



STABILITY PREVAILS FOR SWEDEN'S EXPORT MARKET SHARE

GLOBAL EXPORT
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FOREWORD

The era of globalisation is over and strong protectionist winds are blowing across the world at regular intervals – as seen not least in the power battle between the US and China and the tensions caused by the current pandemic. Since a while back, world trade has shifted toward a regionalised focus where three large production regions dominate; North America, Europe and Asia.

Industrial companies are increasingly manufacturing goods closer to the markets they are destined for. This trend of near-market manufacturing is gathering pace in Asia where approximately half of all trade in industrial goods is now intra-regional. In North America and Europe, the share of intra-regional trade is even higher.

The fact that industrial companies operating globally are moving toward near-market manufacturing will impact the future development of Sweden's goods exports. In the past few years, Sweden's share of the global goods export market stabilised at around 1.1 per cent. This means that Sweden is no longer losing market share, but thinking that Sweden can recapture market share may just be too much to hope for.

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The latest statistics from the United Nations' database UN Comtrade show that Sweden's share of the global market for goods exports has remained stable since 2015. Since then, Swedish exports account for approximately 1.1 per cent of the world's total exports. The stability of the past four years was preceded by a relatively long period of falling market share for exports. Over the past 20 years, the emerging economies – primarily in Asia – have become more and more influential in the global goods export market. The expansion of goods exports from these countries mainly occurred before 2010, in other words during the period when world trade expanded significantly too.

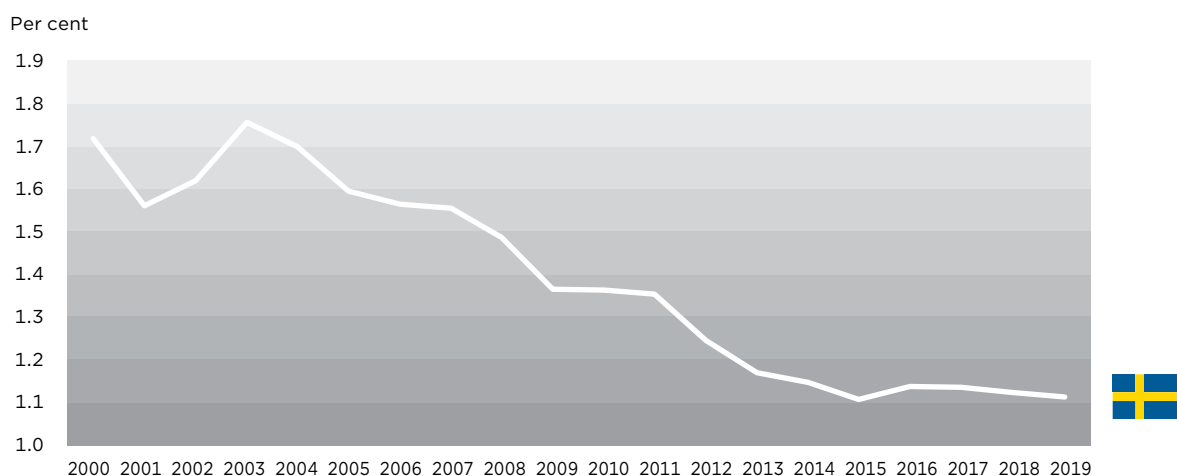
Although Sweden's share of the global export market has remained stable in recent years, we can observe changes in how certain commodity groups have developed. Chemicals (incl.

pharmaceuticals) and steel are two commodity groups where Sweden increased its global market share and, conversely, petroleum is a typical example where Sweden lost market share.

UNCHANGED SHARE OF GLOBAL EXPORTS FOURTH YEAR IN A ROW

Global trade has changed dramatically over the past two decades. Emerging markets such as China have gone from being relatively insignificant to being counted among the world's most important exporting nations. After China joined the World Trade Organization (WTO) in 2001, the country has gone from being the 6th largest exporter to the world's largest exporter of goods today. China accounts for approximately 14 per cent of all exports. The US and Germany come in at second and third place with around 9 per cent

SWEDEN'S SHARE OF GLOBAL EXPORTS* 2000–2019



* Share of world market, see definitions in the chapter about global export

and 8 per cent respectively. Such as seismic shift obviously affects all players in the global export market. Competition has become increasingly fierce, but this has also led to an expansion of world trade. In this changing landscape, Sweden has not managed to maintain its share of the world's total goods exports. Sweden's export market share has dropped from 1.7 per cent in 2000 to 1.1 per cent in 2019. However, since 2015 Sweden's share of goods exports remained unchanged. The downward trend for Sweden with a falling export market share appears to have been broken in the past four years.

It should be noted that all calculations are based on current prices expressed in US dollars (USD). It is important to consider price and currency fluctuations to understand the analysed results. Last year's edition of this report (Global Export 2019) features a fact box which provides an overview explaining the impact of price and currency fluctuations.

EMERGING MARKETS ENTER SLOWDOWN PERIOD

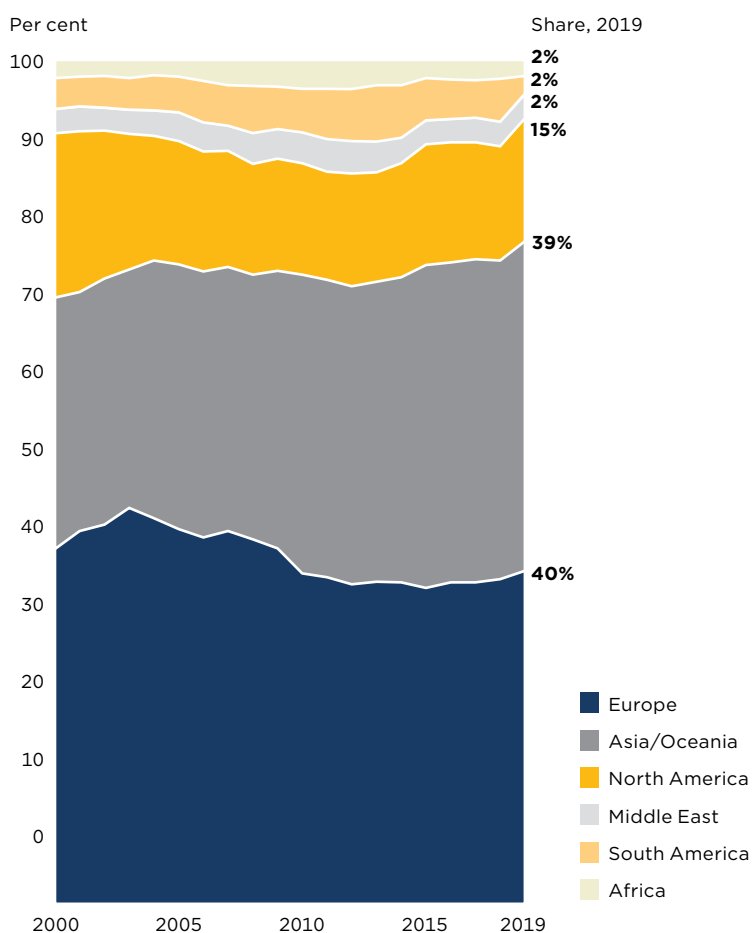
In a regional analysis of global exports during the period 2000–2019, it becomes clear that emerging markets have become more influential on the world stage. Europe and North America have both lost shares of global exports while the Asian emerging economies have leaped forward. Europe's share of total goods exports decreased from 42 to 39 per cent while Asia and Oceania significantly increased its share of exports, from 30 per cent in 2000 to 40 per cent in 2019. North America has lost a relatively large share of global exports, falling from 19 per cent in 2000 to 15 per cent 2019. The share of exports for South America, Africa and the Middle East are considerably lower while South America's share of exports has more or less remained unchanged during the same period. Meanwhile, the Middle East has halved its share though Africa's declining share of exports has been notably more moderate.

For Europe and Asia, the most significant changes occurred between 2003 and 2010 when Europe's share contracted from 47 to 39 per cent. Meanwhile, Asia expanded its share of exports from 28 to 36 per cent. In the case of North America, most of the export decline occurred 2001–2008, prior to the global financial crisis, when the region's share of global exports fell from 19 to 13 per cent. From 2014 and onwards, a modest upward trend can be observed in North America's share of global exports. South America experienced a modest upward trend between 2002 and 2011 but, since then, its share of global exports has consistently declined and is today

roughly at the same level recorded 20 years ago (approx. 3 per cent). The Middle East demonstrated a positive trend in the period 2001–2014 but its share of global exports has decreased significantly in subsequent years, falling from almost 7 per cent at its peak down to approximately 2 per cent in 2019. Significant fluctuations have also been witnessed in Africa where the share of global exports grew by almost 90 per cent between 2004 and 2010. However, this was from very low numbers (Africa's export market share has varied between just below 2 per cent and just above 3 per cent). Since then, Africa's share has dropped down again and was in 2019 at the same low level recorded in 2004.

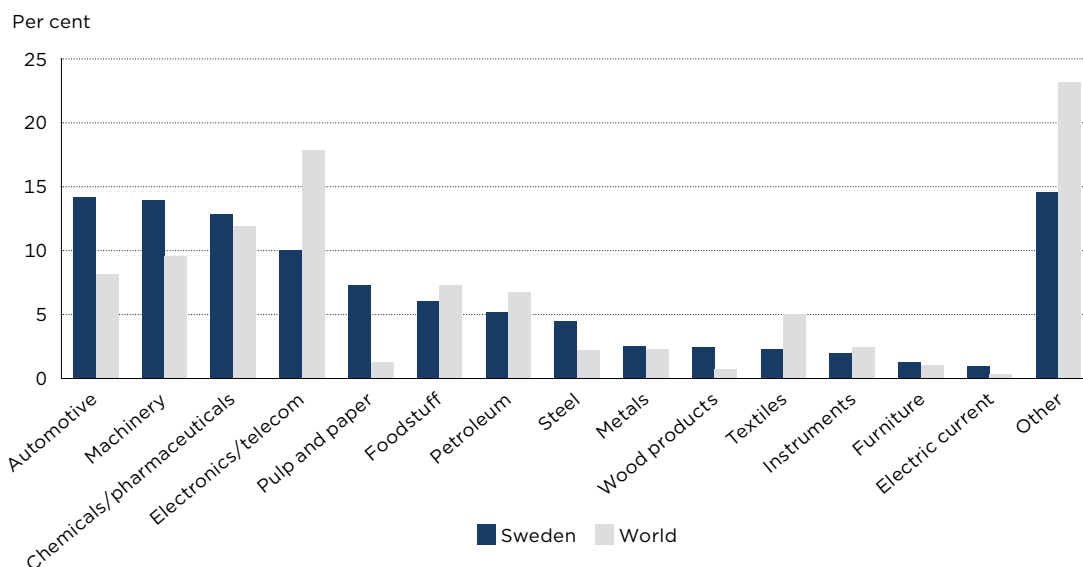
China – the world's largest goods exporter today – contributes considerably to the growing influence of Asia and Oceania in global trade. To add some nuance to the view that China is the dominating player, it is worth remembering that

SHARE OF GLOBAL EXPORTS* PER REGION 2000–2019



* Total exports worldwide (i.e not global market according to definition on p.6)

GOODS EXPORTS PER SECTOR AS A SHARE OF TOTAL EXPORTS, 2019



foreign companies account for approximately 40 per cent of China’s exports. This means that the development over the past 20 years is to a large extent hinged on the fact that North American and European companies decided to move production to China to leverage lower manufacturing costs for goods, which were then largely consumed in the home markets. Global companies are now adapting to a changed landscape as they shift their focus to near-market manufacturing in the three major production regions North America, Europe and Asia. This trend will impact the future development of Swedish exports.

groups. Between 2018 and 2019, Swedish exports developed more favourably in a global comparison when it comes to *chemicals/pharmaceuticals* and steel, while market share decreased in other categories such as *petroleum*. Conversely, in an assessment of the entire period when Sweden’s share of the goods exports market remained stable (2015–2019) Sweden has gained market share primarily in the categories *automotive*, *steel* and *electric current*. The categories where Sweden has seen a less favourable development than the global market – in other words lost market share – are *machinery*, *electronics*, *metals*, *wood products* and *instruments*.

UPSWING FOR CHEMICALS AND STEEL IN 2019

Engineering industry dominates Swedish goods exports, particularly the machinery and equipment- and automotive sectors, and accounts for approximately 40 per cent of the nation’s total goods exports. Chemicals, electronics, pulp and paper and foodstuff are other important export segments. In a global comparison of exports, Swedish goods exports account for a far higher share of vehicles and machinery, pulp and paper, steel and wood products. Global exports are more weighted towards electronics, which has long been China’s largest commodity group for exports, as well as commodities that make up the *Other* category in the bar chart below (including e.g. clothes, shoes and mineral fuels).

The year 2019 marked a continuation of the stable development for Sweden’s share of global goods exports seen during recent years, as explained above. However, differences can be noted when comparing various commodity

EXPORT DEVELOPMENT BY GOODS CATEGORY IN RELATION TO GLOBAL MARKET, CURRENT PRICES, USD

Commodity group	2015-2019	2018-2019
Automotive	Stronger	Stronger
Machinery	Weaker	Stronger
Chemicals & pharmaceuticals	Stronger	Stronger
Electronics and telecom	Weaker	Stronger
Pulp and paper	Stronger	Stronger
Foodstuff	Stronger	Stronger
Petroleum products	Stronger	Stronger
Steel	Stronger	Stronger
Metals	Weaker	Stronger
Wood products/processing	Weaker	Stronger
Instruments	Weaker	Stronger
Furniture	Stronger	Stronger
Electric current	Stronger	Stronger

- Stronger development than world market (> 5 percentage points stronger)
- On par with world market
- Weaker development than world market (< 5 percentage points weaker)

ABOUT GLOBAL EXPORT

Business Sweden publishes the report *Global Export* once a year.

The United Nations' database UN Comtrade has been used to produce export statistics for Sweden's 32 most important export markets for the period 2000–2019. 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. Basing the analysis on the value of trade streams is limiting and will not shed light on how the export development impacts the Swedish economy in terms of GDP and employment. In addition, volume data is lacking for many countries which is why using current prices is necessary in the analysis of individual commodity groups.

The analysis is focused on Swedish exports in relation to "the world market", which in this context comprises a selection of important trading partners for Sweden. These 32 countries include Australia, Austria, Egypt, Estonia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, India, Italy, Japan, Lithuania, Mexico, Norway, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Spain, United Kingdom, Sweden, The Netherlands, Turkey 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 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 parenthesis:

- *Foodstuff (food and beverage)* (0, 1)
- *Wood products/processing* (24, 63)
- *Chemicals and pharmaceuticals* (5)
- *Pulp and paper* (25, 64)
- *Petroleum products* (33)
- *Electric current* (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).



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