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Exporter Guide

Report Categories:
Beverages
Exporter Guide
Retail Foods
Snack Foods
Special Certification - Organic/Kosher/Halal
Tree Nuts
Wine

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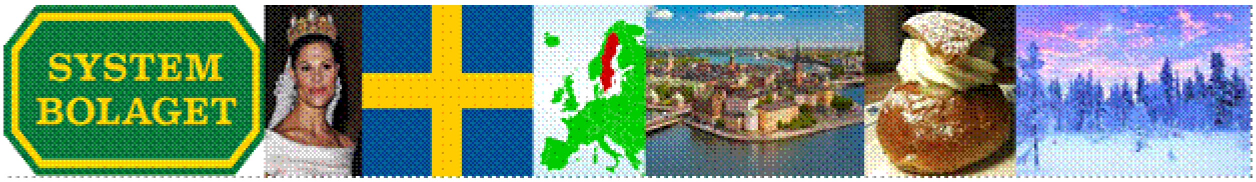
Report Highlights:
The exporter guide provides practical tips for U.S. exporters on how to conduct business in Sweden. Although a small market, Sweden offers export opportunities for U.S. exporters of specialty foods, wine, craft beer, almonds and organic products.

Introduction
With over 450 thousand square kilometers, Sweden is the largest country in the Nordic region; however due to the severe winters and short growing season, Sweden relies heavily on imports. In 2015, imports of agricultural and food products totaled $17.3 billion and accounted for 12 percent of the Swedish total import value. Almost 60 percent of the imports came from Norway, Denmark, the Netherlands and Germany. The United States is the second largest non-EU supplier, closely followed by China; although U.S. exports Jan-Sep 2016 were $188 million, representing only 1.4 percent of total Swedish agricultural imports. In addition to an overview of the macroeconomic situation in Section I, this report also gives a brief overview of the food retail landscape in Sweden. Section III provides detailed information on the best products prospects for wine, beer, specialty foods and tree nuts.



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I. Market Overview

Macroeconomic Situation
Sweden is a country in the Nordics with thousands of coastal islands and inland lakes, along with vast boreal forests and glaciated mountains. It borders Norway and Finland and connects to Denmark via a bridge. Its principal cities, the eastern capital Stockholm and southwestern Gothenburg and Malmö, are all coastal. Stockholm is built on 14 islands and has more than 50 bridges.

Sweden is a constitutional monarchy and their king since 1973 is Carl XVI Gustav. Sweden has been a member of the European Union (EU) since 1995 but decided not to participate in the Euro which makes the Swedish Krona (SEK) the currency.

Sweden is a modern, developed economy and has a high standard of living with an estimated GDP per capita of $50,126. In 2015, Sweden experienced a 4.1 percent GDP growth, with an estimating growth of 5.2 percent in 2016. In GDP terms, the service sector is the largest part of the economy (64.8 percent), followed by industry (33.4 percent), and agriculture (1.8 percent). The population totals almost ten million. There was no inflation in 2015 while unemployment was 7.4 percent.

Table 1: Key economic indicators

	2013	2014	2015
Growth rate GDP	1.2 %	2.6 %	4.1 %
Inflation rate	0.0 %	-0.2 %	0.0 %
Unemployment rate	8.0 %	7.9 %	7.4 %

Source: U.S. Embassy Stockholm

The Swedish economy depends on exports. Roughly half of GDP comes from exports such as nuclear machinery, vehicles and electric machinery and 70 percent are exports to EU member states. Sweden is a strong supporter of free trade and is generally supportive of the proposed Transatlantic Trade and Investment Partnership.

The United States is Sweden's fifth largest export market for agricultural products (mainly wood products and food preparations) outside the EU, capturing 1.6 percent of Swedish exports and equaling almost $203 million. Sweden imported an estimated $274 million of agricultural, fish and forestry products from the United States in 2015; creating a trade deficit of $71 million.

Advantages and Challenges U.S. exporters Face in Denmark

Advantages (product strengths and market opportunities)	*Challenges (product weakness and competitive threats)*
American products enjoy a favorable and good quality image.	Transatlantic transportation is costly and takes time.
Sweden is a sophisticated market featuring affluent, well-educated and open-minded consumers. The Swedes speak English very well.	Fierce competition on price, quality, unique-ness and innovation.
Greater awareness of health drives growing demand for fresh and organic food products.	Competition from EU Member States (MS) due to tariffs and non-tariff trade barriers.
Interest in experimenting with new and innovative products and cuisines.	Standard U.S. product labels do not comply with Swedish product labels.
Sweden depends on imports and Swedish importers often serve other markets in the Nordics and Baltics.	The following products cannot be exported to Sweden: 1. poultry (sanitary procedures), 2. processed food products with unapproved GMO ingredients or bleach flour and 3. shell fish.

II. Exporter Business Tips

Business people in Sweden speak English well and have a high level of education (Masters or Bachelor's degree). They require timely follow-up and do not like hierarchy. Furthermore, the Swedes are punctual, straightforward and business-minded. They like to be well informed about the product, price and their business partner. As a result they can be quick decision makers while still valuing long-term partnerships. Small and Mid-size companies have an advantage in Sweden as buyers tend not to want to do business with larger corporations.

Swedish Retail Sector

The turnover of the Swedish food retail market is estimated at SEK 300 billion [i] ($27 billion). The food retail industry is quite consolidated. The three leading retailers ICA, Coop and Axfood have a market share of almost 69 percent. Appendix I provides more detailed information about eh buying groups in Sweden. Supermarkets (full-service supermarkets, discounters, and convenience stores) dominate the food retail landscape. There are hardly any independent grocers or large hyper-markets in Sweden. The Swedes spend 12 percent of their disposable income on food.

Half of the Swedish population lives in three metropolitan areas Goteborg, Malmo and Stockholm. There is a close density of shops in these areas. There are a few supermarkets generally within walking distance anywhere in the city, many with long opening hours. In addition to well-known A-brands, most supermarkets have their own private labels often a high end brand and a low budget brand. The majority of the supermarkets have an upscale look.

The average Swedish supermarket offers the following products from the United States: confectionary, non-alcoholic beverages, dates, almonds, cranberries, sweet potatoes, raisins, pulses and sauces. The monopoly Systembolaget offers a good selection of U.S. wines and craft beer.

Sweden has one of the highest consumption of organic products in the world, $240 per capita per year. Nine percent of all food and beverages sold in Sweden are organic, which is, together with Denmark the highest percentage in the world. Swedish organic industry association, KRAV, recently announced that organic sales for 2016 are expected to value almost $2.4 billion. The reason for the increase is due to the growing health awareness among the Swedes. There is also an increase in availability of organic products and new product development. In order to keep up with the growing demand, the Swedish government released an ambitious plan to double the area under organic cultivation by 2020. You will find organic products at any supermarket in Sweden. There are no special organic sections; they are rather placed within a product category next to conventional products. In addition there are two Paradiset stores in Stockholm, an upscale supermarket selling only organic products.

Entry Strategy

The first step for U.S. companies that would like to start exporting to Sweden is to determine whether there is a market for their product. In Section III, FAS The Hague has highlighted several product groups that have good sales prospects. It is important to gain a good understanding of the clients and end-users.

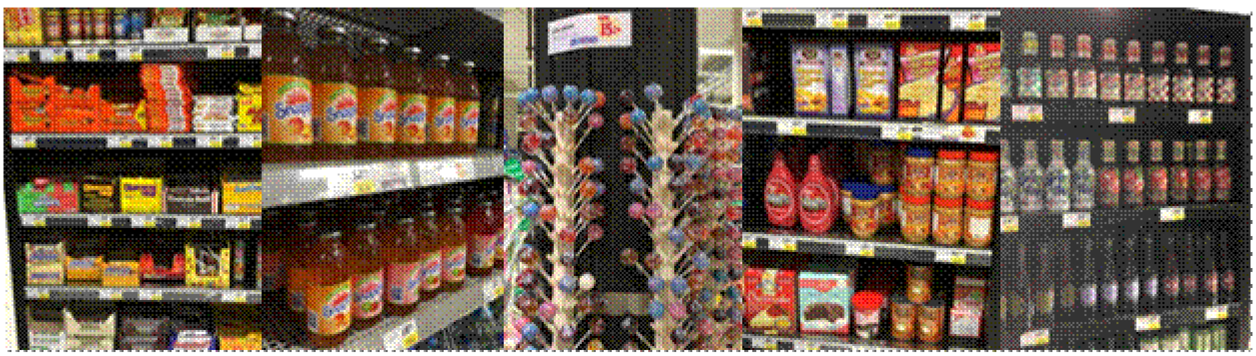
The buyer of the product is in most cases a specialized importer or direct user. Products from the United States in general have a good quality image; however, after import duties and taxes the product may not be price competitive compared to other suppliers. Also shipping costs and time might be a disadvantage. It is highly recommended to study the Swedish import requirements. Ninety-eight percent of the import requirements within the European Union are harmonized. The EU Food and Agricultural Import Regulations and Standards (FAIRS GAIN Report: E16060) gives an overview of import regulation standards and required health certificates. It is also recommended that U.S. exporters verify the full set of import requirements with their Swedish buyer. The buyer and local freight forwarder are in the best position to research such matters with local authorities. The final approval of any product is subject to the Swedish rules and regulations as interpreted by border officials at the time of product entry.

There are several options on how to enter the Swedish market. Exporters may consider exhibiting at a specialized food ingredient trade show in the United States. Swedish buyers regularly travel around the world to see new products, make new contacts and buy great products. Exporters should also consider visiting or even exhibiting at one of Europe's trade shows. Appendix II contains a list of the most relevant European shows. Trade shows can serve as a springboard into the market, helping businesses to establish new trade contacts and gauge product interests. Swedish buyers visit these European shows every year.

U.S. exporters can also contact FAS The Hague, their respective U.S. State Regional Trade Group (SRTG), their commodity Cooperator Group and/or their State Department of Agriculture to obtain additional market entry support. Trade Missions, which are often organized around trade shows or other industry trade events, have proven to be an excellent platform for U.S. suppliers of food ingredients to meet with foreign buyers.

Several cooperators such as the Brewers Association, SUSTA, Food Export USA, Washington State Wine Commission and WUSATA are active in Sweden. They have specific information and experience in helping U.S. companies in their endeavors expanding business in Sweden. The Wine Institute even has a local representative in Sweden.

III. **Best Products Prospects**



An overview of specialty foods at Swedish retail shelves

U.S. exports of agricultural, fishery and forestry products to the EU in 2015 were valued at $15.6 billion of which 1.5 percent, or $240 million, was exported to Sweden. Based on the first half year export figures, U.S. export to Sweden are expected to be down by 15 percent in 2016; mainly due to an unfavorable exchange rate. Although a relatively small market, Sweden is an interesting market for high-value products and continues to offer export potential for specialty foods, wine, craft beer and tree nuts from the United States. FAS The Hague maintains a list of Swedish importers of these products. Additional trade statistics can be found at http://apps.fas.usda.gov/gats/default.aspx.

Table 2: Sweden, Best High-Value Products Prospects, $1,000

Product	Total Imports, 2015	Imports from U.S., 2015 (U.S. market share)	Key Constraints Over Market Development	Market Attractiveness for USA
Wine	688,308	37,815 (5 percent)	Wines from France, Italy and Spain are very popular. South African, Chilean and Argentine wines are popular New World wines.	Sweden does not produce wines and therefore depends on imports. The Swedes are among the most affluent consumers in the world.

Almonds	59,091	32,423 (55 percent)	Competition from Spanish organic almonds.	Strong demand from bakeries and snack companies.
Beer	127,471	29,545 (23 percent)	Competition from Germany and the United Kingdom.	The swedes love specialty craft beers from microbreweries.
Sauces and Condiments HS210390	133,532	17,724 (13 percent)	Competition from other EU MS and also Thailand.	Growing demand for sauces, preparations, condiments and seasoning due to Swedish strong grilling tradition, especially during the summer.
Walnuts	23,380	8,714 (37 percent)	Some competition from France and Moldova.	Growing demand from the snack industry and bakeries.
Snack Food (including Confectionary)	627,144	4,548 (1 percent)	Competition from other EU MS	The Swedes like well-known branded snack food.
Non-alcoholic Beverages HS220290	113,496	1,225 (1 percent)	Competition from other EU MS	The Swedes like well-known branded and innovative beverages.

Source: World Trade Atlas

Systembolaget

Direct sales of alcoholic beverages to consumers are restricted to a government agency. As a result, wines, beer and spirits are only available via the non-profit monopoly Systembolaget. The purpose of Sweden's alcohol policy is to reduce the harmful effects of alcohol. Systembolaget operates via 437 shops throughout Sweden and another 500 agents in smaller towns and rural areas. The agents merely serve as pick-up-points.

Systembolaget has two main product ranges: the *fixed-range* and the *available-for-order-range*. The *fixed-range* accounts for the majority of Systembolaget's sales and the 2,400 products in this range meet the demand of the majority of Systembolaget's customers. The *fixed-range* is renewed every March, June, September and December. The *available-for-order-range* includes the remaining 16,000 different products which can be ordered in the Systembolaget stores or on-line at www.systembolaget.se. These items are delivered in the stores or agents and in some areas even delivered at home. Items in the *available-for-order range* that prove to be very popular may move to the *fixed-range*.

The monopoly does not import alcoholic drinks directly but works with specialized and licensed importers. Systembolaget's purchasing process is complicated and competitive, yet transparent. Basically every three months Systembolaget's purchase department puts out a very specific Tender Request and importers are invited to present their best beer, spirits and wines. In these tenders, Systembolaget describes precisely what they are looking for as far as taste, types of hop or grape, style, prices, origin, required volumes, etc. Only a few products make it after critically being analyzed, tested and blind tasted.

Wine

The vast majority of all wine sales are generated by the monopoly. The other five to ten percent are restaurants purchasing wines from licensed importers. Sweden is a mature market for wines. In terms of volume the market has been stable for the past three years at around 200 million liters per year. Sales however grew last year by four percent and totaled SEK 18.1 billion ($2.0 billion). The Swedes are buying better quality and somewhat more expensive wines. Slightly over half of all wines sold are red wines ($1.0 billion), other popular wines are white ($533 million) and sparkling wines ($207 million), followed by rosé ($131 million) and dessert wines ($76 million).

Boxed wine (three liter plastic bags filled with wine in a carton box) is the best-selling type of packaging for wine in Sweden, with a market share of over 50 percent. Wine in glass bottles accounts for 40 percent of total wine sales. The latter market share is slightly growing, confirming the trend towards premium wines in a bottle. Sales of wines in PET bottles and carton tetra packaging continue to be small.

The popularity of organic wines among the Swedes is also growing. Sales tripled in the past two years and are now valued at $316 million. This means that 33 million liters of conventional wines disappeared from the shelves and were replaced by organic wines. Organic wines now account for over 16 percent of total wines sales. This market share is expected to grow further in the years ahead. In order to meet consumer's demand, Systembolaget is striving to offer an organic alternative in all of the major conventional wine segments.

Retail prices for wines can vary from an average price of $8.70 per liter for white wine up to an average price of $16.31 per liter for sparkling wine. Average prices for rosé wines ($8.92/liter), red wines ($9.90/liter) and dessert wines ($13.70/liter) are found within this range.

Sweden does not produce wine and therefore fully depends on imports. Wines from France and Italy alone account for almost half of total wine imports. However wines from New World countries like the United States, Argentina and New Zealand are gaining popularity. At the moment wine imports from the United States ($38 million) are dominated by wines from California. The average Swedish consumer is not too familiar with wines from other States. There are ample opportunities for conventional and organic wines from states such as New York State, Washington State, Oregon, Virginia and Idaho. Several U.S. wine industry groups are active in the Swedish market.

Beer

Beer with an alcohol percentage higher than 3.5 percent can only be sold via the monopoly while beer with a lower alcohol percentage can also be sold via Swedish food retail stores. Systembolaget's annual beer sales in 2015 are estimated at SEK 8.3 billion ($903 million) of which more than 90 percent are sales of pale and dark lager beer. Total sales have been stable for the past five years in terms of volume. In value however, beer sales grew annually by about four percent, due to the shifting consumer demand from lager beer to more expensive craft and organic beer. Interest in these types of beer will continue to increase during the next few years along with growing interest in gluten-free and locally produced beer, as well as beer with lower alcohol content (4.5 percent). The average alcohol percentage of beer sold via the monopoly is 5.3 percent.

Organic certified beer is the fastest growing segment. Sales increased in 2015 from $16 million to $39 million and now accounts for over four percent of total beer sales. Systembolaget is expanding the organic range to different beer styles like wheat beer, seasonal beer and porter & stouts due to ongoing consumer demand for organic beer in different beer styles.

Sales of craft beer continue to increase, but no longer by double digits. In 2015, total sales of craft beer were up by almost ten percent, valued at $121 million and representing 13 percent of the market. The average per liter price for craft beer was $6.80, double the price of regular lager beer. Ale beer, like the well-known IPAs, is still by far the biggest segment within the craft beer range, although sales of high alcohol IPAs are no longer growing. This is most likely a reaction to the fact that consumers are thinking about their alcohol intake when drinking beer. Consumers seem also to have more appreciation for craft beer flavored with a variety of fruits. Beer with a less hoppy taste is gaining popularity as well as sour beers and classic-style beer. Growing interest in beer and food pairings will likely result in further growth in the craft beer segment in the future. Beer is increasingly competing with wine as a drink to serve with fine dining. Consumers are more and more asking for menu suggestions to be accompanied exclusively by beer.

The Swedish beer market is dominated by beer brewed in Sweden. In addition the Swedes love imported specialty beer ($127 million in 2015) especially those from the United States, Germany and the United Kingdom. Imports represent between 25 and 30 percent of the market. Craft beer exports from the United States to Sweden grew from $4 million in 2010 to $30 million in 2015. Sweden offers excellent export opportunities for craft and organic beer from the United States.

Specialty Foods
Supermarkets offer a good selection of specialty foods. Unique for Sweden is the hugh popularity of "pick & mix" confectionary products and nuts. The United States has a good reputation in Sweden. Specialty foods from the United States enjoy a positive image among the Swedes and New York is the second most popular city to visit abroad.

Barbecue sauces and pick & mix are popular

Some supermarkets offer a special "U.S. Foods Section" while in other stores U.S. specialty foods have moved into the category shelves. Well known branded sauces & condiments (especially barbecue sauces), snack products and non-alcoholic beverages from the United States are popular in Sweden and there are good export opportunities for these types of products. In 2015, U.S. exports of specialty foods to Sweden totaled $23.5 million. Specialty foods are imported by a handful of specialized Swedish importers. Often they also distribute to other countries in the Nordics.

Tree Nuts
Like all North European countries, Sweden does not produce any tree nuts and fully depends on foreign supplies. Tree nut imports almost doubled in the past five years and were valued at $150 million in 2015. The most popular tree nuts are almonds followed by walnuts, cashew nuts and hazelnuts. Almond imports totaled $60 million in 2015 and continue to grow. They are mainly coming from California except for organic almonds which are bought in Spain. The bakery and the snacking industries use almonds for making marzipan, almonds paste, toppings (sliced flakes) and fillings. In Sweden, almond filling is used for making Semlas, a traditional and popular sweet roll. Almonds are also increasingly being used by snack companies who mix them with other nuts. Nuts-based healthy snack bars and trail mixes are popular in Sweden and can be found at all supermarkets.

Sweden's imports of walnuts more than doubled in the past five years. Walnuts are used as an ingredient in the baking industry, as a topping in salads and other food products, and as a snack. Although the United States dominates the walnut market, there is increasingly competition from not only France but also Romania, Moldova and other countries around the Black sea. Color wise, the walnuts from the United States are lighter and along with their excellent quality more appreciated. Swedish bakery and snacking companies both import directly from the United States and also buy from specialized importers.

IV. Key Contacts and Further Information

FAS The Hague
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Email: marcel.pinckaers@fas.usda.gov

Appendix I. Leading Buying Groups in Sweden

Purchase Group:	Market Share, percentage:	Retail chains:
ICA (In Swedish: ICA Sverige AB) Svetsarvägen 16 SE-171 93 Solna, Sweden Phone: +46 8 56 15 00 00 www.icagruppen.se	38.8	ICA Supermarket – mid-size supermarkets (21.5 percent); ICA Maxi – hypermarkets (supermarket and department store) (11.4 percent); ICA Kvantum – large supermarkets (5.9 percent); ICA Nära – convenience stores;
Coop - Swedish Co-operative Union (In Swedish: Kooperativa Förbundet) Englundavägen 4 SW 171 88 Solna, Sweden Phone: +46 10 740 00 00 www.coop.se	16.0	Coop Forum – hypermarkets (supermarket and department store) (7.3 percent); Coop Konsum – mid-size supermarkets (5.9 percent); Coop Extra – discount supermarkets (1.0 percent); Coop Nära – convenience stores (0.9 percent); Coop Maximet – (0.8 percent);
Axfood (In Swedish: Axel Johnson AB) Norra stationsgatan 80 C SE-107 69, Stockholm, Sweden Phone: +46 8 553 99 000 info@axfood.se www.axfood.se	13.8	Willy's - (7.8 percent) Hemkop - (4.2 percent) Tempo - (0.8 percent) Handlarn - (0.4 percent)
Systembolaget Kungsträdgårdsgatan 14 i SE-103 84, Stockholm, Sweden Phone: +46 8 503 303 95 www.systembolaget.se	9.9	There are 437 liquor stores in Sweden and they are the only stores that are allowed to sell alcoholic beverages that contain more than 3.5% alcohol.
City Gross Industrigatan 22	2.8	City Gross – discount large supermarkets (2.8 percent)

SW-281 21 Hässleholm, Sweden Phone: +46 451 480 00 www.citygross.se		
Lidl Anderstorpsvägen 22 SW-171 04, Solna, Sweden Phone: +46 8 55 55 70 00 www.lidl.se	2.7	Lidl – discount supermarkets (2.7 percent)
Dansk Supermarket Netto Blackebergsvägen 14, SW-311 50, Falkenberg, Sweden Phone: +46 346 69 60 00 www.netto.se www.dansksupermarked.com	1.7	Netto - discount supermarkets (1.7 percent),
Other	14.3	

Source: Euromonitor, industry source, Wikipedia, company websites

Appendix II. Trade shows in Europe

Show	**When**	**Show Details & Organizers**
International Confectionary Fair (ISM), Cologne, Germany European confectionary show Contact: Hanna Khan +49 3083 05 1152 hanna.khan@fas.usda.gov	January 29 - February 01, 2017	ism-cologne.com
Fruit logistica, Berlin, Germany European fruit, vegetable and nuts show **USDA Endorsed** Contact: Hanna Khan +49 3083 05 1152 hanna.khan@fas.usda.gov	February 8 - 10, 2017	fruitlogistica.com
BioFach, Nuremberg, Germany European organic show **USDA Endorsed** Contact: Hanna Khan +49 3083 05 1152 hanna.khan@fas.usda.gov	February 15 - 18, 2017	biofach.de
ProWein, Dusseldorf, Germany Europe's largest wine trade show in 2017 Contact: Hanna Khan +49 3083 05 1152 hanna.khan@fas.usda.gov	March 19 – 21, 2017 Annually	prowein.com
PLMA World of Private Label, Amsterdam, The Netherlands World's largest private label show Contact: Marcel Pinckaers +31 70 3102 305 marcel.pinckaers@fas.usda.gov	May 16 – 17, 2017	plmainternational.com
ANUGA, Cologne, Germany Europe's largest food & beverages show in 2017 **USDA Endorsed** Contact: Hanna Khan +49 3083 05 1152 hanna.khan@fas.usda.gov	October 07 - 11, 2017 Bi-Annual	anuga.com
Food Ingredients Europe, Frankfurt, Germany European food ingredients show **USDA Endorsed** Contact: Hanna Khan +49 3083 05 1152	November 28 – 30, 2017 Bi-Annual	foodingredientsglobal.com

hanna.khan@fas.usda.gov		

[i] $1=SEK 11