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Sweden Country Fact Sheet

March 2023

Cape Town and the Western Cape – A Leading Regional Economy

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the western cape tourism, trade and investment promotion agency - an independent agency established under provincial law

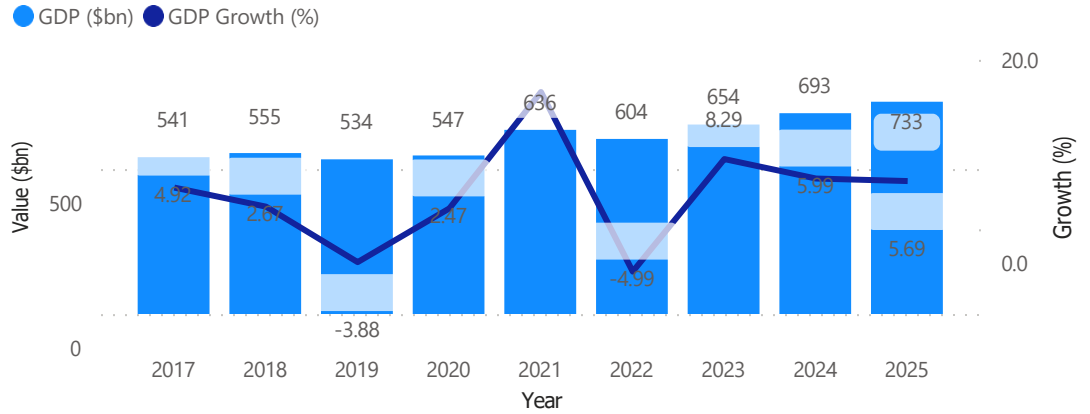
1) Economic Overview - Sweden

While resolute policy action to protect households and businesses mitigated the pandemic's toll on the Swedish economy to some degree, the economy contracted by 4.99% in 2022. This is evident in figure 1.

Growth is expected to recover on the back of strong manufacturing activity and exports, while hoping for a gradual return to normality in sectors requiring face-to-face interaction.

The economy is forecast to grow at an average annual rate of 3.75% over the period 2022- 2025.

Figure1: GDP, 2017-2025f

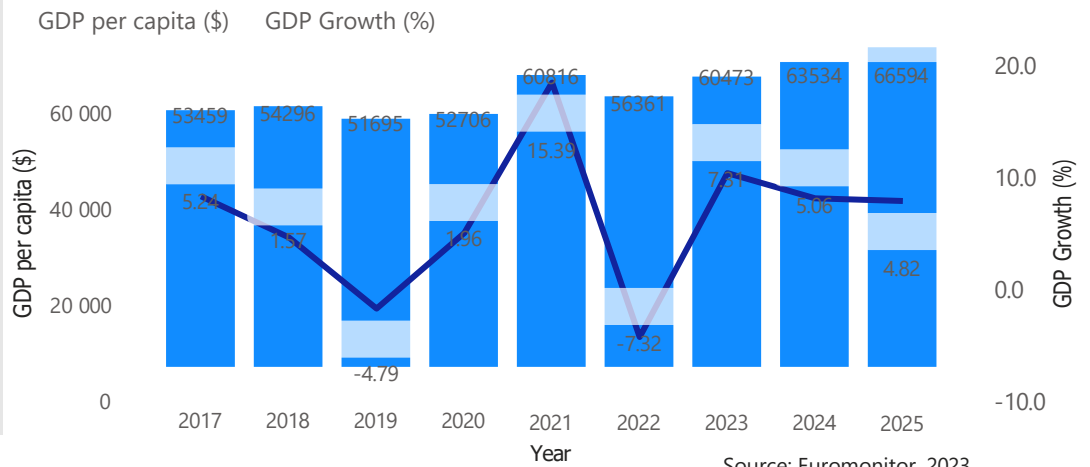


Source: Euromonitor, 2023

Figure 2 shows that Sweden's economy has largely recovered from the adverse effects of Covid-19. The country's GDP per capita surged by 15.39% to reach USD60 816 in 2021, as shown in figure 2.

In 2022 the World Bank reported that the Scandinavian country had the 13th highest GDP per capita globally.

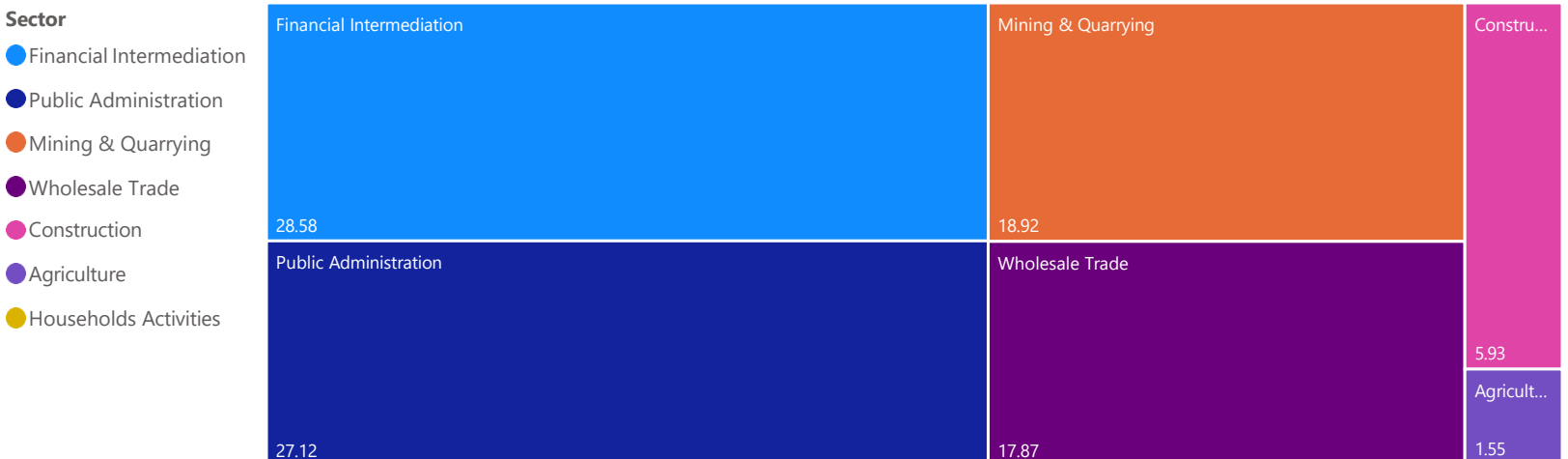
Figure 2: GDP per capita, 2017-2025f



Source: Euromonitor, 2023

As shown in Figure 3, the services sector, comprising financial intermediation, real estate, renting and business activities, accounted for 28.58% of the Swedish economy's gross value added (GVA) in 2021, while public administration and defense, education, health, social and personal services were the second largest contributor to the economy at 27.12%. The mining and quarrying sector followed as the third largest contributor to GVA contributing an estimated 18.92% to the economy.

Figure 3: Sweden's Sector Contribution to GVA (%), 2022



Source: Euromonitor, 2023

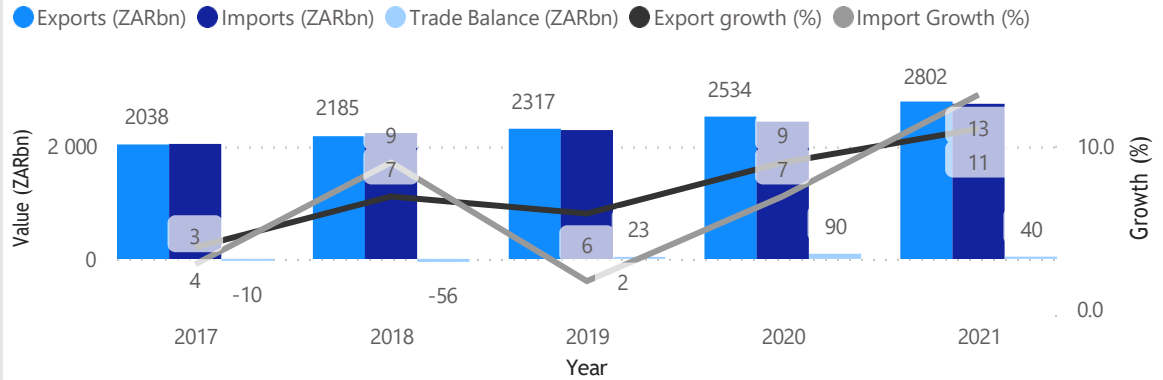
2) Trade

2.1) Sweden's Global Merchandise Trade

Sweden's global export receipts increased consistently over the period 2017 – 2021, rising from a value of ZAR2 037.60bn in 2017 to ZAR2 801.90bn in 2021. Similarly, imports grew at an annual average rate of 6.81% over the same period, increasing from ZAR2 047.93bn incurred in 2017 to ZAR2 761.63bn in 2021.

Despite challenging global economic conditions, Sweden recorded a 10.58% y-o-y increase in exports in 2021, while imports increased by 13.03% relative to 2020.

Figure 4: Sweden's Global Trade, 2017-2021



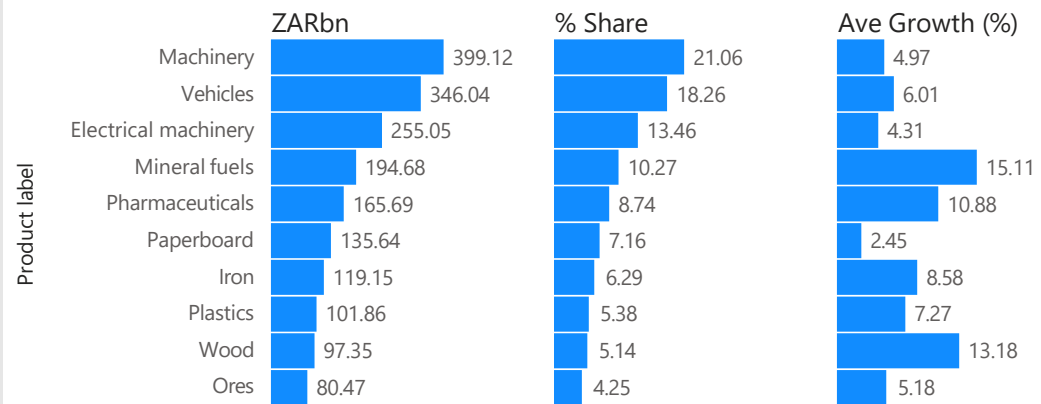
Source: Trademap, 2022

Machinery and mechanical appliances were Sweden's largest export category in 2021, accounting for 21.06% of global exports in the said year.

Vehicles other than railway stock, at a value of ZAR364.04bn (18.26%), and electrical machinery at a value of ZAR255.05bn (13.46%), were the country's second and third largest export categories.

Among the Swedish top 10 exports, mineral fuels recorded the fastest growth rate between 2017 and 2021, with an annual average growth rate of 15.11%.

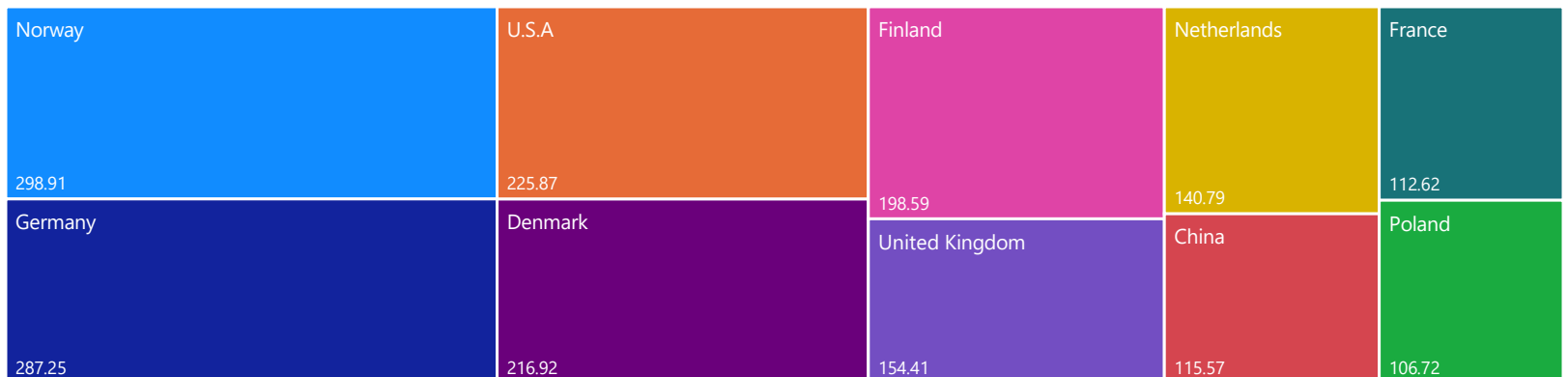
Figure 5: Sweden's Top Export Products, 2021: (Average Growth: 2017-2021)



Source: Trademap, 2022

Bilateral relations between Sweden and Norway remain strong and include a wide spectrum of political, cultural and trade relations. Norway is Sweden's most important trading partner and ranked as its top export market in 2021, with goods to the value of ZAR298.91bn exported to the country as seen in Figure 6. Germany and the United States (US) were the second and third largest export markets for Sweden, with exports to the value of ZAR287.25bn and ZAR225.87bn respectively in 2021. The European Union remains the largest economic trading bloc for Sweden, with seven of the top 10 destination markets for the country's exports being European nations. China was the only Asian market featuring among the top ten destination markets.

Figure 6: Sweden Top Export Markets (ZARbn), 2021

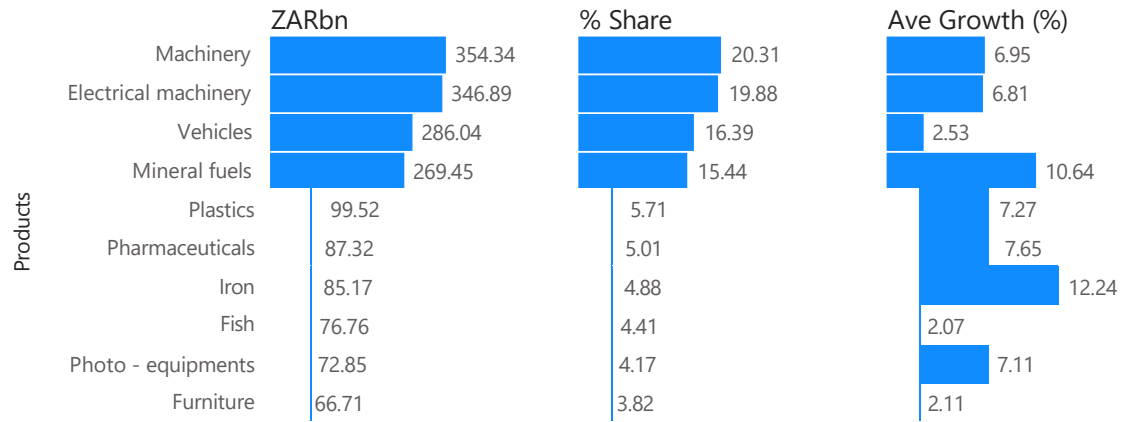


Source: Trademap, 2022

Machinery and mechanical appliances dominated imports at a cost of ZAR354.34 (20.31%) in 2021, followed by electrical machinery ZAR346.89bn (19.58%), and vehicles other than railway ZAR286.04bn (16.39%).

The automotive supply industry and the retail industry remain the country's top sectors when sourcing products externally. The highest growth in products imported by Sweden over the period 2017-2021 were iron and steel which increased by 12.24%, followed by mineral fuels with an increase of 10.64%.

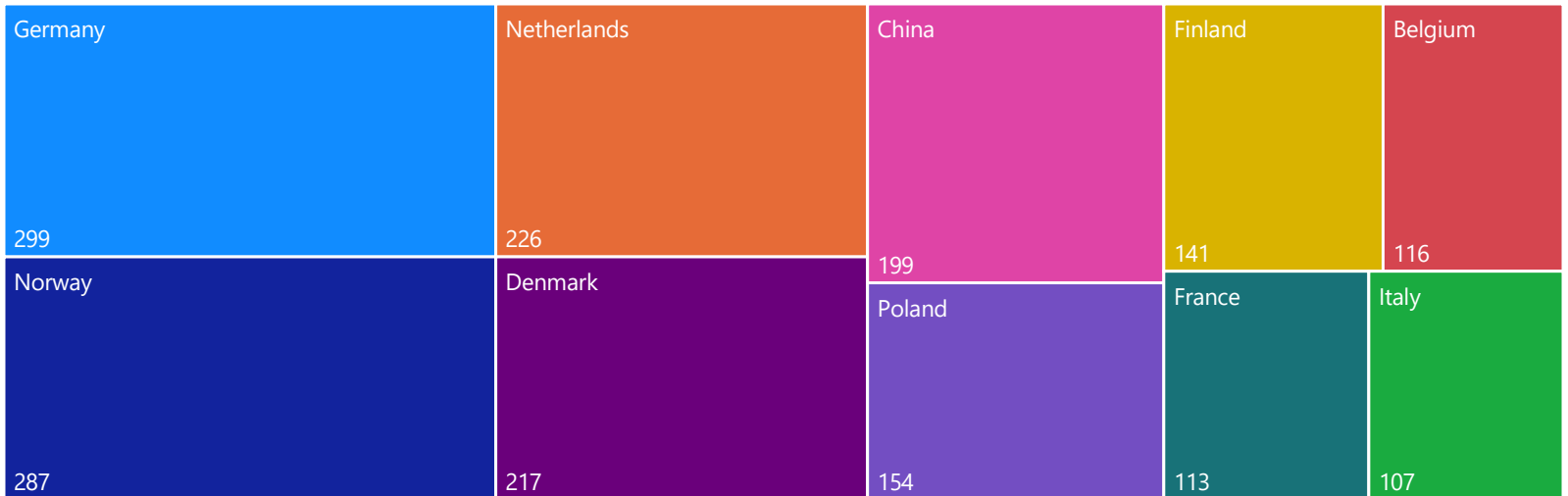
Figure 7: Sweden's Top Import Products, 2021: (Average growth: 2017-2021)



Source: Trademap, 2022

Germany, Norway, and the Netherlands were Sweden's largest import source markets in 2021, collectively accounting for 43.71% of the country's imports. Germany, at a cost of ZAR298.91bn (representing a share of 16.09%), was Sweden's largest import partner in 2021. The European region remains Sweden's top source region, with nine of the top ten import markets located in Europe. Interestingly, China was the only non-European country featuring in Sweden's top 10 source markets.

Figure 8: Sweden's Top Import Markets (ZARbn), 2021



Source: Trademap, 2022

2.2) Trade Agreements

Sweden has been a World Trade Organization (WTO) member since 1 January 1995 and a signatory to the General Agreement on Tariffs and Trade (GATT) since 14 April 1950. The WTO is the global international Organization dealing with the rules of trade between nations. The WTO's goal is to ensure that trade flows as smoothly, predictably, and freely as possible. Sweden is also a member state of the European Union (EU) and negotiates free trade agreements with other countries in the EU while benefiting from other pacts that exist between the EU and other regional blocks. Because the country is an EU member, EU regulations, directives and legislation apply.

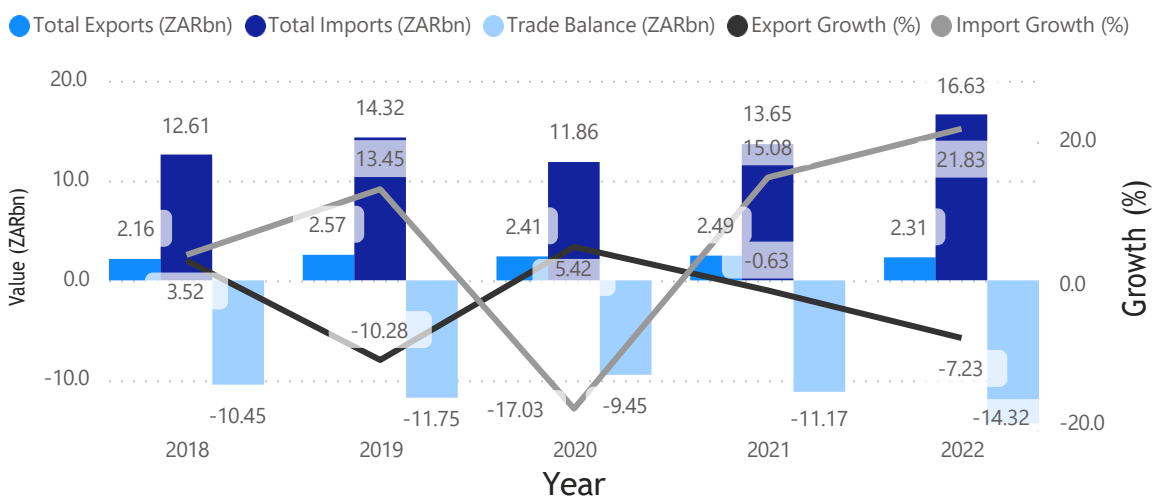
2.3) Bilateral Trade: South Africa and Sweden

South Africa's exports to Sweden fluctuated between the values of ZAR2.16bn in 2018 and ZAR2.31bn in 2022. The country's export receipts earned from trade with the Scandinavian country declined by 7.23% y-o-y in 2022, from a value of ZAR2.49bn earned in 2021 to ZAR2.31bn in 2022.

In contrast, South Africa's imports from Sweden increased by 21.83% y-o-y in 2022, from ZAR13.65bn in 2021 to ZAR16.63bn in 2022.

Sweden was South Africa's 58th largest export market and 26th largest import market in 2022.

Figure 9: SA's Trade with Sweden, 2018-2022



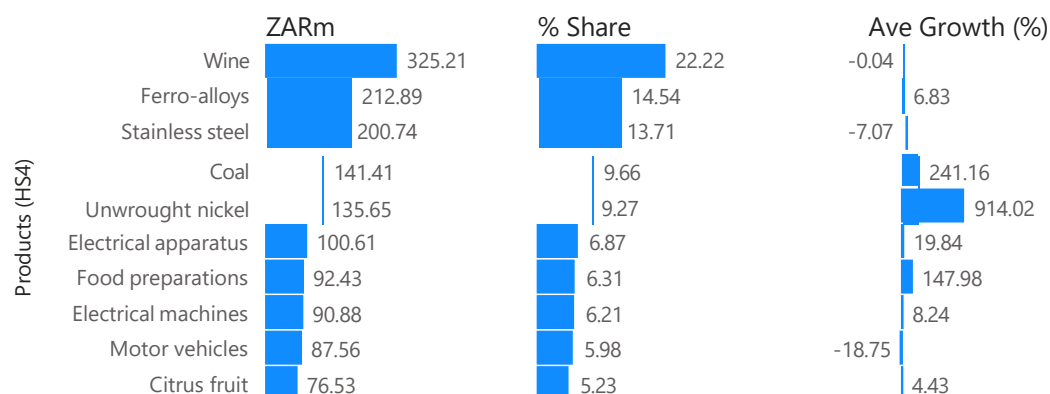
Source: Quantec, 2023

South Africa's top three export categories to Sweden accounted for 50.47% of total exports to the Scandinavian country in 2022, indicating that exports to Sweden are highly concentrated.

The top three products were wines (ZAR325.21m); ferro-alloys (ZAR212.89m); and stainless steel (ZAR200.74m).

The highest five-year average growth rate among the top 10 exported products was recorded for the export of unwrought nickel (914.02%), followed by coal (241.16%).

Figure 10: SA's Top Exports to Sweden, 2022: (Average Growth: 2018-2022)

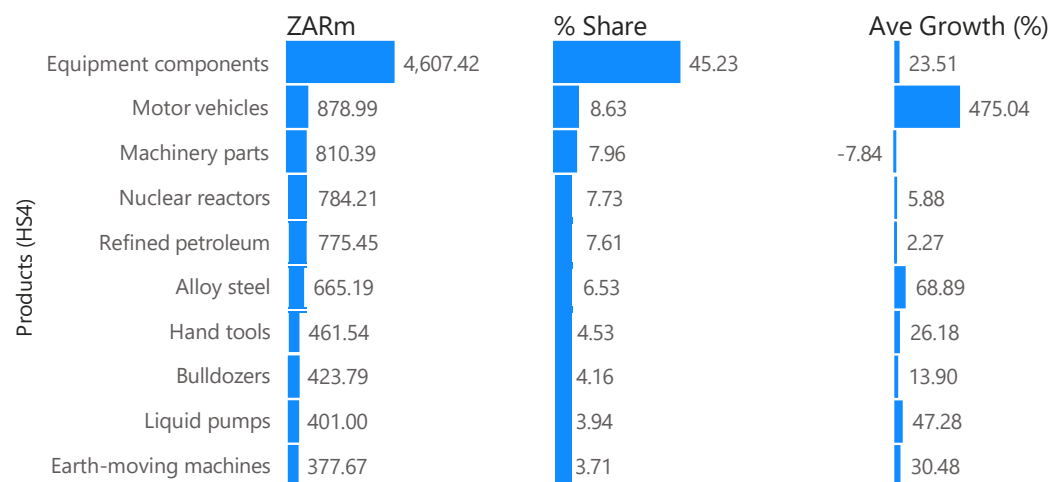


Source: Quantec, 2023

Equipment components was the country's top import product from Sweden at a value of ZAR4 607.42m in 2022. This was followed by motor vehicles at ZAR878.99m, and machinery parts at ZAR810.39m.

Motor vehicle imports from Sweden increased at an average rate of 475.04% per annum from 2018 to 2022.

Figure 11: SA's Top Imports from Sweden, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

2.4) Bilateral Trade: Western Cape and Sweden

Sweden was the Western Cape's 55th largest export partner in 2022.

The province's exports to Sweden peaked during the pandemic, surging by 43.96% y-o-y to a value of ZAR742.27m in 2020, up from ZAR515.59m earned in 2019. The Western Cape's exports to Sweden increased by 3.85% y-o-y in 2022, rising to ZAR686m, up from ZAR661m in 2021.

Sweden was the Western Cape's 41st largest import market in 2022. During the period of analysis, the Western Cape's trade balance with the said county remained firmly in deficit.

The Western Cape's exports to Sweden in 2022 were dominated by three products, namely wines, automatic instruments, and citrus fruits. These products collectively accounted for 61.23% of the total export basket to Sweden in 2022.

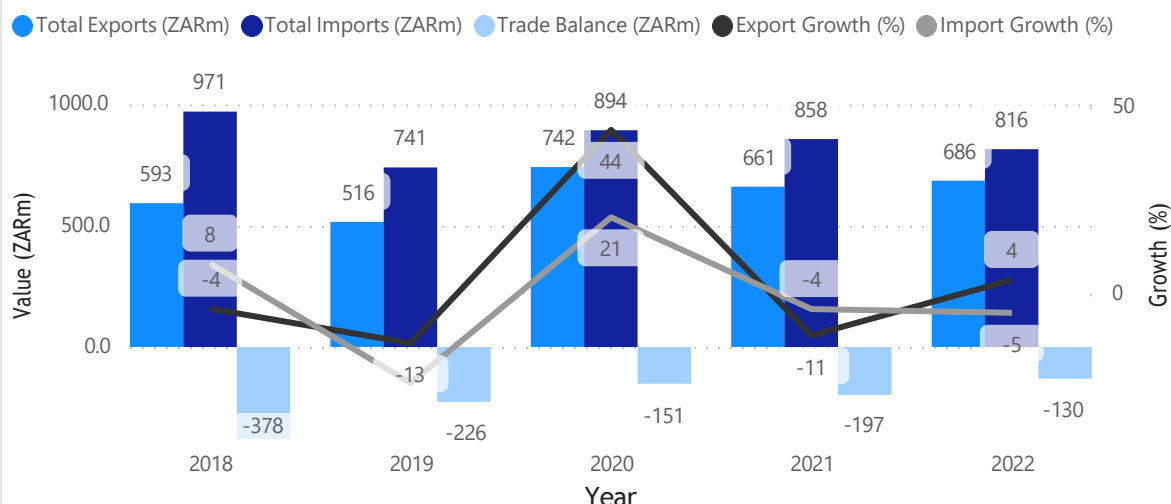
Pumice stone attained the highest growth of 195.66% over a five-year period, from 2018 to 2022.

Stainless steel products were the Western Cape's largest import product from Sweden in 2022 with a value of ZAR174.66m, equivalent to 21.41% of the total imports (from Sweden) in the said year.

Refined petroleum at a value of ZAR152.19m (18.65%), and uncoated paper ZAR114.51m (14.03%) were the province's second and third largest imported products from Sweden in 2022.

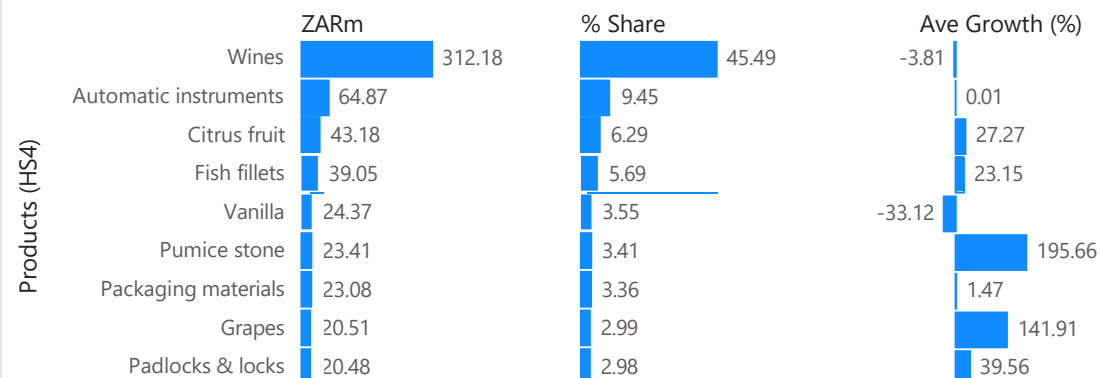
Imports of refined petroleum oil recorded the highest five-year growth rate, reaching a more than a triple digit average growth of 568.97% between 2018 and 2022.

Figure 12: WC's Trade with Sweden, 2018-2022



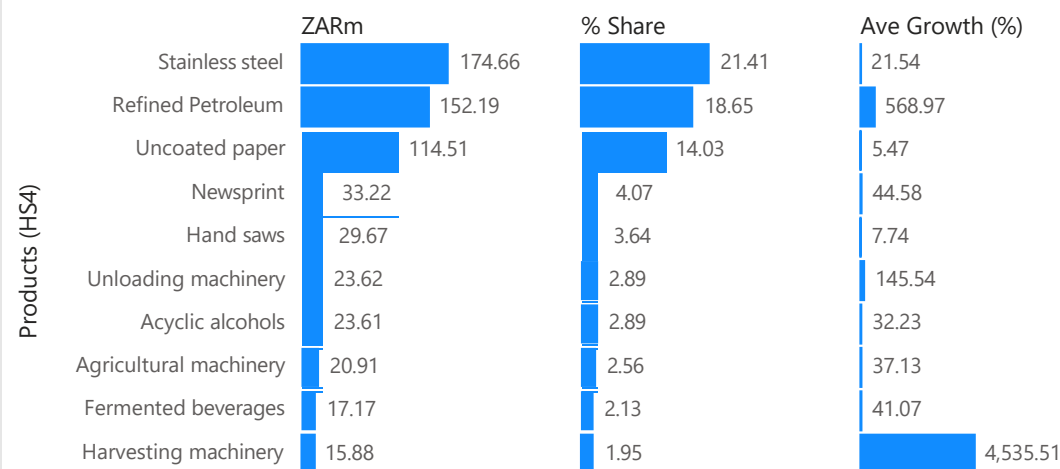
Source: Quantec, 2023

Figure 13: WC's Top Exports to Sweden, 2022: (Average Growth : 2018-2022)



Source: Quantec, 2023

Figure 14: WC's Top Imports from Sweden, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

3) Foreign Direct Investment

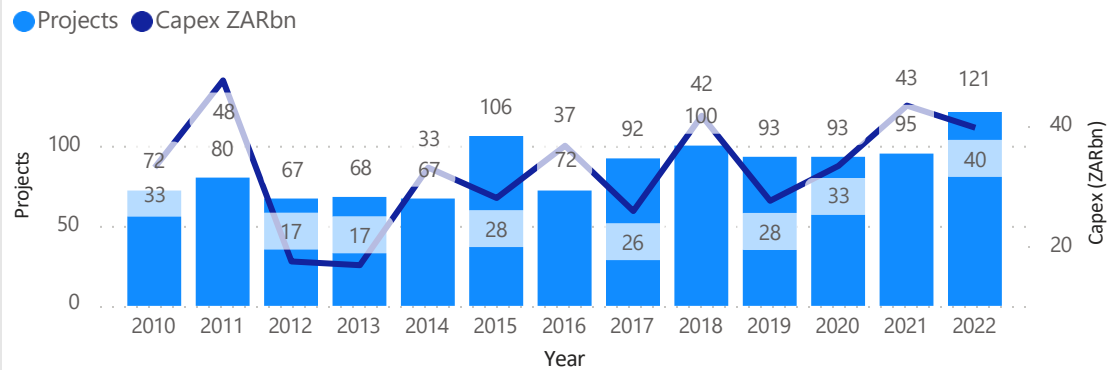
3.1) FDI into Sweden

Although factors such as the Covid-19 pandemic created a largely negative investment climate worldwide, Sweden has remained a viable

destination for foreign direct investment (FDI) in recent years. Figure 15 shows that the number of inward FDI projects in Sweden fluctuated from 72 in 2010 to an estimated 121 in 2022.

Similarly, the capex value of these projects fluctuated between ZAR33.05bn in 2010 and an estimated ZAR39.68bn in December 2022.

Figure 15: FDI in Sweden, 2010-2022



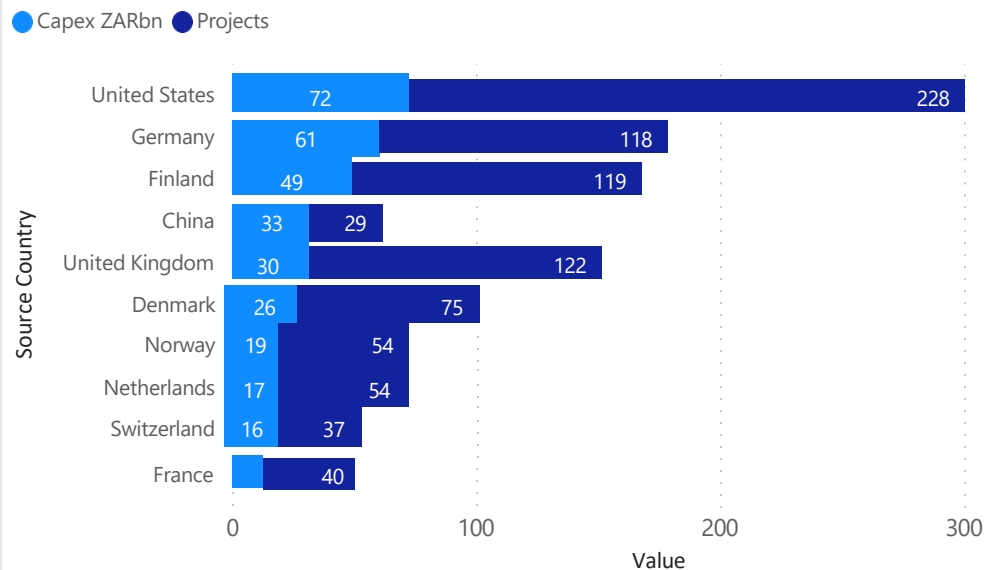
Source: FDI Markets, 2023

Figure 16 indicates that the United States was the leading foreign investor into Sweden over the period analysed (as measured by capex), investing in 228 projects at a value of ZAR72.31bn.

This was followed by Germany (118 projects worth ZAR61bn), Finland (119 projects at a value of ZAR48.91bn) and China (29 projects worth ZAR33bn).

China and the United States were the only non-European countries that featured in Sweden's top ten source markets for FDI.

Figure 16: FDI in Sweden by Source Markets, 2010-2022

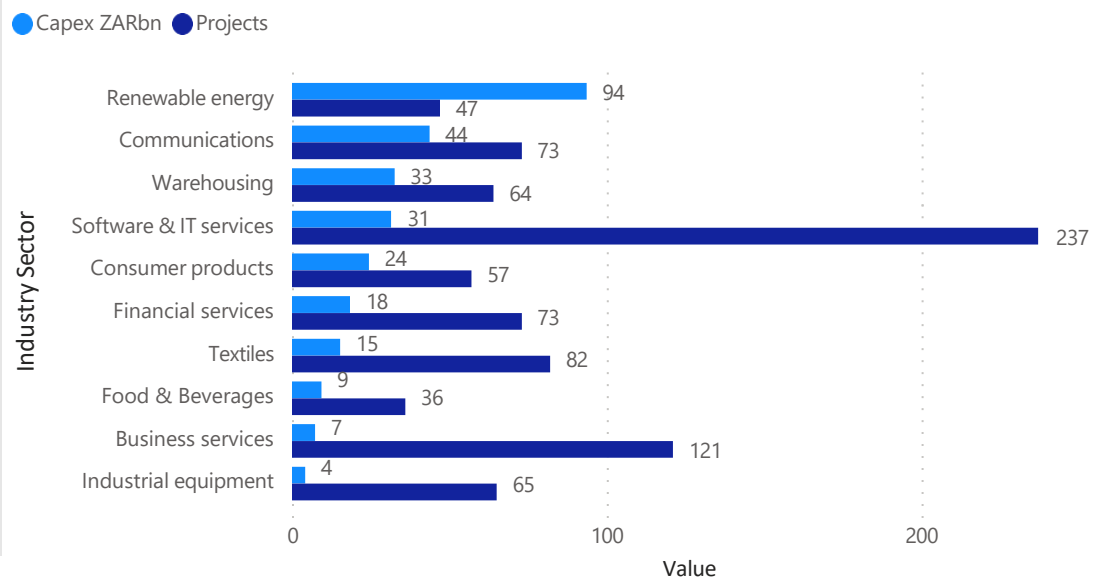


Source: FDI Markets, 2023

With green energy playing an increasingly important role globally, it is understandable that a large percentage of FDI capex into Sweden was destined for the renewable energy sector, with the sector receiving investments to the value of ZAR94.03bn over the review period, as shown in Figure 17.

Regarding specific FDI projects, the software and IT services sector recorded the greatest number of investment projects, with 237 projects with a capex value of ZAR31.48bn recorded over the review period. This was followed by the business services sector (121 projects worth ZAR7.33bn) and the textiles sector (82 projects worth ZAR15.27bn).

Figure 17: FDI in Swedish Sectors, 2010-2022



Source: FDI Markets, 2023

3.2) OFDI From Sweden to the Globe

The total outward foreign direct investment (OFDI) from Sweden fluctuated between 328 projects in January 2010 and 320 projects in December 2022, as shown in Figure 18.

During this period, the country invested in 4 551 projects globally, reaching a total capex of ZAR1 893.00bn, and generating 396 327 jobs.

Figure 18: Trends in OFDI from Sweden, 2010-2022

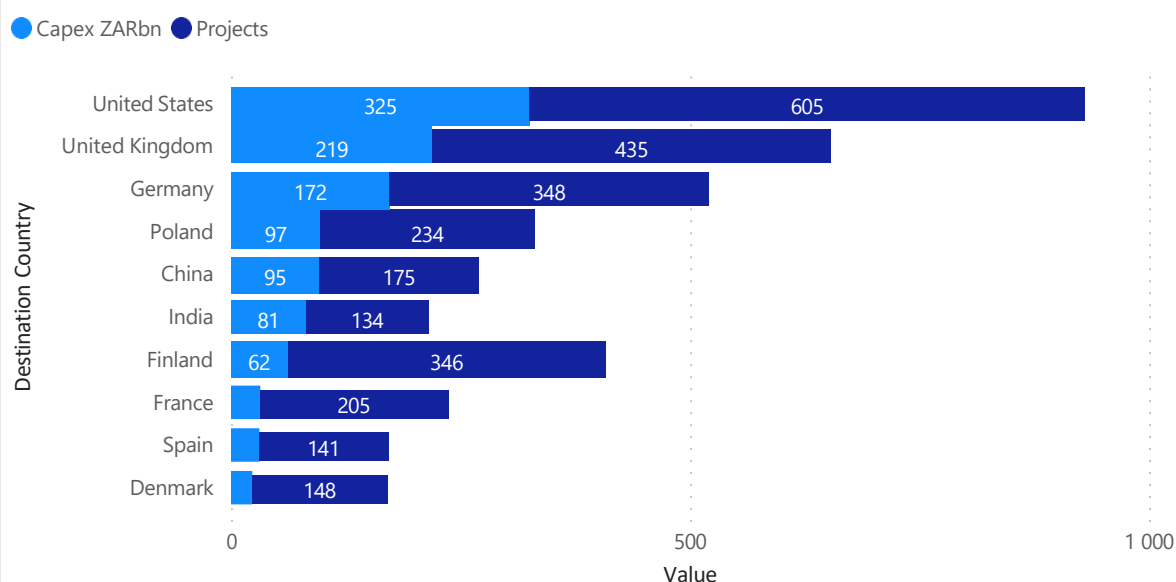


Source: FDI Markets, 2023

The United States was the leading destination market for OFDI from Sweden in terms of the number of projects, as shown in Figure 19. Specifically, 605 projects worth ZAR324.84bn were invested into the US.

The United Kingdom benefited from 435 projects at a value of ZAR218.86bn and Germany from 348 projects worth ZAR172.22bn.

Figure 19: Destination Markets for OFDI from Sweden, 2010-2022



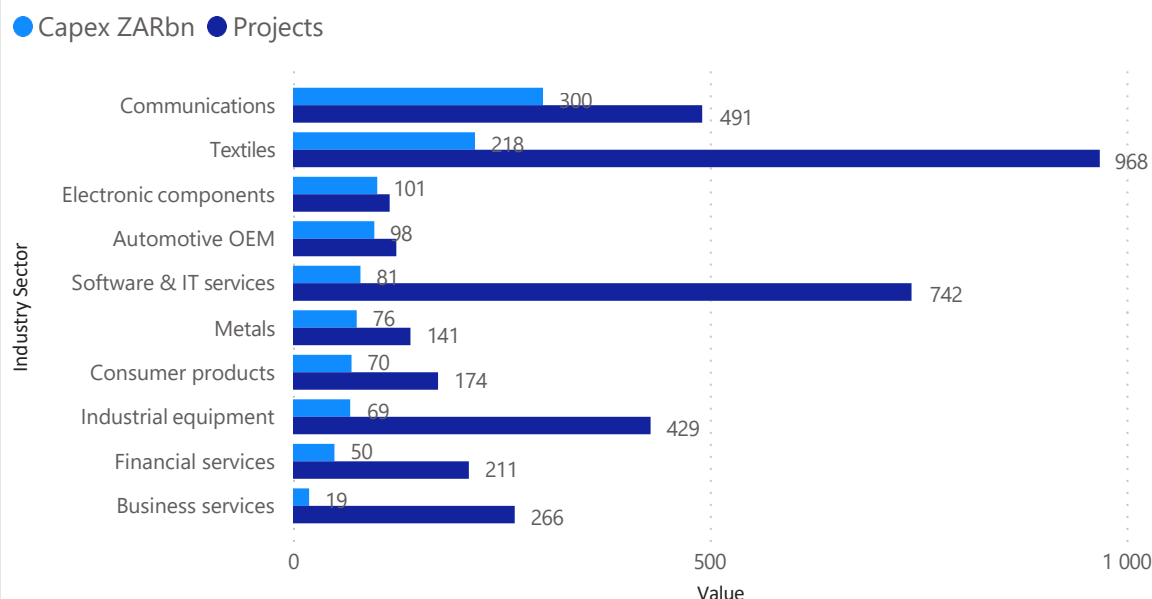
Source: FDI Markets, 2023

The textiles sector was the largest recipient of outward Swedish FDI over the period January 2010 to December 2022, with Sweden investing in a total of 968 projects in this sector, with a cumulative capex of ZAR218.34bn.

Other top sectors attracting OFDI from Sweden were the software & IT services sector (742 projects worth ZAR81.02bn) and the communications sector (491 projects valued at ZAR299.92bn).

These top three sectors accounted for an estimated 60.10% of Sweden's OFDI during this period.

Figure 20: Top Sectors for OFDI from Sweden, 2010-2022



Source: FDI Markets, 2023

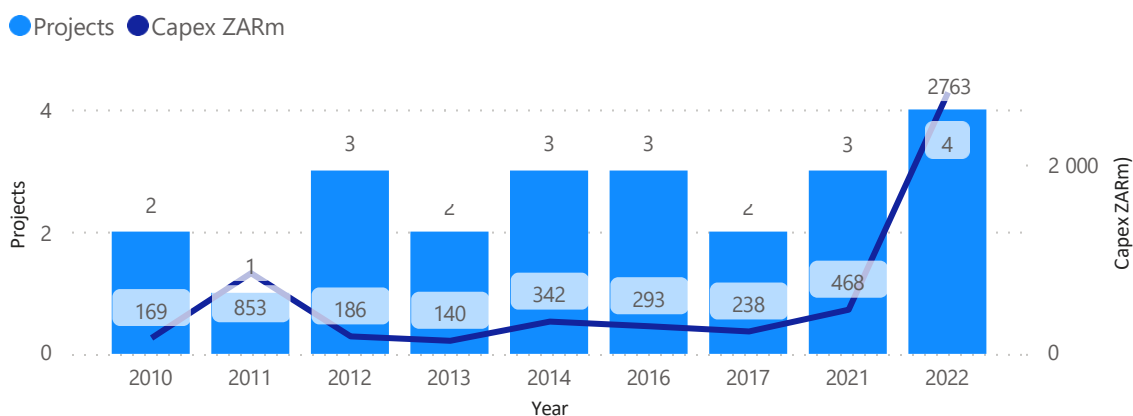
3.3) Bilateral FDI: Sweden's FDI in South Africa

Figure 21 shows FDI into South Africa from Sweden over the period January 2010 to December 2022.

23 FDI projects were recorded from Sweden into South Africa over this period, with a total capex value of ZAR5 450.32m and generated 1 956 jobs.

Inward FDI from Sweden into South Africa increased dramatically from ZAR168.74m in 2010 to ZAR2 762.73m in 2022.

Figure 21: FDI from Sweden in SA, 2010-2022

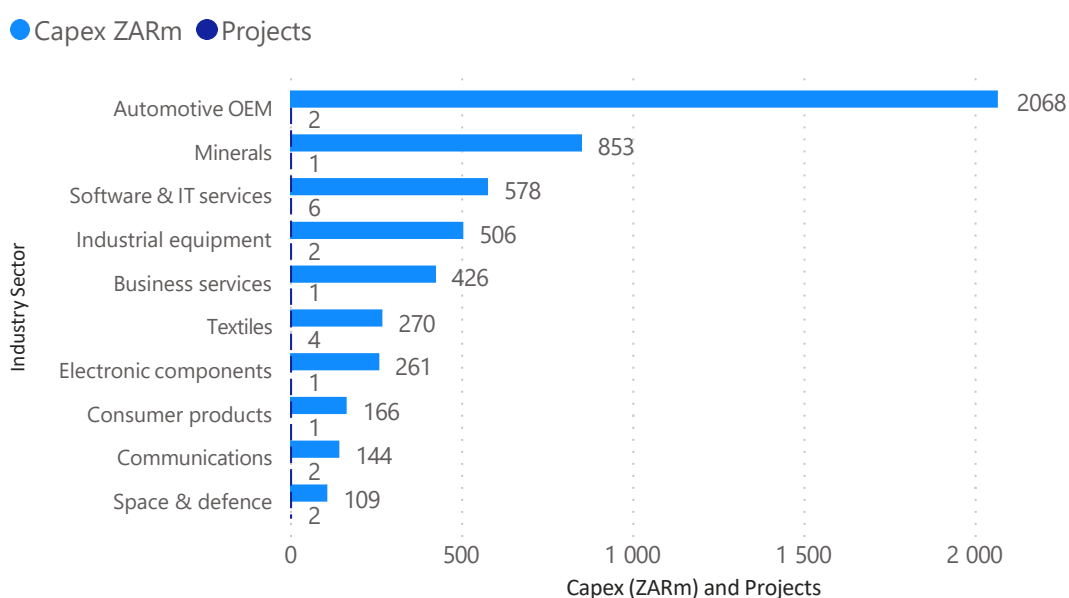


Source: FDI Markets, 2023

The South African industry that benefited the most from Sweden's investment (as measured by capex) during the period under review was the automotive original equipment manufacturer (OEM) sector (ZAR2 067.83m), followed by the minerals sector (ZAR852.91m).

In terms of the number of projects invested, software and IT gained the most (six projects) followed by textiles (four projects).

Figure 22: FDI from Sweden in SA Sectors, 2010-2022



Source: FDI Markets, 2023

Figure 23 lists the top 10 Swedish companies (as measured both by capex and number of projects) that invested in South Africa over the period January 2010 to December 2022.

Hennes and Mauritz (H&M) invested in the greatest number of projects (five) in South Africa. The respective FDI amounted to ZAR435.66m and generated an estimated 518 jobs during this period.

Regarding capex, IGE Resources in the minerals sector invested the largest amount at ZAR852.94m in one project.

Figure 23: Swedish Companies Investing in SA, 2010-2022

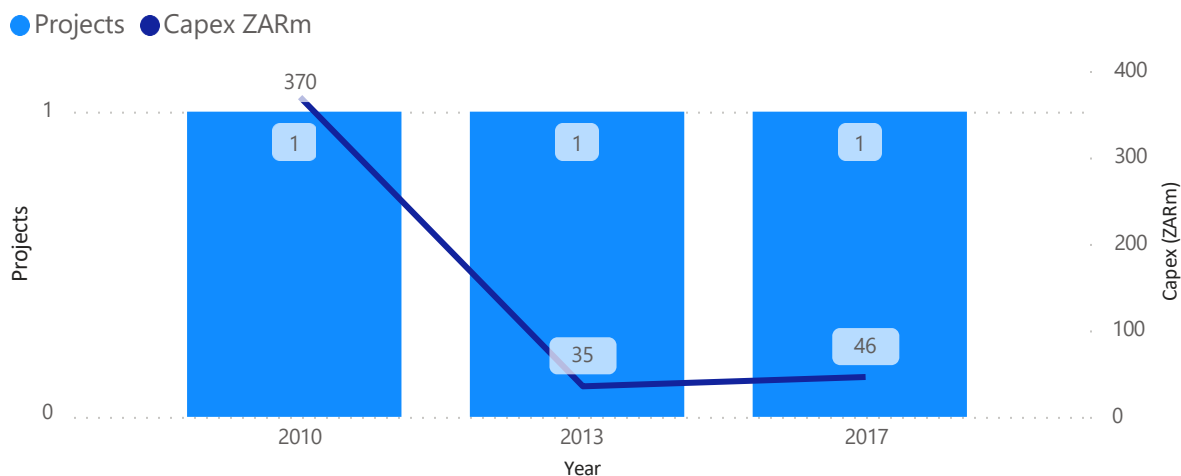
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
IGE Resources	1	852.94	383	Minerals
Hennes & Mauritz	5	435.66	518	Textiles
Ampilio	1	426.45	14	Business services
Polarium	1	260.78	200	Electronic components
Atlas Copco	1	190.22	50	Industrial equipment
Outpost24	1	88.97	9	Software & IT services
Pagero	1	79.77	9	Software & IT services
CLX Networks	1	72.11	36	Communications
Clyde Space	1	72.11	81	Space & defence
Flexenclosure	1	72.11	36	Communications
Total	14	2 551.12	1336	

Source: FDI Markets, 2023

3.4) Bilateral FDI: South Africa's FDI in Sweden

As shown in Figure 24, FDI from South Africa into Sweden was relatively less robust. South Africa invested in three projects worth ZAR450.99m over the period analyzed, generating 68 jobs.

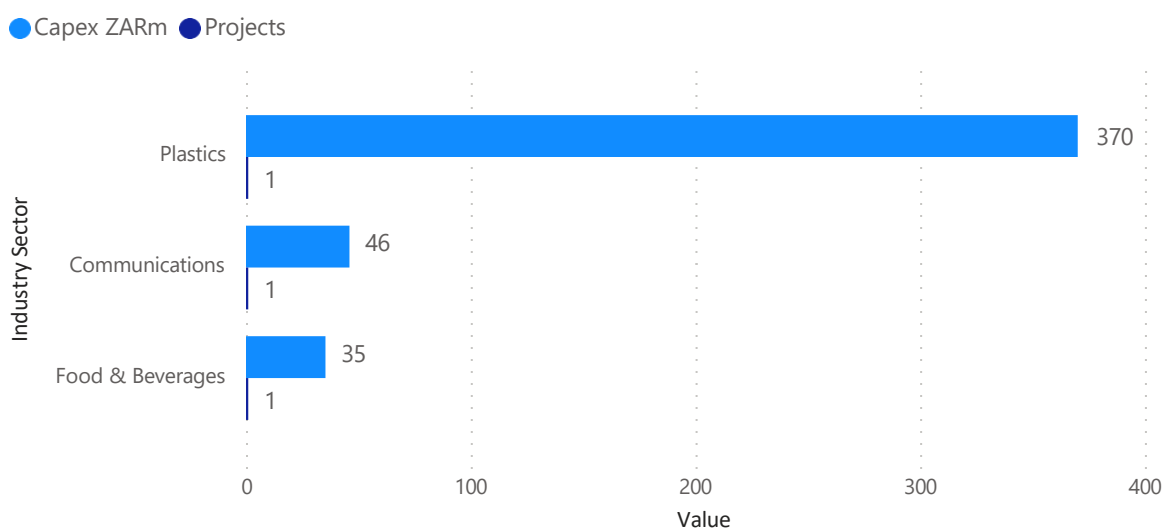
Figure 24: FDI from SA in Sweden, 2010-2022



Source: FDI Markets, 2023

The sector receiving the largest amount of capex from South Africa during the period under review was the plastics sector (ZAR370.02m). This was followed by communications (ZAR46.04m), and food and beverages (ZAR35.33m).

Figure 25: FDI from SA in Swedish Sectors, 2010-2022



Source: FDI Markets, 2023

Figure 26 gives an overview of South African companies that invested in Sweden over the last 12 years. Mondi Coatings invested in three capital-intensive projects in the Swedish plastic sector, valued at ZAR370.03m.

Figure 26: SA Companies Investing into Sweden, 2010-2022

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Mondi Coatings	1	370.03	43	Plastics
Analysys Mason	1	46.03	17	Communications
Origin Wine	1	35.33	8	Food & beverages
Total	3		68	

Other companies listed here, such as Analysys Mason and Origin Wine made significant investments worth a collective ZAR81.36m during the period under review.

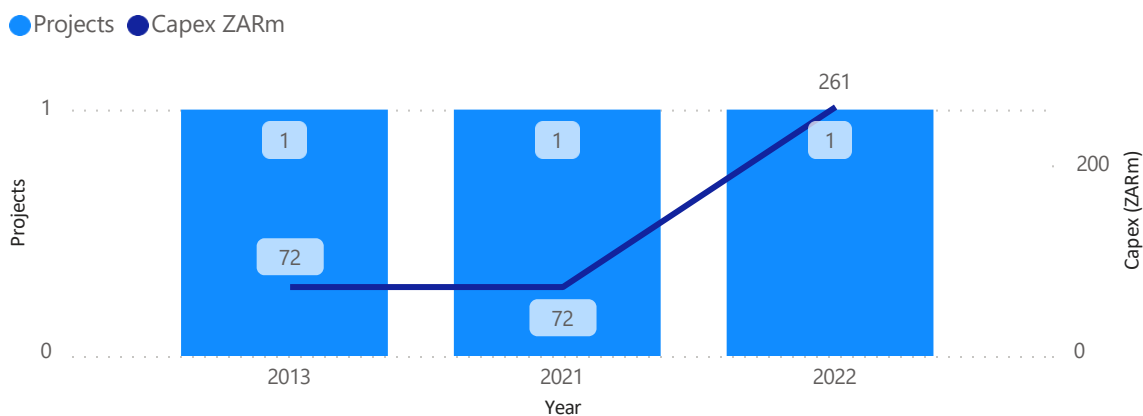
Source: FDI Markets, 2023

3.5) Bilateral FDI: Sweden's FDI in the Western Cape (WC)

As shown in Figure 27, Sweden invested in three projects worth ZAR405.00m in the Western Cape over the period 2010 to 2022. These projects generated 117 jobs.

Both FDI capex and the number of projects generally maintained a steady course over the period 2021 – 2022, although capex increased notably to ZAR261.02m in 2022, up from ZAR72m in 2021.

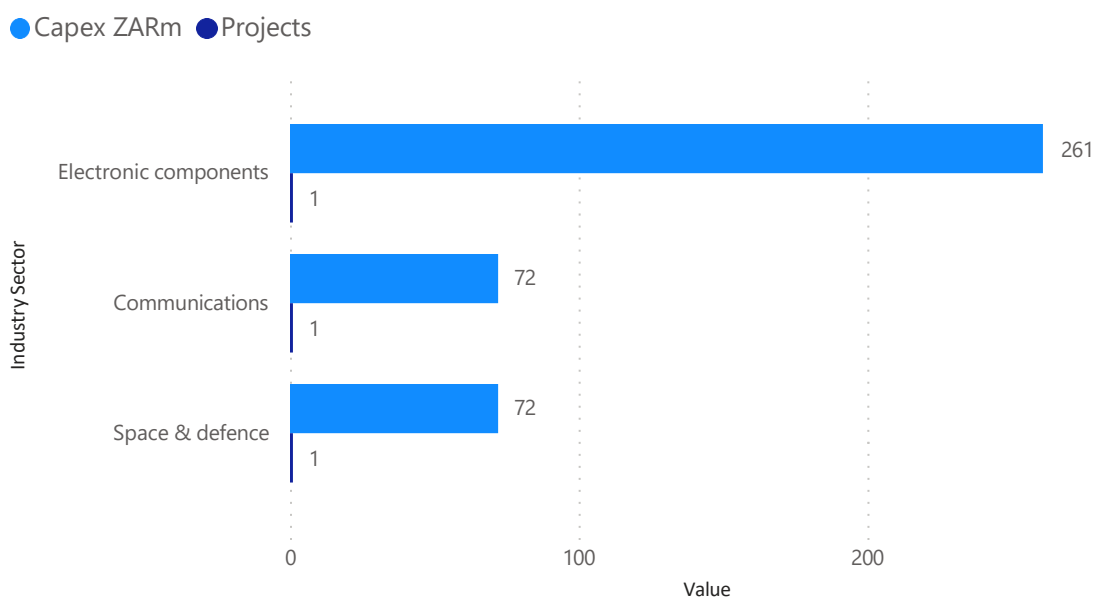
Figure 27: FDI from Sweden in WC, 2010-2022



Source: FDI Markets, 2023

Figure 28 shows that the Western Cape industry that had the largest amount of capex invested in it from Sweden during the period under review was the electronic components sector. A value of ZAR260.78 was invested in one project in this sector. This was followed by investments in single projects each worth a capex value of ZAR72.11m in the communications sector and the space and defence sector.

Figure 28: FDI from Sweden in WC Sectors, 2010-2022



Source: FDI Markets, 2023

The Swedish company with the highest capex investment into the Western Cape was Polarium in the electronic components sector. The company made one investment worth ZAR260.78m into the province over the period.

Clyde Space and CLX Networks each invested in project worth a total of ZAR144.22m over the period 2010 and 2022.

Figure 29: Swedish Companies Investing in WC, 2010-2022

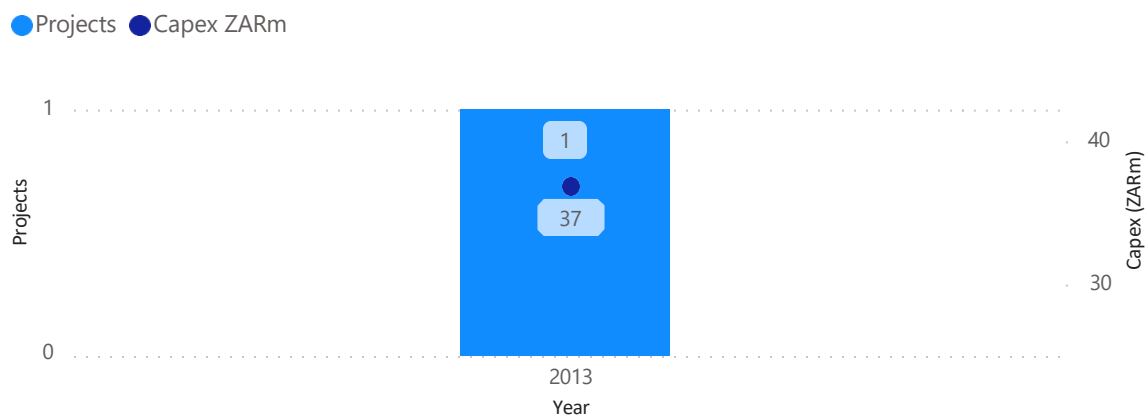
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Polarium	1	260.78	200	Electronic components
CLX Networks	1	72.11	36	Communications
Clyde Space	1	72.11	81	Communications

Source: FDI Markets, 2023

3.6) Bilateral FDI: Western Cape's FDI in Sweden

Figure 30 shows that outward FDI from the Western Cape into Sweden was less robust. The province invested in only one project in Sweden between 2010 and 2022. Capex was valued at ZAR36.82m and seven jobs were generated in Sweden.

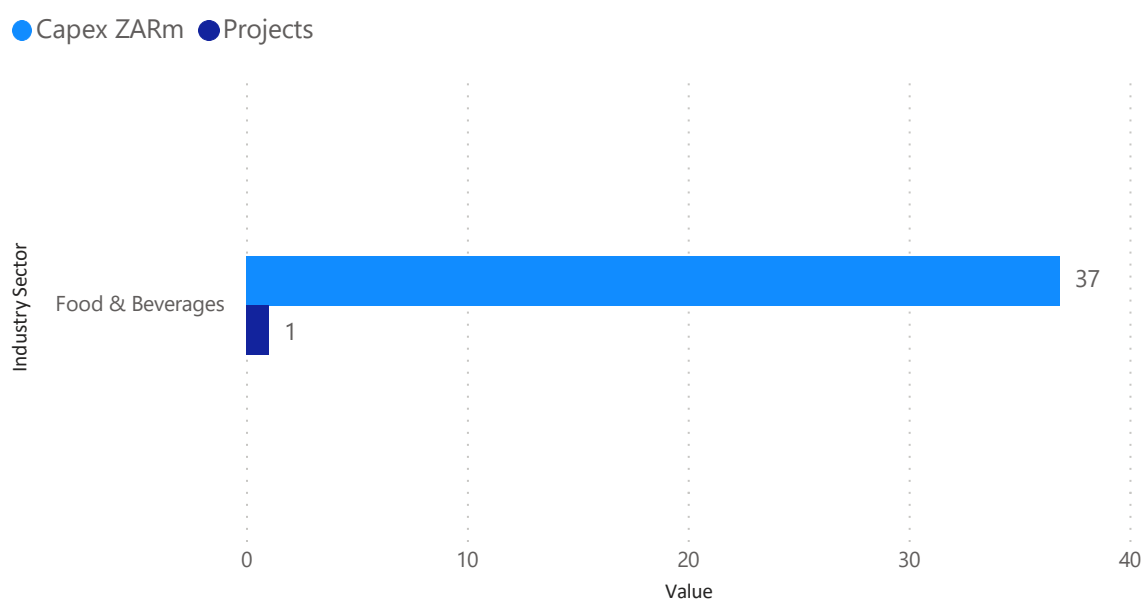
Figure 30: FDI from WC in Sweden, 2010-2022



Source: FDI Markets, 2023

The food and beverages sector in Sweden was the only sector that received an investment from the Western Cape over the reviewed period, as Figure 31 shows.

Figure 31: FDI from WC in Swedish Sectors, 2010-2022



Source: FDI Markets, 2023

Origin wines, a company based in the Western Cape, invested in the Swedish food and beverages sector to a value of ZAR36.82m. This led to the creation of seven jobs in total.

Figure 32: WC Companies Investing in Sweden, 2010-2022

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Origin Wine	1	36.82	7	1
Total	1	36.82	7	

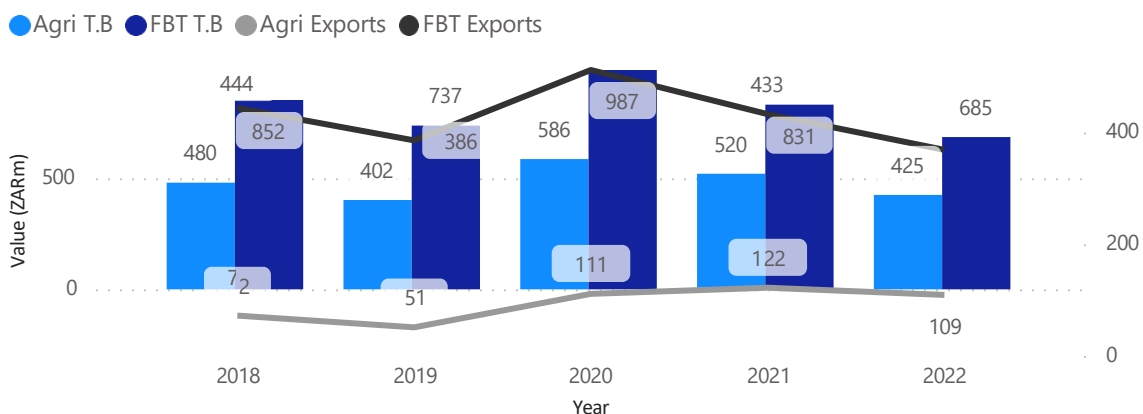
Source: FDI Markets, 2023

4) Western Cape Agribusiness Trade with Sweden

The Western Cape was a net exporter of primary agricultural products to Sweden over the last five years, recording a trade surplus of ZAR424.82m in 2022. During this period, agri exports recorded a five-year average value of ZAR93.18m in total receipts.

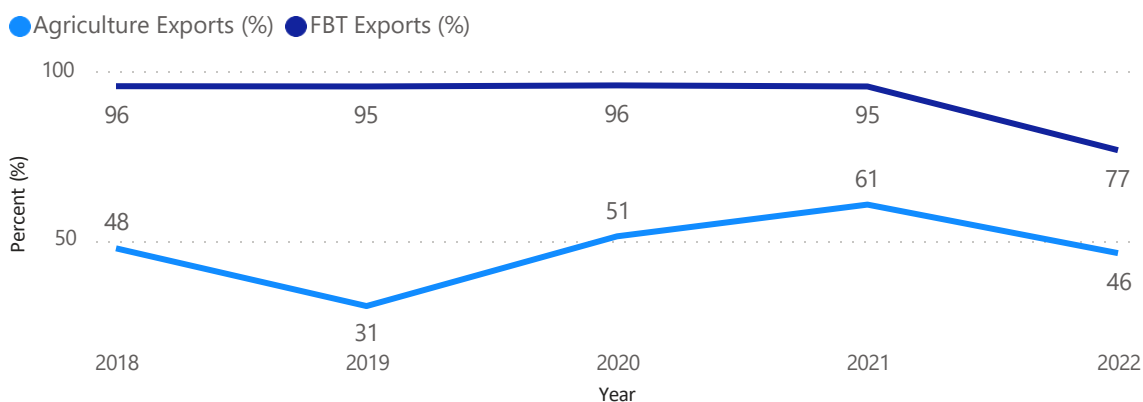
Agri imports fluctuated over this period, averaging ZAR1.20m over the five-year period. The Western Cape was a net food, beverages and tobacco industry exporter, recording a trade surplus during the period under review.

Figure 33: WC Agriculture and FBT Trade with Sweden, 2018-2022



Source: Quantec, 2023

Figure 34: WC Share of National Agri and FBT exports to Sweden, 2018-2022



Source: Quantec, 2023

Citrus fruit (ZAR39.05m), fish fillets (ZAR24.37m) and vanilla (ZAR20.50m) were the top three agricultural exports from the Western Cape to Sweden in 2022, as shown in Figure 35. These products accounted for 75.13% of the province's agricultural exports to Sweden in 2022, with citrus fruits alone contributing 34.96%. Exports in vanilla grew by a phenomenal average growth of 111.73% during the five-year period.

Note: 0.00 growth is not indicative of no growth; it is simply a mathematical limitation of calculating the average.

Figure 35: Top Agri Exports from WC to Sweden, 2022: (Average Growth: 2018-2022)

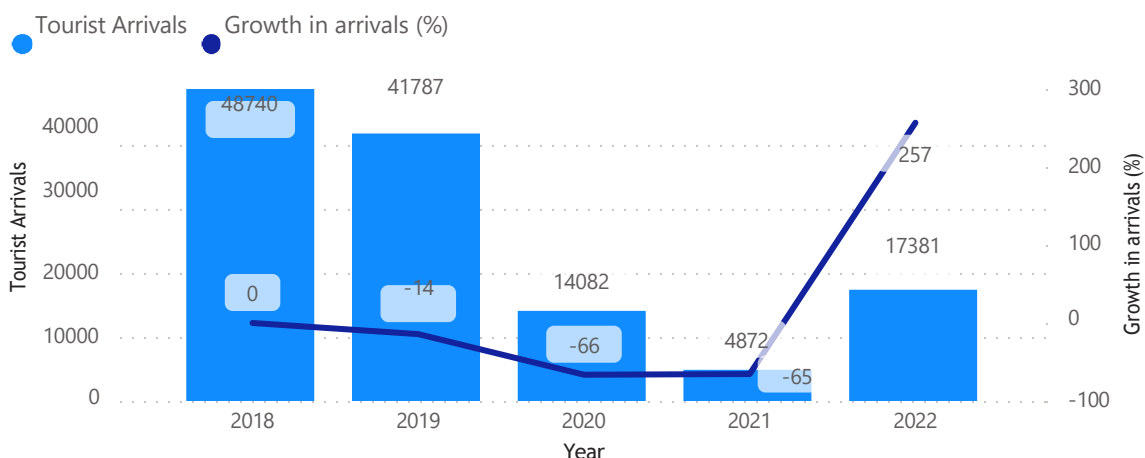


Source: Quantec, 2023

5) Tourism: South Africa and Western Cape Tourism with Sweden

The number of tourist arrivals from Sweden to South Africa declined consistently over the period 2018 to 2021, before recovering marginally in 2022. 2018 recorded the highest number of Swedish arrivals, (48 740) followed by 41 787 arrivals in 2019. Only 14 082 Scandinavian arrivals were recorded into the country in 2020 as the pandemic brought global travel to a halt. With the removal of travel restrictions in mid-2021, a 256.75% y-o-y growth was recorded in 2022, with 17 381 Swedish arrivals into South Africa in 2022 from the 4 872 recorded in 2021.

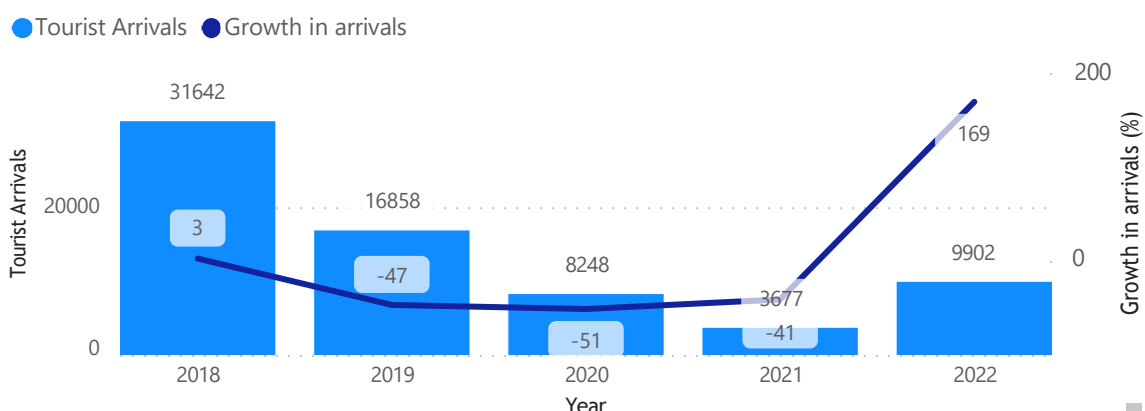
Figure 36: Swedish Tourist Arrivals in SA, 2018-2022



Source: South African Tourism, 2023

The Western Cape mirrored the national trend regarding tourist arrivals from Sweden. As Figure 37 reveals, a general decline in arrivals was evident, with 2020 the worst affected. Only 8 248 Swedish tourists visited the Western Cape in that year in comparison with 16 858 arrivals in the previous year, representing a 51.07% y-o-y decline. Year 2021 showed a further decline recording 4 872 arrivals. However, year 2022 brought some relief, with the province recording 169.32% y-o-y growth (9 902 arrivals) in comparison to 3 677 arrivals recorded in 2021.

Figure 37: Swedish Tourist Arrivals in WC, 2018-2022



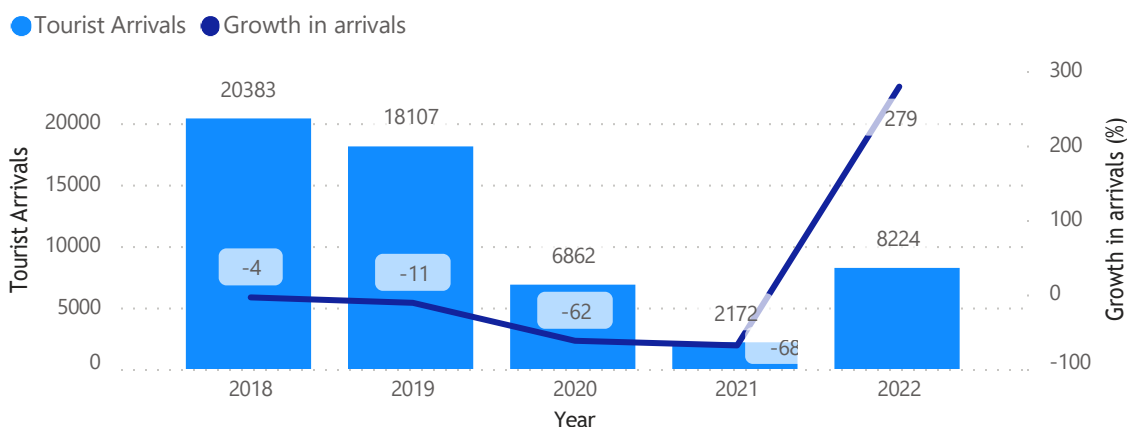
Source: South African Tourism, 2023

The trend in tourist arrivals to Cape Town via air followed a similar pattern to that of the national and provincial economy.

There was a general decline in tourist arrivals to the city via air over the period 2018 to 2021, with 2022 recording a welcome recovery.

Over 8 000 Swedish tourist arrivals travelled to Cape Town (via air) in 2022, representing a 279.00% y-o-y growth from the 2 172 arrivals recorded in 2021.

Figure 38: Swedish Passenger Movement through CTIA, 2018-2022



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