

The Kingdom of Sweden

MARKET ACCESS SERIES

2024-25

JUNE 2025

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ACKNOWLEDGMENTS

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THE PAKISTAN BUSINESS COUNCIL: AN OVERVIEW

The Pakistan Business Council (PBC) is a research-based business advocacy platform established in 2005. It is now supported by over 100 private sector local and multinational businesses with significant investment in, and long-term commitment to sustainable growth of the country. They come from 14 countries, have leading roles in 17 major sectors of the formal economy, generate 40% of annual exports, contribute a third of Pakistan's total tax revenues and employ three million. Their combined sales represent every 6th Rupee of Pakistan's GDP.

PBC's major objectives are to advocate policies that lead to creation of jobs, value-added exports and reduction in import reliance through improved competitiveness of manufacturing, services and the agriculture sectors. It also promotes formalization of the economy.

PBC's over-arching theme, **"Make-in-Pakistan"** consists of three pillars: **"Grow More/Grow Better"**, **"Make More/Make Better"** and **"Serve More/Serve Better."** Its evidence-based advocacy is backed by over a hundred studies to date through its full-time research team, supplemented by collaborative research with renowned industry experts and economists. Through its Centre of Excellence in Responsible Business (CERB), PBC works to build capacity and capability of businesses beyond its membership, to adopt high environmental, social and governance standards. PBC holds conferences, seminars and webinars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan. Through its presence in Islamabad and Karachi, it works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues impacting the economy.

PBC is a pan-sectoral, not-for-profit, Section 42 entity. It is not a trade body; therefore, it does not advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers that thwart competitiveness of businesses in Pakistan. Further information on the PBC is available on: www.pbc.org.pk.

THE PBC'S FOUNDING OBJECTIVES

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

THE PBC MEMBER COMPANIES





THE PBC AFFILIATES



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ACRONYMS

AI	Artificial Intelligence
B2B	Business-to-Business
BITS	Bilateral Investment Treaties
CAGR	Compound Annual Growth Rate
EC-EFTA	European Commission–European Free Trade Association
EFTA	European Free Trade Association
EU	European Union
EV	Electrical Vehicle
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GSP+	Generalised Scheme of Preferences Plus
HDI	Human Development Index
IMF	International Monetary Fund
IOT	Internet of Things
IP	Intellectual Property
IT	Information Technology
ITC	International Trade Centre
MFN	Most Favoured Nation
NOC	No Objection Certificate
NTM	Non-Tariff Measure
R&D	Research and Development
RCA	Revealed Comparative Advantage
SBP	State Bank of Pakistan
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
TBT	Technical Barriers to Trade
TCI	Trade Complementarity Index
TIPS	Treaties with Investment Provisions
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank

Executive Summary



EXECUTIVE SUMMARY

Sweden, a Nordic country and an EU member since 1995, uses the Swedish Krona (SEK) as its currency and follows a constitutional monarchy system. Although it is the fifth-largest country in Europe by land area, its population remains modest at around 10.54 million. In 2023, the country's GDP totaled \$593.27 billion, and GDP per capita stood at approximately \$56,300. Sweden continues to perform well economically, ranking 6th in the IMD World Competitiveness Ranking 2024 and 3rd in the Global Innovation Index. It is widely viewed as a leader in green technology, digital advancement, and research.

In 2023, Sweden's exports grew by 3.41%, outpacing its import growth of 1.55%, this helped reduce the trade deficit by \$5.3 billion and resulted in a surplus in goods trade. Sweden's goods exports at the HS-06 level included mineral fuels and oils, motor vehicles, and medicaments. Meanwhile, imports consisted of similar mineral products, motor vehicles, Atlantic salmon, and smartphones.

Despite growth in services trade, the country remained in deficit due to faster growth in services imports (14.89%) compared to exports (10.25%), with the largest contributor to the gap being 'Other Business Services,' and which led to a \$12.06 billion deficit.

Main trading partners for Sweden in 2023 included Germany, the United States, the United Kingdom, the Netherlands, and Denmark. Germany remained the top trading partner, accounting for 10.27% of exports and 16.67% of imports.

In 2023, Sweden exported \$191.96 million worth of goods to Pakistan and imported goods worth \$159.03 million, resulting in a total bilateral trade value of \$350.99 million. Pakistan contributed just 0.09% to Sweden's overall trade and was ranked 62nd among Sweden's trading partners.

Pakistan's major exports to Sweden include cotton bedlinen, semi/wholly milled rice, cotton trousers and ensembles, toilet linen and kitchen linen, gloves/mittens, and other garments and home textile items. On the other hand, top imports from Sweden include chemical wood pulp (semi-bleached or bleached), turnings and shavings (iron or steel), sack kraft paper, and coniferous wood (sawn or chipped).

In terms of services, Pakistan exported \$113.68 million to Sweden and imported \$12.79 million, creating a positive trade balance of \$100.89 million. However, there could be discrepancies in trade data reported by State Bank of Pakistan as there is a significant differential in reporting by Pakistan and Sweden.

The bulk of Pakistan's services exports to Sweden fell under 'Other Business Services,' totaling \$58.87 million (51.79% of services exports). On the import side, 'Transport' services amounted to \$8.74 million (68.37% of services imports).

Key Findings



KEY FINDINGS

Pakistan's Export Potential in Goods

- Pakistan's total export potential to Sweden at the HS-02 level is \$14.40 billion. The main categories with the highest export potential to Sweden include textiles (\$5.37B), foodstuffs (\$1.28B), and metals (\$1.20B).
- At the HS-06 level, among the products that Pakistan currently exports to Sweden, there is an export potential of \$3.85 billion.
- Top export potential goods include instruments/appliances for medical use, undenatured ethyl alcohol, cotton garments (t-shirts, trousers, vests), semi/wholly milled rice, gloves/mittens, toilet and kitchen linen, other garments, and home textiles.
- At the HS-06 level, among the products that Pakistan currently does not export to Sweden, there is an additional export potential of around \$2.97 billion.
- The major products that Pakistan currently does not export to Sweden and which have a demand there, include medicaments, medium oils, unwrought aluminium alloys, flat-rolled products of iron or non-alloy steel, polyethylene terephthalate, solid/syrup glucose, cane or beet sugar, and portland cement.

Sweden's Export Potential in Goods

- Sweden's total export potential at the HS-02 level is \$39.19 billion, which includes categories like mineral products (\$14.95B), machinery/electrical (\$6.19B), and chemicals and allied industries (\$5.32B).
- At the HS-06 level, there is an export potential of \$22.72 billion. Main goods include light oils/medium oils, smartphones, waste and scrap of iron/steel, polyethylene, medicaments, motor vehicles, data processing machines, and turnings and shavings (iron or steel).

Pakistan's Export Potential in Services:

- Export potential in the services sector is around \$6.64 billion. Primarily in Classification 9, Telecommunications, Computer, and Information Services, with a potential of around \$2.54 billion. Pakistan has a strong RCA of 7.10 in this category.
- In Classification 10, Other Business Services, Pakistan has an export potential of \$1.57 billion.
- Pakistan also has substantial export potential of \$970.58 million in Classification 4, 'Travel.' However, a low RCA suggests Pakistan is not a popular tourist destination, particularly for Sweden. Despite this, Pakistan exported \$971.47 million worth of travel services globally, indicating a potential market.

Opportunities for Pakistan

- **Textiles:** Pakistan can capitalize on existing demand in home textiles like bedsheets and towels, as well as opportunities in other products like carpets, blankets, and throws.
- **Information Technology and Digital Services:** The country has a young, skilled workforce that can offer services like software development and digital solutions. Infrastructure upgrades can improve competitiveness. Gaming is another area with potential.
- **Agriculture:** High-quality exports like rice and pulses can grow with better packaging and quality control.
- **Niche Exports:** Sports Goods and Surgical Instruments: Sports goods (e.g., footballs, ice hockey gear) and surgical goods can contribute to export diversification.
- **Mining Potential:** Strong potential in mining offers opportunities for investment in extraction and infrastructure.
- **Ceramics Potential:** Pakistan has the raw materials to make products like ceramic sinks and bathroom/kitchen fittings, but the industry is underdeveloped. Investment could boost product diversity.
- **Tourism Potential:** Northern Pakistan can contribute to tourism growth if infrastructure (roads, hotels) improves.

Opportunities for Sweden

- **Climate Change, Renewable Energy, Green Investment, and Electrical vehicles (EV's):** Sweden can support Pakistan in renewable energy, EVs, and sustainable technologies due to its expertise in environmental policies and investments in solar, wind, and rare earth minerals. Sweden is also recognized for its green initiatives.
- **Technology - IT and High-Tech Industry:** Sweden is known for its tech innovation, showing potential for collaboration in areas such as civil/military technology & IT services. Companies such as SAAB and Volvo can bring valuable expertise, while Sweden's expertise in digital solutions can help boost local startups and young entrepreneurs.
- **Agriculture & Wood Industry:** Sweden's advanced agriculture and forest reserves present opportunities for collaboration with Pakistan's evolving agri-tech sector.
- **Vocational Training:** Sweden's highly developed vocational training system can foster partnerships and support Pakistan's industrial development.
- **Sustainable Development, Innovation, and Capacity Building:** Sweden can help Pakistan strengthen R&D, entrepreneurship, and institutional capacity. Pakistan can also learn from Sweden's efficient housing systems.
- **Ease of Market Entry:** Pakistan allows full foreign ownership in businesses without requiring a joint venture.
- **Machinery:** Sweden can export machinery such as electrical generators, and other machinery for commercial appliances and chips.
- **Healthcare and MedTech:** The growing demand for telemedicine and medical devices in Pakistan offers opportunities for Swedish MedTech collaborations.

Challenges for Pakistani Exporters

- **Energy Crisis and High Utility Costs:** High energy costs make it difficult for Pakistani exporters to remain competitive. The slow shifts to renewable energy worsens the situation, increasing the risk of losing out on exports.
- **EU Legislations: Sustainability, Compliance, and Traceability:** Strict EU rules related to clean energy, recyclability, water usage, and stringent SPS measures for food, traceability, and environmental and labor standards. Pakistan currently lacks the framework to implement these regulations, therefore it risks losing out on exports.
- **Infrastructure Gaps in Tourism:** Poor infrastructure, such as bad roads and limited lodging options, hinders growth.
- **Internet Reliability and IT Services Challenges:** Unreliable digital systems prevent the IT sector's growth. Pakistani companies cannot function fully remotely; they need backend support.
- **Security Perception Gap:** Negative perceptions related to security issues prevent foreign investment from coming to Pakistan.

Challenges for Swedish Companies

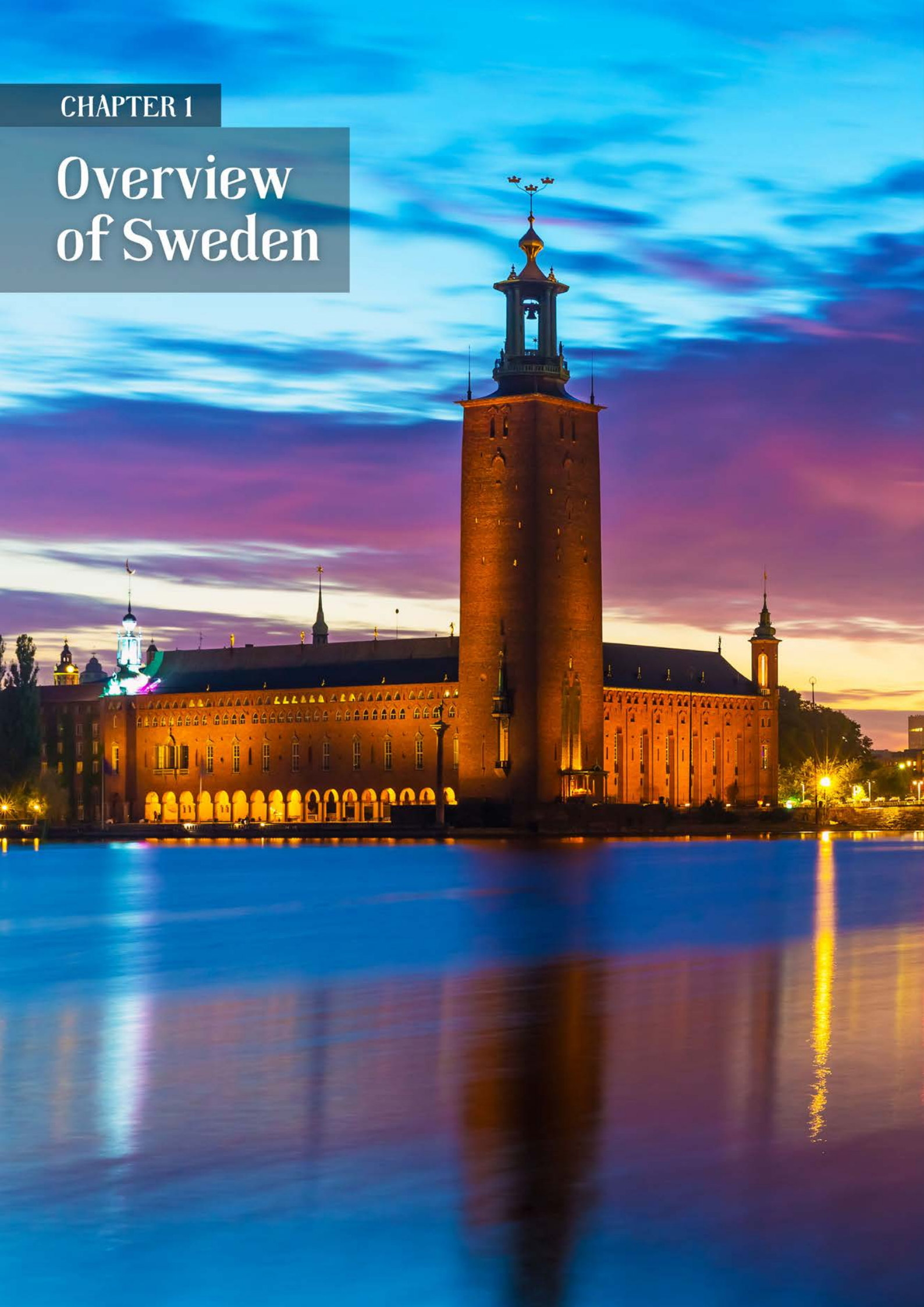
- **Lack of Regulation in the Dairy Sector:** The lack of clear laws, safety standards, and infrastructure in the dairy sector discourages investment in this crucial sector.
- **Inconsistent Policies and Infrastructure Gaps:** Unpredictable regulations, weak IP protection, and the absence of long-term frameworks hinder sustainable business planning. Infrastructure gaps, such as transport and energy supply, affect the efficiency of businesses.
- **High & Unpredictable Taxation:** High taxes, import duties, inconsistent tax treatment, and refund delays increase business costs and risks.
- **Economic Instability & Government Commitments:** Currency depreciation, delayed payments, and broken commitments hurt investor confidence.
- **Bureaucratic Hurdles:** Slow and complex procedures for approvals and NOCs create operational friction for businesses.
- **Negative Perception:** Despite its potential, Pakistan is seen as a high-risk market compared to regional competitors with more stable systems.

Recommendations

- **Strengthen Engagement:** Pakistan should proactively initiate business delegations, supported by embassies and chambers, and market itself to untapped buyers in Sweden.
- **Bridge the IT Sector Gap:** Invest in youth training, provide financial support, and improve digital infrastructure to grow IT exports.
- **Boost Industrial Competitiveness:** Reduce energy costs, support the renewable transition, educate exporters on EU standards, and diversify exports by investing in underdeveloped sectors like mining.
- **Improve the Business Environment:** Simplify regulations, reduce bureaucratic barriers, ensure timely tax refunds, and create stable policy frameworks for business growth.
- **Improve the Taxation Framework:** Streamline and simplify taxes, expand the tax base, and promote fairness to support formal sector's expansion and competitiveness. Enhance investor confidence through incentives in Special Economic Zones (SEZs), including tax breaks and profit repatriation.
- **Improve Pakistan's Global Image:** Combat negative perceptions through coordinated efforts to promote a business-friendly image of Pakistan.
- **Streamline Trade and Customs Processes:** Lower duties, adjust taxes, speed up customs clearance, and ensure more transparency to ease business operations.
- **Encourage Partnerships with Swedish Companies:** Foster partnerships between Pakistani startups and Swedish firms for tech transfer, quality improvement, and for attracting investments.
- **Support Sustainability and Compliance:** Develop a national plan and incentives to help businesses meet EU sustainability standards through training and financing.
- **Grow Selective Tourism:** Enhance tourism infrastructure and market Pakistan to niche travel groups via embassies, influencers, and social media.

CHAPTER 1

Overview of Sweden



CHAPTER 1 :

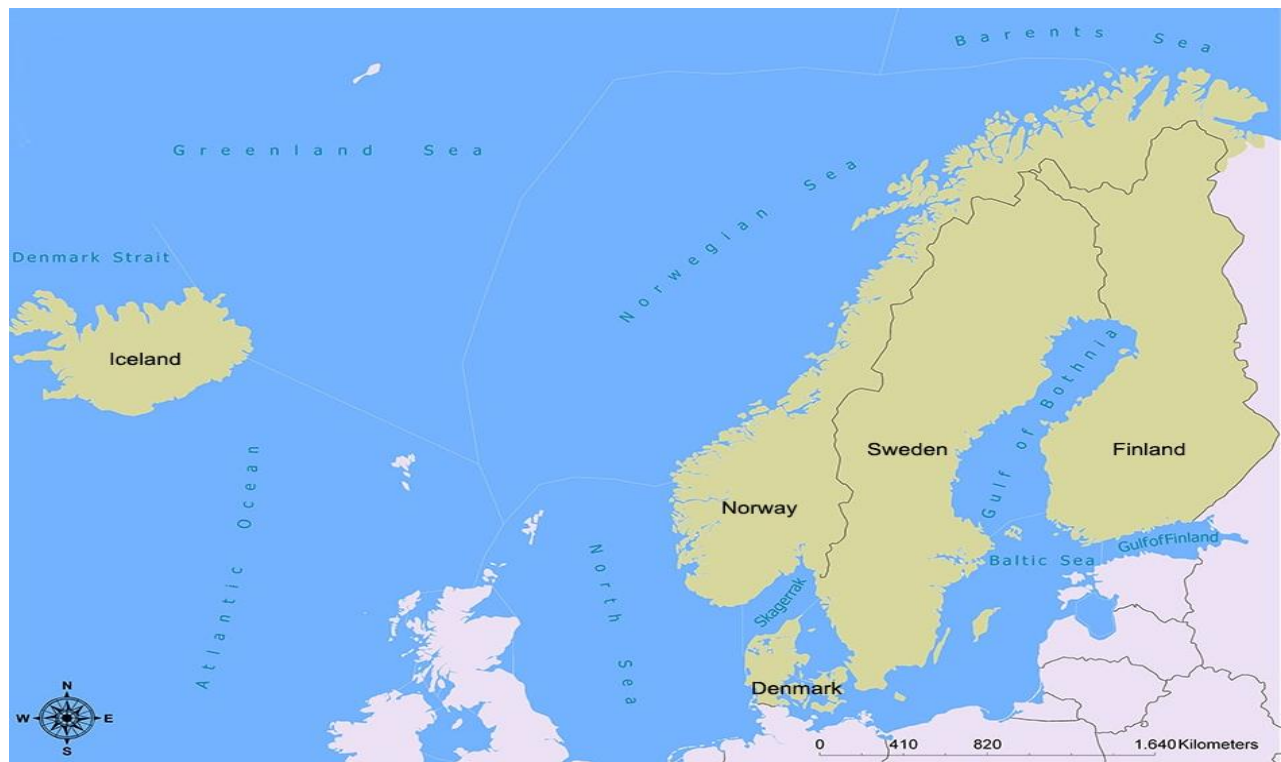
OVERVIEW OF SWEDEN

The Kingdom of Sweden (Sweden) is a Nordic country. It is part of a region that also includes Denmark, Finland, Iceland, Norway, and the self-governing territories of the Faroe Islands, Greenland, and Åland (Swedish Institute, 2024a). It joined the European Union on January 1, 1995, and is a part of the 27-nation bloc (European Union, 2024). Though it is part of the EU, it continues to use its own currency, the Swedish Krona.

By landmass, Sweden is the fifth-largest country in Europe, covering an area of approximately 528,447 square kilometres. The capital and largest city of Sweden is Stockholm (Swedish Institute, 2024).

As shown in Figure 1.1, Sweden is located in Northern Europe.

Figure 1.1: Geographic Location of Sweden within the Nordic Region



Source: Mappr (2021)

Politically, Sweden is a constitutional monarchy. The King serves as the head of state but does not hold executive power. Instead, the Prime Minister leads the government. Economically, Sweden is a mixed economy, market-based and centrally planned (CIA, 2024).

Sweden's arctic region is a treasure trove for natural resources such as iron ore and rare earth minerals. The recent discovery of Europe's largest deposit of rare earth metal oxides in northern Sweden has added much to its importance (Khorrami, 2023).

Figure 1.2 shows Sweden's diversified geography along with its major cities and different climate zones.

Figure 1.2: Physical Map of Sweden

Source: Swedish Institute (2024)

As of 2022, Sweden's population consisted of 79.6% Swedes. Other ethnic groups in Sweden include Syrians (1.9%), Iraqis (1.4%), and Finns (1.3%) (Swedish Institute, 2024). In 2008, the responsibility for immigrant workers shifted from the government to the employers as companies were encouraged to hire non-EU workers. By 2020, around a quarter of the population were immigrants. The largest religion practiced is the Church of Sweden, or Lutheran, at 53.9%. Christian denomination other than Lutheran include Roman Catholic, Orthodox, and Baptist-Marginal. Other religions include Islam, Judaism, and Buddhism which add up to 8.9% (CIA, 2024).

Demographic Profile

Sweden is a thinly populated country, with the majority of its population concentrated in its southern third (European Commission, 2023). Despite its size, it has a relatively small population of around 10,536,632, resulting in a low population density of approximately 25.9 people per square kilometre in 2023 (Statistics Sweden, 2024a).

Table 1.1: Demographic Indicators

Indicators	2022	2023
Population (Thousands)	10,487	10,537
Urban Population (Thousands)	9,280	9,350
Rural Population (Thousands)	1,207	1,187
Population Growth (annual %)	0.68%	0.47%
Population Density (Inhabitants per square kilometre)	25.80	25.90
Fertility Rate (per woman) ¹	1.52	1.45
Death Rate (per 1,000 of Average Population)	9.03	8.96
Infant mortality (per 1000 live births)	2.20	2.10
Life Expectancy at Birth (Years) ²	83.04	83.24

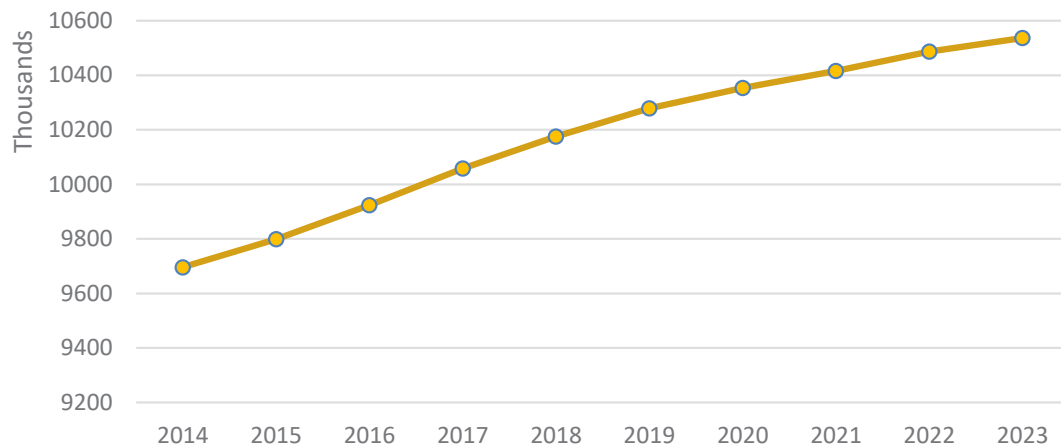
Sources: Statistics Sweden (2024a), The World Bank (2024)

Despite its low population density, Sweden is known for its high level of gender equality. Women have higher rates of labour force participation and fertility, compared to other European countries (CIA, 2024).

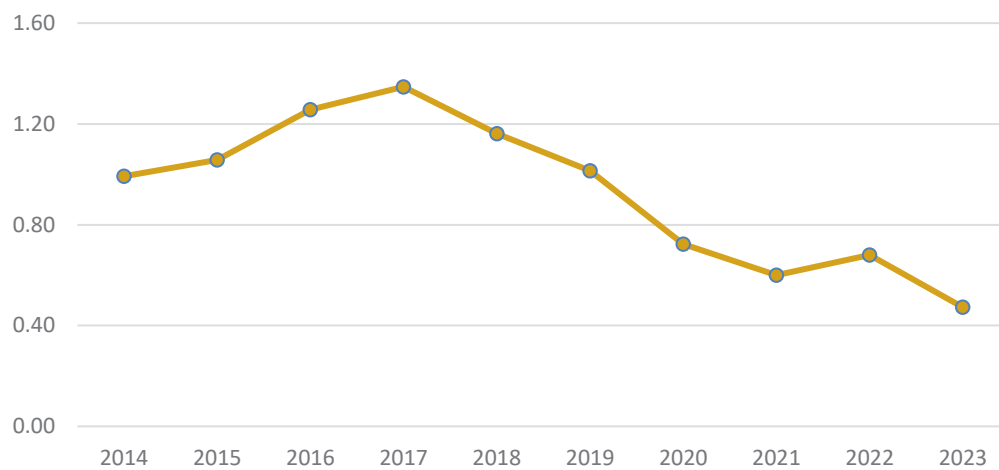
Figure 1.3 shows a consistent upward trend in population from 2014 to 2023, indicating steady growth each year. This trend is further reflected in Figure 1.4, which shows an approximate 1.0% growth each year from 2014 to 2019. However, from 2019 onwards, population growth has been declining, falling to just 0.47% in 2023.

¹ Statistics Sweden provided data on the fertility rate per 1,000 women. To calculate the average number of children per woman, the provided rate was divided by 1,000.

² Statistics Sweden provided data on life expectancy for men and women. To calculate the overall life expectancy, the average of these two figures was taken.

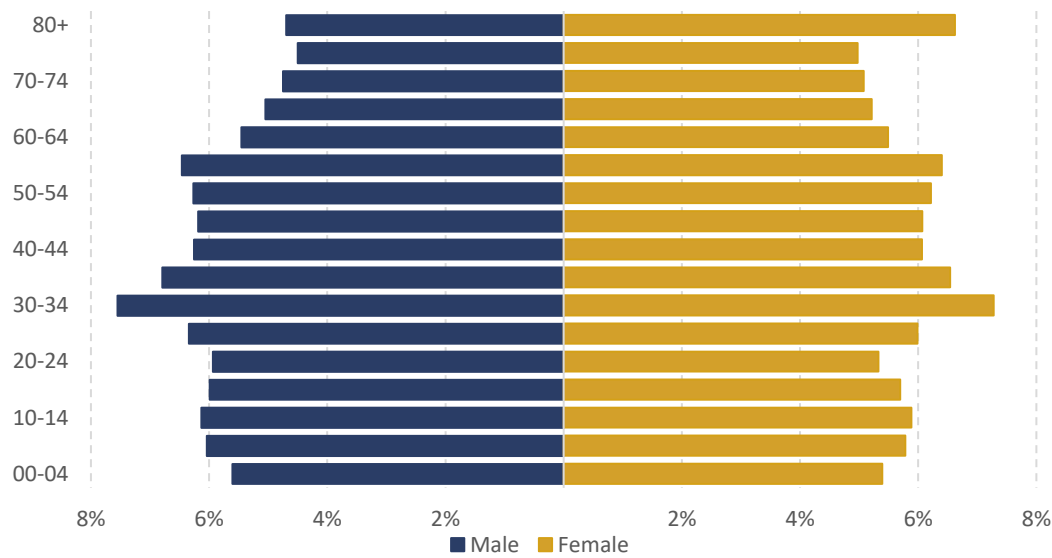
Figure 1.3: Population Trends from 2014 to 2023

Source: The World Bank (2024)

Figure 1.4: Population Growth (Annual %) from 2014 to 2023

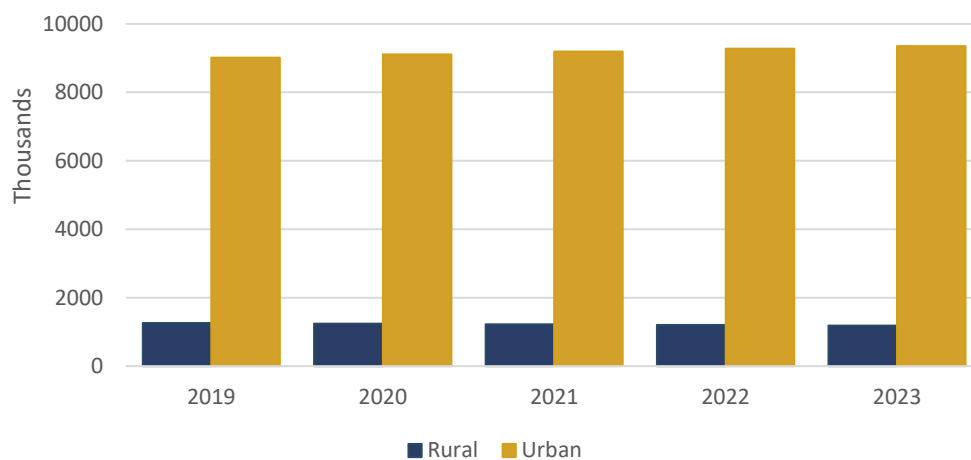
Source: The World Bank (2024)

Figure 1.5 shows a relatively balanced gender distribution in Sweden. However, there are more women in the older age group (80+) than men. Additionally, the 30-34 and 35-39 age groups have a slightly higher proportion of men compared to women.

Figure 1.5: Gender-Wise Population Distribution (2023)

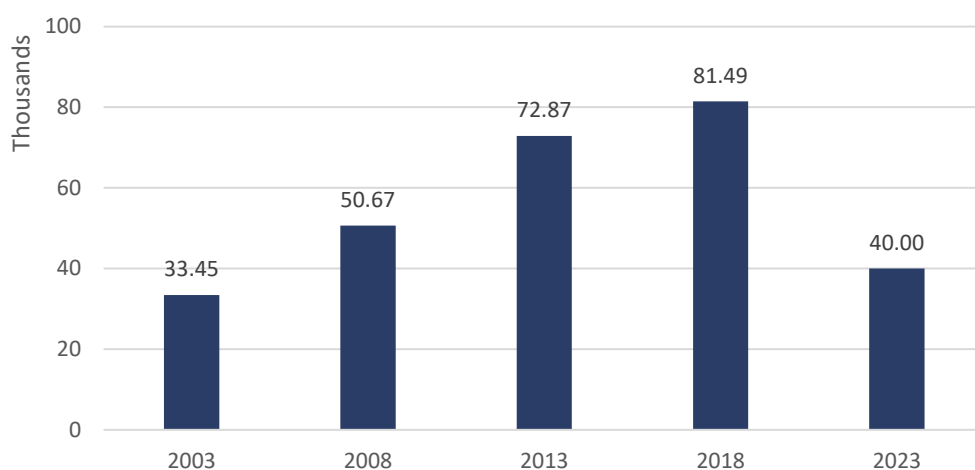
Source: The World Bank (2024)

Figure 1.6 shows that between 2019 and 2023, more people have been moving from rural to urban areas.

Figure 1.6: Rural-Urban Distribution of Population from 2019 to 2023

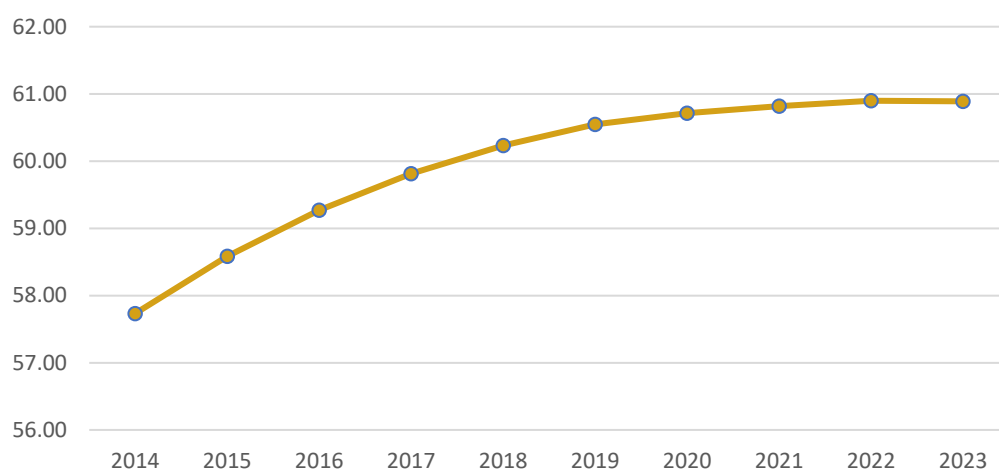
Source: The World Bank (2024)

Figure 1.7 shows a steady increase in the number of people moving to Sweden between 2003 and 2018. However, there was a sharp decline in 2023. This shift can be attributed to Sweden's recent tightening of immigration regulations in 2022 to reduce low-skilled immigration and address issues related to undocumented migrants and crime (Ellyatt, 2024).

Figure 1.7: Net Migration from 2003 to 2023

Source: The World Bank (2024)

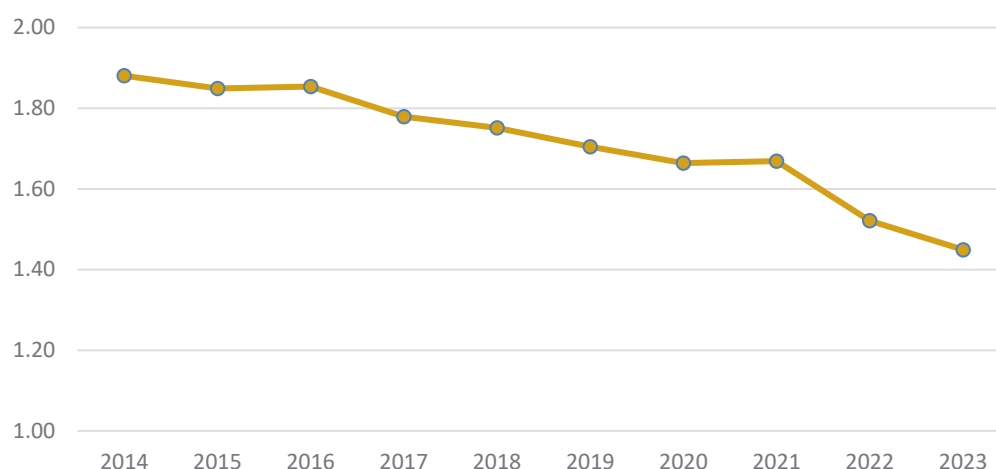
Figure 1.8 shows a steady increase in the age dependency ratio from 2014 to 2023. This ratio measures the proportion of dependents (aged below 15 & over 64) relative to the working-age population (aged 15-64).

Figure 1.8: Age Dependency Ratio (% of working-age population) from 2014 to 2023

Source: The World Bank (2024)

Declining fertility rates can be observed in Figure 1.9 from 2014 to 2023.

Figure 1.9: Fertility Rate (per Woman) from 2014 to 2023



Source: Statistics Sweden (2024a)

Economic Profile

Sweden has a very diverse and competitive economy, and its GDP stood at \$593.27 billion in 2023. The open trade policy of Sweden and low barriers to entry have attracted many foreign businesses to the country. Sweden's strong economic performance is reflected in its 6th ranking in the IMD³ World Competitiveness Ranking 2024. Sweden has usually maintained a trade surplus, but in 2022 and 2023, its trade balance turned negative as imports of goods and services outpaced exports (International Trade Administration, 2023).

Table 1.2: Economic Indicators

Economic Indicators	2022	2023
GDP (current US\$) in Billions	590.41	593.27
GDP growth (annual %)	-7.71	0.48
GDP per capita (current US\$) in Thousands	56.30	56.31
Inflation, consumer prices (annual %)	8.37	8.55
Current account balance (current US\$) in Billions	28.87	37.75
Foreign direct investment, net inflows (current US\$) in Billions	47.94	23.00
Government debt to GDP (%)	33.60	31.50
Trade balance (US\$) in Billions	-9.02	-3.71
Trade balance in goods (US\$) in Billions	-5.47	4.75
Trade balance in services (US\$) in Billions	-3.55	-8.47
Exchange Rate (Swedish Krona per US\$)	10.12	10.61

Sources: The World Bank (2024), UNCTAD (2024c), Sveriges Riksbank (2024), ITC Trade Map (2024)

Negative GDP growth was recorded in 2022, driven by declining consumer spending and a slowdown in the housing sector. This economic contraction was exacerbated by rapid increases in interest rates, inflation, and general economic uncertainty. Despite these challenges, Sweden maintained a current account surplus and a low level of government debt. The GDP growth improved slightly in 2023.

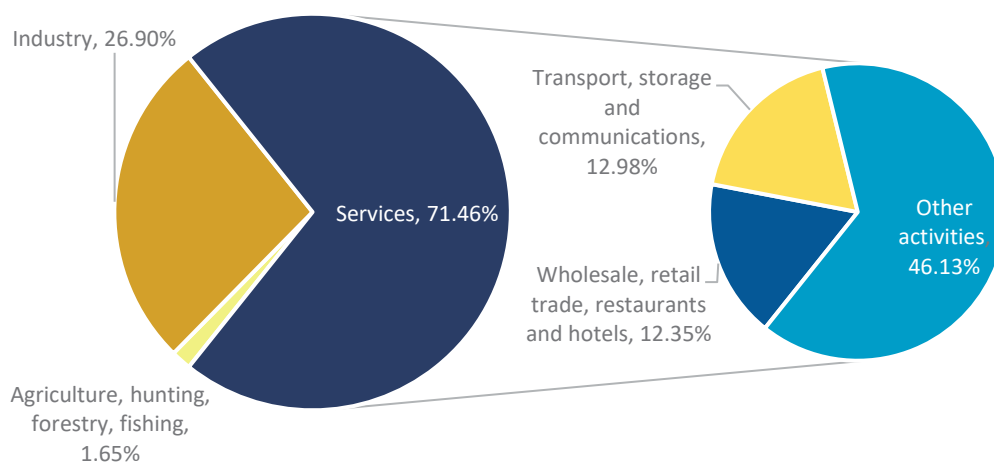
³ The International Management Development; ranks 67 countries based on their ability to initiate and nurture businesses. This evaluation is based on 333 criteria and includes key indicators such as economic performance, government efficiency, business effectiveness, and infrastructure quality.

Sectoral Breakdown of GDP

Sweden's economy is mainly driven by the services sector, which accounts for 71.46% of its GDP. This sector includes transportation, trade, hospitality, and other services as shown in Figure 1.10. The industrial sector contributes 26.90% to the GDP, with the main industries being steel, automotive, chemicals, forestry, and machinery manufacturing.

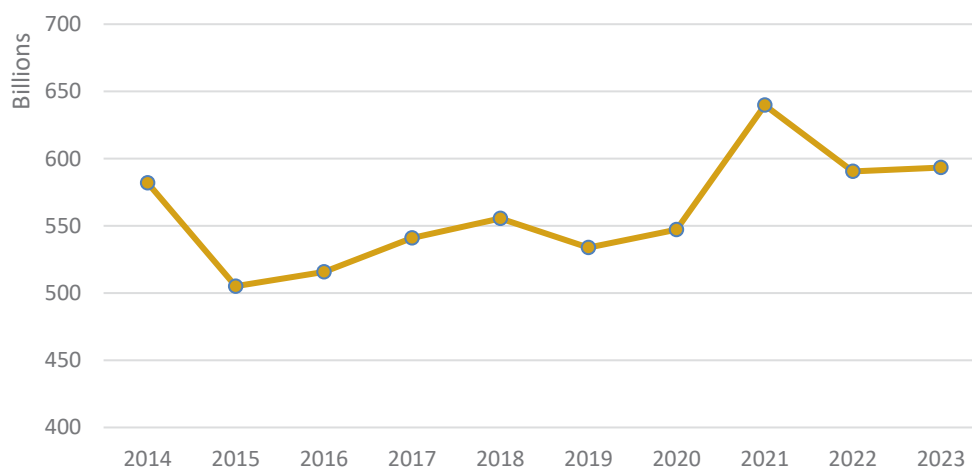
Agriculture, while contributing only 1.65% to the GDP, produces necessary food items such as grains, potatoes, vegetables, fruits, dairy products, and meat (International support, 2023).

Figure 1.10: Sectoral Breakdown of GDP



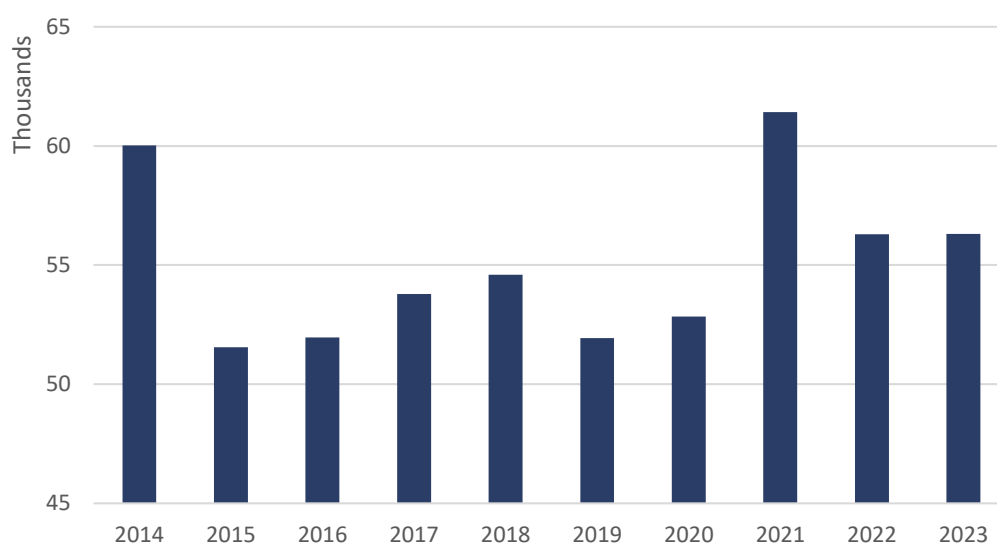
Source: UNCTAD (2024c)

Figure 1.11: GDP (current US\$)



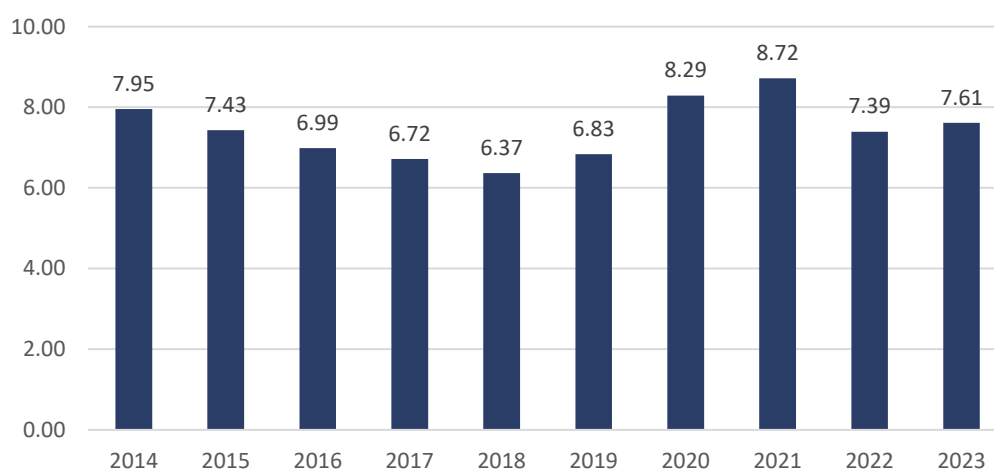
Source: The World Bank (2024)

Sweden's GDP has stabilized around \$590-593 billion in recent years, while GDP per capita has also remained fairly stable, at around \$56,300 in 2022-2023 as shown in Figure 1.11 and 1.12 respectively.

Figure 1.12: GDP per capita (current US\$)

Source: The World Bank (2024)

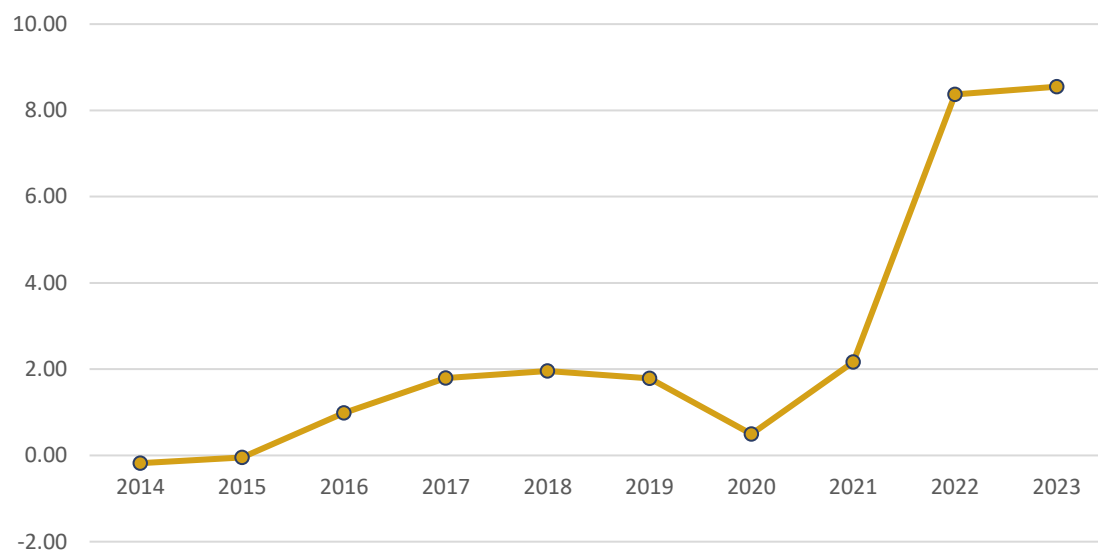
As shown in Figure 1.13, Sweden's unemployment rate has remained relatively stable at around 7.5% in 2023.

Figure 1.13: Unemployment, total (% of total labor force)

Source: The World Bank (2024)

The Russia-Ukraine conflict has contributed to recent inflationary pressures, primarily due to soaring energy costs and supply chain disruptions (Winsth, 2023). Moreover, high electricity prices and persistently high real estate costs, as in Figure 1.14, have further accelerated inflationary trends (Ministry of Finance, 2023).

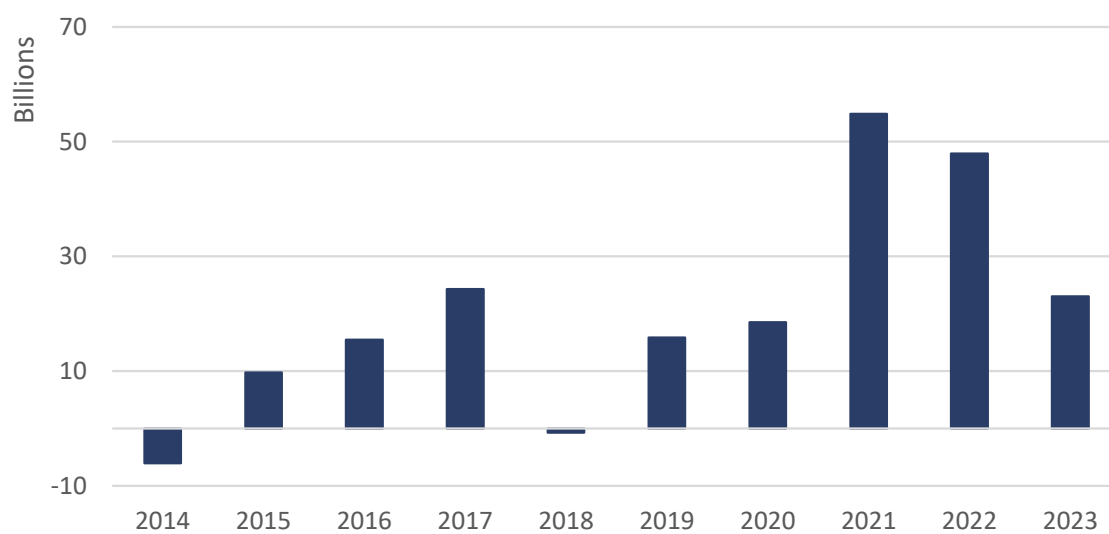
Figure 1.14: Inflation (annual %)



Source: The World Bank (2024)

Figure 1.15 shows weak foreign direct investment (FDI) in recent years; despite this, Sweden is the 4th largest market in Europe for FDI (Sellgren, 2024a).

Figure 1.15: Foreign direct investment, net inflows (current US\$)



Source: The World Bank (2024)

Global Rankings

Sweden consistently maintains top positions in global rankings. In terms of competitiveness, Sweden ranks 8th in the world despite its relatively smaller size. Sweden actively cultivates a business-friendly environment, attracts sizeable investment and encourages sustainable practices. As evident by its 3rd ranking in the Global Innovation Index. Sweden is a recognized leader in green technology, digitalization, and research (Swedish Chamber of Commerce, 2024).

Table 1.3: Global Rankings

INDICATOR	SWEDEN	EUROPE & CENTRAL ASIA	HIGH INCOME	NOTE
INFORM Risk Index, 2024	1.90	2.40	2.10	Best Score = 0 (Low Risk)
Corruption Perception Index, 2023	6	49	28.50	Ranking out of 180 economies
Fragile States Index, 2023	170	140	151.50	Ranking out of 179 economies
Press Freedom Index, 2023	4	39	36	Ranking out of 180 economies
Global Gender Gap Index, 2023	5	44	44	Ranking out of 146 economies
Competitive Industrial Performance Index, 2021	17	40	35	Ranking out of 150 economies
Doing Business, 2019	10	41	41	Ranking out of 190 economies
EIU Democracy Index, 2022	9.39	7.19	7.95	0 (Authoritarian) to 10 (Full Democracy)
Environmental Performance Index, 2022	5	29	28	Ranking out of 180 economies
Global Competitiveness Index, 2019	8	41	29	Ranking out of 141 economies
Global Innovation Index, 2022	3	37	26.50	Ranking out of 132 economies
Human Development Index (Score), 2021	0.95	0.86	0.89	Best score = 1
Mobile Connectivity Index (Score), 2022	87.76	80.80	83.30	Best Score = 100
Political Stability (Percentile Rank), 2022	80.19	60.62	73.11	Best Score = 100
Travel and Tourism Development Index, 2021	20	34	25	Ranking out of 117 economies
Women, Business & Law Index, 2022	100	93.75	92.82	Best Score = 100
Color-Coding Performance Indicators				
Good Performance				
Average Performance				
Low Performance				

Source: The World Bank (2024)

According to the Economist Intelligence Unit, Sweden scores 9.39 out of 10 in the Democracy Index. Transparency International Corruption Perception Index ranks Sweden at 6th position with a score of 83 out of 100.

Sweden has a high Human Development Index (HDI) score of 0.95, it has a perfect score of 100 on the Women, Business and Law Index, ranking it amongst the top 8 countries in the World. This index measures factors such as women's freedom of movement, workplace equality, and legal protections in areas like salary, marriage, pension, and parenthood. Additionally, the index assesses ease of entrepreneurship for women and gender disparities in asset ownership. (The World Bank Group, 2023).

CHAPTER 2

Sweden's Trade Overview



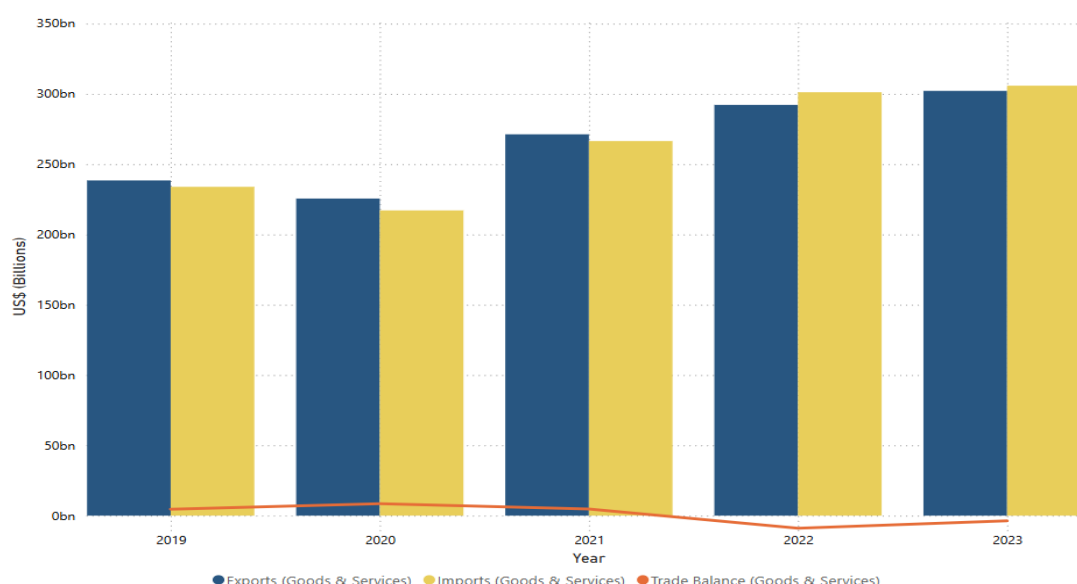
CHAPTER 2 :

SWEDEN'S TRADE OVERVIEW

Figure 2.1 shows Sweden's exports and imports of goods and services from 2019 to 2023. The COVID-19 pandemic in 2020 initially affected global trade, including Sweden's. However, trade began to recover in 2021 and improved further following Russia's invasion of Ukraine in 2022. One of the sources of this growth was the increased energy prices and a shift away from Russian energy sources in the EU which spurred trade among European countries. While, this boosted Sweden's trade, it also led to increased production costs. As a result, both exports and imports have followed an upward trend since 2021 (Sellgren, 2024b).

However, imports grew faster than exports in 2022, which led to a trade deficit of \$9.02 billion. By 2023, exports grew by 3.41% compared to previous year while imports grew by 1.55%. As a result, Sweden's trade deficit improved by \$5.30 billion in 2023, reflecting a partial recovery.

Figure 2.1: Exports and Imports of Goods & Services from 2019 to 2023

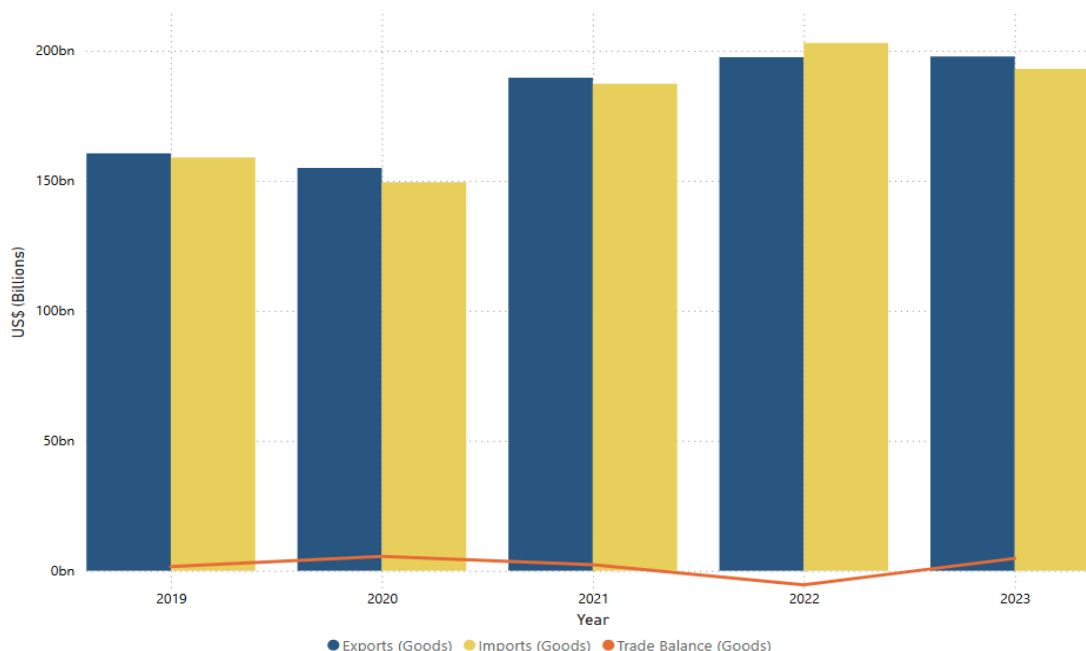


Source: ITC Trade Map (2024)

Goods

In terms of goods, exports exhibited a steady growth trend from 2020 to 2023, with a slight increase of 0.14% in 2023. Imports followed a similar pattern with a 4.90% fall in 2023. As a result, the trade balance, which was negative in 2022, turned positive in 2023.

Figure 2.2: Exports and Imports of Goods from 2019 to 2023



Source: ITC Trade Map (2024)

Exports

Top three exported goods in 2023 were 'Nuclear reactors...' (HS - 84) at 14.55%, 'Vehicles other than...' (HS - 87) at 13.96%, and 'Electrical machinery...' (HS - 85) at 8.72%.

Table 2.1: Top 10 Exports (Goods) at HS-02 - (2019-2023)

Code	Product Type	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
Total	All products	160.53	154.94	189.64	197.53	197.80	100%	5.36%
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	24.31	23.21	27.06	26.03	28.78	14.55%	4.31%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	22.89	20.09	23.46	22.91	27.62	13.96%	4.80%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	14.05	15.17	17.27	16.57	17.24	8.72%	5.26%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	10.21	7.04	13.19	20.07	14.77	7.47%	9.66%
30	Pharmaceutical products	10.23	11.72	11.24	13.24	13.59	6.87%	7.35%
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	8.58	8.31	9.19	9.84	9.05	4.57%	1.33%
99	Commodities not elsewhere specified	6.13	5.25	7.04	7.96	8.74	4.42%	9.29%
72	Iron and steel	6.56	5.71	8.08	8.79	7.98	4.03%	5.00%
39	Plastics and articles thereof	5.37	5.22	6.91	6.86	6.15	3.11%	3.43%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	4.34	4.19	4.67	5.15	5.66	2.86%	6.84%

Source: ITC Trade Map (2024)

At the HS-06 level, the main export category is mineral fuels and oils, which includes 'Medium Oils...' (HS-271019) at 3.16%, 'Light oils...' (HS-271012) at 1.73%, and 'Electrical energy...' (HS-271600) at 1.08%.

Table 2.2: Top 25 Exports (Goods) at HS-06 - (2019-2023)

Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
Total	All products	160.53	154.94	189.64	197.53	197.80	100.00%	5.36%
999999	Commodities not elsewhere specified	6.13	5.25	7.04	7.96	8.74	4.42%	9.29%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	5.49	3.80	5.76	7.70	6.25	3.16%	3.27%
870323	Motor cars and other motor vehicles principally designed for the transport of ...	4.78	4.66	5.01	5.01	5.58	2.82%	3.92%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	6.41	7.41	6.49	6.19	5.54	2.80%	-3.57%
870360	Motor cars and other motor vehicles principally designed for the transport of ...	1.66	2.46	3.72	3.27	4.81	2.43%	30.40%
030214	Fresh or chilled Atlantic salmon "Salmo salar" and Danube salmon "Hucho hucho"	3.24	3.04	3.36	3.77	4.15	2.10%	6.34%
300215	Immunological products, put up in measured doses or in forms or packings for retail sale (excl. ...	0.54	0.76	0.27	2.75	3.59	1.82%	60.82%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	1.89	1.30	2.81	3.97	3.41	1.73%	15.84%
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	2.30	2.47	2.83	2.93	2.71	1.37%	4.16%
260112	Agglomerated iron ores and concentrates (excl. roasted iron pyrites)	2.06	2.45	3.67	2.93	2.55	1.29%	5.53%
870332	Motor cars and other motor vehicles principally designed for the transport of ...	3.60	1.68	2.03	1.90	2.34	1.19%	-10.16%
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	1.62	1.87	2.89	2.53	2.25	1.14%	8.67%
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excl. dissolving ...	1.93	1.83	2.29	2.27	2.25	1.14%	3.91%
840820	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for ...	1.52	1.37	1.73	1.68	2.22	1.12%	9.87%
870121	Road tractors for semi-trailers, with only compression-ignition internal combustion piston ...	0.00	0.00	0.00	1.96	2.18	1.10%	11.37%
271600	Electrical energy	1.51	0.82	2.46	4.74	2.13	1.08%	8.97%
440712	Fir "Abies spp." and spruce "Picea spp." sawn or chipped lengthwise, sliced or peeled, whether ...	1.68	1.96	3.35	2.80	2.10	1.06%	5.64%
851713	Smartphones for wireless networks	0.00	0.00	0.00	2.04	2.01	1.02%	-1.38%
870423	Motor vehicles for the transport of goods, with only compression-ignition internal combustion ...	1.49	1.16	1.32	1.56	1.80	0.91%	4.75%
300432	Medicaments containing corticosteroid hormones, their derivatives or structural analogues but ...	1.39	1.36	1.14	1.20	1.40	0.71%	0.22%
722540	Flat-rolled products of alloy steel other than stainless, of a width of >= 600 mm, not further ...	0.97	0.90	1.26	1.35	1.36	0.69%	8.71%
740200	Copper, unrefined; copper anodes for electrolytic refining	0.00	0.01	0.00	0.00	1.33	0.67%	3293.19%
300212	Antisera and other blood fractions	0.47	0.46	0.98	1.03	1.31	0.66%	29.64%

Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
440711	Pine "Pinus spp." sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	1.29	1.33	1.90	1.60	1.23	0.62%	-1.03%
382219	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents ...	0.00	0.00	0.00	1.16	1.21	0.61%	3.87%

Source: ITC Trade Map (2024)

Imports

Sweden's top imports in 2023 at HS-02 were 'Electrical machinery and equipment...' (HS - 85), 'Nuclear reactors...' (HS - 84), 'Vehicles...' (HS - 87) and 'Mineral Fuels...' (HS - 27).

Table 2.3: Top 10 Imports (Goods) at HS-02 - (2019-2023)

Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
Total	All products	158.96	149.44	187.32	203.00	193.04	100.00%	4.98%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	18.76	19.27	23.58	23.53	24.45	12.67%	6.85%
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	20.13	19.30	24.14	23.68	23.93	12.40%	4.43%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	18.26	16.33	19.52	19.39	22.10	11.45%	4.89%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	16.77	11.65	18.19	28.51	21.59	11.18%	6.51%
99	Commodities not elsewhere specified	6.92	7.13	8.58	8.50	9.13	4.73%	7.18%
30	Pharmaceutical products	4.85	5.38	5.93	6.34	6.46	3.35%	7.46%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	4.87	4.67	5.20	5.74	6.11	3.16%	5.80%
39	Plastics and articles thereof	5.39	5.19	6.76	6.88	5.74	2.98%	1.60%
72	Iron and steel	4.41	3.46	5.78	6.38	5.02	2.60%	3.30%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	4.05	4.19	4.93	4.86	4.85	2.51%	4.63%

Source: ITC Trade Map (2024)

Table 2.4: Top 25 Imports (Goods) at HS-06 - (2019-2023)

Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
Total	All products	158.96	149.44	187.32	203.00	193.04	100.00%	4.98%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	8.12	5.68	9.47	14.99	11.27	5.84%	8.55%
999999	Commodities not elsewhere specified	6.92	7.13	8.58	8.50	9.13	4.73%	7.18%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	5.62	3.75	4.79	7.58	6.14	3.18%	2.25%
870380	Motor cars and other motor vehicles principally designed for the transport of ...	0.67	1.12	2.68	3.72	5.06	2.62%	65.65%
030214	Fresh or chilled Atlantic salmon "Salmo salar" and Danube salmon "Hucho hucho"	3.29	3.06	3.42	3.85	4.15	2.15%	5.96%
851713	Smartphones for wireless networks	0.00	0.00	0.00	3.42	3.01	1.56%	
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	2.11	2.32	3.02	3.10	2.95	1.53%	8.70%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	2.33	2.69	2.72	2.69	2.75	1.42%	4.19%

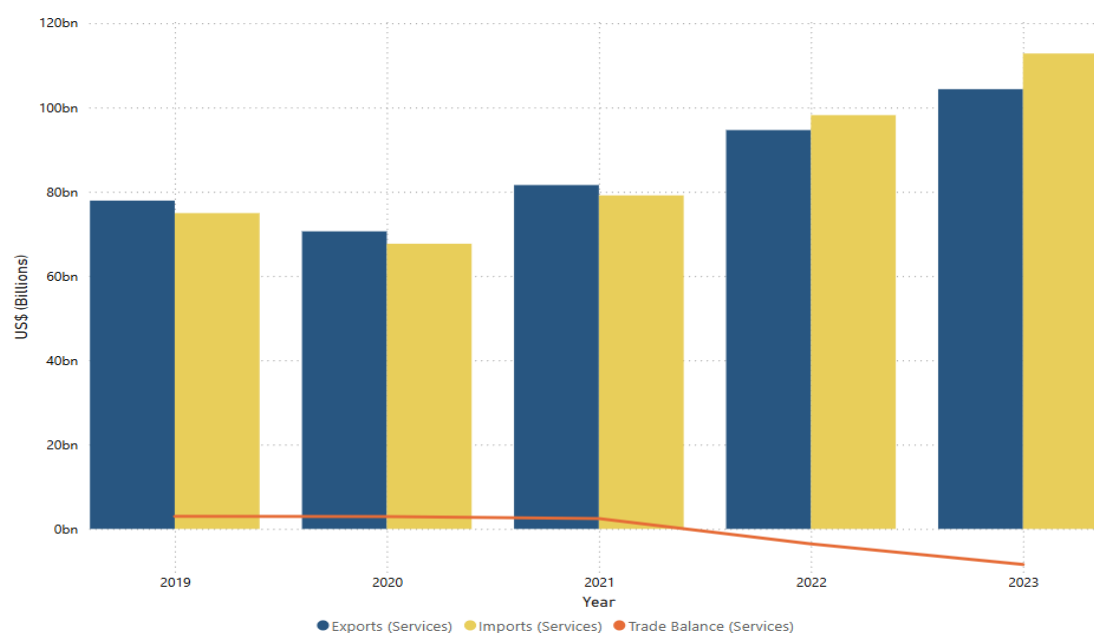
Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	2.04	2.29	3.00	2.76	2.18	1.13%	1.72%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	1.80	1.52	1.81	1.83	2.05	1.06%	3.37%
870360	Motor cars and other motor vehicles principally designed for the transport of ...	0.56	1.14	1.73	1.37	1.59	0.83%	29.60%
850760	Lithium-ion accumulators (excl. spent)	0.39	0.42	0.72	0.84	1.50	0.78%	40.32%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	1.09	0.62	0.80	1.56	1.30	0.67%	4.58%
870340	Motor cars and other motor vehicles principally designed for the transport of ...	1.04	0.99	1.16	1.17	1.30	0.67%	5.70%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more ...	1.11	0.98	1.13	0.94	1.11	0.58%	0.00%
850440	Static converters	0.50	0.58	0.76	0.87	1.09	0.57%	21.66%
870421	Motor vehicles for the transport of goods, with only compression-ignition internal combustion ...	1.11	0.72	0.93	0.67	1.09	0.57%	-0.31%
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.90	0.73	0.92	0.88	1.09	0.56%	4.87%
300215	Immunological products, put up in measured doses or in forms or packings for retail sale (excl. ...	0.55	0.66	0.72	0.94	1.03	0.53%	16.91%
847141	Data-processing machines, automatic, comprising in the same housing at least a central processing ...	0.07	0.06	0.14	0.18	1.01	0.52%	96.58%
847150	Processing units for automatic data-processing machines, whether or not containing in the same ...	0.48	0.62	0.90	0.83	0.93	0.48%	17.77%
870322	Motor cars and other motor vehicles principally designed for the transport of ...	1.23	0.92	0.94	0.65	0.93	0.48%	-6.85%
260300	Copper ores and concentrates	0.44	0.50	0.91	0.82	0.91	0.47%	19.99%
284420	Uranium enriched in U 235 and its compounds: plutonium and its compounds; alloys, dispersions, ...	0.63	0.46	0.45	0.58	0.89	0.46%	8.96%
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution ...	0.48	0.50	0.73	0.83	0.86	0.45%	16.02%

Source: ITC Trade Map (2024)

The top imported goods at HS-06 fell under the category of mineral oils and fuels, which included 'Petroleum oils...' (HS - 270900) at 5.84% and 'Medium Oils...' (HS - 271019) at 4.73%. Secondly, the vehicles category primarily included 'Motor cars...' (HS - 870360) at 2.62%, 'Parts and accessories...' (HS - 870899) at 1.06%. Additionally, Sweden imported food items such as 'Fresh or chilled Atlantic salmon...' (HS - 030214) at 2.15%, mainly consisting of 'Salmo salar' and 'Hucho hucho'. Major imported items in the electrical machinery category included 'Smartphones...' (HS - 851713) at 1.56% and 'Machines for the reception...' (HS - 851762) at 1.53%.

Services

Figure 2.3: Exports and Imports of Services from 2019 to 2023



Source: ITC Trade Map (2024)

Since 2020, both exports and imports of services have steadily increased, primarily due to the post-pandemic recovery and subsequent inflationary pressures, which led to higher prices and currency depreciation. This resulted in a greater value of trade in services. However, as Sweden imported more services than it exported, the trade balance remained negative in both 2022 and 2023.

While the trade balance for goods showed signs of recovery, the services trade balance deteriorated further in 2023. Service exports grew by 10.25% in 2023, whereas imports increased at a higher rate of 14.89%. The main reason for the negative trade balance was the rise in imports under Classification 10, 'Other Business Services,' which resulted in a \$12.06 billion deficit in this category. This classification includes research & development, professional and management consulting services, and technical, trade-related, and other business services (Statistics Sweden, 2024b).

Exports

The top exported service was Classification 10, 'Other Business Services,' which accounted for 28.04% of total service exports. The remaining categories in the top five included 'Telecommunications...' (9), 'Transport' (3), 'Travel' (4), and 'Charges for Intellectual Property...' (8), which contributed 21.08%, 12.18%, 9.40%, and 9.02%, respectively.

Among these, Classifications 4 and 8 had a negative CAGR from 2019 to 2023. The highest CAGR was observed in 'Manufacturing Services...' (1), which grew by 22.02%.

Table 2.5: Top Exports of Services (2019-2023)

Code	Service Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
		US\$ Billions						
S	All services	77.85	70.62	88.81	95.77	104.36	100.00%	5.32%
10	Other business services	21.49	19.75	23.73	26.40	29.26	28.04%	5.28%
9	Telecommunications, computer, and information services	16.01	15.39	22.35	20.97	22.00	21.08%	6.97%
3	Transport	9.82	7.77	9.87	11.93	12.71	12.18%	4.98%
4	Travel	9.19	4.35	6.11	9.04	9.81	9.40%	-0.43%
8	Charges for the use of intellectual property n.i.e.	8.67	8.37	9.52	8.30	9.42	9.02%	-1.08%
11	Personal, cultural, and recreational services	4.68	5.63	7.09	7.41	8.44	8.09%	12.18%
7	Financial services	3.31	3.78	4.58	4.28	5.46	5.23%	6.64%
1	Manufacturing services on physical inputs owned by others	1.53	1.23	2.70	3.39	3.80	3.64%	22.02%
5	Construction	0.70	0.53	0.81	1.18	1.23	1.18%	13.71%
6	Insurance and pension services	0.75	0.83	1.16	0.93	0.98	0.94%	5.43%
12	Government goods and services n.i.e.	0.51	0.59	0.55	0.53	0.80	0.77%	0.75%
2	Maintenance and repair services n.i.e.	0.48	0.32	0.35	0.29	0.45	0.43%	-11.72%
SN	Services not allocated	0.70	2.06	-	1.14	-	-	-

Source: UNCTAD (2024b)

Imports

The most imported service was 'Other Business Services' (10), which accounted for 36.62% of total services imports. The remaining categories in the top five included 'Telecommunications...' (9), 'Charges for Intellectual Property...' (8), 'Transport' (3), and 'Travel' (4), which contributed 14.14%, 13.35%, 12.73%, and 12.05%, respectively.

Among these, Classification 4 has had a negative CAGR from 2019 to 2023. The highest CAGR was observed in 'Maintenance and Repair...' (2), which grew by 40.33%.

Table 2.6: Top Imports of Services (2019-2023)

Code	Service Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
		<i>US\$ Billions</i>						
S	All services	74.95	68.24	90.23	104.36	112.84	100.00%	10.77%
10	Other business services	23.52	25.81	33.85	36.61	41.32	36.62%	15.13%
9	Telecommunications, computer, and information services	9.57	10.74	14.57	14.65	15.96	14.14%	13.64%
8	Charges for the use of intellectual property n.i.e.	6.96	9.25	11.24	15.29	15.06	13.35%	21.28%
3	Transport	11.72	8.70	10.88	13.81	14.36	12.73%	5.22%
4	Travel	14.37	6.17	8.42	12.37	13.59	12.05%	-1.37%
1	Manufacturing services on physical inputs owned by others	1.59	1.56	2.24	2.05	3.13	2.77%	18.52%
7	Financial services	1.87	1.88	2.25	2.34	2.48	2.20%	7.35%
11	Personal, cultural, and recreational services	1.35	1.38	2.53	2.97	2.39	2.12%	15.39%
2	Maintenance and repair services n.i.e.	0.47	0.38	1.40	1.37	1.82	1.61%	40.33%
5	Construction	1.99	1.45	1.84	1.83	1.66	1.47%	-4.53%
6	Insurance and pension services	0.84	0.66	0.73	0.80	0.80	0.71%	-1.28%
12	Government goods and services n.i.e.	0.25	0.25	0.27	0.26	0.27	0.24%	1.96%
SN	Services not allocated	0.46						

Source: UNCTAD (2024b)

Export Partners

Sweden's primary export destination in 2023 was Germany, accounting for 10.27% of its total exports.

Table 2.7: Top 10 Export Partners

Export Partners	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
<i>US\$ Billions</i>							
World	160.53	154.94	189.64	197.53	197.80	100.00%	5.36%
Germany	16.43	16.13	19.42	19.70	20.32	10.27%	5.46%
Norway	16.98	16.34	20.25	21.22	18.25	9.23%	1.81%
United States of America	12.24	12.62	15.30	17.56	17.09	8.64%	8.69%
Denmark	11.07	11.67	14.66	14.70	13.86	7.01%	5.78%
Finland	11.44	10.83	13.41	14.44	13.59	6.87%	4.39%
Netherlands	8.33	7.92	9.56	9.47	10.62	5.37%	6.24%
United Kingdom	8.42	7.83	10.46	10.71	10.47	5.30%	5.60%
France	6.34	6.21	7.62	7.74	8.69	4.39%	8.19%
Belgium	6.29	5.37	6.85	7.15	8.43	4.26%	7.62%
Poland	5.14	5.14	7.21	7.91	7.53	3.81%	10.00%

Source: ITC Trade Map (2024)

Import Partners

Sweden's top import partner in 2023 was Germany, which accounted for 16.67% of total imports.

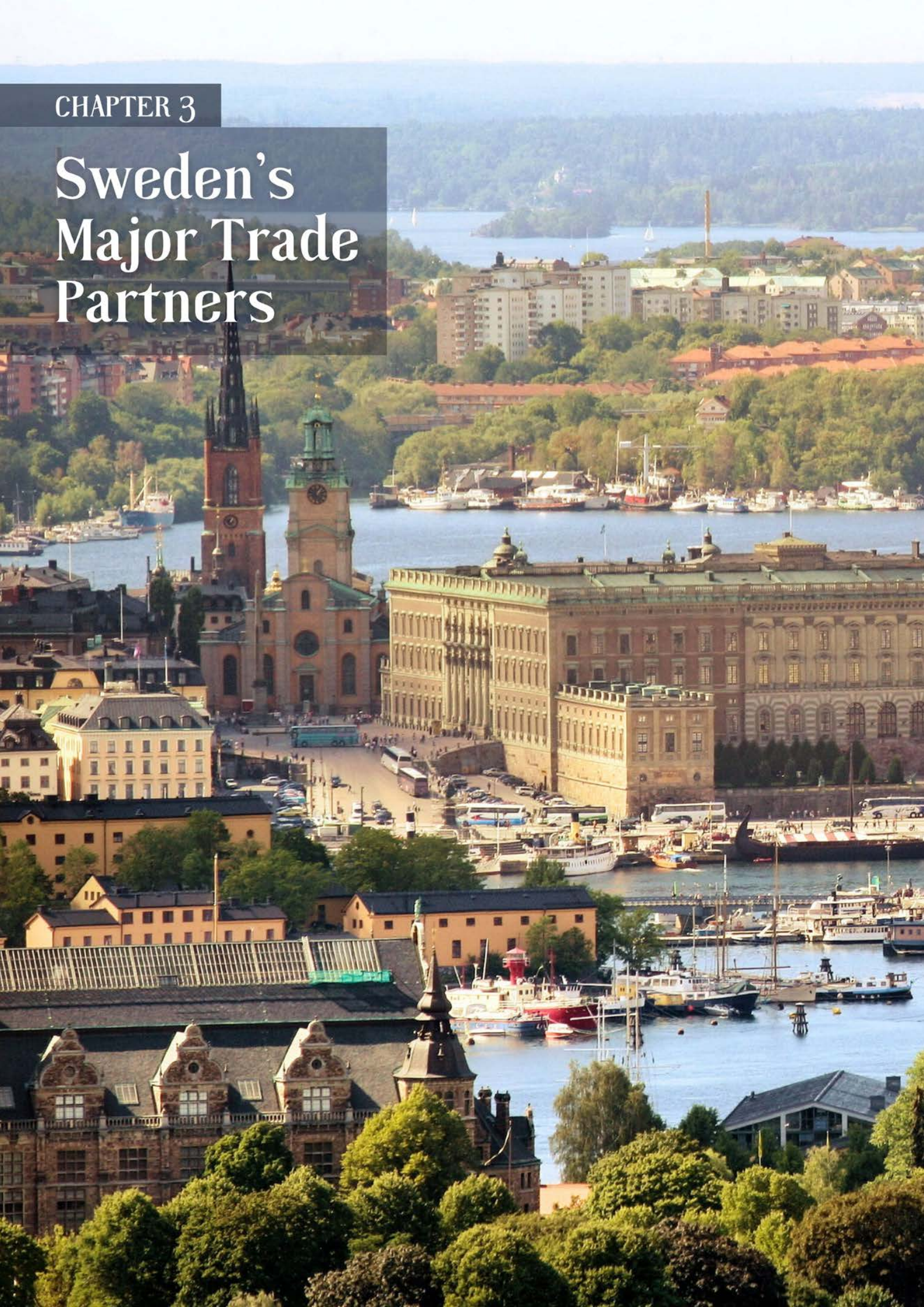
Table 2.8: Top 10 Import Partners

Import Partners	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
<i>US\$ Billions</i>							
World	158.96	149.44	187.32	203.00	193.04	100.00%	4.98%
Germany	28.21	26.98	31.74	31.05	32.19	16.67%	3.36%
Netherlands	14.89	14.57	18.84	21.53	20.71	10.73%	8.59%
Norway	13.32	13.48	19.04	23.79	19.92	10.32%	10.60%
Denmark	10.48	10.09	12.96	12.92	12.31	6.38%	4.11%
China	9.67	9.25	12.91	14.32	10.93	5.66%	3.13%
Belgium	6.78	6.80	8.26	9.45	9.72	5.03%	9.43%
Finland	7.77	6.96	8.29	9.17	8.79	4.56%	3.15%
Poland	6.68	7.02	8.84	8.76	8.56	4.44%	6.43%
France	5.99	5.66	7.11	6.53	7.18	3.72%	4.60%
United States of America	4.74	4.26	5.27	7.34	7.13	3.69%	10.74%

Source: ITC Trade Map (2024)

CHAPTER 3

Sweden's Major Trade Partners



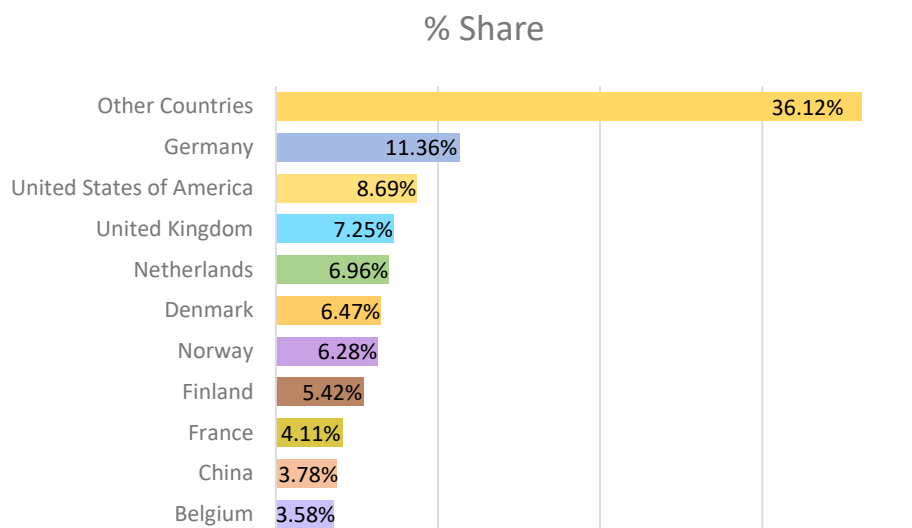
CHAPTER 3 :

SWEDEN'S MAJOR TRADE PARTNERS

In the 19th century, Sweden was one of Europe's least developed countries. However, a combination of industrialization, lower tariffs, and increased global trade vitalized its economy. This led to the establishment of multinational corporations such as ABB, Volvo, Ericsson, and IKEA (Kommerskollegium, 2024). Sweden's economic success heavily depends on international trade and the global competitiveness of its businesses. Exports account for approximately half of Sweden's GDP, with foreign-owned companies contributing significantly to this figure. Imports allow businesses to access more affordable and competitive intermediate goods, benefiting both businesses and consumers through lower prices. (Government Offices of Sweden, 2023)

As shown in Figure 3.1, major trade partners in 2023 were Germany, the United States of America (USA), the United Kingdom (UK), the Netherlands, and Denmark.

Figure 3.1: Top 10 Trade Partners in 2023

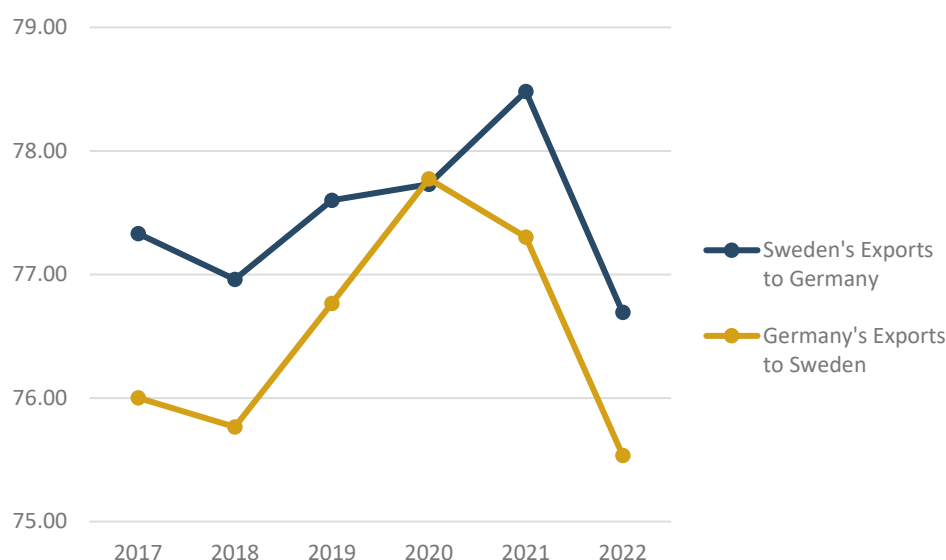


Source: ITC Trade Map (2024)

Sweden – Germany

Sweden and Germany have strong economic relations, as indicated by the presence of more than 1,500 Swedish businesses in Germany. Similarly, many German subsidiaries are present in Sweden. An agreement supporting innovation to increase exports and competitiveness was initiated in 2017 (Business Sweden, 2024).

Figure 3.2: Trade Complementarity Index (TCI) of Sweden and Germany



Source: The World Bank (2024)

Trade Complementarity Index (TCI) is an indication of how much the exports of one country complement the imports of another country. If a country exports goods that match the goods imported by another country, the TCI will be high, indicating high complementarity. Figure 3.2 shows TCI of Sweden and Germany. In 2022, the TCI for Sweden's exports was 76.69 while TCI for Germany's exports was 75.54.

Table 3.1: Top 10 Exports to Germany (HS-06) from 2019 to 2023

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.53	0.43	0.59	0.89	1.15	5.65%	21.42%
870332	Motor cars and other motor vehicles principally designed for the transport of ...	0.87	0.40	0.55	0.49	0.83	4.10%	-1.23%
381512	Supported catalysts with precious metal or a precious-metal compound as the active substance, ...	0.22	0.25	0.62	0.75	0.82	4.01%	38.16%
300212	Antisera and other blood fractions	0.15	0.14	0.67	0.54	0.64	3.14%	43.28%
260112	Agglomerated iron ores and concentrates (excl. roasted iron pyrites)	0.34	0.31	0.54	0.52	0.52	2.57%	11.12%
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	0.54	0.55	0.57	0.55	0.51	2.49%	-1.57%
999999	Commodities not elsewhere specified	0.28	0.29	0.37	0.40	0.48	2.34%	14.40%
740311	Copper, refined, in the form of cathodes and sections of cathodes	0.25	0.34	0.42	0.52	0.42	2.09%	14.06%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	0.52	0.20	0.21	0.21	0.40	1.97%	-6.41%
300215	Immunological products, put up in measured doses or in forms or packings for retail sale (excl. ...	0.43	0.56	0.01	0.18	0.25	1.25%	-12.43%

Source: ITC Trade Map (2024)

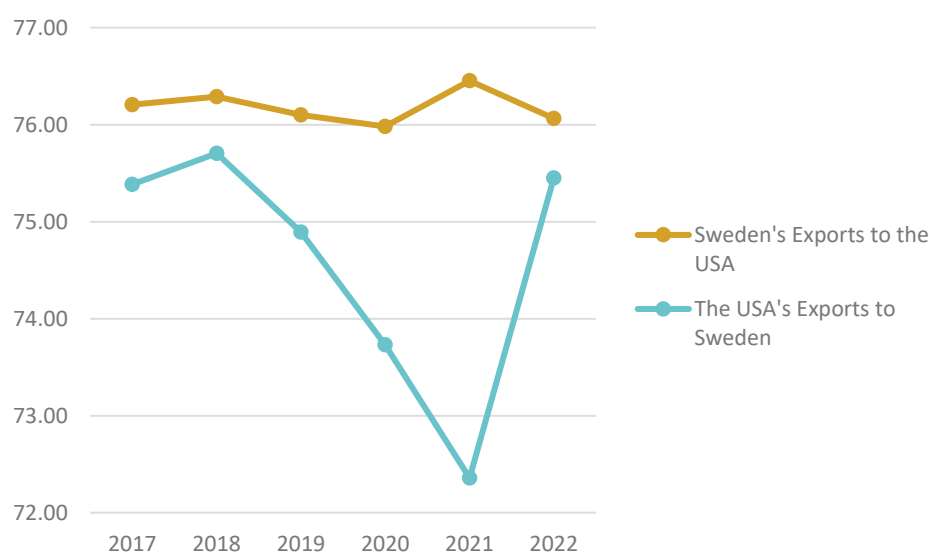
Table 3.2: Top 10 Imports from the Germany (HS-06) from 2019 to 2023

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
999999	Commodities not elsewhere specified	1.46	1.50	1.85	1.83	2.05	6.37%	8.85%
870380	Motor cars and other motor vehicles principally designed for the transport of ...	0.12	0.46	1.11	1.43	1.79	5.56%	97.51%
870360	Motor cars and other motor vehicles principally designed for the transport of ...	0.17	0.55	0.52	0.45	0.63	1.97%	38.89%
870421	Motor vehicles for the transport of goods, with only compression-ignition internal combustion ...	0.49	0.32	0.37	0.33	0.48	1.49%	-0.68%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.35	0.43	0.48	0.39	0.48	1.48%	7.69%
300212	Antisera and other blood fractions	0.37	0.37	0.32	0.26	0.47	1.47%	6.66%
870332	Motor cars and other motor vehicles principally designed for the transport of ...	1.41	0.91	0.71	0.62	0.42	1.29%	-26.27%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	0.39	0.27	0.31	0.32	0.36	1.12%	-1.81%
847150	Processing units for automatic data-processing machines, whether or not containing in the same ...	0.08	0.21	0.22	0.22	0.35	1.09%	43.51%
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.32	0.25	0.30	0.31	0.35	1.09%	2.28%

Source: ITC Trade Map (2024)

Sweden-USA

The bilateral relationship is rooted in historical ties, such as Sweden being one of the first countries to recognize the USA's independence in 1783. Sweden's well-educated workforce, stable political climate, and advanced infrastructure make it an attractive destination for U.S. companies.

Figure 3.3: Trade Complementarity Index (TCI) of Sweden and the USA

Source: The World Bank (2024)

Additionally, Sweden's participation in the Visa Waiver Program facilitates business and tourism exchanges with the USA (United States Embassy in Sweden, 2024). Sweden and the USA highly complement each other, as indicated by their high TCI values—76.07 for Sweden and 75.45 for the USA in 2022.

Table 3.3: Top 10 Exports to the USA (HS-06) from 2019 to 2023

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
870323	Motor cars and other motor vehicles principally designed for the transport of ...	1.97	2.16	2.01	2.45	2.66	15.59%	7.86%
300215	Immunological products, put up in measured doses or in forms or packings for retail sale (excl. ...	0.01	0.02	0.05	0.71	1.64	9.61%	256.80%
870360	Motor cars and other motor vehicles principally designed for the transport of ...	0.13	0.37	0.75	0.95	1.26	7.35%	76.63%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	0.36	0.25	0.73	1.02	0.81	4.72%	22.58%
841191	Parts of turbojets or turbopropellers, n.e.s.	0.34	0.25	0.29	0.39	0.50	2.95%	10.66%
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	0.14	0.16	0.19	0.42	0.32	1.87%	22.85%
440712	Fir "Abies spp." and spruce "Picea spp." sawn or chipped lengthwise, sliced or peeled, whether ...	0.13	0.27	0.38	0.55	0.31	1.79%	23.32%
382219	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents ...	0.00	0.00	0.00	0.25	0.28	1.64%	
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	1.25	1.67	1.43	1.39	0.25	1.45%	-33.26%
300214	Immunological products, mixed, not put up in measured doses or in forms or packings for retail ...	0.15	0.25	0.41	0.43	0.19	1.13%	7.20%

Source: ITC Trade Map (2024)

Table 3.4: Top 10 Imports from the USA (HS-06) from 2019 to 2023

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Billions								
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.17	0.42	0.63	1.35	1.26	17.62%	64.44%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15.000 kg (excl. helicopters, ...	0.53	0.00	0.19	0.23	0.62	8.69%	3.91%
300290	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses	0.28	0.31	0.35	0.57	0.60	8.47%	21.09%
290110	Saturated acyclic hydrocarbons	0.06	0.03	0.13	0.31	0.39	5.40%	58.83%
271112	Propane, liquefied	0.09	0.12	0.27	0.47	0.32	4.53%	37.64%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	0.06	0.04	0.07	0.22	0.19	2.68%	31.21%
841191	Parts of turbojets or turbopropellers, n.e.s.	0.12	0.10	0.10	0.11	0.13	1.79%	1.21%
902790	Microtomes; parts and accessories of instruments and apparatus for physical or chemical analysis, ...	0.05	0.12	0.17	0.17	0.12	1.64%	22.97%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.10	0.12	0.07	0.04	0.11	1.52%	3.07%
300190	Dried glands and other organs for organo-therapeutic uses, whether or not powdered; heparin ...	0.09	0.09	0.12	0.08	0.09	1.29%	0.42%

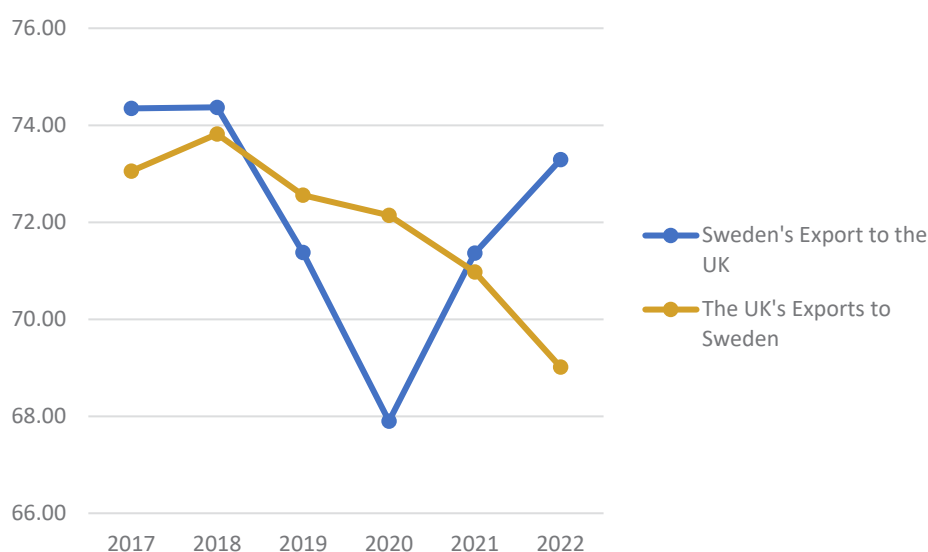
Source: ITC Trade Map (2024)

Sweden-UK

Sweden and the UK share a longstanding and strong trade, investment, and business relationship. Around 1,200 Swedish companies have established their presence in England, Scotland, Wales and Northern Ireland. In 2023, Sweden and the UK signed a strategic partnership to boost trade.

Sweden's TCI to the UK was high at 73.29 in 2022, while the UK's TCI was moderately high at 69.01. This indicated that Sweden's exports complemented the UK's imports requirement, whereas the UK's exports moderately complemented Sweden's imports.

Figure 3.4: Trade Complementarity Index (TCI) of Sweden and the UK



Source: The World Bank (2024)

Table 3.5: Top 10 Exports to the UK (HS-06) from 2019 to 2023

Product code	Product label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019 - 2023)
US\$ Billions								
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	0.89	0.51	1.11	1.37	0.89	8.46%	-0.09%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	0.11	0.04	0.30	0.43	0.69	6.57%	59.29%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excl. gold in ...	0.01	0.47	0.51	0.66	0.66	6.29%	219.00%
440712	Fir "Abies spp." and spruce "Picea spp." sawn or chipped lengthwise, sliced or peeled, whether ...	0.45	0.45	1.01	0.72	0.57	5.47%	6.07%
260112	Agglomerated iron ores and concentrates (excl. roasted iron pyrites)	0.22	0.19	0.41	0.24	0.22	2.07%	-0.05%
710691	Silver, incl. silver plated with gold or platinum, unwrought (excl. silver in powder form)	0.12	0.26	0.24	0.16	0.21	2.01%	14.99%
870323	Motor cars and other motor vehicles principally designed for the transport of ...	0.27	0.22	0.16	0.18	0.21	1.97%	-6.17%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.24	0.18	0.26	0.11	0.20	1.89%	-4.82%
480411	Unbleached kraftliner, uncoated, in rolls of a width > 36 cm	0.11	0.11	0.12	0.14	0.19	1.84%	14.76%
870360	Motor cars and other motor vehicles principally designed for the transport of ...	0.14	0.15	0.15	0.11	0.19	1.81%	7.95%

Source: The World Bank (2024)

Table 3.6: Top 10 Imports from the UK (HS-06) from 2019 to 2023

Product code	Product label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019 - 2023)
US\$ Billions								
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.94	0.74	0.81	2.24	1.60	25.92%	14.20%
870340	Motor cars and other motor vehicles principally designed for the transport of ...	0.32	0.27	0.31	0.27	0.25	3.98%	-6.56%
721891	Semi-finished products of stainless steel, of rectangular "other than square" cross-section	0.23	0.15	0.32	0.37	0.23	3.72%	-0.04%
284420	Uranium enriched in U 235 and its compounds: plutonium and its compounds; alloys, dispersions, ...	0.01	0.06	0.10	0.17	0.19	3.08%	131.00%
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.12	0.10	0.14	0.13	0.14	2.31%	3.96%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	0.14	0.12	0.11	0.11	0.13	2.07%	-2.22%
721899	Semi-finished products of stainless steel (excl. of rectangular [other than square] cross-section)	0.04	0.05	0.10	0.15	0.09	1.54%	24.12%
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.11	0.07	0.09	0.10	0.09	1.51%	-3.03%
870380	Motor cars and other motor vehicles principally designed for the transport of ...	0.05	0.05	0.11	0.11	0.08	1.22%	13.74%
841480	Air pumps, air or other gas compressors and ventilating or recycling hoods incorporating a ...	0.05	0.04	0.02	0.03	0.07	1.20%	10.02%

Source: The World Bank (2024)

CHAPTER 4

Sweden's Trade and Economic Agreements within the EU Framework



CHAPTER 4 :

SWEDEN'S TRADE AND ECONOMIC AGREEMENTS WITHIN THE EU FRAMEWORK

The European Union's trade policy does not allow individual EU member states to sign trade agreements with non-EU members.

Table 4.1: Bilateral Investment Treaties (BITs)⁴

BITS	Status	Date of Signing	Date of Implementation
China – Sweden BIT	In Force	29 March 1982	29 March 1982
Pakistan – Sweden BIT	In Force	12 March 1981	14 June 1981
India – Sweden BIT	Terminated	4 July 2000	1 April 2001

Source: UNCTAD (2024a)

Table 4.2: Treaties with Investment Provisions (TIPs)⁵

TIPS	Status	Date of Signing	Date of Implementation
EU – United Kingdom Trade and Cooperation Agreement	In Force	30 December 2020	1 May 2021
EC-European Free Trade Association (EFTA)	In Force	2 May 1992	1 January 1994
EU-China Comprehensive Agreement on Investment	Suspended	30 December 2020	Not Implemented
EC – Pakistan Cooperation Agreement	In Force	24 November 2001	1 September 2004
EU-India Free Trade Agreement (FTA)	Under Negotiations	-	-

Source: UNCTAD (2024a)

European Union Single Market

European Union and European Free Trade Association on 1 January 1994 established the EU single Market which consists of 27 European Union countries and Norway, Iceland, Liechtenstein. The European Commission and the European Council set up common tariffs, steer export policy, and determine any trade protection measures. EU members are also part of a customs union, sharing a unified trade policy and a common agricultural policy (Archick, 2024).

Despite entry to the single market, Sweden still faces issues due to non-adoption of the Euro. Sweden cooperates with the EU but has chosen not to adopt the Euro, mainly due to concerns over maintaining control over its economy.

⁴ Bilateral Investment Treaty (BIT) is an agreement between two countries to encourage and protect investments made by businesses or individuals from one country in the other country. Sweden has 73 BITS, of which 53 are currently in force. BIT has an indirect effect on trade.

⁵ Treaty with Investment Provision (TIP) refers to agreements that incorporate clauses related to investments. They include:

- Broad treaties (e.g., free trade deals with investment rules).
- Limited treaties (e.g., covering investment setup or fund transfers).
- Framework agreements (e.g., promoting cooperation or future negotiations).

The EU has 83 TIPS, of which 63 are currently in force.

CHAPTER 5

Bilateral Trade – Pakistan and Sweden



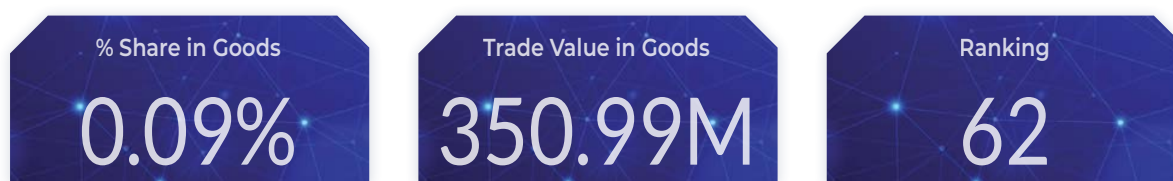
CHAPTER 5 :

BILATERAL TRADE – PAKISTAN AND SWEDEN

The European Union (EU) accounted for 28.80% of Pakistan's global exports, with Sweden ranking 11th among EU destinations, contributing 1.68%. On the import side, the EU held a 6.97% share in Pakistan's global imports, with Sweden ranking 9th at 4.23%.

Sweden and Pakistan share strong bilateral relations rooted in trade and developmental cooperation, further reinforced by the presence of over 30,000 Pakistanis residing in Sweden as of 2023 (Afzal, 2023). According to Alexandra Berg von Linde, the Swedish ambassador to Pakistan, there are more than 40 Swedish companies established in Pakistan, however, they face significant challenges such as high taxes, energy costs, and hinderances in transferring dividends. Addressing these issues could increase foreign investment and improve trade relations between the two countries (Tribune, 2024). The Swedish Ambassador to Pakistan stressed the need for strengthening partnerships in the fields of digitalisation, sustainability and green transformation.

Pakistan's Trade in Goods to Sweden



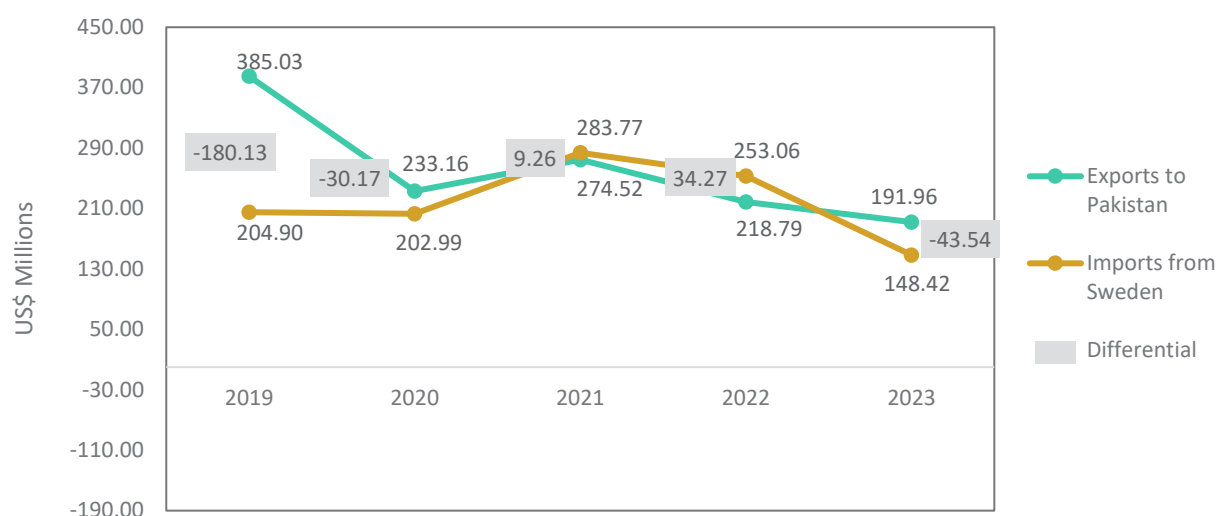
Source: ITC Trade Map (2024)

Sweden exported goods worth \$191.96 million to Pakistan and imported goods worth \$159.03 million from Pakistan, bringing their total trade value to \$350.99 million in 2023. In terms of goods, Pakistan had a 0.09% share in the total trade volume of Sweden. Overall, Pakistan ranked as Sweden's 62nd trading partner as reported by Sweden.

Reporting Differentials

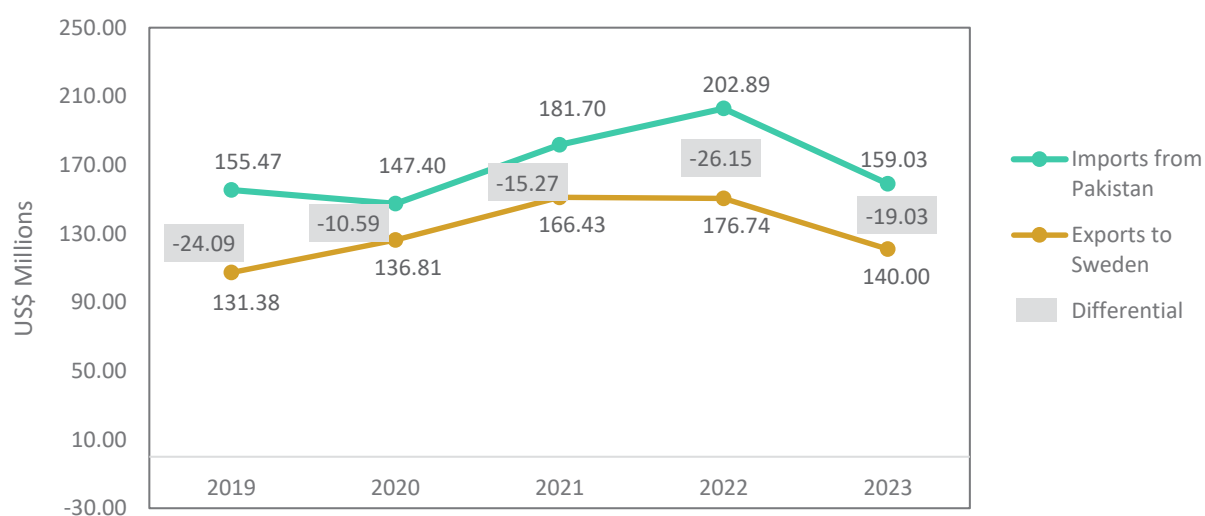
A discrepancy in trade data between two countries is defined as the difference between what one country records as exports to another and what the receiving country reports as imports for the same period, and vice versa.

In 2019, the differential was significant at -\$180.13 million, while in 2020, it reduced to -\$30.17 million. In 2023, Sweden reported its exports to Pakistan at \$191.96 million, whereas Pakistan reported its imports from Sweden at \$148.42 million, resulting in a differential of -\$43.54 million, as shown in Figure 5.1.

Figure 5.1: Reporting Differentials Between Imports from Sweden and Exports to Pakistan

Source: ITC Trade Map (2024)

Figure 5.2 shows that the differential between Pakistan's exports to Sweden and Sweden's imports from Pakistan remained consistently negative from 2019 to 2023.

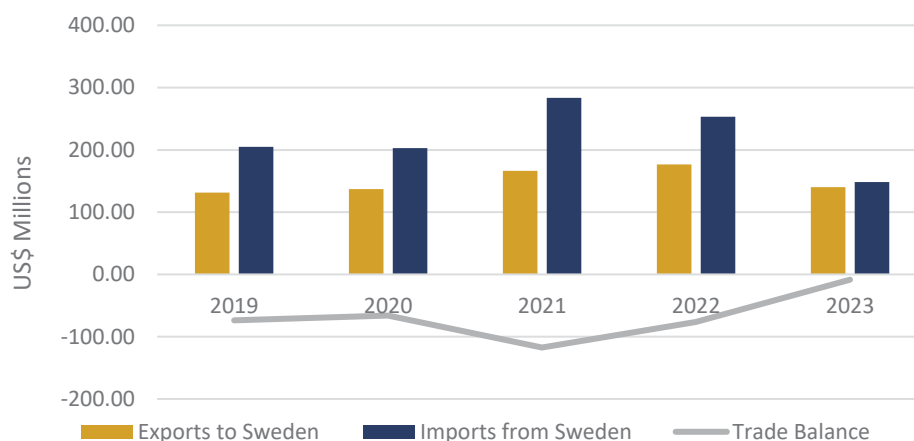
Figure 5.2: Reporting Differentials Between Exports to Sweden and Imports from Pakistan

Source: ITC Trade Map (2024)

Trade in Goods

Pakistan's trade balance in goods with Sweden has consistently remained negative since 2019, with the highest negative value recorded in 2021 at -\$117.34 million. In 2023, exports to Sweden totalled \$140.00 million, while imports from Sweden amounted to \$148.42 million, resulting in a negative balance of -\$8.42 million.

Figure 5.3: Pakistan's Exports and Imports of Goods to Sweden from 2019 to 2023⁶

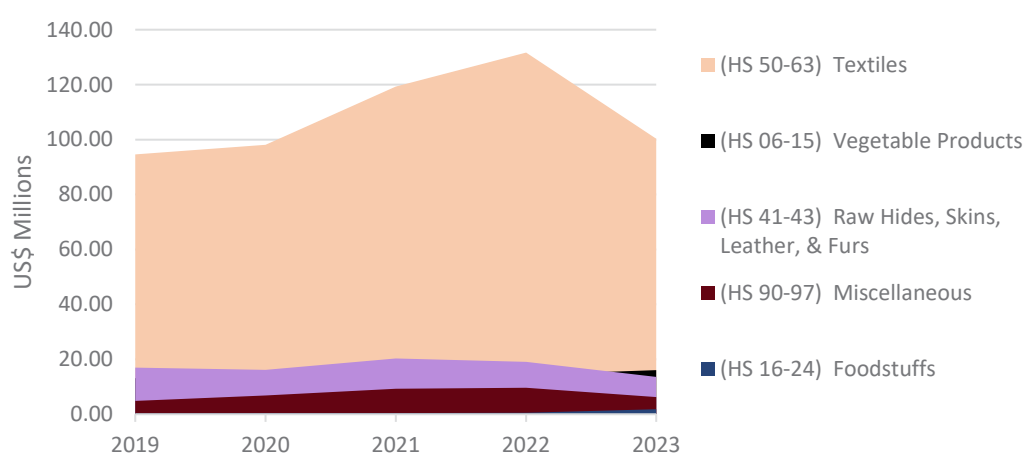


Source: ITC Trade Map (2024)

Exports

The top exports to Sweden in 2023 included 'Textiles' (HS 50-63) at \$100.27 million, 'Vegetable Products' (HS 06-15) at \$16.07 million, and 'Raw Hides, Skins, Leather, & Furs' (HS 41-43) at \$13.57 million.

Figure 5.4: Top 5 Exports (Goods) at HS-02 - (2019-2023)



Source: ITC Trade Map (2024)

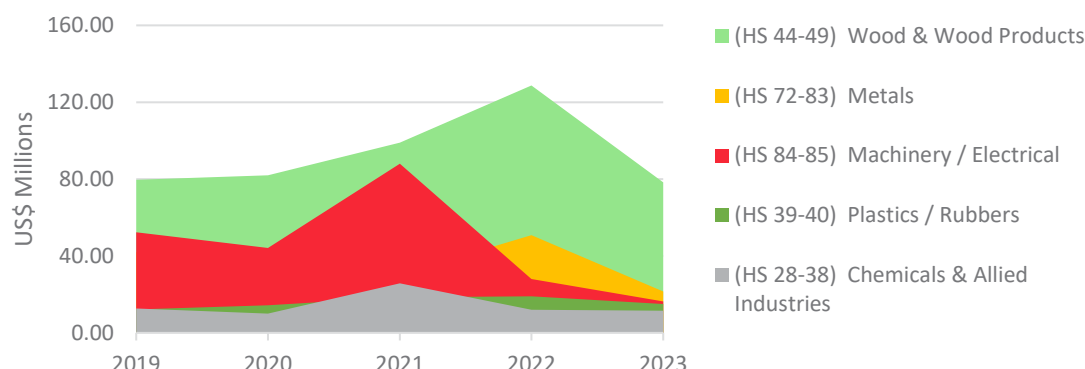
Table 5.1: Top 25 Exports (Goods) at HS-06 to Sweden (2019-2023)

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Millions								
Total	All products	131.38	136.81	166.43	176.74	140.00	100.00%	1.60%
630231	Bedlinen of cotton (excl. printed, knitted or crocheted)	21.23	24.86	31.70	26.08	24.74	17.67%	3.89%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	11.70	12.43	11.48	12.51	14.12	10.09%	4.82%
620322	Men's or boys' ensembles of cotton (excl. knitted or crocheted, ski ensembles and swimwear)	15.55	13.67	19.30	22.99	13.53	9.67%	-3.41%
420329	Gloves, mittens and mitts, of leather or composition leather (excl. special sports gloves)	12.02	11.61	15.50	13.64	9.72	6.94%	-5.17%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted ...	11.87	9.95	8.36	11.55	7.43	5.30%	-11.07%
620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. ...	6.62	7.12	8.93	10.41	7.17	5.12%	2.00%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excl. ...	3.17	3.34	4.61	5.56	6.68	4.77%	20.50%
611610	Gloves, mittens and mitts, impregnated, coated, covered or laminated with plastics or rubber, ...	4.45	5.81	5.08	4.76	4.37	3.12%	-0.42%
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	2.69	3.86	3.22	3.59	2.91	2.08%	1.98%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	1.60	0.99	1.05	2.63	2.37	1.69%	10.26%
621040	Men's or boys' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated ...	0.00	2.36	2.37	3.10	2.20	1.57%	384.33%
630210	Bedlinen, knitted or crocheted	2.01	2.51	2.91	2.08	1.91	1.36%	-1.31%
630239	Bedlinen of textile materials (excl. of cotton and man-made fibres, printed, knitted or crocheted)	3.47	2.14	5.15	6.90	1.84	1.32%	-14.66%
420310	Articles of apparel, of leather or composition leather (excl. clothing accessories, footwear ...	2.27	2.67	1.97	2.45	1.83	1.30%	-5.35%
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	0.00	0.00	0.00	0.00	1.38	0.99%	
610339	Men's or boys' jackets and blazers of textile materials (excl. of wool, fine animal hair, cotton ...	0.75	0.58	0.48	1.04	1.37	0.98%	16.34%
630232	Bedlinen of man-made fibres (excl. printed, knitted or crocheted)	0.05	0.12	0.20	0.76	1.32	0.95%	129.13%
620339	Men's or boys' jackets and blazers of textile materials (excl. of wool, fine animal hair, cotton ...	1.51	1.06	1.37	1.23	1.31	0.94%	-3.57%
621050	Women's or girls' garments of textile fabrics, rubberised or impregnated, coated, covered or ...	0.07	0.94	0.99	1.22	1.19	0.85%	100.21%
950662	Inflatable balls	0.97	0.73	1.04	1.09	1.19	0.85%	5.20%
80450	Fresh or dried guavas, mangoes and mangosteens	0.76	0.80	1.13	0.86	1.14	0.82%	10.64%
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. ...	0.62	1.04	0.74	1.47	1.01	0.72%	13.12%
420321	Specially designed gloves for use in sport, of leather or composition leather	1.50	0.83	1.14	1.01	0.89	0.63%	-12.36%
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	0.01	0.28	0.52	0.99	0.88	0.63%	206.63%
630629	Tents of textile materials (excl. of synthetic fibres, and umbrella and play tents)	0.01	0.00	0.00	0.00	0.76	0.54%	176.42%

Source: ITC Trade Map (2024)

Imports

Figure 5.5: Top 5 Imports (Goods) at HS-02 - (2019-2023)



Source: ITC Trade Map (2024)

The top imports included 'Wood & Wood Products' (HS 44-49) at \$78.36 million, 'Metals' (HS 72-83) at \$21.58 million, and 'Machinery/Electrical' (HS 84-85) at \$16.38 million.

Table 5.2: Top 25 Imports (Goods) at HS-06 from Sweden (2019-2023)

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Millions								
Total	All products	204.90	202.99	283.77	253.06	148.42	100.00%	-7.75%
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excl. dissolving ...	6.56	6.03	15.76	25.78	25.37	17.10%	40.27%
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	26.02	20.76	14.88	38.49	14.14	9.53%	-14.14%
480421	Unbleached sack kraft paper, uncoated, in rolls of a width > 36 cm (excl. goods of heading ...	26.54	23.45	28.44	31.41	12.00	8.09%	-18.00%
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	1.18	3.25	4.92	7.33	8.76	5.90%	64.99%
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	17.74	18.69	20.94	21.52	8.11	5.46%	-17.77%
392010	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, ...	3.14	6.48	10.39	6.64	7.86	5.30%	25.75%
390410	Poly"vinyl chloride", in primary forms, not mixed with any other substances	6.49	5.77	5.16	9.63	5.69	3.84%	-3.22%
440711	Pine "Pinus spp." sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	2.12	0.18	0.90	4.27	5.44	3.66%	26.58%
382219	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents ...	0.00	0.00	0.00	1.02	4.74	3.19%	
480429	Sack kraft paper, uncoated, in rolls of a width > 36 cm (excl. unbleached, and goods of heading ...	0.03	0.12	0.54	8.03	4.32	2.91%	262.50%
470500	Wood pulp obtained by a combination of mechanical and chemical pulping processes	7.70	10.84	9.90	17.96	3.48	2.35%	-17.97%
722020	Flat-rolled products of stainless steel, of a width of < 600 mm, not further worked than cold-rolled ...	1.92	2.76	3.37	2.68	3.15	2.12%	13.18%
470311	Unbleached coniferous chemical wood pulp, soda or sulphate (excl. dissolving grades)	2.99	5.83	2.09	1.27	3.02	2.03%	0.22%
850423	Liquid dielectric transformers, having a power handling capacity > 10.000 kVA	0.00	0.00	17.25	8.38	3.00	2.02%	
720449	Waste and scrap of iron or steel (excl. slag, scale and other waste of the production of iron ...	6.65	6.62	6.67	7.71	2.42	1.63%	-22.38%
844316	Flexographic printing machinery	0.00	0.00	0.00	0.00	2.34	1.57%	

Product Code	Product Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
470100	Mechanical wood pulp, not chemically treated	0.00	0.00	0.24	3.15	1.83	1.23%	
470329	Semi-bleached or bleached non-coniferous chemical wood pulp, soda or sulphate (excl. dissolving ...	1.31	0.00	0.34	0.74	1.56	1.05%	4.38%
382290	Certified reference materials	0.00	0.00	0.00	2.99	1.49	1.01%	
902300	Instruments, apparatus and models designed for demonstrational purposes, e.g. in education ...	0.02	0.94	0.44	0.19	1.25	0.84%	188.56%
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	0.72	0.80	0.70	0.92	1.24	0.83%	14.65%
842230	Machinery for filling, closing, sealing or Labelling bottles, cans, boxes, bags or other containers; ...	2.46	0.33	1.20	0.05	1.17	0.79%	-16.96%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	2.57	1.96	1.72	1.97	1.14	0.77%	-18.32%
902789	Instruments and apparatus for physical or chemical analysis, or for measuring or checking viscosity, ...	0.00	0.00	0.00	0.33	0.96	0.65%	
381512	Supported catalysts with precious metal or a precious-metal compound as the active substance, ...	0.00	0.00	0.00	0.00	0.90	0.60%	

Source: ITC Trade Map (2024)

Trade in Services

Pakistan's trade balance for services with Sweden initially showed a downward trend, followed by a steep increase in 2021, a decline in 2022, and a significant rise in 2023. Pakistan's exports of services to Sweden amounted to \$113.68 million, while imports of services totalled \$12.79 million, resulting in a positive trade balance of \$100.89 million.

Figure 5.6: Pakistan's Exports and Imports of Services to Sweden from 2019 to 2023



Source: SBP (2024)

Exports

The main exports of services to Sweden included Classification 10, 'Other business services'⁷ at \$58.87 million, which accounted for 51.79% of total exports, and which had a CAGR of 27.12%.

Table 5.3: Exports of Services to Sweden from 2019 to 2023

Code	Services Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
		US\$ Millions						
5	All Services	31.42	26.79	88.71	89.59	113.68	100.00%	37.92%
10	Other business services	22.55	17.17	58.57	64.05	58.87	51.79%	27.12%
9	Telecommunications, computer, and information services	7.00	8.14	29.09	25.19	53.50	47.06%	66.29%
4	Travel	0.26	0.07	0.05	0.26	0.89	0.78%	36.28%
6	Insurance and pension services	0.00	0.00	0.01	0.00	0.18	0.16%	
3	Transport	0.02	0.01	0.14	0.18	0.16	0.14%	60.18%
7	Financial services	0.28	0.38	0.09	-0.18	0.09	0.08%	-24.56%
11	Personal, cultural, and recreational services	0.22	0.15	0.18	0.01	0.05	0.04%	-32.15%
8	Charges for the use of intellectual property n.i.e.	0.00	0.01	0.02	0.02	0.03	0.02%	127.95%
2	Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00%	
5	Construction	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%
12	Government goods and services n.i.e.	1.10	0.87	0.57	0.06	-0.08	-0.07%	

Source: SBP (2024)

Secondly, Classification 9, 'Telecommunications, computer, and information services,' amounted to \$53.50 million, accounting for a 47.06% share of total exports and recording a CAGR of 66.29%. This service category showed the most growth.

⁷ 'Other business services' includes Research and development services, Professional and management consulting services, and Technical, trade-related and other business services.

Imports

The main imports of services from Sweden in 2023 included Classification 3, 'Transport,' which amounted to \$8.74 million and accounted for 68.37% of total imports. Classification 10, 'Other business services,' was the second-largest services import at \$1.81 million, representing 14.15% of total imports, with a CAGR of -40.72%. Thirdly, Classification 4, 'Travel,' stood at \$1.06 million, making up 8.25% of total imports, with a CAGR of -17.11%. Overall, imports of services from Sweden declined, recording a CAGR of -20.22% from 2019 to 2023.

Table 5.4: Imports of Services to Sweden from 2019 to 2023

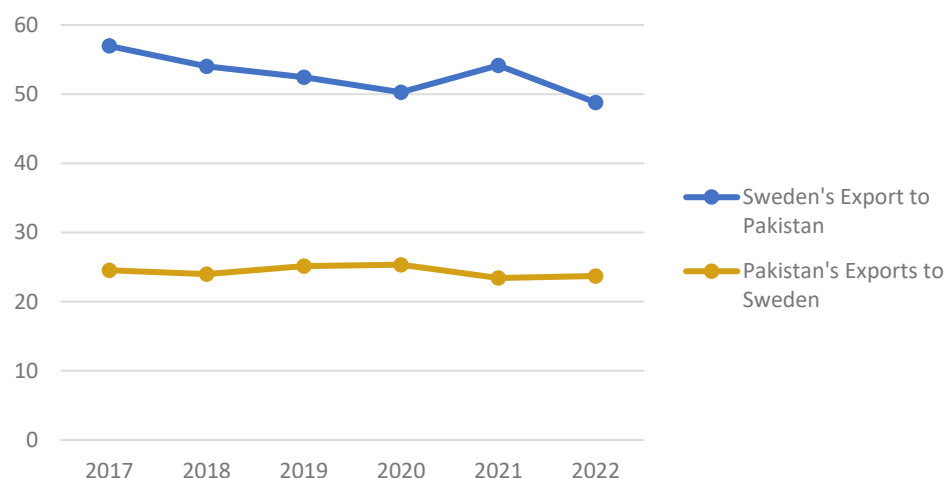
Code	Services Label	2019	2020	2021	2022	2023	Share (%) in 2023	CAGR (2019-2023)
US\$ Millions								
S	All Services	31.57	29.51	24.10	34.22	12.79	100.00%	-20.22%
3	Transport	9.48	7.26	9.98	16.57	8.74	68.37%	-2.00%
10	Other business services	14.65	3.92	2.58	3.22	1.81	14.15%	-40.72%
4	Travel	2.24	1.60	4.53	8.14	1.06	8.25%	-17.11%
9	Telecommunications, computer, and information services	3.63	11.04	5.28	5.37	0.64	4.97%	-35.31%
12	Government goods and services n.i.e.	1.30	5.55	1.15	0.15	0.16	1.22%	-41.13%
6	Insurance and pension services	-0.07	0.01	0.32	0.43	0.14	1.06%	
8	Charges for the use of intellectual property n.i.e.	0.12	0.00	0.22	0.21	0.12	0.95%	0.84%
7	Financial services	0.23	0.13	0.04	0.11	0.11	0.88%	-16.46%
11	Personal, cultural, and recreational services	0.00	0.00	0.00	0.01	0.01	0.09%	82.12%
2	Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.00	0.01	0.07%	
5	Construction	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%

Source: SBP (2024)

Trade Complementarity

The TCI of Sweden's exports to Pakistan gradually declined from 2017 to 2020, followed by an increase in 2021 and another decline in 2022, which recorded the lowest value of 48.80 during the 2017-2022 period. This indicated low complementarity between Sweden's exports and Pakistan's imports.

Figure 5.7: Trade Complementarity Index of Pakistan's Exports to Sweden and Sweden's Exports to Pakistan from 2017 to 2022



Source: The World Bank (2024)

In contrast, the TCI for Pakistan's exports to Sweden fluctuated slightly over the years. The value of 23.72 in 2022 indicated very low trade complementarity between Pakistan's exports and Sweden's imports.

CHAPTER 6

Opportunities to Improve Pakistan's Exports to Sweden



CHAPTER 6 :

OPPORTUNITIES TO IMPROVE PAKISTAN'S EXPORTS TO SWEDEN

This chapter explores the export potential of Pakistan to Sweden by analysing trade patterns at both the intensive and extensive margins. The **intensive margin** refers to the expansion of existing export products, while the **extensive margin** involves introducing new products to the trade portfolio. To quantify export potential, we compare Pakistan's global export capacity with Sweden's global import demand, identifying areas where trade can be expanded. The formula for export potential is given as:

$$EP_{pk,se} = \min(X_{pk,w}, M_{se,w}) - X_{pk,se}$$

where:

- $EP_{pk,se}$ = Export potential of Pakistan to Sweden
- $X_{pk,w}$ = Pakistan's total exports to the world
- $M_{se,w}$ = Sweden's total imports from the world
- $X_{pk,se}$ = Pakistan's current exports to Sweden

However, this methodology has limitations. It doesn't take into account the geographic challenges such as distance and transport infrastructure, as well as consumer preferences, evolving demand, and the costs of product diversification. Therefore, this figure should be interpreted as indicative rather than conclusive.

The Revealed Comparative Advantage (RCA) helps determine whether a country has a competitive edge in exporting certain goods. RCA measures a country's specialization in exporting a product relative to the global average. The RCA formula is as follows:

$$RCA_{pk,i} = \frac{\frac{X_{pk,i}}{X_{pk,w}}}{\frac{X_{w,i}}{X_{w,w}}} \geq 1$$

where:

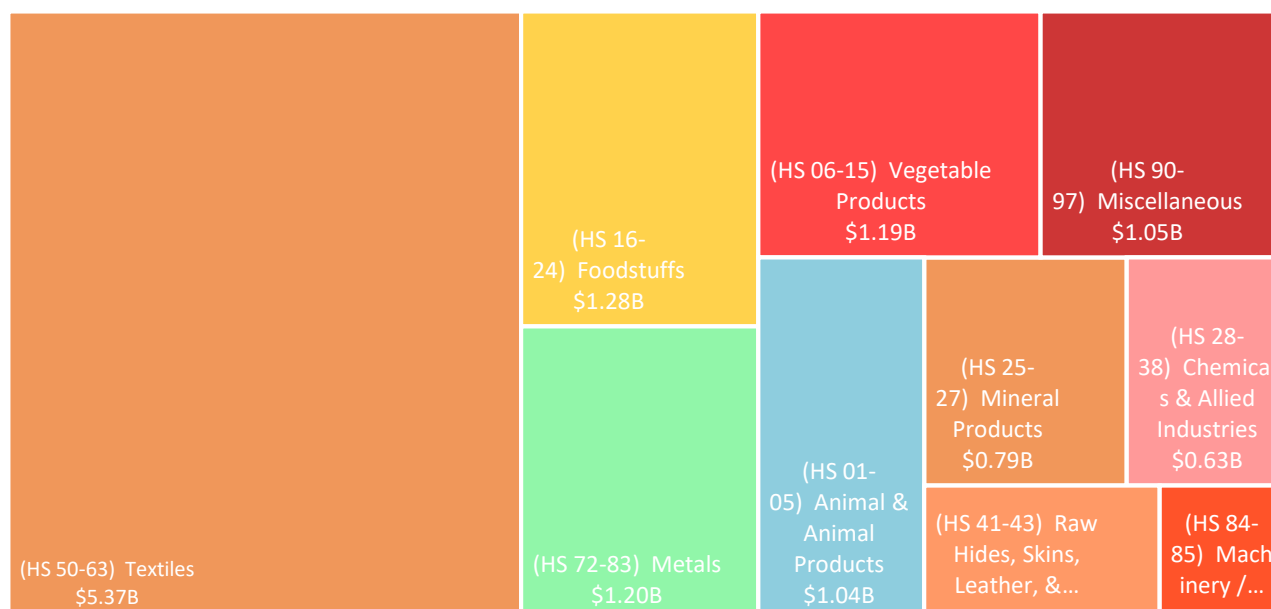
- $RCA_{pk,i}$ = Revealed Comparative Advantage of Pakistan in product i
- $X_{pk,i}$ = Pakistan's exports of product i
- $X_{pk,w}$ = Pakistan's total exports
- $X_{w,i}$ = World exports of product i
- $X_{w,w}$ = Total world exports

If $RCA > 1$, Pakistan has a comparative advantage in that product, meaning it exports it more intensively than the global average. If $RCA < 1$, Pakistan does not have a significant advantage.

Goods

At the HS-02 level, Pakistan's total export potential is \$14.40 billion. Pakistan's export potential to Sweden is dominated by textiles, with an estimated value of \$5.37 billion. This aligns with Pakistan's established strength in textile manufacturing and exports. Beyond textiles, foodstuffs (\$1.28B), metals (\$1.20B), and vegetable products (\$1.19B) also present significant opportunities.

Figure 6.1: Top 10 Goods with the Most Export Potential in 2023 (HS-02)



Source: ITC Trade Map (2025)

Intensive Margin of Exports

Table 6.1 shows top 25 Goods with the most export potential at the intensive margin level. At the HS-06 level, among the products that Pakistan currently exports to Sweden, there is an export potential of \$3.85 billion, while exports in 2023 amounted to only \$139.99 million. This indicates that Pakistan exported significantly less to Sweden compared to its global exports. GSP+ status guarantees duty suspension on 66% of all EU tariff lines; therefore, a 0% tariff is applied to most products. However, among the top 25 goods, 'Semi-milled... rice...' (HS - 100630) is subject to a significant MFN tariff rate of 22% which is applied by the European Union.

Table 6.1: Top 25 Goods with the Most Export Potential at the Intensive Margin (HS-06) in 2023

Product code	Product label	Pakistan's Exports to Sweden	Sweden's Imports from World	Pakistan's Exports to World	Export Potential
US\$ Millions					
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.72	567.83	448.68	447.96
220710	Undenatured ethyl alcohol, of actual alcoholic strength of $\geq 80\%$	1.38	336.13	447.60	334.75
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	0.66	261.78	336.62	261.12
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted ...)	7.43	262.62	652.07	255.20
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted ...)	0.66	145.81	204.68	145.15
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)	0.42	143.28	276.91	142.86
210690	Food preparations, n.e.s.	0.03	519.54	129.23	129.20
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ...	0.20	233.87	97.88	97.68
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	2.91	97.72	204.65	94.82
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	14.12	97.05	2,125.80	82.93
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	0.11	254.04	72.47	72.36
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	2.37	74.60	343.92	72.23
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excl. chewing gum)	0.03	370.30	71.67	71.64
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	0.00	65.01	66.03	65.01
250100	Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous ...	0.14	65.82	52.74	52.61
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)	0.01	48.97	51.71	48.96
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, T-shirts, singlets ...)	0.11	44.88	131.31	44.76
611610	Gloves, mittens and mitts, impregnated, coated, covered or laminated with plastics or rubber, ...	4.37	48.23	229.93	43.86
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excl. ...)	6.68	49.15	1,012.72	42.47
420329	Gloves, mittens and mitts, of leather or composition leather (excl. special sports gloves)	9.72	48.64	273.29	38.92
190531	Sweet biscuits	0.00	101.51	38.71	38.71
950699	Articles and equipment for sport and outdoor games n.e.s.; swimming and paddling pools	0.30	144.03	37.21	36.92
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials ...	0.13	39.44	36.98	36.85
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.22	132.43	35.92	35.71
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. ...)	1.01	169.27	34.80	33.79

Source: ITC Trade Map (2025)

Miscellaneous (HS 90-97)

At the HS-06 level, the total export potential in the Miscellaneous category at the intensive margin level is \$627.10 million. 'Instruments and appliances used in medical...' (HS-901890) present the largest opportunity, with an export potential to Sweden alone of \$447.96 million. In 2023, Sweden imported \$680 thousand worth of this product from Pakistan, which is just 0.12% of the market.

Table 6.2: Sweden's Market Analysis for Miscellaneous Goods (HS 90-97)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	567.83	Netherlands, 42.72% Germany, 10.26% Belgium 9.23%	0.00%	680	0.12%	24.49%	0.00%	5.00
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	97.72	China, 27.29% Estonia, 17.91% Poland, 9.52%	China, 3.7% Estonia, 0.00% Poland, 0.00%	2,777	2.84%	-13.34%	0.00%	17.07
950699	Articles and equipment for sport and outdoor games n.e.s; swimming and paddling pools	144.03	China, 38.20% Denmark, 13.75% Poland, 9.23%	China, 1.40% Denmark, 0.00% Poland, 0.00%	644	0.45%	5.86%	0.00%	4.28

Source: ITC Trade Map (2025)

Similarly, 'Articles of bedding and similar furnishing...' (HS 940490) present another major opportunity, with an export potential of \$94.82 million. Pakistan has a comparative advantage in all the above listed products, especially in 'Articles of bedding...' (HS-940490), where it has an RCA of 17.07.

Foodstuffs (HS 16-24)

At the HS-06 level, the total export potential in the Foodstuffs category at the intensive margin level is \$681.54 million. 'Undenatured ethyl alcohol...' (HS-220710) has a high export potential, valued at \$334.75 million. Sweden imported only \$2,723 thousand of this product from Pakistan in 2023. The top three countries that dominated this market in 2023 are the Netherlands, Belgium, and the United States. Annual import growth was 0% between 2004 and 2022 as Sweden did not import this commodity from Pakistan. Pakistan has a high comparative advantage in this product as indicated by an RCA of 36.66.

Table 6.3: Sweden's Market Analysis for Foodstuffs (HS 16-24)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	336.13	Netherlands, 42.43% Belgium, 23.89% USA, 11.29%	Netherlands, 0.00% Belgium, 0.00% USA, 27.20%	2,723	0.81%		0.00%	36.66
210690	Food preparations, n.e.s	519.54	Germany, 17.20% Denmark, 14.50% Netherlands, 12.30%	0.00%	10	0.00%	-32.44%	0.50%	1.85
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excl. Chewing gum)	370.30	Denmark, 27.42% Slovakia, 16.25% Netherlands, 11.73%	0.00%	183	0.05%	37.99%	1.50%	3.60
190531	Sweet biscuits	101.51	Netherlands, 23.18% Latvia, 11.37% Germany, 9.60%	0.00%	11	0.01%	98.88%	0.00%	2.66

Source: ITC Trade Map (2025)

For 'Food preparations...' (HS-210690), Pakistan has an export potential of \$129.20 million. In 2023, Sweden imported \$519.54 million worth of this product, while imports from Pakistan amounted to \$10 thousand. Similarly, 'Sugar confectionery...' (HS-170490) has an export potential of \$71.64 million, but Sweden imported \$183 thousand from Pakistan, resulting in a negligible market share. Pakistan faces minimal tariff on these goods.

Textiles (HS 50-63)

At the HS-06 level, the total export potential in the Textiles sector at the intensive margin level is \$1.92 billion. The commodity 'T-shirts, singlets, and other vests...' (HS-610910) has an export potential of \$261.78 million.

Table 6.4: Sweden's Market Analysis for Textiles (HS 50-63)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	261.78	Bangladesh, 34.70% Germany, 11.25% Denmark, 9.74%	0.00%	887	0.34%	10.96%	0.00%	7.47
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. Knitted ...	262.62	Bangladesh, 17.25% Denmark, 10.07% Germany 9.22%	0.00%	18,147	6.91%	-0.44%	0.00%	20.76
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. Knitted ...	145.81	Bangladesh, 26.36% Türkiye, 17.36% Denmark, 7.26%	0.00%	5,079	3.48%	-13.82%	0.00%	8.03
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. Cotton)	143.28	China, 19.92% Türkiye, 13.30% Germany, 10.27%	China, 12.00% Türkiye, 0.00% Germany, 0.00%	1,214	0.85%	14.39%	0.00%	14.02
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	254.04	Bangladesh, 24.57% Denmark, 13.07% China, 9.49%	Bangladesh, 0.00% Denmark, 0.00% China, 12.00%	2833	1.11%	16.63%	0.00%	2.19
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	74.60	Türkiye, 39.97% China, 16.18% Germany, 10.49%	Türkiye, 0.00% China, 12.00% Germany, 0.00%	2,385	3.20%	9.32%	0.00%	42.64
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	65.01	China, 25.96% Bangladesh, 21.29% Denmark, 11.95%	China, 12.00% Bangladesh, 0.00% Denmark, 0.00%	9	0.01%	-25.19%	0.00%	12.08
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. Hats)	48.97	Bangladesh, 43.29% India, 7.80% China, 7.48%	Bangladesh, 0.00% India, 8.30% China, 10.50%	34	0.07%	0.03%	0.00%	6.96
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. Nightshirts, T-shirts, singlets ...	44.88	Bangladesh, 24.50% Germany, 13.88% Denmark, 11.91%	0.00%	142	0.32%	32.46%	0.00%	18.51
611610	Gloves, mittens and mitts, impregnated, coated, covered or laminated with plastics or rubber, ...	48.23	China, 64.21% Sri Lanka, 14.51% Pakistan, 8.25%	China, 8.50% Sri Lanka, 0.00% Pakistan, 0.00%	3,981	8.25%	-1.02%	0.00%	53.80
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excl. ...	49.15	Denmark, 20.74% India, 17.72% Pakistan, 13.49%	Denmark, 0.00% India, 9.60% Pakistan, 0.00%	6,631	13.49%	21.67%	0.00%	125.75
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials ...	39.44	Bangladesh, 22.13% China, 20.55% Denmark, 10.62%	Bangladesh, 0.00% China, 12.00% Denmark, 0.00%	54	0.14%	17.49%	0.00%	173.24
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	132.43	China, 39.45% Germany, 14.74% Vietnam, 8.61%	China, 7.30% Germany, 0.00% Vietnam, 5.80%	140	0.11%	-12.24%	0.00%	2.08
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. ...	169.27	China, 17.98% Netherlands, 7.74% Vietnam, 7.64%	China, 12.00% Netherlands, 0.00% Vietnam, 9.60%	6,057	3.58%	4.18%	0.00%	2.70

Source: ITC Trade Map (2025)

Vegetable Products (HS 06-15)

At the HS-06 level, the total export potential in the Vegetable Products category at the intensive margin level is \$165.35 million. Among the top 25 exported items, 'Semi-milled or wholly milled rice...' (HS-100630) was Pakistan's highest export to the world, valued at \$2,125.80 million. In 2023, Sweden imported \$17,941 thousand worth of HS-100630 with a 22% tariff, Pakistan however had the highest market share at 18.49%, with an export potential of \$82.93 million. With an RCA of 61.85, Pakistan has a significant competitive advantage in the global market for this commodity.

Table 6.5: Sweden's Market Analysis for Vegetable Products (HS 06-15)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	97.05	Pakistan, 18.49% Netherlands, 11.77% India, 11.37%	Pakistan, 22.00% Netherlands, 0.00% India, 22.00%	17,941	18.49%	8.74%	22.00%	61.85

Source: ITC Trade Map (2025)

Mineral Products (HS 25-27)

'Salts, including table and denatured salt...' (HS-250100) is the only product in this category exported to Sweden, with an export potential of \$52.61 million. However, Sweden imported only \$174 thousand from Pakistan in 2023.

Table 6.6: Sweden's Market Analysis for Mineral Products (HS 25-27)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
250100	Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous ...	65.82	Germany, 30.78% Denmark, 29.26% Belgium, 11.13%	0.00%	174	0.26%	-0.01%	0.90%	12.66

Source: ITC Trade Map (2025)

Raw Hides, Skins, Leather & Furs (HS 41-43)

At the HS-06 level, the total export potential in the Raw Hides, Skins, Leather & Furs category at the intensive margin level is \$100.49 million. Sweden imported \$12,715 thousand worth of this product from Pakistan in 2023, capturing 26.14% of the market share among the top two countries. With an export potential of \$38.92 million, Pakistan holds a strong competitive advantage in this sector with a high RCA of 165.07.

Table 6.7: Sweden's Market Analysis for Raw Hides, Skins, Leather & Furs (HS 41-43)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
420329	Gloves, mittens and mitts, of leather or composition leather (excl. Special sports gloves)	48.64	China, 47.48% Pakistan, 26.14% Vietnam, 7.19%	China, 8.00% Pakistan, 0.00% Vietnam, 4.50%	12,715	26.14%	0.87%	0.00%	165.07

Source: ITC Trade Map (2025)

Footwear/Headgear (HS 64-67)

At the HS-06 level, the total export potential in the Footwear/Headgear category at the intensive margin level is \$133.34 million. Pakistan has an export potential of \$97.68 million for 'Footwear with outer soles...' (HS – 640399). In 2023, Sweden imported \$189 thousand worth of goods from Pakistan. Pakistan's market share was a mere 0.08%.

Table 6.8: Sweden's Market Analysis for Footwear/Headgear (HS 64-67)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan				
					Imports from Pakistan (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Pakistan	RCA
	All products	193,043.98			159,032				
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ...	233.87	Germany, 20.42% Poland, 17.01% Vietnam, 7.92%	Germany, 0.00% Poland, 0.00% Vietnam, 4.20%	189	0.08%	3.88%	0.00%	2.48

Source: ITC Trade Map (2025)

Extensive Margin of Exports

The extensive margin of exports refers to products that Pakistan has the potential to export to Sweden but is not currently exporting. At the HS-06 level, Pakistan has an export potential of \$2.97 billion in products that it does not currently export to Sweden. Table 6.9 shows the top 25 goods with the highest export potential at the extensive margin.

Table 6.9: Top 25 Goods with the Most Export Potential at the Extensive Margin (HS-06) in 2023

Product code	Product label	Pakistan's Exports to Sweden	Sweden's Imports from world	Pakistan's Exports to world	Export Potential
US\$ Millions					
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.00	2,748.77	138.88	138.88
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	0.00	212.75	116.89	116.89
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	0.00	6,142.67	112.76	112.76
760120	Unwrought aluminium alloys	0.00	423.78	72.04	72.04
721049	Flat-rolled products of iron or non-alloy steel, of a width of ≥ 600 mm, hot-rolled or cold-rolled ...	0.00	724.40	57.74	57.74
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of ≥ 78 ml/g	0.00	54.52	173.94	54.52
170230	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	0.00	51.98	61.50	51.98
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excl. Cane and beet sugar containing ...	0.00	49.35	126.63	49.35
252329	Portland cement (excl. White, whether or not artificially coloured)	0.00	46.74	133.41	46.74
761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, ...	0.00	65.02	43.05	43.05
740200	Copper, unrefined; copper anodes for electrolytic refining	0.00	48.22	36.25	36.25
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excl. Tyres with lug, ...	0.00	255.52	33.93	33.93
390319	Polystyrene, in primary forms (excl. Expandable)	0.00	32.27	50.68	32.27
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.00	31.34	33.81	31.34
070310	Fresh or chilled onions and shallots	0.00	30.55	69.64	30.55
850710	Lead-acid accumulators of a kind used for starting piston engine "starter batteries" (excl. ...	0.00	158.04	28.27	28.27
271320	Petroleum bitumen	0.00	111.43	27.42	27.42
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.00	11,270.66	27.01	27.01
841199	Parts of gas turbines, n.e.s.	0.00	338.08	26.67	26.67
080390	Fresh or dried bananas (excl. Plantains)	0.00	150.79	24.62	24.62
740400	Waste and scrap, of copper (excl. Ingots or other similar unwrought shapes, of remelted copper ...	0.00	382.49	23.26	23.26
070190	Fresh or chilled potatoes (excl. Seed)	0.00	22.98	140.43	22.98
070490	Fresh or chilled cabbages, kohlrabi, kale and similar edible brassicas (excl. Cauliflowers, ...	0.00	27.18	21.82	21.82
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	0.00	21.33	63.26	21.33
030499	Frozen fish meat n.e.s. (excl. Fillets)	0.00	25.22	20.71	20.71

Source: ITC Trade Map (2025)

Chemicals & Allied Industries (HS 28-38)

At the HS-06 level, the total export potential in the Chemicals & Allied Industries at the extensive margin level is \$519.42 million. Pakistan did not export 'Medicaments...' (HS – 300490) and (HS – 300439) to Sweden in 2023, but the export potential stands at \$138.88 million and \$116.89 million, respectively. Sweden imported \$2,748.77 million and \$212.75 million worth of these two products, respectively.

Table 6.10: Sweden's Market Analysis for Chemicals & Allied Industries (HS 28-38)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	2,748.77	Denmark, 23.11% Germany, 17.33% Netherlands, 10.75%	0.00%	0.00%	0.31
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	212.75	Denmark, 58.68% Germany, 10.86% Belgium, 7.95%	0.00%	0.00%	3.25

Source: ITC Trade Map (2025)

Metals (HS 72-83)

At the HS-06 level, the total export potential in the Metals category at the extensive margin level is \$350.00 million. Pakistan has an export potential of \$72.04 million in 'Unwrought aluminium alloys...' (HS – 760120). However, Norway dominated the market with an 82.36% share. Sweden imposes a moderate 6.0% tariff on Pakistan. Sweden imported a significant amount of \$724.40 million in 'Flat-rolled products...' (HS – 721049) in 2023, but Pakistan's export potential is limited to \$57.74 million. Germany held the largest market share at 27.10%.

'Casks, drums, cans, boxes...' (HS – 761290) has the highest RCA in this category at 5.42, with Pakistan's export potential at \$43.05 million.

Table 6.11: Sweden's Market Analysis for Metals (HS 72-83)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
760120	Unwrought aluminium alloys	423.78	Norway, 82.36% Finland, 5.02% Netherlands, 4.23%	0.00%	6.00%	1.68
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	724.40	Germany, 27.10% Netherlands, 25.32% Finland, 22.90%	0.00%	0.00%	1.69
761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, ...	65.02	Denmark, 48.12% France, 22.57% Germany, 9.78%	0.00%	0.00%	5.42
740200	Copper, unrefined; copper anodes for electrolytic refining	48.22	Finland, 96.89% USA, 1.65% Canada, 1.14%	0.00%	0.00%	2.19
740400	Waste and scrap, of copper (excl. Ingots or other similar unwrought shapes, of remelted copper ...	382.49	Germany, 24.21% Netherlands, 16.88% Norway, 11.76%	0.00%	0.00%	0.63

Source: ITC Trade Map (2025)

Foodstuffs (HS 16-24)

At the HS-06 level, the total export potential in the Foodstuffs category at the extensive margin level is \$228.02 million. In 'Glucose in solid form and glucose syrup...' (HS – 170230), Pakistan has a high RCA of 13.68 and an export potential of \$51.98 million. Belgium, France, and Denmark dominated the Swedish market. However, Sweden imposes a 10.30% tariff on Pakistan.

'Cane or beet sugar...' (HS – 170199), present an export opportunity of \$49.35 million, supported by a strong RCA of 5.65. However, Sweden imposes a steep 54.30% tariff on Pakistan.

Table 6.12: Sweden's Market Analysis for Foodstuffs (HS 16-24)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
170230	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	51.98	Belgium, 39.50% France, 39.13% Denmark, 7.47%	0.00%	10.30%	13.68
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excl. Cane and beet sugar containing ...	49.35	Denmark, 56.09% Lithuania, 12.48% Finland, 7.30%	0.00%	54.30%	5.65

Source: ITC Trade Map (2025)

Machinery / Electrical (HS 84-85)

At the HS-06 level, the total export potential in Machinery/Electrical sector at the extensive margin level is \$244.83 million. Pakistan has a modest export potential of \$28.27 million in 'Lead-acid accumulators...' (HS – 850710).

Table 6.13: Sweden's Market Analysis for Machinery/Electrical (HS 84-85)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
850710	Lead-acid accumulators of a kind used for starting piston engine "starter batteries" (excl. ...	158.04	Poland, 29.08% Germany, 28.35% Italy, 12.52%	0.00%	0.00%	1.84
841199	Parts of gas turbines, n.e.s.	338.08	Germany 30.19% UK 16.21% Italy 10.18%	0.00%	0.00%	0.91

Source: ITC Trade Map (2025)

Animal & Animal Products (HS 01-05)

At the HS-06 level, the total export potential in the Animal & Animals Products at the extensive margin level is \$190.88 million. Pakistan has an export potential of \$21.33 million in 'Frozen shrimps and prawns...' (HS – 030617), while it exported \$63.26 million globally in 2023. Sweden imposes a 3.40% tariff on Pakistan on 'Frozen shrimps...' (HS-030617) while Vietnam with the highest market share of 41.55% faces a 4.80% tariff.

Table 6.14: Sweden's Market Analysis for Animal & Animal Products (HS 01-05)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	21.33	Vietnam, 41.55% Denmark, 23.09% Belgium, 9.06%	Vietnam, 4.80% Denmark, 0.00% Belgium, 0.00%	3.40%	2.58
030499	Frozen fish meat n.e.s. (excl. Fillets)	25.22	Norway, 83.02% UK, 11.70% Denmark, 2.28%	Norway, 3.50% UK, 0.00% Denmark, 0.00%	0.00%	0.00

Source: ITC Trade Map (2025)

Vegetable Products (HS 06-15)

At the HS-06 level, the total export potential in the Vegetable Products at the extensive margin level is \$248.83 million. In 'Fresh or chilled onions...' (HS – 070310), Pakistan has an export potential of \$30.55 million with a high RCA of 10.71. The Netherlands dominated with a 42.70% market share.

Table 6.15: Sweden's Market Analysis for Vegetable Products (HS 06-15)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
070310	Fresh or chilled onions and shallots	30.55	Netherlands, 42.70% Denmark, 17.70% Spain, 15.88%	0.00%	0.00%	10.71
080390	Fresh or dried bananas (excl. Plantains)	150.79	Ecuador, 42.82% Colombia, 17.84% Costa Rica, 9.87%	6.10%	8.40%	1.47
070190	Fresh or chilled potatoes (excl. Seed)	22.98	Denmark, 21.93% Netherlands, 12.02% Spain, 12.00%	0.00%	0.00%	21.99
070490	Fresh or chilled cabbages, kohlrabi, kale and similar edible brassicas (excl. Cauliflowers, ...)	27.18	Germany, 42.78% Spain, 23.18% Netherlands, 14.90%	0.00%	0.00%	10.55

Source: ITC Trade Map (2025)

Pakistan exported \$140.43 million worth of 'Fresh or chilled potatoes...' (HS – 070190) globally and has an export potential of \$22.98 million. Pakistan faces an 8.40% tariff on 'Fresh or dried bananas...' (HS-080390) while countries with top market share face a relatively lower tariff of 6.10% which includes Ecuador, Colombia, and Costa Rica. Pakistan has the highest RCA of 21.99 amongst the top 25 products at the extensive margin and faces a 0% tariff on 'Fresh or chilled potatoes...' (HS-070190).

Plastics / Rubbers (HS 39-40)

At the HS-06 level, the total export potential in the Plastics/Rubbers category at the extensive margin level is \$281.32 million. Pakistan exported \$173.94 million of 'Polyethylene terephthalate...' (HS – 390761) globally and has an export potential of \$54.52 million. Sweden's imports in this category were relatively low.

For 'New pneumatic tyres...' (HS – 401120), Pakistan has minimal export potential, and a low RCA of 0.91 indicates a lack of competitiveness in this sector.

Table 6.16: Sweden's Market Analysis for Plastics/Rubbers (HS 39-40)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	54.52	Lithuania, 51.73% Netherlands, 19.63% Norway, 13.98%	0.00%	0.00%	11.52
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excl. Tyres with lug, ...	255.52	Belgium, 34.64% Germany, 11.95% Italy, 7.24%	0.00%	0.00%	0.91
390319	Polystyrene, in primary forms (excl. Expandable)	32.27	Belgium, 35.03% Germany, 20.58% Norway, 15.23%	0.00%		9.71
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	31.34	Germany, 41.08% USA, 7.51% Belgium, 7.37%	Germany, 0.00% USA, 6.00% Belgium, 0.00%	0.00%	3.01

Source: ITC Trade Map (2025)

Mineral Products (HS 25-27)

At the HS-06 level, the total export potential in the Mineral Products at the extensive margin level is \$297.35 million. Sweden imported \$6,142.67 million worth of 'Medium oils and preparations...' (HS – 271019), with Pakistan having an export potential of \$112.76 million. However, Pakistan's low RCA indicates weaker competitiveness. The market is dominated by the Netherlands, Finland, and Norway.

Table 6.17: Sweden's Market Analysis for Mineral Products (HS 25-27)

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Pakistan	
					Tariff on Pakistan	RCA
	All Products	193,043.98				
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	6,142.67	Netherlands, 29.62% Finland, 17.49% Norway, 15.01%	0.00%	0.00%	0.16
252329	Portland cement (excl. White, whether or not artificially coloured)	46.74	Latvia, 58.38% Norway, 21.75% Germany, 16.20%	0.00%	0.00%	13.32
271320	Petroleum bitumen	111.43	Germany, 41.81% Poland, 21.38% Lithuania, 10.81%	0.00%	0.00%	1.43
270900	Petroleum oils and oils obtained from bituminous minerals, crude	11,270.66	Norway, 60.43% UK, 14.20% USA, 11.15%	0.00%	0.00%	0.02

Source: ITC Trade Map (2025)

Pakistan exported \$133.41 million worth of 'Portland cement...' (HS – 252329) globally and has an export potential of \$46.74 million to Sweden. A high RCA of 13.32 suggests strong competitiveness.

Services

Total export potential in the services sector is \$6.64 billion. Pakistan has the highest export potential of \$2,543.29 million in Classification 9, 'Telecommunications, Computer, and Information Services,' with a high RCA of 7.10. In 2023, Pakistan exported only \$53.50 million to Sweden, while Sweden imported \$15,959.94 million worth of services globally.

Table 6.18: Pakistan's Export Potential and Revealed Comparative Advantage in Services

Service Code	Service Label	Pakistan's Exports to the World	Sweden's Imports from the World	Pakistan's Exports to Sweden	Export Potential	RCA
US\$ Millions						
9	Telecommunications, Computer, and Information Services	2,596.79	15,959.94	53.50	2,543.29	7.10
10	Other Business Services	1,626.11	41,324.13	58.87	1,567.24	2.67
4	Travel	971.47	13,593.14	0.89	970.58	0.66
3	Transport	926.64	14,362.24	0.16	926.48	0.74
12	Government Goods & Services n.i.e	1,112.08	269.82	-0.08	269.90	68.82
7	Financial Services	238.95	2,480.62	0.09	238.86	1.32
6	Insurance and Pension Services	60.44	796.90	0.18	60.26	0.91
5	Construction	36.26	1,655.58	0.00	36.26	1.53
11	Personal, Cultural, and Recreational Services	14.13	2,387.25	0.05	14.08	0.40
8	Charges for the Use of Intellectual Property n.i.e	11.67	15,058.96	0.03	11.64	0.14
2	Maintenance and Repair Services n.i.e	0.85	1,820.68	0.00	0.85	0.02
1	Manufacturing Services on Physical Inputs Owned by Others		3,128.33			0.00

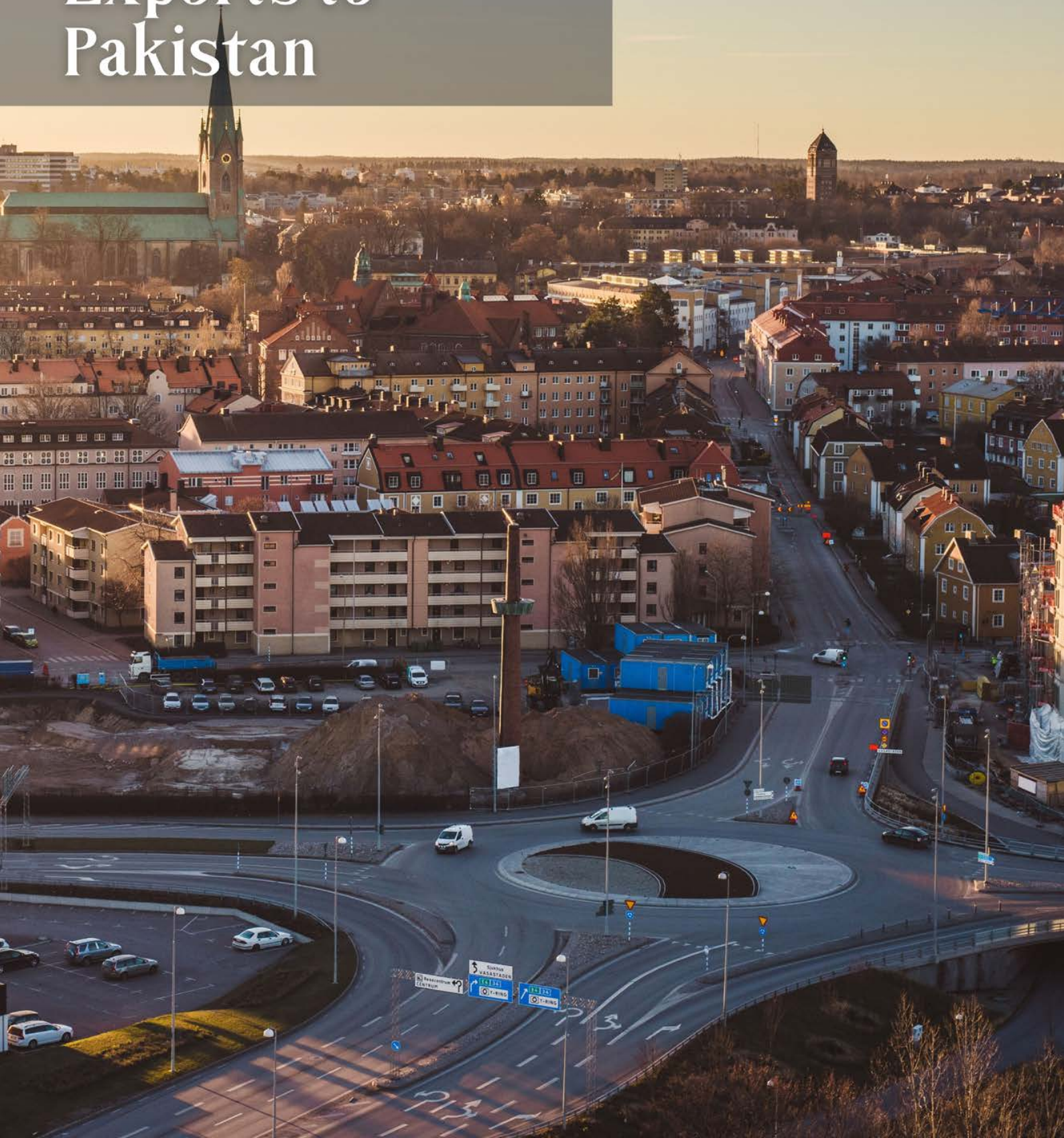
Source: ITC Trade Map (2025), SBP (2025)

In Classification 10, 'Other Business Services,' Pakistan has an export potential of \$1,567.24 million and exported \$58.87 million to Sweden. Meanwhile, Sweden imported \$41,324.13 million worth of services in this category from the world.

Pakistan also has substantial export potential of \$970.58 million in Classification 4, 'Travel.' However, a low RCA suggests Pakistan is not a popular tourist destination, particularly for Sweden. Despite this, Pakistan exported \$971.47 million of travel services globally, indicating a potential market. Pakistan exported only \$0.89 million to Sweden in 2023.

CHAPTER 7

Opportunities to Improve Sweden's Exports to Pakistan



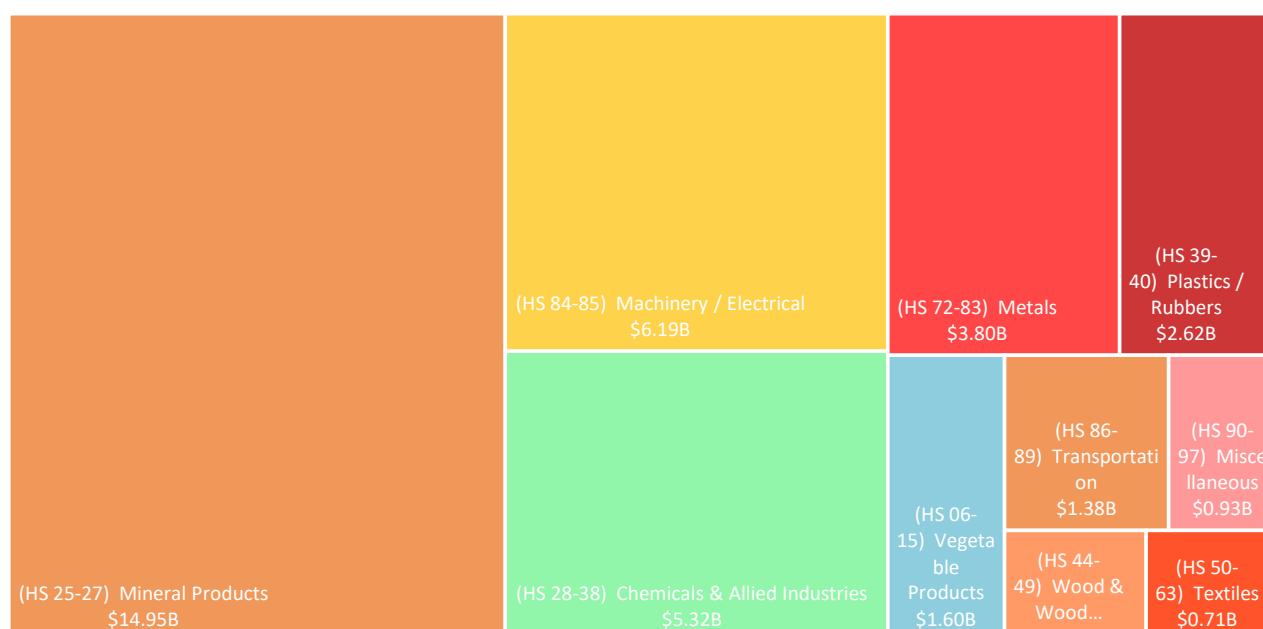
CHAPTER 7 :

OPPORTUNITIES TO IMPROVE SWEDEN'S EXPORTS TO PAKISTAN

Goods

At the HS-02 level, Sweden's total export potential is \$39.19 billion. Figure 7.1 shows the top 10 categories with the highest export potential. Mineral Products (HS 25-27) lead with an export potential of \$14.95 billion, followed by Machinery/Electrical (HS 84-85) at \$6.19 billion. Chemicals and Allied Industries (HS 28-38) rank third, with an export potential of \$5.32 billion.

Figure 7.1: Top 10 Goods with the Most Export Potential in 2023 (HS-02)



Source: ITC Trade Map (2025)

At the HS-06 level, there is an export potential of \$22.72 billion, while exports in 2023 amounted to only \$383.89 million. Sweden has the highest export potential in "Light oils and preparations" (HS – 271012) at \$3.41 billion. Sweden did not export this product to Pakistan in 2023, despite Pakistan importing \$4,627.26 million worth from the global market. Pakistan imposes a 7.3% tariff on Sweden, similar to the rates applied to countries with the highest market share, including the UAE, Singapore, and Oman.

Table 7.1: Top 25 Goods with Most Export Potential at HS-06 Level

Product Code	Product label	Sweden's exports to Pakistan	Pakistan's imports from world	Sweden's exports to world	Export Potential
US\$ Billion					
271012	Light oils and preparations, of petroleum or bituminous minerals which $\geq 90\%$ by volume "incl. ...	0.00	4.63	3.41	3.41
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	0.00	1.90	6.25	1.90
851713	Smartphones for wireless networks	0.00	0.91	2.01	0.91
720449	Waste and scrap of iron or steel (excl. Slag, scale and other waste of the production of iron ...	0.03	0.49	0.39	0.36
390110	Polyethylene with a specific gravity of $< 0,94$, in primary forms	0.00	0.32	0.55	0.32
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.00	0.27	5.54	0.27
870323	Motor cars and other motor vehicles principally designed for the transport of ...	0.00	0.27	5.58	0.27
847130	Data-processing machines, automatic, portable, weighing ≤ 10 kg, consisting of at least a ...	0.00	0.22	1.11	0.22
870322	Motor cars and other motor vehicles principally designed for the transport of ...	0.00	0.21	0.46	0.21
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	0.00	0.56	0.21	0.21
390120	Polyethylene with a specific gravity of $\geq 0,94$, in primary forms	0.00	0.21	0.37	0.21
870321	Motor cars and other motor vehicles principally designed for the transport of ...	0.00	0.16	0.20	0.16
850440	Static converters	0.00	0.16	0.58	0.16
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	0.00	0.13	0.26	0.13
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...	0.00	0.12	0.18	0.12
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	0.02	0.13	2.25	0.11
760200	Waste and scrap, of aluminium (excl. Slags, scale and the like from iron and steel production, ...	0.00	0.11	0.25	0.11
390690	Acrylic polymers, in primary forms (excl. Poly"methyl methacrylate")	0.00	0.10	0.24	0.10
870340	Motor cars and other motor vehicles principally designed for the transport of ...	0.00	0.10	0.79	0.10
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.00	0.09	0.28	0.09
852990	Parts suitable for use solely or principally with flat panel display modules, transmission ...	0.01	0.10	0.19	0.09
100199	Wheat and meslin (excl. Seed for sowing, and durum wheat)	0.00	0.60	0.09	0.09
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	0.01	0.09	2.71	0.08
721070	Flat products of iron or non-alloy steel, of a width of ≥ 600 mm, hot-rolled or cold-rolled ...	0.00	0.08	0.15	0.08
870421	Motor vehicles for the transport of goods, with only compression-ignition internal combustion ...	0.00	0.08	0.19	0.08

Source: ITC Trade Map (2025)

Among the top 10 products, "Motor cars and other motor vehicles..." (HS-870323) face the highest tariff in Pakistan, at 91.70% for all countries, including Sweden.

Table 7.2: Pakistan's Market Analysis at HS-06 Level

Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Imports from Sweden (US\$, '000)	Sweden			
						Market Share	Growth (2019-2023, %)	Tariff on Sweden	RCA
	All Products	50,362,541			148,421				
(HS 25-27) Mineral Products									
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	4,627.26	UAE, 56.50% Singapore, 16.60% Oman, 9.40%	7.30%		0.00%	0.00%	7.30%	1.02
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1,899.90	Kuwait, 78.70% UAE, 6.40% South Korea, 5.40%	11.90%	145	0.01%	11.00%	11.90%	1.32
(HS 84-85) Machinery / Electrical									
851713	Smartphones for wireless networks	908.48	China, 89.59% Vietnam, 9.90% UAE, 0.31%	0.40%		0.00%	0.00%	0.40%	0.83
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	222.81	China, 54.60% USA, 16.90% UK, 9.30%	China, 0.00% USA, 3.00% UK, 3.00%	11	0.00%	68.00%	3.00%	0.87
850440	Static converters	159.37	China, 90.30% EU nes, 1.80% Germany, 0.90%	China, 10.50% EU nes, 14.80% Germany, 14.80%	36	0.02%	-37.00%	14.80%	0.68
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	133.02	China, 84.80% Switzerland, 3.50% Asia nes, 2.20%	China, 7.30% Switzerland, 10.60% Asia nes, 0.00%	51	0.04%	-70.00%	10.60%	1.34
852990	Parts suitable for use solely or principally with flat panel display modules, transmission ...	99.53	China, 88.90% Vietnam, 9.40% Thailand, 0.80%	China, 10.70% Vietnam, 14.30% Thailand, 14.30%		0.00%	0.00%	14.30%	0.48
(HS 28-38) Chemicals & Allied Industries									
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	269.71	Switzerland, 18.10% Germany, 13.80% Italy, 10.40%	14.30%	1,143	0.42%	-15.00%	14.30%	1.82
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	134.73	China, 29.60% UK, 11.50% UAE, 5.50%	China, 3.30% UK, 7.60% UAE, 7.60%	1,239	0.92%	13.00%	7.60%	0.71
(HS 72-83) Metals									
720449	Waste and scrap of iron or steel (excl. Slag, scale and other waste of the production of iron ...	488.35	UAE, 34.10% USA, 18.70% UK, 9.30%	9.40%	2,415	0.49%	-17.00%	9.40%	1.65
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	556.89	UK, 13.20% EU nes, 11.80% UAE, 10.90%	UK, 3.00% EU nes, 0.00% UAE, 3.00%	14,143	2.54%	-6.00%	3.00%	7.81
760200	Waste and scrap, of aluminium (excl. Slags, scale and the like from iron and steel production, ...	111.56	Netherlands, 20.40% Belgium, 14.50% USA, 10.90%	16.50%	57	0.05%	-64.00%	16.50%	1.39
721070	Flat products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	79.11	China, 94.10% South Korea, 3.50% Australia, 1.40%	China, 8.00% South Korea, 11.30% Australia, 11.30%		0.00%	0.00%	11.30%	1.30
(HS 39-40) Plastics / Rubbers									
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	321.28	Saudi Arabia, 42.20% Qatar, 14.00% Oman, 9.20%	11.00%	556	0.17%	-8.00%	11.00%	2.67
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	206.74	Saudi Arabia, 30.40% UAE, 22.80% Qatar, 11.80%	11.00%		0.00%	0.00%	11.00%	1.56

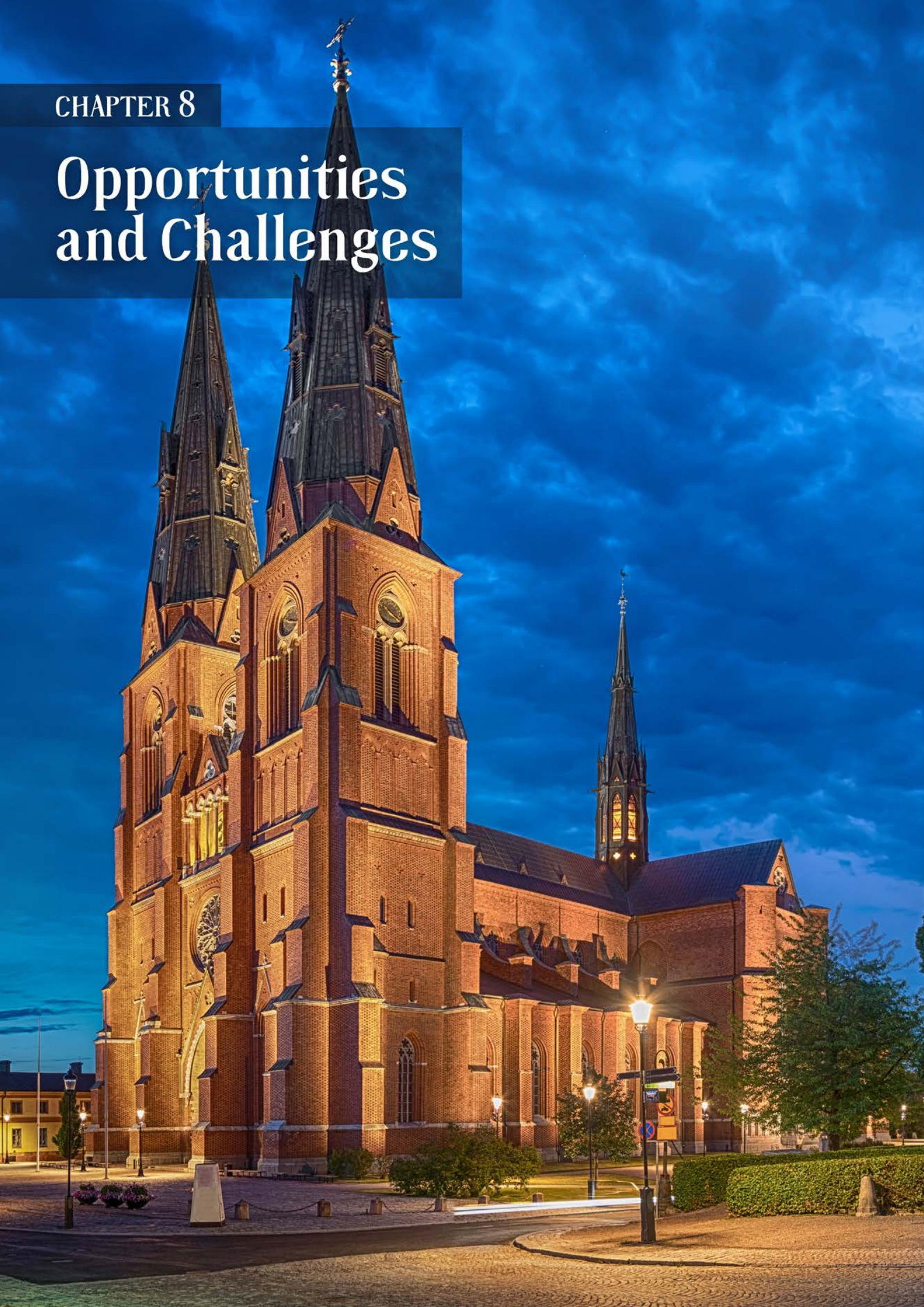
Product code	Product label	Imported Value in 2023 (US\$, M)	Top Three Exporters	Tariff on Exporters	Sweden				
					Imports from Sweden (US\$, '000)	Market Share	Growth (2019-2023, %)	Tariff on Sweden	RCA
390690	Acrylic polymers, in primary forms (excl. Poly"methyl methacrylate")	103.38	China, 53.50% Singapore, 11.50% South Korea, 6.00%	9.80%	188	0.18%	11.00%	9.80%	1.66
(HS 86-89) Transportation									
870323	Motor cars and other motor vehicles principally designed for the transport of ...	269.20	South Korea, 57.50% Japan, 19.20% Thailand, 15.20%	91.70%		0.00%	0.00%	91.70%	2.60
870322	Motor cars and other motor vehicles principally designed for the transport of ...	208.42	China, 29.10% Japan, 28.30% Thailand, 20.30%	60.00%		0.00%	0.00%	60.00%	0.43
870321	Motor cars and other motor vehicles principally designed for the transport of ...	159.52	Japan, 78.50% Thailand, 9.50% South Korea, 5.40%	52.50%		0.00%	0.00%	52.50%	0.57
870340	Motor cars and other motor vehicles principally designed for the transport of ...	97.77	China, 52.80% Japan, 21.40% South Korea, 14.60%	72.30%		0.00%	0.00%	72.30%	0.92
870421	Motor vehicles for the transport of goods, with only compression-ignition internal combustion ...	77.90	Thailand, 67.50% Japan, 16.00% South Korea, 9.80%	60.00%		0.00%	0.00%	60.00%	0.34
(HS 90-97) Miscellaneous									
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...	121.54	China, 32.00% USA, 12.20% Ireland, 8.20%	China, 4.60% USA, 7.60% Ireland, 7.60%	61	0.05%	-29.00%	7.60%	0.54
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	91.85	USA, 26.60% China, 24.80% Germany, 13.30%	USA, 3.00% China, 0.80% Germany, 3.00%	41	0.04%	29.00%	3.00%	0.46
(HS 06-15) Vegetable Products									
100199	Wheat and meslin (excl. Seed for sowing, and durum wheat)	595.52	Russian Federation, 75.20% Romania, 10.80% Ukraine, 9.30%	11.00%		0.00%	0.00%	11.00%	0.20
(HS 44-49) Wood & Wood Products									
481092	Multi-ply paper and paperboard, coated on one or both sides with kaolin or other inorganic ...	89.60	China, 60.20% Brazil, 16.10% Sweden, 9.10%	20.00%	8,110	9.05%	-13.00%	20.00%	32.33

Source: ITC Trade Map (2025)

Sweden held the third-largest market share (9.10%) in Pakistan's imports of "multi-ply paper..." (HS-481092). In 2023, Pakistan imported \$8,110 thousand worth of this products from Sweden. It's export potential for Sweden stands at \$0.08 billion. However, Sweden experienced a negative import growth of -13%. It has a high RCA of 32.33. However, Pakistan imposes a 20% tariff on all countries except Sri Lanka, which faces a 0% tariff rate.

CHAPTER 8

Opportunities and Challenges



CHAPTER 8 :**OPPORTUNITIES AND CHALLENGES**

This chapter mentions the opportunities that Pakistan and Sweden can capitalize on to enhance bilateral trade. Further, challenges are identified which hinder market access and constrain export growth.

Opportunities for Pakistan**1. Textiles**

- Pakistan already exports textiles to Sweden, with global brands like H&M and IKEA sourcing textile products from the country. For example, IKEA works with well-known Pakistani suppliers like Gul Ahmed.
- There is steady demand for products like bedsheets and towels, and opportunities to grow in other areas like carpets, blankets and throws. Pakistan's strength lies in home textiles, followed by garments, and this advantage should be capitalized on.
- IKEA's well-known blue FRAKTA bag is made in Pakistan using recycled materials, showing that Pakistan can expand exports in recycled textiles and eco-friendly products.

2. Information Technology and Digital Services

- Pakistan's IT sector has a lot of potential. The country has a young, skilled population that can offer services like software development and digital solutions.
- One such potential area is gaming, where Swedish companies could explore partnerships or outsourcing with Pakistani digital talent.
- Improving internet and tech infrastructure will help Pakistan compete globally.

3. Agriculture

- Pakistan can export high-quality food items like rice, pulses, and other agricultural products to Sweden.
- With better packaging and quality control, Pakistani agri-products can make a strong mark.

4. Niche Exports: Sports Goods and Surgical Instruments

- Although smaller in volume, items like footballs, ice hockey gear, and surgical instruments from Sialkot can be exported to Sweden.
- These areas aren't major revenue drivers, but they do contribute to product diversity in exports.

5. Mining Sector Potential

- Pakistan has great potential in the mining sector. This shows new investment opportunities for companies with expertise in resource extraction and infrastructure development.

6. Ceramics Potential

- Pakistan has the raw materials to make products like ceramic sinks and bathroom/kitchen fittings. However, the local ceramics industry is still not well developed. With the right investment, this could diversify Pakistan's exports.

7. Tourism Potential

- Northern Pakistan has the potential to become a great spot for tourism. If the government improves infrastructure like roads and hotels, the area could attract international tourists.

Opportunities for Sweden

1. Climate Change, Renewable Energy, Green Investment, and Electrical Vehicles (EV's)

- Sweden has extensive forest resources and strong environmental policies; Pakistan can seek Sweden's support in mitigating climate change.
- With expertise in solar, wind, hydropower, and rare earth mineral extraction, Sweden can support Pakistan's shift to clean energy.
- The growing interest in electric vehicles in Pakistan opens up opportunities in battery technology, EV components, and charging infrastructure.
- Swedish companies are already promoting green investments in Pakistan as an example, Tundra Fonder, a Swedish asset management company, is actively investing in green initiatives in Pakistan.

2. Technology: IT and High-Tech Industry

- Sweden is globally recognized for its innovation in technology.
- There's potential for collaboration in areas such as civil and military technologies, IT services, and high-end manufacturing. Companies like SAAB and Volvo can offer their expertise and contribute to Pakistan's industrial development.
- Sweden's expertise in digital solutions including automation, efficiency technologies, and digitalization can help empower Pakistani startups and young entrepreneurs.

3. Agriculture and Wood Industry

- Sweden has one of the world's most advanced agricultural systems and large forest reserves, while Pakistan's agriculture sector is increasingly adopting technology. Swedish companies can contribute in areas such as precision farming, drones, the Internet of Things (IoT), and Artificial Intelligence (AI) to boost yields and efficiency.

4. Vocational Training

- Sweden's vocational training system is highly developed, with advanced teaching methodologies, technology, and processes. Its vast network of institutions trains professionals ranging from machine operators to IT technicians.
- Swedish technical institute once provided machinery to Pakistani centres for producing bolts in the plastics industry. Since then, no one has actually invested in that technology in Pakistan for the development of the plastics industry so there is a potential for renewed partnerships.

5. Sustainable Development, Innovation and Capacity Building

- Sweden encourages innovation through a supportive education system and a culture that nurtures creativity.
- Sweden can help Pakistan strengthen its R&D capabilities, foster entrepreneurship, and build institutional capacity through collaborative programs and knowledge sharing.
- An example is Mahaana, Pakistan's first digital-only asset management company, which was launched with support from Tundra Fonder.
- Pakistan can also learn from Sweden's efficient housing models, which are especially relevant as urban density and energy demands increase.

6. Ease of Market Entry

- One of Pakistan's advantages is that it does not require foreign companies to enter through joint ventures. This gives Swedish firms the freedom to retain full ownership and control over their operations.

7. Machinery

- Sweden has expertise in machinery, including smart items such as chips, electrical generators, and commercial appliances. Pakistan could benefit from Sweden's advanced machinery technologies.

8. Healthcare and MedTech

- The rising demand for telemedicine, digital health tools, and medical devices in Pakistan opens doors for Swedish MedTech innovations and partnerships in public health initiatives.

Challenges for Pakistani Exporters

1. Energy Crisis and High Utility Costs

- High energy costs make it difficult for Pakistani exporters to stay competitive.
- The shift to renewable energy is slow, and even a small rise in prices due to electricity costs can make Pakistani products uncompetitive.
- This could cause Pakistan to lose out on export volumes and international buyers could move to other markets.

2. EU Legislations: Sustainability, Compliance, and Traceability

- The European Union is introducing stricter rules related to clean energy, recyclability, water usage, SPS⁸ measures for food, traceability, and environmental and labor standards.
- If Pakistani exporters don't meet these requirements by 2027–28, they risk losing access to major EU markets. Many companies especially in leather and sportswear are falling behind due to:
 - Use of child labor.
 - Undocumented or excessive working hours.
 - Poor labor conditions, including lack of health and safety measures or insurance.
- Another issue is traceability, the ability to prove ethical sourcing and production across the supply chain. This includes clear records of raw material origin, labor practices, and factory conditions.
- Small and Medium Enterprises (SMEs) are especially vulnerable. They often lack the capital, systems, and support needed to comply with these evolving regulations.
- Pakistan lacks a coordinated national strategy to help industries upgrade their operations. With global buyers demanding products that are both affordable and sustainable, Pakistani exporters must find ways to innovate without driving up prices. Any solution must also be scalable to handle large export volumes.

3. Infrastructure Gaps in Tourism

- Northern Pakistan has great tourism potential, but poor infrastructure such as bad roads, limited lodging options, and weak emergency services prevents it from growing. There is demand for nature-based travel, but lack of mid-range hotels means tourists either overspend or settle for poor quality, discouraging repeat visits.

4. Internet Reliability and IT Services Challenges

- Some Pakistani software firms, previously working with Swedish clients, lost business due to inconsistent internet infrastructure, there is a need for reliable digital systems to support the IT sector's growth.
- One of the concerns is that Pakistani companies can not function on a fully remote model; they need backend support in Sweden for full functionality.

5. Security Perception Gap

- Pakistan's security situation has improved, but European countries still see it as unsafe and unstable. This negative image affects foreign investment, as companies often find it hard to convince their global headquarters that conditions on the ground have changed.

⁸ Sanitary and Phytosanitary Measures (SPS): Sanitary and phytosanitary (SPS) measures are biosecurity protocols aimed at safeguarding human, animal, or plant health by preventing the introduction, establishment, and spread of pests and diseases, as well as controlling additives, toxins, and contaminants in food and feed.

Challenges for Swedish Businesses

1. Lack of Regulation in the Dairy Sector

- One major concern is the absence of clear laws and safety standards, particularly in the dairy sector.
- Although Pakistan is the fifth-largest milk producer globally, there's no comprehensive policy to regulate milk from farm to consumer for e.g milk adulteration is one of the biggest challenges in Pakistan.
- This lack of regulation and infrastructure discourages investment in this critical sector.

2. Inconsistent Policies and Infrastructure Gaps

- Businesses often struggle with inconsistent policies and unpredictable regulations.
- The absence of long-term frameworks especially around health, safety, and industry standards makes planning and sustaining operations risky for foreign investors.
- Weak protection for intellectual property (IP) and inconsistent legal enforcement makes Pakistan less attractive for innovation-driven investment.
- Infrastructure gaps including transport, logistics, and energy supply continue to affect the efficiency and reliability of operations for foreign companies.

3. High and Unpredictable Taxation

- Pakistan's corporate and income tax rates are among the highest in the region, often comparable to developed countries.
- High sales tax, import duties, and inconsistent tax treatment create additional strain.
- Delays in tax refunds and customs also hinder business operations.

4. Economic Instability and Government Commitments

- The value of the Pakistani rupee has dropped significantly in recent years, cutting into the profits of foreign companies when converted to euros or dollars.
- Political and Economic instability, including recent limits on dividend repatriation, have added to investor uncertainty, even though some of these issues have improved recently.
- Delayed payments from the government and instances where agreements were not honored have further reduced trust.

5. Bureaucratic Hurdles

- Cumbersome procedures to obtain No objection Certificates (NOCs), regulatory approvals, and slow bureaucratic processes increase operational friction.
- These delays affect the cost efficiency for businesses and make it difficult for them to set up or expand businesses.

6. Negative Perception

- Pakistan is often seen as a higher-risk country compared to nearby markets, which have more stable policies and better legal systems.
- As a result, investors often prefer those markets, despite Pakistan's large consumer base and potential.

CHAPTER 9

Recommendations



CHAPTER 9 :

RECOMMENDATIONS

This chapter presents recommendations from stakeholders to enhance trade relations between Pakistan and Sweden.

1. Strengthen Engagement

- Pakistan should take the lead in initiating business delegations and engagements with Sweden, similar to efforts with the U.S., Malaysia, and African countries.
- Government bodies, embassies, and chambers of commerce should actively support these outreach efforts to establish business relations with them and market Pakistan to untapped buyers in Sweden.

2. Bridge the IT Sector Gap

- Capitalize on Pakistan's large, tech-savvy youth population by improving access to training, financial support, and infrastructure for freelancers and IT startups.
- Create supportive policies to help local IT firms grow and keep pace with global digital trends.
- Improve internet reliability and digital infrastructure to prevent service disruptions.

3. Boost Industrial Competitiveness

- Address the high cost of production to improve industrial competitiveness.
- Provide cheaper and more reliable energy, especially for industries like textiles.
- Support the shift to renewable energy to meet rising sustainability demands.
- Continue supporting long-term strategic sectors like mining, which require time and sustained investments.
- Investing in underdeveloped sectors like ceramics can help diversify exports.
- Educate Pakistani exporters about EU standards and regulations they must follow to access EU markets.

4. Improve the Business Environment

- Simplify regulations and reduce bureaucratic red tape to make it easier to start and operate businesses.
- Minimize unnecessary government involvement in business-to-business (B2B) interactions, let trade bodies connect businesses.
- Ensure timely tax refunds, regulatory consistency, and long-term policy stability to build investor trust.
- Develop long-term frameworks for health, safety, and industry standards, especially in sectors like dairy.
- Strengthen intellectual property rights and contract enforcement mechanisms to build confidence among investors.

5. Improve the Taxation Framework

- Simplify and streamline taxes to support formal business growth and reduce evasion.
- Create a fairer, more uniform tax system that rewards compliant businesses rather than penalizing them.
- Broaden the tax base to ease pressure on current taxpayers, promote fair competition, and enhance investor confidence through incentives in Special Economic Zones (SEZs), including tax breaks and profit repatriation.

6. Improve Pakistan's Global Image

- Tackle negative perceptions through coordinated efforts between the government and business community. Promote success stories and present Pakistan's business-friendly image.

7. Streamline Trade and Custom Processes

- Lower import tariffs and adjust sales/income tax to reduce costs for businesses importing raw materials or equipment.
- Speed up customs clearance and make the process more transparent and efficient to improve ease of doing business.

8. Encourage Partnerships with Swedish Companies

- Encourage Pakistani startups to partner with Swedish firms on delivering sustainable, high-quality products.
- Use partnerships for technology transfer and attracting investment.

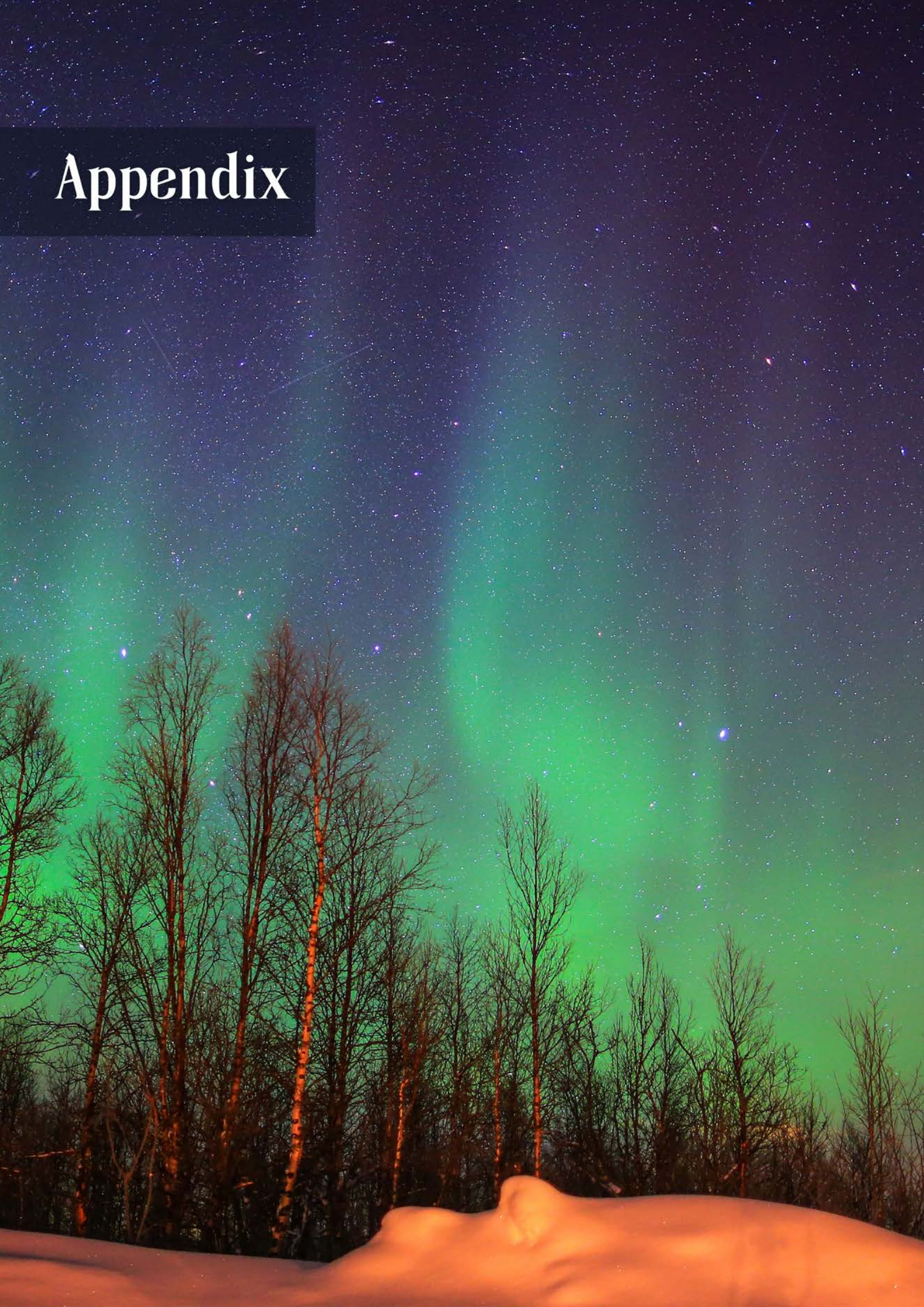
9. Support Sustainability and Compliance

- Create a clear national plan for meeting sustainability goals such as clean energy, sustainable water usage and recyclability.
- Develop incentive frameworks and support SMEs with training and financing to help them be more compliant.
- Focus on sustainable, scalable solutions to meet the volume and quality demands of global buyers.
- Invest in following key areas to boost exports:
 - 80% recycled material content.
 - Use of renewable energy.
 - Compliance with EU social and environmental standards, especially in sectors like leather and sports.

10. Grow Selective Tourism

- Build tourism infrastructure including mid-range hotels and reliable transport.
- Promote Pakistan through embassies, social media, influencers, and targeted campaigns.
- Target niche groups such as nature lovers, trekkers, and cultural explorers with affordable and high-quality tailored travel experiences.

Appendix



APPENDIX

List of Interviewees

Aamir Ahsan Khan	President and Chief Executive Officer - Ericsson
Ahsan Riaz Chaudhary	Trade and Investment Counsellor - Pakistan Embassy in Sweden
Awais Bin Nasim	Managing Director - Tetra Pak Pakistan Ltd.
Dieter Mettke	Business Development Manager and Chief Representative - IKEA Supply AG Pakistan
Peter Hauggaard	Managing Director, Asia South & Middle East - Ecolean
Raghib Khan	Sustainability & Quality Specialist - IKEA Supply AG Pakistan
Shiraz Ullah Choudhry	Chief Executive - Wah Nobel Group

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