

Staff Memo

# Increased import tariffs in the United States: What is the extent of Swedish exports to the USA and which sectors could be most affected?

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## Staff Memos

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# Introduction

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During the spring, the US government raised tariffs on imported goods from other countries. For Sweden and the EU, this currently involves a specific tariff of 25 per cent for steel and aluminium products and for cars and car parts, and a general tariff of 10 percent on other goods. Unless the US and the EU reach an agreement earlier, the general import tariff rate will apply until 8 July. After that, the tariff on imports from the EU will be raised further.<sup>1</sup> A number of other products such as copper, timber, pharmaceuticals, semiconductors, and trucks are currently exempt from the general tariffs as trade in these products is either under investigation by the US administration, or is expected to be. There is thus some likelihood that these products will also face higher import tariffs.

Increased trade barriers are negative for global economic activity. They hamper trade, limit competition, the pace of innovation and the opportunities to benefit from economies of scale. This ultimately leads to weaker productivity and lower GDP. As a result of higher prices for Swedish goods imported into the United States, the demand for these goods would probably also be dampened in the short term. The trade tariffs recently introduced by the US administration thus risk dampening Swedish exports and GDP growth. On the other hand, it is also reasonable to assume that trade may be redistributed as long as tariffs are higher between the US and China than between the US and the rest of the world.<sup>2</sup> For example, China would presumably want to redirect its exports to regions other than the US.

The purpose of this staff memo is to describe the ways in which Swedish trade and the Swedish economy are linked to the US, both directly and indirectly through global value chains. We also describe in more detail some of the industries already facing, or at risk of facing, higher tariffs.

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<sup>1</sup> At the time of writing the President of the United States of America, Donald Trump, has presented a plan to introduce a tariff at 50 percent, which would come into force at 9 July, if no other agreement is reached before that.

<sup>2</sup> These are just some of the economic effects that may arise from increased tariffs. For example, the uncertainty may also contribute to companies and households postponing investment and consumption, which would have a negative impact on the Swedish economy and employment. Studies show that such effects appear to be relevant. For more detailed discussions, see, for example, Dellmo (2025a and 2025b). The overall impact of the US import tariffs could thus be significantly larger than indicated in this Staff Memo.

<sup>3</sup> We would like to thank Mikael Apel, Carl-Johan Belfrage, Mattias Erlandsson, Jens Iversen, Caroline Jungner, Conny Olofsson, Anders Vredin and Viking Waldén for valuable comments.

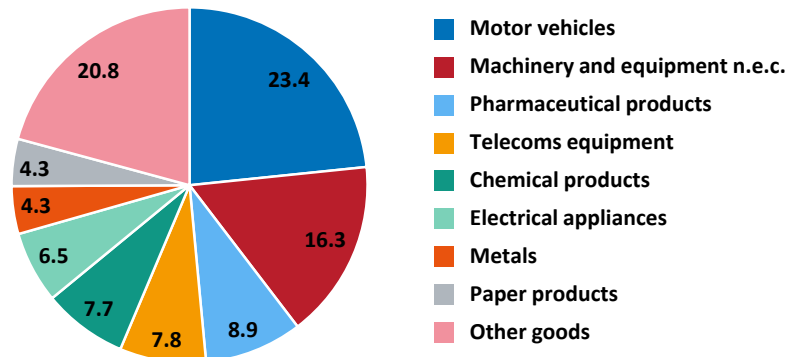
# 1 How much of Swedish value added and employment is linked to exports to the USA?

## 1.1 The United States is Sweden's largest export market

The United States has long been an important export market for Swedish goods and its importance has increased both for goods and services in recent years. Exports of goods to the United States have increased sharply since 2015 at 2.1 percent of Swedish GDP to 2.9 percent, or to SEK 187 billion in 2024. The United States received over 9 per cent of total Swedish goods exports, making it Sweden's third largest trading partner after Germany (10.1 per cent) and Norway (9.9 per cent). Motor vehicles<sup>4</sup>, together with machinery and pharmaceuticals, accounted for almost half of total exports of goods to the United States last year (see figure 1). Other major commodity groups exported to the United States were telecoms equipment, chemicals, electrical appliances, metals (mainly iron and steel) and paper products.

**Figure 1. Exports of goods to the United States, 2024**

Per cent of total goods exports to the USA



Source: Statistics Sweden.

The role of the United States as a trading partner is even more important when it comes to services exports. Exports of services to the United States have been growing at an accelerated pace in recent years.<sup>5</sup> Last year, the value of services exports to the United States was equivalent to around 2.5 per cent of GDP and accounted for almost 13 per cent of total services exports. The United States was thus Sweden's largest market for services sold abroad, followed by the United Kingdom (11 per cent) and Norway (9 per cent). Exports of services to the United States are dominated by a small number of service categories (see figure 2) – more than 75 per cent consisted of business services (including research and development, consulting and technical services),

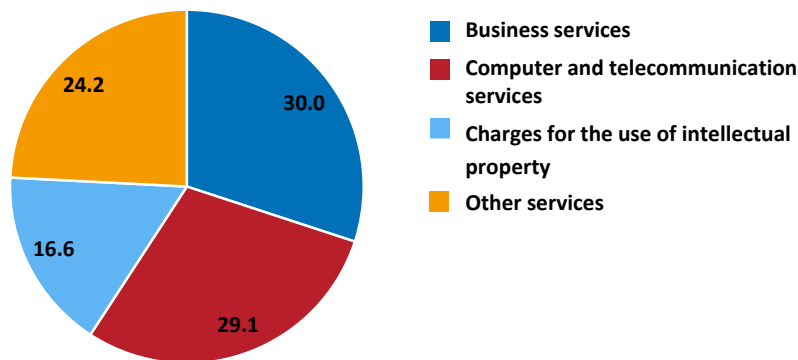
<sup>4</sup> Exports of motor vehicles to the US are mainly passenger cars and not lorries.

<sup>5</sup> The increase in services exports to the United States is part of a positive global trend in services trade in recent years. To understand the factors behind this trend, see Camacho and Hakimi Fard (2025).

computer and telecommunications services, and charges for the use of intellectual property. In recent years, the United States has been Sweden's largest export market, in terms of exports of goods and services combined.

**Figure 2. Exports of services to the United States, 2024**

Per cent of total services exports to the USA



Source: Statistics Sweden.

## 1.2 The United States is the largest recipient of Swedish direct investment

Foreign direct investment is an important trade link as it can both influence trade patterns and to some extent act as a countervailing factor for companies when tariffs are raised.<sup>6</sup> From figure 3 below one can see that Swedish direct investment in the United States, measured as total assets, has increased substantially in recent years.<sup>7</sup> The United States is also by far the largest recipient of Swedish direct investment. Swedish direct investment in the United States, measured as assets, amounted to SEK 1 265 billion in 2023, accounting for as much as 23 per cent of total direct investment assets abroad. This corresponds to a good 20 per cent of Swedish GDP.<sup>8</sup> Swedish companies that have already invested in the United States and already have operations there can more easily move some of their manufacturing from Sweden to the USA to pay lower tariffs for the products sold there. For Sweden, however, this could mean lower production and employment. However, expanding or moving parts of your business from one country to another is a complex process that can take several years. When making such decisions, companies must also take into account other factors such as labour and other input costs and legislation. Another way for companies to mitigate the impact of tariffs is to make intra-group transactions. Half of all Swedish exports of goods and services relate to intra-group transactions, i.e. sales of goods and services

<sup>6</sup> This Staff Memo uses direct investment data as an indicator of whether Swedish firms are currently part of an international corporate group with some form of operations in the United States. The impact of tariff increases on future FDI flows between countries is not analysed here.

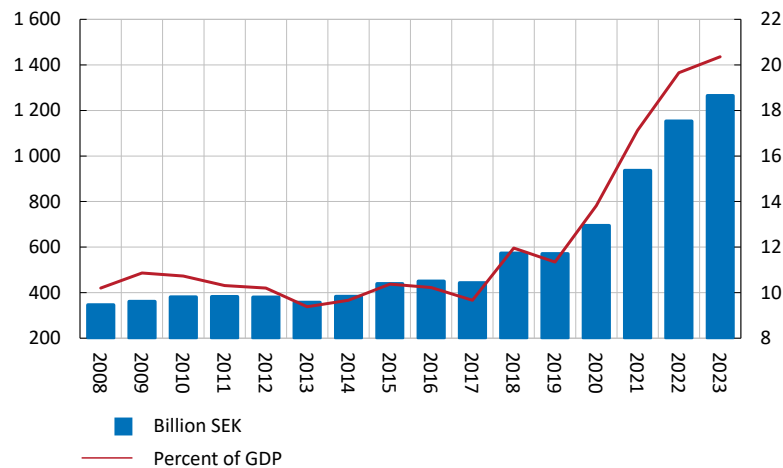
<sup>7</sup> A direct investment arises when someone, usually a company, directly or indirectly owns 10 per cent or more of the voting rights in a company or commercial property located in another country, see Statistics Sweden (2016). In this Staff Memo, we only report on the stock of direct investment, and no flows.

<sup>8</sup> In accounting terms, direct investment does not affect GDP, but it does affect gross national income (GNI), and explains most of the difference between GDP and GNI in Sweden.

to companies within the same group in other countries. The internal pricing and possible redirection of internal transaction flows can affect the tariffs paid, which can be assumed to reduce the incentives for Swedish companies to move their production to the United States.

**Figure 3. Swedish-owned direct investment assets in the USA**

SEK billion (left) and per cent of GDP (right)



Note. The book value of Swedish assets in the United States in the form of direct investment.

Source: Statistics Sweden.

### 1.3 Pharmaceutical and motor vehicle industries are strongly linked to the USA

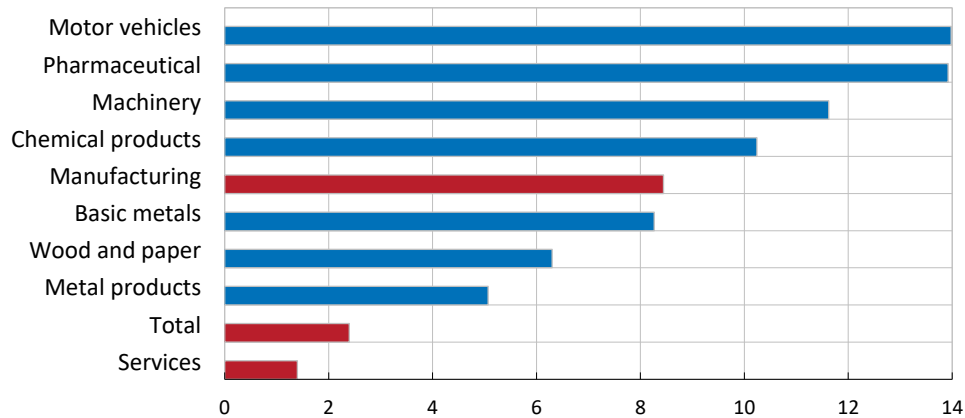
The United States is thus an important destination for Swedish exports; the third most important for exports of goods and the most important for exports of services. In this section, we examine whether the USA is equally important for the value added (i.e. the difference between the value of output and the cost of inputs) produced in Sweden and then exported.

In a globalised world, where a country's foreign trade is normally characterised by participation in global value chains, analyses of the country's exposure to different trading partners can be misleading if one only studies traditional foreign trade statistics as we did in the previous section. This is because such data measure gross flows, and thus include both the value created in the exporting country (domestic value added) and the foreign inputs (foreign value added) used to produce the exported good or service. A high foreign value-added content of a country's exports (that is that imported inputs are important in the production of export products) may mean that the importance of exports to the economy is overestimated. It can also misrepresent the importance of different trading partners to the economy, and the importance of exports to different countries for different industries. In the OECD's Trade in Value Added (TiVA) database, the OECD uses so-called "intercountry" input and output tables to break down exports and imports into, for example, domestic and foreign value added. By using TiVA, we can thus remove foreign value added in Swedish exports and

also see the indirect export of Swedish value added to the United States via third countries, which cannot be discerned in traditional foreign trade statistics. This therefore gives us a better understanding of the link between Swedish production and employment and exports to the United States.

**Figure 4. Swedish value added exported to the USA by industry**

Per cent of total value added by industry, 2019



Note. The Figure shows the exporting industry's content of Swedish value added to the United States in relation to the industry's total value added. The exporting industry's content of Swedish value added consists of both its own industry's value added and other Swedish industries' value added used in the form of input products in production.

Source: TiVA (OECD).

Figure 4 shows that 2.4 per cent of Swedish value added was exported to the United States in 2019<sup>9</sup>, making the United States Sweden's second most important export country after Germany (2.6 per cent).<sup>10</sup> In the Figure, the bars highlighted in red show exports to the United States in total and for manufacturing and services in total. The motor vehicle and pharmaceutical industries are by far the most exposed to the US market. Around 14 per cent of domestic value added in these industries is exported to the United States. Manufacturing industries export a larger share of domestic value added to the United States than service industries.

## 1.4 Tariffs can affect where companies locate their operations

The US government has recently significantly increased import tariffs to 25 per cent on motor vehicles and steel and aluminium. The sector labelled "other machinery" also exports a significant part of its value added to the US and is currently subject to

<sup>9</sup> Due to the extensive data set included in the calculations, the TiVA database only contains data up to 2020. As trade and global value chains were heavily impacted by the pandemic, data from 2020 risks being unrepresentative. In this Staff Memo we have therefore chosen to show data for 2019. TiVA is also based on industry rather than product, which means that exports of both goods and services are included, but with generally a larger share of exports of goods from goods-producing industries and a larger share of services from the service sector. For further information on TiVA, see OECD (2023).

<sup>10</sup> In total, 31.2 per cent of Swedish value added was exported in 2019.

the 10 percent general duty rate. Pharmaceutical and wood products are also at risk of facing a higher tariff, as they are or are expected to be the subject of an investigation by the US government. For all industries, the possibility of locating more production in the US could exempt products from tariffs. But those savings have to be set against substantial costs for new factories, higher production costs in the form of higher wages and uncertainty about the availability of skilled labour. Moreover, businesses need to make these decisions in an uncertain political environment, where both customs policy and other legislation may change, not least after the next presidential election.<sup>11</sup> Studies on the effects of US tariff increases in 2018-2019 show mixed results in terms of effects on the volume of foreign direct investment in the United States. Some show a positive relationship, while others show a negative one.<sup>12</sup> All in all, it seems at present that it is mainly the effects of the higher tariff of 25 per cent on cars and car parts that may affect the Swedish economy. There are indications that the tariffs, not least the one on cars and car parts, may result in some Swedish production moving to the United States, although this is still uncertain. Effects from the increase in tariffs on other goods may also have an impact, not least via the industry of other machinery. A higher tariff on pharmaceutical products would probably also be felt by the sector, given that exports to the United States are large.

### **Motor vehicle industry affected by higher import tariffs in the USA**

The motor vehicle industry has the highest share of Swedish value added exported to the United States among the industries presented (14 per cent), corresponding to 0.3 per cent of Swedish GDP. This means that the link between Swedish production and the US market is relatively strong in this sector, even though it represents a small part of the overall Swedish economy.

Swedish direct investment for the motor vehicle industry<sup>13</sup> in the United States amounted to around SEK 80 billion in 2023, equivalent to 1.3 per cent of GDP. In addition to the impact of the tariffs, another question is whether companies in the industry can shift their production to the United States to avoid tariffs. Volvo Cars has recently indicated that it intends to expand production by one more car model at its plant in Charleston, South Carolina, to deal with the US tariffs.<sup>14</sup> Such a move would likely increase Volvo's workforce in the United States, but what such a decision might mean for the number of employees in Sweden is uncertain.

A question that is related to this is what will happen to vehicle component manufacturers in Sweden. Most vehicle parts are produced by companies other than the car manufacturer itself, which may also need to make decisions about establishing a presence in the United States. At the same time, there is a shortage of skilled labour in the US auto industry.<sup>15</sup> So there are likely to be some limits to how much production in

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<sup>11</sup> For a commentary from car manufacturers on the effects of tariffs and economic policy uncertainty, see Reuters (2025).

<sup>12</sup> See Dellmo (2025a).

<sup>13</sup> This refers to motor vehicles and trailers.

<sup>14</sup> See Affärsvärlden (2025).

<sup>15</sup> See, for instance, blog from ECW Search (2023).



the United States can increase in the motor vehicle sector and therefore how much companies can avoid the tariffs.

### **Steel and aluminium products also face higher tariffs**

The Swedish metal industry is more dependent on demand in Germany than in the United States. Data shows that more than five times more of the Swedish domestic value added in metals is exported to Germany than to the United States. Therefore, the weak demand with falling industrial production in Germany in recent years, where demand for base metals has been labelled a "crisis"<sup>16</sup>, is probably a more important factor for the metals industry in Sweden than the tariffs in the United States. As early as in 2018, the United States imposed import tariffs on steel (25 per cent) and aluminium (10 per cent). However, speciality steel, which Sweden mainly exports to the USA, was the exception. Despite this, steel exports to the United States fell, so it is likely that the impact will now be at least as great.<sup>17</sup> Around 8 per cent of Swedish domestic value added in the steel and aluminium sector is exported to the United States, amounting to just under 0.1 per cent of GDP. However, there are Swedish companies that already have a relatively large part of their metal production in the United States. Swedish direct investment for base metals and manufacturing of metal goods in the United States amounted to a relatively high SEK 111 billion in 2023<sup>18</sup>, equivalent to 1.8 per cent of GDP. These companies are less affected by tariff increases.<sup>19,20</sup>

### **For 'other machinery', the impact of tariff increases is more difficult to predict**

It is unclear to what extent relocated production and tariffs will affect production in the industry's Swedish companies. Other machinery is one of the manufacturing industry's largest sectors in terms of value added created, and last year other machinery was the second largest export category.<sup>21</sup> It also has significant exports of Swedish value added to the United States, accounting for just under 12 per cent of the industry's total value added in 2019, equivalent to 0.2 per cent of GDP. The sector includes several traditional Swedish industrial companies, such as Atlas Copco, SKF, Alfa Laval and Tetra Pak, which manufacture machinery and other equipment used for production in other industries. Manufacturing the machines often requires many customised components, making production vulnerable to disruptions in global value chains. Furthermore, many Swedish companies in the sector belong to international groups with a presence in several countries. The industry's direct investment in the United States is one of the highest among Swedish industries and stood at SEK 58 billion in 2023, equivalent to 0.9 per cent of GDP. In recent years, companies have also indicated that they will expand production in the United States, at the same time as others have

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<sup>16</sup> See Ifo Business Climate Germany (2025).

<sup>17</sup> See Jernkontoret (2025).

<sup>18</sup> Refers to producers of both base metals (steel and aluminium) and fabricated metal products.

<sup>19</sup> See SSAB (2025).

<sup>20</sup> See Financial Times (2025).

<sup>21</sup> In 2022, the sector accounted for around 16 per cent of the value added created in manufacturing. In 2024, exports of other machinery amounted to SEK 248 billion (3.8 per cent of GDP).

moved their manufacturing from the United States to Mexico.<sup>22,23</sup> It is unclear how the localisation of production will be affected by increased import tariffs. Operations in the United States are likely to become less profitable as input costs rise. At the same time, moving production to Mexico may mean that a larger part of the production chain faces tariffs and, via higher prices, leads to lower sales in the United States.

### **Pharmaceutical products are under investigation**

On 16 April, the US federal administration announced the launch of an investigation to determine whether US imports of pharmaceuticals and pharmaceutical components jeopardise national security.<sup>24</sup> This can be regarded as a first step towards the possible introduction of tariffs on pharmaceutical products as well. The US market is very important for the world's pharmaceutical industry, both because of its size and because of the high profitability it offers. Companies often get paid more for their products in the United States than in other countries.<sup>25</sup> This also applies to Swedish pharmaceutical producers. As a result, US President Donald Trump has recently announced measures to lower prices of pharmaceuticals in the United States, although it is unclear how and when this might be implemented.<sup>26,27</sup>

The pharmaceutical industry in Sweden is strongly linked to the US market, as indicated in Figure 4 above. The industry's exports of Swedish value added to the United States accounted for almost 14 per cent of the total value added in the industry in 2019, which corresponds to just over 0.1 per cent of GDP. However, there are several factors that could mitigate the impact of US tariffs. One such factor is that a significant part of the Swedish value added exported to the United States comes from sales of services, which have not yet been subjected to tariffs. The production and export of services related to research and development, fees related to patent ownership and other so-called headquarter services<sup>28</sup> are very significant in the Swedish pharmaceutical industry.<sup>29</sup> Another important factor is that the Swedish pharmaceutical industry has extensive operations in the US through subsidiaries and sister companies. The industry's direct investment in the United States totalled SEK 382 billion in 2023, or 6.1 per cent of GDP, making it the industry in Sweden with the highest direct investment in the United States. This means that a significant proportion of trade in pharmaceuticals between the US and Sweden consists of intra-group transactions of intermediate products. The industry also has significant investments in other countries that could potentially allow a reallocation of internal flows of goods between countries within the group to mitigate the impact of tariffs.

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<sup>22</sup> See press release from Atlas Copco Group (2022).

<sup>23</sup> See article in Dagens Industri newspaper (2023).

<sup>24</sup> See Industry and Security Bureau (2025).

<sup>25</sup> See Issue Brief Commonwealth Fund (2017).

<sup>26</sup> See The White House (2025a).

<sup>27</sup> See News Medical Life Sciences (2025).

<sup>28</sup> For example, legal, technical and administrative services, advertising, etc.

<sup>29</sup> See Camacho and Hakimi Fard (2025).

### **Wood products are also under investigation but exports to the USA are relatively small**

Sweden is one of the world's largest exporters of pulp, paper and sawn timber, and the Swedish forest industry as a whole accounts for a significant share of Swedish goods exports. On 1 March this year, the US administration announced the launch of a review of how imports of lumber and wood products, such as paper and furniture, threaten US national security and economic stability.<sup>30</sup> Most of the timber imported by the United States comes from neighbouring Canada (84.3 per cent), followed by Germany (6.1 per cent) and Sweden (2.8 per cent).<sup>31</sup> From a Swedish perspective, however, exports of timber and wood products to the USA are comparatively small, only 0.8 per cent of GDP and barely 0.1 per cent of GDP in terms of Swedish value added in exports to the USA. The industry's direct investment in the United States totalled just over SEK 16 billion in 2023 (0.3 per cent of GDP).<sup>32</sup> Even if the ongoing review of timber and wood products would lead to higher tariffs, it should not affect the Swedish economy to any great extent. But a higher tariff could also mean a change in competition and new trade routes, which could affect the industry in Sweden.

## **1.5 Export via other countries becomes an indirect exposure**

The tariffs and duties that the US administration has imposed, or is considering imposing, are based on two factors: the type of product and the country of origin of the product, i.e. the country exporting to the United States. As Sweden participates in global value chains, Swedish value added is exported to the United States not only directly from Sweden but also indirectly via third countries. To gain a deeper understanding of how the tariffs will affect the Swedish economy, it is therefore important to examine the extent of exports of Swedish value added via third countries.

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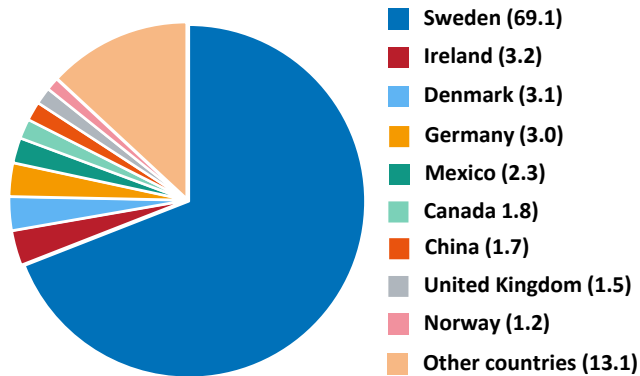
<sup>30</sup> The White House (2025b).

<sup>31</sup> See the U.S. Department of Commerce (2024).

<sup>32</sup> Refers to the wood and wood products, paper and pulp and printing industries.

**Figure 5. Export of Swedish value added to the USA both directly from Sweden (direct exposure) and via exports from third countries to the USA (indirect exposure)**

Per cent of total US imports of Swedish value added, 2019



Note. The dark blue pie slice for Sweden shows direct exposure, i.e. the share of Swedish value added that is exported directly to the United States. The pieces of the pie for other countries show indirect exposure, i.e. the share of Swedish value added exported via third countries to the United States.

Source: TiVA (OECD).

Data from the OECD show that direct exports of Swedish value added to the United States were equivalent to 2.2 per cent of GDP in 2019. Indirect exports, i.e. exports of Swedish value added via a third country, amounted to 1 per cent of GDP in the same year. This means that 69 per cent of Swedish value added was exported directly to the United States and the rest, 31 per cent, indirectly (see figure 5). Ireland, Denmark and Germany were the countries that exported the most Swedish indirect value added to the United States.<sup>33</sup> Overall, around 16 per cent of Swedish value added was exported indirectly via EU countries that have the same tariff as Sweden. This is followed by Mexico, Canada, China and the United Kingdom, countries that already have or according to preliminary proposals may face a different tariff than Sweden. This in turn means that tariffs on other countries also matter for Sweden.

## 1.6 In manufacturing, many employees are involved in production that is exported to the USA

In 2019, about 2.1 per cent of the total number of people employed in Sweden were either directly or indirectly linked to the production of goods and services exported to the United States (see Figure 6).<sup>34</sup> This is about the same share as for Germany and Norway. The corresponding employment rates for these countries are 2.2 and 2.3 per

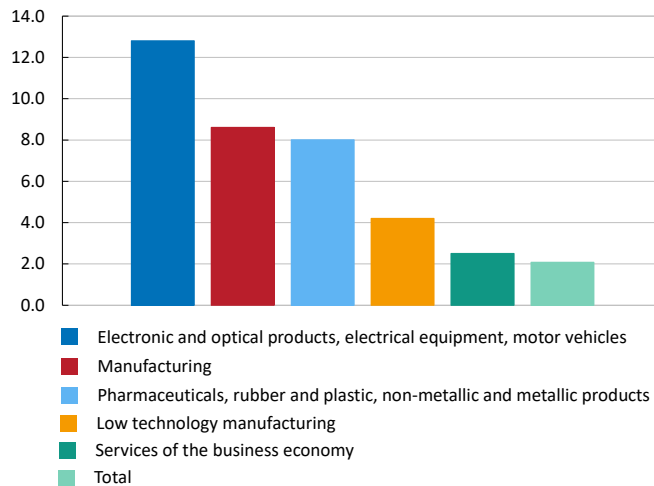
<sup>33</sup> The industries that exported the most Swedish value added to the United States via third countries were chemicals (0.2 per cent of GDP), motor vehicles (0.15 per cent of GDP), pharmaceuticals (0.13 per cent of GDP) and computer and communication services (0.11 per cent of GDP).

<sup>34</sup> Data on employment are related to TiVA but are reported separately in two different OECD databases: TiM (Trade in Employment) and TiMBC (Trade in Employment by Characteristics). Data on exports via third countries to the United States show that they account for a further one percentage point of total employment.

cent respectively.<sup>35</sup> Broken down by industry, we see that almost 9 per cent of all manufacturing employment is linked to production for export to the United States. This is a relatively high proportion. It is higher than for Norway (just under 7 per cent) and almost as high as for Germany (just over 9 per cent).

**Figure 6. Directly or indirectly employed in exports to the United States, 2019**

Percentage of employed persons by sector



Source: TiMBC (OECD).

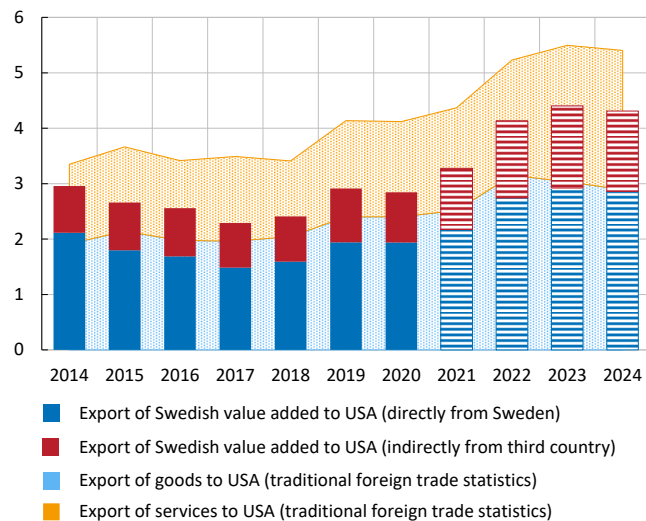
## 1.7 TiVA-data from the OECD does not capture the increase in exports to the USA in recent years

Traditional foreign trade statistics show a strong increase in exports to the United States in recent years. It is therefore reasonable to assume that Swedish exposure to the United States has increased in terms of domestically created value added and the number of people employed, and that it is greater than the OECD data for 2019 we have shown above suggests. Figure 7 below shows that if the historical ratio between traditional foreign trade and exports of value added between 2015 and 2020 has remained constant, the Swedish trade link to the United States in terms of exported value added will have increased significantly and will be just over 4 per cent of GDP in 2024.

<sup>35</sup> Overall, 27 per cent of employment in 2019 was directly or indirectly involved in Swedish exports to various countries. Direct employment accounted for about 16 percentage points, and indirect employment (in the form of subcontracting to the exporting industry) for about 11 percentage points.

**Figure 7. Exports of goods and services to the USA (traditional statistics) and exports of Swedish value added to the USA (projection after 2020)**

Per cent of GDP



Note. Exports of Swedish value added during the period 2021-2024 calculated using the average ratio of traditional exports to the United States to exports of Swedish value added during the period 2015 to 2019.

Sources: OECD(TiVA), Statistics Sweden and the Riksbank.

## 2 Summary

The Swedish economy is closely linked to the United States both directly and through global value chains. Swedish exports to the United States have also increased in recent years. However, figures from the OECD's TiVA database show that Swedish exports of domestic value added to the United States are somewhat lower than traditional trade statistics indicate. The difference amounted to 2.2 per cent of GDP in 2019. The data also shows that Swedish exports to the United States are indirectly channelled through countries that have, or risk having, a higher import tariff than the EU and Sweden. Indirect exports via third countries account for about one third of total exports to the United States. The industries that export the most to the United States, and where higher tariffs should have particularly negative effects, include motor vehicles, pharmaceuticals and machinery. However, these industries' direct exports to the States amounted to only 0.7 per cent as a share of Swedish value added in 2019.<sup>36</sup> Figure 7 certainly suggests that the share has increased since then, and there is also exports via third countries that has to be taken into account. But a large part of these exports, not least in pharmaceuticals, are services that are not subject to tariffs. Nevertheless, for individual companies, the impact could be significant, not least for those with no established operations in the United States.

The trade tariffs recently introduced by the US government risk reducing Swedish exports to the United States and thereby Swedish GDP growth. But overall, our review suggests that the direct effects of the tariffs at their current level will be relatively limited on both Swedish exports to the United States and GDP growth. Indirect effects, such as negative confidence effects due to the high level of uncertainty created by the tariffs, and resulting in presumably lower global demand, are likely to be larger.<sup>37</sup> The impact of tariffs could also be greater if there is an escalated trade conflict. On the other hand, it is also reasonable to assume that trade may be redistributed as long as tariffs are higher between the US and China than between the US and the rest of the world.<sup>38</sup> This may give Swedish companies some competitive advantages over US companies in the Chinese market and correspondingly over Chinese companies in the US market.<sup>39</sup>

To get a clearer picture of Swedish trade with the United States, we have used both the OECD's TiVA database and traditional foreign trade statistics in this staff memo. Traditional foreign trade statistics risk giving a misleading picture of the importance of different countries to the Swedish economy. Nor do they enable analysis of indirect exports of Swedish value added via third countries. OECD data show the economic

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<sup>36</sup> The exporting industry's content of Swedish value added consists of both its own industry's value added and other Swedish industries' value added used in the form of input products in production.

<sup>37</sup> For the macroeconomic effects of increased uncertainty, see Dellmo (2025b).

<sup>38</sup> On 12 May, China and the United States agreed that the United States will reduce its newly imposed tariffs on Chinese goods from 145 per cent to 30 per cent, while China will reduce its tariffs on US goods from 125 per cent to 10 per cent, at least for 90 days. However, US import tariffs on goods from China remain higher than for other countries.

<sup>39</sup> It could also lead to a reallocation of Chinese exports from the United States to the euro area and elsewhere, as happened when the United States raised tariffs against China in 2018, with increased competition in the European market and a potentially dampening effect on price developments, see ECB Economic Bulletin (2025).

value that each country adds to a good or service throughout the production chain, something that traditional trade statistics capture only to a limited extent. Value added is exported both directly and indirectly via third countries and it is important to consider both.



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