CBI MARKET SURVEY

THE CHEMICALS MARKET IN SWEDEN

Publication date: August 2007

Introduction
This CBI market survey gives exporters in developing countries information on some main developments on the chemicals market in Sweden The information is complementary to the information provided in the CBI market survey covering the EU chemicals market. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1. Market description: consumption and production

Industrial demand

- Sweden is a small to medium-sized consumer of chemicals, accounting for 2.2% of total EU consumption.
- In 2005, total industrial demand of the Swedish chemical sector amounted to € 12 billion, representing an annual average growth rate of 3% (European Chemical Industry Council (CEFIC), 2006).
- Due to the fast development of new materials and applications, there is a growing demand for chemicals in all branches of industry.

Table 1.1 Industrial demand for chemicals in the EU and Sweden, 2001-2005, in € million

	2001	2003	2005	Average annual growth
EU25	496,581	507,835	564,598	3.3%
Sweden	10.872	10.915	12.417	3.4%

Source: CEFIC (2006)

Production

- Sweden is a small to medium-sized producer of chemicals, accounting for 2.4% of total turnover of the European chemical industry.
- In 2005, the Swedish chemical industry turnover amounted to € 14.7 billion, representing an average annual increase of 4% during the review period (CEFIC, 2006).
- The production volume of the Swedish chemical industry increased by 4.5% in 2004, compared to 2003. The production volume for the plastics and rubber industry shows an increase of 2.7%. The figures for 2005 compared to 2004 showed a lower growth rate for chemicals (1.8%) and a slight decrease for plastics & rubber (Swedish Plastics & Chemicals Federation, P&K, 2004). There was no information available on more recent trends in the Swedish chemical sector.
- In Sweden, the chemical industry is of minor importance and represents a share of 8% of the total manufacturing industry.
- The chemicals and plastics industry sector in Sweden encompasses both smaller companies and multinational enterprises. During the period of the past ten years, the pharmaceutical industry represented the most successful sub-sector of the industry. A number of small biotech companies has been founded.
- Today, all major companies are foreign-owned. This trend started in the 1980s, when an important part of the basic chemical industry (e.g. inorganics, fertilisers, petrochemicals and polyolefines) was acquired by Norwegian and Finnish companies.
- Chemical production is concentrated in about 50 plants belonging to some 20 main companies, clustered either in the far south of the country or in the Gothenburg, Karlskoga and Stockholm areas (P&K, 2004).

- Although the production output of several chemical products decreased during the period between 2000 and 2004, the sector as a whole shows a different image. According to the Swedish Plastics and Chemicals Federation, the chemical industry in Sweden has experienced immense growth during the past 50 years.

Trends
- No specific information on trends regarding the chemical sector in Sweden is available. The trends that have been described in the CBI market survey covering the EU chemicals market, are also applicable to Sweden.

Opportunities and threats
The growing industrial demand for chemicals offers increasing opportunities for producers of chemicals in developing countries. According to the Swedish Plastics and Chemicals Federation, it is possible that (parts of) production processes will move to developing countries, in order to reduce production costs. The need to reduce costs is stimulated by the increasing prices for energy (such as oil) and raw chemicals (imports). The latter development is the result of the growing demand for raw chemicals by Chinese companies. Since buyers of chemicals will always choose for the cheapest option, relocation of Swedish companies to developing countries is likely in the future.

Useful sources
- For more information on the chemical industry in Sweden, Swedish trade associations mentioned in section 6 of this survey can be a valuable source. The European Federation CEFIC (http://www.cefic.org) is also of interest.
- Statistics Sweden can also be a source of information (http://www.scb.se/default____2154.asp).
- ChemIndustry.com, (http://chemindustry.com/index.html) is also of interest for information about the chemical sector in Sweden.

2. Trade channels for market entry

- In general, the trade channels in Sweden do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU chemicals market. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- AstraZeneca is a multinational pharmaceutical company with a subsidiary in Sweden - http://www.astrazeneca.com.
- Conpharm is an independent pharmaceutical company headquartered in Uppsala - http://www.conpharm.se.
- For a comprehensive list of companies active in the chemical sector in Sweden, please refer to the website of the Association of Swedish Chemical Industries - http://www.chemind.se/PoK_eng/index.htm.
- The website of chemindustry provides additional chemical companies in Sweden - http://chemindustry.com/index.html.
- Association of Swedish Chemical Industries mailto:kemikontoret@chemind.se

3. Trade: imports and exports

Imports
- Sweden is a small to medium-sized importer of chemicals, accounting for 2.7% of EU imports.
- In 2006, Sweden imported € 1.5 billion / 712 thousand tonnes of chemicals, representing an average annual increase of 7% during the review period.
- Swedish imports of chemicals consist of organic chemicals (69%), oleo chemicals (19%) inorganic chemicals (6%) and dyes and pigments (6%).

- Sweden has several leading suppliers of chemicals which are France (44%), Japan (13%), Germany (9%).
- In 2006, developing countries supplied 1% of all Swedish imports, which is below the EU average. Imports from developing countries decreased by an annual average rate of 17% in the period reviewed, amounting to € 16 million / 5.6 thousand tonnes in 2006. The main developing country supplier to Sweden is China (1%).

Exports
- Sweden is a relatively small exporter of chemicals. Its exports increased annually by 8% during the review period, amounting to € 474 million / 243 thousand tonnes in 2006.
- Between 2002 and 2006, exports of organic chemicals and oleo chemicals increased, while exports of inorganic chemicals and dyes and pigments decreased.

Opportunities and threats
- Sweden could be classified as an average EU trader in chemicals. Although the country is a net importer of chemicals, there do not seem to be many opportunities for developing country suppliers.
- Developing countries hold a really small supply share, which has also decreased considerably.

Useful sources
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int
- Eurostat, the official statistical office of the EU - http://epp.eurostat.cec.eu.int

4. Price developments

- The CBI market survey covering the EU chemicals market, presents general information on prices. These price indications do not differ from those in Sweden.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are http://www.cnionline.com (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and http://www.icislor.com (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at http://www.cbi.eu/marketinfo.

6. Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Sweden, visit the following websites:

Trade Associations

- Kemikontoret Plast- & Kemiföretagen, The Swedish Plastics and Chemicals Federation / Association of Swedish Chemical Industries - http://www.chemind.se/PoK_eng/index.htm
- The Swedish chemical society - http://www.chemsoc.se

Trade Fairs

- Every three years, there is Scanplast, an International Plastics Industry Exhibition in Göteborg. It will take place in April 2009. Websites providing information on this event - http://www.eventseye.com/fairs/trade_fair_event_7513.html and http://nemonet.swefair.se/templates/StartPageSection____886.aspx

This survey was compiled for CBI by ProFound – Advisers in Development
in collaboration with Jan Ramakers Fine Chemical Consulting Group.