

What are the Barriers to Sweden's Foreign Trade?

An analysis of an interview survey of Swedish companies



The report **What are the Barriers to Sweden's Foreign Trade** is part of the Swedish National Board of Trade's company survey project, which is being carried out during 2009-2010.. The project group includes Ingrid Lindeberg (Project Manager), Håkan Nordström (Chief Economist), Sofia Persson (Trade Policy Adviser, Department for Trade and Policy Developments), Fredrik Andersson (Senior Adviser, Department for the Internal Market , Magnus Renzthog (Senior Adviser/Trade in Services and Investment, Department for WTO Affairs), Anna Hallam (Trade Policy Adviser, Department for Trade and Policy Developments) Petter Stålenheim (Trade Policy Adviser/Trade Statistics, WTO and Trade Development Unit) Kristina Langéen-Jakobsson (Senior Adviser, Department for the Internal Market and. Any comments on this report should be sent to ingrid.lindeberg@kommers.se.

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1. Introduction and summary

Sweden's economy is based on foreign trade, which requires access to the markets of other countries on good and equal terms, as many raw materials and input goods are imported from outside Sweden. Barriers to trade on the import side are, therefore, in practice also barriers to exports. In addition, barriers to trade affect welfare directly, as they make goods and services more expensive and their range smaller. This forms the basis for Sweden's attitude in favour of an open trade policy. However, as a member of the EU Sweden cannot make any decisions on its own, but instead has to work together with other bodies in order to promote free trade and liberalise foreign trade.¹

The most important market as far as Sweden is concerned is the EU common market, which comprises 27 countries and 500 million inhabitants. Sixty percent of goods exported and fifty percent of services exported go to the EU. The import percentage is even higher, although statistics are rather uncertain, as goods and services brought in from the EU to some extent consist of goods imported from outside the EU by wholesalers on the continent who resell the goods within the EU.² On the *margin*, the markets outside the EU are just as important, as it is on those markets that economic growth is at its most rapid, with the greatest potential for increased foreign trade.

The National Board of Trade is Sweden's governmental agency for foreign trade and trade policy. Our task includes providing the Government Offices with analyses and other documentation ahead of negotiations and discussions with the EU and the World Trade Organization. We also function as the ombudsman for companies encountering barriers to trade in their foreign trading, including barriers on the Swedish side of the border. Although we have a good picture of what the problems are within different areas and different markets, the companies are ultimately the ones who encounter them. Therefore, the companies are best suited to evaluate both what the barriers to foreign trade are and where better trading conditions are needed in the future.

On behalf of the National Board of Trade, Statistics Sweden has interviewed a representative selection of Swedish companies during the autumn of 2009. These interviews were conducted in order to survey the problems that companies in various industries and size ranges encounter in their trade with other EU countries and countries outside the EU, including the companies' own views of which markets and subject areas should be emphasised in future negotiations. The survey also charts the companies' use of, and ambitions for, direct measures to promote trade. Furthermore, we asked the companies whether joining the euro would facilitate foreign trade, and whether they had experienced increasing tariffs and other barriers to trade because of the financial crisis.

The survey is aimed primarily at companies involved in foreign trade (export and/or import). In addition, a smaller, subsidiary survey was conducted of companies that are not engaged in foreign trade, though active within business sectors where foreign trade is common. The aim of the latter part was to survey what is preventing these companies from importing or exporting goods and/or services, including any ambition for support measures from the Government (such as export advice).

¹ See the trade declaration 2010: <http://www.sweden.gov.se/sb/d/10368/a/143801>.

² For trade within the EU, the concept of "goods and services brought out" is used for export, and "goods and services brought in" for import. However, as this terminology is not used in everyday speech, we will be using the terms "export" and "import" for trade within the EU.

We prepared the survey by first formulating a number of questions based on the Board's knowledge and experience of barriers and problems in foreign trade. These questions formed the basis for the close to twenty in-depth interviews that the National Board of Trade carried out during the spring of 2009. The companies interviewed were distributed across the country within various business sectors and were of varying sizes. New problem areas emerged from these interviews, which meant that we could delete some questions and add others. In addition, it allowed us to give the companies the opportunity of bringing up problems during the telephone interviews – problems we had not asked about ourselves.

The framework for selection for each subsidiary survey was determined based on Statistics Sweden's company register. This data was supplemented with information gathered from the goods trading statistics (Intrastat and Extrastat) on whether the companies had bought or sold goods and services directly from other countries, as well as the selection survey of trade in services and the 2008 value added tax returns. In addition, a control question was asked during the interviews of the randomly selected companies in order to verify that they belonged to the target group in question.

The selection of companies was limited, as only companies with five or more employees were included. On the other hand, we did not set any limit to the size of the companies' turnover or foreign trade, as is usually the case in larger company surveys. This was done deliberately in order to also reflect the problems encountered by those who have only just started trading abroad. Consequently, we included more small companies (with the exception of the very smallest), and their views thus have a greater impact in the report of what companies *as a whole* think about a certain question. Furthermore, we will be reporting results separately for the different size categories of companies and different business sectors, as the barriers to foreign trade depend on the sector in which a company is active, and on the size of the company.

The interviews with the selected companies were carried out by Statistics Sweden by telephone during the period 17 August – 17 September 2009, with an additional round of interviews during 23 November – 9 December. In total, 809 companies with foreign trade and 174 without foreign trade were interviewed based on the questionnaire developed by the National Board of Trade for each group. The number of responding companies in the various business sectors and size categories is shown in Table 1. The survey covers five business sectors within manufacturing and four sectors within services, which in turn are divided up between small, medium-sized and large companies, defined according to number of employees (5-49, 50-249, 250+). The lines of business ("SNI") included in each "industry" are shown in Table 2. Both the manufacturing and services industries export and import goods and services, although the emphasis is on goods for manufacturing and on services for the service sector. The exception is wholesale/retail, where the foreign trade mainly consists of goods.

The non-response rate in the survey was around 22 percent. The most common reasons for non-responses were that the company representative selected for the interview was unavailable when Statistics Sweden phoned, or that the company stated lack of time as the reason for not participating in the survey. Further information about the survey and methods of calculation can be found in the Methodology Appendix. The questionnaires are appended at the end of the report.

In this report, we will present the summary and analysis of the responses to different parts of the company survey. The report will then be followed by a series of thematic reports with more in-depth analyses of the problems faced by different business sectors, sizes of company, subject areas and markets identified as particularly interesting for further study. We begin with a short summary of the results, presented in the same order as in the report.

Table 1. Number of companies responding in each sub-group and the size of the underlying population (in brackets)

| | Companies with foreign trade | | | Companies without foreign trade | |
|----------------------|------------------------------|----------------------|----------------------|---------------------------------|---------------------|
| | Small (5-49) | Medium-size (50-249) | Large (250-) | Small (5-49) | Medium-size & Large |
| Total | 541 (27976) | 145 (3429) | 123 (1093) | 110 (7609) | 64 (146) |
| Manufacturing | 272 (7785) | 102 (1430) | 92 (470) | 56 (2305) | 30 (63) |
| Food | 52 (458) | 23 (94) | 16 (37) | | |
| Forestry | 45 (769) | 20 (139) | 20 (68) | | |
| Chemicals | 57 (624) | 17 (152) | 21 (50) | 16 (41) | 0 (0) |
| Engineering | 66 (3820) | 20 (717) | 22 (210) | 24 (1302) | 8 (12) |
| Other manufacturing | 52 (2114) | 22 (328) | 13 (105) | 16 (962) | 22 (51) |
| Services | 269 (20191) | 43 (1999) | 31 (623) | 54 (5304) | 34 (83) |
| Construction | 52 (2320) | 10 (192) | 7 (46) | | |
| Wholesale/Retail | 108 (10920) | 11 (772) | 9 (187) | 54 (5304) | 34 (83) |
| Business services | 54 (3527) | 14 (482) | 10 (178) | | |
| Other services | 55 (3424) | 8 (553) | 5 (212) | | |

Footnote: In this survey, companies with 5-49 employees are defined as **small companies**, with 50-249 as **medium-sized companies** and with 250 or more as **large companies**. Companies with fewer than five employees are not included in the survey.

Table 2a. Industrial classification for the manufacturing sector and number of companies in the selection

| SNI | Bransch | Number |
|------------|---|---------------|
| | Food stuff | 1 117 |
| 10 | Manufacture of food products | 1 083 |
| 11 | Manufacture of beverages | 34 |
| | Forestry | 1 758 |
| 2 | Forestry and logging | |
| 16 | Manufacture of products of wood and cork, except furniture; manufacture of of straw and plaiting materials | 944 |
| 17 | Manufacture of paper and paper products | 207 |
| | Chemistry | 886 |
| 19 | Manufacture of coke and refined petroleum products | 16 |
| 20 | Manufacture of chemicals and chemical products kemiska produkter | 241 |
| 21 | Manufacture of basic pharmaceutical products and pharmaceutical | 47 |
| 22 | Manufacture of rubber and plastic products | 582 |
| | Manufacturing | 6 100 |
| 24 | Manufacture of basic metals | 217 |
| 25 | Manufacture of fabricated metal products, except machinery and equipment | 2 945 |
| 26 | Manufacture of computers , electronic and optical products | 428 |
| 27 | Manufacture of electrical equipment | 324 |
| 28 | Manufacture of machinery and equipment n.e.c. | 1 119 |
| 29 | Manufacture of motor vehivles, trailers and semi-trailers | 338 |
| 30 | Manufacture of other transport equipment | 136 |
| 33 | Repair and installation of machinery and equipment | 593 |
| | Other manufacturing | 3 611 |
| 7 | Mining of metal ores | 9 |
| 8 | Other mining and quarrying n.e.c. | 134 |
| 13 | Manufacture of textiles | 204 |
| 14 | Manufacture of wearing apparel | 62 |
| 15 | Manufacture of leather and related products | 31 |
| 18 | Printing and reproduction of recorded media | 649 |
| 23 | Manufacture of other non-metallic mineral products | 287 |
| 31 | Manufacture of furniture | 434 |
| 32 | Other manufacturing | 321 |
| 35 | Electricity, gas, steam and air conditioning supply | 280 |
| 36 | Water collection, treatment and supply | 14 |
| 38 | Waste collection, treatment and siposal acitivities; materials recovery | 248 |
| 58 | Publishing activities | 791 |
| 95 | Repair of computers and personal and household goods | 147 |

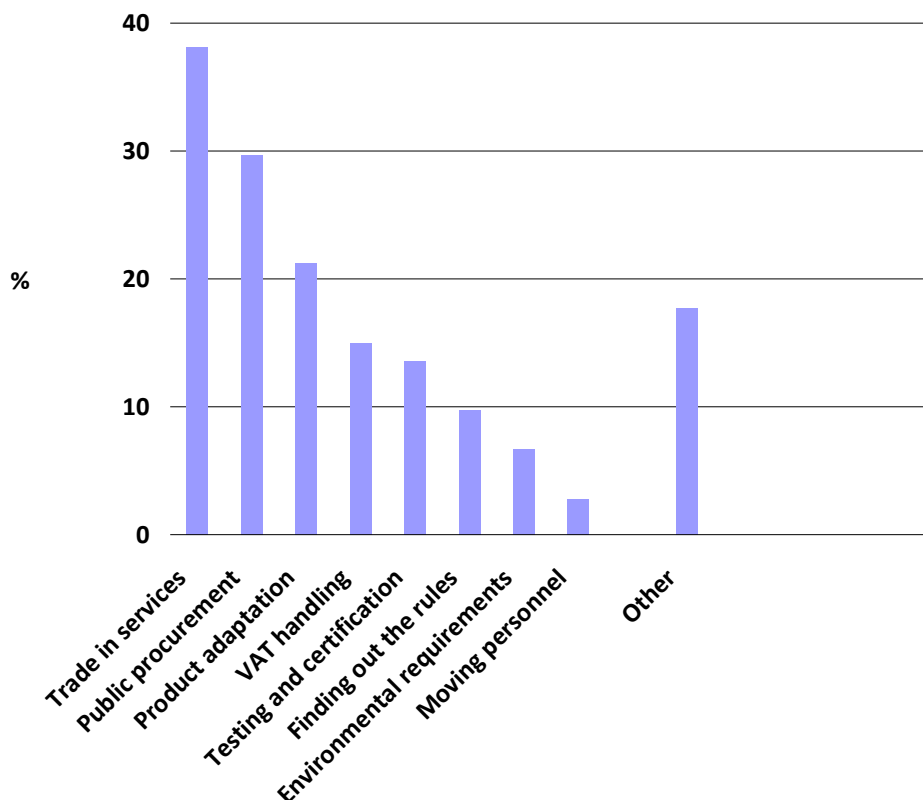
Table 2b. Industrial classification for the service sector and number of companies in the selection

| SNI | Bransch | Number |
|------------|--|---------------|
| | Construction | 9 758 |
| 41 | Construction of buildings | 2 136 |
| 42 | Civil engineering | 264 |
| 43 | Specialised construction activities | 7 358 |
| | Wholesale and retail | 17 381 |
| 45 | Wholesale and retail trade and repair of motor vehicles and motorcycles | 2 447 |
| 46 | Wholesale trade, except of motor vehicles and motorcycles | 7 030 |
| 47 | Retail trade, except of motor vehicles and motorcycles | 7 904 |
| | Business services | 12 479 |
| 62 | Computer programming, consultancy and related activities | 1 928 |
| 63 | Information service activities | 183 |
| 69 | Legal and accounting activities | 1 858 |
| 70 | Activities of head offices; management consultancy activities | 1 632 |
| 71 | Architectural and engineering activities; technical testing and analysis | 2 026 |
| 72 | Scientific research and development | 285 |
| 73 | Advertising and market research | 1 131 |
| 74 | Other professional, scientific and technical activities | 553 |
| 78 | Employment activities | 676 |
| 80 | Security and investigation activities | 179 |
| 81 | Services to buildings and landscape activities | 1 549 |
| 82 | Office administrative, office support and other business support activities | 479 |
| | Other services | 19 856 |
| 37 | Sewerage | 34 |
| 39 | Remediation activities and other waste management services | 12 |
| 49 | Land transport and transport via pipelines | 4 132 |
| 50 | Water transport | 103 |
| 51 | Air transport | 44 |
| 52 | Warehousing and support activities for transportation | 800 |
| 53 | Postal and courier activities | 58 |
| 55 | Accommodation | 1 060 |
| 56 | Food and beverage service activities | 4 364 |
| 59 | Motion picture, video and television programme production, sound recording and Music publishing activities | 278 |
| 60 | Programming and broadcasting activities | 21 |
| 61 | Telecommunications | 145 |
| 64 | Financial service activities, except insurance and pension funding | 202 |
| 65 | Insurance, reinsurance and pension funding, except compulsory social security | 48 |
| 66 | Activities auxiliary to financial services and insurance activities | 451 |
| 68 | Real estate activities | 1 038 |
| 75 | Veterinary activities | 115 |
| 77 | Rental and leasing activities | 427 |
| 79 | Travel agency, tour operator and other reservation service and related activities | 310 |
| 85 | Education | 2 167 |
| 86 | Human health activities | 1 000 |
| 87 | Residential care activities | 561 |
| 88 | Social work activities without accommodation | 630 |
| 90 | Creative, arts and entertainment activities | 199 |
| 91 | Libraries, archives, museums and other cultural activities | 37 |
| 92 | Gambling and betting activities | 82 |
| 93 | Sports activities and amusement and recreation activities | 634 |
| 94 | Activities of membership organisations | 130 |
| 96 | Other personal service activities | 774 |

Remaining problems relating to trade within the EU

Of those responding to the survey, one company in six considered that there were still some barriers to trade within the EU. The problems are the greatest within the trade in services and in public procurement. Around 38 percent of the companies considered that they did not have the same opportunities as domestic companies to sell services in other EU countries. The situation is almost as bad in public procurement, with only 8 percent of the companies stating that they had participated in public procurement in other EU countries (a market valued at 16 percent of the EU's total GNP). In addition, 30 percent of the companies that had participated in public procurement in other EU countries considered that they did not have the same opportunities to compete as domestic companies. This negative view is probably one explanation as to why so few companies try to compete for public contracts in other EU countries. Divergent product standards and requirements for national testing and certification are a problem for around *one fifth* of the companies. The handling of value added tax could also work more smoothly, according to 15 percent of the companies. Trying to find the rules that apply to trade within the EU is a problem for approximately one in ten companies. Differing environmental requirements are slightly less of a problem. Perhaps somewhat surprisingly, few companies appear to have had problems in moving personnel within the EU, with the exception of the construction industry and the company services sector. When asked to supplement the list, companies often mentioned language difficulties, freight costs and currency costs (the fact that Sweden has not joined the euro) as barriers to trade within the EU.

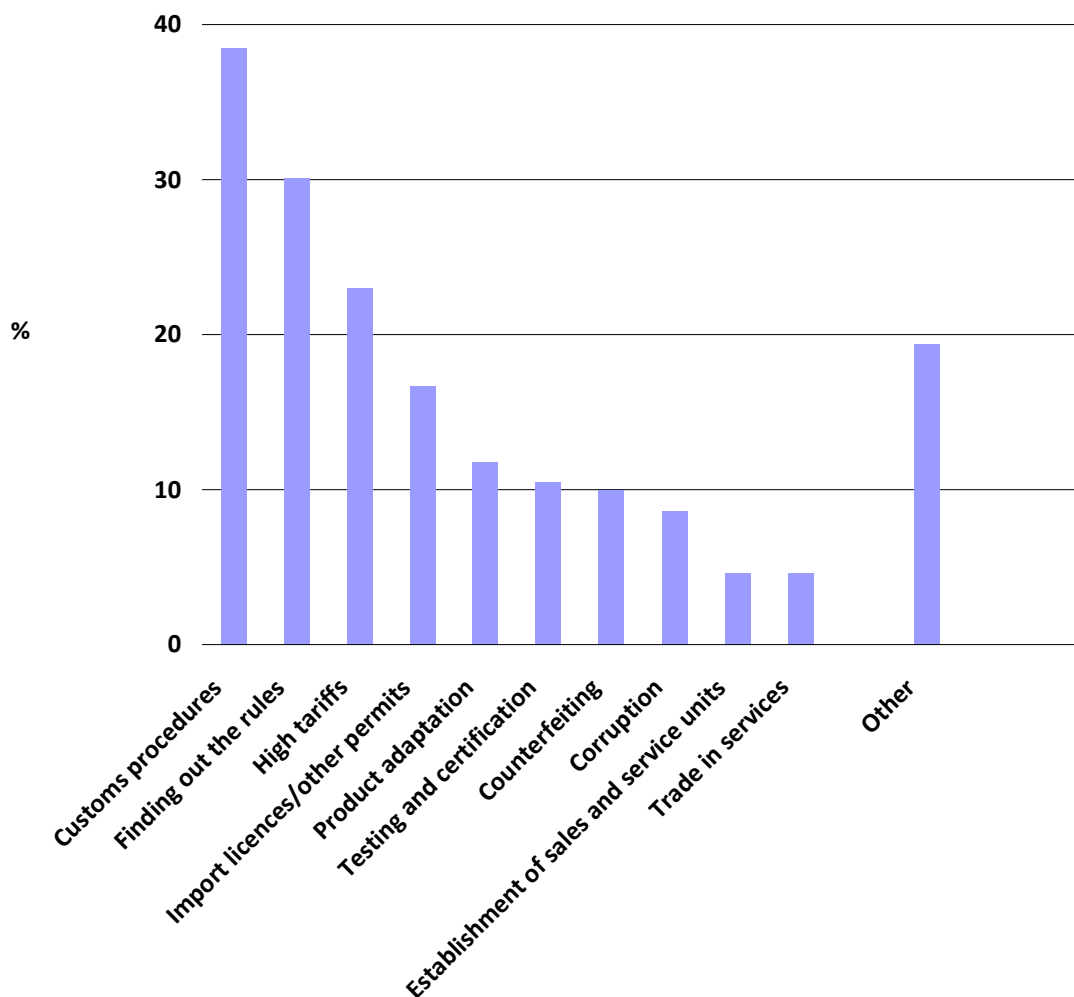
Figure 1. Problem areas for trade within the EU
(proportion of companies stating problems)



Problems with exports to countries outside the EU

The three greatest problems with exports to countries outside the EU are cumbersome and slow customs procedures, problems with finding out the rules that apply in the import country and high tariffs. Other problems, in decreasing order of importance, include import licences and other permits, product adaptation and related requirements for testing and certification, and finally corruption. The establishment of local sales and service companies, as well as trading in services, is less problematic. The fact that trading in services comes so far down the list is somewhat surprising, considering the problems found *within* the EU. However, the questions were asked in different ways, and the responses are therefore not directly comparable: “Do you have the same opportunities as domestic companies to sell services in other EU countries?”/“When you export to countries outside the EU, have you had difficulties with trading in services?” A possible explanation as to why there appear to be less problems on the world market than within the EU is that there are fewer companies selling and buying services globally. Only those companies that experience the problems as minor decide to trade in services outside the EU (so-called self-selection).

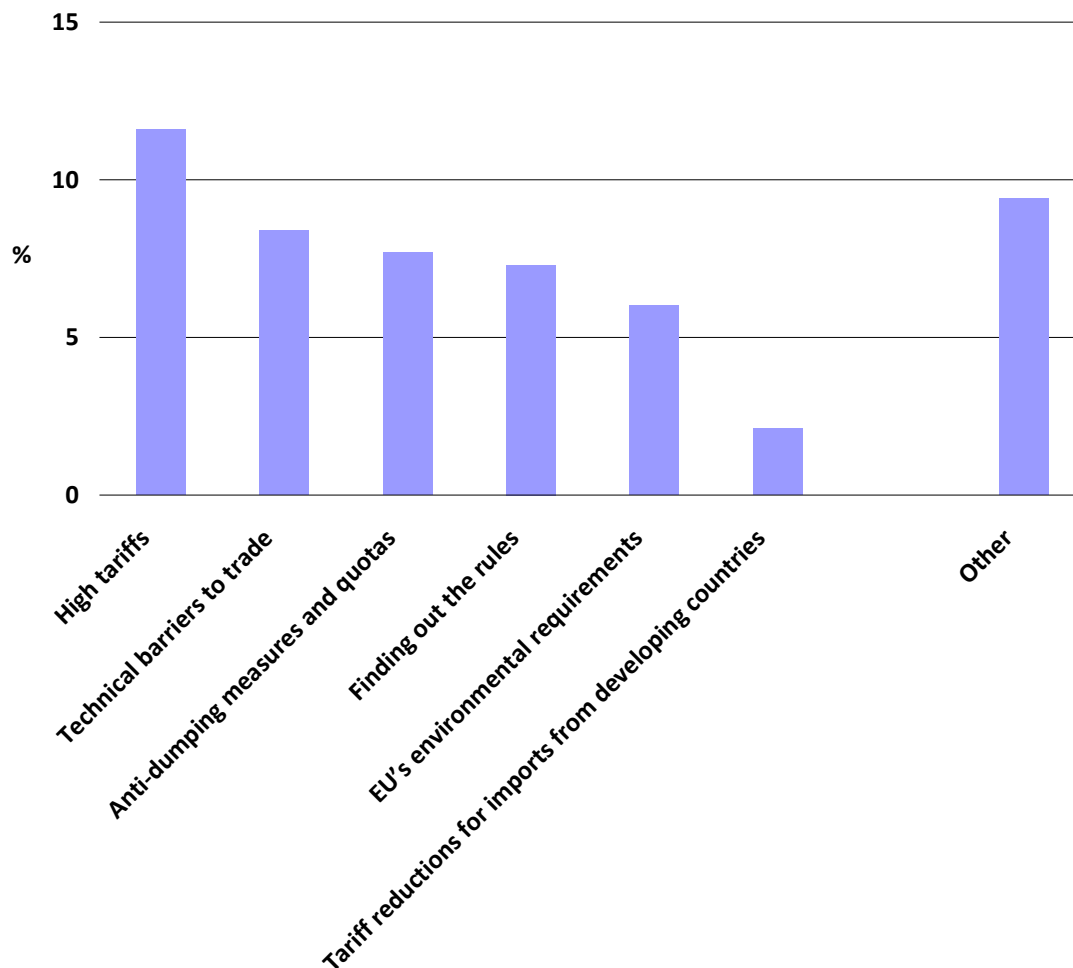
Figure 2. Problem areas for exports to countries outside the EU
(proportion of companies stating problems)



Problems with imports from countries outside the EU

Judging by the responses from the company survey, it is easier to import from countries outside the EU than to export to them. This is understandable, considering that the EU's regulatory framework is more familiar to Swedish companies than are those of other countries. It might also be due to the EU being more open to trade than many other countries, even if this does not apply to all areas.³ According to the companies, the five greatest problems are high EU tariffs, technical barriers to trade (the exporting country's product requirements, testing and certification not being recognised by the EU), anti-dumping measures and quotas, finding out the rules applying to imports to the EU, and the EU's environmental requirements. In the category "Other" (open response alternatives), companies mentioned documentation requirements and other bureaucracy, VAT handling, certification of rules of origin, transport costs and currency fluctuations, among other things.

Figure 3. Problem areas for imports from countries outside the EU
(proportion of companies stating problems)



³ National Board of Trade (2005). Open for Business? A Comparative Analysis of the Trade Policies of the European Union, the United States, Canada and Japan:
<http://www.kommers.se/upload/Analysarkiv/Publikationer/Open%20for%20business.pdf>

Priorities for improved trading terms in particular markets

All trading companies in the survey were asked whether there was any *country* outside the EU with which it was particularly important to achieve better trading terms, and, if so, *which issue* was the most important to prioritise in negotiations. They were only allowed to mention one country. Slightly more than one third of the companies responded to this question, and most of them chose Norway, followed by China, the United States, Russia, India, Brazil and Japan. Among small and medium-sized companies, Norway received the most mentions, while large companies put China in first place. Broken down across sectors, Norway was the most mentioned country, with the exception for “Other service sector” which put China in first place, just as for the large companies. The proportion of mentions of Norway was the highest in the construction sector, where more than 60 percent of the companies who responded to the question chose Norway.

Table 3. The most important countries to achieve better trading terms with (top five)

| | 1 | 2 | 3 | 4 | 5 |
|---------------------|--------|--------|--------|---------|--------------|
| Total | Norway | China | United | Russia | India |
| Manufacturing | Norway | China | Russia | United | India |
| Services | Norway | China | United | Russia | India |
| Company size | | | | | |
| Small | Norway | China | United | Russia | India |
| Medium-size | Norway | China | Russia | United | Brazil |
| Large | China | Russia | United | Brazil | Japan |
| Industries | | | | | |
| Food | Norway | United | Russia | China | Turkey |
| Forestry | Norway | Russia | China | United | Morocco |
| Chemicals | Norway | China | Russia | United | Saudi Arabia |
| Engineering | Norway | China | Russia | United | India |
| Other manufacturing | Norway | United | China | Russia | Japan |
| Construction | Norway | United | China | Ukraine | South Africa |
| Wholesale/retail | Norway | China | United | Russia | India |
| Business services | Norway | China | United | Russia | Vietnam |
| Other services | China | United | Norway | Russia | Brazil |

Note: The ranking is based on the proportion of companies responding in each sub-group who put the country in question in first place. The total ranking is the weighted ranking of all sub-groups

The problems mentioned by most companies as priority areas were, for all countries except India and Japan, tariffs and customs procedures. For India, the most frequently mentioned problem was trade in services, and for Japan, it was product standards. Standard issues are in general in second place. In addition, investment barriers and intellectual property right issues have high priority, in particular for China and Russia.

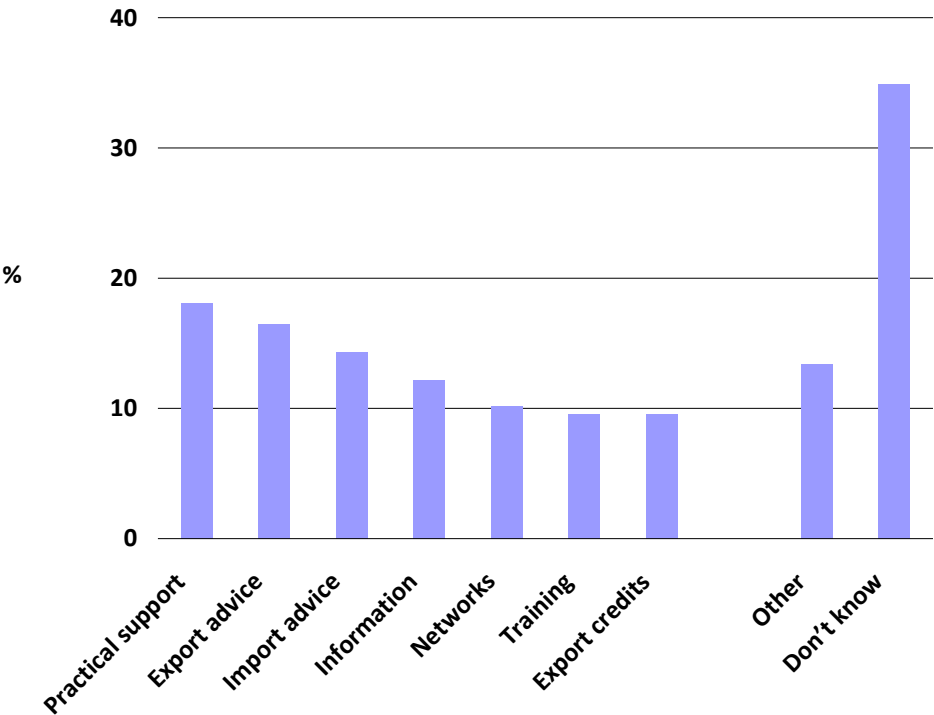
The fact that Norway was the most mentioned country might be seen as rather surprising, considering that Norway is part of the EU’s common market through the EEA agreement. One explanation is that Norway is one of Sweden’s most important markets, in particular for smaller companies, as a result of its geographical proximity and high purchasing power. Another explanation is that the EEA agreement does not cover farm products and fish. Many companies also point out cumbersome customs procedures and differential Norwegian product standards. Furthermore, Norway places requirements on specially treated pallets to protect itself against wood parasites, which forces companies to keep two types of pallets.

Use of and ambitions for direct measures to promote trade

The Government’s promotion of foreign trade is carried out through the Swedish Trade Council, the EKN and the Swedish Export Credit Corporation, among others. The Swedish Trade Council helps companies to chart potential markets and make local business contacts. The EKN guarantees companies and banks payment for exports, which in turn might be a prerequisite for being able to offer the buyer credit and various financial solutions. The task of the Swedish Export Credit Corporation is to safeguard access on a commercial basis to financial solutions for export and infrastructure. Of these three bodies, the Swedish Trade Council in particular is consulted often (by every fourth company) and especially by medium-sized and large companies within manufacturing. The services of the EKN and the Swedish Export Credit Corporation are used by considerably fewer companies (3.3 percent and 0.6 percent respectively), and primarily by the larger companies.

All companies trading with foreign countries were asked: What type of promotion do you think Sweden should prioritise?

Figure 4. What type of foreign trade promotion do you think Sweden should prioritise?
(proportion of companies wishing to prioritise the area)



Every sixth company wanted practical support, and almost as many thought that Sweden should prioritise the provision of export and import advice. Around one tenth of the companies mentioned information, networks, training or export credit. In the category “Other”, companies mentioned that the Swedish Trade Council should reintroduce the service “Export manager to rent”, among other things. Some wanted more help and sponsorship in conjunction with trade fairs, and some pointed out that other countries help their companies with this. Assistance with marketing and working up markets were a recurring theme. Other companies point to the importance of governmental agencies in Sweden working efficiently and having short handling times. Removing barriers to trade and introducing the euro are other measures mentioned by the companies.

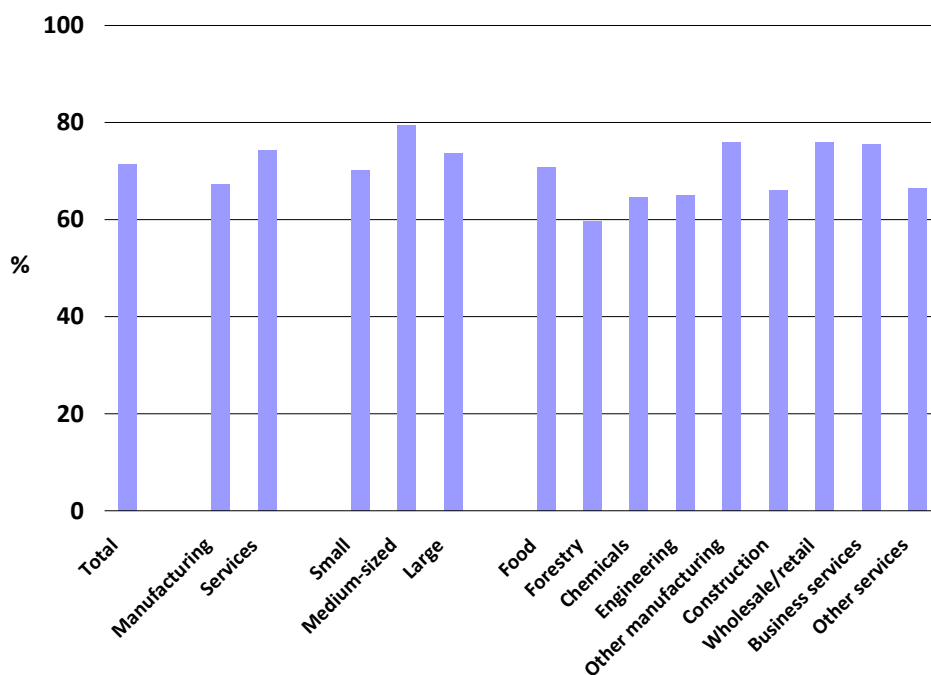
The euro issue

The euro is currently used by 16 of the EU member states, known as the euro zone, which consists of Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. In the referendum in September 2003, the Swedish people voted by a clear majority against joining the euro. However, the euro issue is brought to the fore now and then, in particular by the Swedish Liberal Party. There is a great deal of research on the subject showing that a common currency increases foreign trade. The companies avoid the costs of currency exchange and currency hedging, among other expenses. Even if the estimates vary between different research reports, there are many indications that foreign trade over a few years could increase by a figure in the region of 10 percent if Sweden joined the euro.

We asked whether joining the euro would facilitate trade with other countries. Just over 70 percent of companies answered yes to this question, with a slightly smaller proportion within manufacturing and a slightly higher proportion within services. Among medium-sized companies, almost 80 percent answered yes. The small companies had the lowest percentage, probably because a relatively large proportion of their trade is with Denmark and Norway, which are not part of the euro zone.⁴ The fact that the large companies are slightly less in favour of joining the euro than medium-sized companies is probably associated with their being better equipped to handle currency risks through special functions (finance departments) within the companies. The sector with the lowest proportion is the forestry sector, where prices on the world market are set in US dollars.

⁴ However, the Danish krone is pegged to the euro.

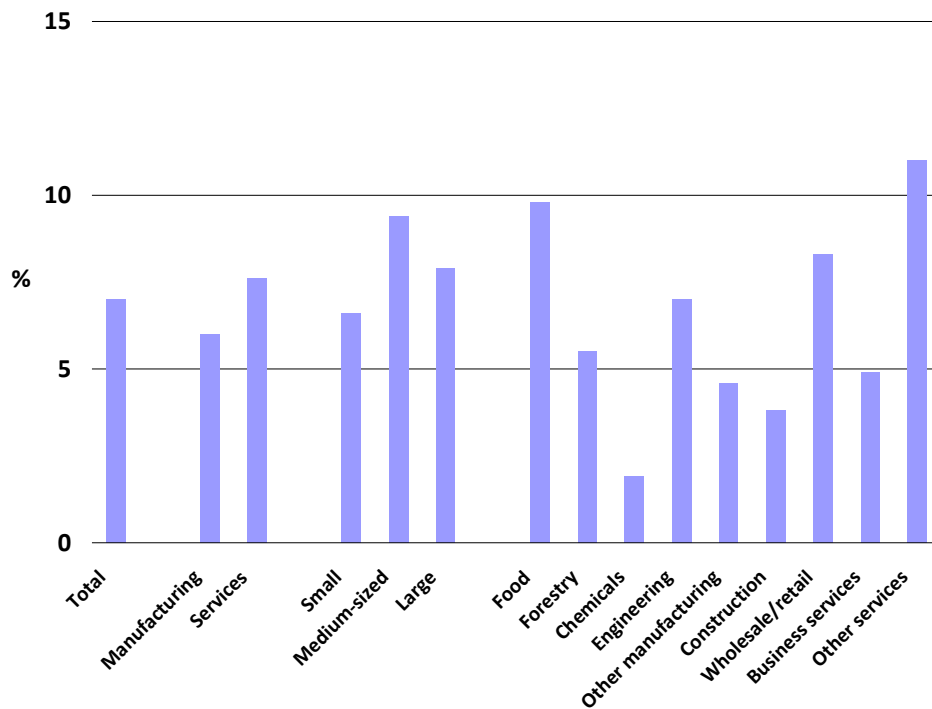
Figure 5. Would joining the euro facilitate the company's foreign trade?
(proportion of companies answering "yes")



Has protectionism increased during the crisis?

Swedish foreign trade, as well as world trade in general, is now beginning to recover from what has been perhaps the worst financial crisis since the 1930s. During the initial stages in the autumn of 2008, many experts feared that the crisis would be aggravated by protectionist measures, which has also been the case in some countries and sectors. However, Swedish companies do not appear to have suffered from this to any significant extent. Seven percent of the companies in the survey reported that tariffs and other barriers to trade had increased since the financial crisis started, while 88 percent had not noticed any increase in the barriers to trade. The companies who considered that protectionism had increased were also given the opportunity to provide examples of the measures they had suffered from. Some companies indicated increased tariffs on certain goods and greater bureaucracy at borders. Others mentioned that their customers had experienced problems with credits, which meant that the customers could not fulfil agreements, or that they had difficulties paying. In many cases, it was more of a general feeling that protectionism had increased, such as campaigns to buy domestically produced goods and services instead of imported ones, in order to increase domestic employment.

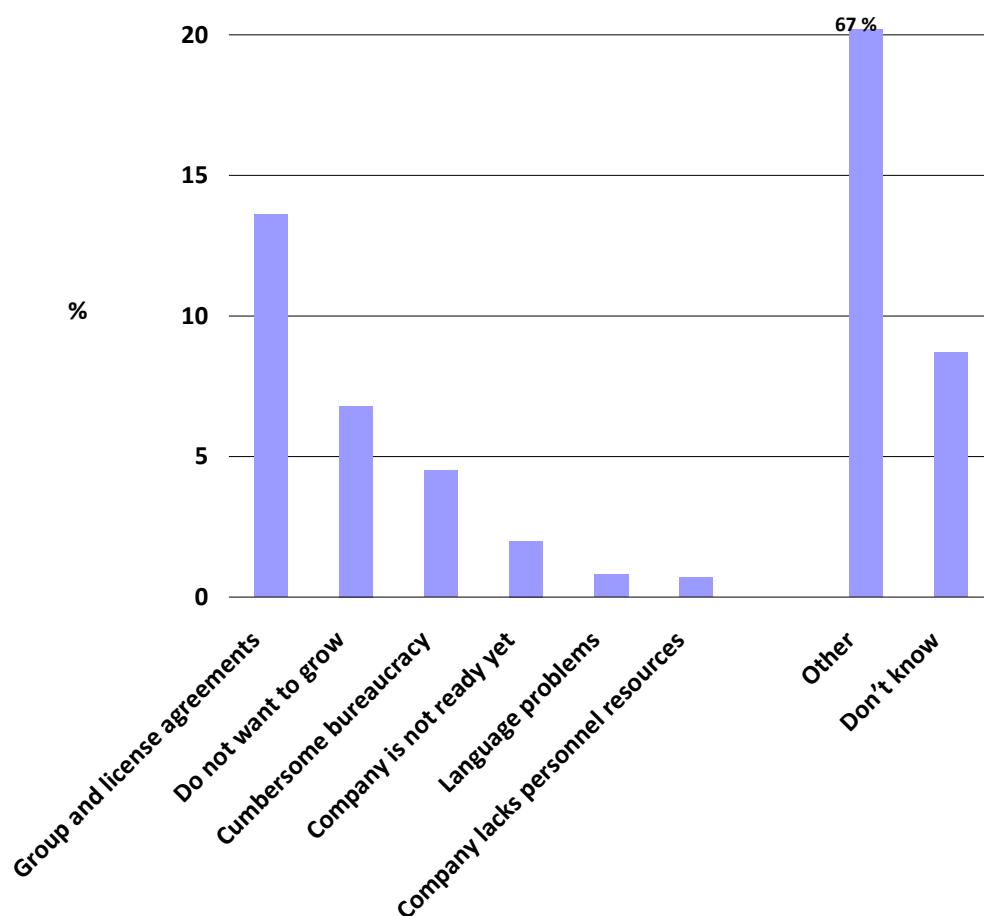
Figure 6. Do you feel that tariffs and other barriers to trade have increased since the financial crisis began? (proportion of yes responses)



Companies without any foreign trade

A smaller, subsidiary interview survey was conducted of companies that are not engaged in foreign trade, but who are active within sectors where foreign trade is common. The main question to these companies was: What are currently the barriers to your trading with foreign countries?

Figure 6. What are currently stopping you from trading with foreign countries?

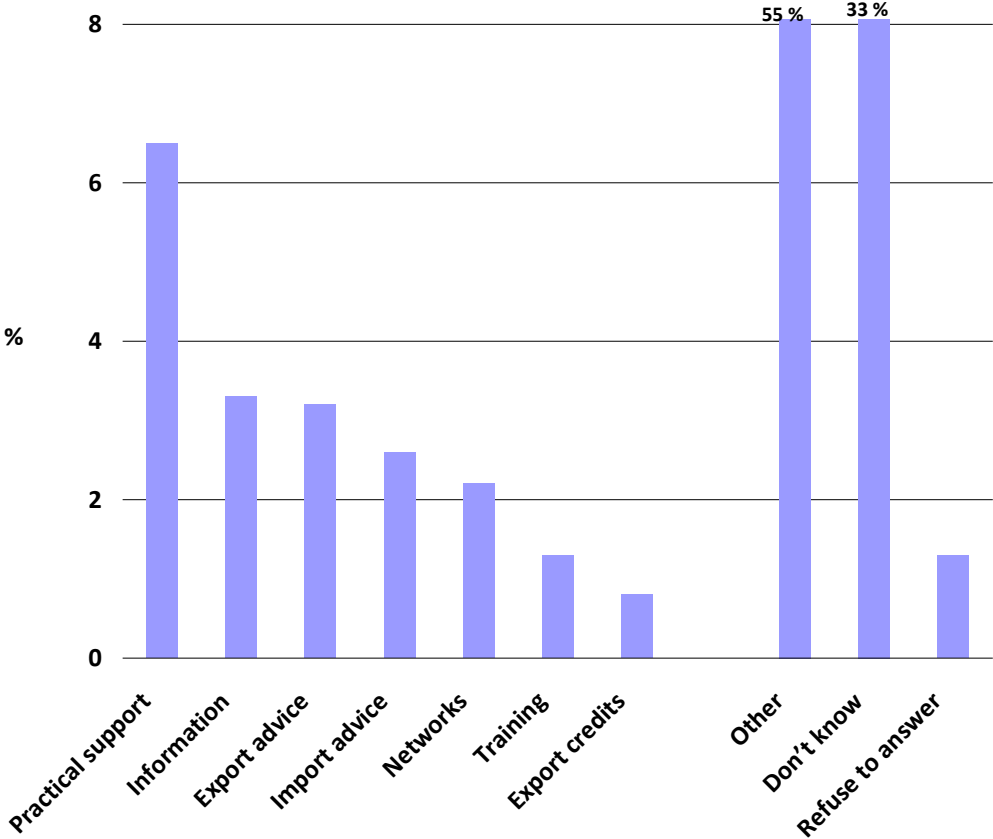


Around 13 percent responded that their market was determined by group or licence agreements. These agreements only allowed them to run businesses aimed at the Swedish market. These might be franchise companies within retailing or business services, for example. *Around 10 percent* of the small manufacturing companies responded that they did not wish to grow. One explanation may be that more investment is needed in order to grow. Problems with cumbersome bureaucracy were the reason given by almost *five percent* of the companies. However, it should be noted that this problem was only mentioned by small companies.

The most common response, however, was that the companies participating in the survey stated *other* reasons for not trading with foreign countries (67 percent). Small companies in particular often responded that “we only conduct business in Sweden”. Several manufacturing companies pointed out that expensive freight costs would make it unprofitable to trade with foreign countries. One company said that “we have sufficient Swedish suppliers”. Other companies state that the customers are local. A few companies state that they feel they cannot compete with foreign countries, that they do not have the products required or that their marketing is lacking. Among the larger manufacturing companies, however, a few more are open to future foreign trade – answers such as “it is not part of the current plan”, “there is no market abroad at the moment” recur more frequently. However, the majority of the large manufacturing companies point to a business concept and a marketing strategy aimed at the local market.

All companies not engaged in foreign trading were then asked what they thought their company would need in order to start trading with foreign countries. One third answered “don’t know”. More than half answered that their businesses were aimed at Sweden. This means that one fifth of the companies consider that they need some form of measure or support in order to start trading with foreign countries. The support requested is, in falling order of importance, practical support, information, export advice, import advice, networks, training and export credits.

Figure 7. What would your company need in order to start trading with foreign countries?



To sum up, we can establish that, among the companies that do not trade with foreign countries, approximately one fifth responded that they do not want to grow or that their market is determined by group or licence agreements. In addition, the great majority of companies state firmly that Sweden is their market. However, one fifth of the companies consider that they need some type of support in order to start trading with foreign countries.

2. Domestic market and trading patterns

We will start by accounting for what foreign trade looks like for the business sectors and company size ranges included in the survey. This background information is important in order to understand why, for instance, smaller companies appear to encounter fewer barriers to trade than larger companies do. This is a natural consequence of differing trading patterns. The small companies operate mainly within the EU's common market, where problems as a rule are smaller than on the world market. Another explanation might be that small companies purchase services, for instance to handle documentation requirements, logistics, etc, meaning that they do not need to deal with the problems themselves. Yet another reason may be that small companies are sub-contractors of large companies, who in turn handle any problems. Therefore, the responses from small, medium-sized and large companies cannot be compared directly.

The companies' views of their main domestic market

Table 4 below shows the companies' views of their *main* domestic market. Around four fifths of small companies participating in the survey see **Sweden** as their main domestic market, compared to three fifths of medium-sized companies and half of large companies. Second place among the response alternatives was the Nordic countries, followed by the EU and the rest of the world. In other words, Swedish companies see themselves, just like Carl Bildt, the Swedish Foreign Secretary, as: "Hallander, Swede and European", in that order.⁵ This applies in particular to the service sector, even if this image is now in the process of changing, with greater growth in the trade in services than in goods in recent years.⁶

Table 4. What is your main domestic market? (proportion of companies stating ...)

| | Sweden | Nordic countries | EU | Rest of the world | Don't know |
|---------------------|--------|------------------|------|-------------------|------------|
| Total | 79.0 | 9.9 | 8.3 | 2.6 | 0.2 |
| Manufacturing | 73.5 | 11.2 | 11.5 | 3.7 | 0.1 |
| Services | 82.6 | 9.0 | 6.2 | 1.9 | 0.2 |
| Company size | | | | | |
| Small | 82.8 | 8.6 | 6.8 | 1.8 | 0.0 |
| Medium-size | 62.1 | 15.4 | 15.1 | 6.2 | 1.2 |
| Large | 51.0 | 19.6 | 18.6 | 9.7 | 1.1 |
| Sectors | | | | | |
| Food | 84.9 | 11.6 | 3.0 | 0.6 | 0.0 |
| Forestry | 78.3 | 5.4 | 14.2 | 2.1 | 0.0 |
| Chemical | 70.8 | 12.8 | 9.4 | 6.6 | 0.3 |
| Engineering | 70.8 | 12.1 | 13.8 | 3.3 | 0.0 |
| Other manufacturing | 75.9 | 10.8 | 8.0 | 4.9 | 0.3 |
| Construction | 91.1 | 8.9 | 0.0 | 0.0 | 0.0 |
| Wholesale/retail | 88.0 | 7.8 | 4.1 | 0.0 | 0.0 |
| Business services | 68.7 | 10.6 | 12.9 | 7.8 | 0.0 |
| Other services | 74.7 | 12.9 | 7.6 | 2.6 | 2.2 |

⁵ Hallänning, svensk, europé / Carl Bildt, ISBN 91-34-51204-7, Stockholm: Bonnier, 1991.

⁶ Swedish National Board of Trade 2010:1, Servicification of Swedish manufacturing.

Export and import distributed across different markets

The focus on the Nordic countries and Europe is confirmed by Statistics Sweden's trading statistics (Tables 5.a and 5.b). The statistics distributed by sector and country has been summarised by Statistics Sweden on behalf of the National Board of Trade, and relates to 2008. The statistics do not add up the total trade for Sweden for various reasons. First, only those sectors covered by the survey are included in the statistics; second, the statistics per country were confidentiality-screened by Statistics Sweden before being grouped into regions;⁷ third, the service trading statistics are incomplete, as they are based on a limited survey. Statistics Sweden's service trading survey covers just over 5,000 companies with at least 10 employees, but only the 1,500 largest get to answer how their trade in services is distributed across different countries. It is, therefore, not possible to distribute trade in services according to region for different sizes of companies. On the other hand, it is possible to distribute trade in goods according to region for small, medium-sized and large companies. These calculations have been made by the National Board of Trade and relate to 2006, as the company statistics for 2008 had not been entered into Statistics Sweden's databases at the time of calculating.

Table 5.a Export of goods and services distributed across markets (2008*, percent)

| | Goods | | | | Services | | | |
|---------------------|------------------|----|-----|--------|------------------|----|-----|--------|
| | Nordic countries | EU | EEA | Others | Nordic countries | EU | EEA | Others |
| Total | 23 | 60 | 70 | 30 | 15 | 50 | 55 | 45 |
| Manufacturing | 16 | 59 | 65 | 35 | 6 | 53 | 56 | 44 |
| Services | 44 | 64 | 83 | 17 | 18 | 48 | 54 | 46 |
| Company size | | | | | | | | |
| Small | 38 | 62 | 80 | 20 | .. | .. | .. | .. |
| Medium-size | 35 | 65 | 79 | 21 | .. | .. | .. | .. |
| Large | 15 | 57 | 63 | 37 | .. | .. | .. | .. |
| Sectors | | | | | | | | |
| Food | 42 | 59 | 73 | 27 | 30 | 63 | 81 | 19 |
| Forestry | 17 | 73 | 81 | 19 | 14 | 75 | 79 | 21 |
| Chemical | 16 | 64 | 70 | 30 | 1 | 86 | 86 | 14 |
| Engineering | 13 | 53 | 58 | 42 | 6 | 45 | 46 | 54 |
| Other | 33 | 66 | 77 | 23 | 32 | 70 | 90 | 10 |
| Construction | 33 | 49 | 75 | 25 | 74 | 42 | 89 | 11 |
| Wholesale/retail | 51 | 65 | 86 | 14 | 15 | 57 | 60 | 40 |
| Business services | 25 | 62 | 76 | 24 | 14 | 46 | 51 | 49 |
| Other services | 36 | 56 | 79 | 21 | 28 | 49 | 59 | 41 |

* 2006 for company size

⁷ Confidentiality screening means that Statistics Sweden does not report any data at all if only a small number of companies are trading with a country within a certain category of goods or services. The confidentiality aims to protect the companies' commercial interests.

Table 5.a shows exports of goods and services distributed across the Nordic countries, the EU, the EEA and the rest of the world. Note that Denmark and Finland are included both in the Nordic countries and in the EU. The European Economic Area (EEA) consists of the EU as well as Norway, Iceland and Liechtenstein. The latter have free access to the EU's common market (and vice versa) through the EEA agreement, with the exception of farming products and fish. Note also that both manufacturing and services export goods and services, albeit in slightly different proportions. Manufacturing exports consist of 88 percent goods and 12 percent services, compared with 51 percent goods and 49 percent services for the service sectors.⁸ The exception is wholesaling and retailing, where the foreign trade mainly consists of goods.

The export statistics confirm what the companies themselves have stated, that the EEA area is the most important market for Swedish businesses (outside Sweden). The engineering sector diverges to some extent. Forty-two percent of goods exported and fifty-four percent of services exported by manufacturing go to the rest of the world. Note also that a greater proportion of services exports than of goods exports goes to countries outside the EEA (45 percent compared to 30 percent). Trade in services is, in other words, more globalised than trade in goods. It may also be noted that the smaller companies are more dependent on adjacent areas (the Nordic countries and the EU) than larger companies are. Around 80 percent of the small and medium-sized companies' exported goods are sold within the EEA, compared to 63 percent for the large companies. Unfortunately, we do not have any comparative figures for exports of services, but the pattern is probably similar, with a greater proportion of exports outside the EEA for large companies.

⁸ The corresponding weightings on the import side are 82 percent goods and 18 percent services for manufacturing, compared with 77 percent goods and 23 percent services for the service sectors. The fact that the proportion of goods is so high on the import side for the service sectors is to some extent the result of wholesale/retail mainly importing goods.

Table 5.b Imports of goods and services distributed across markets (2008*, percent)

| | Goods | | | | Services | | | |
|---------------------|------------------|----|-----|-------|------------------|----|-----|-------|
| | Nordic countries | EU | EEA | Other | Nordic countries | EU | EEA | Other |
| Total | 22 | 70 | 77 | 23 | 18 | 62 | 67 | 33 |
| Manufacturing | 24 | 75 | 83 | 17 | 14 | 54 | 57 | 43 |
| Services | 21 | 68 | 74 | 26 | 19 | 66 | 71 | 29 |
| Company size | | | | | | | | |
| Small | 20 | 72 | 76 | 24 | .. | .. | .. | .. |
| Medium-sized | 20 | 75 | 79 | 21 | .. | .. | .. | .. |
| Large | 25 | 70 | 78 | 22 | .. | .. | .. | .. |
| Sectors | | | | | | | | |
| Food | 36 | 73 | 80 | 20 | 65 | 73 | 86 | 14 |
| Forestry | 35 | 76 | 87 | 13 | 19 | 86 | 90 | 10 |
| Chemical | 36 | 77 | 86 | 14 | 6 | 41 | 42 | 58 |
| Engineering | 15 | 76 | 81 | 19 | 9 | 51 | 53 | 47 |
| Other manufacturing | 42 | 64 | 83 | 17 | 54 | 78 | 93 | 7 |
| Construction | 27 | 85 | 91 | 9 | 45 | 91 | 94 | 6 |
| Wholesale/retail | 22 | 69 | 75 | 25 | 24 | 64 | 71 | 29 |
| Business services | 12 | 62 | 66 | 34 | 18 | 65 | 70 | 30 |
| Other services | 21 | 53 | 62 | 38 | 20 | 67 | 72 | 28 |

* 2006 for company size

Table 5.b shows the corresponding statistics from the import side. What may be noted here is that imports are even more concentrated to the EEA than exports. Around 77 percent of goods imports and 67 percent of services imports *come from* the EEA, compared to the 70 percent of goods exports and 55 percent of services exports that *go to* the EEA. It should also be noted that all sizes of companies conduct their procurement to about the same extent from different markets, with emphasis on the EEA. In other words, the difference we saw on the export side between small and large companies does not exist on the import side.

3. What are the barriers to trade with other EU countries?

The Single Market (also called the Internal Market) covers 30 member states with 500 million inhabitants.⁹ The rules for the common market are decided by the Council of the European Union (Council of Ministers) and the European Parliament on recommendations by the Commission, which also monitors compliance. *EU Regulations* for the internal market are directly applicable in all the member states of the union, while *EU Directives* are mandatory in relation to the goals, but not in terms of how the national legislation is to be formulated in detail. The common regulatory framework is a prerequisite for the free movement across borders of goods, services, capital and persons (the four freedoms). At the same time, it is a regulatory framework to be interpreted and implemented by many public authorities in the member countries, all with their own traditions and varying cultural backgrounds. The implementation can, therefore, vary and cause certain problems for trade within the EU.¹⁰

In this section, we will account for how Swedish companies see the problems in various areas. The aim is to chart which areas need attention in the ongoing work within the EU to improve the functioning of the internal market. The figures in the table of results show the proportion of companies responding “yes”, “no” or “don’t know” to the questions. The statistical uncertainty is shown in brackets in the columns marked (+/-).

Table 6. Overall, do you feel that there are still barriers to trade within the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|--------------|-------|
| Total | 17.5 | (3.5) | 79.7 | (3.7) | 2.8 | (1.6) |
| Manufacturing | 13.8 | (4.1) | 84.9 | (4.4) | 1.3 | (1.6) |
| Services | 19.9 | (5.2) | 76.4 | (5.4) | 3.7 | (2.4) |
| Company size | | | | | | |
| Small | 17.1 | (4.0) | 80.4 | (4.2) | 2.6 | (1.7) |
| Medium-sized | 18.2 | (8.4) | 76.8 | (9.2) | 5.0 | (5.1) |
| Large | 26.1 | (8.5) | 73.9 | (8.5) | 0.0 | (0.0) |
| Sectors | | | | | | |
| Food | 15.1 | (6.2) | 84.9 | (6.2) | 0.0 | (0.0) |
| Forestry | 15.1 | (8.3) | 83.1 | (8.8) | 1.8 | (3.5) |
| Chemicals | 21.6 | (8.3) | 78.4 | (8.3) | 0.0 | (0.0) |
| Engineering | 12.1 | (6.7) | 86.7 | (7.1) | 1.2 | (2.3) |
| Other manufacturing | 13.1 | (8.5) | 84.5 | (9.2) | 2.3 | (4.6) |
| Construction | 26.4 | (11.4) | 73.6 | (11.4) | 0.0 | (0.0) |
| Wholesale/retail | 18.6 | (7.1) | 79.0 | (7.4) | 2.4 | (2.8) |
| Business services | 23.2 | (10.3) | 68.5 | (11.4) | 8.2 | (6.8) |
| Other services | 18.1 | (10.1) | 78.2 | (10.8) | 3.7 | (5.3) |

⁹ Norway, Iceland and Liechtenstein are also included in the common market through the EEA agreement, with the exception of farming and fishing. The survey in this area does not include trade with these countries, as the questions relate to trade *within the EU*.

¹⁰ Companies and citizens who come across cross-border problems can contact the SOLVIT centre that exists in each member state, and which collaborates in networks to solve issues within 10 weeks. The web address of the Swedish National Board of Trade's SOLVIT centre is <http://www.solvit.se>. Compliance is also monitored by the Commission. Countries that breach the EU Treaty and the secondary right first receive a warning. If no correction is made, the Commission may bring the matter to the European Court in Luxembourg.

The company survey shows that the common market functions well *overall*, but that there are some remaining problems. To the *summarising question* of whether there are still barriers to trade within the EU, 17.5 percent of companies think that this is the case (Table 6), with a statistical uncertainty of +/- 3.5 percent.¹¹ The remaining problems for trade *appear* to be slightly greater for the service sectors (19.9 percent) than for manufacturing (13.8 percent),¹² which might be explained by there having been a much greater lack of common rules for the trade in services than for trade in goods. The *Service Directive*, which came into force at the end of 2009, will facilitate matters for the service sectors covered by the Directive, covering around two thirds of the private service sectors.¹³ It should also be noted that larger companies state more often than smaller ones that there are barriers to trade within the EU, which is probably connected to the fact that they buy and sell more goods and services, and therefore encounter more problems in total than smaller companies do.

In order to find where the problems lie, we posed a number of specific questions within various subsidiary areas, and we will now present the responses.

Navigating the regulatory framework

The first specific question is whether the companies have difficulties finding out the rules that apply to the sale of goods or services to other EU countries. These may, for instance, be national requirements for the design or function of a product (standards/technical regulations) relating to product safety, energy efficiency or such. They may also be about special marking requirements and the design of the declaration of contents. Medicines and other chemicals may need to be approved and registered by a monitoring authority, which the companies must find out about. There may also be special rules for how goods or services may be marketed, such as a prohibition on advertising aimed at children. Service providers, such as architects, auditors, nurses and plumbers, must also investigate whether their Swedish degrees and professional qualifications are recognised, and how to register with the tax authorities if the business is carried out in company form. Companies wishing to trade with other EU countries must, therefore, learn the regulatory framework that has a bearing on their own operation, and keep up-to-date about changes to the rules and regulations. If the regulatory framework is cumbersome, unclear or not translated into other languages, this may constitute a barrier to trade, even if it is not regarded as such under EU law.

¹¹ The statistical uncertainty is associated with interviewing a selection of companies, and not the entire population. In the tables, 95 percent confidence intervals are shown in brackets. For instance, if 17.5 percent of the companies interviewed responded "Yes" to a question, and the statistical uncertainty is +/- 3.5 percent, we can draw the conclusion that the true value for the entire population with 95 percent probability will lie within the interval 17.5% +/- 3.5%, i.e. between 14% and 21%. However, the confidence intervals are slightly uncertain *in themselves*, as Statistics Sweden uses a so-called "normal distribution approximation" in order to calculate the intervals. This approximation works poorly when the response proportions lie near the extreme values of 0% and 100%. The reported confidence intervals even reach outside the theoretical interval in some cases (< 0% and > 100% respectively), which illustrates the failings of the calculation method. See also the Methodology Appendix.

¹² Note that the difference in the response proportion is not statistically significant at the conventional 95 percent level. (This is determined by investigating whether the margins of error overlap each other). In other words, we cannot exclude that the answers would not have differed if all the companies had been asked instead of a random selection. However, the probability of this is fairly small.

¹³ Swedish National Board of Trade (2010-03-23) Tjänstedirektivets omfattning, Dnr 159-1206-210.

One in ten companies (9.7 percent) state that they have difficulties finding out the rules that apply to the selling of goods or services in other EU countries (Table 7). The proportion is almost twice as high for services as for manufacturing (11.7 percent compared to 6.6 percent). Construction and business services are the sectors with the greatest problems, which is perhaps influenced by the regulatory framework itself being more cumbersome or unclear than for other sectors. As we will show below (Table 11), these sectors also have the greatest problems moving personnel within the EU due to regulations in collective agreements, and problems with getting degrees and professional qualifications approved. It is possible that the answers reflect these problems too.

Table 7. Do you have difficulties finding out the rules that apply to selling goods or services in other EU countries?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Total | 9.7 | (1.4) | 88.2 | (1.6) | 2.1 | (0.8) |
| Manufacturing | 6.6 | (3.1) | 92.7 | (3.3) | 0.7 | (1.2) |
| Services | 11.7 | (4.1) | 85.4 | (4.6) | 3.0 | (2.4) |
| Company size | | | | | | |
| Small | 9.6 | (1.6) | 88.0 | (1.8) | 2.4 | (0.9) |
| Medium-sized | 10.7 | (3.6) | 89.1 | (3.6) | 0.2 | (0.2) |
| Large | 9.3 | (2.7) | 90.2 | (2.7) | 0.5 | (0.4) |
| Sector | | | | | | |
| Food | 9.7 | (5.3) | 90.3 | (5.3) | 0.0 | (0) |
| Forestry | 9.7 | (7.2) | 89.9 | (7.2) | 0.5 | (0.8) |
| Chemicals | 5.2 | (4.5) | 94.8 | (4.5) | 0.0 | (0) |
| Engineering | 6.1 | (5.1) | 92.7 | (5.6) | 1.2 | (2.3) |
| Other manufacturing | 6.2 | (6) | 93.8 | (6) | 0.0 | (0) |
| Construction | 13.8 | (8.8) | 82.6 | (10) | 3.6 | (5.3) |
| Wholesale/retail | 10.0 | (5.5) | 86.4 | (6.3) | 3.5 | (3.4) |
| Business services | 16.5 | (9.2) | 81.5 | (9.7) | 2.0 | (4) |
| Other services | 10.4 | (8.2) | 88.4 | (8.4) | 1.2 | (2.4) |

Technical barriers to trade

Table 8 shows the proportion of companies in different sectors and size ranges that state that they have problems with ‘technical barriers to trade’; divided up into (a) being forced to adapt a product as a result of differing national regulatory frameworks and (b) being forced to go through further testing or certification in other EU countries. We also asked specifically whether (c) differing environmental requirements constituted a barrier to trade within the EU. It should be said that “technical” barriers of the type mentioned above are not necessarily aimed at obstructing trade, but that they may still have this side effect, due to additional costs arising for the companies if they are forced to adapt, test and certify their products for different markets. It might be legitimate to place greater national environmental requirements on washing powder, for instance, if the local environment is more sensitive. These barriers are permitted under EU law if they are proportional to the benefit to society. At the same time, the general ambition is to reduce these barriers as far as possible through common product and marking regulations and mutual acceptance of testing and certification. Table 8 shows that some work remains to be done in this area.

Just over *two out of ten* (21.7 percent) companies state that they are forced to adapt their goods and services to the local market. The proportion is slightly higher for manufacturing companies (23.7 percent) than for service companies (19.6 percent). The greatest problems are encountered by food manufacturers (38.1 percent), followed by business services (30.6 percent) and chemicals manufacturers (27.8 percent). It should also be noted that large companies answer yes to this question to a greater extent than small companies (34.2 percent compared to 18.2 percent). This should not be interpreted as the adjustment requirements differing within the same product area. The hypothesis is rather that large companies are active on more markets and with a bigger product range, and are, therefore, forced to make more adjustments in total. It may also be the case that small companies find it more difficult to fulfil the requirements, and therefore refrain from operating on certain markets within the EU. As we saw previously, small companies focus on the Nordic market to a greater extent than medium-sized and large companies (Tables 4 and 5).

Table 8. Technical barriers to trade

| | Are you forced to adapt your goods and services as a result of differing national regulatory frameworks in the EU countries? | | Are you forced to carry out further testing or certification in other EU countries? | | Is your trade obstructed by divergences in the EU countries' environmental requirements? | |
|---------------------|--|--------|---|-------|--|-------|
| | Yes | (+/-) | Yes | (+/-) | Yes | (+/-) |
| Total | 21.2 | (3.6) | 13.6 | (2.9) | 6.7 | (2.4) |
| Manufacturing | 23.7 | (2.6) | 18.5 | (4.7) | 4.7 | (2.2) |
| Services | 19.6 | (2.4) | 10.5 | (3.7) | 8.0 | (3.7) |
| Company size | | | | | | |
| Small | 18.2 | (3.9) | 11.0 | (3.2) | 6.3 | (2.7) |
| Medium-sized | 37.1 | (10.6) | 25.7 | (9.2) | 9.5 | (6.5) |
| Large | 34.2 | (9.1) | 32.2 | (9.4) | 7.3 | (3.9) |
| Sectors | | | | | | |
| Food | 38.1 | (4.5) | 16.8 | (3.2) | 8.6 | (5.3) |
| Forestry | 19.9 | (4.7) | 19.9 | (4.6) | 6.6 | (5.4) |
| Chemicals | 27.8 | (4.5) | 21.7 | (4.0) | 7.8 | (5.1) |
| Engineering | 23.9 | (4.5) | 18.8 | (4.0) | 2.4 | (3.1) |
| Other | 19.2 | (4.6) | 16.2 | (3.8) | 6.5 | (5.4) |
| Construction | 24.8 | (5.6) | 20.5 | (5.2) | 11.6 | (7.6) |
| Wholesale/retail | 14.1 | (3.1) | 9.1 | (2.6) | 10.0 | (5.5) |
| Business services | 30.6 | (5.6) | 12.0 | (3.8) | 4.6 | (5.3) |
| Other services | 27.1 | (5.9) | 11.0 | (3.8) | 1.2 | (2.4) |

The distribution between "No" and "Don't know" is shown in the table appendix, questions 7-9.

When we discuss product adaptation in this context, it can mean several things. First, companies may be forced to change certain physical characteristics of a product in order to fulfil differing national requirements. Second, it may be a question of how a product should be marked. For instance, the convention for how to mark shelf life differs between EU countries. Some countries use a best before date, and others use an expiration date. There are also differences in how ingredients should be marked. The reason why the food industry tops the list is probably that there are many different national rules in this particular area. Although the underlying reason for these differences does not emerge from the responses, we will try to clarify this issue through interviews with companies and sector representatives. Another dimension to the problem with differing national rules is that companies are sometimes forced to carry out further testing and certification of their products in order to sell them to other EU countries. *One in seven* (13.7 percent) say that they have to carry out such measures. The response proportion is almost twice as large for manufacturing (18.5 percent) as for services (10.5 percent). The EU has tried to get to grips with this problem through mutual recognition of testing and certification. One of the reasons why the problems remain to some extent is that the buyer sometimes demands domestic certification even if this is not formally necessary. Perhaps German consumers put greater trust in German testing and certification bodies than in Swedish ones, and vice versa, even if the methods are equivalent for testing or certification of various consumer products, such as the GS mark, etc.¹⁴ (The certifying body for a product is shown by the marking.) When the companies responded to this question, they probably have not made any distinction between *legally* required and *de facto* required certification.

Differences in the EU countries' environmental requirements, however, appear to be a relatively small barrier for Swedish companies. Only 6.7 percent of companies report such problems. A possible explanation is that the Swedish regulatory framework for environmental issues is at the forefront in Europe, and companies therefore do not experience any major problems in meeting other countries' environmental requirements. Swedish companies were also early in introducing environmental management systems in accordance with ISO 14000.¹⁵ However, the construction sector and wholesale/retail differ negatively on this issue, which indicates that the problems lie primarily on the import side, i.e. the *Swedish* environmental regulations. One example is the Swedish energy marking of windows, which importers within the Swedish construction sector and wholesale/retail perhaps see as a barrier to trade, even if the marking is not mandatory under EU law.

VAT handling

Tax regulations can sometimes also have the effect of obstructing trade. We asked the companies specifically whether VAT handling is a problem when trading within the EU (Table 9). *One in seven* companies (15 percent) answered yes to this question, and the response frequency is fairly evenly distributed across all sectors and size ranges of companies, with the exception of the food industry, which stated less often that there were problems with VAT handling.

¹⁴ Geprüfte Sicherheit.

¹⁵ http://www.sis.se/PDF/om_iso14000-serien.pdf

Table 9. Is VAT handling a problem in trade within the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|--------------|-------|
| Total | 15.0 | (3.3) | 83.0 | (3.4) | 2.0 | (1.2) |
| Manufacturing | 15.4 | (4.5) | 82.6 | (4.7) | 2.0 | (1.5) |
| Services | 14.7 | (4.5) | 83.3 | (4.7) | 2.0 | (1.8) |
| Company size | | | | | | |
| Small | 14.1 | (3.6) | 84.6 | (3.8) | 1.2 | (1.2) |
| Medium-sized | 19.7 | (8.9) | 73.7 | (9.9) | 6.6 | (5.9) |
| Large | 17.6 | (7.6) | 77.9 | (8.3) | 4.5 | (3.9) |
| Sectors | | | | | | |
| Food | 8.7 | (5.7) | 89.9 | (5.9) | 1.4 | (1.7) |
| Forestry | 16.9 | (9.0) | 80.9 | (9.4) | 2.3 | (3.5) |
| Chemicals | 14.8 | (7.3) | 82.5 | (7.8) | 2.8 | (3.2) |
| Engineering | 15.0 | (7.5) | 82.9 | (7.8) | 2.1 | (2.6) |
| Other manufacturing | 17.6 | (9.0) | 81.0 | (9.3) | 1.4 | (2.7) |
| Construction | 15.8 | (8.8) | 81.3 | (9.2) | 2.8 | (3.1) |
| Wholesale/retail | 12.4 | (6.0) | 85.0 | (6.4) | 2.5 | (2.7) |
| Business services | 21.0 | (10.0) | 78.2 | (10.1) | 0.8 | (1.6) |
| Other services | 14.4 | (9.0) | 84.4 | (9.2) | 1.2 | (2.4) |

To illustrate the problems to which VAT handling may give rise, we will give an example from our in-depth interviews. It concerns a company in southern Sweden that manufactures protective grilles. The company had received an order from a French company to deliver machines with associated protective equipment to a company in northern Sweden. The most rational and environmentally friendly process would have been to deliver the protective grilles directly from the factory in southern Sweden to the end customer in northern Sweden. According to the company's statement, if they had chosen this solution, they would have had problems receiving the VAT repayment on the input goods used in the production of the protective grilles. The problem was that the French company was not registered for VAT in Sweden. The solution was to transport the protective grilles all the way to France in order to clear VAT paid in and out, and then turn the truck around and drive the equipment to the end customer in northern Sweden. This detour of 3 000 km was profitable for the company, as the VAT paid to the tax authorities for the input goods was greater than the transport cost.

More generally, in order for VAT handling to be effected smoothly between companies in different EU countries, both parties have to be registered for VAT in each other's country. Companies regard this as an unnecessary barrier to trade, which the EU should be able to solve more flexibly through better collaboration between the different countries' tax authorities. Another example of a barrier caused by the member states' implementation of the *VAT Directive* is that companies, when using electronic invoicing internationally, must adapt to different requirements in different EU countries. This is because the Directive on the one hand differentiates between paper and electronic invoices, and also because there is room for individual solutions written into the Directive, which have been implemented differently by the member states.

Trade in services

The companies were asked their views on whether they had the same opportunities as domestic companies to sell services in other EU countries (Table 10). Only two fifths of the companies asked considered that they had the same opportunities as domestic companies, and approximately the same proportion thought that the prerequisites were less good. One fifth had no opinion on the matter. Manufacturing companies generally had a more positive view than service companies did. One possible explanation may be that it is easier to sell services linked to goods exports, such as installation, operation and maintenance of telecommunications systems. However, the difference between manufacturing and services is small, and cannot be statistically determined.

The sector that diverges most in this part is the construction industry, where only one in five of the companies thought they had the same opportunity to sell services as the domestic companies in other EU countries. As we saw earlier, the construction industry also had among the highest response rates for problems concerning technical barriers to trade. Therefore, one explanation may be that construction regulations are not harmonised, giving the domestic construction sector a competitive advantage. As we will show below, the construction industry also diverges on the issue of opportunities for moving personnel within the EU, where this sector encounters the greatest problems. The construction sector also has a negative view of the opportunities of competing for public contracts. More than two fifths of construction companies who have tried to compete on this market consider that they do not have the same opportunities for participating in public procurement processes as the domestic companies in other EU countries.

As with other sectors, the explanations can probably be found in the overall effect of different regulatory frameworks that affect the opportunities for selling services within the EU. The only conclusion we can draw on the basis of the general question we asked is that companies perceive it to be more difficult to sell services than goods within the EU, even if the problems may diminish in the future as a result of the Services Directive that came into force at the end of 2009. This is an important area to illuminate, as the proportion of services in Sweden's trade has increased in recent decades and will probably continue to increase in the future.¹⁶

¹⁶ Swedish National Board of Trade 2010:1, Servicification of Swedish Manufacturing.

Table 10. Do you have the same opportunity to sell services in other EU countries as domestic companies?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|--------------|--------|
| Total | 40.3 | (4.5) | 38.1 | (4.5) | 21.7 | (3.9) |
| Manufacturing | 44.0 | (6.2) | 39.2 | (6.1) | 16.8 | (4.6) |
| Services | 37.9 | (6.1) | 37.3 | (6.2) | 24.8 | (5.7) |
| Company size | | | | | | |
| Small | 39.8 | (5.1) | 37.3 | (5.1) | 22.9 | (4.5) |
| Medium-sized | 40.4 | (9.6) | 42.7 | (9.7) | 16.9 | (7.4) |
| Large | 50.8 | (10) | 39.7 | (9.8) | 9.5 | (5.5) |
| Sectors | | | | | | |
| Food | 27.5 | (8.6) | 55.2 | (9.8) | 17.3 | (7.4) |
| Forestry | 49.1 | (11.7) | 30.7 | (10.7) | 20.2 | (9.3) |
| Chemicals | 43.3 | (10.2) | 38.5 | (10.1) | 18.2 | (8.1) |
| Engineering | 49.6 | (10.6) | 37.2 | (10.2) | 13.2 | (7.2) |
| Other manufacturing | 33.4 | (11.1) | 43.7 | (11.8) | 22.8 | (10.3) |
| Construction | 19.8 | (9.8) | 50.3 | (13) | 29.8 | (12) |
| Wholesale/retail | 30.8 | (8.4) | 43.1 | (8.9) | 26.1 | (8.1) |
| Business services | 59.0 | (12.1) | 17.6 | (8.4) | 23.4 | (10.7) |
| Other services | 45.3 | (12.7) | 37.6 | (12.6) | 17.0 | (9.4) |

Mobility of labour

The opportunity for moving personnel within the EU is an area where the common market is working relatively well according to the companies. This may regard personnel working temporarily on a project in other EU countries (such as the installation or servicing of machines) or a more permanent relocation of personnel to subsidiaries in other EU countries. Only 2.8 percent of the companies state that they have problems in this respect (Table 11). Within the construction industry, 7.7 percent of the companies report having problems. The business services sector also reports a slightly more negative figure (5.7 percent). This might relate to difficulties in getting recognition for foreign degrees and professional qualifications, which can cause problems for architects, auditors, construction workers and other service providers. It may also relate to informal barriers that lie outside the EU regulatory frameworks, such as requirements on the foreign personnel to comply with domestic collective agreements. It is possible that the construction industry is reading these problems into the question as well.

Even if the problems appear to be small, we are slightly hesitant as to whether this is actually the case. There are various reasons for this, among them the fact that many problems reported to the National Board of Trade's SOLVIT centre relate to the mobility of labour within the EU. It does not emerge from the responses above for how large a proportion of the companies the issue of moving personnel has arisen. With hindsight, we should instead have asked the question in two parts, where only those companies who had moved personnel within the EU, or would like to do so, responded to the follow-up question of whether they had had any problems in doing so. The idea that the low percentage of yes answers is to some extent due to the issue of moving personnel not having arisen for all companies cannot, therefore, be ruled out.

Table 11. Do you have any problem moving personnel within the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|------------|--------------|-------------|--------------|--------------|--------------|
| Total | 2.8 | (1.5) | 84.3 | (3.4) | 12.9 | (3.1) |
| Manufacturing | 1.5 | (1.6) | 87.2 | (3.8) | 11.3 | (3.5) |
| Services | 3.5 | (2.2) | 82.5 | (5) | 13.9 | (4.6) |
| Company size | | | | | | |
| Small | 2.0 | (1.5) | 85.0 | (3.8) | 13.0 | (3.6) |
| Medium-sized | 7.0 | (5.9) | 80.1 | (8.7) | 12.9 | (7) |
| Large | 5.0 | (4.2) | 84.3 | (7) | 10.7 | (6) |
| Sectors | | | | | | |
| Food | 1.1 | (0.6) | 83.7 | (3.6) | 15.1 | (3.6) |
| Forestry | 1.8 | (1.7) | 77.8 | (4.9) | 20.4 | (4.7) |
| Chemicals | 2.0 | (1.3) | 75.1 | (4.8) | 22.9 | (4.7) |
| Engineering | 2.1 | (1.5) | 89.7 | (3.1) | 8.2 | (2.8) |
| Other manufacturing | 0.0 | (0) | 92.2 | (2.9) | 7.8 | (2.9) |
| Construction | 7.7 | (3.2) | 85.7 | (4.4) | 6.6 | (3.2) |
| Wholesale/retail | 2.4 | (1.4) | 81.3 | (3.6) | 16.3 | (3.4) |
| Business services | 5.7 | (2.7) | 82.5 | (4.4) | 11.7 | (3.7) |
| Other services | 3.9 | (2.2) | 88.5 | (3.9) | 7.7 | (3.4) |

Public procurement

Public procurement is in principle open to companies in all member states, provided the value of the procurement exceeds a certain threshold value.¹⁷ These might relate to infrastructure projects, such as road construction or telecommunications, including operation, maintenance and other support services. According to an estimate by the Commission, public procurement accounts for as much as 16 percent of GNP in the EU.¹⁸

First, we asked whether the companies had participated in public procurement processes in other EU countries. 7.7 percent of the companies answered yes to this question (Table 12).¹⁹ Participation is approximately the same for manufacturing as for services. The big difference is to be found between large and small companies. Among large companies, 29 percent stated that they had participated in public procurement in other EU countries, compared to 12.6 percent of medium-sized companies and 6 percent of small companies. On the other hand, it is possible that small companies participate indirectly, as sub-contractors to large and medium-sized companies.

¹⁷ Threshold values for international public procurement vary slightly between different procuring authorities and according to the object to which the procurement relates. For most goods and services, the threshold values are EUR 125 000 for central government authorities as of January 2010, and EUR 193 000 for other procuring units. For procurement of goods and services within the area of defence and security, the threshold value is EUR 387 000. For building and construction work, the threshold value is EUR 4 845 000.

Source: http://www.konkurrensverket.se/t/Page_5448.aspx

¹⁸ http://ec.europa.eu/internal_market/publicprocurement/index_en.htm

¹⁹ The result is practically the same as in the Board's company survey from 2005. In the survey from 2005, 6 percent of the companies responded that they had participated, or considered participating, in public procurement processes within the EU. See Swedish National Board of Trade (2005-03-30), "Visst är EU vår hemmamarknad – nästan all vår export går dit, Svenska företags uppfattning om EU:s inre marknad, Dnr 100-172-2004:

Table 12. Have you participated in public procurement in other EU countries?

| | Yes | (+/-) | No | (+/-) | Don't know | (+/-) |
|---------------------|-------------|-------|-------------|-------|------------|-------|
| Total | 7.7 | (2.3) | 90.1 | (2.6) | 2.2 | (1.4) |
| Manufacturing | 8.8 | (3.3) | 89.4 | (3.5) | 1.9 | (1.2) |
| Services | 7.0 | (3.0) | 90.6 | (3.6) | 2.4 | (2.1) |
| Company size | | | | | | |
| Small | 6.0 | (2.4) | 92.2 | (2.8) | 1.8 | (1.5) |
| Medium-sized | 12.6 | (7.7) | 84.4 | (8.2) | 2.9 | (3.5) |
| Large | 29.0 | (9.2) | 62.2 | (9.5) | 8.8 | (5.3) |
| Sectors | | | | | | |
| Food | 5.1 | (3.7) | 94.4 | (3.8) | 0.6 | (0.8) |
| Forestry | 1.8 | (1.9) | 95.1 | (3.9) | 3.1 | (3.5) |
| Chemicals | 8.2 | (6.2) | 86.4 | (7.5) | 5.4 | (4.7) |
| Engineering | 8.9 | (5.5) | 89.7 | (5.8) | 1.4 | (1.9) |
| Other manufacturing | 13.0 | (7.4) | 85.9 | (7.4) | 1.0 | (1.0) |
| Construction | 4.4 | (4.2) | 94.7 | (4.5) | 0.9 | (1.6) |
| Wholesale/retail | 4.2 | (3.4) | 93.2 | (4.5) | 2.6 | (3.0) |
| Business services | 18.2 | (9.3) | 78.6 | (9.9) | 3.3 | (4.3) |
| Other services | 2.3 | (3.1) | 97.7 | (3.1) | 0.0 | (0.0) |

The companies responding that they had participated in public procurement in other EU countries (7.7 percent) were then asked the follow-up question of whether they had had the same opportunities to participate (i.e. had been able to compete on equal terms) as the companies in the country where the public procurement took place (Table 13). 61.3 percent of the companies considered that they had had the same opportunities as domestic competitors, while 29.7 percent believed this was not the case. 8.9 percent of companies could not answer the question, which is perhaps understandable, considering that it can be difficult to find out whether a failed quotation was due to its being a bad quotation (higher price or lower quality than the competitors') or whether the procuring authorities chose a domestic supplier despite an inferior quotation. The fact that *three out of ten* companies did not consider they had had the same opportunities as domestic companies shows that public procurement in the EU is not entirely neutral. Equal opportunities on paper are unequal opportunities in practice.

http://www.kommers.se/upload/Analysarkiv/Arbetsområden/EUs_inre_marknad/Foretagsrapporten.pdf ("Of course the EU is our domestic market – almost all of our exports go there", Swedish companies' views about the EU internal market)

This, in turn, means that some companies probably refrain from participating in public procurement abroad. It is costly and resource-intensive to provide quotations, and if competition is not on equal terms, many companies will probably refrain. As shown above, barely 8 percent of Swedish companies had participated in public procurement in other EU countries. Furthermore, since this market is worth 16 percent of the EU's GNP according to the Commission, there is a great untapped market potential for Swedish companies. However, this assumes that companies feel that they can participate on equal terms. Of course, the same also applies on the Swedish market, where the public sector could save money if competition increased.

Table 13. If yes, did you feel that you had the same opportunity to compete as companies in the country where the public procurement took place?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Total | 61.3 | (15) | 29.7 | (14) | 8.9 | (8.7) |
| Manufacturing | 61.4 | (20.1) | 35.1 | (20.1) | 3.5 | (6.8) |
| Services | 61.3 | (21.6) | 25.5 | (18.9) | 13.2 | (14.4) |
| Company size | | | | | | |
| Small | 59.8 | (20.2) | 27.6 | (18.4) | 12.6 | (13) |
| Medium-sized | 69.5 | (32) | 30.5 | (32) | 0.0 | (0.0) |
| Large | 56.8 | (19.1) | 38.5 | (18.9) | 4.7 | (8.6) |
| Sectors | | | | | | |
| Food | 100.0 | (0.0) | 0.0 | (0.0) | 0.0 | (0.0) |
| Forestry | 100.0 | (0.0) | 0.0 | (0.0) | 0.0 | (0.0) |
| Chemicals | 82.3 | (25) | 17.7 | (25) | 0.0 | (0.0) |
| Engineering | 56.2 | (32.4) | 43.8 | (32.4) | 0.0 | (0.0) |
| Other manufacturing | 57.2 | (30.2) | 32.1 | (29.1) | 10.7 | (19.7) |
| Construction | 58.9 | (46.8) | 41.1 | (46.8) | 0.0 | (0.0) |
| Wholesale/retail | 60.5 | (41.4) | 36.3 | (41.2) | 3.2 | (6.4) |
| Business services | 65.5 | (25.9) | 16.2 | (15.9) | 18.2 | (23.4) |
| Other services | 0.0 | (0.0) | 46.1 | (67.2) | 53.9 | (67.2) |

At the same time, it should be said that the statistical uncertainty is *extremely* high in this case (+/-). There are few companies in the survey who have participated in public procurement in other EU countries, and who therefore answered the follow-up question on whether the procurement had been carried out on equal terms. We are not entirely clear about how Statistics Sweden calculates statistical uncertainty in two-part questions, but the confidence intervals definitely look slightly odd in some cases. For instance, note that 100 percent of the food companies feel that they had had the same opportunities of participating in public procurement in other EU countries as domestic companies, with a statistical uncertainty of *zero*. If we look closer at the underlying documentation, we find that only a couple of food companies in the survey have participated in public procurement in other EU countries, all of which feel that the procurement was handled correctly. As this only relates to a few food companies, it is impossible to generalise the result to the entire population of food companies in our opinion. More generally, as there is little statistical background information, the results for various subsidiary groups (sectors and company size ranges) should be interpreted with great caution.

Other problem issues

The companies were also asked whether there was anything else that obstructed their purchases and/or sales of goods and services within the EU. Slightly less than 18 percent of companies answered “yes” to this question, with a slightly higher proportion of service companies than manufacturing companies.²⁰ These companies were given the opportunity of providing examples. Among the most common answers (apart from the previously mentioned problems that sometimes recurred in the free text responses) are language difficulties, cultural differences, high freight costs, currency fluctuations (the fact that Sweden has not joined the euro), patent regulations (lack of EU patents), tax regulations and problems with differing payment systems.

Problems on specific markets

The companies were also asked whether there was any particular country within the EU where they often encountered problems, and if so, what country and what problem. It should be mentioned here that the interview time for each company was limited, and that companies were only allowed to mention one country. The big EU countries, such as Germany and France, therefore naturally ended up high on the list, even if the problems were perhaps objectively greater in other EU countries. Therefore, this ranking should not be interpreted literally. The order reflects markets where companies have large commercial interests, but also particular problems.

Table 14. Problem markets (of great importance for the Swedish companies)

| | 1 | 2 | 3 | 4 | 5 |
|---------------------|---------|---------|---------|----------------|-------------|
| Total | Italy | Germany | France | Poland | Finland |
| Manufacturing | Italy | Germany | France | Poland | Romania |
| Services | Germany | Poland | Italy | France | Finland |
| Company size | | | | | |
| Small | Italy | Germany | France | Poland | Finland |
| Medium-sized | Poland | France | Italy | Bulgaria | Denmark |
| Large | Germany | France | Poland | Romania | Netherlands |
| Sectors | | | | | |
| Food | Denmark | Finland | Italy | Germany | France |
| Forestry | Italy | Germany | Greece | United Kingdom | France |
| Chemicals | Germany | France | Poland | Hungary | Lithuania |
| Engineering | Italy | Germany | France | Romania | Estonia |
| Other manufacturing | Poland | Italy | France | Romania | Denmark |
| Construction | Denmark | Italy | Poland | Finland | Hungary |
| Wholesale/retail | Italy | Germany | Poland | France | Greece |
| Business services | Spain | Germany | Finland | Poland | Italy |
| Other services | Germany | Denmark | Poland | United Kingdom | Romania |

²⁰ See the Table Appendix, Question 15, for an account of the response frequency for different sectors and size ranges of companies.

Italy tops the list, followed by Germany, France, Poland and Finland. When it comes to **Italy**, primarily small manufacturing companies in Sweden mention problems, and the problems appear to be concentrated within the forestry and engineering sectors. Barriers that are mentioned several times in the free text answers are cumbersome administrative procedures and national interpretation of the EU regulations. The free text answers also include quite a lot of comments that are not normally regarded as barriers to trade, even if they have that effect. For instance, several companies mentioned poor payment behaviour. **Germany** is mentioned as a problem market primarily by small service companies and the chemicals industry. Divergent national rules and strict/idiosyncratic interpretation of the EU regulatory framework are the most common comments. **France** is mentioned as a problem market mainly by medium-sized and large service companies. The chemicals industry and other manufacturing companies also indicate France as a problem market. Divergent national rules are the main problem. The comments relating to **Poland** are also about the cumbersome national regulations, which diverge from the EU regulations.

Summary

One company in six responding to the survey considered that there were still some barriers to trade within the EU. The problems are most frequent within trade in services and public procurement. Around 38 percent of the companies considered that they did not have the same opportunities as domestic companies to sell services in other EU countries. The situation is almost as bad in relation to public procurement. Only 8 percent of companies stated that they had participated in public procurement in other EU countries (a market valued at 16 percent of EU's total GNP) and, of these, 30 percent considered that they did not have the same opportunities to compete as domestic companies. This negative view is probably one explanation as to why so few companies try to compete for public contracts in other EU countries. Divergent product standards and requirements for national testing and certification is a problem for around *one fifth* of the companies. The handling of value added tax could also work more smoothly, according to 15 percent of the companies. Trying to find out the rules that apply to trade within the EU is a problem for approximately one company in ten. Differing environmental requirements are slightly less of a problem. Perhaps somewhat surprisingly, few companies appear to have had problems moving personnel within the EU, with the exception of the construction industry and the business services sector. Otherwise, language difficulties, freight costs and currency costs (the fact that Sweden has not joined the euro) are often mentioned as barriers to trade within the EU.

Table 15. Summary of the companies' views on the problems with trade within the EU

| Question | Yes (%) | No (%) | Sectors with particular problems |
|--|----------------|---------------|---|
| Overall, do you feel that there are still barriers to trade within the EU? | 17.5 | 79.7 | Construction, business services, chemicals |
| Do you have difficulties finding out the rules that apply for selling goods or services in other EU countries? | 9.7 | 88.2 | Business services, construction |
| Are you forced to adapt your goods or services as a result of differing national regulatory frameworks in the EU countries? | 21.2 | 78.1 | Foods, business services, chemicals |
| Are you forced to carry out further testing or certification in other EU countries? | 13.6 | 84.7 | Construction, chemicals, forestry |
| Is your trade obstructed by divergences in the environmental requirements of different EU countries? | 6.7 | 90.8 | Construction, wholesale/retail |
| Do you have any problems moving personnel within the EU? | 2.8 | 84.3 | Construction, business services |
| Is VAT handling a problem when trading within the EU? | 15.0 | 83.0 | Business services, other manufacturing, forestry |
| Have you participated in public procurement in other EU countries? | 7.7 | 90.1 | Business services, other manufacturing |
| If yes, did you feel that you had the same opportunities to participate as companies in the country where the public procurement is took place? | 61.3 | 29.7 | |
| Do you have the same opportunities to sell services in other EU countries as domestic companies? | 40.3 | 38.1 | Food, Chemicals, other manufacturing industry, construction |
| Is there any other barrier to your purchases/sales of goods and services within the EU? | 17.7 | 81.8 | Other services, business services, construction |

4. What are the barriers to trade with countries outside the EU?

The EU's trade with the rest of the world is regulated by multilateral, regional and bilateral trade agreements. The fundamental rules for world trade are laid down by the World Trade Organization (the WTO), located in Geneva. The WTO's regulatory framework covers both trade in goods (GATT), trade in services (GATS) and trade-related intellectual property, such as patents, trademarks, industrial design and copyright.²¹ The agreements cover more than 150 countries around the world. The only large country that is not yet a member is Russia (whose negotiations to join are ongoing). The agreements adopted by the WTO are, for natural reasons, not as thorough as the equivalent regulatory framework of the EU, since there are many countries at different stages of development and with divergent views on free trade who must reach an agreement. All countries must approve an agreement in order for it to become legally binding, with the exception of certain side agreements, which are voluntary (such as the plurilateral agreement on public procurement). Therefore, many barriers to trade remain on the world market. One example is tariffs, which were abolished in the EU in the mid 1960s, but which are still a problem on the world market. The EU is no exception, charging high levels of duty on items such as farm products, clothes, steel and cars from countries outside the EU. Another example is trade defence instruments, such as anti-dumping tariffs, which are prohibited within the EU, but which are levied on imports from other countries if the price has been dumped and is causing damage to EU industries.²² Nor is the WTO trade agreement on services as broad as the equivalent regulatory framework within the EU.

The EU has a long list of regional and bilateral trade agreements with selected countries.²³ These agreements with industrialised countries and more developed third world countries are mutual and give both parties tariff-free access to each other's markets, with the exception of farm products and other politically sensitive goods. The agreements with the poorest countries are traditionally one-sided (although the trend is moving towards reciprocity here as well), and give the counterparty tariff-free access to the EU or a reduction of the normal tariff. However, this positive discrimination is conditional, with regulations relating to rules of origin, in order to avoid goods produced in other countries sneaking in tariff-free through the back door after marginal final processing in the countries favoured by the discrimination. The paperwork can be heavy, and is in many cases more costly than paying the normal tariff. It is, therefore, not always possible to utilise the benefits that a trade agreement provides on paper.

²¹ **GATT** stands for **General Agreement on Tariffs and Trade** (the original agreement on trade in goods, going back to 1947, when the WTO's predecessor GATT was formed), **GATS** for **General Agreement on Trade in Services**, and **TRIPS** for **Agreement on Trade-Related Aspects of Intellectual Property Rights**. The two latter agreements were added in 1995 when the WTO was formed.

²² Goods are considered to be "dumped" under EU law if the export price to the EU is lower than the domestic market price.

²³ A list of the EU's current bilateral and regional trade agreements can be found on the following link

http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_111588.pdf,

and a list of the negotiations in progress can be found here:

http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf

In this section, we will account for the Swedish companies' views on different types of problems that constitute barriers to exports to, and imports from, countries that are not members of the EU. This also includes Norway, where many Swedish companies report major problems, despite Norway being covered by the EU's common market through the EEA, with the exception of farm products. The population interviewed in this part of the survey is around 20 percent smaller than for trade within the EU, as companies that only trade within the EU are not included in the survey. The non-responders are particularly some smaller companies.

Problems with exports

We will start by reporting the problems on the export side, grouped according to different subject areas.

Navigating the regulatory framework

Trade is hedged around by a large number of rules, administered by various public authorities. For this reason, a fairly large initial work input is required in order to find out how to start any form of export of goods or services to a certain market, and to keep up-to-date about rule changes. *Three out of ten* companies in the survey state that they have difficulties finding out the regulations that apply in the countries to which they export (compared to one in ten companies trading within the EU). The response proportion is slightly higher for manufacturing companies (33.3 percent) than for service companies (27.9 percent).

Table 16. When you export to countries outside the EU, have you had difficulties finding out the rules that apply in the country to which you are exporting?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|------------|--------|
| Total | 30.1 | (4.6) | 67.7 | (4.8) | 2.2 | (1.5) |
| Manufacturing | 33.3 | (6.5) | 65.8 | (6.5) | 0.9 | (0.7) |
| Services | 27.9 | (6.4) | 69.0 | (6.6) | 3.1 | (2.5) |
| Company size | | | | | | |
| Small | 28.6 | (5.4) | 69.4 | (5.5) | 2.0 | (1.8) |
| Medium-sized | 37.0 | (10.7) | 60.8 | (10.7) | 2.3 | (2.4) |
| Large | 36.4 | (9.7) | 57.4 | (10.1) | 6.1 | (5.2) |
| Sectors | | | | | | |
| Food | 42.8 | (11.1) | 57.2 | (11.1) | 0.0 | (0) |
| Forestry | 17.2 | (8.9) | 81.7 | (9) | 1.0 | (1.9) |
| Chemicals | 26.6 | (9.4) | 71.4 | (9.5) | 2.0 | (2.4) |
| Engineering | 38.4 | (11.2) | 61.0 | (11.2) | 0.6 | (0.8) |
| Other manufacturing | 30.4 | (11.5) | 68.6 | (11.6) | 0.9 | (1.8) |
| Construction | 32.8 | (15.3) | 60.5 | (16.4) | 6.7 | (10.2) |
| Wholesale/retail | 23.3 | (8.9) | 74.4 | (9.2) | 2.3 | (3.2) |
| Business services | 37.5 | (12.5) | 57.6 | (12.9) | 4.9 | (5.8) |
| Other services | 31.2 | (12.4) | 66.3 | (12.6) | 2.5 | (3.4) |

The sectors that have the greatest problems in this respect are the food industry, engineering and business services. It is not surprising that the food industry stands out, as the sector must comply with a long list of rules relating to food safety, quality, marking, packaging, etc. These rules usually vary from market to market, and can be time-consuming to monitor and sometimes costly to comply with. See also the section about technical barriers to trade.

Problems at the border

Table 17 shows the companies' views about tariffs, cumbersome customs procedures, import licences and other permits. We have also included responses to the issue of corruption in this category, as it has a strong link to the above-mentioned areas.

Table 17. Tariffs and other complications at the border (Have you had problems with...)

| | ... high tariffs? | | ... cumbersome and/or slow customs procedures? | | ... import licences or other permits? | | ... corruption? | |
|---------------------|-------------------|--------|--|--------|---------------------------------------|--------|-----------------|--------|
| | Yes | (+/-) | Yes | (+/-) | Yes | (+/-) | Yes | (+/-) |
| Total | 23.0 | (4.4) | 38.5 | (5) | 16.7 | (3.7) | 8.6 | (2.7) |
| Manufacturing | 24.8 | (5.7) | 42.8 | (6.8) | 17.4 | (4.8) | 11.6 | (4.2) |
| Services | 21.8 | (6.2) | 35.6 | (7.1) | 16.2 | (5.4) | 6.5 | (3.4) |
| Company size | | | | | | | | |
| Small | 20.8 | (5) | 37.6 | (5.8) | 14.4 | (4.2) | 6.6 | (2.9) |
| Medium-sized | 33.3 | (10.6) | 43.3 | (11.3) | 28.9 | (10.5) | 15.4 | (8.2) |
| Large | 31.7 | (9.1) | 40.3 | (9.4) | 21.2 | (8) | 22.2 | (8.7) |
| Sectors | | | | | | | | |
| Food | 39.0 | (10.8) | 49.1 | (11.2) | 33.5 | (10.4) | 12.4 | (7.1) |
| Forestry | 18.9 | (9.2) | 27.0 | (10.6) | 12.9 | (8.1) | 10.8 | (7) |
| Chemicals | 21.5 | (8.3) | 44.5 | (10.9) | 19.3 | (8.2) | 9.9 | (6.2) |
| Engineering | 24.8 | (9.6) | 45.4 | (11.6) | 17.8 | (8.1) | 13.8 | (7.3) |
| Other | 26.2 | (10.8) | 42.0 | (12.3) | 14.5 | (9.1) | 7.6 | (7.3) |
| Construction | 18.7 | (11.7) | 28.1 | (14.8) | 18.2 | (13.1) | 6.2 | (6.9) |
| Wholesale/retail | 26.5 | (9.3) | 39.6 | (10.3) | 17.0 | (7.9) | 5.7 | (4.8) |
| Business services | 16.0 | (9.1) | 28.8 | (11.3) | 11.9 | (8.1) | 3.9 | (4.9) |
| Other services | 10.0 | (7.8) | 30.7 | (12.4) | 20.7 | (11.1) | 16.0 | (10.3) |

The distribution between "No" and "Don't know" is shown in the Table Appendix, Questions 19-21 and 28.

Despite considerable tariff reductions in the WTO and bilateral and regional free trade agreements, almost *one quarter* of Swedish companies still had problems with high tariffs when exporting to countries outside the EU. This applies to the export of *goods* by both manufacturing and service sectors. There are no tariffs on the export of services, but there are certainly other barriers to trade, which we will return to later.

In the survey, almost 40 percent of companies in the food sector state that exports are obstructed by high tariffs. One example is Norway, where the average duty is 35.8 percent on farming products,²⁴ which is also charged to Swedish companies, as the EEA agreement does not cover farming products. Other sectors may also encounter high levels of duty on individual products and individual markets.²⁵ Tariffs are often higher on processed products than on raw materials and other input goods. Many countries (including the EU) have deliberately chosen this tariff structure in order to stimulate domestic companies to process goods within the country. Swedish companies selling consumer goods therefore pay the highest tariffs in general, even if few tariffs come anywhere near those imposed on farming products, including processed foods.

Even where tariffs are low or moderate, they can create great problems for companies, as the goods have to go through customs before being put into circulation on the export market. The survey shows that **cumbersome and/or slow customs** procedures is perhaps the greatest problem for Swedish companies when exporting to countries outside the EU. Almost *four in ten* of the companies asked mention problems in this area. Manufacturing companies appear to have more problems than service companies, which is probably explained by a high proportion of goods in their exports (88 percent goods and 12 percent services on average, compared to 51 percent goods and 49 percent services for the service sector). The survey shows no difference between large and small companies in this respect. This is somewhat surprising, as cumbersome customs procedures are often assumed to be a greater problem for small companies, who may not have any specific customs competence. One explanation may be that smaller companies use shipping agencies and customs agents to avoid these problems, even if this entails extra cost. Those sectors that find the problems the most burdensome are the food industry, chemicals, engineering and other manufacturing. One explanation may be that they are extra sensitive to delays. Fresh foods must not get stuck in customs, nor do input goods to manufacturing (just-in-time production) or seasonal consumer goods, including fashion.

The World Bank has carried out a major project to chart the scope of the problem of cumbersome and slow trading procedures, and how they affect trade. According to one study, every day's delay in customs corresponds to a tariff of 0.8 percent in terms of reduced trade.²⁶ This might not sound like a lot, but in some countries it takes weeks rather than days to get goods through customs. In Russia, for instance, it takes 36 days on average to carry out an import transaction²⁷, according to figures from the World Bank. Many countries in South America fall within the interval of one to three weeks. The paperwork can also be onerous, with ten or more documents to be completed accurately in all respects.²⁸

Certain goods and services may also require import licences or other permits. In some cases, this is a pure formality; but in others, the application is assessed on a case-to-case basis by the relevant authority, which thereby creates delays and uncertainty for the companies. Almost 17 percent of companies have had problems with **import licences and other permits**. The problem is the greatest for the food industry, where *one company in three* states that they have had problems.

²⁴ WTO's Trade Policy Review (2008) for Norway: http://www.wto.org/english/tratop_e/tpr_e/tp305_e.htm

²⁵ The WTO website has information about tariffs for individual products and markets for those who are interested: http://www.wto.org/english/tratop_e/tariffs_e/tariff_data_e.htm

²⁶ Hummel (2001) Time as a trade barrier, Purdue University: <http://www.krannert.purdue.edu/faculty/hummelsd/research/time3b.pdf>

²⁷ The time taken by an import transaction is measured in the Doing Business Index from the time the good is unloaded in the importing harbour and passes through checks by customs and other authorities until it arrives at the importer.

²⁸ The situation on different markets can be found on the World Bank's website "Doing Business": <http://www.doingbusiness.org/>

Unfortunately, all these complications create a fertile soil for corruption. Officials who issue licences and work with customs clearance can sometimes demand bribes in order to issue permits and/or speed up the processing. *More than one in ten* manufacturing companies state that they have had problems with **corruption** when exporting to countries outside the EU. For service companies, the corresponding figure is *almost 7 percent*. The fact that there is a link between cumbersome trading procedures and corruption is shown by co-processing the responses. Of the companies that have had problems with corruption, more than 70 percent state that they have also had problems with cumbersome and/or slow customs processing, and just over 40 percent state that they have had problems relating to licences and other permits. On the other hand, we know nothing about how common it is for Swedish companies actually to pay bribes in order to receive the necessary permits or to get the goods through customs (quicker).

Large and medium-sized manufacturing companies appear to have the greatest problems with corruption (22.2 percent of large companies, compared with 6.6 percent of small). The reason why mainly large companies state that they suffer from corruption can be due partly to their trade being larger in absolute figures, and partly due to large companies being more frequent on markets that have traditionally been less open to international trade, and where the problems with corruption usually are greater.²⁹ Corruption could be an explanation for why small companies do not export to these markets to the same extent.

Finally, let us point out that simplified trade procedures are a priority area in the negotiations that have been in progress in the WTO since 2001, within the framework for the so-called Doha round.

²⁹ The scale of corruption problems on different markets has been charted by *Transparency International*: http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table

Technical barriers to trade

Just as in trade within the EU, companies are sometimes forced to adapt their goods when exporting to countries outside the EU, and to go through further testing and certification on the export markets. Just over *one in ten* companies feel this is a problem. The greatest product adaptation is required within manufacturing, and in particular within the food and engineering sectors. When it comes to testing and certification, the chemical industry is also greatly affected, including the pharmaceutical industry. Medicines must usually be registered and approved by a national monitoring authority before they can be sold.

**Table 18. Technical barriers to trade
(Have you had problems with...)**

| | ... product adaptation? | | ... testing or certification | |
|---------------------|-------------------------|--------|------------------------------|-------|
| | Yes | (+/-) | Yes | (+/-) |
| Total | 11.8 | (3.2) | 10.5 | (2.8) |
| Manufacturing | 15.6 | (5) | 12.5 | (4.1) |
| Services | 9.2 | (4.1) | 9.1 | (3.9) |
| Company size | | | | |
| Small | 10.2 | (3.6) | 8.9 | (3.2) |
| Medium-sized | 18.4 | (8.9) | 14.9 | (7.4) |
| Large | 20.2 | (8.1) | 26.3 | (8.8) |
| Sectors | | | | |
| Food | 18.7 | (8.4) | 26.2 | (4.5) |
| Forestry | 3.3 | (2.6) | 4.8 | (2.5) |
| Chemical | 13.3 | (7.3) | 18.4 | (4) |
| Engineering | 18.3 | (8.9) | 10.6 | (3.3) |
| Other | 15.9 | (8.7) | 14.5 | (4.3) |
| Construction | 8.0 | (10.9) | 13.3 | (6.2) |
| Wholesale/retail | 7.0 | (5.3) | 6.2 | (2.5) |
| Business services | 16.6 | (9.8) | 14.4 | (4.3) |
| Other services | 5.7 | (6.6) | 12.3 | (4.4) |

The distribution between "No" and "Don't know" is shown in the Table Appendix, Questions 22-23.

Somewhat surprisingly, problems involving product adaptation and certification appear to be greater for trade *within* the EU than for trade with the rest of the world (see Table 8). One possible explanation is that the EU's product standards and certifications are normative on the world market, or accepted through agreements relating to mutual recognition. Another possible explanation is that companies that cannot handle these problems refrain from exporting to markets with differing standards. The paradox could then be explained through self-selection. Therefore, the fact that we are noting fewer problems on the world market than within the EU does not necessarily mean that the problems *de facto* are smaller.

Counterfeiting (of intellectual property, such as patents and industrial designs)

A large proportion of Swedish exports are knowledge-intensive and/or based on a unique design that outweighs higher price levels. These competitive advantages are sometimes undermined by counterfeiting, i.e. companies are sometimes forced to compete with low-priced copies of their own products, which damages the prerequisites for successful exporting. Around 15 percent of manufacturing companies state that they have problems with counterfeiting when exporting to countries outside the EU. For service companies, the figure is lower, just over 6 percent. The survey shows that it is large and medium-sized companies within engineering and other manufacturing that have the greatest problems with infringements of their intellectual property.

Table 19. When you trade with countries outside the EU, have you had problems with counterfeiting?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|--------------|--------|
| Total | 10.0 | (2.9) | 85.7 | (3.5) | 4.2 | (2.3) |
| Manufacturing | 15.3 | (4.8) | 84.0 | (4.8) | 0.7 | (0.6) |
| Services | 6.4 | (3.5) | 87.0 | (5) | 6.7 | (3.8) |
| Company size | | | | | | |
| Small | 8.1 | (3.2) | 87.3 | (4.1) | 4.6 | (2.7) |
| Medium-sized | 17.2 | (8.4) | 81.1 | (8.6) | 1.7 | (2.1) |
| Large | 22.5 | (8.4) | 71.7 | (9) | 5.7 | (4.6) |
| Sectors | | | | | | |
| Food | 5.5 | (4.8) | 93.7 | (4.9) | 0.8 | (1.2) |
| Forestry | 7.5 | (5.6) | 90.9 | (5.9) | 1.6 | (2.1) |
| Chemical | 10.6 | (6) | 86.4 | (6.8) | 3.0 | (3.6) |
| Engineering | 16.0 | (7.8) | 83.7 | (7.8) | 0.3 | (0.6) |
| Other manufacturing | 21.9 | (10.4) | 78.1 | (10.4) | 0.0 | (0) |
| Construction | 2.6 | (4.8) | 89.4 | (11.1) | 8.0 | (10.3) |
| Wholesale/retail | 5.7 | (4.8) | 88.5 | (6.8) | 5.8 | (5) |
| Business services | 9.0 | (7.4) | 79.8 | (10.9) | 11.2 | (8.8) |
| Other services | 5.8 | (6.5) | 93.1 | (6.8) | 1.1 | (2.1) |

China is often singled out by the companies as a country where counterfeiting is common, and where the authorities do not always manage to stop infringements. One company in our in-depth interviews told us that it sometimes only takes weeks from the launch of a new product in China before counterfeit copies can be bought on the market at a considerably lower price. Another of our in-depth interview companies had actively made the decision to manufacture parts for its product at different factories in China and to carry out the assembly in Sweden – all in order to avoid being copied. We have also understood that companies sometimes voluntarily refrain from applying for patents on certain markets, due to high costs or because the patent application *in itself* makes it easier for counterfeiters, as the documents are public. Likewise, it is often not worthwhile bringing the perpetrators to a local court, as the costs are high and infringements can be difficult to prove. Even if it is difficult to estimate the size of the export income that Swedish companies are losing due to counterfeiting, it is clear that if 10 percent of companies are affected, then the amounts are very large.

Establishment of local sales and service units

One prerequisite for successful exporting is that the companies have opportunities to establish local sales and service companies on the markets where they are active. For instance, Volvo and Scania have subsidiaries in a large number of countries, who manage the sales and servicing of trucks. The alternative is to use a local partner on a sub-contract basis, but if the opportunity exists, many companies prefer to establish their own subsidiaries.

Table 20. When you export to countries outside the EU, have you had problems with barriers to establishing local sales and service companies?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|---------------|--------------|---------------|
| Total | 4.6 | (2) | 78.0 | (4.4) | 17.4 | (4.1) |
| Manufacturing | 7.0 | (3.6) | 79.0 | (5.6) | 14.0 | (4.8) |
| Services | 3.0 | (2.4) | 77.3 | (6.4) | 19.7 | (6.1) |
| Company size | | | | | | |
| Small | 4.3 | (2.3) | 77.3 | (5.2) | 18.4 | (4.9) |
| Medium-sized | 4.5 | (4.9) | 82.7 | (8.4) | 12.8 | (7.4) |
| Large | 11.0 | (6.4) | 76.5 | (8.4) | 12.6 | (6.5) |
| Sectors | | | | | | |
| Food | 1.9 | (3.4) | 76.2 | (9.7) | 21.9 | (9.4) |
| Forestry | 1.6 | (2.1) | 88.2 | (7.2) | 10.2 | (7) |
| Chemical | 5.4 | (4.6) | 76.5 | (9) | 18.1 | (8.2) |
| Engineering | 8.8 | (6.5) | 75.5 | (9.9) | 15.6 | (8.5) |
| Other manufacturing | 7.3 | (5.8) | 84.5 | (8.2) | 8.2 | (6.2) |
| Construction | 0.0 | (0) | 90.7 | (11) | 9.3 | (11) |
| Wholesale/retail | 2.2 | (2.9) | 75.0 | (9.2) | 22.8 | (8.9) |
| Business services | 5.4 | (6.2) | 74.9 | (11.7) | 19.7 | (10.8) |
| Other services | 2.8 | (3.8) | 90.8 | (7.3) | 6.4 | (6.3) |

Seven percent of manufacturing companies and three percent of service companies state that they have had problems with establishing local sales and service companies outside the EU. Large companies appear to have the greatest problems in this area (11 percent), which is probably associated with operating on many more markets than small and medium-sized companies do, including problem markets with many barriers to establishing subsidiaries. An example of this is a prohibition against wholly owned subsidiaries, which forces companies to take on a local partner against their will. Another example is a requirement to use local personnel in certain key positions.³⁰ Bureaucracy can also be burdensome. According to the World Bank survey, nine permits are required to start a company (subsidiary) in Russia, and sixteen in Brazil. In some extreme cases, the process can take up to two years.³¹ One example that has attracted attention in the media recently is the problems IKEA has had in establishing itself on the Russian market.

Services exports

The result that perhaps has been the most astonishing in the entire company survey is the companies' positive view of trade in services with countries outside the EU. Only 6 percent of service companies and 2.2 percent of manufacturing companies have had problems exporting services to countries outside the EU.

Table 21. When you export to countries outside the EU, have you had problems with trading in services?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|------------|-------|-------------|--------|--------------|-------|
| Total | 4.5 | (2.1) | 84.9 | (3.9) | 10.6 | (3.4) |
| Manufacturing | 2.2 | (2.2) | 90.2 | (4) | 7.5 | (3.5) |
| Services | 6.0 | (3.2) | 81.3 | (5.9) | 12.7 | (5.2) |
| Company size | | | | | | |
| Small | 3.9 | (2.4) | 85.2 | (4.5) | 10.9 | (4) |
| Medium-sized | 7.3 | (5.6) | 84.0 | (7.6) | 8.7 | (5.4) |
| Large | 6.3 | (5.2) | 81.9 | (8.1) | 11.7 | (6.8) |
| Sectors | | | | | | |
| Food | 2.2 | (2.6) | 90.6 | (5.5) | 7.2 | (5) |
| Forestry | 0.0 | (0) | 88.8 | (7.2) | 11.2 | (7.2) |
| Chemical | 2.8 | (3.2) | 92.4 | (5.4) | 4.8 | (4.4) |
| Engineering | 3.4 | (4.3) | 88.9 | (7.2) | 7.8 | (6) |
| Other manufacturing | 0.4 | (0.8) | 93.0 | (5.6) | 6.6 | (5.5) |
| Construction | 4.4 | (5.8) | 86.3 | (12.1) | 9.3 | (11) |
| Wholesale/retail | 4.4 | (4.3) | 79.3 | (8.6) | 16.3 | (7.9) |
| Business services | 9.3 | (7) | 82.3 | (9.5) | 8.4 | (7.1) |
| Other services | 8.2 | (7.8) | 88.2 | (9.1) | 3.6 | (5.1) |

³⁰ Many developing countries use establishment conditions of this type to try to link domestic businesses with international companies in order to stimulate knowledge transfer.

³¹ See the World Bank's website "Doing Business": <http://www.doingbusiness.org/>

There are several reasons why we are doubtful about the results. For instance, we saw earlier that 27 percent of *service companies* state that they have had difficulties finding out the rules that apply in the country to which they are exporting, which is an indication that trade in services is not without problems. Another reason for our doubtfulness is that the corresponding figures for trade in services within the EU are considerably higher, with 38 percent of the companies considering that they did not have the same opportunities as domestic companies to sell their services. We expected it to be *even* more difficult to sell services to countries outside the EU, as WTO's agreement on trade in services includes many provisos and exceptions for various sectors (which, albeit, is/was also the case for trade in services within the EU). However, the responses are not directly comparable, as the questions were formulated in different ways: "Do you have the same opportunities as domestic companies to sell services in other EU countries?"/"When you export to countries outside the EU, did you have problems with trading in services?"

Because of the vague wording, it is difficult to know what the companies read into the question, and it is therefore difficult to interpret their answers. One possibility is that the companies interpreted the question as a comparison with goods-related problems, rather than as a question about whether they had the same opportunities as domestic companies to sell services. If this was the case, then the answer is no. It is usually not more difficult to sell services than goods to countries outside the EU. Another possibility is that the companies evaluate the problems differently on the world market than within the EU. The low problem perception could then be a sign that the problem is smaller than the companies had expected. A third possibility is that fewer companies sell services on the world market than within the EU. The paradox would then be explained through self-selection; only those companies who experience the problems as minor export services outside the EU.

We will try to resolve these question marks ahead of the final report, through supplementary interviews with companies and sector representatives. Until then, the responses to this question should be interpreted with great caution.

Other problems with exports

In addition to the concrete questions above, the companies were asked whether there was anything else obstructing their export of goods and services to countries outside the EU. Almost 20 percent of the companies answered yes. When these companies were asked to provide examples, one third again raised problems that related to documentation, cumbersome paperwork and bureaucracy. Among the manufacturing companies, more than one tenth pointed out problems with payments and high freight charges. Six companies mentioned that they had had problems with the requirement for special pallets for exports to Norway, Canada and China. On Norway's part, this is in order to prevent the spread of tree parasites, which places requirements on specially treated pallets.³² Almost 10 percent of the service companies asked pointed out problems with VAT handling, which was also a relatively large problem for trade within the EU (see above).

³² This is an SPS issue, as the requirements are justified by the importing country wishing to protect plant health.

Problems on specific markets

The companies were asked whether there was any particular country outside the EU where they often encountered problems, and if so, which country and what problem. Almost seven out of ten companies in the survey did not want to point to any individual country. The statistical uncertainty of how well the responses given represent Swedish businesses as a whole is therefore very high. Just like the corresponding question about trade within the EU, the choice fell primarily on large markets, which should not be interpreted as their being the most problematic markets according to any objective criterion. The neighbouring countries Russia and Norway top the list, irrespective of sector and company size. The following positions are held by the United States, China, India and Brazil, in slightly varying internal order depending on sector and company size of the respondent.

Table 22. Problem markets (of great importance to Swedish companies)

| | 1 | 2 | 3 | 4 | 5 |
|---------------------|--------|--------|--------|--------|--------------|
| Total | Russia | Norway | China | United | Brazil |
| Manufacturing | Russia | United | Norway | China | Brazil |
| Services | Norway | Russia | China | Brazil | India |
| Company size | | | | | |
| Small | Norway | Russia | China | United | Brazil |
| Medium-sized | Russia | Norway | United | China | India |
| Large | Russia | Brazil | United | India | China |
| Sectors | | | | | |
| Food | Russia | Norway | United | Turkey | Switzerland |
| Forestry | Russia | China | Egypt | United | Saudi Arabia |
| Chemical | Russia | Norway | United | China | Ukraine |
| Engineering | Russia | United | Norway | Brazil | China |
| Other manufacturing | Russia | United | Norway | China | Turkey |
| Construction | Norway | United | Iraq | India | Russia |
| Wholesale/retail | Norway | Russia | China | Brazil | India |
| Business services | Norway | China | Russia | Brazil | Iraq |
| Other services | Russia | Brazil | China | United | Norway |

When asked to comment on the problems, almost half of all companies that named **Russia** as a problem market referred to difficulties relating to cumbersome and time-wasting administration and customs procedures. In addition, problems relating to legislation and rules were stated by one third of the companies, with the regulatory frameworks being described as unclear and cumbersome. Corruption is mentioned specifically by one in ten companies, who consider Russia to be particularly problematic.

Of the companies who stated that **Norway** is particularly problematic to export to, seven out of ten mentioned problems relating to customs procedures and customs handling. “Incredibly cumbersome” and “slow customs handling, lots of rules” are two representative comments.

More than half the companies that had problems with exports to the **United States** mentioned legislation and regulations that are burdensome, such as product protection and safety, certification requirements and standardisation requirements.

When companies having problems with **China** were asked to comment on these, seven out of ten mentioned problems relating to customs handling. Customs procedures are described as slow, time-consuming and bureaucratic. “Haphazard handling” and “local regulations” make exports more difficult for two companies. High import tariffs and counterfeiting are also mentioned as problems.

Customs-related issues also recur in the company’s responses for **India**, as do problems with payment behaviour and difficulties with invoicing. One company within the business service sector mentions protectionism and that Indian rules are obstructing their access to the market.

Among companies who named **Brazil** as a problem market, cumbersome customs procedures were mentioned as well. One company in the wholesale/retail sector stated that they had to send their machine dismantled into parts. Difficulties in getting paid within the time agreed were also highlighted.

Summary of problems with exports to countries outside the EU

To sum up, the three greatest problems experienced by companies exporting to countries outside the EU are cumbersome and slow customs procedures, problems with finding out the rules that apply in the import country, and high tariffs. Other problems, in declining order of importance, include import licences and other permits, product adaptation and related requirements for testing and certification, and finally corruption. Establishment of local sales and service companies is a smaller problem, as is trade in services, although we are doubtful about how the companies interpreted this question, for the reasons given above.

Table 23. Summary of the companies' views of problems with exports to countries outside the EU

| When you export to countries outside the EU, have you had problems with ... | Yes (%) | No (%) | Sectors with special problems |
|--|----------------|---------------|---|
| finding out the rules that apply in the country to which you are exporting? | 30.1 | 67.7 | Food, engineering, business services, construction |
| high tariffs? | 23.0 | 72.8 | Food, wholesale/retail, other manufacturing, engineering |
| cumbersome and/or slow customs procedures? | 38.5 | 57.5 | Food, engineering, chemicals, other manufacturing |
| product adaptation? | 11.8 | 85.5 | Food, engineering, business services, other manufacturing |
| testing or certification? | 10.5 | 86.3 | Food, chemicals |
| barriers to the establishment of local sales and service companies? | 4.6 | 78.0 | Engineering, other manufacturing |
| counterfeiting? | 10.0 | 85.7 | Other manufacturing, engineering, chemicals |
| trading in services? | 4.5 | 84.9 | Business services, other services |
| corruption? | 8.6 | 86.1 | Other services, engineering, food |
| other problems? | 19.4 | 77.9 | Other services, engineering, other manufacturing |

Problems with imports

Judging from the responses in the company survey, it is easier to import from countries outside the EU than to export to them. This is understandable, considering that the EU's regulatory framework is more familiar to Swedish companies than are those of other countries. It might also be due to the EU being more open to trade than many other countries, even if this does not apply to all areas.³³ In this section, we will briefly account for how the companies see the problems in various areas.

Finding out the rules that apply to imports

In general, it is fairly easy to find out the rules that apply to imports to the EU. Only 7.3 percent of companies state that they have had difficulties with this, compared to 30.1 percent of companies exporting to countries outside the EU. The problems are the greatest for construction, where 16.4 percent of companies consider that it is difficult to find out the rules that apply when importing from countries outside the EU.

Table 23. When you import from countries outside the EU, have you had difficulties finding out the rules that apply for imports to the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Total | 7.3 | (2.8) | 90.7 | (3) | 2.0 | (1.1) |
| Manufacturing | 6.9 | (3.6) | 91.0 | (3.8) | 2.1 | (1.4) |
| Services | 7.5 | (4.1) | 90.5 | (4.3) | 1.9 | (1.6) |
| Company size | | | | | | |
| Small | 7.1 | (3.3) | 91.5 | (3.4) | 1.4 | (1.1) |
| Medium-sized | 8.7 | (6.6) | 86.8 | (7.5) | 4.5 | (4.1) |
| Large | 4.8 | (3.7) | 89.6 | (5.7) | 5.6 | (4.6) |
| Sectors | | | | | | |
| Food | 8.2 | (5.9) | 86.8 | (7.1) | 5.0 | (4.4) |
| Forestry | 3.3 | (4.4) | 91.8 | (6.4) | 4.9 | (4.8) |
| Chemicals | 5.3 | (4.9) | 90.8 | (6.1) | 3.9 | (4.1) |
| Engineering | 8.7 | (6.6) | 89.9 | (6.9) | 1.4 | (2.3) |
| Other manufacturing | 4.9 | (4.5) | 94.1 | (4.8) | 0.9 | (1.8) |
| Construction | 16.4 | (12.7) | 78.2 | (15) | 5.4 | (10) |
| Wholesale/retail | 9.0 | (6.1) | 91.0 | (6.1) | 0.0 | (0) |
| Business services | 5.4 | (6.2) | 90.6 | (8.1) | 3.9 | (5.5) |
| Other services | 1.4 | (2.7) | 91.7 | (7.3) | 6.9 | (6.8) |

³³ National Board of Trade (2005). Open for Business? A Comparative Analysis of the Trade Policies of the European Union, the United States, Canada and Japan: <http://www.kommers.se/upload/Analysarkiv/Publikationer/Open%20for%20business.pdf>

The fact that the problems are relatively small for *Swedish importers* does not necessarily mean that those who export to Sweden share this view.³⁴ The Board has a special information service for facilitating exports from developing countries to Sweden, **Open Trade Gate Sweden**.³⁵ In addition, the Commission in Brussels has a special **Export Helpdesk**, to which developing countries can turn for help to interpret the regulatory frameworks and fulfil any requirements.³⁶

Customs and other border barriers

Table 24 below shows the companies' views on EU customs and other border barriers towards third-party countries.

Table 24. When you import from countries outside the EU, do you have problems with ...

| | ... high EU tariffs? | | ... getting a reduction in duty for imports from developing countries? | | ... unforeseen anti-dumping measures and quotas? | |
|---------------------|----------------------|-------|--|-------|--|-------|
| | Yes | (+/-) | Yes | (+/-) | Yes | (+/-) |
| Total | 11.6 | (3.4) | 2.1 | (1.7) | 7.7 | (3.0) |
| Manufacturing | 8.3 | (3.5) | 0.3 | (0.3) | 3.6 | (2.7) |
| Services | 13.9 | (5.2) | 3.4 | (2.9) | 10.4 | (4.8) |
| Company size | | | | | | |
| Small | 12.0 | (4.0) | 2.1 | (2.0) | 7.7 | (3.5) |
| Medium-sized | 10.5 | (7.1) | 2.4 | (4.4) | 9.3 | (7.2) |
| Large | 8.5 | (5.5) | 1.3 | (1.7) | 3.0 | (3.9) |
| Sectors | | | | | | |
| Food | 19.1 | (9.0) | 3.3 | (4.1) | 6.5 | (5.6) |
| Forestry | 4.2 | (4.5) | 0.0 | (0.0) | 2.1 | (3.9) |
| Chemicals | 10.1 | (6.4) | 0.4 | (0.6) | 3.9 | (4.1) |
| Engineering | 6.0 | (5.6) | 0.0 | (0.0) | 4.8 | (5.1) |
| Other | 12.2 | (7.8) | 0.4 | (0.8) | 0.9 | (1.8) |
| Construction | 7.8 | (8.1) | 0.0 | (0.0) | 0.0 | (0.0) |
| Wholesale/retail | 17.4 | (8.0) | 4.4 | (4.3) | 14.4 | (7.3) |
| Business services | 9.1 | (6.9) | 2.4 | (4.7) | 3.9 | (5.5) |
| Other services | 6.7 | (6.5) | 1.4 | (2.7) | 5.8 | (6.5) |

The distribution between "No" and "Don't know" is shown in the Table Appendix, Questions 32-34.

³⁴ The Board has often emphasized the importance of transparency in the EU's regulatory framework in order to facilitate trade for both importers and exporters, for instance in the report on the external dimension of the EU growth strategy (EU 2020): An EU helpdesk for trade and investments – The contribution of trade to a new EU growth strategy.

³⁵ The web address of Open Trade Gate Sweden is: <http://www.opentradegate.se/>

³⁶ The web address to the Commission's Export Helpdesk is: http://exporthelp.europa.eu/index_en.html

Just over *one Swedish company in ten* has had problems with high EU tariffs. Unsurprisingly, the problems are the most frequent in the food and wholesale/retail sectors. The average duty on farming products (WTO's definition, also includes food) was 17.9 percent for 2008.³⁷ Tariffs on individual goods can nearly 100 percent in some cases. Furthermore, the EU's tariff structure is complex, with compound tariffs, seasonal tariffs for fruits and vegetables, and customs quotas with reduced tariffs for certain products up to a certain volume. The fact that the wholesale/retail industry answers "yes" to almost the same extent as the food industry is probably because this sector also imports a lot of food. Wholesale/retail also imports many other groups of goods where the EU has fairly high tariffs, such as shoes and clothes.

When importing from developing countries, companies can sometimes have tariffs reduced under one of the EU's preferential frameworks. The tariff reductions vary depending on the development status of the exporting country, with the best terms for the least developed countries and former colonies of EU countries. The two latter categories more or less have both tariff-free and quota-free access to the EU market. In order to receive a tariff reduction, the companies must prove that the goods are manufactured in the country, and in some cases the rules of origin and the documentation required is so restrictive that the benefits cannot be utilised. However, few companies in the survey state that they have had problems with tariff reduction on imports from developing countries, only 2.1 percent. However, the large proportion of "don't know" answers (10.9 percent) – see the Table Appendix, Question 34 – indicates that companies are not aware of this possibility. According to the Commission, preferential trading is only utilised to 80 percent.³⁸ In other words, 20 percent of imports entitled to a tariff reduction (given that the rules of origin are complied with) *in fact* pay full duty.

Just less than 8 percent of the companies in the survey state that they have had problems with unforeseen anti-dumping measures and quotas.³⁹ The wholesale/retail sector is the worst affected (14.7 percent), which is probably linked to the fact that it imports a broad spectrum of goods. In recent years, the EU has introduced an increasing number of measures against consumer products, such as leather shoes from China as well as fridges, freezers and light bulbs. Even if these measures are few in number, the anti-dumping tariffs are often very high. For instance, low-energy light bulbs from China are charged with an anti-dumping duty of almost 70 percent in order to protect European manufacturers, such as Philips and Osram.

³⁷ WTO (2008), Trade Policy Review, EU.

³⁸ Lars Nilsson and Nanna Matsson (2009), "Truths and myths about the openness of EU trade policy and the use of EU trade preferences", European Commission, Directorate General for Trade, page 7. http://trade.ec.europa.eu/doclib/docs/2009/july/tradoc_143993.pdf

³⁹ Quotas may exist both within safeguard measures (when imports are permitted within a certain quota and tariffs are applied to all imports outside the quota) and exceptionally as a part of anti-dumping tariffs. However, these are very unusual within the EU. In recent years, safeguard measures with quotas have only been used for tinned mandarins and quotas as a part of anti-dumping measures for ammonium nitrate. Previously, quotas have also been used for textiles, but these were abolished in 2005, even if some "monitoring" of imports has continued since then. In addition, there are also "customs quotas" for food imports, with lower tariffs up to a certain volume ("the quota") and high tariffs for any overshooting imports.

Technical barriers to trade and environmental requirements

Almost *one tenth* of companies have had problems with the product norms, testing and certification of the *exporting country* not being approved by the EU. This problem is mainly found in the construction sector (17.4 percent), followed by wholesale/retail (11.7 percent), the food industry (11.1 percent) and the engineering industry (10.7 percent). This is perhaps primarily a problem for the exporting countries, which must adapt their products in accordance with EU norms and carry out further testing and certification in the EU. However, it can also be seen as a problem for the Swedish importers, to the extent the responsibility falls on them. The wholesale/retail sector in particular has problems with the EU's environmental requirements, which is understandable considering it imports everything from foods to household chemicals. The chemical industry is also relatively high up on the list, which probably reflects the new requirements imposed on chemicals by the EU chemicals regulation (REACH).⁴⁰

Table 25. When you import from countries outside the EU, have you had problems with ...

| | ... the exporting country's product requirements, testing or certification not being recognised in the EU? | | ... the EU's environmental rules? | |
|---------------------|--|--------|-----------------------------------|-------|
| | Yes | (+/-) | Yes | (+/-) |
| Total | 8.4 | (3.0) | 6.0 | (2.7) |
| Manufacturing | 7.0 | (3.7) | 3.1 | (1.9) |
| Services | 9.4 | (4.4) | 8.0 | (4.3) |
| Company size | | | | |
| Small | 8.4 | (3.5) | 5.4 | (3.0) |
| Medium-sized | 9.4 | (7.2) | 10.2 | (7.6) |
| Large | 5.5 | (4.0) | 4.3 | (3.6) |
| Sectors | | | | |
| Food | 10.7 | (6.9) | 1.4 | (2.3) |
| Forestry | 2.1 | (2.6) | 1.6 | (2.1) |
| Chemicals | 1.8 | (2.7) | 6.0 | (4.9) |
| Engineering | 9.0 | (6.8) | 2.6 | (3.1) |
| Other | 6.5 | (5.4) | 4.0 | (4.2) |
| Construction | 17.4 | (14.5) | 3.9 | (5.3) |
| Wholesale/retail | 11.1 | (6.6) | 12.2 | (6.9) |
| Business services | 6.4 | (6.5) | 1.5 | (3.0) |
| Other services | 4.2 | (4.6) | 0.0 | (0.0) |

The distribution between "No" and "Don't know" is shown in the Table Appendix, Questions 35-36.

⁴⁰ Reach stands for **R**egistration, **E**valuation, **A**uthorisation and **R**estriction of **C**hemicals. The regulation came into force throughout the EU on 1 June 2007, but the provisions of Reach are starting to apply gradually. For further information, please see the following link to the Swedish Chemicals Agency's website: http://www.kemi.se/templates/Page_4676.aspx

Other problems

In addition to the concrete questions above, the companies were also asked whether there was anything else obstructing imports from countries outside the EU. Almost 10 percent of the companies answered yes to this question, and were also given the opportunity of providing examples. As with the corresponding question for exports, the companies often mention problems relating to customs procedures, payments and logistics. Certain specific regulatory frameworks are also mentioned as problematic by individual companies, such as REACH (the chemicals regulation), CITES (rules for animals and plants threatened with extinction) and rules of origin. VAT handling, transport costs and currency fluctuations are also seen as problems.

Summary of problems with imports from countries outside the EU

According to the companies, the five greatest problems with imports from countries outside the EU are high EU tariffs, technical barriers to trade (the exporting country's product requirements, testing and certification not being recognised by the EU), anti-dumping measures and quotas, finding the rules that apply for imports to the EU, and the EU's environmental requirements. Within the category "Other", documentation requirements and other bureaucracy, VAT handling, certification of country of origin, transport costs and currency fluctuations are among those mentioned.

Table 26. Summary of the companies' views of import problems from countries outside the EU

| When you import from countries outside the EU, have you had problems with ... | Yes (%) | No (%) | Sectors with special problems |
|---|----------------|---------------|---|
| finding out the rules that apply to imports to the EU? | 7.3 | 90.7 | Construction |
| high EU tariffs? | 11.6 | 84.2 | Food, wholesale/retail |
| unforeseen anti-dumping measures and quotas? | 7.7 | 87.8 | Wholesale/retail |
| getting reductions in duty for imports from developing countries? | 2.1 | 87.0 | Wholesale/retail |
| the exporting country's product requirements, testing and certification not being recognised by the EU? | 8.4 | 86.6 | Construction, wholesale/retail, food, engineering |
| the EU's environmental rules? | 6.0 | 90.3 | Wholesale/retail, chemical |
| anything else? | 9.4 | 87.9 | Engineering, wholesale/retail |

5. The companies' priorities for improved trading terms: countries and subject areas

All companies that took part in sub-survey 1 (companies with foreign trade) were asked whether there was any *country* outside the EU with which it was particularly important to achieve better trading terms, and, if so, *which issue* was the most important to prioritise in negotiations. This question was answered by 37 percent of the companies. The companies were only allowed to mention one country. Among small and medium-sized companies, Norway got the largest number of mentions, which they also did from all sectors apart from Other services. The large companies placed China in first place, and Norway only in sixth place, which is explained by a different emphasis in their trade. Across all sectors and company size ranges, Norway ends up in first place, followed by China, the United States, Russia and India. The ranking is closely correlated with the problem countries pointed out for exports. The greatest difference is that Russia ends up slightly further down the list, which is probably due to import interests from Russia being smaller than the export interests.⁴¹

Table 27. The most important countries to achieve better trading terms with (top five)

| | 1 | 2 | 3 | 4 | 5 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Total | Norway | China | United | Russia | India |
| Manufacturing | Norway | China | Russia | United | India |
| Services | Norway | China | United | Russia | India |
| Company size | | | | | |
| Small | Norway | China | United | Russia | India |
| Medium-sized | Norway | China | Russia | United | Brazil |
| Large | China | Russia | United | Brazil | Japan |
| Sectors | | | | | |
| Food | Norway | United | Russia | China | Turkey |
| Forestry | Norway | Russia | China | United | Morocco |
| Chemicals | Norway | China | Russia | United | Saudi Arabia |
| Engineering | Norway | China | Russia | United | India |
| Other manufacturing | Norway | United | China | Russia | Japan |
| Construction | Norway | United | China | Ukraine | South Africa |
| Wholesale/retail | Norway | China | United | Russia | India |
| Business services | Norway | China | United | Russia | Vietnam |
| Other services | China | United | Norway | Russia | Brazil |

Note: The ranking is based on the highest number of votes in each sub-group.

The companies responding to the question above (37 percent) were also given the opportunity to state the subject areas that they believed were the most important to prioritise for this country. The companies could mention several areas.

⁴¹ Note that the question was answered by both exporting and importing companies. Unfortunately we cannot report the results separately, as we did not ask a question about whether the companies are exporting, importing or both.

Table 28. Priority subject areas
(number of responding companies per country and subject areas)

| Subject area | Norway | China | USA | Russia | India | Brazil | Japan |
|--------------------------------|--------|-------|-----|--------|-------|--------|-------|
| Tariffs and customs procedures | 76 | 30 | 25 | 28 | 5 | 7 | 2 |
| Standards ⁴² | 14 | 15 | 16 | 7 | 4 | 4 | 4 |
| Quotas | 3 | 8 | 7 | 4 | 1 | 2 | |
| Trade defence | 5 | 6 | | 6 | 1 | 1 | 1 |
| Instrument | | | | | | | |
| Trade in services | 2 | 2 | | 2 | 6 | 1 | 1 |
| Intellectual property rights | | 6 | 3 | 3 | | | 1 |
| Barriers to investment | 1 | 5 | 1 | 4 | | | |
| Export taxes | 4 | 2 | 1 | 2 | | | |
| Public procurement | | 2 | 1 | 1 | | | |
| Movement of personnel | | 2 | | 1 | | | |

Of the companies that indicated Norway as the most important country, 75 percent pointed out customs-related issues as one of the most important priority areas in future negotiations. As tariffs are only charged on food, including fish (which is excluded in the EEA agreement), we can assume that the companies' experience of cumbersome procedures and administration are reflected in this priority ranking. Divergent Norwegian product standards were emphasised as the second most important priority area in negotiations with Norway.

The companies also want to see customs issues prioritised in the case of China, Russia and the United States. The second most important area is standards, i.e. the problems that arise when countries diverge from an international standard or impose requirements on domestic testing and/or certification. For Russia, almost the same number of companies stated trade defence instruments. As previously mentioned, Russia is not a member of the WTO yet (negotiations for accession are in progress), which gives the country the opportunity to raise its tariffs at short notice. This creates uncertainty for companies trading with Russia, which is probably reflected in the survey. When China joined the WTO in 2001 it led to lower tariff levels and better predictability for companies that trade with China. However, the average tariff for industrial goods in China is still around 9 percent and considerably higher for individual goods.⁴³ Many companies think that China should be able to lower its tariffs further through bilateral negotiations, or as part of a new agreement within the WTO.

⁴² Standards are here referred to in a wide context, including both technical instructions and standards.

⁴³ Swedish National Board of Trade (2009), Öppen handel eller protektionism? ("Free trade or protectionism?")

Barriers to trade in services and investments are two areas that to some extent overlap, as services in general are delivered by personnel visiting or stationed abroad. The companies want to see barriers to trade in services prioritised in negotiations with India. It is slightly unclear whether the companies are referring to exports to India or imports from India, but probably both. As we know, India has established itself as a major producer of services on the world market within IT, among other areas. Many companies are also outsourcing research and development to India, which has a large cadre of well-educated engineers and other scientists. When it comes to barriers to investment, China and Russia are mentioned most frequently.

According to the companies in the survey, strengthening the protection of intellectual property rights in order to correct failings should be prioritised in negotiations with China, Russia and the United States. The inclusion of China is hardly surprising, and the country is already prioritised in the work on improvements to the safeguarding of intellectual property rights. Russia is also a country with which considerable collaboration is in progress in order to combat counterfeiting, even though few substantial advances have been noted recently within the framework for this collaboration. The fact that the United States is also mentioned in this context appears more surprising, even if some particular problem areas are known from before, exemplified by a lack of a unified vision in relation to American patent legislation and unsolved disputes within the framework for the WTO.

6. The companies' use of, and ambitions for, measures to promote trade

The Government's promotion of foreign trade is carried out through the Swedish Trade Council, the EKN and the Swedish Export Credit Corporation (SEK). The Swedish Trade Council helps companies to chart potential markets and to make local business contacts.⁴⁴ The EKN guarantees companies and banks payment for exports, which in turn might be a prerequisite for being able to offer the buyer credit and various financial solutions.⁴⁵ The task of the Swedish Export Credit Corporation is to safeguard access on a commercial basis to financial solutions for export and infrastructure.⁴⁶

Table 29. During the last three years, has your company contacted...

| | The Swedish Trade Council? | | The EKN? | | The Swedish Export Credit Corporation? | |
|---------------------|----------------------------|--------|------------|-------|--|-------|
| | Yes | (+/-) | Yes | (+/-) | Yes | (+/-) |
| Total | 24.4 | (3.7) | 3.3 | (1.7) | 0.6 | (0.6) |
| Manufacturing | 31.2 | (5.5) | 3.8 | (2.6) | 0.8 | (1.2) |
| Services | 20.1 | (5) | 2.9 | (2.2) | 0.5 | (0.6) |
| Company size | | | | | | |
| Small | 21.8 | (4.2) | 2.7 | (1.8) | 0.6 | (0.7) |
| Medium-sized | 38.7 | (9.1) | 5.9 | (5.9) | 0.0 | (0) |
| Large | 37.3 | (8.9) | 6.2 | (4.8) | 2.5 | (3.1) |
| Sectors | | | | | | |
| Food | 30.6 | (8.8) | 2.1 | (2.7) | 0.6 | (0.8) |
| Forestry | 18.0 | (8.5) | 0.9 | (1) | 0.0 | (0) |
| Chemicals | 31.6 | (9.5) | 2.8 | (3.3) | 1.3 | (2.4) |
| Engineering | 34.7 | (9.3) | 5.8 | (4.9) | 1.1 | (2.2) |
| Other | 29.0 | (10.2) | 1.1 | (1.5) | 0.3 | (0.6) |
| Construction | 10.0 | (6.7) | 2.5 | (3.2) | 2.5 | (3.2) |
| Wholesale/retail | 16.9 | (6.8) | 3.9 | (3.3) | 0.0 | (0) |
| Business services | 36.4 | (11.6) | 1.7 | (2.6) | 1.7 | (2.6) |
| Other services | 11.6 | (7.3) | 0.0 | (0) | 0.0 | (0) |

⁴⁴ <http://www.swedishtrade.se/>

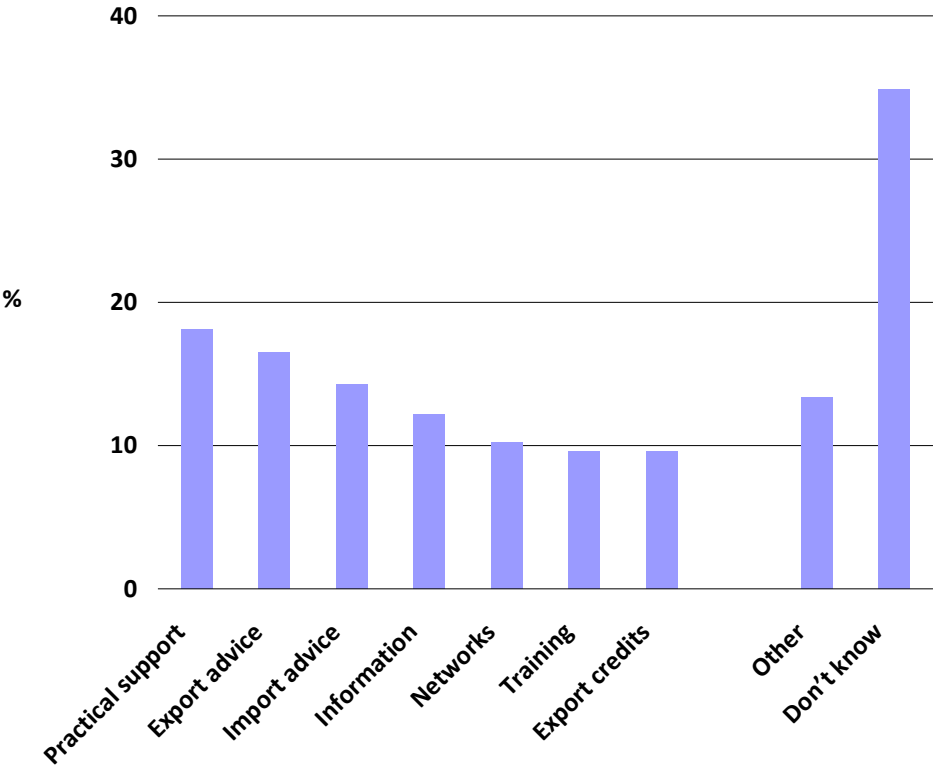
⁴⁵ <http://www.ekn.se/templates/Main.aspx?id=21>

⁴⁶ <http://www.sek.se/sv/>

Of these three bodies, the Swedish Trade Council in particular is consulted often and especially by medium-sized and large companies within manufacturing. Some of the Swedish Trade Council’s services are free of charge, such as basic information about markets and exports. Other services are co-financed by the Government/Swedish Trade Council and participating companies, or financed entirely by companies. One reason why small companies do not use the services of the Swedish Trade Council to the same extent as larger companies is probably that in some cases they consider the cost to be too high, a view that recurs now and then in the open response alternatives. The services of the EKN and the Swedish Export Credit Corporation are used by considerably fewer companies, and then primarily by larger companies. The reason for this difference does not emerge from the answers. In general, it seems that the availability of export credits is not a problem for the majority of companies. When asked specifically about this, only 6.7 percent stated that the availability of export credits was a limiting factor at present, and these were interviews carried out in the middle of the financial crisis (autumn 2009). The answers to this question are reported in the Table Appendix, Question 39.

All companies trading with foreign countries were then asked: What type of promotion do you think Sweden should prioritise?

Figure 4. What types of foreign trade promotion do you think Sweden should prioritise?
(proportion of companies wishing to prioritise the area)



Around one third answered that they did not know. One sixth of the companies wanted practical support and almost as many thought that Sweden should prioritise the provision of export and import advice. One tenth of the companies mentioned information, networks, training or export credits.

If we look closer at what is hidden behind the columns in the chart, it emerges that around one quarter of the companies in the engineering and chemicals sectors, or companies that are active within business services, prioritise increased investment in export advice. The engineering, construction and chemicals industries also wanted it to be easier to gather information about different regulatory frameworks. This prioritisation is the most noticeable for the construction sector. Companies within the service sector state most often that they think Sweden should invest more in import advice. Furthermore, the service sector has increasingly requested more training – almost one fifth of companies.

Table 30. What type of foreign trade promotion do you think Sweden should prioritise?

| | Practical support | Export advice | Import advice | Information | Networks | Training | Export credits | Other | Don't know |
|---------------------|-------------------|---------------|---------------|-------------|----------|----------|----------------|-------|------------|
| Total | 18.1 | 16.5 | 14.3 | 12.2 | 10.2 | 9.6 | 9.6 | 13.4 | 34.9 |
| Manufacturing | 21.5 | 19.3 | 9.3 | 16.1 | 11.3 | 11.6 | 11.3 | 13.6 | 28.3 |
| Services | 16 | 14.6 | 17.5 | 9.7 | 9.4 | 8.4 | 8.5 | 13.3 | 39.2 |
| Company size | | | | | | | | | |
| Small | 17.3 | 15.3 | 14.2 | 12.2 | 9.1 | 9.8 | 8.4 | 12.6 | 37.4 |
| Medium-sized | 24.3 | 24.2 | 16.4 | 12.2 | 16.4 | 9.6 | 16.2 | 18 | 19.8 |
| Large | 16.6 | 16.7 | 9.1 | 12.5 | 13.7 | 7 | 14.5 | 18.2 | 28.6 |
| Sectors | | | | | | | | | |
| Food | 12.7 | 18.6 | 12.4 | 11.5 | 10.4 | 9.3 | 7.1 | 12.6 | 40 |
| Forestry | 15 | 14.9 | 5.5 | 7.1 | 6.6 | 15.1 | 11.8 | 14.9 | 37.6 |
| Chemicals | 14 | 22.8 | 12 | 16.6 | 16 | 8.7 | 14.9 | 8.1 | 36.9 |
| Engineering | 25.9 | 22.4 | 9 | 18.4 | 10.1 | 12.9 | 11.1 | 15.2 | 22.5 |
| Other | 19.7 | 13 | 10.1 | 16 | 14.4 | 8.8 | 10.8 | 11.9 | 30.6 |
| Construction | 10 | 11 | 11.5 | 20.5 | 5.6 | 4.9 | 4.3 | 8.4 | 43.9 |
| Wholesale/retail | 16.5 | 11.8 | 17.8 | 7 | 7.3 | 9.2 | 7.3 | 13.7 | 41 |
| Business services | 19.3 | 23 | 16.4 | 12.4 | 14.7 | 8.6 | 12 | 12.2 | 33.9 |
| Other services | 9.5 | 16.3 | 21.1 | 14.4 | 13.1 | 5 | 10.2 | 15.8 | 36.9 |

One in five companies has formulated its own ambitions for prioritisation. Their ambitions are disparate. Several take the opportunity to put forward views about the services of the Swedish Trade Council, both positive and negative. For example, the Swedish Trade Council has received criticism for no longer offering the service “Export Manager to rent”. Some companies wanted more help and sponsorship in conjunction with trade fairs, and some pointed out that other countries help their companies with this. Help with marketing and working up markets is a recurring theme. Other companies point to the importance of authorities in Sweden working efficiently and having short turnaround times. Removing barriers to trade and introducing the euro are other measures often mentioned.

7. The euro issue

The euro is currently used by 17 of the EU member states, known as the euro zone, which consists of Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The euro is thus the common currency for more than 300 million Europeans. Other member states are expected to participate in the currency collaboration once the joining requirements (convergence conditions) are fulfilled, with the exception of Denmark and the United Kingdom, which have explicit exemptions. Sweden is in principle also obliged to participate. However, the Swedish people voted against joining the euro by a clear majority in the referendum in September 2003.⁴⁷ For this reason, the Riksdag decided not to introduce the euro in Sweden. Nevertheless, the euro issue is brought up now and then, in particular by the Swedish Liberal Party.

There is quite a lot of research on the subject showing that a common currency facilitates trade. The companies avoid the costs of currency exchange and currency hedging, among other expenses. Even if the estimates vary between different research reports, a great deal of them indicates that foreign trade might increase by perhaps 10 percent over a few years if Sweden joined the euro.⁴⁸

Table 31. Would joining the euro facilitate the company's foreign trade?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|--------------|-------|
| Total | 71.5 | (4.1) | 25.8 | (3.9) | 2.7 | (1.3) |
| Manufacturing | 67.2 | (5.8) | 29.0 | (5.6) | 3.8 | (2.3) |
| Services | 74.3 | (5.5) | 23.6 | (5.4) | 2.1 | (1.6) |
| Company size | | | | | | |
| Small | 70.2 | (4.7) | 27.0 | (4.5) | 2.8 | (1.6) |
| Medium-sized | 79.4 | (8.3) | 18.8 | (8.1) | 1.8 | (2.2) |
| Large | 73.7 | (8.8) | 21.9 | (8.2) | 4.4 | (4.2) |
| Sectors | | | | | | |
| Food | 70.8 | (9.4) | 27.1 | (9.2) | 2.1 | (2.7) |
| Forestry | 59.7 | (11.3) | 35.2 | (11) | 5.1 | (5.5) |
| Chemicals | 64.6 | (9.8) | 32.3 | (9.7) | 3.2 | (3.4) |
| Engineering | 65.1 | (9.7) | 32.3 | (9.5) | 2.6 | (3.3) |
| Other manufacturing | 76.0 | (10.0) | 17.4 | (8.7) | 6.6 | (6.2) |
| Construction | 66.1 | (12.1) | 27.5 | (11.1) | 6.3 | (7.1) |
| Wholesale/retail | 75.9 | (7.8) | 22.5 | (7.6) | 1.7 | (2.4) |
| Business services | 75.6 | (10.5) | 22.8 | (10.4) | 1.6 | (2.1) |
| Other services | 66.5 | (11.4) | 30.4 | (11.2) | 3.1 | (3.4) |

⁴⁷ In the referendum, 42.0 percent voted yes to introducing the euro, 55.9 percent no, and 2.1 percent gave a blank vote.

⁴⁸ Flam, Harry and Håkan Nordström, Euron och utrikeshandeln: Hur mycket handel förlorar Sverige årligen? ("The euro and foreign trade: How much trade does Sweden lose annually"), *Ekonomisk Debatt* 5, 2007.

We asked whether joining the euro would facilitate trade with other countries. Just over 70 percent of companies answered “yes” to this question, with a slightly smaller proportion within manufacturing and a slightly higher proportion within services . Among medium-size companies, almost 80 percent answered “yes”. The small companies had the lowest percentage, probably because a relatively large proportion of their trade is with Denmark and Norway, which are not part of the euro zone.⁴⁹ The fact that the large companies are slightly less in favour of joining the euro than medium-sized companies is probably associated with their being better equipped to handle currency risks through special functions (finance departments) within the companies. The sector with the lowest proportion is the forestry sector, where prices on the world market are set in US dollars.

It should be emphasised that the question was asked in the middle of the financial crisis during the autumn of 2009. Many economists and participants in the public debate consider it an advantage to be outside the euro zone at a time of crisis, as a flexible currency acts as a financial shock absorber. The Swedish krona did in fact fall in the early stages of the financial crisis. This may have been of advantage to exports, and a disadvantage to imports. It is difficult to know to what extent companies included these cyclical aspects in their assessment, or whether their answers reflect a more long-term view.⁵⁰

⁴⁹ However, the Danish krone is pegged to the euro.

⁵⁰ A more in-depth analysis of the companies' views on the euro issue will be presented in a special report at a later time.

8. Has protectionism increased during the crisis?

Swedish foreign trade, as well as world trade in general, is now beginning to recover from what has perhaps been the worst financial crisis since the 1930s. During the initial stages in the autumn of 2008, many experts feared that the crisis would be aggravated by protectionist measures. Protectionism has been observed in some countries and sectors, but perhaps less than what many feared. One reason is that the heads of state in the dominant countries (G8, G20 and other constellations) pledged themselves politically at an early stage to keep markets open – an agreement that has been monitored by the World Trade Organization.⁵¹

In conjunction with the company survey, we took the opportunity to intersperse a question on whether the companies considered that tariffs or other barriers to trade had increased since the financial crisis began. Seven percent of the companies answered “yes” to this question, while eighty-eight percent answered “no”. The companies affected were also given the opportunity to provide examples. Some companies indicated increased tariffs on certain goods, and more bureaucracy at borders. Others mentioned that their customers had had problems with credits and therefore could not fulfil agreements, or had difficulties paying. At the same time, many companies had difficulties identifying the problem. It is simply difficult to know whether reduced sales (sometimes halved or more) is due to natural causes or some form of hidden protectionism.⁵²

Table 32. Do you feel that tariffs or other barriers to trade have increased since the financial crisis started?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|-------|-------------|-------|-------------|-------|
| Total | 7.0 | (2.3) | 87.9 | (3) | 5.1 | (2) |
| Manufacturing | 6.0 | (3) | 90.5 | (3.5) | 3.5 | (2) |
| Services | 7.6 | (3.4) | 86.3 | (4.3) | 6.1 | (3) |
| Company size | | | | | | |
| Small | 6.6 | (2.6) | 88.0 | (3.4) | 5.4 | (2.3) |
| Medium-sized | 9.4 | (6.5) | 88.1 | (6.8) | 2.5 | (2.5) |
| Large | 7.9 | (4.9) | 85.0 | (6.7) | 7.2 | (4.9) |
| Sectors | | | | | | |
| Food | 9.8 | (5.6) | 87.8 | (6) | 2.4 | (2.5) |
| Forestry | 5.5 | (5) | 85.2 | (8.1) | 9.4 | (6.9) |
| Chemicals | 1.9 | (2.5) | 92.6 | (5.1) | 5.5 | (4.5) |
| Engineering | 7.0 | (5.3) | 91.8 | (5.7) | 1.2 | (2.3) |
| Other manufacturing | 4.6 | (3.7) | 89.8 | (6.7) | 5.7 | (5.8) |
| Construction | 3.8 | (5.3) | 91.8 | (7.4) | 4.4 | (5.4) |
| Wholesale/retail | 8.3 | (4.9) | 87.3 | (6) | 4.4 | (3.7) |
| Business services | 4.9 | (5.1) | 82.0 | (9.3) | 13.1 | (8.3) |
| Other services | 11.0 | (7.9) | 85.9 | (8.4) | 3.1 | (3.4) |

⁵¹ The latest monitoring report can be downloaded from the following link:

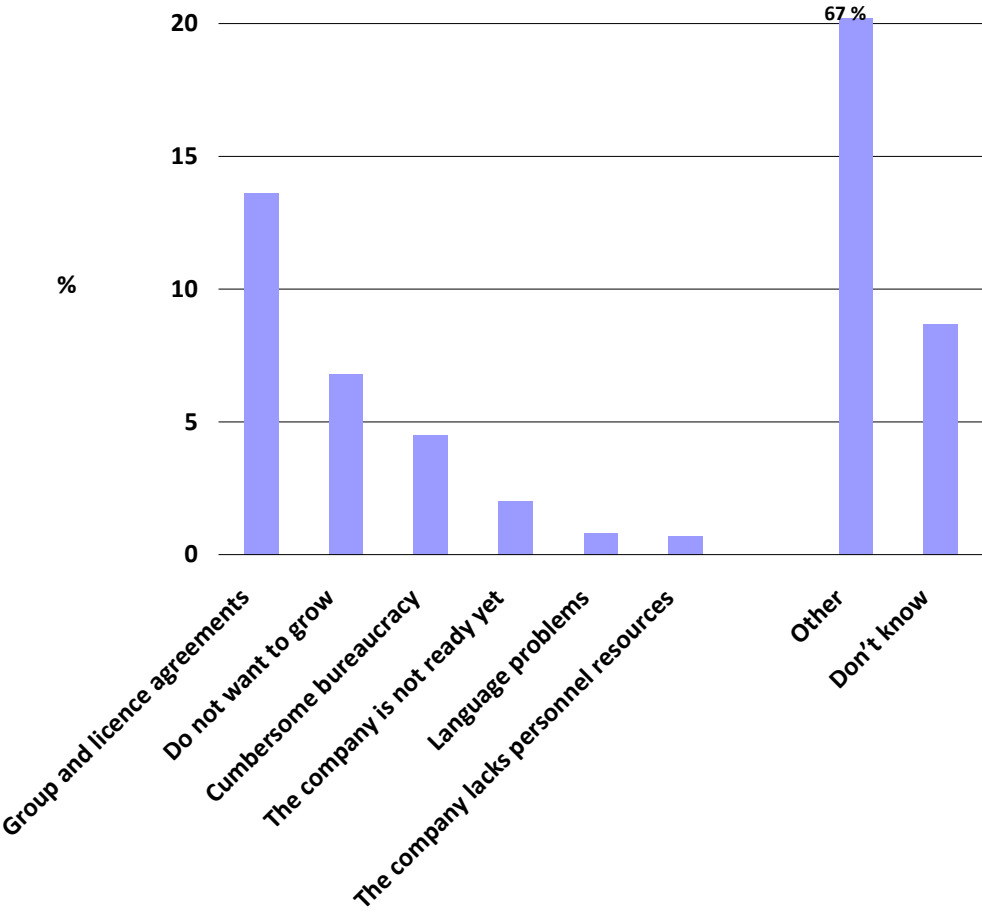
http://www.unctad.org/en/docs/wto_oecd_unctad2010d1_en.pdf

⁵² An in-depth account of the companies' views on this issue and an analysis of why protectionism did not increase as feared can be found in a separate report with the title “Fri handel trots kris” (“Free trade despite the crisis”).

9. Companies without any foreign trade

A smaller and separate Statistics Sweden survey was conducted of companies that are not engaged in foreign trade, despite operating within sectors where foreign trade is common. The aim of this survey was to chart what obstructs these companies from importing or exporting their goods and services. The aim was also to chart these companies' ambitions for support measures from the Government (such as export advice). This part of the survey is based on interviews with 174 companies (see the Methodology Appendix). The main question to these companies was: What are currently the barriers to you trading with foreign countries?

Figure 6. What are currently stopping you from trading with foreign countries?



Around 13 percent answered that their market was determined by group or licence agreements, limiting their business to the Swedish market. This type of market limitation was particularly common among small service companies, where almost one in five service companies stated that an agreement is limiting their market. Our interpretation is that these may be franchise companies within retailing or business services.

When it comes to manufacturing, medium-sized and large companies in particular state that they have agreements limiting the market. We believe that these are often companies owned by a group, where the group's headquarter conducts the foreign trade. The company may also be part of an international group, with Sweden as one of its markets.

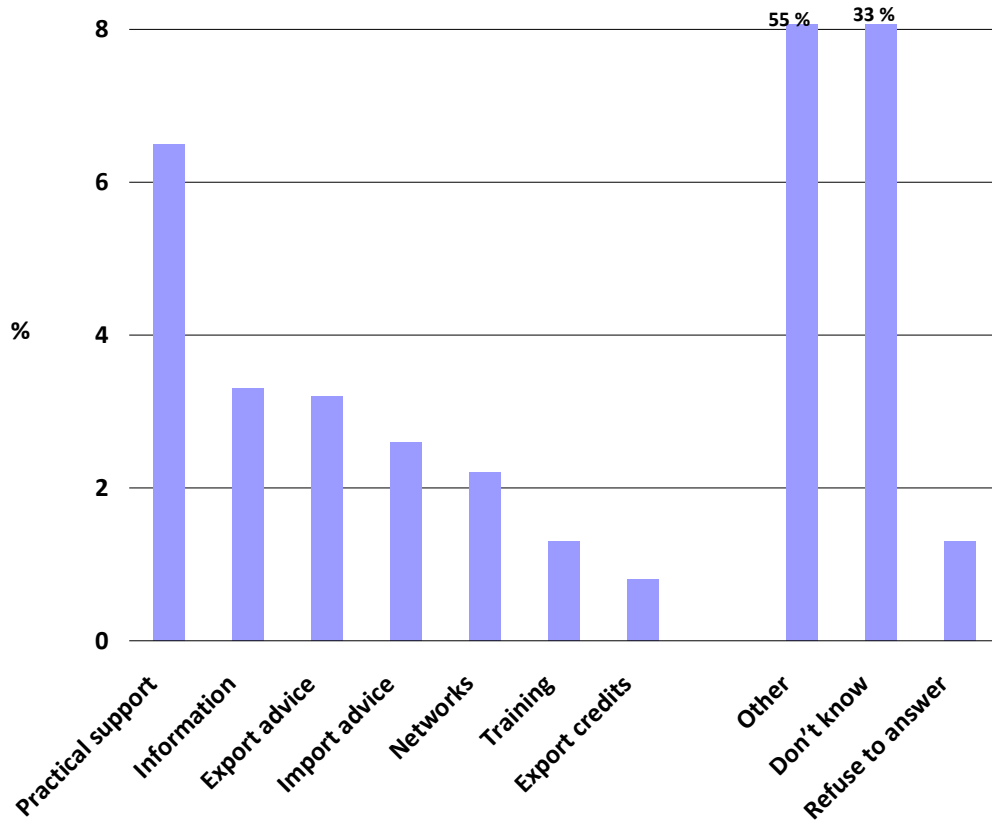
Around 10 percent of the small manufacturing companies responded that they did not wish to grow. One explanation for this may be that more investment is needed in order to grow. For service companies, 6 percent stated that they did not wish to expand. Problems with cumbersome bureaucracy were the reason for almost *five percent* of the companies. However, it should be noted that only small companies mentioned this problem.

The most common response, however, was that the companies participating in the survey stated other reasons for not trading with foreign countries (67 percent). In particular, small companies often responded that “we only conduct business in Sweden”. Several manufacturing companies pointed out that expensive freight costs would make it unprofitable to trade with foreign countries. One company said that “we have sufficient Swedish suppliers”. Other companies state that the customers are local. A few companies state that they feel they cannot compete with foreign countries, that they do not have the products required, or that their marketing skills are lacking. Among the larger manufacturing companies, a few more are open to future foreign trade – formulations such as “it is not a current plan”, “there is no market abroad at the moment” recur more frequently. However, the majority of the large manufacturing companies point to a business concept and a marketing strategy aimed at the local market.

Among small service companies, the most common answer is “we only conduct business in Sweden”, and among medium-sized and large companies, by far the most common answer is “we only conduct business in Sweden”.

All non-foreign trading companies were then asked what they thought their company would need in order to start trading with foreign countries. One third answered “don’t know”. More than half of the companies answered that their businesses were aimed at Sweden. This means that one fifth of the companies consider that they need some form of measure or support in order to start trading with foreign countries. The support they refer to is, in decreasing order of importance, practical support, information, export advice, import advice, networks, training and export credits.

Figure 7. What would your company need in order to start trading with foreign countries?



To sum up, it can be established that, among the companies that do not trade with foreign countries, approximately one fifth declare that they do not want to grow, or that their market is determined by group or licence agreements. The great majority of companies state that Sweden is their market. However, one fifth of the companies request some type of support in order to start trading with foreign countries.

10. Conclusion

The National Board of Trade's company survey shows that many barriers to trade remain to be dealt with, both within and outside the EU. The companies were asked general questions, meaning that the questions did not identify precisely those regulation changes that are needed in order to facilitate trade. Instead, the company survey helps us identify and prioritise various problem areas.

For trade within the EU, the survey indicates that there is reason to focus more on the regulatory frameworks that directly or indirectly affect trade in services. Public procurement within the EU also needs to be reviewed in order to make it possible for all companies to compete on equal terms on this market, which amounts to 16 percent of the EU's total GNP according to the Commission. In addition, VAT handling within the EU could be smoother, and some technical barriers to trade remain.

When it comes to exports to countries outside the EU, it is still tariffs and other traditional barriers to trade that need attention. According to the companies, the three greatest problems are cumbersome and slow customs procedures, difficulties with finding out the rules that apply in the import country, and high tariffs. Other problems include import licences and other permits, product adaptation and related requirements for testing and certification, and finally corruption.

Furthermore, there are some barriers to trade that need to be dealt with on the import side. According to the companies, the five greatest problems on the import side are high EU tariffs, technical barriers to trade, anti-dumping measures and quotas, finding out the rules that apply for imports to the EU and finally the EU's environmental requirements.

The EU could remove many of these barriers unilaterally, but there is no majority for this among the member states. As noted in the introduction, barriers to trade on the import side are also a problem for the exporting sectors, as many companies are dependent on imported raw materials and other input products. Barriers to trade also affect welfare, as they make goods and services more expensive for consumers and their range smaller, meaning that we could benefit from removing many barriers to trade. At the same time, many member states consider that a unilateral removal would make it more difficult to gain access to the markets of other countries, as the negotiations are a type of barter. "We will open our market if you open yours". The emphasis will be on mutual trade liberalisation through negotiation within the World Trade Organization, supplemented by bilateral and regional trade agreements. Markets identified by companies as extra important to acquire better trading terms with are Norway, followed by China, the United States, Russia, India, Brazil and Japan.

The next step in the surveying of barriers to Sweden's foreign trade is to analyse the problems for different sectors and different markets in more detail. For instance, what needs to be changed in the EU's regulatory framework to make trade in services as free flowing as trade in goods? We are particularly grateful to receive concrete examples from companies and sector organisations of the barriers to trade, and of the changes needed in the regulatory frameworks.⁵³ The National Board of Trade will also carry out in-depth analyses of various subject areas and markets that have been identified as particularly interesting.

⁵³ Comments should be sent to the project manager, ingrid.lindeberg@kommers.se.

Appendix of tables

Question 7. Are you forced to adapt your goods and services as a result of differing national regulatory frameworks within EU countries?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|------------|-------|
| Total | 21.2 | (3.6) | 78.1 | (3.6) | 0.8 | (0.8) |
| Manufacturing | 23.7 | (2.6) | 75.9 | (2.6) | 0.4 | (0.2) |
| Services | 19.6 | (2.4) | 79.5 | (2.4) | 1.0 | (0.6) |
| Company size | | | | | | |
| Small | 18.2 | (3.9) | 81.0 | (4.0) | 0.8 | (0.9) |
| Medium-sized | 37.1 | (10.6) | 62.6 | (10.6) | 0.4 | (0.5) |
| Large | 34.2 | (9.1) | 64.7 | (9.1) | 1.1 | (1.5) |
| Sectors | | | | | | |
| Food | 38.1 | (4.5) | 58.5 | (4.6) | 3.4 | (1.7) |
| Forestry | 19.9 | (4.7) | 80.1 | (4.7) | 0.0 | (0.0) |
| Chemicals | 27.8 | (4.5) | 70.6 | (4.6) | 1.6 | (1.2) |
| Engineering | 23.9 | (4.5) | 76.1 | (4.5) | 0.0 | (0.0) |
| Other manufacturing | 19.2 | (4.6) | 80.4 | (4.6) | 0.3 | (0.3) |
| Construction | 24.8 | (5.6) | 73.0 | (5.6) | 2.2 | (1.4) |
| Wholesale/retail | 14.1 | (3.1) | 85.0 | (3.2) | 0.9 | (0.9) |
| Business services | 30.6 | (5.6) | 68.1 | (5.7) | 1.3 | (1.3) |
| Other services | 27.1 | (5.9) | 72.9 | (5.9) | 0.0 | (0.0) |

Question 8. Are you forced to carry out further testing and certification in other EU countries?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|-------|-------------|-------|------------|-------|
| Total | 13.6 | (2.9) | 84.7 | (3.1) | 1.7 | (1.2) |
| Manufacturing | 18.5 | (4.7) | 80.3 | (4.8) | 1.2 | (1.4) |
| Services | 10.5 | (3.7) | 87.5 | (4.1) | 2.0 | (1.8) |
| Company size | | | | | | |
| Small | 11.0 | (3.2) | 87.4 | (3.4) | 1.5 | (1.4) |
| Medium-sized | 25.7 | (9.2) | 71.7 | (9.6) | 2.6 | (3.4) |
| Large | 32.2 | (9.4) | 66.1 | (9.4) | 1.7 | (1.1) |
| Sectors | | | | | | |
| Food | 16.8 | (3.2) | 81.3 | (3.3) | 1.8 | (1.2) |
| Forestry | 19.9 | (4.6) | 80.1 | (4.6) | 0.0 | (0.0) |
| Chemicals | 21.7 | (4.0) | 76.9 | (4) | 1.4 | (0.5) |
| Engineering | 18.8 | (4.0) | 80.3 | (4.1) | 0.9 | (0.9) |
| Other manufacturing | 16.2 | (3.8) | 81.4 | (4.3) | 2.3 | (2.3) |
| Construction | 20.5 | (5.2) | 77.4 | (5.3) | 2.2 | (1.4) |
| Wholesale/retail | 9.1 | (2.6) | 89.1 | (2.8) | 1.8 | (1.2) |
| Business services | 12.0 | (3.8) | 85.2 | (4.2) | 2.8 | (2.1) |
| Other services | 11.0 | (3.8) | 87.7 | (4) | 1.2 | (1.2) |

Question 9. Is your trade obstructed by divergences in the environmental requirements of different EU countries?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Total | 6.7 | (2.4) | 90.8 | (2.7) | 2.5 | (1.4) |
| Manufacturing | 4.7 | (2.2) | 93.9 | (2.4) | 1.5 | (1.2) |
| Services | 8.0 | (3.7) | 88.8 | (4.2) | 3.1 | (2.1) |
| Company size | | | | | | |
| Small | 6.3 | (2.7) | 91.5 | (3.1) | 2.2 | (1.6) |
| Medium-sized | 9.5 | (6.5) | 86.3 | (7.1) | 4.1 | (3.1) |
| Large | 7.3 | (3.9) | 89.8 | (4.9) | 2.9 | (3.1) |
| Sectors | | | | | | |
| Food | 8.6 | (5.3) | 88.8 | (6.4) | 2.6 | (3.8) |
| Forestry | 6.6 | (5.4) | 89.9 | (6.6) | 3.5 | (4.1) |
| Chemicals | 7.8 | (5.1) | 91.8 | (5.2) | 0.3 | (0.5) |
| Engineering | 2.4 | (3.1) | 97.3 | (3.1) | 0.3 | (0.5) |
| Other manufacturing | 6.5 | (5.4) | 90.0 | (6.9) | 3.5 | (4.8) |
| Construction | 11.6 | (7.6) | 85.3 | (8.2) | 3.1 | (3.3) |
| Wholesale/retail | 10.0 | (5.5) | 87.3 | (6.1) | 2.6 | (3.0) |
| Business services | 4.6 | (5.3) | 91.2 | (6.6) | 4.2 | (4.1) |
| Other services | 1.2 | (2.4) | 94.7 | (5.1) | 4.1 | (4.6) |

Question 15. Is there other barriers to your companies' purchases/sales of goods and services within the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|--------------|
| Total | 17.7 | (3.6) | 81.8 | (3.6) | 0.5 | (0.7) |
| Manufacturing | 15.5 | (4.6) | 84.3 | (4.6) | 0.2 | (0.3) |
| Services | 19.0 | (5.1) | 80.3 | (5.1) | 0.7 | (1.1) |
| Company size | | | | | | |
| Small | 16.8 | (4.0) | 82.7 | (4.1) | 0.5 | (0.8) |
| Medium-sized | 22.0 | (9.3) | 77.2 | (9.4) | 0.8 | (1.6) |
| Large | 22.2 | (7.7) | 77.5 | (7.7) | 0.3 | (0.5) |
| Sectors | | | | | | |
| Food | 13.5 | (6.0) | 85.9 | (6.0) | 0.6 | (0.8) |
| Forestry | 14.1 | (8.3) | 85.9 | (8.3) | 0.0 | (0.0) |
| Chemicals | 14.0 | (6.9) | 84.7 | (7.3) | 1.3 | (2.4) |
| Engineering | 16.1 | (7.8) | 83.9 | (7.8) | 0.0 | (0.0) |
| Other manufacturing | 16.0 | (8.9) | 84.0 | (8.9) | 0.0 | (0.0) |
| Construction | 19.0 | (10.1) | 81.0 | (10.1) | 0.0 | (0.0) |
| Wholesale/retail | 18.3 | (7.1) | 80.8 | (7.2) | 0.9 | (1.7) |
| Business services | 19.9 | (9.7) | 80.1 | (9.7) | 0.0 | (0.0) |
| Other services | 21.3 | (11.0) | 77.0 | (11.3) | 1.7 | (3.2) |

Question 19. When you export to countries outside the EU, have you had problems with high tariffs?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 23.0 | (4.4) | 72.8 | (4.6) | 4.1 | (2.2) |
| Manufacturing | 24.8 | (5.7) | 73.0 | (5.9) | 2.2 | (1.8) |
| Services | 21.8 | (6.2) | 72.8 | (6.7) | 5.4 | (3.5) |
| Company size | | | | | | |
| Small | 20.8 | (5) | 74.7 | (5.3) | 4.5 | (2.7) |
| Medium-sized | 33.3 | (10.6) | 65.5 | (10.7) | 1.2 | (1.4) |
| Large | 31.7 | (9.1) | 62.2 | (9.7) | 6.1 | (5.2) |
| Sectors | | | | | | |
| Food | 39.0 | (10.8) | 58.8 | (10.8) | 2.2 | (2.6) |
| Forestry | 18.9 | (9.2) | 76.7 | (10.4) | 4.4 | (5.8) |
| Chemicals | 21.5 | (8.3) | 75.4 | (8.7) | 3.0 | (3.6) |
| Engineering | 24.8 | (9.6) | 73.0 | (9.9) | 2.2 | (3.1) |
| Other manufacturing | 26.2 | (10.8) | 72.8 | (10.9) | 0.9 | (1.8) |
| Construction | 18.7 | (11.7) | 74.5 | (14.4) | 6.7 | (10.2) |
| Wholesale/retail | 26.5 | (9.3) | 66.6 | (10) | 7.0 | (5.5) |
| Business services | 16.0 | (9.1) | 82.5 | (9.4) | 1.5 | (3) |
| Other services | 10.0 | (7.8) | 85.0 | (9.4) | 5.0 | (5.8) |

Question 20. When you export to countries outside the EU, have you had problems with cumbersome and/or slow customs procedures?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 38.5 | (5) | 57.5 | (5.1) | 4.0 | (2.1) |
| Manufacturing | 42.8 | (6.8) | 54.3 | (6.8) | 2.9 | (2.2) |
| Services | 35.6 | (7.1) | 59.7 | (7.2) | 4.7 | (3.2) |
| Company size | | | | | | |
| Small | 37.6 | (5.8) | 58.5 | (5.9) | 3.9 | (2.5) |
| Medium-sized | 43.3 | (11.3) | 53.5 | (11.4) | 3.1 | (3.6) |
| Large | 40.3 | (9.4) | 51.4 | (9.6) | 8.3 | (5.9) |
| Sectors | | | | | | |
| Food | 49.1 | (11.2) | 48.7 | (11.2) | 2.2 | (2.6) |
| Forestry | 27.0 | (10.6) | 71.9 | (10.6) | 1.0 | (1.9) |
| Chemicals | 44.5 | (10.9) | 51.7 | (10.9) | 3.8 | (3.6) |
| Engineering | 45.4 | (11.6) | 51.3 | (11.6) | 3.3 | (3.8) |
| Other manufacturing | 42.0 | (12.3) | 55.3 | (12.4) | 2.6 | (3.7) |
| Construction | 28.1 | (14.8) | 65.2 | (16.1) | 6.7 | (10.2) |
| Wholesale/retail | 39.6 | (10.3) | 55.5 | (10.5) | 4.8 | (4.5) |
| Business services | 28.8 | (11.3) | 67.2 | (11.9) | 3.9 | (5.5) |
| Other services | 30.7 | (12.4) | 64.3 | (13) | 5.0 | (5.8) |

Question 21. When you export to countries outside the EU, have you had problems with import licences or other permits?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 16.7 | (3.7) | 79.2 | (4.1) | 4.0 | (2.1) |
| Manufacturing | 17.4 | (4.8) | 79.8 | (5.1) | 2.8 | (2.2) |
| Services | 16.2 | (5.4) | 78.9 | (5.9) | 4.9 | (3.1) |
| Company size | | | | | | |
| Small | 14.4 | (4.2) | 82.1 | (4.6) | 3.6 | (2.3) |
| Medium-sized | 28.9 | (10.5) | 65.1 | (10.9) | 6.0 | (5.9) |
| Large | 21.2 | (8) | 72.7 | (9) | 6.1 | (5.2) |
| Sectors | | | | | | |
| Food | 33.5 | (10.4) | 64.6 | (10.7) | 1.9 | (3.4) |
| Forestry | 12.9 | (8.1) | 87.1 | (8.1) | 0.0 | (0) |
| Chemicals | 19.3 | (8.2) | 78.5 | (8.6) | 2.2 | (2.8) |
| Engineering | 17.8 | (8.1) | 78.9 | (8.6) | 3.3 | (3.8) |
| Other manufacturing | 14.5 | (9.1) | 81.9 | (9.7) | 3.6 | (4.1) |
| Construction | 18.2 | (13.1) | 75.1 | (15.2) | 6.7 | (10.2) |
| Wholesale/retail | 17.0 | (7.9) | 78.7 | (8.6) | 4.4 | (4.3) |
| Business services | 11.9 | (8.1) | 82.6 | (9.8) | 5.4 | (6.2) |
| Other services | 20.7 | (11.1) | 73.4 | (11.8) | 5.9 | (5.7) |

Question 22. When you export to countries outside the EU, have you had problems with product adaptation?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 11.8 | (3.2) | 85.5 | (3.6) | 2.6 | (1.7) |
| Manufacturing | 15.6 | (5) | 83.5 | (5.1) | 0.8 | (0.9) |
| Services | 9.2 | (4.1) | 86.9 | (4.9) | 3.9 | (2.9) |
| Company size | | | | | | |
| Small | 10.2 | (3.6) | 87.2 | (4) | 2.6 | (2.1) |
| Medium-sized | 18.4 | (8.9) | 79.7 | (9.1) | 1.9 | (2.6) |
| Large | 20.2 | (8.1) | 73.2 | (9.1) | 6.6 | (5.4) |
| Sectors | | | | | | |
| Food | 18.7 | (8.4) | 81.3 | (8.4) | 0.0 | (0) |
| Forestry | 3.3 | (2.6) | 96.7 | (2.6) | 0.0 | (0) |
| Chemicals | 13.3 | (7.3) | 86.3 | (7.3) | 0.4 | (0.6) |
| Engineering | 18.3 | (8.9) | 81.1 | (8.9) | 0.6 | (0.8) |
| Other manufacturing | 15.9 | (8.7) | 82.0 | (9.1) | 2.1 | (3.4) |
| Construction | 8.0 | (10.9) | 85.2 | (14) | 6.7 | (10.2) |
| Wholesale/retail | 7.0 | (5.3) | 89.5 | (6.4) | 3.5 | (3.9) |
| Business services | 16.6 | (9.8) | 78.5 | (10.8) | 4.9 | (5.8) |
| Other services | 5.7 | (6.6) | 91.3 | (7.7) | 3.0 | (4.2) |

Question 23. When you export to countries outside the EU, have you had problems with testing or certification?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Total | 10.5 | (2.8) | 86.3 | (3.3) | 3.3 | (1.9) |
| Manufacturing | 12.5 | (4.1) | 86.5 | (4.1) | 1.0 | (0.9) |
| Services | 9.1 | (3.9) | 86.1 | (4.9) | 4.8 | (3.2) |
| Company size | | | | | | |
| Small | 8.9 | (3.2) | 87.6 | (3.8) | 3.5 | (2.3) |
| Medium-sized | 14.9 | (7.4) | 83.6 | (7.6) | 1.5 | (2) |
| Large | 26.3 | (8.8) | 69.5 | (9.4) | 4.2 | (4.4) |
| Sectors | | | | | | |
| Food | 26.2 | (4.5) | 72.5 | (4.6) | 1.4 | (1.1) |
| Forestry | 4.8 | (2.5) | 93.1 | (3.1) | 2.1 | (2) |
| Chemicals | 18.4 | (4) | 80.0 | (4.1) | 1.6 | (1.2) |
| Engineering | 10.6 | (3.3) | 89.0 | (3.3) | 0.3 | (0.3) |
| Other manufacturing | 14.5 | (4.3) | 83.8 | (4.5) | 1.7 | (1.6) |
| Construction | 13.3 | (6.2) | 80.0 | (7.4) | 6.7 | (5.1) |
| Wholesale/retail | 6.2 | (2.5) | 89.2 | (3.3) | 4.7 | (2.3) |
| Business services | 14.4 | (4.3) | 80.7 | (5) | 4.9 | (2.9) |
| Other services | 12.3 | (4.4) | 82.7 | (5.1) | 5.0 | (2.9) |

Question 28. When you export to countries outside the EU, have you had problems with corruption?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 8.6 | (2.7) | 86.1 | (3.5) | 5.3 | (2.5) |
| Manufacturing | 11.6 | (4.2) | 87.1 | (4.3) | 1.3 | (1.3) |
| Services | 6.5 | (3.4) | 85.5 | (5.2) | 8.1 | (4.1) |
| Company size | | | | | | |
| Small | 6.6 | (2.9) | 87.9 | (4) | 5.5 | (3) |
| Medium-sized | 15.4 | (8.2) | 81.0 | (8.7) | 3.6 | (3.9) |
| Large | 22.2 | (8.7) | 69.3 | (9.7) | 8.5 | (6) |
| Sectors | | | | | | |
| Food | 12.4 | (7.1) | 87.6 | (7.1) | 0.0 | (0) |
| Forestry | 10.8 | (7) | 88.2 | (7.2) | 1.0 | (1.9) |
| Chemicals | 9.9 | (6.2) | 88.1 | (6.5) | 2.0 | (2.4) |
| Engineering | 13.8 | (7.3) | 84.4 | (7.5) | 1.8 | (2.4) |
| Other manufacturing | 7.6 | (7.3) | 92.0 | (7.3) | 0.4 | (0.8) |
| Construction | 6.2 | (6.9) | 85.2 | (12.2) | 8.5 | (10.5) |
| Wholesale/retail | 5.7 | (4.8) | 86.0 | (7.3) | 8.3 | (5.9) |
| Business services | 3.9 | (4.9) | 87.3 | (8.9) | 8.8 | (7.8) |
| Other services | 16.0 | (10.3) | 79.1 | (11.3) | 5.0 | (5.8) |

Question 29. When you export to countries outside the EU, have you had other problems?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|---------------|-------------|---------------|--------------|---------------|
| Total | 19.4 | (4) | 77.9 | (4.3) | 2.7 | (1.9) |
| Manufacturing | 20.7 | (5.6) | 78.9 | (5.6) | 0.3 | (0.4) |
| Services | 18.5 | (5.6) | 77.2 | (6.1) | 4.4 | (3.1) |
| Company size | | | | | | |
| Small | 17.6 | (4.6) | 79.5 | (4.9) | 2.9 | (2.3) |
| Medium-sized | 26.7 | (10) | 72.0 | (10.1) | 1.3 | (1.9) |
| Large | 30.0 | (9.4) | 65.8 | (9.8) | 4.2 | (4.4) |
| Sectors | | | | | | |
| Food | 13.2 | (7.1) | 86.8 | (7.1) | 0.0 | (0) |
| Forestry | 13.9 | (7.5) | 86.1 | (7.5) | 0.0 | (0) |
| Chemicals | 19.8 | (8.6) | 78.6 | (8.8) | 1.6 | (2.3) |
| Engineering | 22.8 | (9.5) | 76.9 | (9.5) | 0.3 | (0.6) |
| Other manufacturing | 21.3 | (10.5) | 78.7 | (10.5) | 0.0 | (0) |
| Construction | 13.5 | (10) | 79.7 | (13.4) | 6.7 | (10.2) |
| Wholesale/retail | 18.3 | (8.1) | 77.0 | (8.9) | 4.7 | (4.5) |
| Business services | 17.3 | (9) | 78.8 | (10.1) | 3.9 | (5.5) |
| Other services | 23.4 | (11.6) | 73.5 | (12) | 3.0 | (4.2) |

Question 32. When you import from countries outside the EU, have you had problems with high EU tariffs?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|---------------|--------------|--------------|
| Total | 11.6 | (3.4) | 84.2 | (3.8) | 4.2 | (2) |
| Manufacturing | 8.3 | (3.5) | 88.9 | (3.9) | 2.8 | (1.8) |
| Services | 13.9 | (5.2) | 81.0 | (5.9) | 5.1 | (3.1) |
| Company size | | | | | | |
| Small | 12.0 | (4) | 84.3 | (4.5) | 3.8 | (2.3) |
| Medium-sized | 10.5 | (7.1) | 84.3 | (7.9) | 5.2 | (3.8) |
| Large | 8.5 | (5.5) | 82.3 | (7.6) | 9.2 | (5.9) |
| Sectors | | | | | | |
| Food | 19.1 | (9) | 74.0 | (10) | 6.9 | (5.5) |
| Forestry | 4.2 | (4.5) | 91.4 | (6.4) | 4.4 | (4.8) |
| Chemicals | 10.1 | (6.4) | 85.1 | (7.1) | 4.8 | (3.8) |
| Engineering | 6.0 | (5.6) | 91.8 | (6.3) | 2.2 | (3.1) |
| Other manufacturing | 12.2 | (7.8) | 86.0 | (8) | 1.9 | (2.5) |
| Construction | 7.8 | (8.1) | 86.7 | (12.4) | 5.4 | (10) |
| Wholesale/retail | 17.4 | (8) | 80.1 | (8.4) | 2.5 | (3.3) |
| Business services | 9.1 | (6.9) | 81.3 | (10.7) | 9.6 | (8.7) |
| Other services | 6.7 | (6.5) | 83.6 | (10.3) | 9.7 | (8.5) |

Question 33. When you import from countries outside the EU, have you had problems with unforeseen anti-dumping measures and quotas?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|-------|-------------|--------|-------------|-------|
| Total | 7.7 | (3) | 87.8 | (3.6) | 4.6 | (2.2) |
| Manufacturing | 3.6 | (2.7) | 94.0 | (3.2) | 2.4 | (1.7) |
| Services | 10.4 | (4.8) | 83.5 | (5.6) | 6.0 | (3.5) |
| Company size | | | | | | |
| Small | 7.7 | (3.5) | 87.9 | (4.2) | 4.4 | (2.5) |
| Medium-sized | 9.3 | (7.2) | 85.7 | (8.5) | 5.0 | (4.7) |
| Large | 3.0 | (3.9) | 91.6 | (5.8) | 5.4 | (4.5) |
| Sectors | | | | | | |
| Food | 6.5 | (5.6) | 86.1 | (7.7) | 7.4 | (5.8) |
| Forestry | 2.1 | (3.9) | 93.6 | (6.1) | 4.4 | (4.8) |
| Chemicals | 3.9 | (4.1) | 94.2 | (4.6) | 2.0 | (2.4) |
| Engineering | 4.8 | (5.1) | 92.9 | (5.9) | 2.2 | (3) |
| Other manufacturing | 0.9 | (1.8) | 98.1 | (2.5) | 0.9 | (1.8) |
| Construction | 0.0 | (0) | 94.6 | (10) | 5.4 | (10) |
| Wholesale/retail | 14.4 | (7.3) | 81.9 | (8.1) | 3.7 | (4) |
| Business services | 3.9 | (5.5) | 83.4 | (10.5) | 12.7 | (9.5) |
| Other services | 5.8 | (6.5) | 89.2 | (8.5) | 5.0 | (5.8) |

Question 34. When you import from countries outside the EU, have you had problems with getting a reduction in duty for imports from developing countries?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|------------|-------|-------------|--------|-------------|-------|
| Total | 2.1 | (1.7) | 87.0 | (3.5) | 10.9 | (3.2) |
| Manufacturing | 0.3 | (0.3) | 90.9 | (3.4) | 8.8 | (3.3) |
| Services | 3.4 | (2.9) | 84.3 | (5.5) | 12.3 | (4.9) |
| Company size | | | | | | |
| Small | 2.1 | (2) | 87.5 | (4.1) | 10.4 | (3.7) |
| Medium-sized | 2.4 | (4.4) | 85.9 | (8) | 11.7 | (7) |
| Large | 1.3 | (1.7) | 81.2 | (8.2) | 17.6 | (8.1) |
| Sectors | | | | | | |
| Food | 3.3 | (4.1) | 81.7 | (9) | 15.0 | (8.3) |
| Forestry | 0.0 | (0) | 90.8 | (6.8) | 9.2 | (6.8) |
| Chemicals | 0.4 | (0.6) | 90.4 | (5.7) | 9.2 | (5.7) |
| Engineering | 0.0 | (0) | 93.5 | (5.2) | 6.5 | (5.2) |
| Other manufacturing | 0.4 | (0.8) | 87.0 | (7.8) | 12.6 | (7.8) |
| Construction | 0.0 | (0) | 85.2 | (14) | 14.8 | (14) |
| Wholesale/retail | 4.4 | (4.3) | 84.1 | (7.7) | 11.5 | (6.8) |
| Business services | 2.4 | (4.7) | 82.3 | (10.5) | 15.3 | (9.8) |
| Other services | 1.4 | (2.7) | 89.1 | (7.9) | 9.4 | (7.5) |

Question 35. When you import from countries outside the EU, have you had problems with the product requirements, testing or certification of the exporting country not being recognised in the EU?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------|-------------|--------|-------------|--------|
| Total | 8.4 | (3) | 86.6 | (3.7) | 5.0 | (2.3) |
| Manufacturing | 7.0 | (3.7) | 90.9 | (4) | 2.1 | (1.4) |
| Services | 9.4 | (4.4) | 83.6 | (5.6) | 7.0 | (3.8) |
| Company size | | | | | | |
| Small | 8.4 | (3.5) | 86.6 | (4.3) | 5.1 | (2.8) |
| Medium-sized | 9.4 | (7.2) | 86.5 | (8) | 4.1 | (4) |
| Large | 5.5 | (4) | 86.9 | (6.1) | 7.7 | (4.9) |
| Sectors | | | | | | |
| Food | 10.7 | (6.9) | 83.3 | (8.4) | 6.0 | (5.4) |
| Forestry | 2.1 | (2.6) | 93.6 | (5.4) | 4.4 | (4.8) |
| Chemicals | 1.8 | (2.7) | 95.5 | (3.7) | 2.7 | (2.5) |
| Engineering | 9.0 | (6.8) | 89.6 | (7.1) | 1.4 | (2.3) |
| Other manufacturing | 6.5 | (5.4) | 92.1 | (5.7) | 1.4 | (1.9) |
| Construction | 17.4 | (14.5) | 75.9 | (16) | 6.7 | (10.2) |
| Wholesale/retail | 11.1 | (6.6) | 83.1 | (8) | 5.8 | (5) |
| Business services | 6.4 | (6.5) | 83.3 | (10.3) | 10.3 | (8.7) |
| Other services | 4.2 | (4.6) | 88.9 | (8.1) | 6.9 | (6.8) |

Question 36. When you import from countries outside the EU, have you had problems with EU environmental rules?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|-------|-------------|-------|------------|-------|
| Total | 6.0 | (2.7) | 90.3 | (3.2) | 3.7 | (1.9) |
| Manufacturing | 3.1 | (1.9) | 94.6 | (2.4) | 2.3 | (1.4) |
| Services | 8.0 | (4.3) | 87.4 | (5.1) | 4.7 | (3) |
| Company size | | | | | | |
| Small | 5.4 | (3) | 91.0 | (3.7) | 3.6 | (2.2) |
| Medium-sized | 10.2 | (7.6) | 86.6 | (8.2) | 3.1 | (3.6) |
| Large | 4.3 | (3.6) | 88.5 | (5.9) | 7.3 | (4.9) |
| Sectors | | | | | | |
| Food | 1.4 | (2.3) | 92.6 | (5.8) | 6.0 | (5.4) |
| Forestry | 1.6 | (2.1) | 93.5 | (5.2) | 4.9 | (4.8) |
| Chemicals | 6.0 | (4.9) | 90.2 | (6) | 3.8 | (3.6) |
| Engineering | 2.6 | (3.1) | 96.0 | (3.7) | 1.4 | (2.3) |
| Other manufacturing | 4.0 | (4.2) | 94.7 | (4.6) | 1.4 | (1.9) |
| Construction | 3.9 | (5.3) | 90.7 | (11) | 5.4 | (10) |
| Wholesale/retail | 12.2 | (6.9) | 85.4 | (7.5) | 2.3 | (3.2) |
| Business services | 1.5 | (3) | 88.8 | (9.1) | 9.6 | (8.7) |
| Other services | 0.0 | (0) | 93.6 | (6.3) | 6.4 | (6.3) |

Question 37. When you import from countries outside the EU, have you had problems with anything else?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Total | 9.4 | (2.9) | 87.9 | (3.3) | 2.7 | (1.6) |
| Manufacturing | 10.2 | (3.9) | 88.6 | (4) | 1.2 | (0.7) |
| Services | 8.8 | (4.1) | 87.4 | (4.8) | 3.8 | (2.6) |
| Company size | | | | | | |
| Small | 7.1 | (3.1) | 90.2 | (3.6) | 2.7 | (1.9) |
| Medium-sized | 20.4 | (9.8) | 77.2 | (9.9) | 2.4 | (2.3) |
| Large | 17.5 | (7.9) | 78.5 | (8.5) | 4.0 | (3.6) |
| Sectors | | | | | | |
| Food | 8.2 | (5.9) | 85.7 | (7.7) | 6.0 | (5.4) |
| Forestry | 5.9 | (5.3) | 89.8 | (7) | 4.4 | (4.8) |
| Chemicals | 9.1 | (5.9) | 89.0 | (6.3) | 2.0 | (2.4) |
| Engineering | 12.6 | (7) | 87.4 | (7) | 0.0 | (0) |
| Other manufacturing | 7.5 | (5.7) | 91.5 | (5.9) | 0.9 | (1.8) |
| Construction | 9.3 | (11) | 85.2 | (14) | 5.4 | (10) |
| Wholesale/retail | 10.6 | (6.2) | 88.2 | (6.5) | 1.2 | (2.3) |
| Business services | 4.4 | (5.6) | 86.8 | (9.6) | 8.8 | (8.3) |
| Other services | 8.5 | (6.4) | 84.6 | (9.1) | 6.9 | (6.8) |

Question 39. Is access to export credits currently a limiting factor for your trade?

| | Yes | (+/-) | No | (+/-) | Don't | (+/-) |
|---------------------|------------|--------------|-------------|--------------|--------------|--------------|
| Total | 6.7 | (2.3) | 85.7 | (3.3) | 7.5 | (2.5) |
| Manufacturing | 7.3 | (3.3) | 87.4 | (4.2) | 5.3 | (2.8) |
| Services | 6.4 | (3.2) | 84.7 | (4.7) | 9.0 | (3.8) |
| Company size | | | | | | |
| Small | 6.5 | (2.6) | 85.2 | (3.8) | 8.3 | (3) |
| Medium-sized | 9.1 | (6.3) | 88.1 | (6.8) | 2.9 | (2.6) |
| Large | 4.3 | (3.8) | 90.4 | (5.5) | 5.2 | (4.3) |
| Sectors | | | | | | |
| Food | 8.4 | (4.8) | 87.0 | (6.1) | 4.6 | (4) |
| Forestry | 5.9 | (5.1) | 88.8 | (7.2) | 5.4 | (5.4) |
| Chemicals | 4.8 | (4.5) | 91.7 | (5.5) | 3.5 | (3.4) |
| Engineering | 9.0 | (5.8) | 86.2 | (7) | 4.8 | (4.3) |
| Other manufacturing | 4.8 | (4.6) | 87.6 | (8) | 7.7 | (6.8) |
| Construction | 6.2 | (6.1) | 90.1 | (7.1) | 3.7 | (3.9) |
| Wholesale/retail | 6.6 | (4.5) | 84.1 | (6.6) | 9.3 | (5.3) |
| Business services | 7.8 | (6.8) | 82.0 | (9.6) | 10.1 | (7.6) |
| Other services | 2.6 | (3.6) | 90.4 | (7) | 6.9 | (6.1) |

Appendix on methodology

The aim of the survey is to chart the problems encountered by companies in different sectors and size classes when trading with other EU countries and countries outside the EU, including their views of the markets, and areas that should be emphasised in future negotiations. The survey is aimed primarily at companies with foreign trade. A smaller, subsidiary interview survey was conducted of companies that are active within sectors where foreign trade is common but are not themselves engaged in foreign trade. It has not been possible to interview *all* companies in Sweden, but only a random sample, known as a sample survey. Therefore, it is intrinsically uncertain how well the companies interviewed represent the entire population of companies. However, the statistical uncertainty can be calculated, at least approximately (see below).

The steps in the survey

The survey was prepared by us (the project group), first formulating a number of questions based on the National Board of Trade's knowledge and experience of barriers and problems in foreign trade. These questions then formed the basis for the almost twenty in-depth interviews carried out by the Board during the spring of 2009. The companies interviewed were distributed across the country in various business sectors and were of varying sizes. New problem areas emerged from these interviews. This meant that we could delete some questions and add others. It also meant that we could give the companies the opportunity of bringing up problems that we had not asked about ourselves.

Statistics Sweden was appointed by the Board to carry out the telephone interviews. As a first step, Statistics Sweden prepared a register of companies covering both parts of the survey (companies with and without foreign trade respectively) based on Statistics Sweden's company register in June 2009. Three delimitations were made in accordance with the Board:

- a) **Companies with fewer than five employees (“micro companies”) were not included.** The reason is that there are several hundreds of thousands of micro companies in Sweden, and it would require a large number of interviews with these to achieve statistically significant information. In addition, they are only responsible for a very small part of Sweden's foreign trade (about 1 percent).
- b) **Certain legal business entities were also deselected, including charitable associations and public administrations.** The reason is that charitable and public operations are run on different premises than private business operations. The legal business entities included in the survey are: Non-trading partnership, Trading partnership, Joint stock banking company, Insurance company, Other limited company and Incorporated association.

- c) **Finally, certain business sectors were also deselected.** Agriculture and fishing are not included in the survey, for instance, as the majority of farming and fishing is conducted by family companies with fewer than five employees. We could, of course, have included the larger companies from these sectors in the survey, but it would then have been difficult to generalise the result to the smaller companies, which dominate these sectors. In addition, these companies rarely trade directly with foreign countries, but generally through various intermediaries that are included in the survey. The other big “business sector” not included is public administration, for the reasons stated above. We have also excluded tobacco manufacturing and extraction of certain raw materials, which are regulated by special regulatory frameworks. For instance, the EU’s regulatory framework does not permit trade in snuff. The operations not included in the survey are listed below.

Sectors and operations not included in the survey

| S | Description |
|----|--|
| NI | |
| 01 | Agriculture and hunting and associated services |
| 03 | Fishing and aquaculture |
| 05 | Coal extraction |
| 06 | Extraction of raw petroleum and natural gas |
| 09 | Services to extraction |
| 12 | Tobacco manufacture |
| 84 | Public administration and defence, mandatory social insurance |
| 97 | Paid household work |
| 98 | Household production of various goods and services for own use |
| 99 | Operations at international organizations, foreign embassies, etc. |

In order to determine whether the companies in the register conducted any foreign trade, information on the companies’ goods and services bought and sold *directly* from other countries was gathered from goods trading statistics (Intrastat and Extrastat) as well as the selection survey of trade in services and the 2008 value added tax returns. According to this definition, trading indirectly through one or several intermediaries does not count as foreign trade. For instance, sub-contractors to the export industry without their own exports are regarded as non-trading companies, even if their input goods are included in Swedish exports. Likewise, companies that buy imported goods through a Swedish wholesaler are also regarded as non-trading companies. In other words, the dividing line between trading and non-trading companies is that the transactions are carried out directly with a foreign country, without an intermediary. In addition, a control question was asked during the interview in order to verify that the company belonged to the target group in question.

As the problems with foreign trade can be slightly different for different business sectors and sizes of companies, the selection framework was divided into various sub-groups (“strata”), where a selection of companies was interviewed.

The selection framework for companies with foreign trade (sub-survey 1) was divided into 27 strata (sub-groups) distributed across 9 business sectors (food, forestry, chemicals, engineering, other manufacturing, construction, wholesale/retail, business services, other services) and 3 size classes of companies, defined according to the number of employees. The SNI codes included in the nine business sectors are shown in Table 2 in the main text. The information about the number of employees was gathered from Statistics Sweden’s VAT register. In this survey, companies with 5-49 employees are defined as **small companies**, companies with 50-249 employees as **medium-sized companies** and companies with 250+ employees as **large companies**. Companies with fewer than five employees were not included in the survey, as previously mentioned. Stratum 1 thus consists of small companies in the food industry, stratum 2 of medium-sized companies in the food industry, stratum 3 of large companies in the food industry, stratum 4 of small companies in the forestry sector, etc. The first five sectors are part of manufacturing, and the four latter sectors are part of services. Both branches of business trade in goods and services, even if the emphasis is on goods for manufacturing and on services for the service sector. The exception is wholesaling and retailing, where foreign trade mainly consists of goods.

The selection framework for companies without foreign trade (sub-survey 2) was divided into eight strata distributed over four sectors (chemicals, engineering, other manufacturing and wholesale/retail) and two company size classes (small and medium/large companies respectively). The four business sectors chosen were the sectors with the largest proportion of trading companies in the population. The sub-group medium/large companies (≥ 50 employees) in practice consists of medium-sized companies, as there are very few large companies that neither export nor import.

The number of interviews was divided up across the different strata, taking into account the number of companies included in the underlying population. As small companies (5-49 employees) dominate in terms of numbers in every sector, it was necessary to allocate more interviews to this group than to medium/large companies, in order for the statistical margin of error to be approximately evenly distributed across the different strata. It was also necessary to allocate more interviews to sectors with many companies than to sectors with few companies. Notice, however, that the distribution between different strata is not entirely proportionate to the underlying population, as the smallest strata would then only have a few interviews. The companies in each stratum were selected through random lots, and were asked by mail to participate in the survey, with a brief explanation of the purpose (reproduced in the footnote).⁵⁴ The companies were then contacted by telephone to make an appointment, and they were asked to, make available a person in the management with an overview of the company’s foreign affairs for the interview.

⁵⁴ “The National Board of Trade is Sweden’s governmental agency for foreign trade and trade policy. One of our main tasks is to provide the Government with relevant information for decision-making. We are now carrying out a large survey of the interests of Swedish companies. This is intended to provide the Government with up-to-date information about priorities in trade policy. We want to find out what is currently obstructing companies’ international trade, and what wishes companies in Sweden have when it comes to negotiations about trade agreements, among other areas. The areas concerned are wishes for better and simpler rules for trade and changes to facilitate trade with countries both within and outside the EU. We have requested Statistics Sweden to assist with this survey.”

The interviews were carried out by telephone by Statistics Sweden's interviewers during the period 17 August – 17 September, with a supplementary round of interviews during 23 November – 9 December. The second round was called for as an unexpectedly large number of companies with foreign trade according to the Statistics Sweden register did not consider themselves as belonging to this category in the control question (known as over-subscription). For this reason, a supplementary round of interviews was carried out with a new sample of companies, in order to reduce the statistical margin of error in the survey.

In total, 809 companies were interviewed in sub-survey 1 on the basis of the questionnaire produced by the National Board of Trade for companies with foreign trade, and 174 companies in sub-survey 2 on the basis of the separate questionnaire produced for companies without foreign trade. The number of companies interviewed in each stratum and the number of companies in the underlying population (selection framework) is shown in Table 1 in the main text. The non-response rate in different strata is shown in the table below. The *weighted* total dropout for sub-survey 1 was 23.0 percent, while it was 21.7 percent in sub-survey 2. The “over-subscribed” companies have not been included in the non-response rate, as they failed to respond due to technical reasons (they did not belong to the target population according to their statements). The most common reasons for non-responses were that the company representative selected for the interview was unavailable when Statistics Sweden phoned, or that the company stated lack of time as the reason for not participating in the survey.

Non-response per stratum (percent)

| | Companies with foreign trade | | | Companies without foreign trade | |
|---------------------|------------------------------|--------------|--------------|---------------------------------|----------------|
| | Small (5-49) | Medium-sized | Large (250-) | Small (5-49) | Medium-sized & |
| Food | 24.1 | 44.0 | 36.7 | | |
| Forestry | 24.4 | 20.0 | 26.7 | | |
| Chemicals | 28.0 | 40.0 | 23.3 | 10.0 | 0.0 |
| Engineering | 8.0 | 23.3 | 20.0 | 20.6 | 23.5 |
| Other manufacturing | 18.7 | 30.0 | 30.0 | 23.8 | 25.0 |
| Construction | 12.4 | 17.1 | 43.3 | | |
| Wholesale/retail | 25.0 | 50.0 | 23.3 | 21.6 | 21.6 |
| Business services | 29.9 | 34.3 | 43.3 | | |
| Other services | 18.3 | 41.3 | 26.7 | | |

Calculation of statistical uncertainty (“margin of error”)

The statistical uncertainty is associated with interviewing only a random sample of companies from each stratum. The response alternatives for most of the questions were “yes”, “no” or “don’t know”.⁵⁵ This is an example of a typical question: “When you export to countries outside the EU, have you had difficulties finding out the rules that apply in the country to which you are exporting?” For each stratum, Statistics Sweden has summarised data of how large a proportion of the responding companies answered “yes”, “no” and “don’t know” to a given question. The proportions add up to 100 percent.

The point estimations (response proportions in the selection) are the best guess at what the entire population in the stratum thinks about a certain question. There is, of course, some uncertainty associated with this guess, as the randomly selected companies were perhaps not representative of the entire group. Therefore, the table of results tables also include a column marked (+/-), showing the 95 percent confidence interval of the point estimations.

⁵⁵ To some questions, the companies also had the opportunity to give a free response and provide examples (“open response alternative”/“free text answer”).

A confidence interval is a measure of how certain it is that the estimated proportion of “yes”, “no” and “don’t know” responses is representative of the entire population. For each answer, the confidence interval shows a higher and a lower proportion, between which it is very probable (with 95 percent probability) that all the Swedish companies within the group in question would have answered “yes”, “no” or “don’t know” respectively. For instance, if 17.5 percent of the companies interviewed responded “yes” to a question, and the confidence interval is +/- 3.5 percent, we can draw the conclusion that the true value for the entire population with 95 percent probability will lie within the interval 17.5% +/- 3.5%, i.e. between 14% and 21%. If the confidence interval is wide, the estimation of the proportion is uncertain, and if two different answers are compared with each other (such as the proportion of yes answers in different sectors) and their confidence intervals overlap, then it is not statistically established that there is any difference between the proportions.

It should also be noted that the confidence intervals in the survey are slightly uncertain, as Statistics Sweden uses a *normal distribution approximation* to calculate the intervals. This approximation works poorly when the response proportions lie near the extreme values of 0% and 100%. The reported confidence intervals even extend outside the theoretically possible interval in some cases (<0% and >100% respectively), which illustrate the failings of the calculation method. Statistics Sweden states that it is very complicated to calculate reliable confidence intervals for multi-nominally distributed surveys (in this case three response alternatives) and that this is not part of the normal production of statistics.

Another complication is adding up the results for a certain “reporting group”. Each business sector consists of three strata (small, medium-sized and large companies), with potentially differing response proportions for each question. When the responses for e.g. the engineering sector are reported, the responses for small, medium-sized and large engineering companies have been weighted together. The weighting is determined by the proportion of small, medium-sized and large companies in the sector. Similarly, each company size class consists of nine sector strata. When the responses of “small companies” are reported, for instance, the responses for small companies in the nine sectors have been weighted together. This weighting is determined by the relative number of companies of the size class in question. The weights for “manufacturing”, “services” and “total” are arrived at by analogy.

As the small companies dominate in terms of numbers, their responses get a fairly heavy weighting in the aggregated reporting groups (sectors, manufacturing, services and total). In other words, the responses at aggregated level are not weighted by trade, but weighted according to the relative number of companies in the different reporting groups.

For readers familiar with statistics, the following fact box shows Statistics Sweden’s technical description of how the point estimations and associated confidence intervals have been calculated.

Point estimations and confidence intervals

In general, proportions and average error for estimated proportions of reporting groups (which are assumed to belong to the target population) are estimated as follows: Let

N_h = number of companies in stratum h in the framework population, $h=1,2,\dots, H$

n_h = number of selected companies in stratum h

m_h = number of responding (including over-coverage) companies in stratum h

$y_{dhk} = \begin{cases} 1 & \text{if company } k \text{ in stratum } h \text{ has the requested characteristic and belongs to reporting group } d \\ 0 & \text{otherwise} \end{cases}$

$z_{dhk} = \begin{cases} 1 & \text{if company } k \text{ in stratum } h \text{ belongs to reporting group } d \\ 0 & \text{otherwise} \end{cases}$

A total, \hat{t}_{dy} , for variable y in reporting group d is estimated using

$$\hat{t}_{dy} = \sum_{h=1}^H \frac{N_h}{m_h} \sum_{k=1}^{m_h} y_{dhk}$$

and the variance for \hat{t}_{dy} is estimated using

$$\hat{V}(\hat{t}_{dy}) = \sum_{h=1}^H \frac{N_h^2}{m_h} \left(1 - \frac{m_h}{N_h}\right) \frac{1}{m_h - 1} \left[\sum_{k=1}^{m_h} y_{dhk}^2 - \frac{\left(\sum_{k=1}^{m_h} y_{dhk}\right)^2}{m_h} \right]$$

A total, \hat{t}_{dz} , for variable z in reporting group d is estimated analogously using

$$\hat{t}_{dz} = \sum_{h=1}^H \frac{N_h}{m_h} \sum_{k=1}^{m_h} z_{dhk}$$

and the variance for \hat{t}_{dz} is estimated using

$$\hat{V}(\hat{t}_{dz}) = \sum_{h=1}^H \frac{N_h^2}{m_h} \left(1 - \frac{m_h}{N_h}\right) \frac{1}{m_h - 1} \left[\sum_{k=1}^{m_h} z_{dhk}^2 - \frac{\left(\sum_{k=1}^{m_h} z_{dhk}\right)^2}{m_h} \right]$$

Let $p_d = \frac{t_{dy}}{t_{dz}}$ = the proportion of companies with the requested characteristic in reporting group d .

An estimate of this proportion is obtained from $\hat{p}_d = \frac{\hat{t}_{dy}}{\hat{t}_{dz}}$

and the variance of this estimation is estimated using

$$\hat{V}(\hat{p}_d) = \hat{V}\left(\frac{\hat{t}_{dy}}{\hat{t}_{dz}}\right) = \left(\frac{\hat{t}_{dy}}{\hat{t}_{dz}}\right)^2 \cdot \left(\frac{\hat{V}(\hat{t}_{dy})}{\hat{t}_{dy}^2} + \frac{\hat{V}(\hat{t}_{dz})}{\hat{t}_{dz}^2} - 2\frac{\hat{C}(\hat{t}_{dy}, \hat{t}_{dz})}{\hat{t}_{dy}\hat{t}_{dz}}\right)$$

A 95 percent confidence interval for the proportion p_d is calculated as $\hat{p}_d \pm 2 \cdot \sqrt{\hat{V}(\hat{p}_d)}$

This estimation of confidence intervals assumes that the normal distribution approximation can be done. This is hardly the case when estimating small proportions and relatively small selections. In these cases, an estimated confidence interval can “cover the zero”, for instance 2.3 ± 2.6 percent. It is unnecessary to construct an interval that reaches -0.3 percent, as there is obviously an actual proportion greater than zero. Calculating confidence intervals that are more reliable is very complicated and is not part of normal statistics production.

Survey 1: Companies with foreign trade

A summary of the question asked of the companies in sub-survey 1 (with foreign trade) follows below. Unless otherwise stated, the response alternatives are 1 “yes”, 2 “no”, 3 “don’t know” and 4 “refuse to answer”. The response alternatives “don’t know” and “refuse to answer” are available for all questions, but only on one question did some companies chose the alternative “refuse to answer”.

General questions about the company’s trade with other countries

Question 1: Does your company export/import goods or services to/from...

1. only EU countries?
2. only countries outside the EU?
3. both EU countries and countries outside the EU?
4. no foreign trade?

(Companies answering “no foreign trade” were removed from the survey, so-called “over-subscription”.)

Question 2: What is your trade with Norway? Do you trade...

1. only with Norway?
2. with both Norway and countries within the EU?
3. with both Norway and other countries outside the EU?
4. with Norway, other countries outside the EU and EU countries?
5. or do you not trade with Norway?

Question 3: What is your main domestic market? Is it...

1. Sweden
2. Nordic countries
3. EU
4. Rest of the world

(Note: Questions 4 and 5 belong to sub-survey 2, see below)

Questions relating to trade within the EU

Question 6: Do you have difficulties finding out the rules that apply for selling goods or services in other EU countries?

Question 7: Are you forced to adapt your goods and services as a result of differing national regulatory frameworks in the EU countries?

Question 8: Are you forced to carry out further testing or certification in other EU countries?

Question 9: Is your trade obstructed by divergences in the environmental requirements of different EU countries?

Question 10: Do you have problems moving personnel within the EU?

Question 11: Is VAT handling a problem when trading within the EU?

Question 12: Have you participated in public procurement in other EU countries?

Question 13: If yes, did you then feel that you had the same opportunity to participate as companies in the country where the public procurement was taking place?

Question 14: Do you have the same opportunity to sell services in other EU countries as domestic companies?

Question 15: Is there anything else obstructing your purchases/sales of goods and services within the EU?

Question 15B: What is it in particular that obstructs your purchases/sales of goods and services within the EU?

Open response alternative

Question 16: Is there any country within the EU where you often encounter problems?

Question 16B: Which country?

State the country (only one country)

Question 16B2: What problems?

Open response alternative

Question 17: In total, do you feel that there are still barriers to trade within the EU?

Questions about the companies' exports to countries outside the EU

When you export to countries outside the EU, have you had problems with...

Question 18: ... finding out the rules that apply in the country to which you are exporting?

Question 19: ... high tariffs?

Question 20: ... cumbersome and/or slow customs procedures?

Question 21: ... import licences or other permits?

Question 22: ... product adaptation?

Question 23: ... testing or certification?

Question 24: ... barriers to establishing local sales or service companies?

Question 25: ... counterfeiting?

Question 26: ... discriminatory public procurement?

Question 27: ... trade in services?

Question 28: ... corruption?

Question 29: When you export to countries outside the EU, have you had any other problems?

Question 29B: What problems?

Open response alternative

Question 30: Is there any country outside the EU to which you find it particularly problematic to export?

Question 30B: Which country?

State the country (only one country)

Question 30B2: In which way is it problematic?

Open response alternative

Questions about the companies' imports from countries outside the EU

When you import from countries outside the EU, have you had problems with...

Question 31: ... finding out the rules that apply for imports to the EU?

Question 32: ... high EU tariffs?

Question 33: ... unforeseen anti-dumping measures and quotas?

Question 34: ... getting a reduction in duty for imports from developing countries?

Question 35: ... the exporting country's product requirements, testing or certification not being recognised in the EU?

Question 36: ... the EU's environmental rules?

Question 37: When you import from countries outside the EU, have you had problems with anything else?

Question 37B: What problems?

Open response alternative

General questions about promotion of trade

Question 38: Is the access to export credits currently a limiting factor for your trade?

Question 39: During the last three years, has your company contacted the Swedish Trade Council?

1. Yes
2. No
3. Do not know what services the Swedish Trade Council offers

Question 40: During the last three years, has your company contacted the EKN?

1. Yes
2. No
3. Do not know what services the EKN offers

Question 41: During the last three years, has your company contacted the Swedish Export Credit Corporation?

- 1 Yes
- 2 No
- 3 Do not know what services the Swedish Export Credit Corporation offers

Question 42: What type of foreign trade promotion do you think Sweden should prioritise?

(Multiple answers allowed)

1. Export advice
2. Import advice
3. Training
4. Information
5. Export credits
6. Networks
7. Practical support
8. Other (Open response alternative)

Question 43: Would joining the euro facilitate the company's foreign trade?

Question 44: Is there any country outside the EU with which you think it is extra important to develop better trading terms?

Question 44B: Which country?

State country (only one country)

Question 44B2: If so, what issue is the most important to prioritise in negotiations?

(Multiple answers allowed)

Is it a question of...

1. Tariffs/tariff reductions
2. Quotas
3. Protective instruments, such as anti-dumping
4. Standards, certification issues, other technical regulations
5. Failings in protection of intellectual property rights, counterfeiting, trademark forgeries
6. Trade in services
7. Investment barriers, establishment difficulties
8. Difficulties moving own personnel
9. Export taxes
10. Discriminatory measures, e.g. during public procurement
11. or something else (open response alternative)

Question 45: Do you feel that tariffs or other barriers to trade have increased since the financial crisis started?

Question 45B: Can you provide any example?

Open response alternative

Survey 2: Companies without foreign trade

Question 1: Does your company export/import goods or services to/from ...

1. only EU countries?
2. only countries outside the EU?
3. both EU countries and countries outside the EU?
4. have no foreign trade?

(Companies answering 1-3 were removed from the survey, so-called “over-subscription”)

Question 4: What is currently stopping you from trading with foreign countries?

1. Cumbersome bureaucracy
2. Language problems
3. Market determined by group or licence agreement
4. Company is not yet ready
5. Company lacks personnel resources
6. Do not want to grow
7. Other

Question 4B: If other, what?

Open response alternative

Question 5: What would your company need in order to start trading with foreign countries?

1. Export advice
2. Import advice
3. Training
4. Information
5. Export credits
6. Networks
7. Practical support
8. Other (Open response alternative)