MANUFACTURING OPERATIONS IN SWEDEN

SECTOR OVERVIEW

A perfect location for an international manufacturing industry
MANUFACTURING – SWEDEN’S GROWTH ENGINE

SECTOR OVERVIEW

Sweden is a strong manufacturing country. The manufacturing industry has been Sweden’s growth engine in recessions as well as during economic booms and has since long constituted a major part of Sweden’s GDP growth.

Openness and cooperation are part of Sweden’s cultural makeup. Sweden has achieved world-class innovation and a first-rate education system. The key reasons for this remarkable trend of events can be found in the successes of the country’s industrial and engineering companies all around Sweden. These companies have played a decisive role for growth, employment, development, exports – and ultimately Sweden’s welfare.

Despite increased uncertainty in the world market, many companies are locating and expanding their manufacturing operations in Sweden. Investments from companies like Volvo, ABB, AstraZeneca and GE Healthcare prove that Sweden is attractive for manufacturing. A study published in July 2015 shows that 47 percent of the company groups with manufacturing in both Sweden and other countries have substantially invested in their Swedish manufacturing capacity during 2012-2014.

The manufacturing industry in Sweden hosts a large number of foreign companies. 200,000, or one third of those employed in the manufacturing industry in Sweden are employed by a foreign-owned company, with German companies holding the largest percentage.

LEADING BRANDS STARTED IN SWEDEN

Sweden offers great opportunities for cost efficient and high qualitative advanced manufacturing operations for an international market.

Some of the world’s leading manufacturing companies started in Sweden and are today global brands, such as Ericsson, ABB, Volvo, Scania, Atlas Copco and SKF. These companies continue to have a very large presence in Sweden. They are today accompanied by more than 1,400 foreign companies with manufacturing operations in the country, including among all General Electric, BAE Systems, Wipro, Bombardier, Pfizer, Toyota and Akzo Nobel.
HIGHLY COMPETITIVE MANUFACTURING INDUSTRY

Sweden has a highly competitive and international manufacturing industry that has remained competitive due to constant adoption of new technologies, innovation and enhancement in productivity and production technology. This can be visualised by the exports of goods that has increased with 15 percent between 2005 and 2014, with an annual average trade surplus of SEK 82.5 billion 2005-2014. During the same period, foreign investment assets in manufacturing increased by 51 percent. The investment stock amounts to SEK 1,073 billion (2014) and is a good proof of Sweden’s position as a location for an international manufacturing industry.

ADVANCED TECHNOLOGY AND FLAT ORGANISATIONS

Swedish technology companies have successfully shifted their focus from mass production to flexible production of advanced goods and services. The availability of skilled labour, advanced technology and strong productivity are some of the success factors.

In addition, the Swedish organisation culture has long been characterised by flat organisations with decentralised decision-making and good relations between union and employers. This provides good opportunities for problem solving, cooperation and development, promoting knowledge-intensive, flexible and customised production.

DID YOU KNOW THAT...

- 10 percent of global sales from automation solutions come from the region of Stockholm
- Sweden holds an 18% global market share of powertrains for heavy vehicles
- Two of the world’s largest truck manufacturers have their main operations in Sweden – Volvo Group and Scania
- The manufacturing industry in Sweden exports 64 percent of its total production
- The manufacturing industry in Sweden accounts for 18 percent of GDP and 77 percent of exports.

Source: SCB, 2016
COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Sweden is a developed industrial nation with a long tradition within several segments of manufacturing. As part of this, Sweden possesses a number of advantages in the in-built infrastructure. This goes for utilities where Sweden has among Europe’s lowest electricity and water costs but also from a cost perspective in aspects such as tax legislation. Sweden’s corporate tax amounts to 22 percent on net profit with a number of mechanisms that can enable a lower effective tax. The tax legislation is an effect of Sweden’s tradition of prominent global companies and a large share of foreign companies operating with businesses in Sweden.

As part of Sweden’s long tradition as a manufacturing nation, the country has a diversified and competitive subcontractor sector, supplying international companies in both Sweden and abroad. The subcontractor network together with a highly skilled labor pool is often seen as two major advantages for manufacturing in Sweden – assets that have remained stable for a long time and have taken decades to build.

CLOSE COOPERATION WITH ACADEMIA

The area of manufacturing has in recent years been prioritised and Sweden has invested in a number of long-term interdisciplinary research programmes within different industries, academia and institutes. A strong competence in sustainable production is built up. Some examples are the two centers for strategic research (SFO) within manufacturing, Sustainable Production Initiative (Chalmers University of Technology and the Faculty of Engineering at Lund University) and XPRES (KTH Royal Institute of Technology and Mälardalen University) which started in 2008. Together they contribute to both excellence and world-class research.

Companies with manufacturing in Sweden have long excelled in developing complex products and advanced production systems. This is accomplished by a high adoption of automated processes, integrated system thinking and close collaboration with universities and clusters. Productivity enhancements and automation has been accelerated by a high degree of competence within manufacturing staff and extensive use of IT systems in manufacturing.

Sweden is in the world top in R&D investments and 75 percent of the business R&D expenditure in Sweden is within the manufacturing industry. As R&D and manufacturing are becoming increasingly integrated, the strong R&D environment in Sweden combined with solid conditions for manufacturing operations, is an advantage.

33% of all employees in the manufacturing industry in Sweden work for a foreign-owned company.

75% of the R&D investments in Sweden is performed by the manufacturing industry and Swedish is on 4th place globally in terms of R&D investments in relation to BNP.

DOUBLE

The Swedish export value/capita is more than double the amount for UK and more than 3 times larger than US.

Source: Euromonitor, 2015
Business Sweden is the official Swedish trade and invest council. We facilitate foreign investment in Sweden and make it easier for Swedish companies to grow internationally.

Business Sweden supports international companies to connect with investment opportunities in Sweden – whether the interest is to gain access to the market or world-class R&D competence and innovation. We provide you with the information, guidance, solutions and network required to invest in Sweden.

EXPERIENCED STAFF
Business Sweden’s industry specialists facilitate for international companies in the process of establishing in Sweden and finding partners for collaboration or investment. Our strength lies in an experienced team of international trade and investment professionals in sectors where Sweden enjoys competitive advantages such as environmental technologies, ICT, life sciences, material technologies and transportation systems. A network of regional partners across Sweden ensures local support.

OUR SERVICES
WE HELP YOU EXPAND YOUR BUSINESS IN SWEDEN

Business Sweden has a simple process for supporting your future business with Sweden and our offer is based on your company’s specific needs. Our working process consists of a number of steps, including the following services:

- **Information sharing.** Based on your investment needs, we share insights on Swedish business sectors, the Swedish market, the investment climate, R&D, specific competence clusters and investment costs.
- **Location management.** Based on your requirements, we support you in identifying sites for your operations in Sweden.
- **Investment opportunity search.** Based on your priorities we scan, identify and present business opportunities in Sweden. We give you advice on key industry stakeholders and help you identify your next investment step.
- **Matchmaking support.** We introduce you to various opportunities of strategic partnerships, investments and other types of cooperation.
- **Establishment information.** We provide you with information on how to set up and run a business in Sweden including rules and regulations, legal entities, employment, taxes and more.
- **Network access.** We introduce you to all necessary public and private service providers, authorities and organisations.

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