2017

Annual Business Survey Report on Chinese companies in Sweden

瑞典中国商会

KINESISKA HANDELSKAMMAREN I SVERIGE

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Overview

Cooperation in economy, trade and investment between China and Sweden has been stable and developing forward in 2017. Trade volume between China and Sweden has grown rapidly, With Swedish export to China increasing strongly. The trade volume of 2017 between the two countries reached 14.9 billion USD, increasing 19.5%, much higher than the average of 9% in Europe. The Swedish export to China reached 7.88 billion USD, increasing 28% while Chinese export to Sweden was 7.03 billion USD, increasing 11.3%.

Sweden as a main partner for China in the area of technological cooperation has an accumulated contract volume of 25.3 billion USD for technological export. In 2017, the amount is 1.17 billion USD, the second largest country in EU on technological export to China.
The investment between Sweden and China has been developing steadily. The total Swedish investment in China has reached 4.85 billion USD with a new increase of 500 million USD in 2017 while Chinese investment to Sweden has reached 3.69 billion USD with 140 million new investments in 2017.

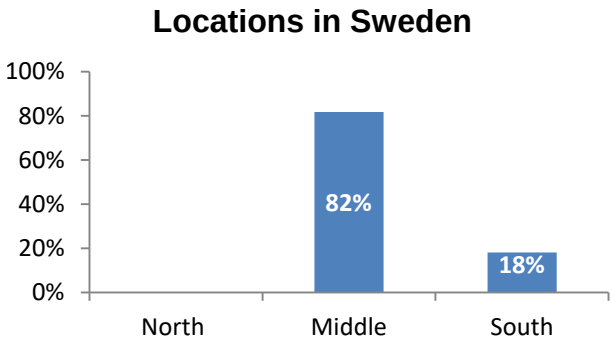
Sweden is known for its “stable market environment” and “sustainable innovation”. Together with its complementarities with Chinese industry lines, Sweden has drawn attention of more and more Chinese industry investors. The study of KHIS shows that with more Chinese companies “”going abroad” and the upgrade of “Made in China 2025”, “Swedish technology and research” plus “Chinese production and market” would bring more Chinese companies and investment to Sweden while more Swedish companies and products would get more opportunities on the vast Chinese market.

Kinesiska Handelskammaren I Sverige (KHIS) was established in December of 2016. It has 31 members now. Most of the owners of the member companies are from China. The members include subsidiaries of Chinese state-owned companies, Swedish companies invested by Chinese private large companies and SMEs. KHIS has carried out an annual business survey to show how the companies are doing in Sweden. Questionnaires have been sent to all the members and 18 replies received.
The report will have 3 parts, including :

- ❑ Basic information and Development
- ❑ Problems and Challenges
- ❑ Swedish Investment Environment and Policies.

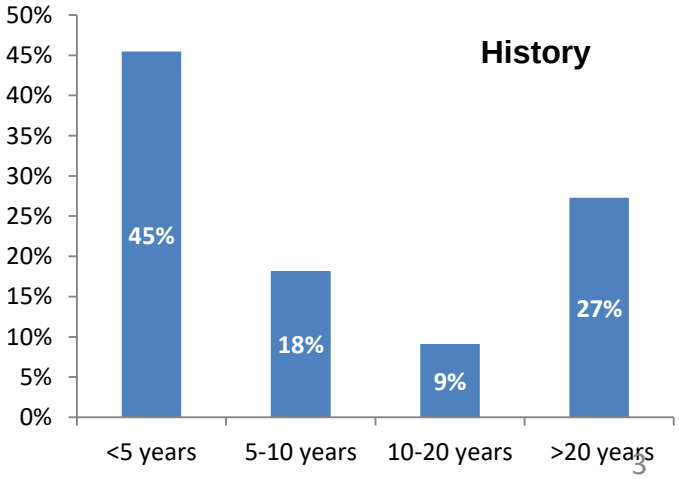
Basic Information and Development

In this part, the questions cover location, industry line, investment share, employees, operating income and the reasons for choosing . It shows roughly where the Chinese companies in Sweden are located and how they are doing.

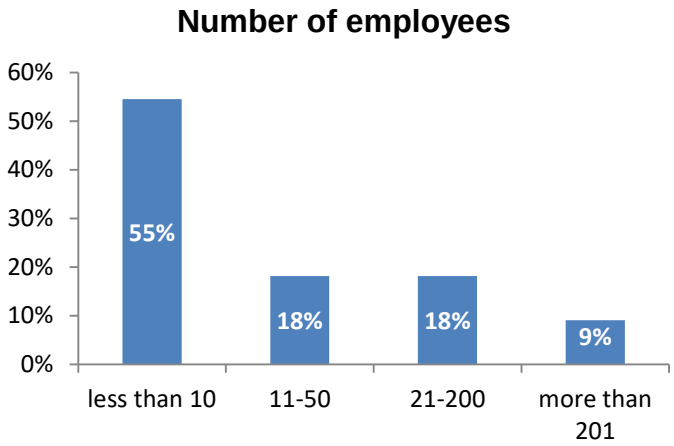


Most of the companies are located in the middle of Sweden, in Stockholm area while some are in the South, mainly in Gothenburg.

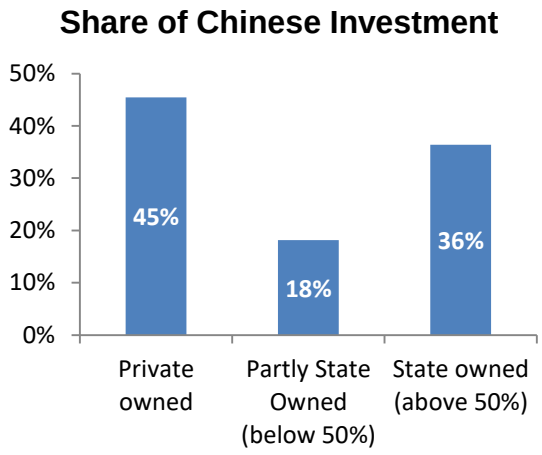
45% of the companies was set up in the past 5 years while 27% have been in Sweden for over 20 year.



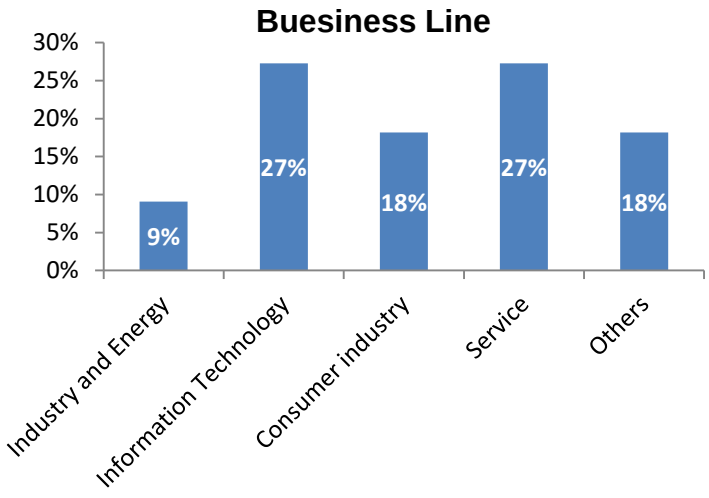
Basic Information and Development



According to the survey, 55% of the companies have less than 10 employees while only 9% have more than 200 employees.

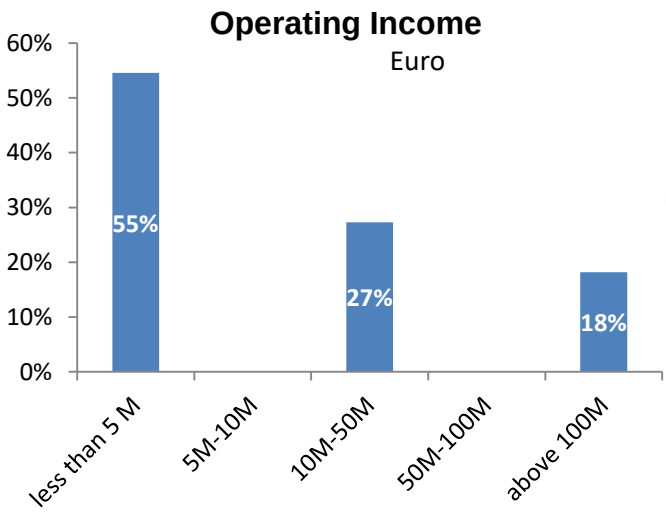


Chinese invested companies with private investment reached up to 45%. The other companies are partly or mainly owned by state investment, respectively 18% and 36%.

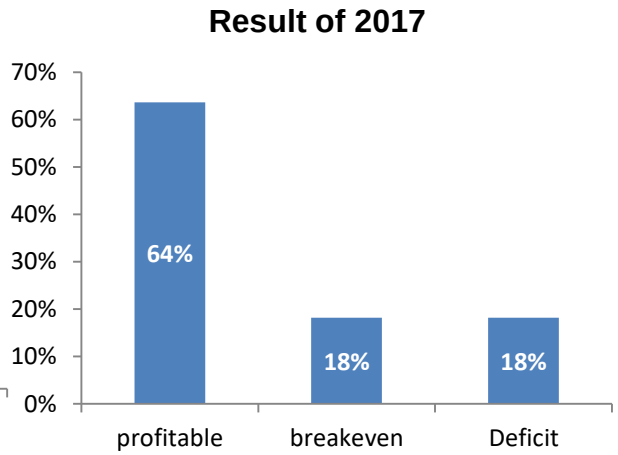


The industries invested are not very concentrated, with Information Technology and Service both owning 27%.

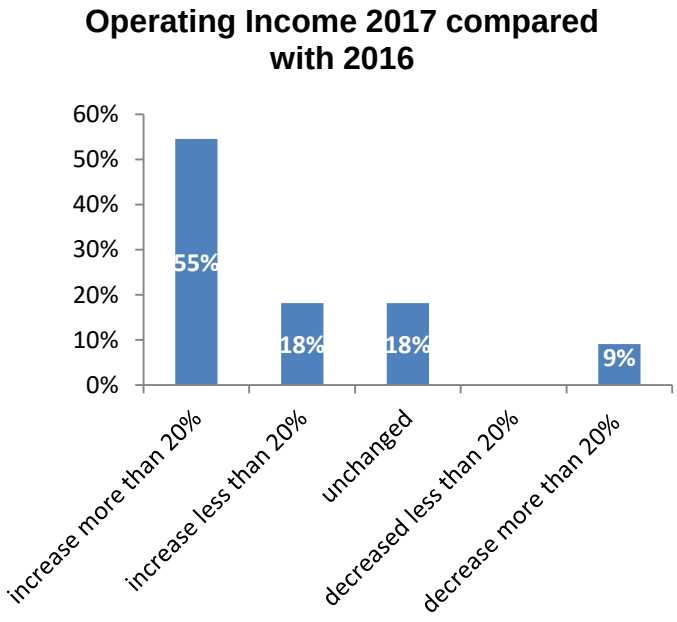
Basic Information and Development



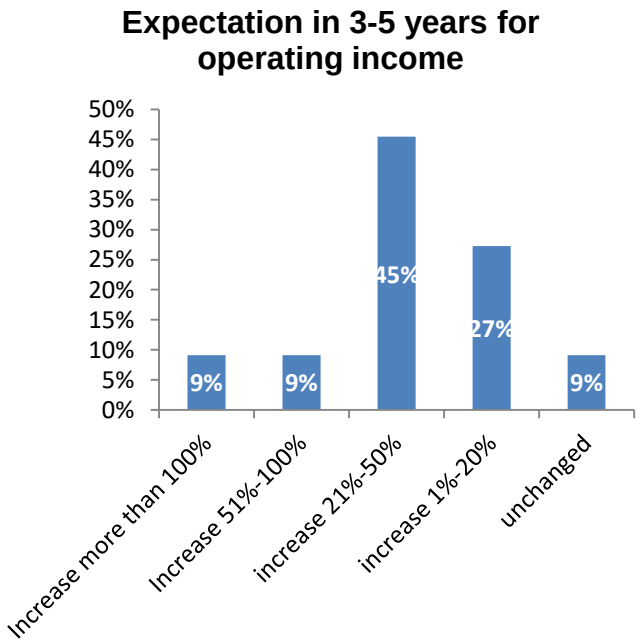
About 45% of the companies had an operating income of more than 50 M Euro.



82% of the companies are operating without deficit and 64% are profitable.

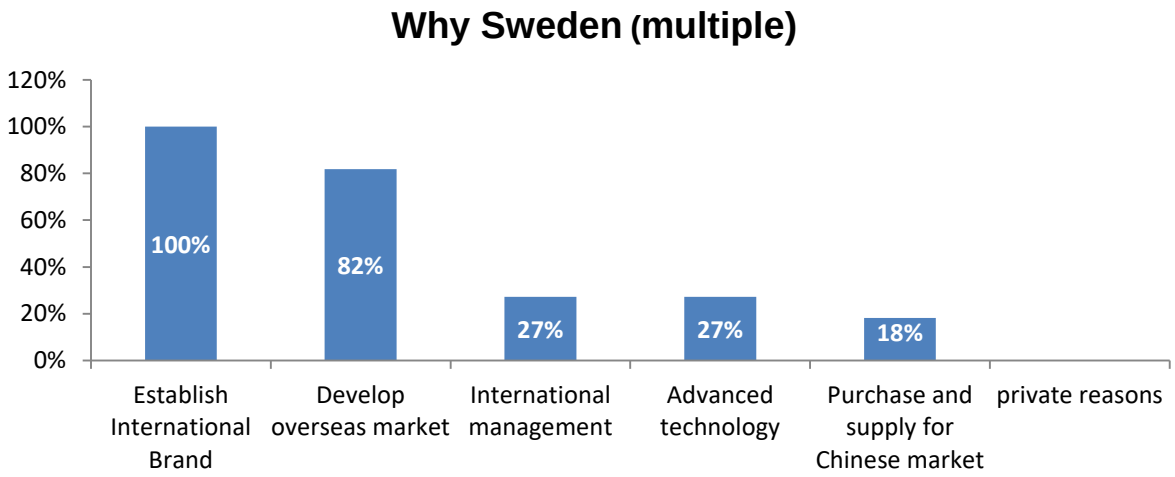


Operating income of 73% of the companies have increased and 55% with more than 20% compared with 2016.

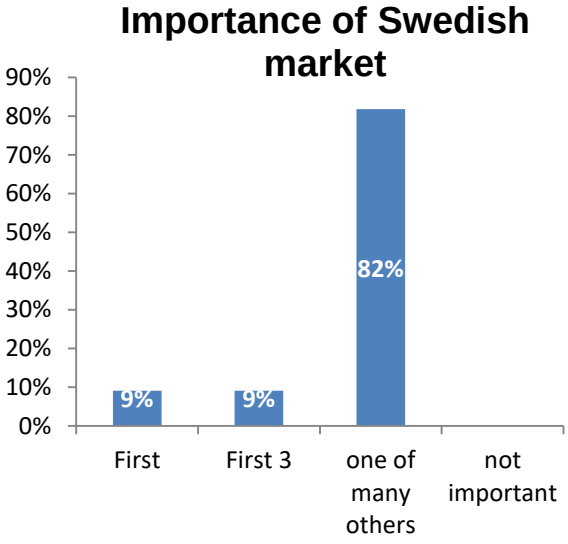


More than half of the companies are expecting an increase of more than 20% in the coming 3-5 years.

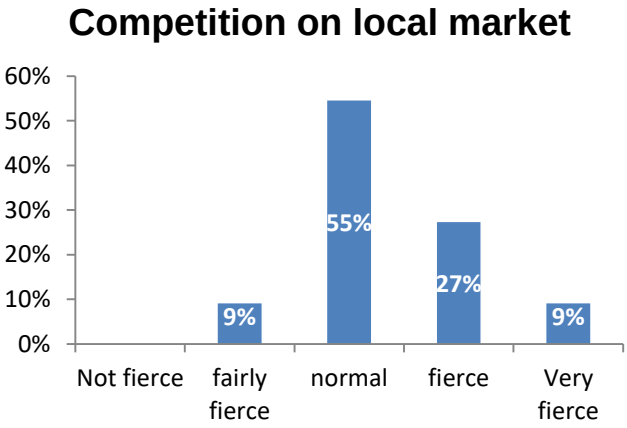
Basic Information and Development



All the companies chose Sweden with ”Establish International Brand” as one of the main reasons. 82% of the companies aim to develop overseas market by investing in Sweden.



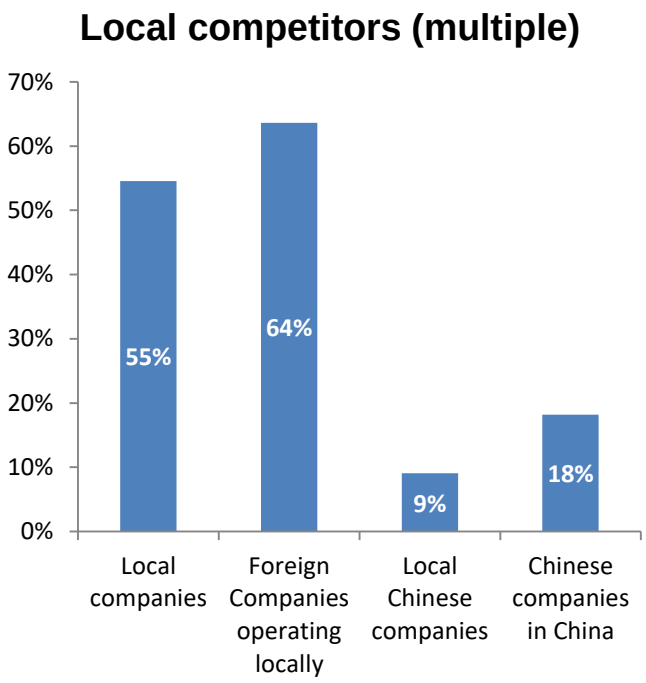
Most of the companies, 82% think Sweden is one of the important markets worldwide.

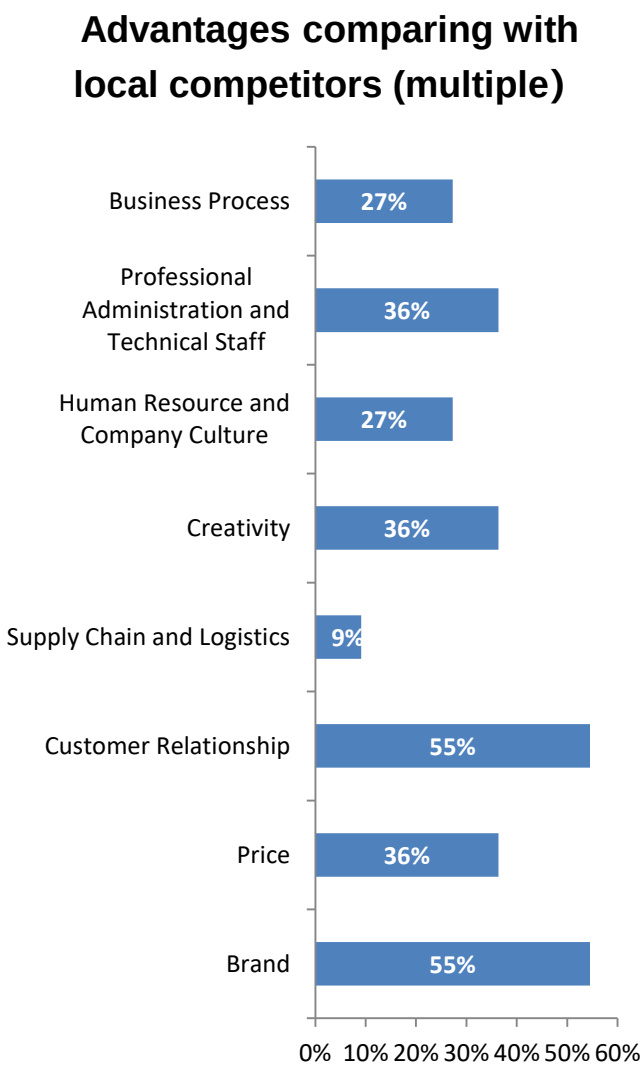


The competition on the local market is fairly normal.

Basic Information and Development

The local competition comes mainly from local companies and foreign companies operating in Sweden.

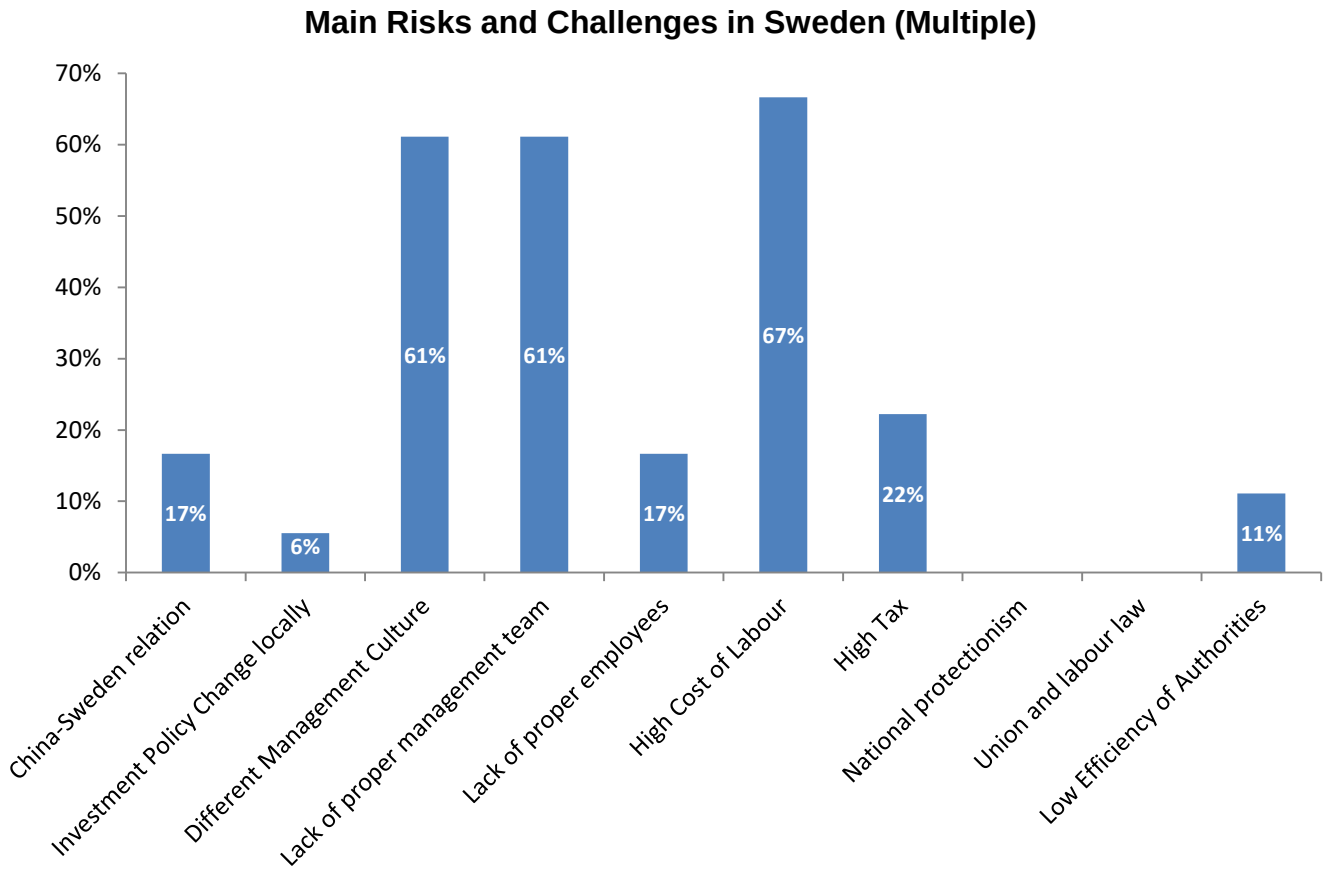




55% of the companies are confident with their customer relationship and brand when it comes to advantages comparing with local competitors.

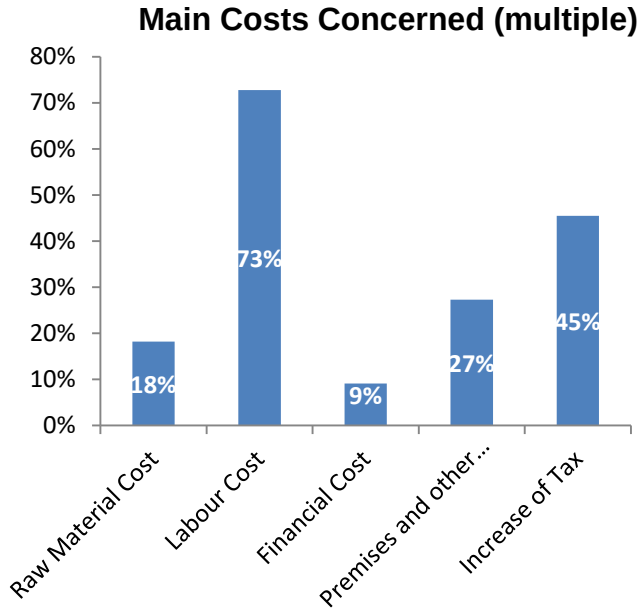
Problems and Challenges

In this part, the questions are focused on problems and challenges the companies are facing in Sweden.

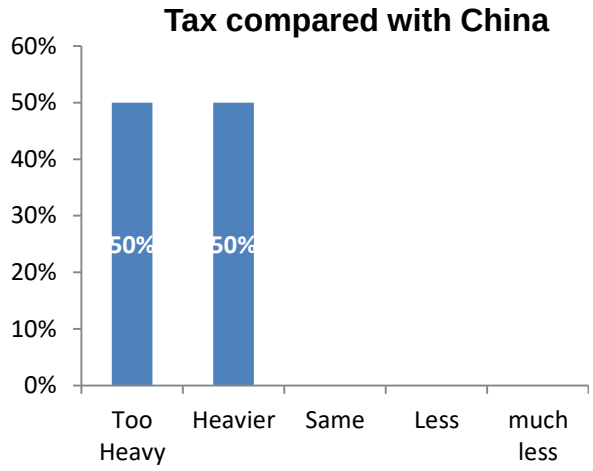


67% of the companies think the labour cost is too high in Sweden. 61% of the companies believe they have met a different management culture and there is a lack of proper management team in place. 22% of the companies thinks high tax in Sweden is a problem.

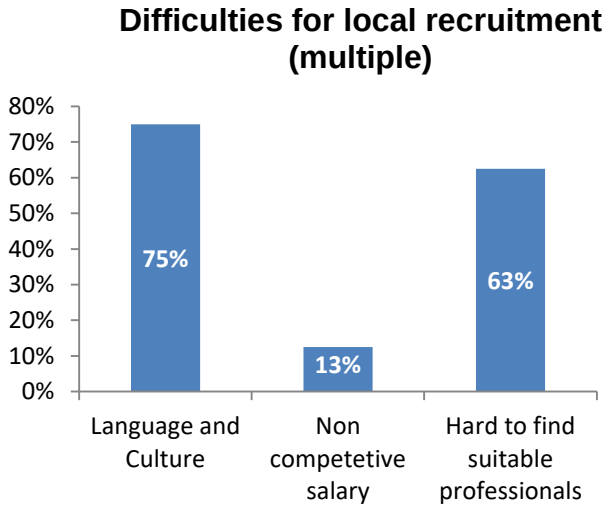
Problems and Challenges



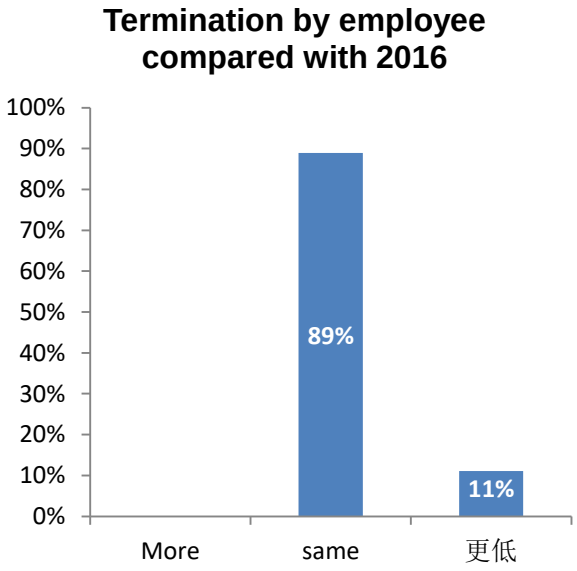
Echoing the last question, 73% of the companies are most concerned of the labour cost while almost half of the companies are concerned of tax increase.



All the companies think the tax here in Sweden are heavier than in China.

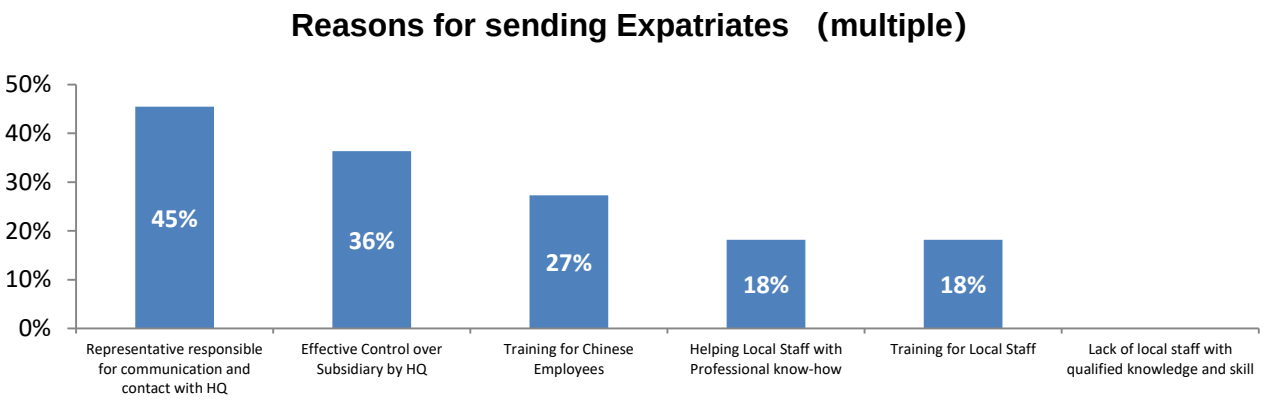


More than 90 % of the companies had difficulty for local recruitment. And the problem of language and Culture is high on the list.

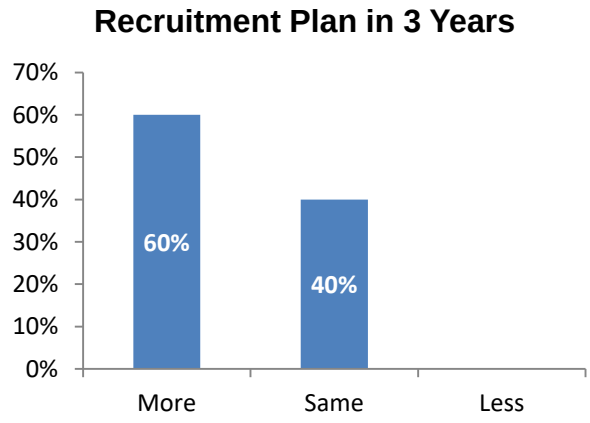


None of the companies have experienced more termination from the employees' side comparing with 2016. Stable staff.

Problems and Challenges

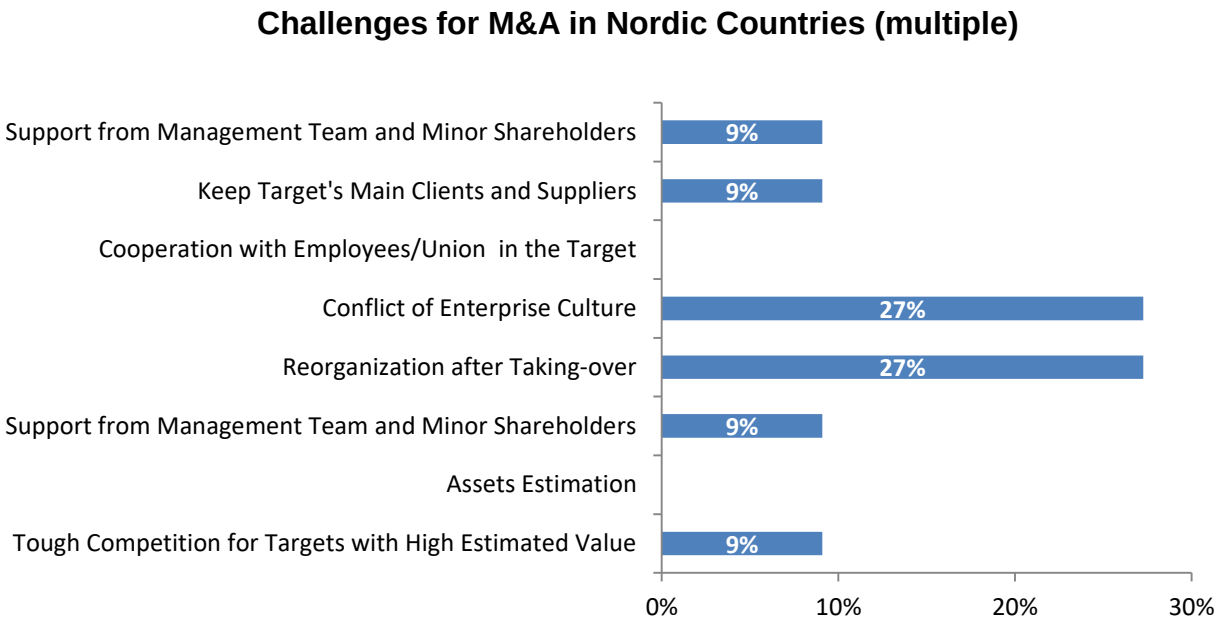


The companies need expatriates mainly for their communicative and control functions. Only 18% of the companies chose to have expatriats for the training of local staff.

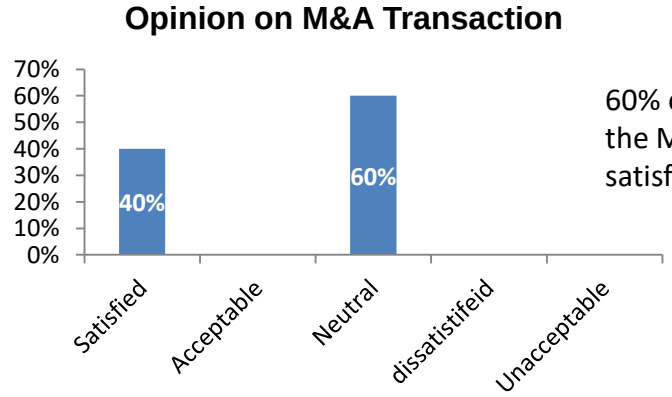


None of the companies plans to cut down recruitment in the coming 3 years. 60% of the companies plan to recruit more staff.

Problems and Challenges



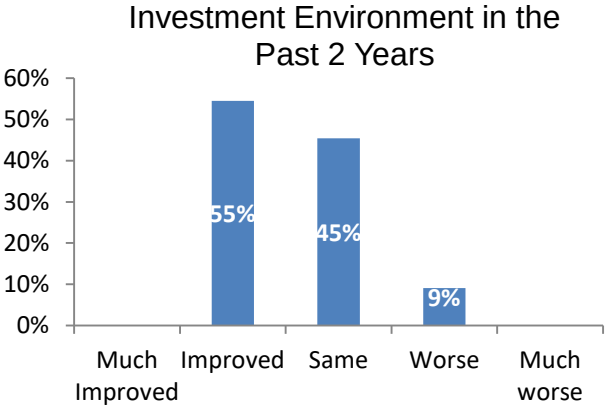
For companies that entered the Nordic countries by M&A transactions, conflict of enterprise culture and reorganization after taking over has been the main challenges.

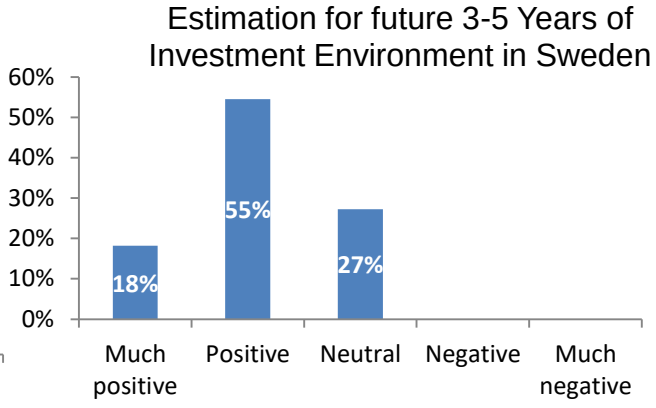


60% of the companies hold a neutral opinion on the M&A transaction while the rest 40% are satisfied by the transaction.

Swedish Investment Environment and Policies

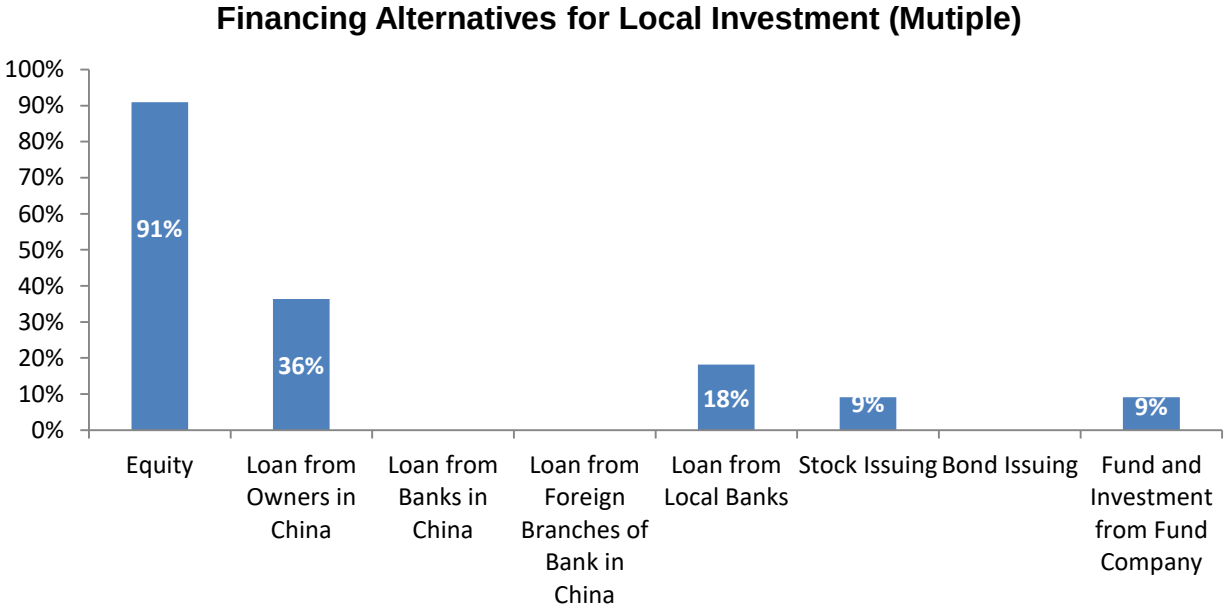
The questions in this part try to show the opinions of the companies regarding investment and business environment in Sweden and their opinions on local authorities and policies as well as some comparison with China.





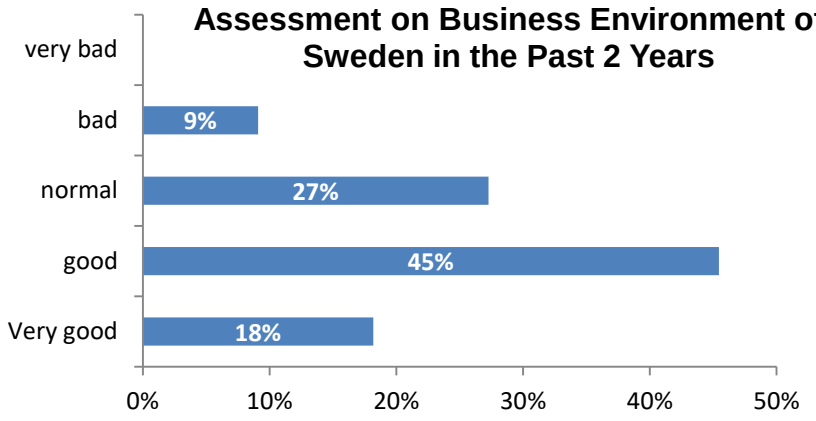
More than half of the companies think the investment environment has been improved in the past 2 years. Only 9% hold the opinion that it is worse.

None of the companies has a negative estimation for investment environment in the next 3-5 years and 55% of the companies hold a positive opinion.

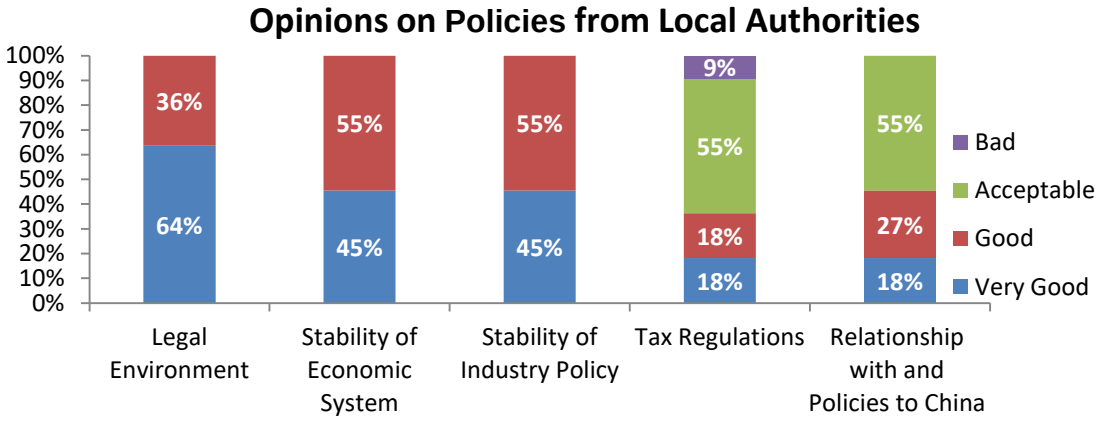


Up to 91% of the companies have their own equity as financing alternatives. Loans from owners in China is also a main alternative for financing.

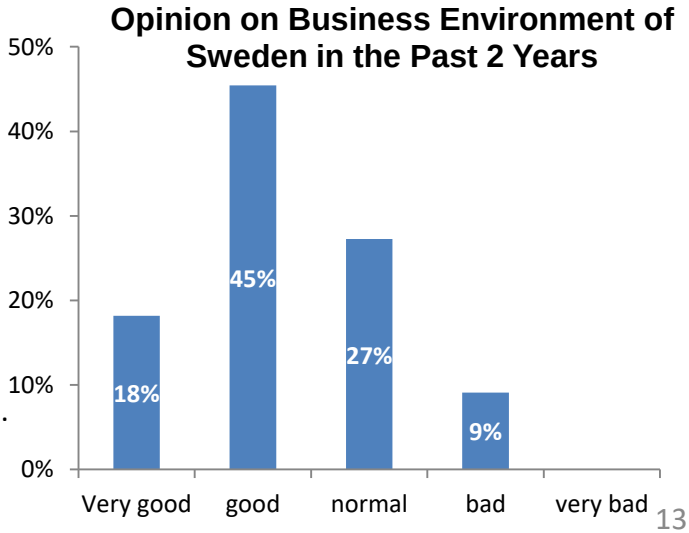
Swedish Investment Environment and Policies



63% of the companies think the business environment in Sweden in the past 2 years is good.



Very positive opinions on local policies. There is only 9% that holds a bad opinion on tax regulations. For legal environment, economic system and industry policy as well as policies to China, the companies hold very positive opinions.



Up to 63% of the companies think the business environment in the past 2 years are above good.

Swedish Investment Environment and Policies

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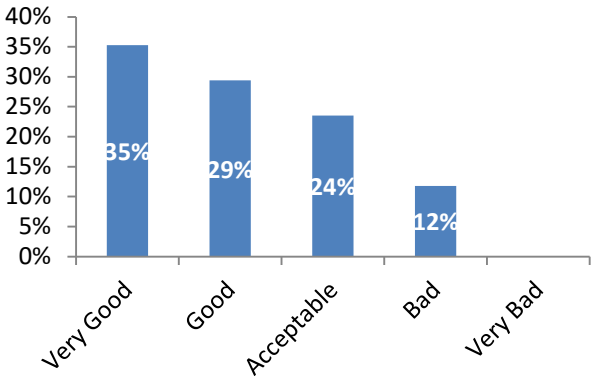
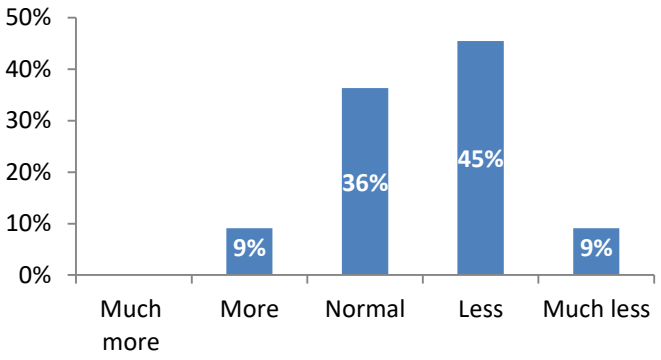
Legal Regulations and Rules towards Chinese Companies and Products



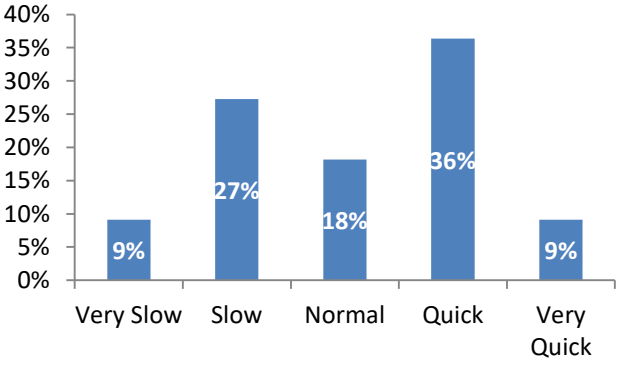
88% of the companies think the rules and policies towards Chinese companies are above acceptable.

Frequency of Approvals by Local Authorities Companing with China



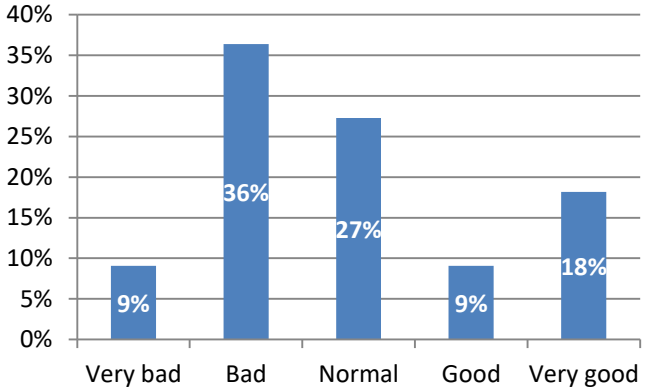
More than half of the companies think that approvals by local authorities are less than in China while 36% of the companies think there is no difference.

Efficiency of Approvals by Local Authorities Comparing with China



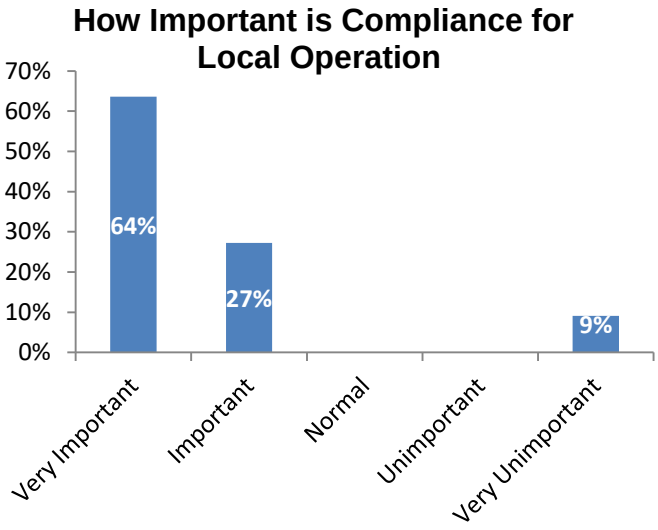
Regarding efficiency of approvals given by local authorities, 45% of the companies think it is quick while 35% of the companies think it is slow.

Transparency of Authority Comparing with China

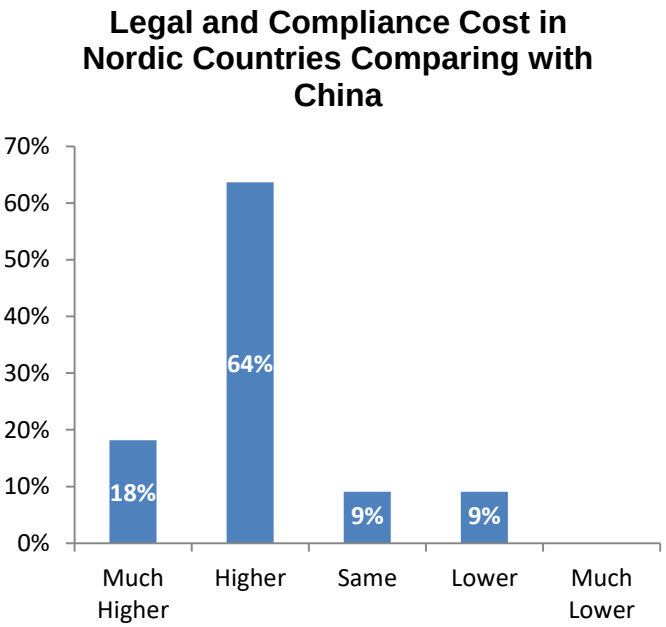


Only 27% of the companies think the transparency of authorities is better than in China and the same amount think there is not much difference. 45% of the companies hold the opinion that it is worse than in China.

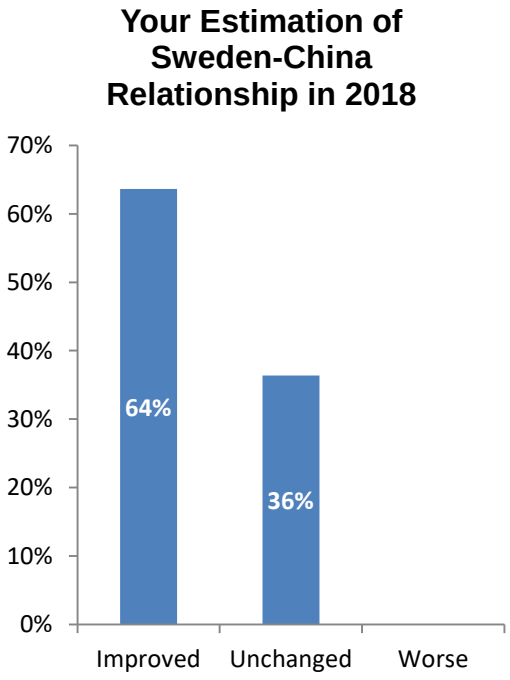
Swedish Investment Environment and Policies



91% of the companies think compliance is important for local operation.



The cost for local compliance is higher than in China according to up to 82% of the companies.



No company thinks the relationship between Sweden and China would get worse in 2018. 64% of the companies are optimistic and think it will be improved.

The report is chaired by CCCS;
BOC Stockholm branch provides assistance

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