

KCCI - Country Wrap: Sweden (Dec.'17)

Sweden – a brief overview

Aided by peace and neutrality for the whole of the 20th century, Sweden has achieved an enviable standard of living under a mixed system of high-tech capitalism and extensive welfare benefits. The country has a modern distribution system, excellent internal and external communications, and a highly skilled labor force. Sweden joined the EU in 1995, but public rejected the introduction of the euro in a 2003 referendum due to their concerns regarding its impact on the economy and sovereignty.

Economy of Sweden

Sweden's long term successful economic formula of a capitalist system intermixed with substantial welfare elements has been challenged several time with first time in the 1990s by high unemployment and in 2000-02 and 2009 by the global economic downturns. However fiscal discipline has made the country to weather economic vagaries.

Timber, hydropower, and iron ore constitute the resource base of an economy heavily oriented towards foreign trade. Privately owned firms account for vast majority of industrial output, of which the engineering sector accounts for about 50% of output and exports. Agriculture accounts for little more than 1% of GDP and of employment.

Key Industries of Sweden

Key industries of Sweden are iron and steel, precision equipment (bearings, radio and telephone parts, armaments), wood pulp and paper products, processed foods, motor vehicles.

Sweden 's major trading commodities and partners

Major Swedish export sectors are paper and pulp, telecommunication equipment, machinery, trucks, chemicals, metals and defense equipment. Swedish multinational companies such as Ericsson, Saab, Tetrapak, Volvo, ABB, Atlas Copco, Oriflame and Alfa Laval dominate the Swedish exports.

Key export commodities of Sweden are machinery, motor vehicles, paper products, pulp and wood, iron and steel products, chemicals. The country export these sectors to Norway, Germany, UK, Denmark, Finland, Netherlands, US, Belgium and France. The commodities imported by Sweden includes machinery, petroleum and petroleum products, chemicals, motor vehicles, iron and steel; foodstuffs, clothing. Its key import partners are Germany, Denmark, Norway, UK, Netherlands, Russia, Finland, China and France.

Economic Relations between Pakistan and Sweden

Pakistan has Bilateral Investment Treaty (BIT) and Double Taxation Treaty (DTT) signed with Sweden. Sweden and Pakistan concluded agreements on mutual protection of investments in 1981 and avoidance of double taxation in 1986. As a member of the European Union (EU), Sweden adheres to the common trade policy established by the EU.

Bilateral Trade Relations between Pakistan and Sweden

Bilateral trade between Sweden and Pakistan dates back to the independence of Pakistan. During Fiscal Year 2017, Pakistan exported goods to Sweden of worth \$ 154.80Mn as against exports of \$ 132.80Mn showing 14% increase. On the import side, an increase of 3% has been witnessed during the period under review where Pakistan imported goods from Sweden of worth \$ 320.43Mn as against imports of \$ 311.35Mn in the same period of last year.

Trading Commodities between Pakistan and Sweden

Major imports from Sweden to Pakistan include paper and board, electronic equipment, floating structures, iron and steel, wood pulp, copper foil. On the other hand; Ikea, H&M and Lindex are major buyers of textile products and have their own offices in Pakistan.

Potential for enhancing bilateral trade relations between Sweden and Pakistan

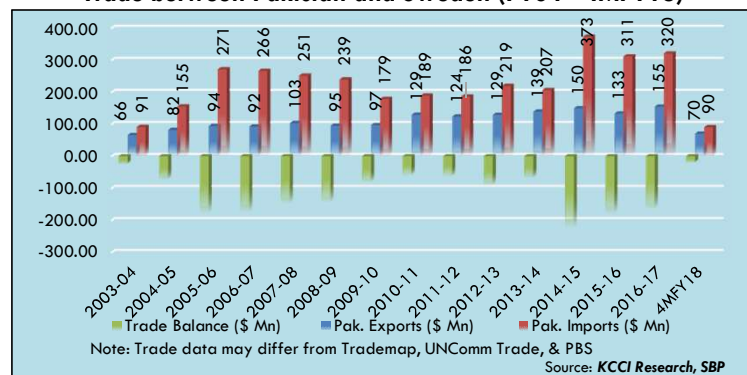
- There is significant potential to enhance trade between the two countries as Sweden is a major importer of food stuff and clothing. Therefore, Pakistan can enhance exports of value added textile items to Sweden.
- Moreover, there is considerable potential to export fresh fruits, frozen foods items and dairy products to Sweden from Pakistan.
- Through effective utilization of BIT and trade talks, exhibitions and other trade promotion strategies bilateral trade between the nations can be increased by manifolds.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	467.40	497.40	6.42%
GDP per Capita	\$	48,000	49,800	3.75%
GDP growth	%	2.80	3.20	0.40%
Forex Reserves	\$ Bn	58.11	59.39	2.20%
External Debt	\$ Bn	929.40	939.90	1.13%
Exports of Goods	\$ Bn	152.10	151.40	-0.5%
Imports of Goods	\$ Bn	138.50	139.90	1.01%
Trade Balance	\$ Bn	13.60	11.50	-15.4%
Current Account	\$ Bn	23.28	23.07	-1%
FDI - at Home	\$ Bn	412.0	390.50	-5.22%
FDI - at Abroad	\$ Bn	483.80	479.30	-0.93%
CPI	%	0	1.10	1.10%
Prime Lending Rate	%	1.97	1.85	-0.12%
Population	Mn	N/A	9.96	-
Unemployment	%	7.4	7.0	-
Literacy Rate	%	N/A	99	-

Sources: KCCI Research, CIA Factbook

Trade between Pakistan and Sweden (FY04 - 4MFY18)



Sweden's Trade - Commodity Wise (2016)

Top 10 Exports Items	(\$ Mn)	Top 10 Imports Items	(\$ Mn)
Mineral fuels & oils	46,726	Machinery, mech. Apps	17,350
Plastics & Articles	2,354	Vehicles other than railway	17,259
Aluminium & Articles	1,209	Electrical machinery, equip	17,259
Fertilisers	1,105	Mineral fuels, oils	12,466
Organic chemicals	919	Commodities NES	7,446
Inorganic compounds	579	Fish and crustaceans	4,833
Commodities NES	510	Plastics, articles thereof	4,815
Pearls, stones, metals	271	Pharmaceuticals	4,255
Salt; sulphur	198	Iron and steel	3,583
Iron and steel	196	Optical, measuring	3,560

Sources: KCCI Research, Trademap

Pakistan's Trade with Sweden - Commodity Wise (2016)

Top 10 Export Items	(\$ Mn)	Top 10 Import Items	(\$ Mn)
Unknitted Apprl. Artcl.	49.52	Paper, paperboard	95.27
Other made-up textile articles	29.98	Machinery, mech. apps.	17.97
Articles of leather	18.31	Iron and steel	16.24
Knitted Apprl. Artcl	14.47	Electrical machinery, equip.	14.80
Cereals	4.10	Plastics, articles thereof	13.16
Cotton	2.23	Pulp of wood	12.13
Furniture; bedding, mattresses	2.18	Optical, measuring	6.92
Carpets, textile floor coverings	2.07	Misc. Chemicals	5.56
Toys, games, sports requisites	1.28	Vehicles other than railway	2.12
Special woven fabrics	1.10	Wood, wood articles	2.04

Sources: KCCI Research, Trademap