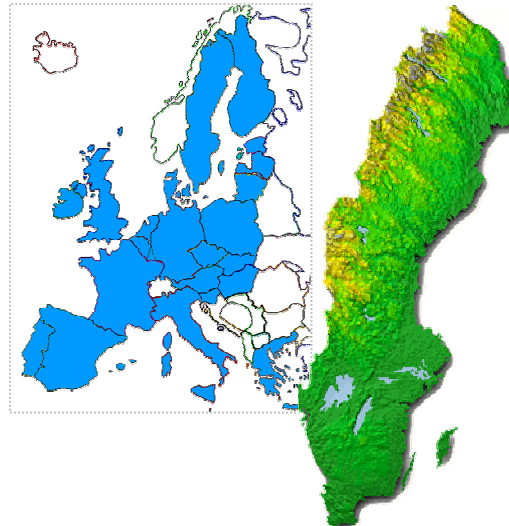


Export to Sweden

For different reasons Sweden is an interesting market for exporters from other countries. As a small, highly industrialised and specialised country Sweden is depending on exports – and imports. We have to import a lot of things - simply because they are not produced in the country.

SWEDEN

- Population: 8.9 million (2 % of EU)
- Area: 450,000 km² (16 % of EU)
- Forest: 260,000 km² (58 % of EU)
- Agricultured area: 35,000 km² (8 % of EU)



Import penetration is high – close to 100 % of the consumption of garments is imported like all TV-sets, all coffee and tea. The consumers have a good purchasing power and they demand alternatives.

The industry is the main consumer of imported machinery, components and parts. More than half the production value in the Swedish export oriented industry is imports. Consumers and purchasing managers are import-oriented.

The Governments trade policy is also import-oriented and Sweden is one of few countries actively promoting imports – in close co-operation between the government and the private sector.

This all gives an open and positive attitude towards imports and supplies from abroad.

Welcome on the market!

The Swedish Market

Sweden has a reputation as a tough and demanding market – the Swedish buyer is discerning, expects high quality and good design, good packaging and, above all, reliable and punctual delivery.

The Swedish consumer is price-conscious and well aware of what he or she is prepared to pay for different goods and services. Many products selling well in other countries, may fail on the Swedish market.

Shops have limited staff for cost reasons; products must therefore sell by themselves. Suppliers are often requested to pre-pack and label the goods with a price tag and supply the goods into the shop. There are practically no storing facilities. When exporting to the manufacturing industry the supplier is expected to deliver directly to the shop-floor and the ongoing manufacturing.

This all puts great demands on the supplier. Is it worth the effort on a market with just 9 million people?

Yes, it is.

By exporting to Swedish buyers you do not only sell to the Swedish market but to the world market through many of Sweden's multinational companies. Sweden has more multinational companies relative to the size of the economy than any other country in the world.

Swedish Imports

Sweden's main suppliers are their European neighbours. The total share for the EU-countries might, however, be overvalued as the figures include third country imports through a European country. Germany is since long the main supplier followed by UK and the Netherlands. The Nordic countries – our closest neighbours, play a vital role too. The Asian import share is increasing, the American is decreasing and Africa plays a very small role in Sweden's total imports.

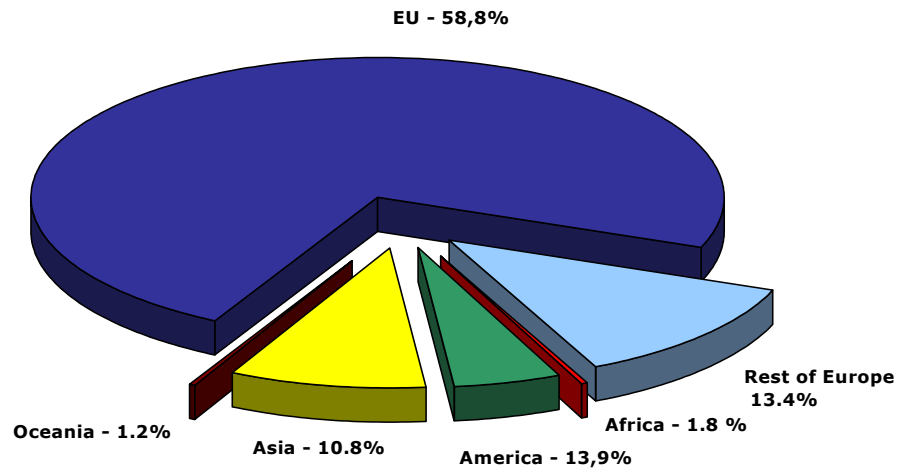
The largest share of Sweden's imports is made up of products for the industry for further manufacturing and assembly and for investments. The specialized Swedish industry is depending on sub-supplies from domestic and, to an increasing extent, international sources. Major suppliers of industrial products are found in the EU.

Imports of food are largely products that cannot be produced in Sweden for climatic reasons.

Consumer goods as clothing, furniture, sports goods, toys and many others come mainly from Asia, but also from European suppliers, especially from countries in the Eastern part of Europe.

Sweden lacks many raw materials and base production rather on components than raw materials. Further Sweden lacks energy sources like coal and oil, so electric energy is produced in hydropower plants and nuclear reactors.

Swedish import, according to geographic origin



Source: Statistic Sweden

Sweden's 30 major import countries

Position		Country	Value Jan - Dec		Share %	Change %
2004	2003		2004	2003	2004	2004/2003
		Total	729 930	673 419	100	8
1	1	Germany	137 855	126 362	18,9	8
2	2	Denmark	67 398	60 684	9,2	11
3	4	Great Britain	55 847	54 253	7,7	4
4	3	Norway	55 299	53 662	7,6	0
5	5	Netherlands	49 441	45 673	6,8	8
6	6	Finland	45 545	37 798	6,2	20
7	7	France	39 651	37 190	5,4	7
8	8	Belgium	29 587	28 281	4,1	5
9	9	USA	25 148	26 257	3,4	-4
10	10	Italy	25 118	23 255	3,4	8
11	11	Poland	18 568	15 568	2,5	19
12	12	China	17 229	14 190	2,4	21
13	16	Russia	16 009	10 349	2,2	55
14	13	Japan	15 446	14 854	2,1	4
15	14	Spain	11 776	11 194	1,6	5
16	15	Ireland	10 349	11 068	1,4	-6
17	18	Switzerland	8 560	8 614	1,2	-1
18	17	Austria	8 018	9 076	1,1	-12
19	19	Hongkong	6 911	7 107	0,9	-3
20	20	Estonia	6 761	6 603	0,9	2
21	22	South Korea	6 703	5 090	0,9	32
22	27	Hungary	6 097	3 876	0,8	57
23	24	Turkey	5 218	4 101	0,7	27
24	23	Czecko	4 382	4 185	0,6	5
25	25	Lithuania	4 011	3 990	0,5	1
26	26	Taiwan	4 000	3 895	0,5	3
27	28	Latvia	3 681	3 792	0,5	-3
28	21	Iran	3 430	5 172	0,4	-34
29	33	Brazil	2 900	2 167	0,4	34
30	30	Luxemburg	2 858	2 469	0,4	16

Source: Statistic Sweden

Swedish import - most important product categories

Product Areas SITCRev3	Value Jan - Dec, Million SKr		Share %	Value Change
	2004	2003	2004	04/03 %
TOTAL	729 930	673 419	100	8
Forest Products	24 671	23 112	3,4	7
Mineral Products	67 764	54 025	9,3	25
Iron & Steel	33 407	25 968	4,6	29
Other metals	13 538	11 294	1,9	20
Ore, iron scrap	9 338	5 888	1,3	59
Chemical Products	88 668	83 354	12,1	6
Elements, compounds	20 906	18 694	2,9	12
Medical Supplies	18 338	18 154	2,5	1
Plastics	18 788	17 059	2,6	10
Rubber, Rubber products	9 539	9 410	1,3	1
Energy Products	70 759	63 624	9,7	11
Crude Oil	42 211	35 682	5,8	18
Petroleum Products	18 483	16 364	2,5	13
Engineering Products	334 106	310 664	45,8	8
Metal Work	20 381	19 318	2,8	6
Machines	79 130	76 339	10,8	4
Electrical Goods, Computers	125 382	111 365	17,2	13
Road Transportation	80 490	72 793	11	11
<i>Consumer Cars</i>	35 013	30 011	4,8	17
<i>Parts, Accessories</i>	33 944	31 729	4,7	7
Other Transportation	8 023	10 814	1,1	-26
Instruments, Optical Goods	20 701	20 035	2,8	3
Other Products	143 961	138 640	19,7	4
Foodstuff	56 522	53 442	7,7	6
Textiles, Shoes	37 176	37 091	5,1	0
Furnitures	12 497	11 797	1,7	6

Source: Statistic Sweden

Distribution of goods in Sweden

The distribution of food and convenience goods in Sweden is dominated by four groups of companies having a total market share of approx. 85 %: ICA, Coop, Axfood and Bergendahls. All four companies cover imports, wholesale and retail in-house and have both product and distribution expertise. Sales to consumers are carried out through own and affiliated shops covering the whole of the country. The total number of shops is approximately 7,000.

Sale and distribution of special goods are dominated by chains; voluntary chains and multiple store chains. Well-known chains are IKEA for furniture and interior decoration and H&M for garments. They are depending on imports and have purchasing offices in several countries.

Sale to the Swedish industry of investment goods, components and material is carried out either directly or through the services by specialized importers or agents. Imports play a vital role for the industry, roughly 70 % of Swedish imports are goods used for further manufacturing, assembling or investments in the industry. The demands on quality and logistics are high; sub-suppliers to the industry are expected to involve themselves in product development, financing, materials handling etc.

Customs, Duties and Import Prohibitions

Customs and trade policy issues

Since Sweden is a full member of the European Union, EU tariffs, rules and regulations to imports from non-European countries apply.

The EU Customs tariff, known as the combined nomenclature, CN, is based on the harmonized system, HS, with an addition of two digits. The CN is used for exporting and statistical purposes. To meet specific import regulations the EU makes use of the integrated customs tariff, TARIC, when importing from non-EU countries. TARIC contains over 20,000 subdivisions due to duties, quota, preferences and other import and export regulations. TARIC is accessible on the Internet through the Swedish Customs – <http://taric.tullverket.se>.

Other Duties, Taxes and Import

An antidumping duty rate is charged for specific products which are sold at prices lower than the normal purchase price. This duty is levied as a surcharge on top of the ordinary customs duty. Excise duties are levied for certain products in connection with imports from non-European countries, e.g. alcohol, tobacco and energy. Import charges, such as random sampling fees, plant protection fees and quality control fees are levied when importing, for example, plants or fresh products for local consumption.

For more information contact the National Board of Trade – www.kommers.se.

Import Prohibition

The import of following products to Sweden is prohibited:

- Products containing mercury, e.g. thermometers, switches or other electrical goods
- PCB, PCT products, e.g. transformer oil
- CFC, HCFC, e.g. products containing foam rubber, aerosols (hair sprays), or fire extinguishers containing halon
- Products which have been surface-treated with cadmium or containing cadmium substances

A limited number of products such as weapons, explosives, drugs and poisons, require import licenses or special permits. Certain iron and steel products originating from outside the EU, Norway, Iceland and Switzerland require an import document or license.

Trade Regulations and Agreements

The Generalized System of Preferences, GSP

The GSP system offers a preferential customs tariff to developing countries for exports to industrial countries. The purpose is to encourage the growth of industry in developing countries and to increase their exports of manufactured products. Today more than 170 countries and territories can benefit from the GSP system. In reality however, only a small number of developing countries utilize the benefits. Many countries have, in fact, more favorable agreements directly with the EU.

Within the frame of the GSP system the products are divided into four groups depending on how sensitive the product is for the EU industry. The reduction of Customs duties varies from 15 % for products that are very sensitive, to full exemption of import duty. However, the least developed countries may benefit from full duty exemption for a large number of products.

The GSP system also includes incentive arrangements granting those countries, which so desire more favorable benefits, provided they comply with international conventions concerning workers' rights or environmental protection. Furthermore, certain countries in Central and Latin America may also struggle against drug production.

For further information contact the National Board of Trade – www.kommers.se or Open Trade Gate Sweden – www.opentradegate.se or the Swedish Customs – www.tullverket.se .

EU Standards and Regulations

CE marking

The CE mark is an indication that the manufacturer/importer affirms that all the essential health, safety and environmental requirements detailed in the 22 European Union directives are fulfilled (covering an array of products, including electronics, machinery, simple pressure vessels, telecommunications, medical devices, toys and others) and that the company is able to prove this by means of solid documentation.

The documentation should contain a Declaration of Conformity (Manufacturer's Declaration) and a Technical File, which also includes a test report.

Once a company has met these requirements, it can affix the CE mark to its products and sell them throughout the European Union without having to make separate product modifications in each EU country to which it is selling.

The purpose of the CE mark is to harmonize health, safety and environmental regulations in order to facilitate trade and ensure a baseline level of consumer safety among EU member states. If a company fails to meet CE mark requirements, its product can be held up by European customs. Initial CE mark violators are usually penalized by fines. Repeated violations can lead to a product being banished from the European market.

For further information contact SWEDAC- www.swedac.se

Labeling

There is no general requirement in Sweden for imports to be marked with "*the country of origin*". However, special marking regulations exist concerning a few products, e.g. pharmaceuticals, cosmetic & hygienic products and chemicals.

Sweden has exacting labeling requirements for foods. Its health, sanitary and labeling rules are very strict and its laboratories have sophisticated capability to monitor product quality. A retail-size food package must show the name of the manufacturer, packer or importer, the commercial name of the product, net metric weights or volume, ingredients in descending order of weight, last recommended date of consumption, and storage instruction if perishable or intended for infants.

The mandatory information described above must in principle be labeled in Swedish.

Swedish importers are helpful in arranging for proper labeling information.

You can find more information at:

The Swedish National Food Administration – www.slv.se.

The Swedish Medical Product Agency – www.mpa.se

Swedish Chemicals Inspectorate – www.kemi.se

Trends in the Market

Consumer goods

- Swedish consumers are quality-conscious and demand value for money. Low priced low quality goods do not sell well.
- Competition is fierce between domestic and imported products. The internal, European market has led to the establishment of a new competitive climate and a new inflow of goods.
- Ethical and environmental aspects are important. By law the trade is obliged to take care of packages and electronic waste. Consumers are aware of environmental issues, how goods are produced, how they affect the environment when used and disposed of. Buyers and consumers observe possible child labour and other aspects of working environment in supplying countries. "If voters vote with their feet, consumers vote with their wallets".
- Brands are important; consumers want to identify a product.
- Through co-operation in voluntary chains and through the growing importance of multiple store chains, purchasing power is increasing; fewer purchasing people buy larger quantities from fewer suppliers and have stronger power.
- Importers, wholesalers and retailers are no longer necessarily individual actors; the functions are often integrated in the same company

Industrial goods

- Swedish industry is more and more global, in ownership, in sales and in purchasing.
- Sub-suppliers play a very important role. More functions, products and services are left for outsourcing to sub-suppliers in Sweden and abroad. The number of sub-suppliers is constantly decreasing and more demands are put on them in an integration process as to supplies, logistics, product development, quality control etc. They often supply not products but systems. The automotive industry leads the development.
- Supplier villages are created around the large industries.
- The use of IT and electronic commerce – B2B is rapidly changing the market situation and creates new demands on the suppliers.