



# SWEDEN GAINS GROUND AMID PANDEMIC

*GLOBAL EXPORT*  
*December 2021*

# FOREWORD

The Swedish economy has fared relatively well during the pandemic, not least from a European perspective. The fall in GDP was considerably less severe in Sweden and the economy has already bounced back to its pre-crisis level. The global economy's rapid recovery – which began already during the spring of 2020 – is a contributing factor. Open borders and free trade are particularly important for a small open economy such as Sweden's which is highly dependent on foreign markets.

During the pandemic year 2020, Swedish exports performed considerably better than the world market's development. As such, Sweden reinforced its position in the global export market and increased its share to approximately 1.2 per cent, having maintained a stable share of 1.1 per cent between 2015 and 2019. Whether or not this indicates a trend shift or a pandemic effect is too soon to determine. But the fact that Sweden gained market shares in commodity groups such as *electronics*, *pharmaceuticals* and *wood products* – which all experienced soaring demand during the pandemic – points toward a partial pandemic effect at least.

Asia continued to forge ahead in 2020 and became the dominating region in the global export market. Europe's share of global exports was unchanged while North America lost ground.

The pandemic is not over yet, but the worst effects are most likely behind us. Massive stimulus packages have been launched worldwide with a heavy focus on digitalisation and the green transition. Sweden and Swedish companies are at the forefront of progress in these areas, offering innovative and sustainable solutions. If they reach out successfully to global markets and gain momentum – Sweden can very well continue to capture a bigger share of global exports.

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THE SWEDISH TRADE & INVEST COUNCIL

# SWEDEN BOOSTS POSITION IN GLOBAL EXPORT MARKET

Sweden's share of the global export market remained stable during the period 2015-2019. Updated statistics from UN Comtrade show that Sweden's share of the global export market increased 9 per cent during the pandemic year 2020 and reached 1.2 per cent, up from 1.1 per cent in the previous year. Sweden's strengthened position in the global export market is due to the fact that Sweden's export industry performed better during the crisis than the rest of the world. In total, Swedish goods exports (in current prices) fell by just under 4 per cent in 2020. This decline in Swedish exports was relatively mild compared to developments in the world market, where total global exports fell by 7 per cent. Nonetheless, certain discrepancies become evident when examining commodity groups more closely, revealing that Sweden's

increased market share was, partially at least, due to the pandemic. Sweden has witnessed a more favourable development during 2020 than the world market, capturing market share in the commodity groups *pharmaceuticals*, *wood products/processing*, *electronics* and *instruments* (measuring and control instruments used frequently in healthcare). These are all commodity groups where demand soared during the pandemic. At the same time, Sweden lost market share particularly in the commodity groups *petroleum products* and *electricity*.

## SWEDEN CAPTURED MARKET SHARE

Exports are an important growth engine for the Swedish economy and account for approximately half of GDP. Goods exports

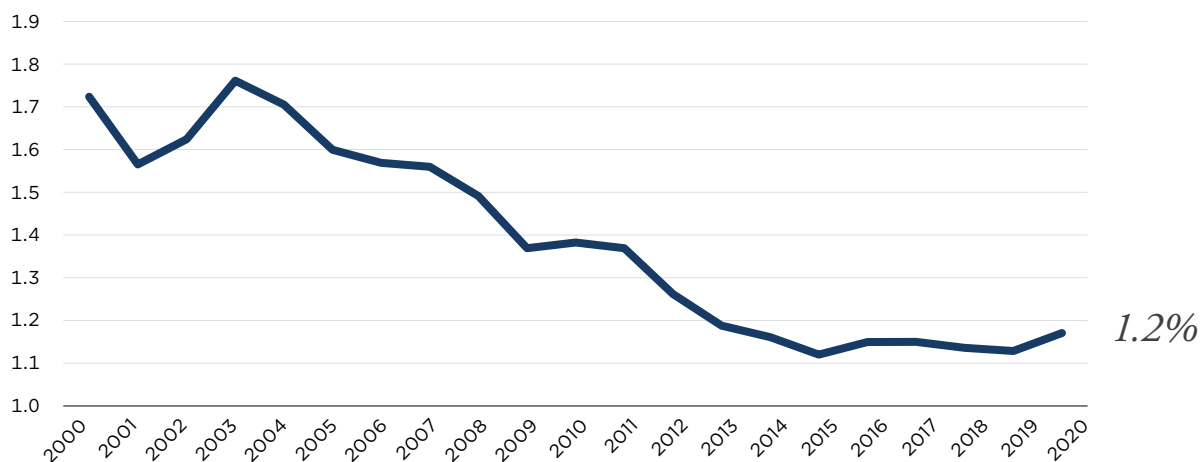
Sweden captured market share during the pandemic year 2020

Swedish exports of "pandemic goods" drove the development

Asia reinforced its position as demand for electronics soared

## SWEDEN CAPTURES MARKET SHARE DURING THE PANDEMIC

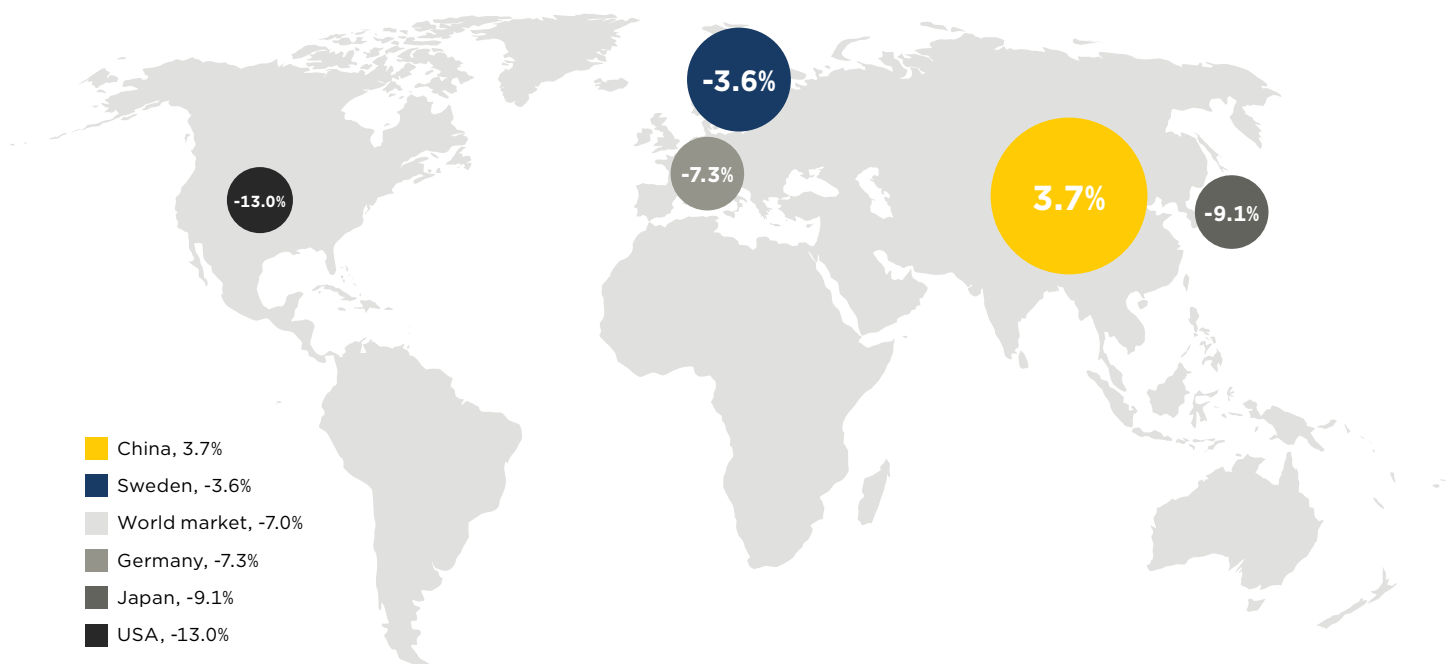
Sweden's export market share\* 2000–2020, per cent



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

## SWEDISH EXPORTS PERFORMED BETTER THAN THE GLOBAL MARKET

Goods export development for Sweden and selected countries, percentage change, 2020



account for two-thirds of total exports and, as such, represent a crucial share of total exports. Sweden's share of global exports declined from 1.8 per cent during a protracted period, stabilising at around 1.1 per cent in 2015 where the share has remained since. However, during 2020 when the pandemic hit, Sweden expanded its global export market share by 9 per cent, reaching approximately 1.2 per cent of the world's total exports.

There were several underlying factors behind the declining trend for Sweden's export market share during the period 2000 to 2015. Among them was the fall of investments in several of Sweden's most important trading markets in the wake of the global financial crisis of 2008 – not least in Europe where around 70 per cent of Swedish exports are destined. This fall of investments resulted in declining demand for Swedish manufacturing goods, which are largely exported. Manufacturing goods such as *machines, vehicles, electronics, telecom* and *instruments* account for 40 per cent of Sweden's total goods exports. Another important reason for the decline was the rising role of emerging economies in the global goods export market, especially Asian countries. China increased its market share from a modest level of 4 per cent in 2000 and rapidly became the world's

largest goods exporter by far. This success story for China began when the country joined the World Trade Organization (WTO) in 2001. China continued to expand its share of global exports during the pandemic and reached a 15 per cent share in 2020, up from around 14 per cent in 2019. The fact that emerging economies are increasing their exports at a faster rate than Sweden is, nonetheless, an expected development as these economies grow and become more advanced.

That said, Sweden's export development was more favourable in 2020 compared to the rest of the world. The global market's total exports fell by 7 per cent last year, while Swedish exports only fell by 4 per cent (in current prices). The decline in Swedish exports was far less severe than it was for several large countries such as Germany and the US. The world's largest goods exporter, China, even demonstrated positive development during the year. One explanation for China's strong export performance is that the pandemic hit the country early in the year, as well as the fact that Chinese authorities quickly managed to curb the spread of infections in the country. In addition, China and many other Asian economies occupy leading positions as global suppliers of *electronics* and *healthcare* products – two commodity groups

where demand soared last year. Moreover, China has performed better than the global market ever since 2000. At the same time, it is important to underscore that all calculations are based on current prices in US dollars (USD). This means that price and currency fluctuations affect the results which should, therefore, be interpreted with a measure of caution. Our Global Export report from 2019 presents a fact box with a brief description of the impact of price and currency fluctuations.

### ASIA CONTINUES TO CAPTURE MARKET SHARE

The fact that emerging economies – particularly in Asia – have expanded their share of the global market becomes evident when the world’s total goods export per region in 2000 is compared with 2020 levels. Europe and North America have both lost ground in the global export market while Asia forges ahead, capturing an increasing share. Europe’s share of global exports has declined from 42 to 38 per cent, while the Asia and Oceania region has considerably increased its share of global exports, from 30 per cent in 2000 to 40 per cent in 2020. Asia’s share increased markedly during the pandemic and rose by 2 percentage points, from 38 per cent in 2019. North America has lost significant ground in the global export market, falling from a 19 per cent share in 2000 to 13 per cent in 2020. South America, Africa and the Middle East have much smaller shares of global exports which have largely remained unchanged over time. Africa, however, experienced a moderate decline of its share which fell from around 2 per cent in 2000 to 1.5 per cent in 2020.

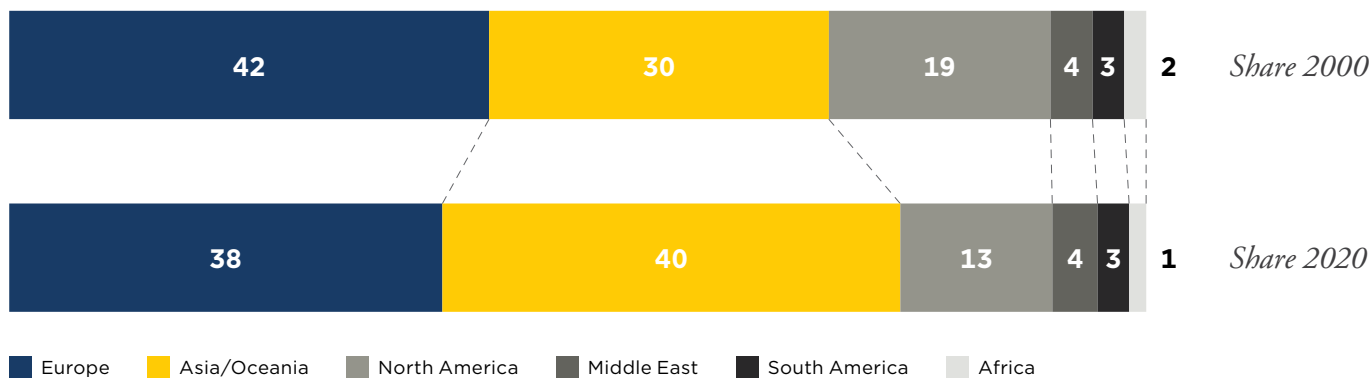
Europe and Asia both experienced significant changes between 2003 and 2010 when Europe’s

share of exports shrank from 47 per cent to 39 per cent, while Asia’s share rose from 28 to 36 per cent. The Asian economies have developed considerably during the same period, thereby contributing to increased exports from the region. In tandem with this rapid growth, these economies have continuously been restructured. For example, exports from the region have shifted in focus from more simple goods such as *textiles* and *foodstuffs* to higher value-added products and capital goods. This contributes to a higher value of total exports. A massive influx of foreign capital – not least in China – and the expansion of infrastructure has been a precondition for the region’s rapid export growth. At the same time as Asia has gained market share, mature regions such as Europe and North America have lost ground and seen their shares of total exports decline.

In the case of North America, the export market share declined primarily before the global financial crisis, between 2001 and 2008, when it fell from 19 to 13 per cent. A moderate upward trend was observed from 2014 and onwards. North America, and particularly the US, has increased its attractiveness for manufacturing companies since the global financial crisis. South America experienced a moderate upward trend between 2002 and 2011, but since then the export market share has steadily declined and is today at a slightly lower level than it was 20 years ago. The Middle East demonstrated a positive trend in the period 2001 to 2014, but the export market share in this region has since fallen sharply, from almost 7 per cent at its highest level to around 4 per cent in 2020. Africa’s share stayed consistently at 2-3 per cent during the same period but declined slightly during the pandemic to approximately 1.5 per cent in 2020.

### ASIA’S MARKET SHARE CONTINUES TO GROW

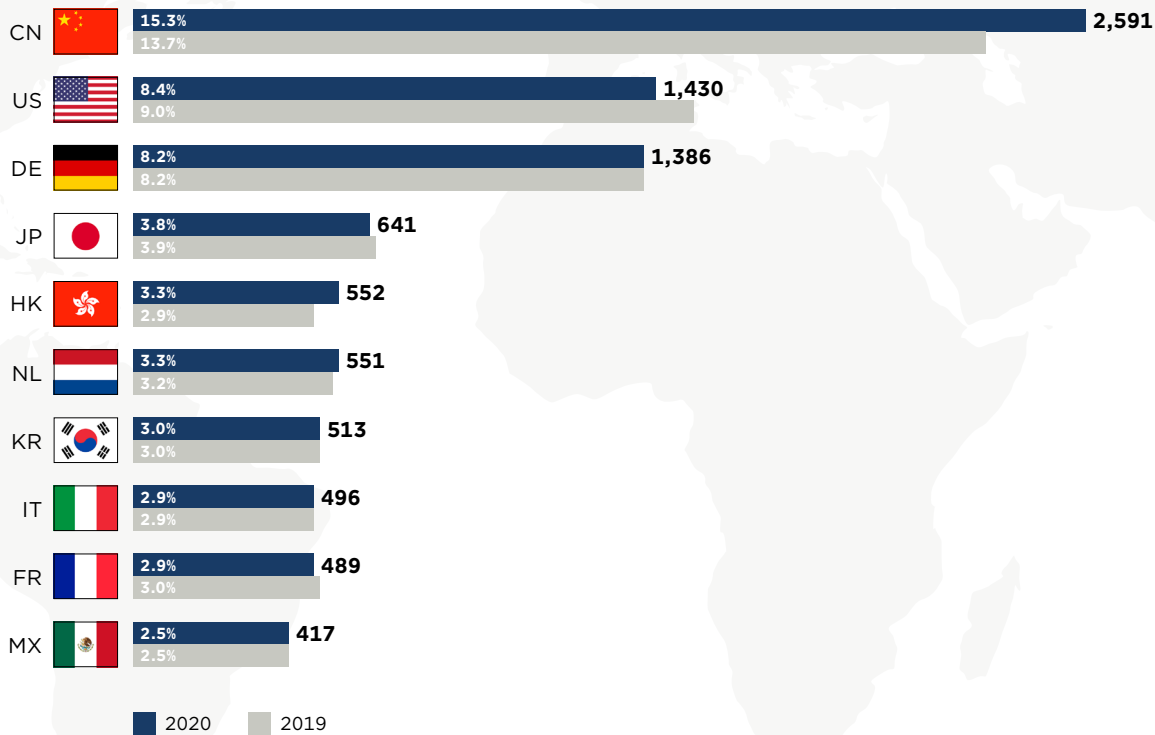
Share of exports per region during the period 2000–2020, per cent



\* World’s total exports (i.e. not the global market according to definition in appendix “About Global Export”).

## TOP 10 GOODS EXPORTERS

Percentage share of global exports and billion USD (2020), respectively



### CHINA - THE WORLD'S LARGEST GOODS EXPORTER

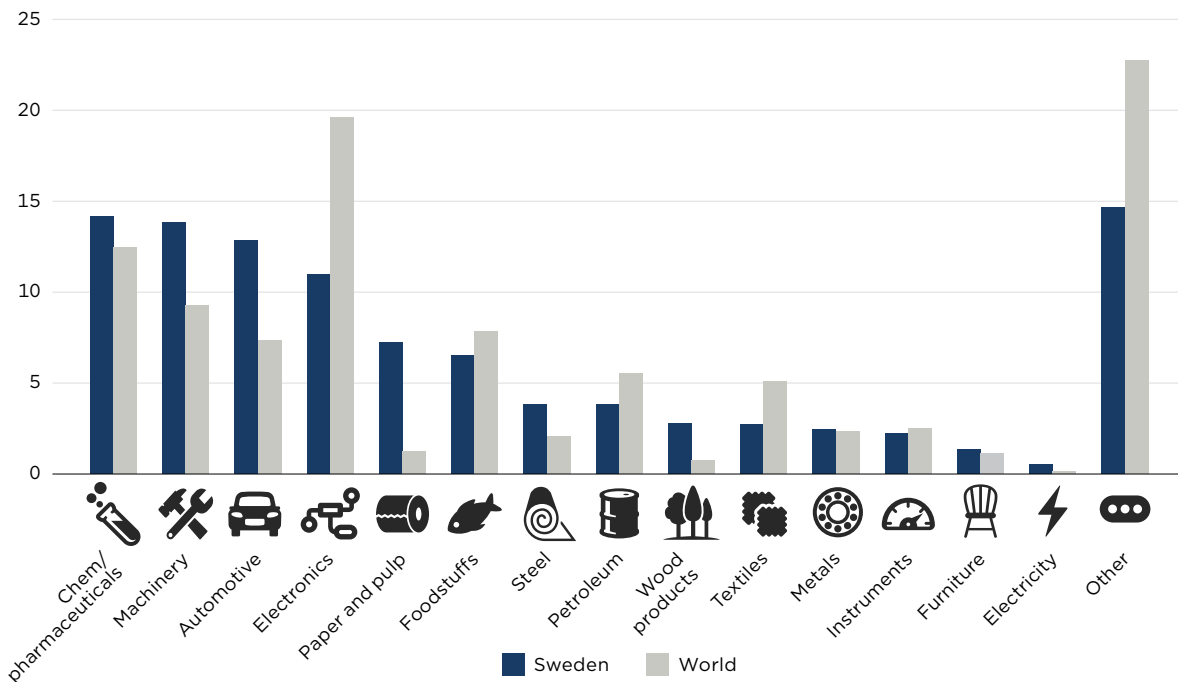
China, which is today the world's largest goods exporter, makes a significant contribution to the increasingly prominent role of Asia and Oceania in global trade. China exported goods worth approximately USD 2,600 billion in 2020 and accounts for around 15 per cent of the world's total exports. The US and Germany – the world's second and third largest exporting nations – both export goods worth approximately USD 1,400 billion. Together, these three countries account for just over 30 per cent of the world's total goods exports. Japan, South Korea, The Netherlands, Hong Kong, France, Italy and Mexico are also large players in the global market for goods exports, albeit with far smaller shares. In all, these countries account for 22 per cent of global goods exports.

To nuance the perception of China as the dominating player, it is worth pointing out that

foreign companies – primarily American and European – account for around 40 per cent of China's goods exports according to Chinese customs data. To a large extent, the development seen over the past few years is due to the fact that American and European companies have moved their production to China in order to benefit from lower production costs. At the same time, companies discovered the advantages of producing goods in China for a fast-growing regional market. The regionalisation trend has contributed to higher growth and intraregional exports in Asia. In the changed playing field for global manufacturing, companies are increasingly focusing their strategies on near-market manufacturing in the three main production regions North America, Europe and Asia. This will affect how Swedish exports develop in the future (see Business Sweden's reports [Manufacturing changes course](#) and [Taking manufacturing to new frontiers](#)).

## MANUFACTURING SECTOR DOMINATES SWEDISH EXPORTS

Swedish and global goods exports by sector, 2020, per cent



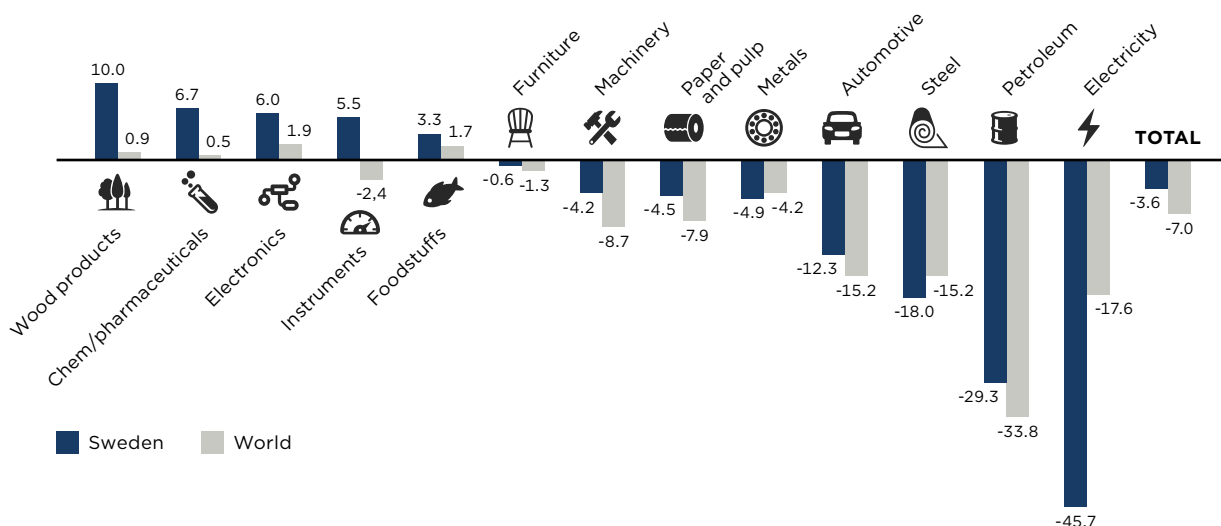
### SWEDISH EXPORTS OF “PANDEMIC GOODS” INCREASED DURING 2020

The manufacturing sector, with particular emphasis on *machinery* and *automotive*, dominates Swedish goods exports and accounts for 45 per cent of the country’s total goods exports. However, *chemicals and pharmaceuticals* also account for a large share. Swedish exports of *chemicals and pharmaceuticals* increased by almost 7 per cent during the pandemic year. This meant that this commodity group accounted for the largest share of Swedish exports during 2020, at approximately 14 per cent. *Electronics*, *paper and pulp*, and *foodstuffs*

are additional key commodity groups. Compared to the global market for exports, Swedish exports account for a considerably larger share of *automotive* and *machinery*, as well as *paper*, *steel* and *wood products*. The global market plays a larger role when it comes to *electronics*, which since long has been China’s largest commodity group for exports. *Electronics* account for no less than 36 per cent of China’s goods exports which, in turn, accounts for 28 per cent of global electronics exports. A considerable share of global exports is also found in the commodity groups represented by the *Other* bar in the chart above (including clothes, shoes and mineral fuels).

### SWEDEN OUTPERFORMS THE WORLD IN “PANDEMIC GOODS”

Export development in different commodity groups, annual percentage change, 2020
















As mentioned previously, 2020 indicated a trend shift from the stable development of Sweden's share of global exports, which increased last year. It remains to be seen whether the uptick was due to a temporary pandemic effect. When examining the commodity groups more closely, it is clear that Sweden's increased market share was, partially at least, due to a pandemic effect. During 2020, Sweden experienced a more favourable development than the world market and captured market shares, primarily in the commodity groups *chemicals/pharmaceuticals*, *wood products/processing*, *electronics* and *instruments*. All of these commodity groups have been affected by surging demand due to the pandemic. At the same time, Sweden has lost market share in commodity groups such as *petroleum* and *electricity*.

A more long-term analysis of the development over the past decade reveals that Sweden has captured market share, primarily in the commodity groups *automotive* and *electricity*. The commodity groups that demonstrate weaker development, in other words where Sweden has lost market share, are *electronics*, *metals* and *furniture*. Asia has captured market share in most of these commodity groups and its performance is only weaker than the global market in the commodity group *instruments*. By contrast, North America has performed weaker in several commodity groups except for *petroleum*, *automotive* and *electricity* where the region has performed considerably better. Europe has seen a robust development in line with the global market but has also captured market share in *automotive* and *instruments*.

## INDUSTRY-WIDE UPSWING FOR ASIAN GOODS EXPORTS

Export development by commodity group and region, percentage change 2020 compared to 2010

	World market	Sweden	Europe	Asia and Oceania	North America	South America	Africa
Machinery 	20	0	14	43	9	-25	-20
Automotive 	14	40	20	11	27	-50	45
Chem/pharmaceuticals 	33	22	38	42	12	-13	43
Electronics and telecom 	25	-24	11	51	11	-48	34
Paper and pulp 	-1	-17	-9	53	-15	0	-10
Petroleum 	-40	-40	-39	-34	10	-21	-55
Foodstuffs 	38	41	38	58	44	26	25
Steel 	-18	-27	-23	0	-31	-16	-42
Wood products 	27	-1	24	24	37	45	7
Metals 	33	-11	17	59	23	-16	-24
Instruments 	24	0	38	12	26	115	3
Furniture 	43	-6	27	80	22	-22	-38
Electricity 	-27	5	-29	67	-15	-24	48
<b>TOTAL</b>	<b>16</b>	<b>-2</b>	<b>12</b>	<b>32</b>	<b>14</b>	<b>0</b>	<b>-4</b>

 Stronger development than global exports (> 5 percentage points)

 Weaker development than global exports (< 5 percentage points)

Note. The colour code indicates development per commodity group and region compared to the total 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 United Nations' database UN Comtrade has been used to produce export statistics for Sweden's 32 most important export markets for the period 2000–2020. The analysis focuses on export development over the past ten years. 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 limitations and does not clearly indicate how export development has impacted the Swedish economy in terms of GDP and employment. Data showing constant prices is lacking for many countries which is why using current prices is necessary in the analysis of individual commodity groups.

The 32 selected countries include Australia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Mexico, The Netherlands, Norway, Poland, Switzerland, Spain, Sweden, Turkey, United Kingdom and USA. Statistics are not available for all countries. Nor is it relevant to compare Sweden with countries whose main goods exports are raw materials. The analysis has therefore been limited to all larger countries that to a varying degree are "competitors" to Sweden.

The goods exports have been divided into 13 commodity groups that cover about 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)
- *Paper and pulp* (25, 64)
- *Petroleum products* (33)
- *Electricity* (35)
- *Steel* (67)
- *Metal industry* (69)
- *Machine industry* (71, 72, 73, 74)
- *Electronics 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 – which became the largest commodity group during the pandemic – accounts for 14 per cent of Swedish exports. This commodity 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, and are therefore not covered by this analysis.



## 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 Kappa Kraftliner 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 13 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 Group and Haldex are important automotive sub-suppliers in Sweden.



## ELECTRONICS AND TELECOM

Electronics 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 2016, 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.



## 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 Materials Technology, 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.



## FOODSTUFFS

The commodity group foodstuffs 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 witnessing strong growth, particularly in countries in Western Europe, and has in many regions become synonymous with quality and safety.

# COMMODITY GROUPS



## MACHINERY

The machinery industry has long been Sweden's largest commodity group for exports. In 2020, this sector accounted for almost 14 per cent of Sweden's total goods exports, becoming the second largest commodity group. 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 Rock Drills, Hexagon, Nibe, Systemair, Gunnebo and Valmet. There are also many small and medium-sized companies in this sector.



## FURNITURE

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



## ELECTRICITY

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



## 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 Sterilization, Gambro and Elekta are a few examples.



## PETROLEUM PRODUCTS

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.



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