

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-SWEDEN BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Kingdom of Sweden lies in north-western Europe, occupying about two-thirds of Scandinavian peninsula. It is bordered by Finland to the north-east, and by Norway to the north-west and west. About 15% of Sweden’s area lies north of the Arctic Circle. The Baltic Sea and the Gulf of Bothnia are to the east, The Skagerrak and Kattegat channels to the south-west. The country is relatively flat and is characterized by thousands of inland lakes and small coastal islands. There is a mountain range, the ‘Kjolen mountains’, in the north-west. Sweden is a member of the UN, EU and the NATO.

2. Sweden is the twelfth-richest country in the world in terms of GDP (gross domestic product) per capita and a high standard of living is experienced by its citizens. Sweden is an export-oriented mixed economy. Timber, hydropower and iron ore constitute the resource base of an economy with a heavy emphasis on foreign trade. Sweden's engineering sector accounts for 50% of output and exports, while telecommunications, the automotive industry and the pharmaceutical industries are also of great importance. Sweden is the ninth-largest arms exporter in the world. Agriculture accounts for 2% of GDP and employment. The country ranks among the highest for telephone and Internet access penetration. As per IMF Executive Board Concludes 2024 Article IV Consultation with Sweden March 11, 2024, “After a strong post-pandemic rebound, the Swedish economy has slowed appreciably. GDP is estimated to have declined by 0.3 percent in 2023, driven by declining private consumption and residential investment, amid a significant tightening of financial conditions and eroding real incomes. Activity is expected to remain subdued during 2024 and pick up gradually thereafter. Inflation has been declining at a faster clip in recent months, with the lion’s share of the disinflation driven by energy prices. In turn, core inflation is also receding, though it still remains high at 5 percent y/y in December 2023. Inflation is expected to return to the target by mid-2025”.

A snapshot of Sweden’s select economic indicators: TABLE 1

Table 1. Sweden: Selected Economic Indicators, 2021–29									
			Est.	Projections 4/					
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Real Economy (percent change)									
Real GDP	6.1	2.9	-0.3	0.2	2.3	2.2	2.2	2.1	2.1
Final domestic demand	5.7	2.4	-0.6	0.5	1.9	1.8	1.8	1.8	1.8
Private consumption	6.3	1.8	-1.7	1.1	2.2	2.3	2.2	2.2	2.2
Public consumption	3.3	-0.1	2.2	1.2	1.1	1.0	1.0	1.0	1.0
Gross fixed investment	7.1	6.0	-1.5	-1.2	2.0	1.7	1.7	1.7	1.7
Net exports (contribution to growth)	0.2	-0.6	1.7	0.7	0.2	0.3	0.5	0.5	0.5
Exports of G&S	11.1	7.3	2.9	2.0	2.7	3.2	3.5	3.5	3.5
Imports of G&S	11.6	9.2	-0.4	0.9	2.6	2.9	3.0	3.0	3.0
HICP inflation (average) 1/	2.7	8.1	5.9	2.6	2.0	2.0	2.0	2.0	2.0
HICP inflation (Q4 on Q4) 1/	3.9	10.3	3.0	2.4	2.0	2.0	2.0	2.0	2.0
HICP core inflation (average) 1/	1.6	5.5	7.4	3.5	2.2	2.0	2.0	2.0	2.0
HICP core inflation (Q4 on Q4) 1/	1.9	7.8	5.3	3.0	2.0	2.0	2.0	2.0	2.0
Unemployment rate (percent) 2/	8.9	7.5	7.7	8.4	8.2	7.7	7.5	7.5	7.5
Gross national saving (percent of GDP)	32.9	34.2	33.1	32.6	33.0	33.3	33.5	33.4	33.6
Gross domestic investment	25.9	28.3	27.0	26.6	27.7	28.6	29.1	29.4	29.6

(percent of GDP)									
Output gap (percent of potential)	1.2	1.5	-0.2	-1.5	-0.9	-0.4	-0.1	0.0	0.0
Public Finance (percent of GDP)									
Total revenues	48.1	48.1	47.1	47.4	47.9	48.9	48.9	48.9	48.9
Total expenditures	48.1	46.8	47.2	48.0	48.1	48.6	48.6	48.6	48.6
Net acquisition of nonfinancial assets	1.3	1.4	1.4	1.4	1.6	1.6	1.5	1.5	1.5
Net lending	0.0	1.3	-0.1	-0.7	-0.2	0.3	0.3	0.3	0.3
Structural balance (as a percent of potential GDP)	-0.5	0.7	0.0	0.0	0.2	0.5	0.4	0.3	0.3
General government gross debt, official statistics	36.5	32.9	34.0	34.5	33.5	32.4	31.3	30.3	29.4
Money and Credit (year-on-year, percent change, eop) 2/									
M3	10.7	2.7	-1.4	...	...	...	...	...	...
Bank lending to households	6.7	3.5	0.3	...	...	...	...	...	...
Interest Rates (percent, end of period) 2/									
Policy rate	0.0	2.5	4.0	...	...	...	...	...	...
Ten-year government bond yield	0.3	1.5	2.5	...	...	...	...	...	...
Mortgage lending rate	1.4	3.4	4.7	...	...	...	...	...	...
Balance of Payments (percent of GDP)									
Current account	7.1	5.8	6.1	6.0	5.3	4.7	4.4	4.0	4.0
Foreign direct investment, net	1.3	2.6	2.4	2.1	1.8	1.6	1.4	1.1	1.1
International reserves, changes (in billions of US dollars)	6.0	7.8	...	...	...	...	...	...	...
Reserves coverage (months of imports of goods and services)	2.8	2.6	2.7	2.6	2.5	2.3	2.2	2.1	2.0
Net international investment position	19.0	30.9	31.7	32.4	33.0	33.6	34.1	34.6	35.1
Exchange Rate (period average, unless otherwise stated) 2/									
SEK per euro	10.3	11.0	11.2	...	...	...	...	...	...
SEK per U.S. dollar	9.1	10.4	10.3	...	...	...	...	...	...
Nominal effective rate (2010=100)	93.7	88.0	83.0	...	...	...	...	...	...
Real effective rate (ULC) (2010=100) 3/	96.8	89.9	84.4	...	...	...	...	...	...
REER ULC long run average deviation	-5.5	-11.9	-16.8	...	...	...	...	...	...
Real effective rate (CPI) (2010=100)	90.3	84.8	83.1	...	...	...	...	...	...
Fund Position (December 31, 2023)									
Quota (in millions of SDRs)	4,430								
Reserve tranche position (in percent of quota)	28.2								
Holdings of SDRs (in percent of allocation)	105.2								
Memorandum Items									
CPIF inflation (average)	2.4	7.7	6.0	...	...	...	...	...	...

Sources: IMF WEO, Riksbank, Swedish Ministry of Finance, Statistics Sweden, and IMF staff calculations.
1/ Inflation represents actual figures in 2023, core HICP defined as the HICP excluding energy and unprocessed food.
2/ The unemployment rate, money and credit, interest rates, and exchange rate represent actual figures in 2023.
3/ OECD based Unit Labor Cost (ULC) real effective exchange rate indicator.
4/ Staff projections based on data as of January 31, 2024.

Source: **IMF Executive Board Concludes 2024 Article IV Consultation with Sweden 11-03-2024.**

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Sweden are Norway, Germany, United States, Denmark and Finland. On the other hand five major import partners of Sweden are Germany, Norway, Netherlands, China and Denmark. Major five exported goods of Sweden are (i) Petroleum oils, etc. (excl. crude); preparation, (ii) Other medicaments of mixed or unmixed products, (iii) Automobiles with reciprocating piston engine di, (iv) Human and animal blood; microbial cultures; (v)tox and Coniferous wood sawn or chipped lengthwise. On the other hand major five imported goods of Sweden are ((i) oils and oils obtained from bituminous, (ii) Petroleum oils, etc. (excl. crude); preparation, (iii) Transmission apparatus, for radioteleph incorpo, (iv) Automobiles nes including gas turbine powered and (v) Fresh or chilled Pacific, Atlantic and Danube.

4. Sweden's total exports in 2019 were of the order of US\$160,531 million. It has scaled up to US\$ 197,797 million in 2023. During the period 2019 to 2023, Exports from Sweden had increased maximum by 22.40% in the year 2021. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 5.36%.

5. Sweden's total imports in 2019 were of the order of US\$ 158,958 million and which has touched US\$ 193,044 million mark in 2023. Imports of Sweden had jumped by 25.35% in 2021 in comparison with 2020 just after facing a 5.99% decline in FY2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 4.98%.

6. Sweden runs an overall Balance of Trade surplus from 2019 to 2023 except 2022, and surplus has scaled up to USD 4,753 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 5.17%.

**A snapshot of Sweden's overall Trade Statistics is presented in Table 2 and Figure 1.
A snapshot of India's merchandise trade statistics w.r.t. Sweden is presented in Table 3 Figure 2.**

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Sweden's bilateral relationship is underpinned by robust economic ties, expanding trade, and increasing two-way investments. In 2022, Swedish exports of goods to India totaled approximately US\$1.62 billion (SEK 17.3 billion). India had exported to Sweden almost 0.23% of its total export value in FY2023-24. In the same financial year imports from Sweden was 0.26% of India's total import value. Almost 0.25% of India's total international trade value of goods was between India and Sweden as has been recorded in DGCI&S data base for FY 2023-24. Sweden was the 53th major trading partner of India in FY 2023-24.

8. Indo- Sweden total volume of bilateral trade in FY 2019-20 was of the order of US\$ 1,862.90 million. It has scaled upto US\$ 2,767.75 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 10.40%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Sweden. Exports from India to Sweden increased steeply by 35.63% in FY2021-22. The annual average compound rate of growth of Exports was 8.02%. On the other hand, imports from Sweden to India remarkably increased by 44.33% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 11.92%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Telecom Instruments, RMG Cotton Including Accessories and Auto Comoponents Parts** had occupied the top three slots in India's exports to Sweden in the year 2023-24. **Telecom Instruments** had occupied 8.43% share of India's total exports to Sweden in FY2023-24.

b. **Iron And Steel; Pulp And Waste Paper and Auto Components/Parts** were the three major commodities in India's imports list from Sweden in the year 2023-24, India imports **Iron And Steel** from Sweden with a share of 14.47% of total imports from Sweden recorded in 2023-24.

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TABLE - 2
SWEDEN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	160531		158958		3,19,489		1573
2020	154936	-3.49	149436	-5.99	3,04,372	-4.73	5500
2021	189635	22.40	187320	25.35	3,76,955	23.85	2315
2022	197528	4.16	202997	8.37	4,00,525	6.25	-5469
2023	197797	0.14	193044	-4.90	3,90,841	-2.42	4753
Annual Growth Rate	Compound	5.36		4.98		5.17	

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure - 1

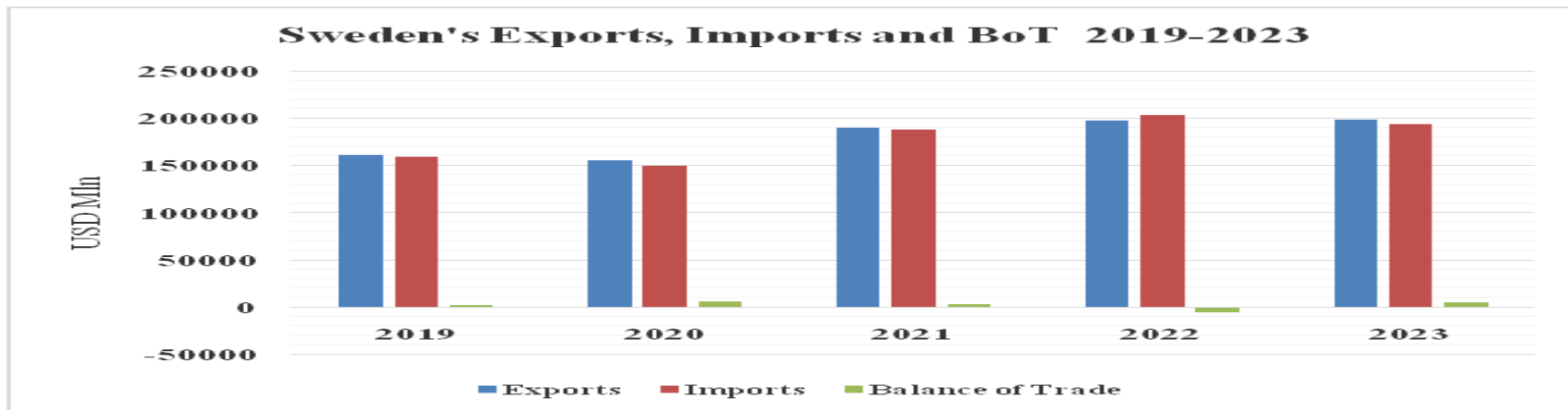


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. SWEDEN
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Sweden	Percentage Growth in Exports	Imports from Sweden to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	748.42		1114.48		1862.90		-366.06
2020-21	763.84	2.06	1004.76	-9.84	1768.60	-5.06	-240.92
2021-22	1035.97	35.63	1450.13	44.33	2486.10	40.57	-414.16
2022-23	961.93	-7.15	1729.61	19.27	2691.54	8.26	-767.68
2023-24	1018.80	5.91	1748.95	1.12	2767.75	2.83	-730.15

Annual Compound Growth Rate **8.02** **11.92** **10.40**

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

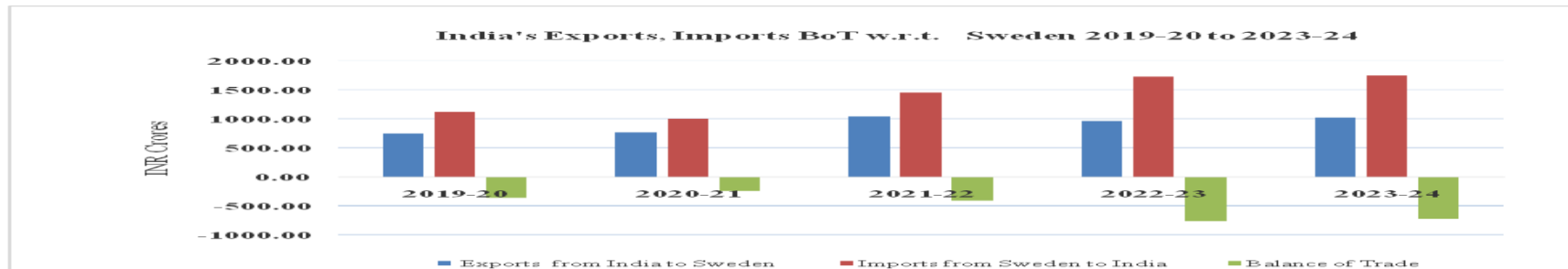


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SWEDEN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Telecom Instruments	5.28	8.77	14.33	4.35	85.89	66.10	63.40	-69.64	1874.48
	Share in total export	0.71	1.15	1.38	0.45	8.43				
2	RMG Cotton Including Accessories	68.50	64.27	88.27	90.46	80.46	-6.18	37.34	2.48	-11.05
	Share in total export	9.15	8.41	8.52	9.40	7.90				
3	Auto Comoponents Parts	45.19	43.20	62.03	65.65	70.43	-4.40	43.59	5.84	7.28
	Share in total export	6.04	5.66	5.99	6.82	6.91				
4	Products Of Iron And Steel	31.73	37.33	51.37	48.05	50.07	17.65	37.61	-6.46	4.20
	Share in total export	4.24	4.89	4.96	5.00	4.91				
5	Electric Machinery And Equipments	25.19	20.71	46.24	53.57	39.68	-17.78	123.27	15.85	-25.93
	Share in total export	3.37	2.71	4.46	5.57	3.89				
6	Cotton Fabrics, Madeups Etc.	35.86	36.80	51.97	38.82	36.88	2.62	41.22	-25.30	-5.00
	Share in total export	4.79	4.82	5.02	4.04	3.62				
7	RMG Of Other Textile Materials	31.66	24.53	24.18	32.06	34.76	-22.52	-1.43	32.59	8.42
	Share in total export	4.23	3.21	2.33	3.33	3.41				
8	Other Misc. Engineering Items	25.18	26.31	34.15	31.89	34.53	4.49	29.80	-6.62	8.28
	Share in total export	3.36	3.44	3.30	3.32	3.39				
9	IC Engine And Parts	15.25	15.02	26.45	27.98	31.42	-1.51	76.10	5.78	12.29
	Share in total export	2.04	1.97	2.55	2.91	3.08				
10	Aircraft, Spacecraft and Parts	20.57	15.97	19.66	24.76	30.41	-22.36	23.11	25.94	22.82
	Share in total export	2.75	2.09	1.90	2.57	2.98				
	Total exports to SWEDEN	748.42	763.84	1035.97	961.93	1018.80	2.06	35.63	-7.15	5.91

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SWEDEN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Iron And Steel	132.18	115.49	186.97	274.83	253.14	-12.63	61.89	46.99	-7.89
	Share in total import	11.86	11.49	12.89	15.89	14.47				
2	Pulp And Waste Paper	93.81	59.51	115.65	198.59	159.88	-36.56	94.34	71.72	-19.49
	Share in total import	8.42	5.92	7.98	11.48	9.14				
3	Auto Components/Parts	49.89	56.66	65.60	87.65	117.71	13.57	15.78	33.61	34.30
	Share in total import	4.48	5.64	4.52	5.07	6.73				
4	Paper, Paper Board And Products	65.26	68.47	84.05	111.47	98.83	4.92	22.75	32.62	-11.34
	Share in total import	5.86	6.81	5.80	6.44	5.65				
5	Indl. Machinery For Dairy Etc.	65.48	89.22	81.71	81.63	98.35	36.26	-8.42	-0.10	20.48
	Share in total import	5.88	8.88	5.63	4.72	5.62				
6	Motor Vehicle/Cars	49.73	20.93	41.72	56.55	95.79	-57.91	99.33	35.55	69.39
	Share in total import	4.46	2.08	2.88	3.27	5.48				
7	Medical And Scientific Instruments	28.73	22.95	56.16	72.75	82.28	-20.12	144.71	29.54	13.10
	Share in total import	2.58	2.28	3.87	4.21	4.70				
8	Electric Machinery and Equipments	67.90	53.90	78.61	53.94	71.11	-20.62	45.84	-31.38	31.83
	Share in total import	6.09	5.36	5.42	3.12	4.07				
9	Drugs Formulations Biologicals	21.47	17.86	54.27	34.60	63.69	-16.81	203.86	-36.24	84.08
	Share in total import	1.93	1.78	3.74	2.00	3.64				
10	Electronic Instruments	27.10	30.25	36.89	53.61	63.57	11.62	21.95	45.32	18.58
	Share in total import	2.43	3.01	2.54	3.10	3.63				
	Total import from SWEDEN	1114.48	1004.76	1450.13	1729.61	1748.95	-9.84	44.33	19.27	1.12

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I