



Decide with Confidence

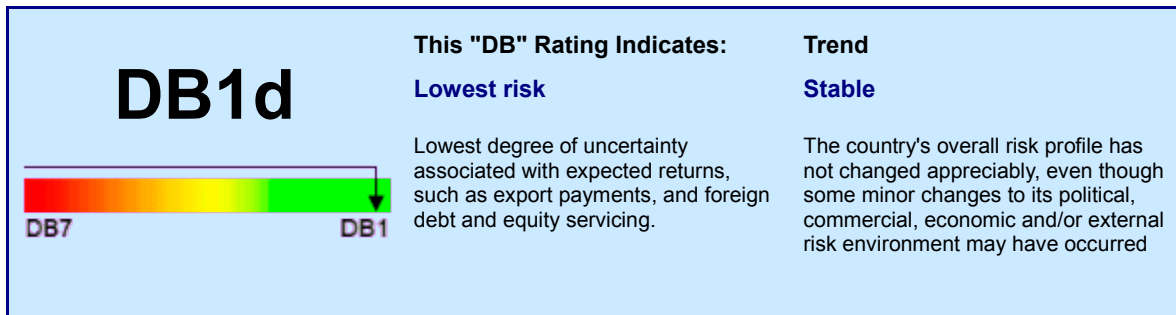
D&B Country RiskLine Report

SWEDEN

Region : Western Europe

Edition : May 2011

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	9.3m
Surface area (sq km):	450,290
Capital:	Stockholm
Timezone:	GMT +01:00
Official language:	Swedish
Head of government:	Prime Minister Fredrik REINFELDT
GDP (USD):	406.1bn
GDP per capita (USD):	42,963
Life expectancy (years):	81
Literacy (% of adult pop.):	99.9

Country Overview:

Sweden is located in the Scandinavian Peninsula on the Baltic Sea and has land borders with Norway, Finland and Denmark. A member of the EU, Sweden has a long tradition of foreign policy neutrality.

Sweden is a prosperous and efficient democracy with a strong sense of civic responsibility with one of the most developed welfare systems in the world. Both the state and the society place a strong emphasis on equality. Despite the traditional dominance of the centre-left Social Democratic Party, Sweden is characterised by its tradition of consensus-building politics.

Sweden has high tax rates to fund its large public sector. As an export-oriented economy, Sweden enjoys modern communications and infrastructure, and a highly skilled labour force. Telecommunications, the automotive industry and the pharmaceutical industries are among the most important sectors of the highly-innovative economy.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	OA
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The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:	OA
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D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:	30 days
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Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	0-1 month
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The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays:	0-1 month
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The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

Business risk improved in the early months of 2011 amid stronger industrial output and a continued increase in new orders. The 12-month moving average of industrial production rose 11.4% year on year (y/y) in February (up from -11.3 % y/y in February 2010), supported by a solid recovery in intermediate and investment goods. Moreover, the centre-right government is expected to give priority to enhancing competition and providing a sound business environment in the forecast period, while the contagion risk from the troubled banking sector in the euro zone remains low (limited as it is by the strong capitalisation in the Swedish banking sector). As such, we expect payments performance to remain favourable when doing business with Swedish companies.

Export Credit Agencies

US Eximbank	Full cover available
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

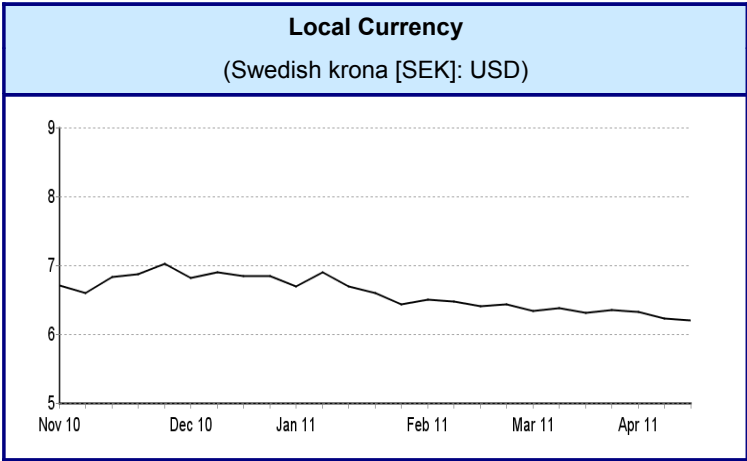
Economic Indicators

	2008	2009	2010e	2011f	2012f
Real GDP growth, %	-0.6	-5.3	5.5	4.3	3.8
Inflation, annual ave, %	3.3	1.9	1.9	2.1	2.4
Govt balance, % GDP	2.2	-0.9	-1.5	-1.0	0.5
Unemployment, %	6.2	8.3	9.5	9.2	8.7
C/A balance, % GDP	9.3	7.3	7.3	7.3	7.2

Inflation and unemployment are based on EU-harmonised data.

Currency Information

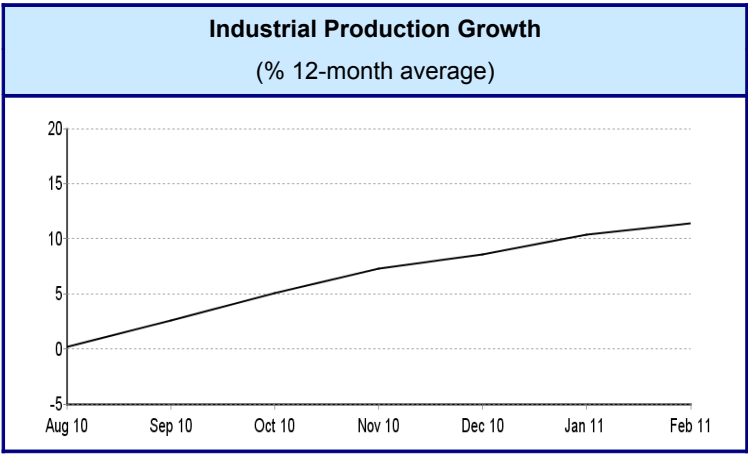
Exchange Rates	
(London, 18 Apr 11)	
EUR	8.9445
GBP	10.1148
JPY*	7.4559
USD	6.2037
*(x 100)	



Local Currency
(Swedish krona [SEK]: USD)

	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11
Week 1	6.705	6.816	6.693	6.500	6.331	6.326
Week 2	6.600	6.897	6.891	6.479	6.382	6.221
Week 3	6.830	6.838	6.694	6.407	6.309	6.204
Week 4	6.876	6.844	6.602	6.436	6.355	
Week 5	7.018		6.430			

Industrial Production Growth



Data Table

Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11
0.2	2.6	5.1	7.3	8.6	10.4	11.4

Risk Factor

D&B has upgraded Sweden's country risk rating by one quartile to DB1d (and thus into our 'lowest risk' category) due to the strong economic outlook, the stable position of the public finances and improved business prospects. Moreover, we believe that the government's responses to the current robust growth in private consumption and buoyant house price rises have been timely and adequate, limiting the risk of a property price bubble. Following a continued broad-based recovery in Q4 2010, we expect the Swedish economy to maintain its solid growth performance in 2011, supported by a robust recovery of private consumption and the gradual growth of manufacturing.

The economic rebound has been supported by government policies, which aim to limit the repercussions from the slowdown in the euro zone while also trying to avoid the creation of a house price bubble. Indeed, the centre-right coalition announced that it would look to implement further tax cuts in 2012, including lowering the income tax threshold, reducing pensioner taxes, and cutting VAT for restaurants. However, at the same time, the government revealed its plans for higher capital requirements for banks, which together with gradual interest rates hikes are set to dampen household borrowing. Sweden has already implemented an 85% loan-to-value cap for mortgage borrowing to improve credit quality and cool down the housing market, while the central bank has raised its key interest rate by 50 basis points to 1.50%. Elsewhere, according to the latest data from National Financial Management Authority, the budget deficit reached SEK1.8bn in 2010 (0.05% of GDP), while public debt was around 35% of GDP, putting Sweden among the least indebted countries in Europe. As such, risks stemming from the public finances and the financial sector are low.

Meanwhile, the business risk outlook remains positive. The latest data from Statistics Sweden show that the number of bankruptcies is still falling: the number of corporate failures fell 24% year on year in March to 1,673, with an average decline of 34% during Q1. The biggest drop was in transport services; however, it was offset by a continued high level of bankruptcies in the construction sector. Positively, we expect the number of bankruptcies to fall further in 2011, as businesses will continue to benefit from higher domestic and external demand. Indeed, both industrial production and new orders levels grew strongly in both January and February 2011, while the confidence indicator for the manufacturing sector remains above its long-term average. Despite a negative impact on the Swedish competitiveness from the unfavourable exchange rate (with the krona appreciating strongly against both the euro and the US dollar), we believe that the underlying trend remains upwards.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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