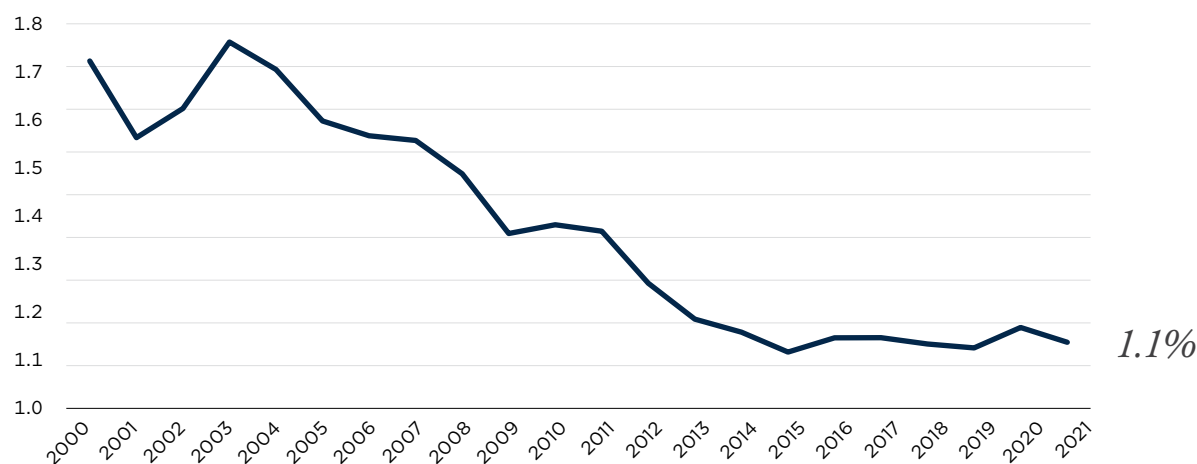
The fact that Sweden lost ground last year is due to Sweden's relatively weaker export development compared to the global export market in 2021. Nonetheless, Sweden's exports developed on par with the West, i.e both Europe and North America. The growth of global exports was primarily driven by strong export development in South America and the Middle East, while Asia and Oceania and Africa performed more moderately. In all, Sweden's exports grew (in current prices) by 23 per cent during 2021 while global export of goods increased by 26 per cent.

Sweden's share of the global export market fell back to 1.1 per cent in 2021, following a temporary upswing during the pandemic year 2020 when the share rose to 1.2 per cent.

The distribution of global exports by region was unchanged in 2021 compared to 2020, with Asia in the lead and Europe following closely behind.

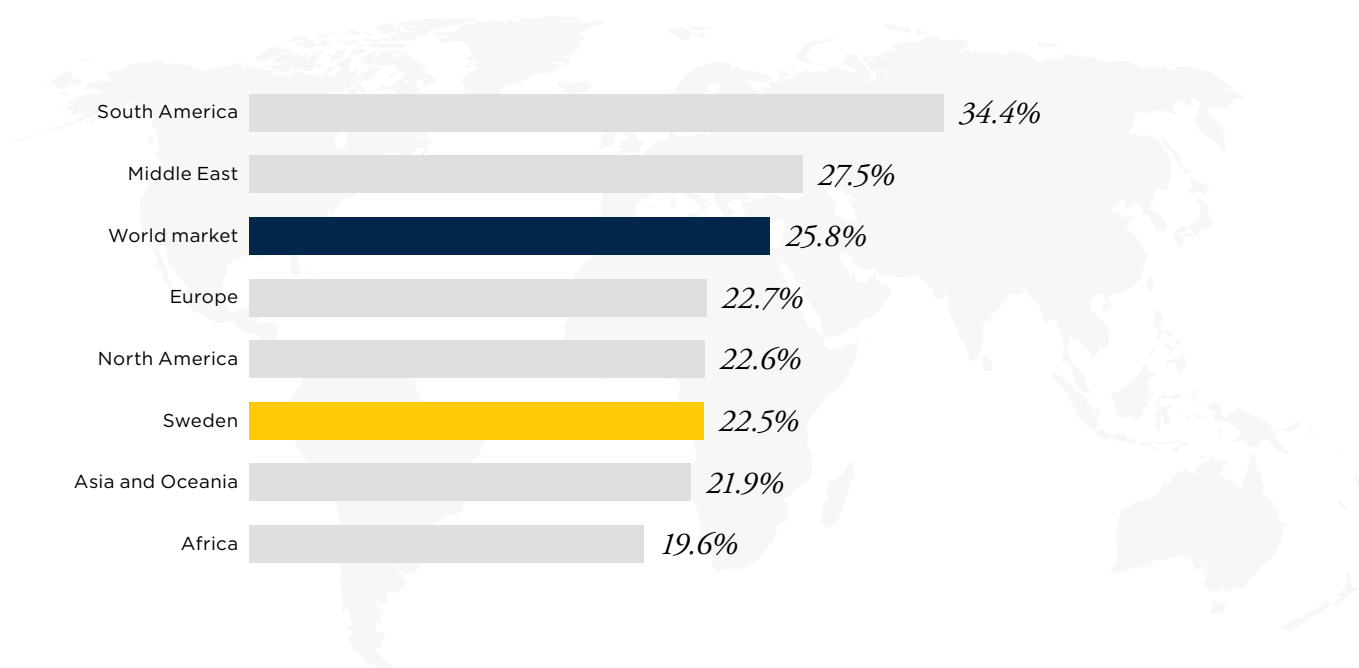
In current prices, Sweden's exports grew by 23 per cent in 2021 compared to 2020. Exports of wood products and electricity gained considerable momentum.

SWEDEN MAINTAINS ITS POSITION ON THE GLOBAL MARKET
Sweden's export market share* 2000–2021, per cent



*Share of global market, see definition in appendix "About Global Export".

SWEDISH EXPORTS ON PAR WITH WESTERN MARKETS
Regional export development for goods, annual percentage change, 2021

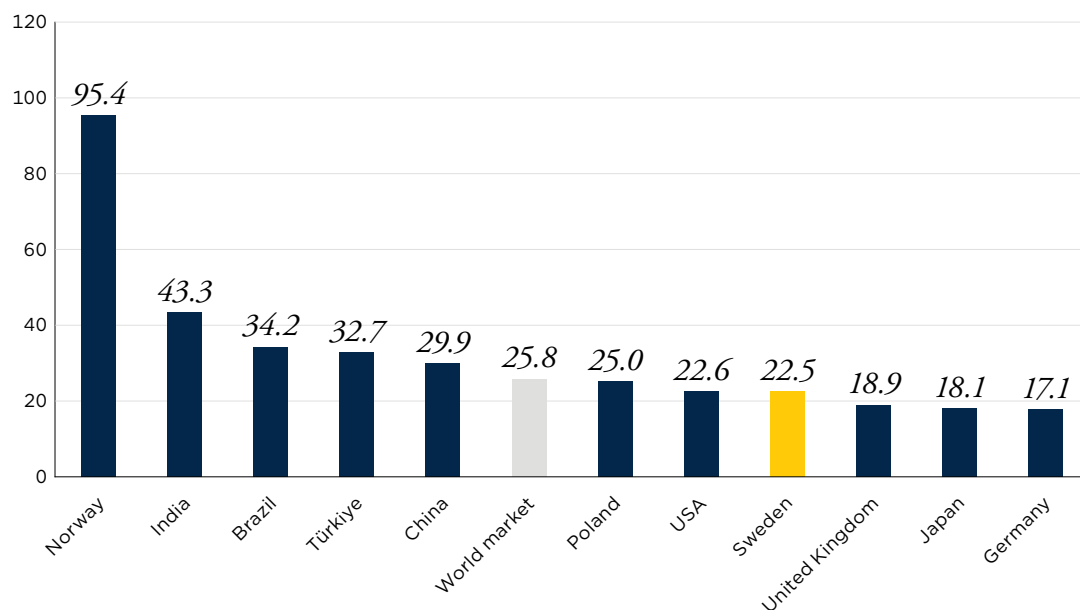


Export development varies between the countries of each region. Sweden’s export of goods outperformed several large exporting nations such as Germany, the United Kingdom and Japan. However, the world’s largest exporter of goods – China – performed considerably better than Sweden, with approximately 30 per cent year-on-year growth. Meanwhile, the world’s second largest exporter of goods – the US – grew its exports on par with Sweden’s development. Norway’s exports jumped considerably by 95 per cent and the emerging economies India, Brazil

and Türkiye all achieved strong export results.

At the same time, it is important to approach these statistics with a measure of caution and to consider the underlying factors, not least the fact that all results are based on current prices in US dollars (USD). This means that price and currency fluctuations affect the results.¹ To illustrate, if exports increase based on current prices it could be an indicator that exports have either increased in terms of volume (units exported) or/and that commodity prices have risen. The extent to which prices have changed

STRONG EXPORT DEVELOPMENT IN EMERGING AND COMMODITY EXPORTING ECONOMIES
Goods export development for selected countries, annual percentage change, 2021



¹ For an in-depth explanation of the importance of price and exchange rate effects, see fact box presented in the *Global Export report 2019*.



could, in turn, be linked to the currency used to set the price. When converting export value from domestic currencies into the US dollar, this is not necessarily linked to the currency with which trade has been conducted which means that currency fluctuations affect the data. As such, the statistics may not provide a full picture of the performance of competing export markets. The most relevant principle in an attempt to uncover Sweden's performance in the global export market is to analyse the development in terms of volume rather than value. Unfortunately, there are no available comparative statistics to make such an analysis.

One example that is particularly relevant in the context of the results for 2021, which may explain Norway's strong export development, is the changed oil price in 2021 compared to 2020. The average global market price for Brent crude

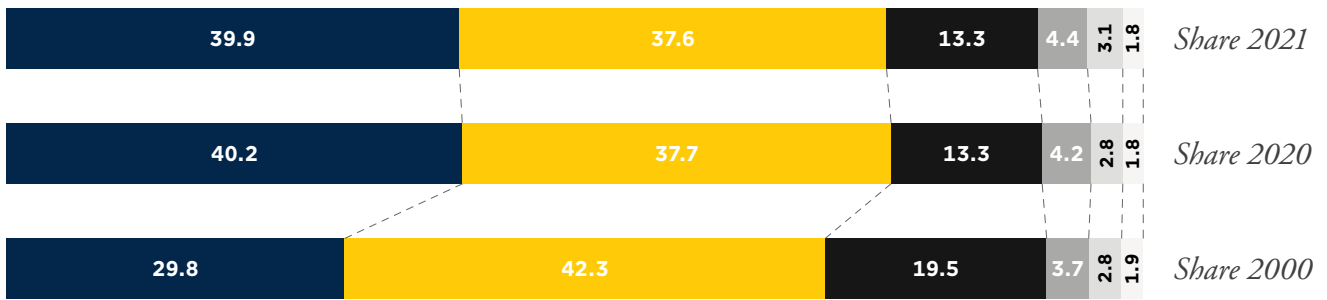
oil rose from 43 to 71 USD/barrel in this period, resulting in a 65 per cent price increase in USD. During the same period, the Norwegian krona strengthened against the dollar by roughly 10 per cent. This means that Norway's oil export in current prices (given a constant export volume) increased by 65 per cent when expressed in USD, and by approximately 50 per cent when using the Norwegian krona as the denominator. The strong development in Norway and other raw materials producing nations such as Brazil, Türkiye and China could, therefore, be partly explained by rising commodity prices in 2021. In addition, the currencies of several emerging markets such as Brazil and Türkiye weakened against the dollar, which has resulted in positive exchange rate effects. The Swedish krona strengthened against the US dollar by approximately 7 per cent.

STRONG RISE IN COMMODITY PRICES 2021
Brent oil in USD per barrel, median value 2020 and 2021



Source: Macrobond

ASIA AND OCEANIA MAINTAINS LARGEST MARKET SHARE
Distribution of global exports* by region during the period 2020-2021, per cent



* World's total exports (i.e not the global market according to definition in appendix "About Global Export").

■ Asia and Oceania ■ Europe ■ North America ■ Middle East ■ South America ■ Africa

UNCHANGED REGIONAL MARKET SHARES

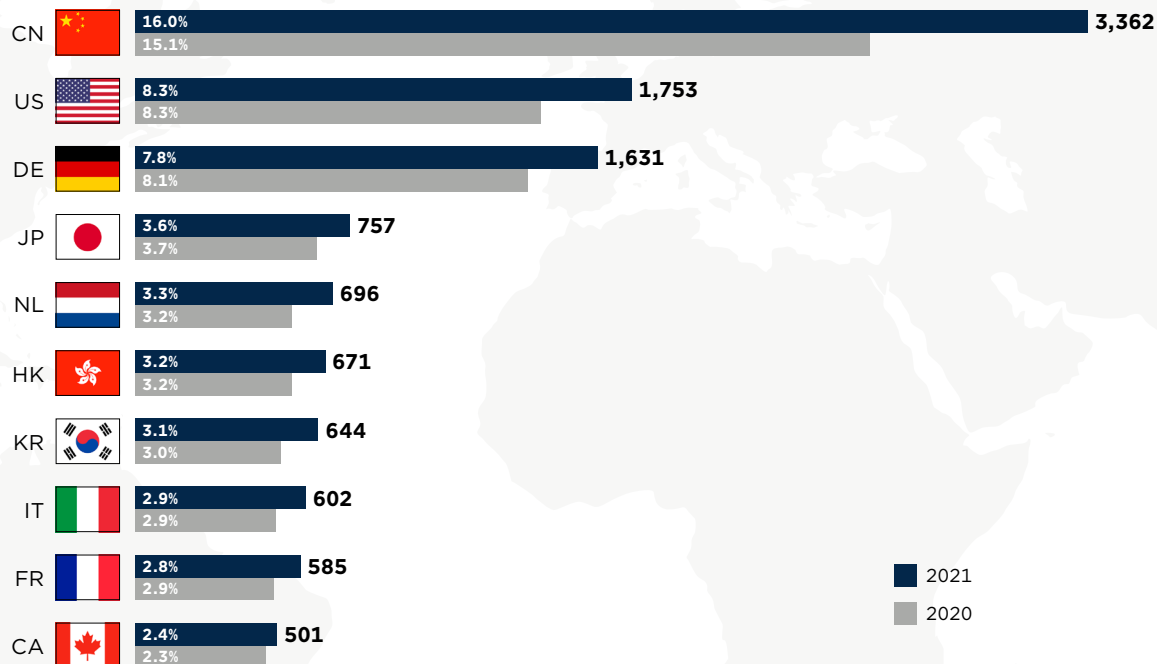
The fact that emerging markets are capturing an ever-stronger position in the global market is evident when looking at the total distribution of exports of goods by region in 2020, compared to 2021. In all, Europe and North America lost shares in the global market for goods export while emerging economies captured larger shares. Europe's share of the world's total export of goods fell from 42 to 38 per cent between 2000 and 2021. During the same period, Asia and Oceania sharply increased its global share, from 30 per cent to 40 per cent. North America lost considerable ground in terms of its share of global exports, falling from 19 per cent in 2000 to 13 per cent in 2021. The shares for all other regions are considerably smaller and have, more or less, remained unchanged during the period. The market shares for the various regions did not change notably between

2020 and 2021. Asia and Oceania's market share decreased by a small margin, while South America and the Middle East increased their shares. Asia and Oceania maintains its robust lead position, closely followed by Europe in second place and North America in third place.

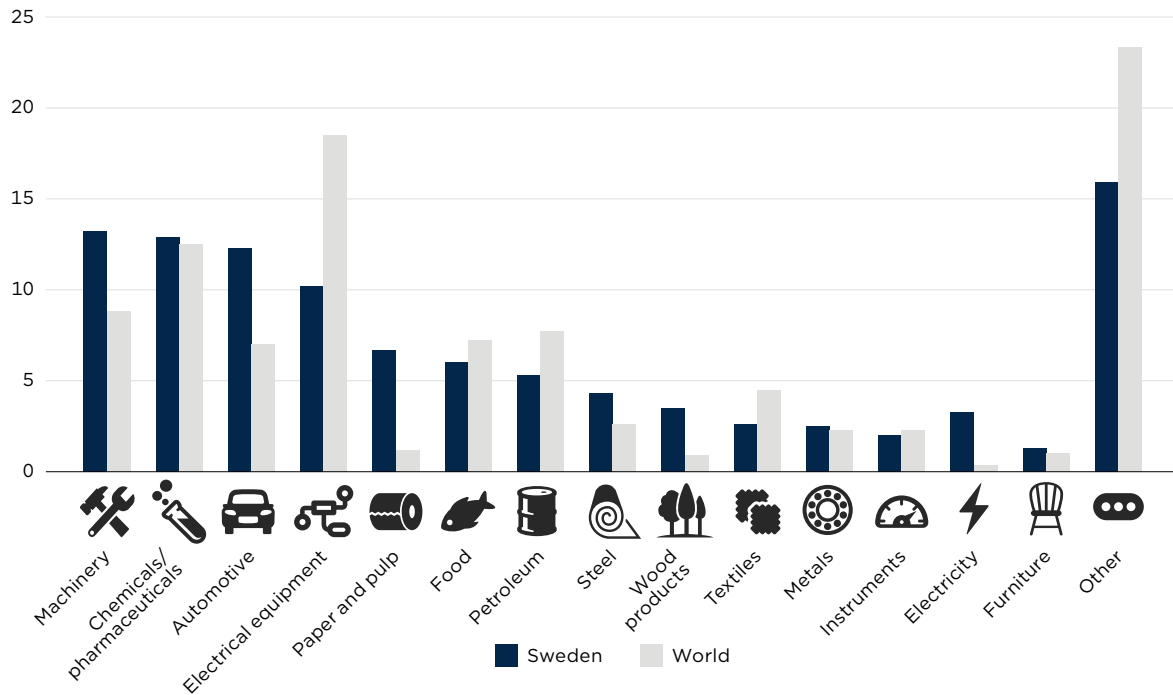
China has contributed significantly to Asia and Oceania's growth as the world's largest exporting region for goods. In 2021, China exported goods at a value of almost USD 3.4 trillion. The world's second and third largest goods exporters, the US and Germany, exported goods worth approximately USD 1.75 trillion and USD 1.63 trillion respectively. Altogether, these three countries account for more than 30 per cent of the world's total export of goods. Japan, the Netherlands, Hong Kong, South Korea, Italy, France and Canada are also relatively large players in the global market for goods exports, albeit accounting for considerably smaller shares.

THE TOP 10 EXPORTERS OF GOODS

Share of global exports in per cent and export value in USD billion, 2021



THE ENGINEERING INDUSTRY DOMINATES SWEDEN'S EXPORT OF GOODS
Swedish and global goods exports by sector, 2021, per cent



STRONG EXPORT DEVELOPMENT IN WOOD PRODUCTS AND ELECTRICITY

The engineering industry, particularly machinery and automotive, dominates Swedish export of goods and accounts for approximately 40 per cent of the total. Chemicals, electrical equipment, paper and pulp and food are also important export sectors. Compared to the global export market, Sweden's goods exports account for a larger share of machinery and automotive, as well as paper, steel and wood products. The global market carries more weight when it comes to electronics, which has long been China's largest goods export category. A considerable share of global exports can also be found in the commodities group dubbed Other in the graphs below (among them clothes and shoes and mineral fuels).

As previously mentioned, the data for 2021 point to a continuation of Sweden's stable development in goods exports in the past six years. At the same time, disparities become clear when analysing performance at commodity group level. Between 2020 and 2021, Swedish exports performed better than the global market, meaning that it gained market share – in the commodity groups wood products and electricity – but Sweden lost market share in all other commodity groups and particularly so in steel, petroleum, chemicals and pharmaceuticals and electrical equipment. The development for the two latter groups is most likely due to a recoil effect as

SWEDISH EXPORTS OF WOOD PRODUCTS AND ELECTRICITY GAINED MOMENTUM
Development of export goods in different commodity groups, annual percentage change, 2021

	Global market	Sweden
Automotive	18	17
Machinery	19	17
Chemicals/pharmaceuticals	26	12
Electrical equipment	21	14
Paper and pulp	18	14
Food	14	13
Petroleum	89	71
Steel	58	37
Metals	26	25
Wood products	42	52
Instruments	14	13
Furniture	23	14
Electricity	146	199
TOTAL	26	23

■ Stronger development than global market (> 5 percentage points)
■ Weaker development than global market (< 5 percentage points)

Sweden's exports of these goods in 2020 grew at a considerably faster rate than the world market.














From a regional perspective, it is clear that all regions developed, more or less, at the same rate as global exports at an aggregated level during the period 2020-2021. The exception is South America which saw considerably stronger development. Most commodity groups in South America's export industry have witnessed faster growth than global exports in each respective commodity group. Asia and Oceania increased its exports faster than the global market in the automotive, machinery, and metals industries as well as in chemicals and pharmaceuticals. In all, the region's total exports grew at a slower rate than the global market. Export development in the Middle East differed across the various commodity groups, with half performing


at a weaker level and the other half at a stronger level than the global market. As petroleum exports grew considerably between 2020 and 2021, this gave the region's total export figures a significant boost.


Africa's development was considerably weaker compared to the global market in several commodity groups. North America developed on par with global exports but growth was stronger in food and wood products, while automotive and energy products performed at a weaker level. Europe's exports performed particularly well in the electricity category during the period, partly because of rising electricity prices in 2021, while export growth was weaker in the automotive and machinery industries. In all, Europe's exports developed on par with global exports.

BROAD-BASED UPSWING FOR GOODS EXPORTS IN SOUTH AMERICA

Export development by commodity group and region, annual percentage change 2021

	World	Global market	Sweden	Europe	Asia and Oceania	North America	South America	Africa	Middle East
Automotive 	18	18	17	13	31	11	37	29	8
Machinery 	18	19	17	15	23	15	23	26	8
Chemicals/ pharmaceuticals 	24	26	12	18	34	25	34	23	29
Electrical equipment 	17	21	14	17	18	12	28	21	18
Paper and pulp 	17	18	14	20	14	16	14	16	-10
Food 	12	14	13	12	11	18	13	-9	9
Petroleum 	61	89	71	55	38	52	58	37	105
Steel 	54	57	37	52	56	57	62	69	36
Metals 	24	26	25	22	28	18	33	18	9
Wood products 	37	42	52	40	25	52	25	5	44
Instruments 	14	14	13	14	15	9	31	14	27
Furniture 	15	23	14	20	10	17	47	6	65
Electricity 	121	146	199	171	21	45	16	24	4
TOTAL	23	26	23	23	22	23	34	20	27

 Stronger development than global market (> 5 percentage points)

 Weaker development than global market (< 5 percentage points)

Note: The colour code indicates development by commodity group and region compared to overall development of global exports

ABOUT GLOBAL EXPORT

Business Sweden publishes the report *Global Export* once a year. The report reflects how Swedish goods exports are developing in relation to the global market for goods exports.

The analysis is based on the United Nations' database UN Comtrade which has been used to produce export statistics for Sweden's 33 most important export markets for the period 2000–2021. UN Comtrade contains most of these countries' foreign trade, broken down into commodity groups according to the so-called SITC nomenclature (revision 3). All figures are in current prices, expressed in 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 countries which is why using current prices is necessary in the analysis of individual commodity groups.

Sweden's share of the global export market is calculated according to its share of aggregated global exports. The global market is defined as Sweden and Sweden's 33 most important export markets, which account for approximately 80 per cent of the global export of goods. The global market covers Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, India, Ireland, Italy, Japan, Lithuania, Mexico, The Netherlands, Norway, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Türkiye, United Kingdom and USA.

The goods exports have been divided into 13 commodity groups that cover approximately 85 per cent of Swedish goods exports. The commodity groups are as follows, with SITC codes (Standard International Trade Classification, revision 3) 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)

The most important commodity groups outside of the 13 groups above are specific mineral fuels (SITC 32 and 34), clothes and shoes (SITC 84, 85), various consumer products (SITC 89) for example sporting goods, toys etc., as well as non-ferrous metals (SITC 68).

COMMODITY GROUPS



CHEMICALS AND PHARMACEUTICALS

Chemicals and pharmaceuticals accounts for approximately 13 per cent of Swedish exports and is thereby the second largest commodity group. This group consists of products including chemicals, fertilisers, plastics as well as 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 Sobi, Cytiva, Pfizer, Fresenius Kabi and Octapharma. Pharmaceuticals also benefit from royalty revenues which are registered in the data for services exports, which are not covered by this analysis.



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. Ericsson has traditionally been a large exporter within this commodity group. 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, genom så kallad trepartshandel (merchanting).



MACHINERY

The machinery industry has long been Sweden's largest commodity group for exports and accounted for around 13 per cent of Sweden's total goods exports in 2021. 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 Epiroc, Hexagon, Nibe, Systemair, Gunnebo and Valmet. There are also many small and medium-sized companies in this sector.



PAPER AND PULP

Paper and pulp is currently the fifth largest commodity group accounting for around 7 per cent of Swedish goods exports. SCA, Metsä, Stora Enso, Billerud Korsnäs, Holmen, Södra Skogsägarna and Smurfit Kappa are all examples of companies that currently dominate the market. Exports account for a large share - around 90 per cent - of the production that takes place within paper and pulp companies.



AUTOMOTIVE

The automotive industry represents the third largest commodity group and accounts for almost 12 per cent of Sweden's total goods exports. The commodity group includes road vehicles with AB Volvo, Volvo Cars and Scania as examples of large companies dominating the sector. Autoliv, Thule and Haldex are important automotive sub-suppliers in Sweden.



FOOD

The commodity group food includes meat, milk and fish products, vegetables and fruit, coffee and tea, sugar products as well as beverages and tobacco products. Absolut Vodka has long been the largest exporter in this sector, followed by Åbro, Kopparbergs, Almondy, Annas Pepparkakor, Pågen, Wasa, Gevalia Löfbergs, Abba, among other large exporters. Sweden's food industry is seeing strong growth, particularly in countries in Western Europe, and has in many regions become synonymous with quality and safety.

COMMODITY GROUPS



STEEL

This commodity group includes both iron and steel. Sweden is today a leading niche producer of different types of specialty steel with companies such as SSAB, Sandvik, 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.



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 segment. Sweden has a large number of niche companies that are highly active in export markets, for example in medical instruments. Getinge, Gambro and Elekta are a few examples.



FURNITURE

This commodity group includes furniture, mattresses, bed clothes and pillows. IKEA is by far the most important Swedish exporter in this category.



PETROLEUM

The commodity group petroleum includes crude oil and refined mineral oil products. Preem, Nynas and St1 are important companies in this segment.



WOOD PRODUCTS

Wood products includes raw materials and processing of wood and cork, but not furniture. Södra Skogsägarna, SCA, Setra, Derome and Holmen are just a few examples of large Swedish companies in this sector.



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 are large-volume export products where Sandvik is one of the leading brands, with Gunnebo and Lindab as additional examples of large exporters.



ELECTRICITY

The commodity group electricity only includes electricity. Important companies in this segment are Vattenfall, EON and Fortum.



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