

# THE KRONA, PRICES AND GEOPOLITICS

*How they are affecting  
Swedish industrial exports*

# EXECUTIVE SUMMARY AND REMARKS

Key findings in the survey:

- *Approximately half of Swedish industrial companies state that a weak krona creates better conditions for gaining export business in foreign markets. A quarter of the surveyed companies are instead disadvantaged by a weak krona. For the remaining quarter of companies, the value of the krona makes no difference.*
- *Three-quarters of the companies can pass on some of the increased costs for intermediate goods and transport via price increases for foreign customers.*
- *Three-quarters of Swedish industrial companies state that the current, increased geopolitical tensions have a direct impact on their operations in foreign markets. Just over a third of companies report a noticeable to very large impact.*

On behalf of Business Sweden, the research company Origo Group conducted a survey of Swedish industrial companies with the aim of getting straight answers to three burning questions: Does a weak krona provide better conditions for winning export business? Can industrial companies raise their prices for foreign customers? Does the geopolitical situation have a direct impact on their operations in foreign markets?

300 leading representatives from companies in various industrial sectors – mainly CEOs, sales managers, business area managers or equivalent – answered the survey via telephone interviews during the period 25 April – 21 May 2024.

The survey results are reported in diagram format in the following pages. Business Sweden uses a simple calculation model to rank industries based on the ones that benefit most from a weak krona. The same model is used to show which industries have the greatest scope for raising prices for foreign customers, as well as which industries are most affected by the current geopolitical situation. The calculation model is described in the presentation of each diagram.

The responses show that approximately half of Sweden's industrial companies benefit from a weak krona and that the basic industries – *Wood and paper, Steel and metal and Chemicals and*

*pharmaceuticals* – benefit the most. Together, these industries account for roughly 40 per cent of Swedish export of goods.

For industries that depend on a large share of intermediate goods from abroad, such as *Automotive* and *Electronic equipment*, the upside of a weak krona is considerably less. For *Other manufacturing*, which mainly includes clothing and textile goods, furniture and medical equipment, a weak krona results in tougher conditions for winning export business. This is primarily due to the fact that these industries use a large share of imported intermediate goods in their production in Sweden, which – provided that the krona is weak vis-à-vis other currencies – makes the final export goods more expensive to produce.

The survey also shows that three-quarters of industrial companies have a degree of maneuverability for passing on increased costs for intermediate goods or transport via price increases for foreign customers. Should these findings be viewed as reflective of a generous attitude in global markets towards price increases, which could complicate the ongoing, global struggle to push down inflation?

The answer is probably 'no'. The primary response category "Some scope" for price increases likely suggests that companies have room for small, well-justified price adjustments for their foreign customers. The survey shows that only a fifth of companies have a noticeable to very high scope for price increases. For another fifth of companies, there is no room at all.

The fact that competition on the world market limits the scope for price increases is best illustrated by the three industries placed last in Business Sweden's ranking: *Automotive, Food and Wood and paper*, all of which are industries with products that are highly exposed to international competition.

The last question aims to answer whether the current geopolitical tensions and conflicts – such as Russia's invasion of Ukraine, the crisis in the Middle East, the conflicts around Taiwan and the South China Sea, and the power struggle between the United States and China – have a direct



**LENA SELLGREN**  
Chief Economist  
Business Sweden

impact on the companies' operations abroad in terms of exports, local sales and investments, or whether they are merely topics for general discussion among management and in boardrooms?

The answer might be surprising: As many as three-quarters of industrial companies state that the geopolitical situation has a direct impact on their operations in foreign markets. Roughly a third of the companies report a noticeable to very large impact on their business. Almost 60 per cent of large companies report a noticeable to very large impact.

In Business Sweden's ranking, *Machinery* is the industry that is most affected by geopolitics. This is likely because the industry's products so clearly contribute to technological, economic and military advantages, and they can also be used for both civilian and military applications, so-called *dual use*. In Business Sweden's report *Technologies of power* (January 2022), machinery was identified as the industry with the largest share of highly exposed exports, i.e. exports that are at risk of being exposed to disruption in an escalated superpower conflict between the US and China.

We can therefore conclude that the industrial sector – especially Sweden's basic industries – benefit overall from a weak Swedish krona. This is reflected in the fact that in the years following the pandemic, Swedish exports of goods have been maintained despite world trade seeing negative development since the end of 2022.

The fact that Swedish industrial companies have some possibility to pass on increased costs to foreign customers via price increases indicates that they are competitive on the global market.

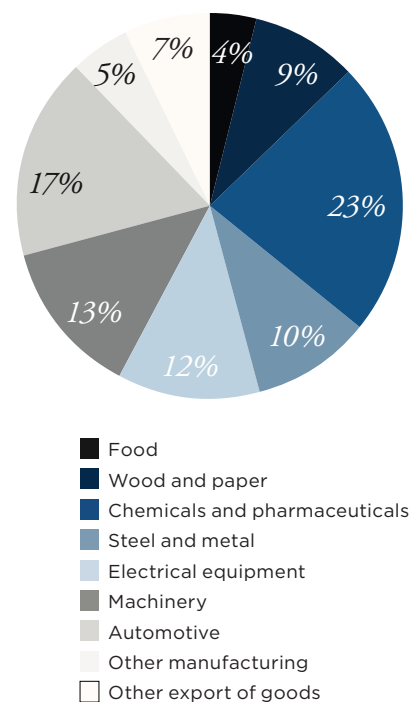
It is also clear that increased geopolitical tensions are having a direct impact on industrial companies' operations in foreign markets. Unfortunately, these tensions will not ease, but rather intensify. Close monitoring of the world around us and an understanding of how states can control international business through geo-economic means of power – such as trade policy, sanctions and other market influences – is necessary but currently not sufficient. All companies today need to have a well-developed contingency plan.

With a solid presence in foreign markets, Business Sweden and the other Team Sweden partners have an important mission to support all Swedish companies – don't hesitate to contact us.

Lena Sellgren  
Chief Economist

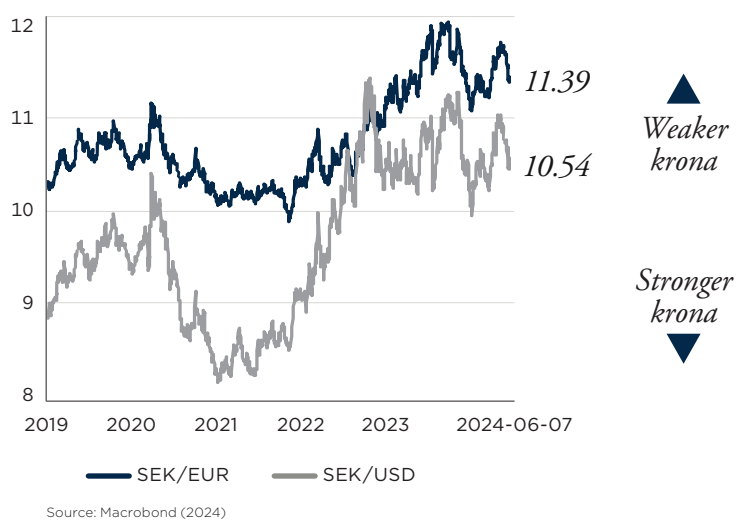
11 June 2024

## 1. SWEDEN'S EXPORT OF GOODS Share in per cent by industry, 2023



Note: Sweden's export of goods amounted to SEK 1,999 billion in 2023. As can be seen from the diagram above, "Other export of goods" accounted for 7 per cent of total exports of goods. This category consists mainly of agricultural products, minerals et cetera and is not part of the statistics for manufacturing. Companies from this category are not included in Business Sweden's survey.  
Source: Statistics Sweden (2024)

## 2. DEVELOPMENT OF THE SWEDISH KRONA AGAINST THE EURO AND US DOLLAR SEK/EUR and SEK/USD, January 2019 - June 2024



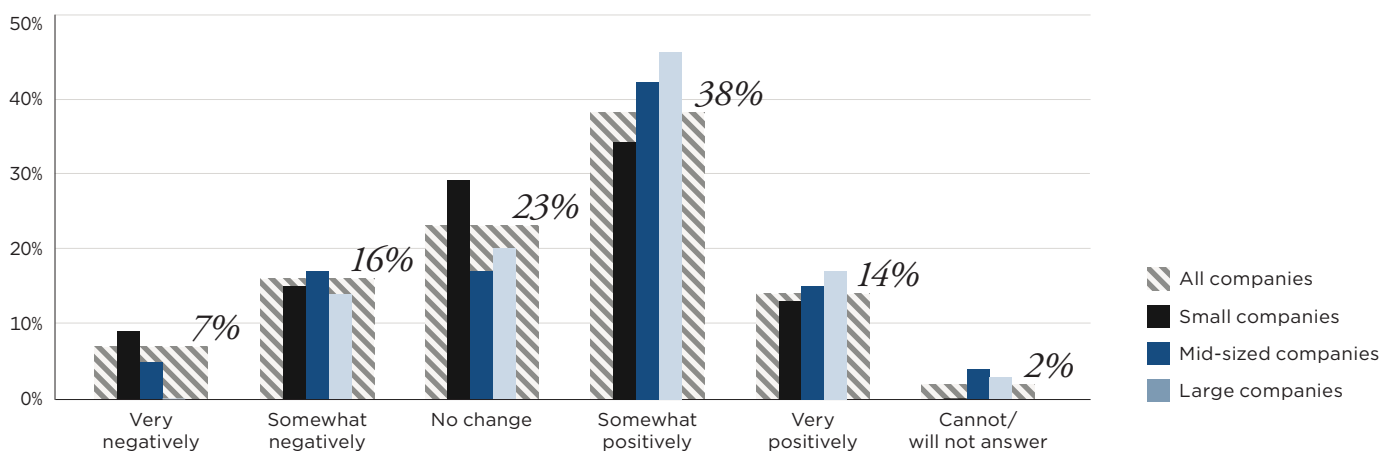
# THE KRONA AND SWEDISH EXPORTS

Just over half of Swedish industrial companies state that the conditions for winning export business improve with a weak krona. A quarter of companies are negatively affected by a weak krona. For the remaining quarter of companies, the value of the krona vis-à-vis other currencies makes no difference.

Large companies are the biggest winners when the krona is weak.

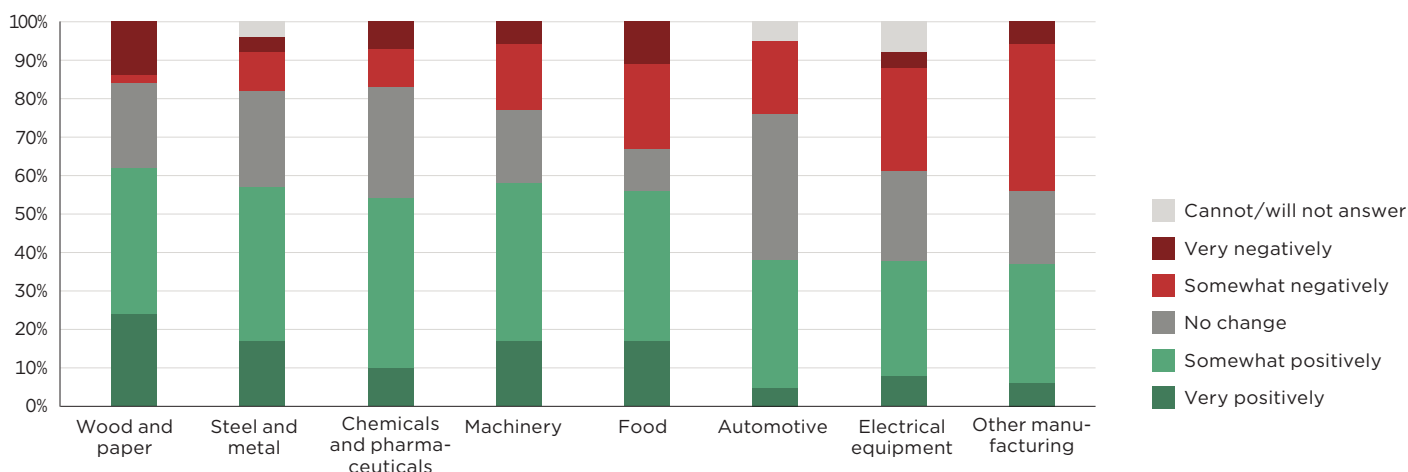
### 3. INDUSTRIAL COMPANIES GAIN FROM A WEAK KRONA

Question: How are your company's prospects of winning export business with goods manufactured or assembled in Sweden affected when the krona weakens against major currencies such as the US dollar and euro?



Answers on a scale from 1 to 5, where 1 = Very negatively and 5 = Very positively

### 4. 'WOOD AND PAPER' GAINS MOST FROM A WEAK KRONA



How calculations were made to identify and rank industries that are advantaged and disadvantaged from a weak krona: (% Very positively - % Very negatively) + (% Somewhat positively - % Somewhat negatively) = Net positive or negative outcome in per cent. The ranking is determined according to outcomes in descending order.

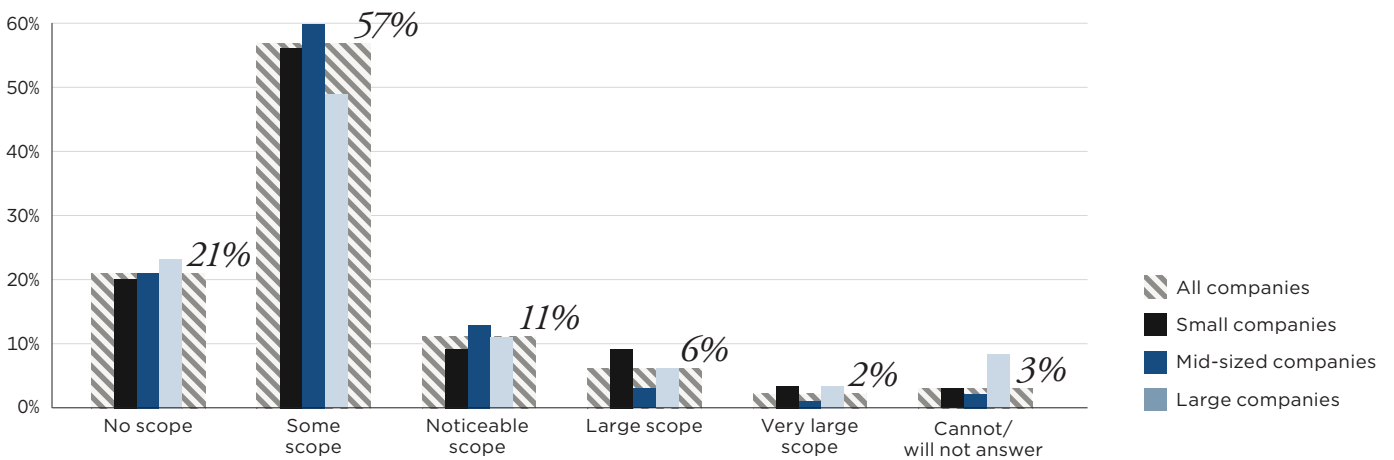
# PRICE INCREASES AND FOREIGN CUSTOMERS

Three-quarters of Swedish industrial companies have some scope for passing on increased costs, such as for intermediate goods or transport, via price increases for foreign customers. But only a fifth of the surveyed companies have large to very large scope for price increases.

For a fifth of the companies, there is no scope at all for price increases and the same share applies to all sizes of companies.

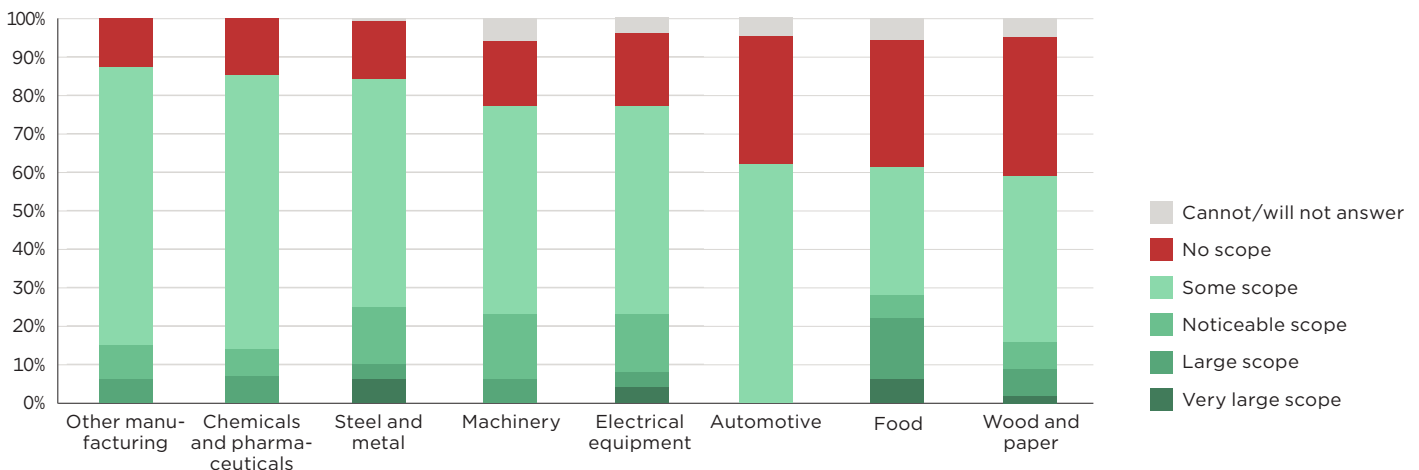
## 5. FOREIGN CUSTOMERS' HAVE A DEGREE OF ACCEPTANCE FOR PRICE INCREASES

Question: How much scope does your company have today to offset cost increases due to, for example, intermediate goods by increasing prices for customers in export sales from Sweden?



Answers on a scale of 1 to 5, where 1 = No scope and 5 = Very large scope

## 6. SCOPE FOR PRICE INCREASES MOST NOTICEABLE FOR 'OTHER MANUFACTURING'



How calculations were made to rank industries according to scope for passing on increased costs via price increases for customers: (% Some scope + % Noticeable scope + % Large scope + % Very large scope) - % No scope = Net positive or negative outcome in per cent. The ranking is done according to outcomes in descending order.

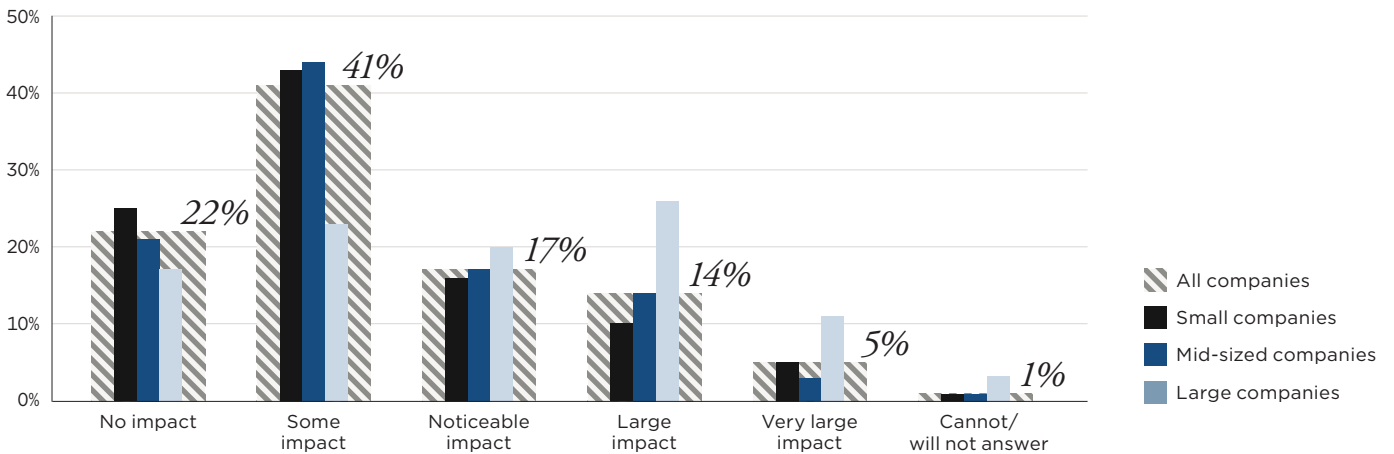
# GEOPOLITICS AND SWEDISH EXPORTS

Three-quarters of Swedish industrial companies state that the increased geopolitical tensions are having a direct impact on their operations in foreign markets. Just over a third of the companies report a noticeable to huge impact. The share of large companies that report a noticeable to very large impact amounts to a notable 60 per cent.

A fifth of the companies are not affected at all by the current geopolitical situation.

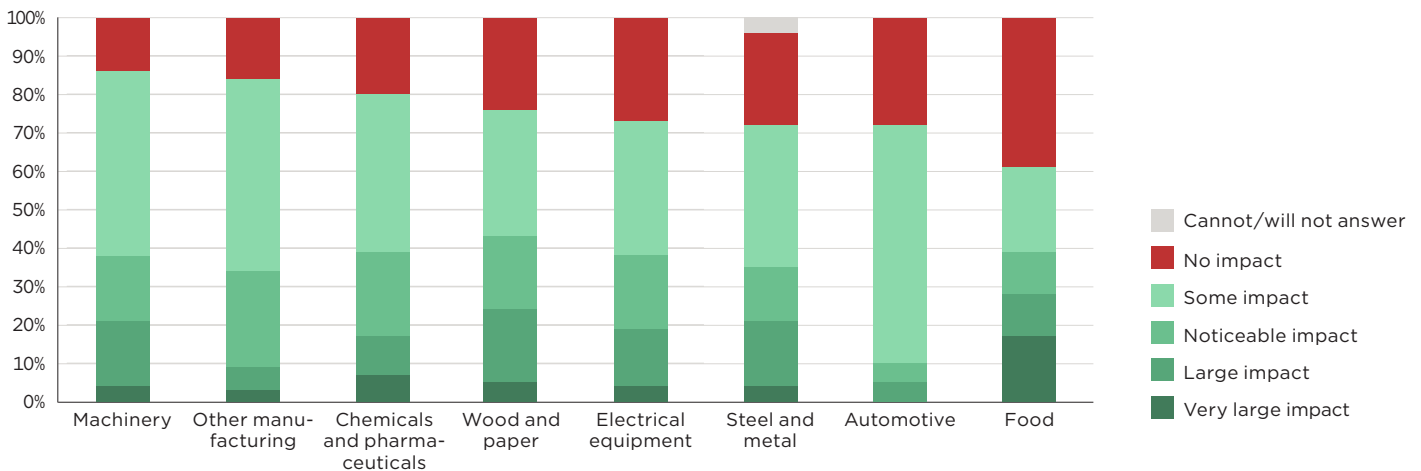
## 7. DIRECT IMPACT OF GEOPOLITICS ON EXPORT BUSINESS

Question: Do the increased geopolitical tensions have a direct impact on your company's operations abroad, in exports from Sweden, local sales or investments?



Answer on a scale of 1 to 5, where 1 = No impact and 5 = Very large impact

## 8. "MACHINERY" MOST AFFECTED BY GEOPOLITICS



How calculations were made to rank industries with regard to the direct impact of geopolitics on the companies' operations: (% Some impact + % Noticeable impact + % Large impact + % Very large impact) - % No impact = Net positive or negative outcome in per cent. The ranking is done according to outcomes in descending order.

# HOW THE SURVEY WAS CONDUCTED

Business Sweden commissioned the research company Origo Group to survey:

*How Swedish industrial companies' exports are affected by a weak krona*

*How much scope industrial companies have for passing on increased costs to foreign customers via price increases*

*To what extent current geopolitical tensions are directly impacting the operations of industrial companies*

The target group for the survey are Swedish and foreign-owned industrial companies that manufacture or assembly goods in Sweden for export to foreign markets, with at least 20 employees in Sweden. At Business Sweden's request, Statistics Sweden (SCB) provided a register of contact details for approximately 3,000 companies based on the above criteria that Origo Group has used in its field work.

The survey was conducted during the period 25 April – 21 May 2024 via telephone interviews with CEOs, sales managers, business area managers or corresponding executives at each company. The respondents answered a survey consisting of five multiple-choice questions put together by Business Sweden.

A total of 300 companies responded to the survey.

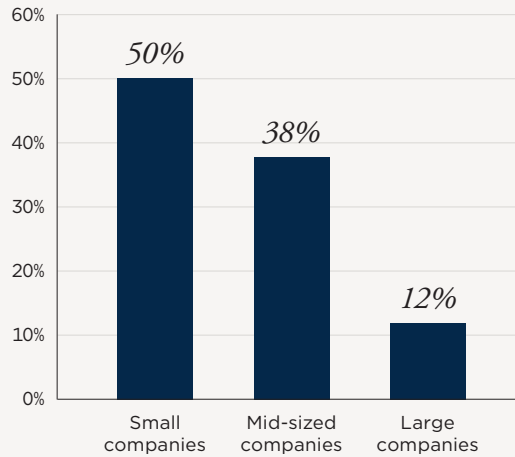
In the analysis of the survey results, Business Sweden has divided the companies into eight industries based on the companies' registered SNI codes (standard for Swedish industry classification). All companies in the survey are in the manufacturing sector (SNI 10–33), in one of the following industries:

*Food (10–12), Wood and paper (16–17), Chemicals and pharmaceuticals (19–23), Steel and metal (24–25), Electrical equipment (26–27), Machinery (28), Automotive (29–30) and Other manufacturing (13–15, 18, 31–33).*

In addition, Business Sweden has divided the companies into three size categories based on number of employees in Sweden, according to the classification made by Statistics Sweden. This categorisation is made to facilitate the reporting of the survey results separately for small companies with 20–49 employees, mid-sized companies with 50–199 employees and large companies with 200 or more employees.

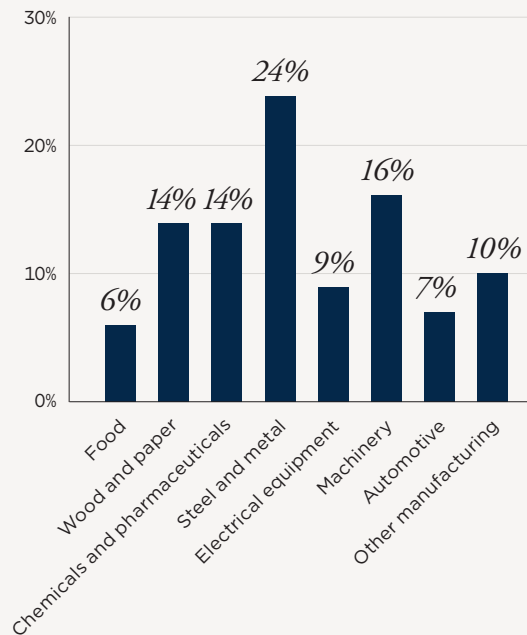
The distribution of industries and size categories among the surveyed companies is well aligned with the total distribution in the register ordered from Statistics Sweden. The survey has been anonymised by Origo Group with regard to the companies' identity.

9. DISTRIBUTION OF COMPANIES BY SIZE\*



\*Note: According to number of employees in Sweden

10. DISTRIBUTION OF COMPANIES BY INDUSTRY





*We help Swedish companies grow global sales and  
international companies invest and expand in Sweden.*

---

**BUSINESS-SWEDEN.COM**

**BUSINESS SWEDEN** Box 240, SE-101 24 Stockholm, Sweden  
World Trade Center, Klarabergsviadukten 70  
T +46 8 588 660 00 [info@business-sweden.com](mailto:info@business-sweden.com)  
[www.business-sweden.com](http://www.business-sweden.com)