



SUPPLIERS OF TODAY AND TOMORROW

*How Swedish manufacturers are reorganising
their overseas supplier networks*

FOREWORD AND REFLECTIONS

Sweden's manufacturing companies operate in an increasingly complex and volatile global environment marked by rising geopolitical tensions. In recent years, their overseas supplier networks have faced significant pressures – ranging from the chaos in international container and freight transport during the pandemic to Russia's war of aggression in Ukraine, and a growing emphasis on sustainability. In the background, the US and China have continued to be locked in a power struggle with the US attempting to block exports of high-tech products to China that could be used for military purposes, while China has leveraged its dominance in critical minerals against the US. From a strategic perspective, the past six months have been particularly challenging for supplier networks, with the most transformative event being the US's dramatic hike of import tariffs that dealt a major blow to the multilateral trading system.

These factors have exposed vulnerabilities in today's supply chain structures and accelerated a shift in how Swedish manufacturers organise, select and collaborate with foreign suppliers. The key word is resilience.

To gain deeper insight into current and future sourcing of intermediate goods from overseas, Business Sweden has conducted a second survey of Swedish manufacturers – uncovering how their supplier networks are structured and evolving. This year's survey is largely identical to the one carried out in 2022, allowing for a direct comparison of results.

MORE AND FEWER SUPPLIERS

We can begin by confirming what would only seem entirely reasonable: Swedish manufacturers typically use many foreign suppliers of intermediate goods for their production in Sweden. Another seemingly obvious observation is that the number of suppliers consistently grows with company size. For large corporations, and some medium-sized companies, this can encompass more than a hundred foreign suppliers.

An interesting finding is that smaller medium-sized companies with 50-99 employees in Sweden have increased their number of foreign suppliers over the past three years, while larger medium-sized companies with 100-199 employees and large corporations have reduced theirs. Notably, many smaller medium-sized companies have moved from the lowest range in the survey, 1-10 suppliers, to the next range of 11-20 foreign suppliers. Conversely, many large companies have shifted from the highest category – more than 100 suppliers – to the lower range of 51-100 foreign suppliers.

This result aligns with international surveys such as *Trade in Transition 2025* (Economist Impact, 2025). Smaller companies with fewer suppliers seek to build resilience by engaging a larger number of alternative suppliers, while larger companies strengthen their supplier networks by deepening relationships with fewer but carefully selected suppliers.

We can also observe that the balance between manufacturers' sourcing of intermediate goods from Sweden and overseas continues to tilt towards foreign markets, but the momentum is slowing. At the same time, Swedish manufacturers are increasingly choosing to diversify the geographic footprint of their supplier networks, as revealed by the increase in suppliers categorised as *Other country or region*.

EUROPE FIRST, THEN CHINA

The survey shows that Swedish manufacturers concentrate their supplier networks to Western Europe, with Central and Eastern Europe coming in close second. At the same time, half of the companies have suppliers in China providing goods that are critical for the competitiveness of Sweden's industrial sector.

The US plays a more peripheral role when it comes to supplying intermediate



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goods for industrial production in Sweden, but its position has strengthened compared to three years ago. Today, one-third of companies have suppliers in the US.

However, in the next three years, both China and the US are expected to play less significant roles in the supplier networks of Swedish manufacturers. While some reallocation will occur from China to suppliers in Europe and Rest of Asia, this year's survey indicates a certain ambivalence about the future of Chinese supplier networks. Many Swedish manufacturers confirm plans to increase their sourcing from China instead.

Meanwhile, the trend for the US is unmistakably clear. One-third of companies with suppliers in the US plan to reduce their sourcing, while few expect to increase their sourcing from the US market. A clue to the reasons behind this shift from the US toward Europe and Asia – primarily China – is given in the final diagram of the report, which shows that half of Swedish manufacturers plan to reduce sourcing of intermediate goods from the US due to the ongoing tariff war.

The strengthening of supplier networks in Europe suggests that Europe's industrial sector is on a new footing. The increasing complexity of industrial products requires close dialogue between end producers and suppliers. Automation and rising wages in parts of Asia have reduced cost advantages compared to Europe. Transport has become more expensive and environmental considerations more important – especially in Europe. Experiences from the pandemic also highlight the risks of long-distance deliveries.

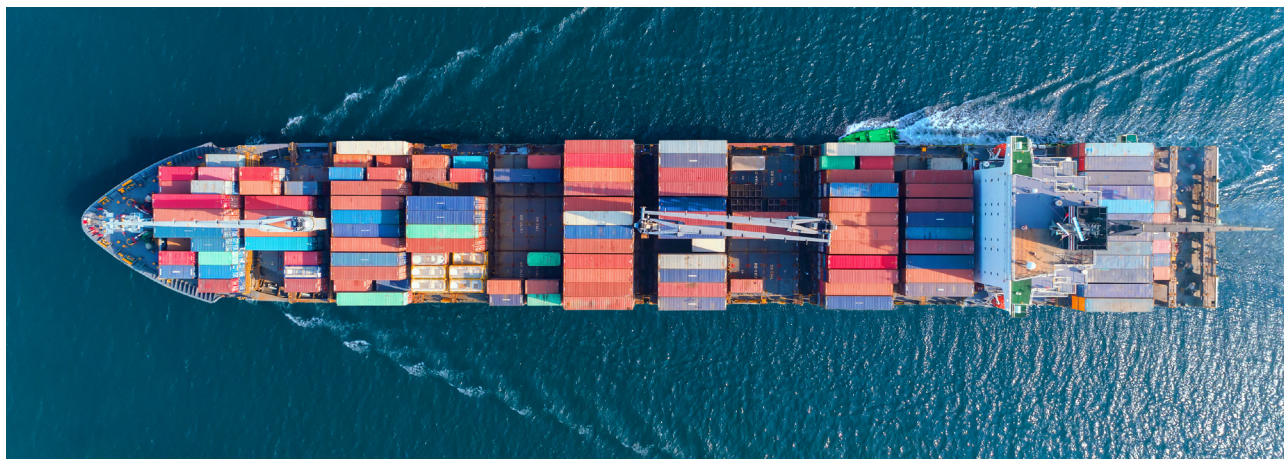
It is important to note that the survey does not provide information about the nationality of foreign suppliers or the origin of intermediate goods. US tech companies may produce high-tech industrial goods in Europe. Chinese goods may be resold through European retailers and wholesalers. For this reason, Business Sweden plans to deepen insights into Swedish manufacturers' supplier networks, with particular emphasis on the link between deliveries from Europe and supplier nationality, in a forthcoming survey.

FREE TRADE AGREEMENTS GAIN IMPORTANCE

Finally, we can conclude that some of the selection criteria companies use for supplier candidates will carry more weight in the future. Just over 70 per cent of surveyed companies state that environmental and climate impact will become more important when choosing suppliers – although this is a notable drop from 80 per cent in the survey three years ago.

Most notably, free trade agreements with the EU will become significantly more important when companies choose suppliers in the next three years, reflecting their pursuit of stability and predictability in uncertain times.

Lena Sellgren
Chief Economist



SUMMARY

- Approximately 70 per cent of Swedish manufacturers have more than 10 foreign suppliers of intermediate goods. Smaller medium-sized companies are expanding their supplier networks while, conversely, larger medium-sized companies and large corporations are downsizing theirs.
- Swedish manufacturers' exposure to foreign suppliers continues to grow, but the trend towards more sourcing from abroad is slowing its momentum.
- The companies' foreign suppliers of intermediate goods are mainly located in Western Europe followed by Central and Eastern Europe. Half of the companies have suppliers in China, and one-third have suppliers in the US.
- Many Swedish manufacturers plan to reduce their sourcing from China over the next three years, while simultaneously increasing sourcing from European suppliers. They also plan to scale back their sourcing from the US and shift it towards Europe and Asia, primarily China.
- Free trade agreements with the EU will become increasingly important and govern how companies choose suppliers in the next three years.

THE SURVEY

Business Sweden commissioned the research firm Origo Group to map where Swedish manufacturers make their overseas sourcing of intermediate goods for production in Sweden, and how the distribution of sourcing between named countries and regions is changing over time.

The survey was conducted via telephone interviews with sourcing managers or equivalent representatives at the participating companies between 8 April and 14 May, 2025. The respondents answered a list of 10 multiple choice questions formulated by Business Sweden. A total of 311 companies completed the full survey.

This year's survey is a follow-up on an identical survey that Business Sweden conducted during the spring of 2022, presented in the report *Looking to Europe*. Several comparisons with the results of the previous survey are made in the current report.

Approximately 70 per cent of Swedish manufacturers have more than 10 foreign suppliers of intermediate goods. Smaller medium-sized companies are expanding their supplier networks while, conversely, larger medium-sized companies and large corporations are downsizing theirs.

NUMBER OF SUPPLIERS

The survey confirms that Swedish manufacturers typically source intermediate goods from several foreign suppliers, while also showing that large corporations generally have more foreign suppliers than medium-sized companies. This is an expected and reasonable finding.

Just under one-third of companies – 30 per cent – have between 1 and 10 foreign suppliers (see chart at top of next page). The vast majority – nearly 70 per cent – have more than 10 foreign suppliers. A significant share – 12 per cent – have more than 100 foreign suppliers.

Companies in basic industries such as wood and paper, and steel and metals, have fewer foreign suppliers compared to other sectors (see chart at bottom of next page).

BOTH MORE AND FEWER SUPPLIERS

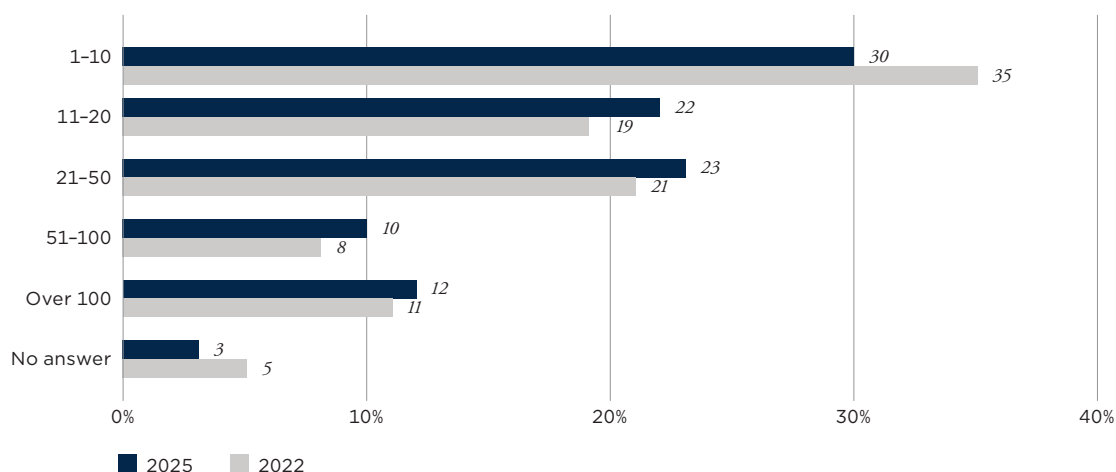
A comparison with the results from Business Sweden's previous 2022 survey shows that, overall, Swedish manufacturers have increased the number of foreign suppliers of intermediate goods in the past three years. However, this change is entirely driven by smaller medium-sized companies with 50-99 employees in Sweden, who reduced their share in the lowest range (1-10 suppliers) from 49 per cent to 39 per cent during the period. This points to a shift toward more suppliers (see middle chart on next page).

The opposite trend is clear among large corporations, who have reduced their share in the highest range (more than 100 suppliers) from 33 per cent to 27 per cent during the same period – in a shift toward the lower range of 51-100 suppliers. For larger medium-sized companies with 100-199 employees in Sweden, there is a noticeable increase in the lower ranges as well, which also points to a reduction in the number of suppliers.



EXTENSIVE USE OF FOREIGN SUPPLIERS

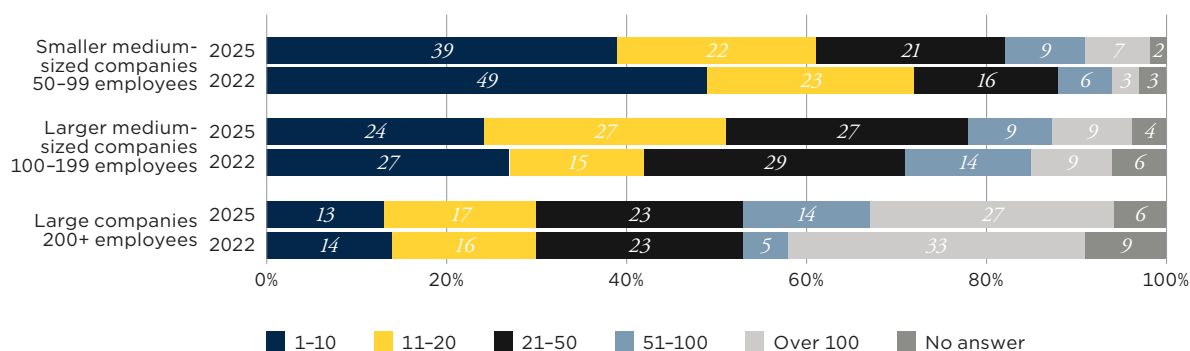
Number of suppliers abroad, share of answers, per cent



Question: Approximately how many foreign suppliers of intermediate goods does your company source from for operations in Sweden?

LARGE COMPANIES RELY ON MANY SUPPLIERS

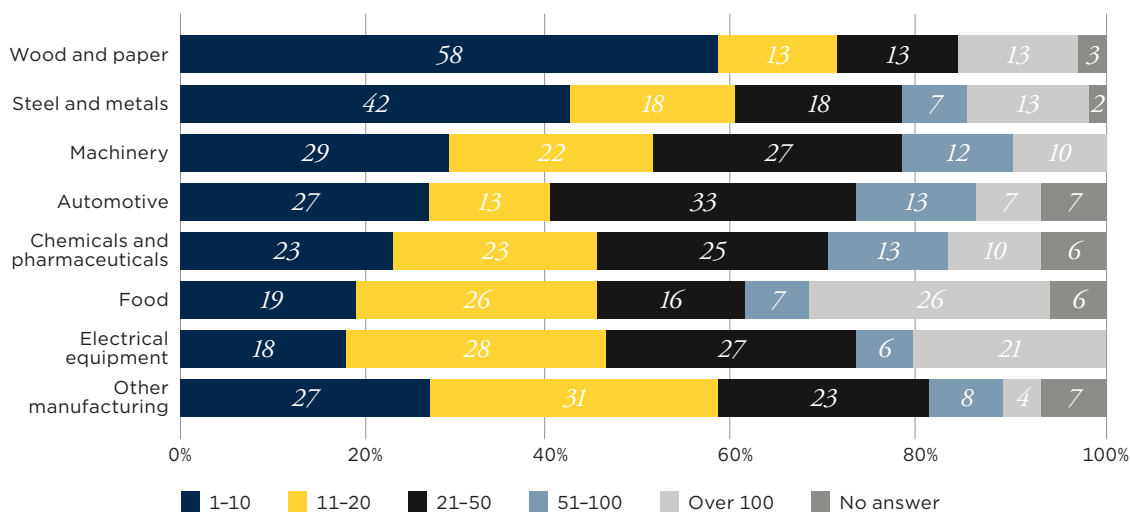
Number of suppliers abroad, share of answers, per cent



Question: Approximately how many foreign suppliers of intermediate goods does your company source from for operations in Sweden?

FEWER FOREIGN SUPPLIERS IN BASIC INDUSTRIES THAN IN OTHER INDUSTRIES

Number of suppliers abroad, share of answers, per cent



Question: Approximately how many foreign suppliers of intermediate goods does your company source from for operations in Sweden?

Swedish manufacturers' exposure to foreign suppliers continues to grow, but the trend towards more sourcing from abroad is slowing its momentum.

INTERMEDIATE GOODS FROM SWEDEN AND ABROAD

The survey shows that 32 per cent of companies have increased their sourcing of intermediate goods from foreign suppliers, as a share of their total sourcing of intermediate goods for operations in Sweden in the past three years (see chart at top of next page). Just 14 per cent of companies have reduced their foreign sourcing. This indicates that Swedish manufacturers have increased their exposure to foreign suppliers relative to domestic ones. At the same time, just over half of the companies report that the balance between domestic and foreign sourcing has remained unchanged over the past three years. Compared to the results from Business Sweden's 2022 survey, the pace of internationalisation has slowed somewhat.

A closer look reveals that the increase is primarily driven by smaller medium-sized companies with 50-99 employees in Sweden – 34 per cent of companies in this category have increased their sourcing of intermediate goods from foreign suppliers over the past three years. Among large corporations, 27 per cent have increased their overseas sourcing, while as many as 20 per cent report a decrease.

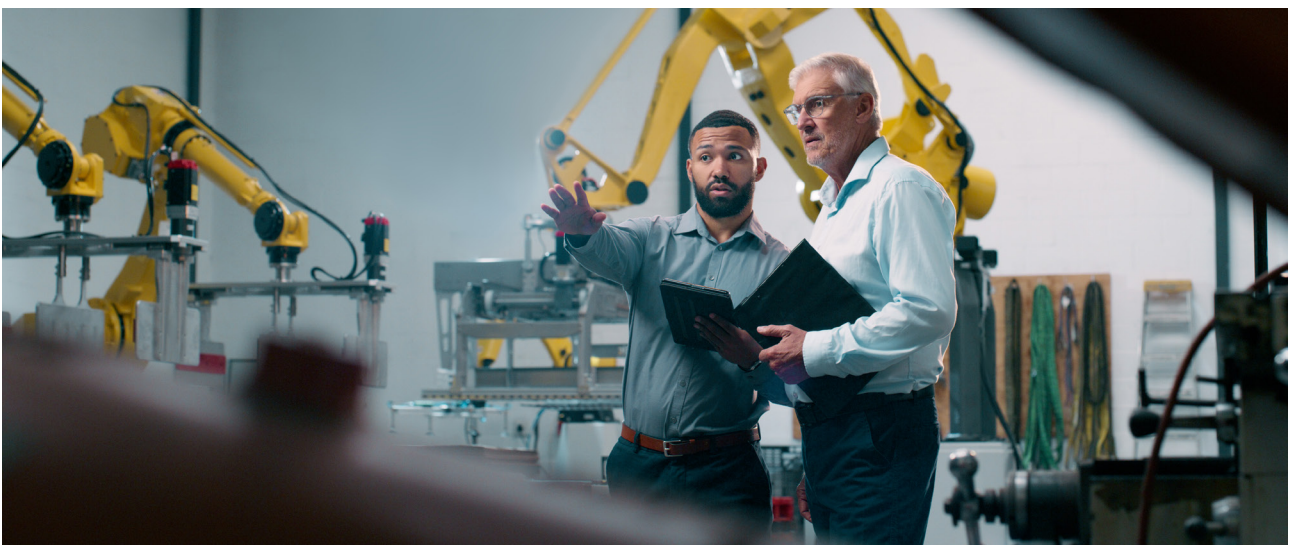
The increase in foreign sourcing is most apparent

in the machinery industry and the steel and metals industry (see middle chart on next page).

OVERSEAS EXPOSURE CONTINUES TO GROW

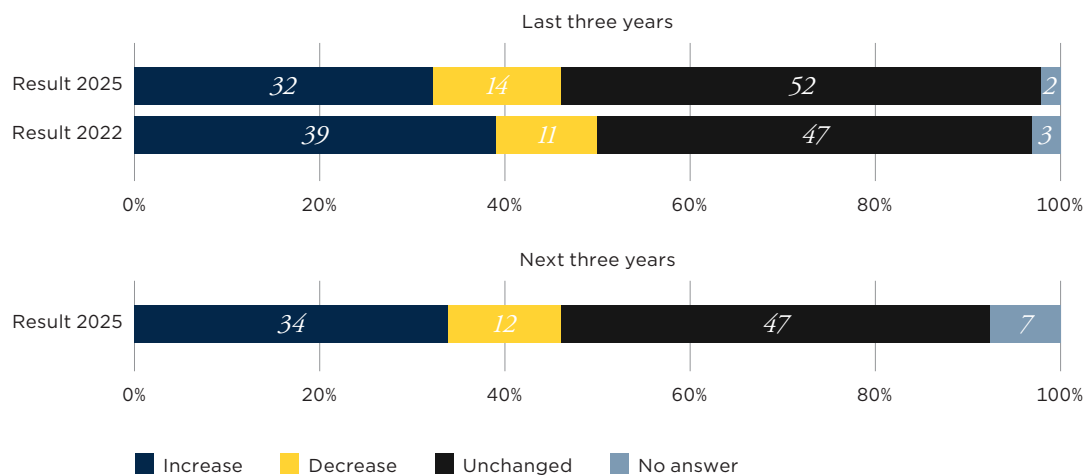
In the next three years, the companies' exposure to foreign suppliers is expected to increase further – roughly at the same pace as in the past three years (see top chart on next page). Just over one-third of companies – 34 per cent – anticipate that their international sourcing will grow. The share of companies expecting a decrease in foreign sourcing drops slightly to 12 per cent, while just under half of the companies plan to maintain the current balance between domestic and overseas sourcing.

A growing share of companies – particularly in the steel and metals industry, other manufacturing, and the automotive industry – plan to increase their sourcing of intermediate goods from abroad (see bottom chart on next page). In contrast, in the electrical equipment industry, just under a quarter of companies intend to reduce sourcing from abroad.



INCREASED EXPOSURE TO OVERSEAS SUPPLIERS, BUT AT A SLOWER PACE

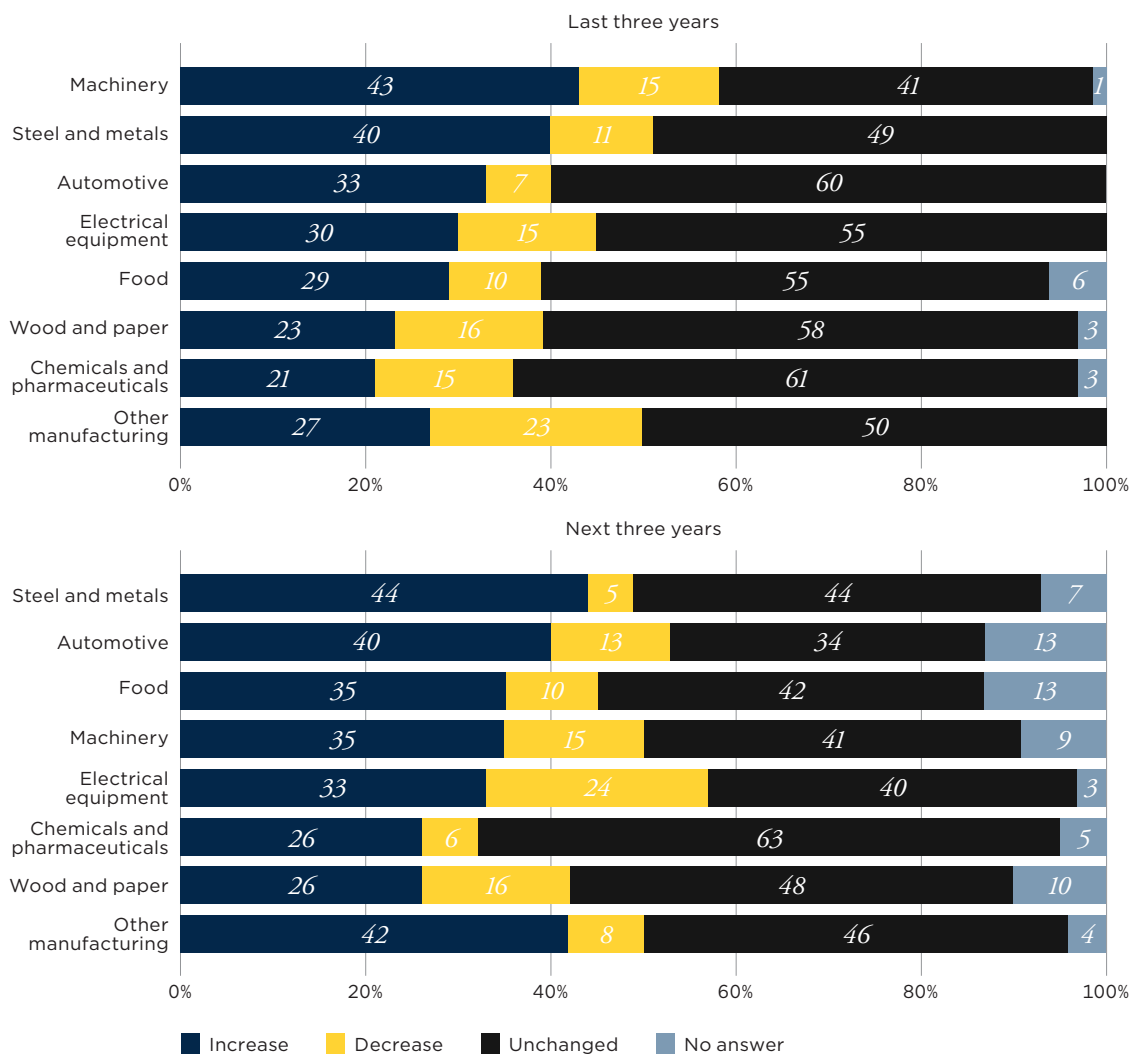
Change in companies' sourcing abroad, share of answers, per cent



Question: In the last three years, has your company increased or decreased its sourcing of intermediate goods from suppliers abroad, as a share of total sourcing of intermediate goods for operations in Sweden?

THE MACHINERY INDUSTRY LEADS SHIFT TO FOREIGN SUPPLIERS

Change in companies' sourcing abroad, share of answers, per cent



Question: In the last three years, has your company increased or decreased its sourcing of intermediate goods from suppliers abroad, as a share of total sourcing of intermediate goods for operations in Sweden?

Question: In the next three years, will your company increase or decrease its sourcing of intermediate goods from suppliers abroad, as a share of total sourcing of intermediate goods for operations in Sweden?

The companies' foreign suppliers of intermediate goods are mainly located in Western Europe followed by Central and Eastern Europe. Half of the companies have suppliers in China, and one-third have suppliers in the US.

WHERE SUPPLIERS ARE BASED

The survey shows that a very large share – 88 per cent – of Swedish manufacturers have suppliers of intermediate goods in Western Europe (see chart below). Nearly three-quarters of the companies have suppliers in Central and Eastern Europe, while 35 per cent have suppliers in Rest of Asia. One-third of the companies have suppliers in the US.

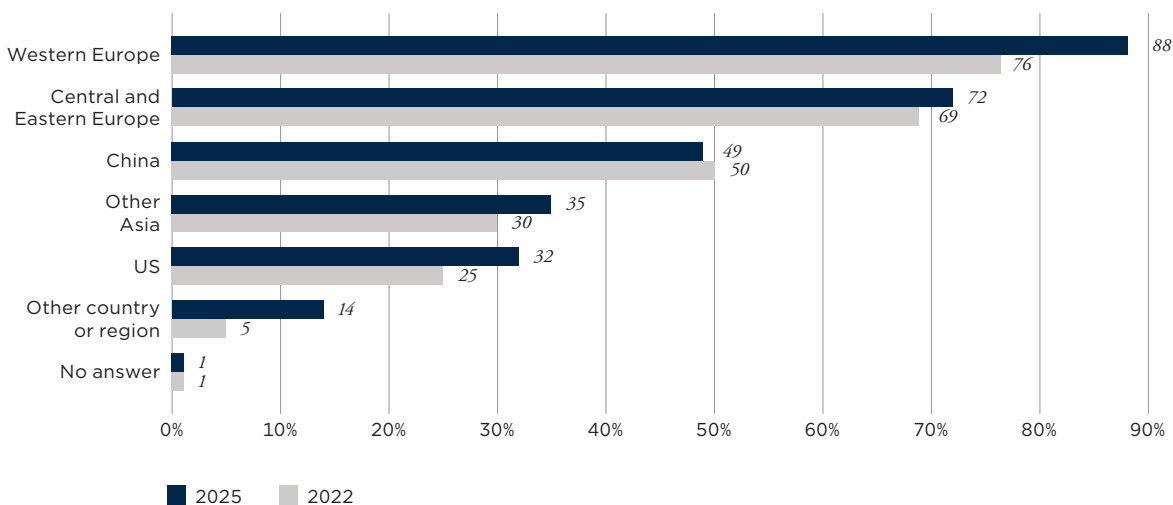
Compared to the results from Business Sweden's 2022 survey, Swedish manufacturers have widened the geographic spread of their suppliers, with increases primarily in Western Europe, Other country or region, and the US. The footprint in China remains unchanged.

SUPPLIERS IN MORE REGIONS

No less than 86 per cent of Swedish manufacturers have foreign suppliers of intermediate goods in two or more countries and regions to support their operations in Sweden (see top chart on next page). The remaining 14 per cent have suppliers in just one region.

EUROPEAN SUPPLIERS IN FAVOURED POSITION

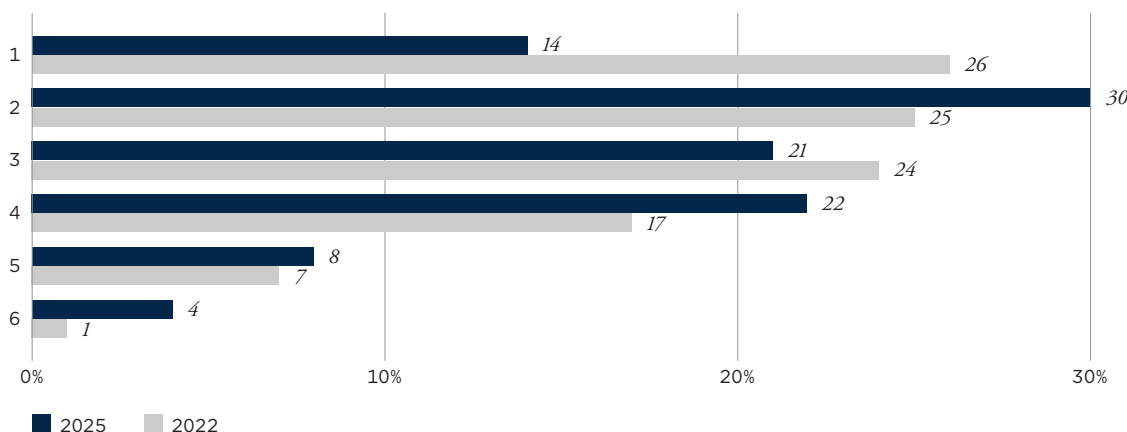
Localisation of overseas suppliers:
Countries and regions, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

ALMOST 90 PER CENT OF COMPANIES HAVE SUPPLIERS IN MORE THAN ONE REGION

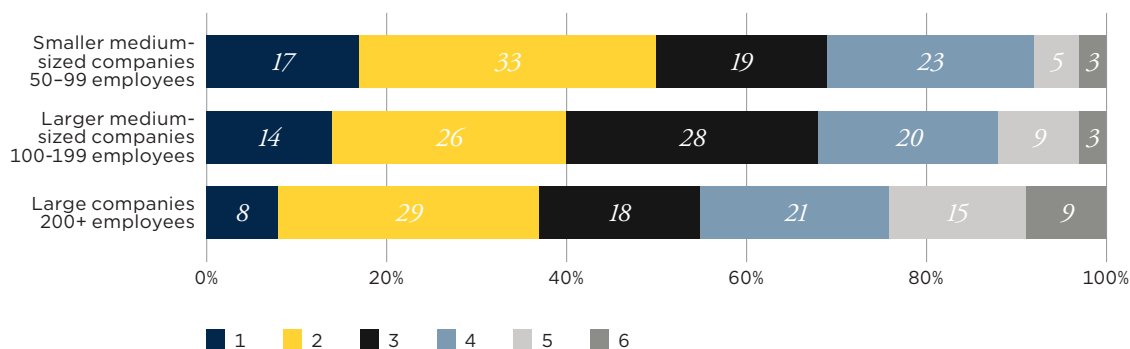
Localisation of overseas suppliers:
Number of regions, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

TWO-THIRDS OF LARGE COMPANIES HAVE SUPPLIERS IN THREE REGIONS OR MORE

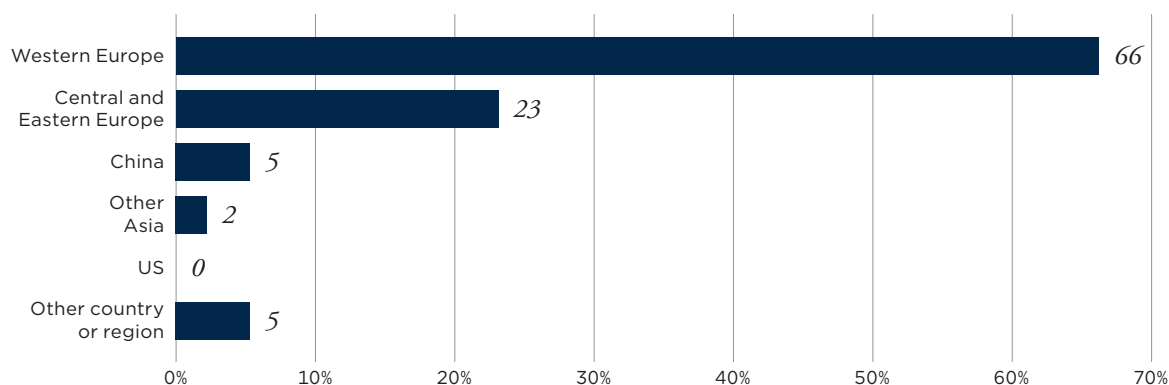
Localisation of overseas suppliers:
Number of regions, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

WESTERN EUROPE IS THE COMPANIES' FIRST CHOICE

Localisation of suppliers if sourcing from only one country or region, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

For companies with suppliers in just one region, Western Europe is by far the preferred choice, with Central and Eastern Europe coming in as the second most common option (see bottom chart of previous page). Only 5 per cent of companies with suppliers in a single region have China as their primary choice. No company has the US as its first choice.

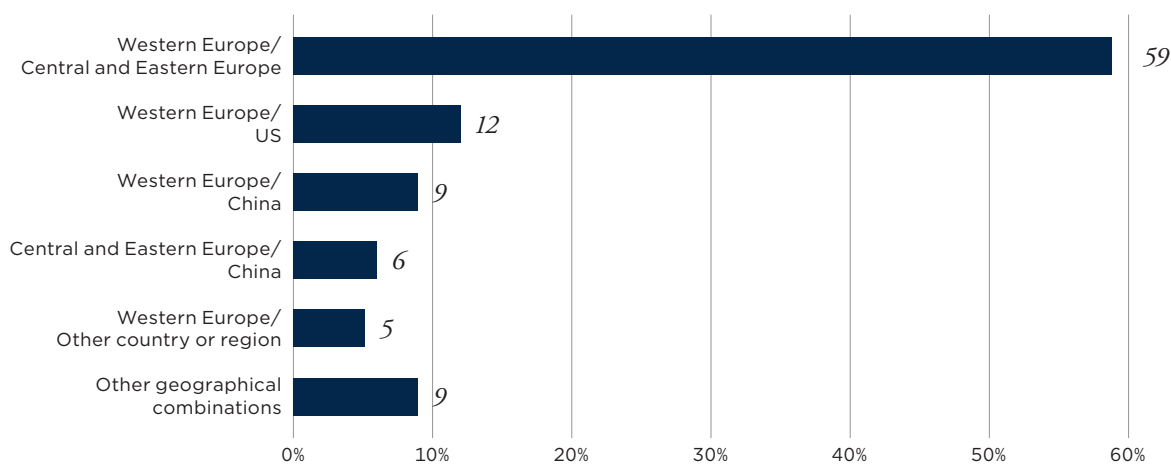
For companies with suppliers in two regions, the most common combination is Western Europe and Central and Eastern Europe (see top chart on this page). For 12 per cent of companies,

the combination of Western Europe and the US ranks highest – this pairing did not appear among the five most common combinations in the 2022 survey – followed by the combination of Western Europe and China.

Among companies with suppliers in three regions, the most common set-up is to combine suppliers from Western Europe, Central and Eastern Europe, and China (see bottom chart on this page). Just over 40 per cent of companies with suppliers in three regions confirm this combination of supplier markets.

WESTERN EUROPE AND CENTRAL AND EASTERN EUROPE STRONG COMBINATION

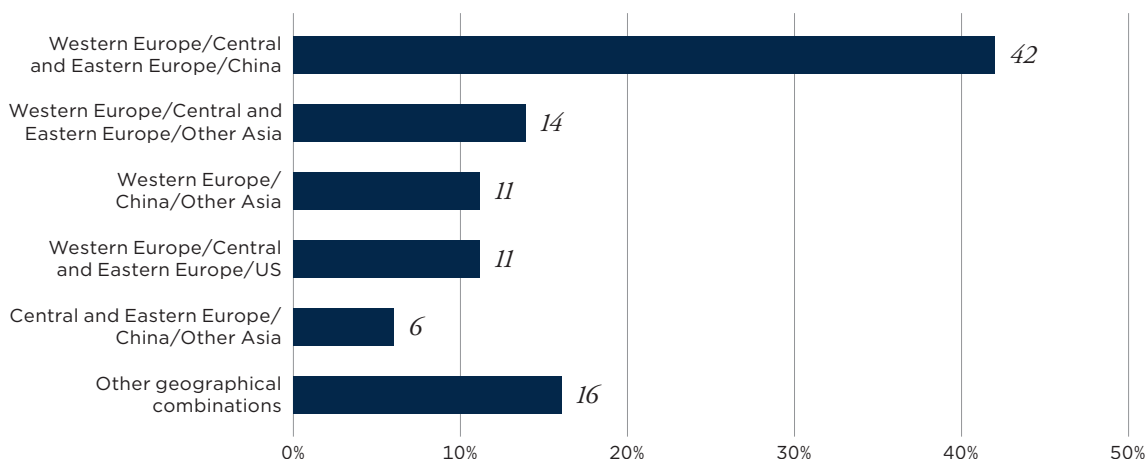
Localisation of suppliers if sourcing from two countries or regions, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

CHINA THE THIRD PIECE OF THE PUZZLE

Localisation of suppliers if sourcing from three countries or regions, share of answers, per cent



Question: In which countries and regions are your company's suppliers of intermediate goods for operations in Sweden located? Choose one or several alternatives.

Many Swedish manufacturers are planning to reduce their sourcing from China in the next three years, while simultaneously increasing sourcing from European suppliers. They also plan to scale back their sourcing from the US, and shift it towards Europe and Asia, primarily China.

THE GEOGRAPHY OF SUPPLIER NETWORKS OVER TIME

The survey shows that 35 per cent of companies with suppliers in Central and Eastern Europe have increased their sourcing of intermediate goods from this region, as a share of total sourcing of intermediate goods in the past three years (see top chart on this page).

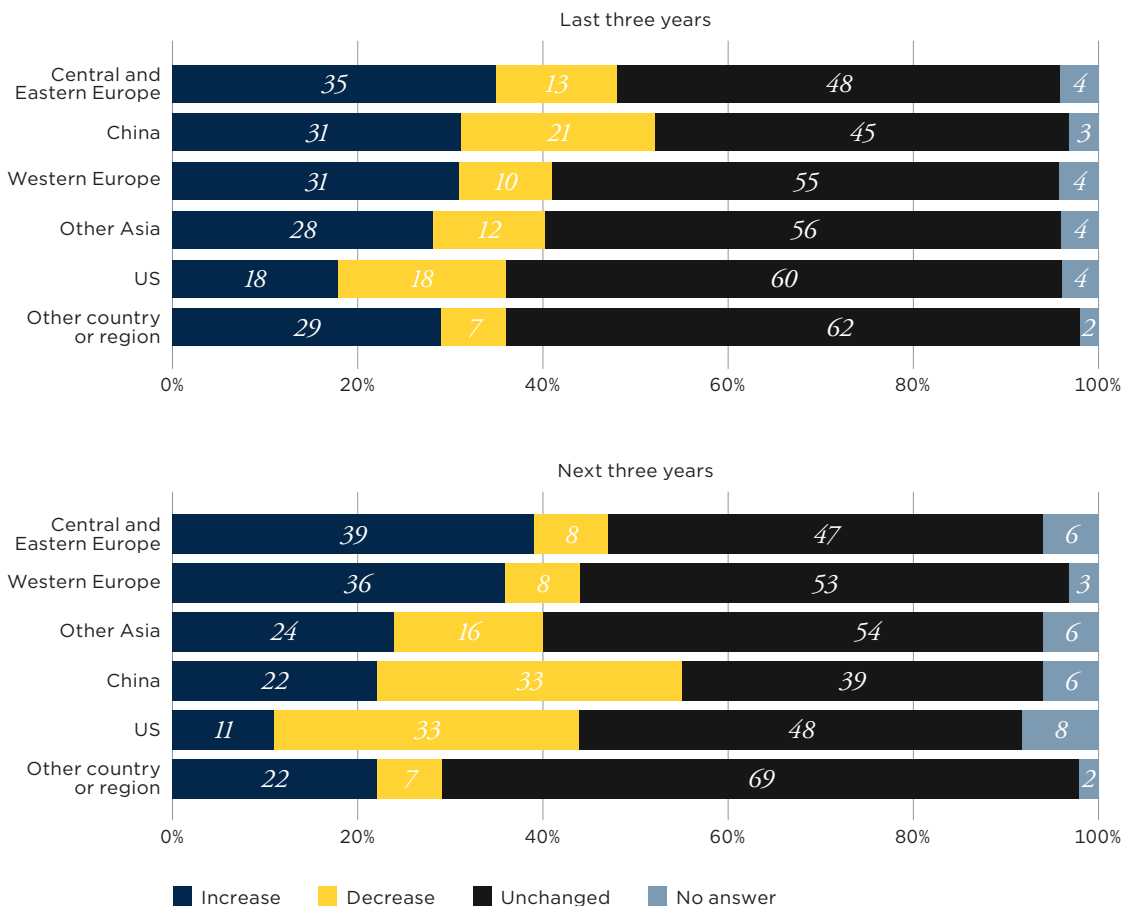
Just over 30 per cent of companies with suppliers in China confirm that they have increased their sourcing from the country, while 21 per cent state that they have reduced their sourcing from China.

Similarly, just over 30 per cent of companies with suppliers in Western Europe have increased their sourcing from the region, while only 10 per cent have reduced it.

Among companies with suppliers in the US, 18 per cent have increased their sourcing, while an equal share have scaled back their sourcing from the US.

CHINA AND THE US INCREASINGLY AVOIDED BY COMPANIES

Change in companies' sourcing abroad, share of answers, per cent

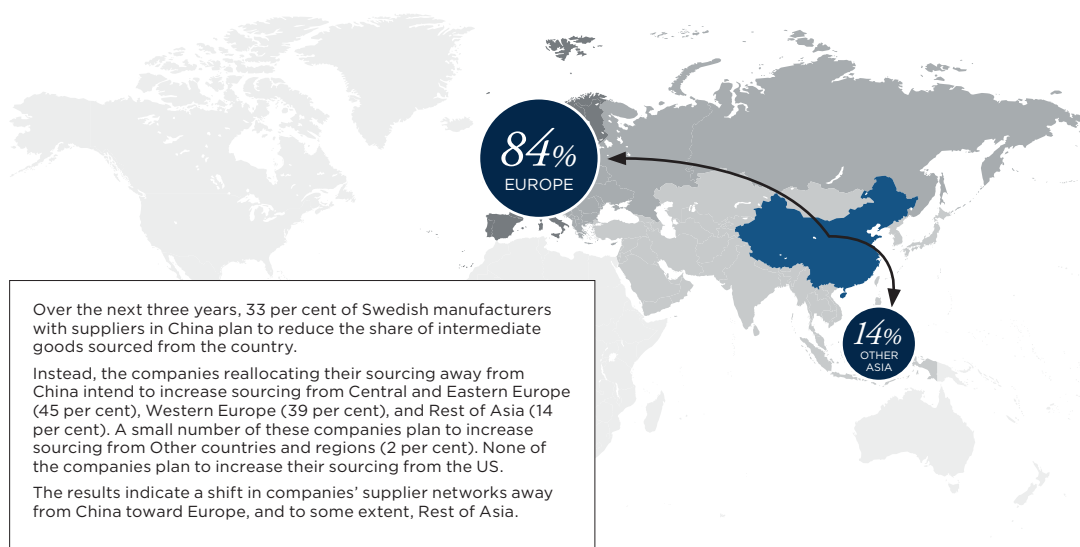


Question: In the last three years, has your company increased or decreased sourcing of intermediate goods in the countries or regions mentioned, for operations in Sweden?

Question: In the next three years, will your company increase or decrease sourcing of intermediate goods in the countries or regions mentioned, for operations in Sweden?

EUROPE A WINNER IN THE SHIFT AWAY FROM CHINA

Reallocation of sourcing from China, share of answers by region, per cent



Swedish manufacturers' sourcing of intermediate goods is shifting from China to Europe, and to a certain extent to Rest of Asia.

DOWNSIZING IN CHINA AND THE US

The companies' three-year outlook on sourcing from foreign suppliers reveals a clear trend – both Central and Eastern Europe and Western Europe will continue to gain importance. When looking ahead, 22 per cent of companies with suppliers in China plan to increase their sourcing from the country, while 33 per cent intend to reduce it (see bottom chart on previous page).

The shift is even more pronounced for supplier networks in the US. Only a small share of companies with suppliers in the US market plan to increase their sourcing there, while 33 per cent expect to scale back.

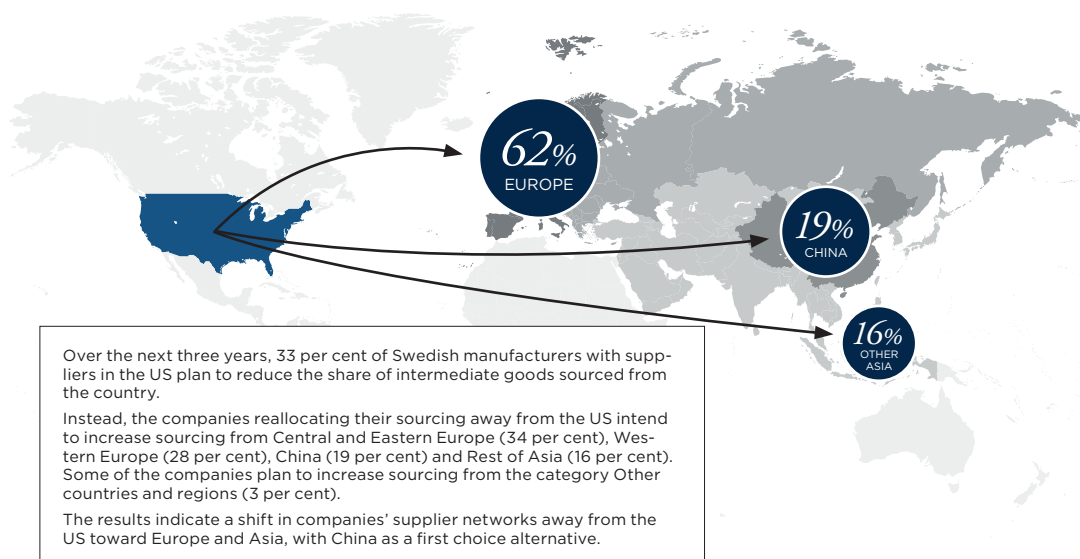
This means that Swedish manufacturers are signalling a significant downsizing of their supplier networks in both China and the US in the coming years. However, when comparing the

forward-looking responses in Business Sweden's 2022 survey with the retrospective results of this year's survey, the geographic changes in supplier networks have been less dramatic than predicted at the time. In particular, the planned downsizing of supplier networks in China have not materialized. A potential easing of trade tensions between the US and the EU could also lead to a more favourable reassessment of supplier networks in the US.

As illustrated in the map on this page, there is a clear correlation between reductions in sourcing from China and the US and increases in sourcing from Europe. In the case of downsized supplier networks in the US, there is also a link to increased sourcing from China.

CHINA A STRONG ALTERNATIVE TO THE US

Reallocation of sourcing from the US, share of answers by region, per cent



Swedish manufacturers' sourcing of intermediate goods is shifting from the US to Europe and Rest of Asia, primarily China.

CHOOSING THE SUPPLIERS

Free trade agreements with the EU will become increasingly important and govern how companies choose suppliers in the next three years.

The survey identifies several factors that are expected to have greater influence on how companies evaluate and select foreign suppliers in the next three years (see top chart on this page).

Just over 70 per cent of companies confirm that the climate and environmental impact of suppliers will become an increasingly important factor. Around 60 per cent point to free trade agreements with the EU as more important in the future. Just over half of the respondents believe that suppliers located in countries where issues related to labour conditions and corruption are common will be subject to increased scrutiny. Additionally, 54 per cent of companies expect that the delivery distance to Sweden will carry more weight.

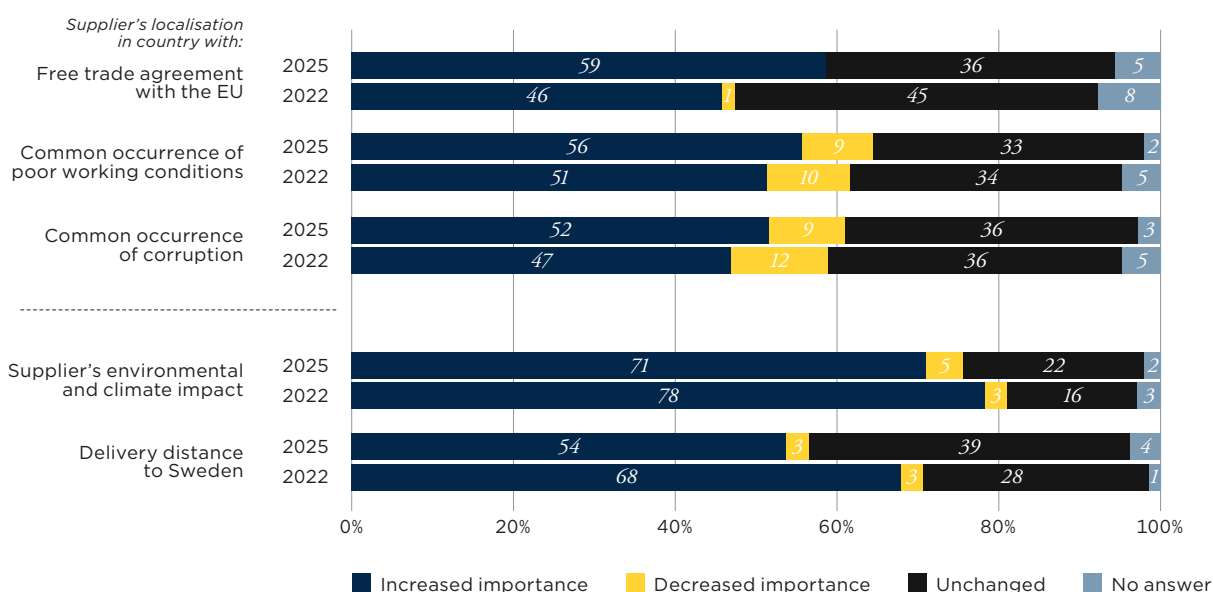
STRONGER FOCUS ON FREE TRADE AGREEMENTS

Compared to the results from Business Sweden's 2022 survey, the share of companies who believe that suppliers' climate and environmental impact will be an increasingly important factor has declined. The same applies to delivery distance to Sweden, while free trade agreements with the EU is expected to gain greater importance when companies evaluate and choose their foreign suppliers.

A new question in this year's survey picks up on how the recently imposed protective tariffs by the US and the EU's countermeasures are affecting companies' sourcing from US suppliers (see bottom chart on this page). The answers are clear: half of the companies are expected to scale back their sourcing in the US as a result of transatlantic trade frictions.

FREE TRADE AGREEMENTS INCREASINGLY IMPORTANT IN CHOICE OF SUPPLIERS

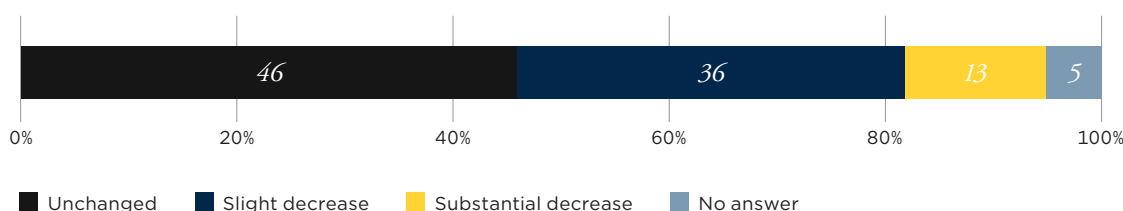
Importance of named decision factors in companies' choice of foreign suppliers, share of answers, per cent



Question: In the next three years, will the following factors play a greater or smaller role in your company's selection of foreign suppliers of intermediate goods for operations in Sweden?

TRADE WAR AFFECTS SOURCING FROM THE US NEGATIVELY

Change in companies' sourcing from the US due to expected US-EU tariff increases, share of answers, per cent



Question: How is your company's sourcing of intermediate goods from the US impacted by the recently imposed protective tariffs against the EU and the EU's countermeasures, assuming that these will remain in effect long-term?

HOW THE SURVEY WAS CONDUCTED

Business Sweden commissioned the research firm Origo Group to map where Swedish manufacturers make their overseas sourcing of intermediate goods for production in Sweden, and how the distribution of sourcing between named countries and regions is changing over time.

The target group for the survey is Swedish and foreign-owned companies with manufacturing or assembly operations in Sweden who source intermediate goods from suppliers abroad. The companies have a minimum of 50 employees in Sweden, which means that small companies are not included in the survey. The register was commissioned by Statistics Sweden and comprised, after a revision and net-selection, some 1,400 companies.

The survey was carried out via telephone interviews with sourcing managers or equivalent representatives at the participating companies between April 8 and May 14, 2025. The respondents answered a list of 10 multiple-choice questions formulated by Business Sweden. A total of 311 companies took part in the survey.

In the analysis of the survey results, Business Sweden has categorised the companies by eight industries based on their registered SNI code (the Swedish Standard Industrial Classification). All

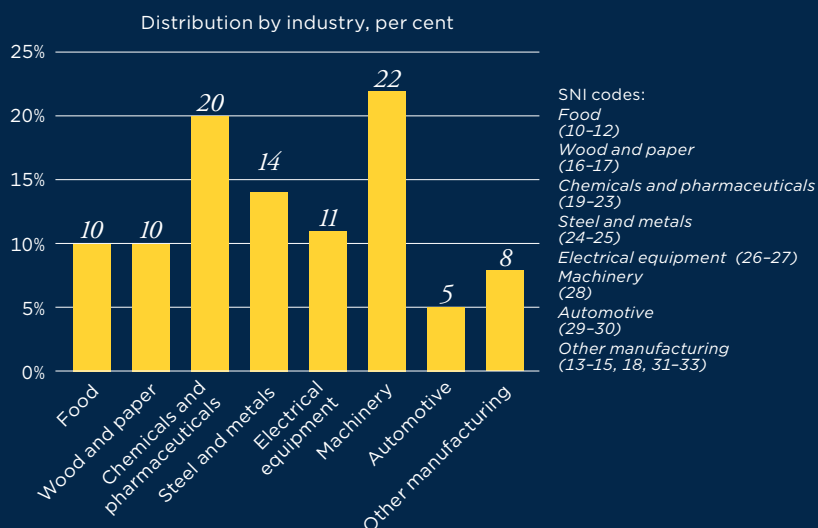
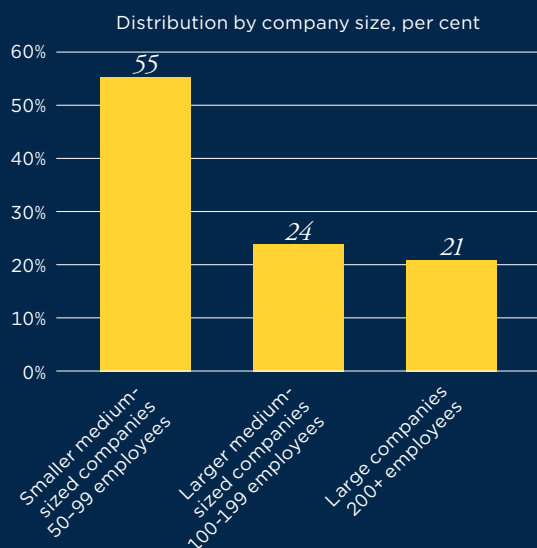
participating companies in the survey are from the manufacturing sector (SNI 10–33), in one of the following industries: Food (10–12), Wood and paper (16–17), Chemicals and pharmaceuticals (19–23), Steel and metal (24–25), Electrical equipment (26–27), Machinery (28), Automotive (29–30), and Other manufacturing (13–15, 18, 31–33).

In addition, Business Sweden divides the companies into three size groups based on the number of employees in Sweden, according to data from Statistics Sweden. This categorisation is carried out to enable separate reporting of the survey results to smaller medium-sized companies with 50–99 employees, larger medium-sized companies with 100–199 employees and large companies with 200 or more employees.

Access to the respondents' individual answers throughout the survey has enabled Business Sweden to provide deeper analysis of the findings. This makes it possible to, for example, monitor how the companies reallocate their sourcing of intermediate goods between different countries and regions over time. The identities of the respondents have been anonymised by Origo Group.

BUSINESS SWEDEN'S SURVEY ON SUPPLY CHAIN NETWORKS

Participants: 311 companies





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