



**INDIAN INSTITUTE OF
ADVANCED STUDY
SIMLA**

SWEDEN

A REPORT ON ECONOMIC AND COMMERCIAL CONDITIONS



**DIRECTORATE OF COMMERCIAL PUBLICITY, MINISTRY
OF COMMERCE, GOVERNMENT OF INDIA, NEW DELHI**



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SWEDEN AT A GLANCE

Area :					450,000 sq. kilometres (175,000 sq. miles)
Population	7·6 million
Language	..	..	..	..	Swedish (English is, however, spoken by a vast majority of businessmen in this country).
Capital	..	..	..	..	Stockholm.
Principal towns	..	..	..	..	Stockholm (1,132,000) Gothenburg (503,000) Malmo (250,000)
Principal Ports	..	..	..	..	Gothenburg Stockholm Malmo
Natural Resources	..	..	..	..	Forests, Water power & Iron Ore
Principal Imports	..	..	..	..	Fuel, textiles, raw materials, chemical products, vegetable and animal oils, food-stuffs, beverages and tobacco, machinery, apparatus, instruments and clothings.
Principal Exports	..	..	..	..	Timber products, Pulp and paper, paper board, iron ore, iron & steel, machinery and apparatus, chemicals and transport equipment.
Weights & Measures	..	..	..	..	Metric.
Currency	..	..	..	..	Swedish Krona, divided into 100 ore.
Rates of Exchange (current)	..	..	..	..	Rupee 1—Sw. Kr. 1.11. US \$1—Sw. Kr. 5.15. £ Sterling 1—Sw. Kr. 14.35.

I. GENERAL ECONOMIC CONDITIONS

The Swedish economy continued to make progress during 1963. The Gross National Product rose by 3.5 per cent, as compared with that in 1962, to the figure of Kronar 87,000 million. This increase was of the same size as that registered between 1961-62, though it was lower than the 1960-1961 increase. The 1963 rate of growth corresponds to the average annual rate of growth for the post-war period.

The main branches of industry were busy, progress being most marked in the wood, pulp chemical and iron and steel industries. The engineering industry also obtained more business and the output of ships during the year as a whole reached a new record. Ex-works prices were, however, lower than in 1962, and the profit margins were reduced.

As in most other West European countries, business activity was mainly sustained by rising consumption, increased residential building and public investments. The value of exports rose by 10 per cent whereas that of imports by about 9 per cent. Balance of trade improved slightly. The balance of payments closed with a deficit of Kr. 200 million as against Kr. 150 million in 1962.

According to the Government Survey of the Swedish Economy, which was presented to the Swedish Parliament, the Riksdag, with the annual budget, production would increase more rapidly in 1964 than it did in the two preceding years. The Gross National Product is expected to increase by over 4.5 per cent. The volume of exports will, however, grow more slowly than in 1963.

Personal incomes continued to rise rapidly during 1963, which brought about an increase in retail sales. Turnover in private retail trade was 8 per cent. higher than in 1962, while sales in departments stores rose by 18 per cent. The trend towards bigger stores continued. Increase in turnover in wholesale trade for 1963 is estimated in the range of 5-6 per cent.

II. PUBLIC FINANCE

Swedish Government finances weakened in 1963. Expenditure outstripped revenue and instead of a budget surplus of Kr. 550 million for 1962, there was a deficit of Kr. 200 million in 1963. During the fiscal year 1962-63, Government revenues increased by 10 per cent to Kr. 19,000 million whereas expenditure rose by 12 per cent to Kr. 19,500 million. The budget closed with a cash surplus of Kr. 327 million, which was Kr. 200 million less than in 1961-62. A deficit of Kr. 500 million was forecast for the fiscal year 1963-64.

Swedish Budget for 1964-65

The budget proposals for 1964-65 envisaged a revenue of Kr. 22,051 million, that is, Kr. 1,450 million more than for the year 1963-64. Expenditure during 1964-65 was estimated at Kr. 21,970 million, which was about 2,400 million more than in 1963-64. A summary of the budget proposals for the year 1964-65 is given in Appendix I.

Aid to Developing Countries

The budget proposals for the year 1964-65 included an appropriation of Kr. 225 million for aid to developing countries. This represents an increase

of Kr. 49 million over the amount allocated in 1963-64. The broad break-up of the amount allocated for aid to under-developed countries for 1964-65 is as follows :

	Kronar Million
(1) Multilateral aid through the UN Technical Assistance Board ..	71.7
(2) Bilateral aid through NIB—The Swedish Agency for International Assistance	34.3
(3) Nordic Aid in Tanganyika and the Educational Hospital in Korea ..	5.5
(4) Humanitarian relief actions for refugees and national calamities ..	7.5
(5) Contribution to I. D. A.	36.1
(6) Direct bilateral aid to developing countries	70.0
TOTAL ..	225.1

Swedish Aid to India

India received a share of the amount allocated by Sweden for aid to developing countries. The paper gift of 8,000 tons, valued at Rs. 7.2 million, was renewed. It was also decided to set up with Swedish aid a School of Paper Technology at Saharanpur to train 180—200 technicians per year, and a Biophysics Department at the All-India Institute of Medical Sciences, New Delhi. At the close of the year under report, there were positive indications that during the coming months there would be a more hopeful trend in respect of Indo-Swedish collaboration.

Money and Capital Market

At the beginning of 1963, there were hardly any credit restrictions. On the 18th January, 1963, the official discount rate was lowered from 4 per cent to 3½ per cent with a view to counteracting the recession which had appeared in 1962. During the spring, business conditions improved gradually and commercial banks were requested by the Swedish Central Bank (Sveriges Riksbank) to restrict their advances. On the 14th June, 1963, the official discount rate was raised back to 4 per cent. During summer and autumn, monetary policy became gradually more restrictive.

Stock Market

Turn-over on the Swedish stock market increased considerably in 1963 and reached a new peak for the post-war period. Share prices are stated to have risen by an average of 24 per cent. New issues on the Stockholm stock exchange increased considerably but not to the record level of 1961.

Trends in Prices

Prices went on rising in 1963. Consumer prices rose from December 1962 to December 1963 by 3.5 per cent, to 178 (1949 = 100). Higher prices for food articles, which increased by 6.1 per cent, were the main reason for the rise. A sharp increase of 6.9 per cent was also recorded for alcoholic beverages and tobacco owing to higher taxes. For other commodities, the up-turn in prices was relatively moderate.

III. LABOUR

During January and February, 1963, unemployment was the highest registered in Sweden since the recession period of 1958-59. The reasons

for this were the adverse market conditions for forest industry products and the severe winter which caused temporary stoppage in the building trade. In the spring, however, there was a marked change in the situation. Housing construction activity became brisk and the market situation for forest industries started improving.

The total number of registered unemployed in January and February, 1963, was 56,000 and 40,700, respectively. After a gradual decline during the year, the figure dropped to 20,600 or 0.5 per cent of the working population in December, 1963. The situation varied considerably from one part of the country to another throughout the year. Unemployment was mainly confined to the northern areas of the country.

Employment in industry during the year was, on an average, 1 per cent lower than in 1962, and the average working week was shortened by about 2.5 per cent.

Wages continued to rise sharply. Hourly wages for industrial workers increased by about 7 per cent. Wages of agricultural workers also increased by over 7 per cent, but those of forestry workers by only 4 per cent. For clerical workers in industry, salaries are estimated to have risen by 6 per cent and for workers in commerce by 8 per cent.

IV. TRANSPORT

Shipping

The net income of Swedish shipping companies from foreign traffic amounted to Kr. 1,328 million, a rise of 1 per cent as compared to 1962. The Swedish merchant fleet decreased by 39,000 gross tons during 1963 to 4.1 million gross tons, and the number of ships came down from 1,073 to 1,007. The tonnage laid up was reduced from 148,000 gross tons at the end of 1962 to 19,000 gross tons at the end of 1963.

Railways

Passenger traffic on Swedish railways declined by 6 per cent to about 75 million in 1963. The goods traffic, however, increased from 10,000 million ton-Km. to nearly 11,000 million ton-Km. The Swedish State Railways had a deficit of Kr. 204 million during the fiscal year 1962-63 as compared to Kr. 242 million in 1961-62.

Motor Transport

The number of motor vehicles in Sweden continued to increase in 1963. The number of new passenger car registrations was 230,880, which is 17 per cent more than in 1962. New registration of trucks increased by 5 per cent to 15,230, and those of buses by 18 per cent to 990.

Air Traffic

During the year under report, S.A.S. carried 2.4 million passengers and showed a profit of Kr. 21 million, as against a loss of Kr. 24.5 million in 1962. Domestic air traffic also continued to expand, although not so rapidly as during the earlier years. Chartered traffic also increased.

V. AGRICULTURE

The volume of agricultural production during 1963 was about 5 per cent lower than in 1962. The harvests of bread grain and oilseed declined sharply as a result of reduced acreage for these crops. The land thus made available was used for an increased production of fodder grain.

The bread grain harvest declined by about 30 per cent. As a result of grain damage, only about 45 per cent of the rye crop and about 55 per cent of the wheat crop could be used for flour. The fodder grain harvest increased by 15 per cent and almost reached the record of 1961. As damaged bread grain was used for fodder, there was an excess supply of fodder grain and exports were relatively large.

The potato crop increased by 23 per cent and that of sugar beet by 9 per cent, whereas the production of oilseeds declined by 32 per cent. The quantity of milk delivered to dairies decreased by 3 per cent and the production of butter by 7 per cent. The total cattle stock declined by 3 per cent and in June, 1963, comprised 2,468,000 heads.

On account of the rise in prices of agricultural products on the world markets by nearly 20 per cent, the import duties on agricultural products were reduced. In spite of this, domestic producer prices rose by 7—8 per cent, during the year. This rise was partly due to an agreement reached in the spring between the Government and the farmers to compensate the latter on account of the widened gap between their incomes and the wages of the industrial workers.

VI. INDUSTRY

Industrial production in Sweden rose by about 5 per cent in 1963. This was somewhat higher than in 1962 when the increase was 3.7 per cent. Employment in industry, however, fell by 2—3 per cent in 1963 which shows that the rise in production was a result of improved productivity.

A particularly rapid rise in production was registered by the pulp and paper industries—14 and 10 per cent, respectively. Production in the iron and metal works and at the shipyards rose by 7 per cent whereas the engineering industry recorded an increase of 3 per cent. The timber industry's output rose by 5.5 per cent and that of the leather and shoe industries by 5 per cent. In the textile and clothing industries, the rise was 3 per cent and in the food industry only 1 per cent.

According to the national budget estimates, the rise in industrial production will be accelerated in 1964. A considerable increase is expected in the paper industry, whereas the production of pulp will probably grow more slowly than in 1963. In most other industries, roughly the same rate of progress is expected as in 1963.

Fuel and Electric Power

Oil continued to gain ground over coal fuels during 1963. Imports of coal coke fell by 1 per cent to about 3.4 million tons, whereas imports of mineral oils increased by 11 per cent to about 16 million tons. Fuel prices rose, on an average by 3 per cent. This was mainly due to an increase in the

prices of coal and coke by 7 per cent, whereas oil prices remained practically unchanged. The production of electric power was slightly lower than in 1962. Water supply for power production was below normal and the output of hydro-electric power declined by 3 per cent. This led to an increase in thermal power production and a small net import of power. Consumption of electric power increased by 2 per cent to about 35,000 million Kwh. Industrial consumption rose by 7 per cent to 20,800 million Kwh.

Saw-Mills

The market for timber improved as a result of increased building construction and the replenishment of buyers' stocks. Both production and exports of timber increased and prices also rose.

Exports of sawn and planed timber increased by 6 per cent to about 1,039,000 stds., a figure only exceeded during the postwar period in 1960. Due to higher prices, the value of exports rose rather more than the volume, *i.e.* by about 8 per cent. Exports to EEC countries increased by 14 per cent, whereas exports to EFTA fell by 7 per cent. This meant that EEC overtook EFTA as a buyer of Swedish timber. EEC took 48 per cent of total timber exports, whereas EFTA's share was 39 per cent. Another notable development was that exports to Spain increased by about 70 per cent.

Production at the saw-mills increased by 3 per cent to about 1.75 million stds. Deliveries were much larger than production, resulting in a reduction of stocks of finished goods. At the end of the year, stocks were considered to be normal.

Wall Board Industry

Sweden has the largest per head consumption of fibre-board in the world, 30 kg. per annum. Sweden is also the world's biggest exporter of fibre-board, and second only to the USA as regards production.

Production of fibre-board increased in 1963 by about 5 per cent to 660,000 tons. Stocks of finished goods increased slightly during the year, but were considered fairly normal at the end of the year. For 1964, a continued moderate rise in production is anticipated.

Market conditions for Swedish fibre-board improved during 1963, mainly due to increased domestic demand. Prices rose and in December were about 3 per cent higher than a year earlier.

Exports of fibre-board amounted to 420,000 tons, and were thus almost as large as in 1962. Thanks to higher prices, the export value increased by 2.5 to about Kr. 180 million. Deliveries to the home market increased by 18 per cent to 235,000 tons, owing to increased building activity and a wider range of uses for fibre-board.

Pulp Industry

The pulp industry improved considerably during 1963—both production and exports increased. In spite of this, only about 80 per cent of the capacity was utilized during 1963. Prices rose, but were at the end of the year still lower for most grades than those prevailing in the middle of 1961.

before the slump began. Prices were also still below the level prevailing in the middle of the 1950's.

Exports of chemical pulp, which account for 90 per cent of total pulp exports, increased by 13 per cent to about 2.8 million tons. The rise for paper sulphate was 19 per cent, for paper sulphite 10 per cent and for dissolving pulp 2 per cent. On account of the higher price level, the value of total pulp exports rose more rapidly than the volume, *i.e.*, by 16 per cent. Exports to EEC countries increased in value by 17 per cent and to EFTA countries by 13 per cent. EEC took 45 per cent of the total exports and EFTA 36 per cent.

Pulp production in Sweden was 15 per cent higher than in 1962. It was primarily production of bleached qualities that increased.

In 1964, an increase in sales of about 7 per cent is anticipated. Market production of chemical pulp is expected to increase by about 10 per cent, which means full utilization of capacity for bleached sulphate pulp and slightly less for other qualities.

Paper Industry

Demand for paper was brisk during 1963 and both exports and domestic sales increased considerably. On the world market, there was still an excess supply of certain grades of paper, primarily newsprint, due to the rapid extension of capacity in most producer countries. Prices were stable on the whole with only slight increase for certain qualities.

Exports of paper increased both in volume and value by about 14 per cent. Nearly 80 per cent of the exported quantity of about 1.7 million tons went to West Europe. Exports to EEC increased by 15 per cent and to EFTA by about 22 per cent. EEC took 47 per cent and EFTA 28 per cent of the Swedish paper exports.

Deliveries to the home market increased by 8 per cent, to 935,000 tons, and thus accounted for nearly 40 per cent of the total sales. The annual consumption of paper and paperboard per head in Sweden is 128 kg., which is about as much as in Canada, whereas the corresponding figure for the USA is 206 kg.

The production of paper and paperboard rose by 11 per cent to about 2.7 million tons. The increase for paperboard and carton was 26 per cent. The steep rise is mainly attributable to kraft liner, which accounted for over 40 per cent of the total volume of board and carton production. The output of newsprint rose only slightly.

The expansion of paper industry continued during 1963. Production capacity increased by about 200,000 tons to 2.9 million tons.

The increase in both exports and domestic sales is expected to continue in 1964. Production of paper will probably rise at about the same rate as in 1963.

Iron Ore

Excess capacity and falling prices characterized the iron ore market in 1963. Swedish iron ore production increased by about 7 per cent to 23.6 million tons, and exports by 4 per cent to 20 million tons. On account of

lower prices, the value of exports declined by 5 per cent. The average price for exported ore was nearly 10 per cent lower in 1963 than in 1962. There was no major change in the geographical distribution of iron ore exports during the year. Over two-third of the total exports went to EEC countries and one-fourth to EFTA countries, mainly to Great Britain, West Germany, by far the most important market for Swedish iron ore, took 38 per cent of the total exports.

Contracts for deliveries in 1964 involve further reduction in prices by about 2 per cent. This means that ore prices have fallen since 1957 by more than 30 per cent. The volume of exports is, however, expected to increase. Buyers' stocks diminished during 1963 on the most important markets for Swedish iron ore and competition from transoceanic mines has been reduced by the recent increase in freight rates.

Iron and Steel

Excess supply and keener price competition were the main features of the iron and steel market in 1963. For many products, both high-grade steel and ordinary iron, prices were the lowest for ten years. In terms of volume, development was relatively satisfactory. Both production and exports increased, particularly during the second half-year. Towards the end of the year, the Swedish iron and steel works were working at almost full capacity.

Production of ingot steel was 8 per cent and finished iron and steel 9 per cent greater than in 1962. The increase for pig iron halted at about 3 per cent as a result of the increased use of cheaper scrap iron. Exports of finished iron and steel increased in volume by 16 per cent and in value by 10 per cent. Exports to EEC countries rose slightly less than to the EFTA countries; EEC took about 35 per cent and EFTA 25 per cent of exports in terms of value. West Germany was the most important foreign market with a share of 17 per cent of total iron and steel exports. Exports to the USA, the second important market, rose in value by about 20 per cent. Exports to Great Britain more than doubled in quantity. Exports to the Soviet Union also increased rapidly, by about 125 per cent in volume and over 50 per cent in value. The Soviet Union has become one of the most important markets for Swedish steel lately.

The volume of imports of finished iron and steel was at the same level as in 1962 but the value fell by 7 per cent.

For 1964, the national budget foresees a rise in iron and steel production at the same rate as in 1963.

Engineering Industry

Developments in the various branches of the engineering industry varied in 1963. Some industries, such as car factories and some other manufactures of consumer durables. There was great demand for the products of some industries such as cars and consumer durables and their manufacturers could considerably extend production and exports. In other fields, primarily manufacture of machinery, there were signs of stagnation. Demand for machinery was sluggish both on the home market and on export markets, even though there was some improvement during the later part of the year.

Production in engineering industry was nearly 3 per cent higher than in 1962. The rate of expansion was thus considerably slower than in 1962, when the volume of production increased by about 5.5 per cent. Production of passenger cars increased by 13 per cent to 146,000 units. The output of trucks and buses was practically unchanged at about 22,300 units.

During 1963, exports of engineering products increased in value by 6 per cent to Kr. 5,100 million. The increase was 3 per cent for machinery and apparatus, which account for over two-thirds of total engineering exports. Exports of passenger cars, trucks and buses increased by 15 per cent to 78,000 units. Exports of engineering products to EFTA nations increased in value by 6 per cent, whereas those to EEC countries rose by 5 per cent.

Imports of engineering products went up by 8 per cent to Kr. 5,600 million. The number of imported cars rose from 134,000 units in 1962 to 162,400 units in 1963. Imports engineering products from EFTA countries increased by 17 per cent in value, whereas those from EEC showed an increase of 4 per cent.

During 1964, the same rate of increase is anticipated in the production of engineering industry as in 1963.

Ship-building Industry

Production at the Swedish shipyard set a new record in 1963, and the order inflow was the largest since the Suez crisis in 1956. During the year, 74 vessels were launched with a total tonnage of 878,000 gross tons, an increase of 2.5 per cent as compared with 1962. Sweden was fourth among the ship-building nations of the world, accounting for over 10 per cent of world production.

Exports comprised 48 new vessels totalling 794,000 gross tons, a rise of 27 per cent. Norwegian shipowners bought 28 vessels (518,000 gross tons) and Great Britain took 5 vessels of 95,000 gross tons. The total value of exported vessels in 1963 amounted to Kr. 1,311 million and was thus 24 per cent higher than in 1962.

The forecast for 1964 is that production will increase at the same rate as in 1963. In view of the substantial inflow of orders during 1963, employment at the bigger shipyards is stated to have been ensured for about the next two-and-a-half years.

Shoe and Leather Industries

The total production in these industries increased during 1963 by 5 per cent, after a decline by 3 per cent in 1962. Production of leather shoes increased to 10.3 million pairs, whereas the output of other types of shoes decreased to 6.3 million pairs.

Imports of leather shoes rose by 13 per cent to 5.4 million pairs. This means that imports have more than trebled since 1958, when they amounted to 1.6 million pairs. Consumption of leather shoes increased by 3 per cent to 15.1 million pairs. More than one-third of the consumption was covered by imports as against one-fourth four years ago.

Production of leather is estimated to have increased by 6 per cent in value. The output of sole leather fell by 5 per cent to 1,900 tons, whereas

that of other types of leather and hides increased by 13 per cent to 65 million sq. feet.

Textile and Clothing Industries

Demand for textiles and clothing was comparatively brisk in 1963. Consumer's expenditure on these goods increased by about 5 per cent in fixed prices. The increase was especially marked in the sales of knitwear and light clothing, especially ladies' wear.

The volume of production was about 3 per cent greater than in 1962. The increase referred entirely to the clothing industry and knitwear factories, whereas production in the spinning and weaving mills declined. The production of the clothing industry was 5 per cent greater in volume than in 1962. The rise for stockings and knitted goods was 6 per cent. The output of wool yarn increased by 1 per cent, whereas that of cotton yarn decreased by 11 per cent. For cotton fabrics and for wool fabrics, the decline was 6 per cent whereas production of other fabrics increased by 3 per cent.

Imports of textile goods rose very sharply in 1963. Imports of clothing increased in value by 19 per cent, and imports of yarns, fabrics, etc., by 13 per cent. The total value of textile imports excluding fibres, rose by 14 per cent to over Kr. 1,600 million. Imports of textile fibres, on the other hand were unchanged.

Exports of clothing increased by 15 per cent. For yarns, fibres, etc., the rise was 3 per cent. The total value of textile and clothing exports increased by 8 per cent to Kr. 425 million.

Wholesale prices for textile goods were, on an average, 2 per cent higher than in 1962. Retail prices for textiles and clothing rose by about 1.5 per cent.

In 1964, demand for clothing goods is expected to increase more slowly than in 1963. The total production of the textile and ready-made clothing industries will probably continue to rise, but not so rapidly as in 1963.

Building-materials Industries

Intensive building activity ensured continued brisk demand for building materials during 1963. The volume of production rose and exports and imports of most building materials also increased.

VII. FOREIGN TRADE AND TRADE REGULATIONS

Sweden's foreign trade continued to expand during the year under report. The volume of exports increased by 8 per cent or by about as much as in 1962. The volume of imports rose by 7 per cent, as against 6 per cent in the previous year. The value of exports increased by 10 per cent, to Kr. 16,600 million and that of imports by 9 per cent to Kr. 17,500 million.

During the first quarter of 1963, exports were low for most of the commodities in view of the severe winter conditions. In the last three quarters, however, there was a considerable increase, particularly for ships, pulp and paper. Exports of iron ore also increased in volume but declined in value.

Exports of iron and steel showed sharp increase, but prices declined. Exports of electrical machinery increased, whereas those of other machinery stagnated. Exports of cars continued to rise rapidly and a marked increase was also noticed for chemical products.

On the import side, the largest increases were seen for cars, ships, textile goods, fuels and food-stuffs. Imports of iron and steel declined.

Exports to EFTA countries increased by 14 per cent, whereas the rise in exports to EEC was of the order of 7 per cent. Exports to East European countries fell by 11 per cent owing to decreased deliveries to the Soviet Union.

The increase in imports referred mainly to EFTA countries. Imports from this bloc rose by 13 per cent, whereas imports from EEC increased by only 4 per cent.

The national budget foresees a slower expansion of foreign trade in 1964.

The deficit on the balance of trade in 1963 was Kr. 970 million or slightly less than in 1962. Net shipping revenues amounted to Kr. 1,465 million, whereas other services showed a net deficit of Kr. 700 million. The total balance of payments on current account thus resulted in a deficit of Kr. 200 million, as against Kr. 150 million in 1962.

VIII. INDO-SWEDISH TRADE

During 1963, India's trade with Sweden continued to be on the same pattern as in the previous years. The total imports from India during the year amounted to Kr. 27.7 million, compared to Kr. 30.8 million in 1962. Sweden's exports to India were of the order of Kr. 125.3 million, compared to Kr. 98.6 million during 1962.

The balance of trade against India amounted to Kr. 97.6 million, as against Kr. 67.8 million during the year 1962. A detailed break-up of India's exports to Sweden during the years 1962 and 1963 is given in Appendix II. It will be observed from this that there has been a substantial decrease in India's exports to Sweden of tea, cardamom, fresh fruit, shrimp, manganese ore, cotton fabrics and travelling material, and sports goods as compared with the previous year.

On the other hand, a considerable increase has been registered for the following articles :

Tabacco, animal hair, unroasted coffee, cinnamon, semi-tanned animal skins, raw furskins, silk fabrics, cotton (not carded or combed), fabrics of artificial fibres, jute goods, footwear and precious and semi-precious stones and articles.

The following articles, which were imported in negligible quantities into Sweden from India during the previous years, were imported in sizeable quantities during the year under report : Vegetable oils, preserved fruit juices, pearls, and light engineering articles.

Trade enquiries from Indian exports were received, as in the past in considerable numbers, which were attended to appropriately. Similarly, there were enquiries from the interested Swedish importers also, to whom the information desired by them was furnished promptly.

Export Promotion

Publicity material that was received from time to time from the Directorate of Commercial Publicity, various Export Promotion Councils, the Indian Investment Centre, and the Economic Mission of India, Brussels, was distributed, by the Indian Embassy at Stockholm among the appropriate Swedish firms, bankers, Chambers of Commerce and Import and Export Associations. A large number of items of commercial interest were also given publicity through the periodical Bulletins issued by this Embassy.

Trade delegations for jute, coffee and spices visited Sweden during 1963. Meetings were arranged for them with importers and other interests concerned. In addition to these delegations, many individual businessmen from India also visited Sweden, to whom all possible assistance was extended. Training and observation facilities were also arranged at a few important Cement factories in Sweden for two chemists of the ACC Bombay.

Persistent efforts were made by the Indian Embassy with the Svenska Tobaks AB (the Swedish Tobacco Company), which is Government-owned and enjoys a monopoly in the production of tobacco goods in this country, and Kooperative Forbundet (the Swedish Cooperative Union and wholesale Society), which carries its business in 6,630 shops, with an annual turn-over representing some 15 per cent of Sweden's retail trade and about 25 per cent of the food trade, for the export from India to Sweden of tobacco, coffee, preserved fruits, juices, etc.

Market Research

During 1963, market research on shoes, leather goods and woollen textiles was conducted through a local firm and reports on these surveys were sent to the Ministry of Commerce, Government of India.

IX. IMPORT PROCEDURES AND TARIFFS

Imports into Sweden are subject to very few restrictions in the form of Customs regulations, etc. Neither consular nor special Customs invoices nor, as a rule, Certificates of Origin are required. There are also no stipulations as to the form of Bills of Lading, commercial invoices and other shipping documents.

Packing

There are no general requirements as to the packing of goods. But, as far as possible, they should be packed in such a way as to facilitate classification, determination of weights, etc. It is advisable not to use hay or straw as packing material.

Marking

No general marking requirements are enforced, except concerning marks inducing false indications of origin. Nor are there any regulations about the marking of outside packages, though on cases weighing 1,000 kg. gross or more, gross weight in kgs. should be indicated.

Special Requirements

A sanitary certificate issued in the country of export is, as a rule, required for goods which may be suspected of bringing contagious animal or vegetable

diseases into the country, or for goods for which special stipulations as to quality are prescribed. These requirements principally apply to the following goods: Live animals; certain animal products; used sacks; foodstuffs; margarine, cheese and fatty emulsions; oleo-margarine (as substitute for butter); syrup and molasses; preparations containing spirit; and concentrated alcohol.

These restrictions also apply to the following plant products: Flower bulbs and corms, nursery and greenhouse plants; forest plants; cut carnations; potatoes; vegetables and onions; and fruits and berries. Upon importation, the goods as well as containers and packing material, shall, as a principle, be inspected by the State Plant Protection Institute. A *phytosanitary certificate* and an *invoice* bearing particulars of the consignee and the kind of produce and provided with the stamp of the Plant Protection Department of the country of cultivation shall be deposited with the State Plant Protection Institute, as early as possible, prior to the arrival of the consignment into Sweden.

Certain kinds of goods such as explosives, poisons, pharmaceutical and bacteriological preparations, may only be imported by specially authorised persons/institutions. The import of tobacco and products thereof, malt beverages, wines and spirituous liquids is monopolised.

Import Duties

The Swedish Government, at our suggestion, decided to abolish duty on tea with effect from January 1, 1964. The internal tax on coffee was also abolished. The Swedish Government has also been approached for similar steps in respect of some other items of Indian export.

Import duties at the rates listed below, are levied on important items which Sweden imports from India:

Cotton

Cotton, not carded or combed	Free
Cotton waste, not carded or combed	Free
Cotton yarn	8—13% <i>ad val</i>
Terry towelling and similar material	13% <i>ad val</i>
Other woven fabrics of cotton—	
(i) Containing at least 40% by weight of continuous artificial textile fibres	20% <i>ad val</i>
(ii) Other than those at (i) above	13% <i>ad val</i>

Jute Fabrics

Jute sackings, sacks and fabrics	11% <i>ad val</i>
Jute yarn—single	9% <i>ad val</i>
—multiple or cabled	10% <i>ad val</i>

Vegetable oils, cakes and similar animal-feeding stuff Free

<i>Coffee</i> —Unroasted	100 Kgs.—Kr. 45
—Roasted	100 Kgs.—Kr. 60

Tea Free

Manganese Ore Free

Cashew Nuts 100 Kgs.—Kr. 10

<i>Coir Mats</i>	7% <i>ad val</i>
<i>Raw Tobacco</i>	Free
<i>Carpets</i> —of wool or fine animal hair—	
With not more than 250 knots per linear metre	100 Kg.—Kr. 250
With 251—450 knots per linear metre	100 Kg.—Kr.—350
With 451—and more knots per linear metre	100 Kg.—Kr. 600
Other carpets, carpeting, rugs, mats, matting & c.	12% <i>ad val</i>
<i>Animal Hair</i>	Free
<i>Spices</i> —	
—Pepper/black or white	100 kg.—Kr. 50
—Cardamoms	100 kg.—Kr. 100
—Ginger	100 Kg.—Kr. 25
<i>Raw Hides and Skins</i>	
Goat and kid skin leather, not further worked than tanned	7% <i>ad val</i>
For shoes, apparel, gloves etc.	7% <i>ad val</i>

PROSPECTS FOR INDIAN COMMODITIES

The Swedish market is highly sophisticated and extremely competitive. There are hardly any import restrictions and tariffs are also comparatively low. The primary consideration for Swedish businessmen is competitive prices for high quality. With a good deal of perseverance and careful handling and conforming to set standards of supply, there is no reason why India should not be able to increase her exports to Sweden. Some of the commodities in which there is a scope for increasing Indian exports are listed below :

- (i) Grey cloth, provided it is in pieces of 120 metres as this is the appropriate size required by Swedish firms which import large quantities of grey cloth for bleaching, dyeing, printing, etc, in Sweden.
- (ii) Cotton piece-goods, provided they conform strictly to samples accepted by Swedish importers and packing of the goods also conforms to the requirements of the importers.
- (iii) Leather and skins, provided the standard of dyeing is improved considerably.
- (iv) Coffee, provided regular supplies are ensured. There is, however, a complaint that Indian coffee is very costly.
- (v) Tea. Kooperative Forbundet (the Swedish Cooperative Union & Wholesale Society) has recently introduced a new type of nylon tea-bag, which replaces paper tea-bags. It is claimed that the usual objections against the quality of tea in paper bags have been obviated. If nylon bags are a success, a substantial increase in direct import of tea from India may be expected.
- (vi) Preserved mandarine segments, pine-apples and white pears.
- (vii) Fruit juices.
- (viii) Cashew-nuts.
- (ix) Hessian for upholstery, wall-coverings and decorative purposes.
- (x) Druggets.
- (xi) Carpets.
- (xii) Silk fabrics.

APPENDIX ONE

BUDGET FOR THE FISCAL YEAR 1964/65

Current Budget

A. Revenue Proper

I. Receipts from taxation	20,739,200,000	
II. Fees and other administrative receipts	497,835,000	
III. Miscellaneous revenues	466,000,000	
		<hr/>
		21,703,035,000

B. Revenue from State Capital Funds

I. Public Enterprise Funds	501,000,000	
II. Riksbank Funds	100,000,000	
III. General Real Estate Fund	42,807,000	
IV. Defence Fund	44,373,000	
V. State Loan Funds	356,569,000	
VI. State Loan Aid Fund	9,602,000	
VII. Fund for State-owned Shares	85,000,000	
VIII. State Pension Funds	77,165,000	
IX. Miscellaneous Capital Funds	41,000,000	
		<hr/>
		1,257,516,000

Total Revenue on current Budget 22,960,551,000

Withdrawal from the Budget Equilization Fund of local tax receipts 300,000,000

TOTAL .. 23,260,551,000

Expenditure

A. Expenditure Proper

I. Royal Household and Residences	5,713,000	
II. Ministry of Justice	236,858,000	
III. Ministry of Foreign Affairs	213,778,000	
IV. Ministry of Defence	3,874,318,000	
V. Ministry of Social Welfare	6,596,286,000	
VI. Ministry of Communications	2,244,771,000	
VII. Ministry of Finance	1,097,531,000	
VIII. Ministry of Education	3,229,675,000	
IX. Ministry of Agriculture	633,996,000	
X. Ministry of Commerce	269,048,000	
XI. Ministry of Home Affairs	1,667,150,000	
XII. Ministry of Salaries and Pensions	1,169,737,000	
XIII. Unforeseen Expenditure	1,000,000	
XIV. Parliament and its Agencies	38,426,000	
		<hr/>
		21,278,287,000

B. *Expenditure for State Capital Funds*

I. Air Port Fund	10,500,000	
II. National Debt Fund	830,000,000	
III. Depreciation of New Capital Investments	796,576,000	
IV. Depreciation of unsettled Capital losses	1,000,000	
		<u>1,638,076,000</u>
Total Expenditure on Current Budget ..		22,916,363,000
Estimated surplus on current Budget :		
Surplus Revenue	244,188,000	
Withdrawn local tax receipts	100,000,000	
		<u>344,188,000</u>
TOTAL ..		23,260,551,000

APPENDIX TWO

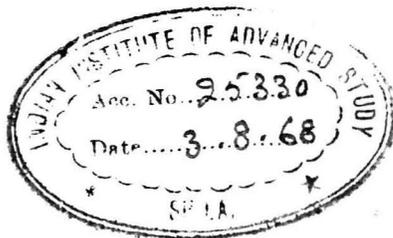
INDIA'S EXPORTS TO SWEDEN

(Figures in 000 Sw. Kr.—Re. 1—Sw. Kr. 1.11)

Description of the articles	Value	
	1 62	1963
Live Animals	27	21
Animal Hair	43	145
Plants &c.	—	38
Cashew Nuts	814	791
Walnuts	16	30
Coffee, Unroasted	168	561
Tea	6,768	1,232
Black and White Pepper	73	79
Cinnamon and Cinnamon tree Flowers	12	45
Cardamoms	4,163	3,259
Ginger	131	121
Curry Powder	16	27
Ground Nuts	—	77
Ground Nuts—shelled	209	85
Oil Seeds—Miscellaneous	22	17
Plants and Parts of Trees	21	30
Fresh Fruit, Apricot, peach &c.	64	25
Raw vegetable material for dyeing	—	27
Shellac	672	679
Vegetable material used in the manufacture of brushes—Piassava	32	117
Vegetable material other than Piassava	41	19
Vegetable oils	—	266
Shrimps	104	62
Jams of Fruits	20	11
Preserved Fruits	—	13
Fruit Juices	—	11
Animal Fodder—Glutten	65	398
Animal Fodder—Resulting from Extraction	2,744	2,456
Oil Cakes, with a Basis of Ground Nuts	803	553
Oil Cakes, with a basis of cotton seed	—	636
Sweetened forage for animal fodder	441	56
Tobacco, unmanufactured	213	1,092
Clay	1,668	1,001
Mica	691	496
Natural Steatite	64	95
Manganese Ore	2,449	1,440
Titanium Ore	12	20
Raw hides and skins, of goats or kids	466	229
Bovine cattle leather, unworked	100	314
Bovine cattle leather worked	—	22
Sheep and lamb skin, semi-tanned	180	405
Sheep and lamb skin other	—	10

Description of the articles	Value	
	1962	1963
Goat & kid skin leather, semi-tanned	—	55
Goat & kid skin leather for footwear uppers	—	22
Goat & kid skin leather for articles of apparel	133	70
Travel goods, hand bags, etc.	—	11
Gloves, of leather	—	15
Raw furskins, of beaver and otter	20	56
Raw furskins of other animals	—	65
Furskins, tanned or dressed	—	15
Wood, in the rough	—	36
Sawn wood, of deciduous trees	—	22
Household utensils, wooden	—	13
Standard lamps, table lamps, &c.	28	73
Basketwork	24	81
Basketwork	86	58
Printed matter, pictures and photographs & c.	24	14
Clothing fabrics, silken	97	329
Furnishing fabrics, silken	69	48
Cotton, not corded or combed	67	670
Cotton Waste	94	154
Terry towelling, of cotton	200	31
Terry towelling, of cotton	—	22
Other woven fabrics of cotton, unbleached	273	95
Dress fabrics	—	42
Clothing fabrics, miscellaneous	13	14
Fabrics for sheets, pillows & c.	685	462
Fabrics for furnishing and linen	251	153
Miscellaneous fabrics	—	46
Dress fabrics, of man-made fibres	—	176
Other fabrics, of man-made fibres	32	380
Dress fabrics, of artificial textile fabrics	—	48
Other fabrics, of artificial fibres	—	111
Jute, raw or processed but not spun	10	165
Tow and waste of jute	—	11
Misc. vegetable textile material—fibres	—	13
Coir Yarn	345	301
Woven fabrics of jute—sacking &c.	742	1,077
Woven fabrics of jute—others	549	852
Carpets, of wool or fine animal hair	66	73
Carpets, of wool or fine animal hair	66	70
Carpets, others	—	10
Carpets, of coir	1,003	1,015
Carpets, of other textile materials	59	55
Narrow woven fabrics, of jute	18	18
Embroidery, in the pieces, of textile materials	—	19
Felt and articles of felt	—	11
Shawls, scarves, mufflers—of textile materials	—	14
Bed linen, table linen, toilet linen, & c.	113	214
Sacks, bags & c. of jute—for packing	1,098	1,963
Footwear, low shoes and sandalettes	13	52

Description of the articles	Value	
	1962	1963
Pearls, unworked and worked	—	31
Precious and semi-precious stones, not mounted	26	630
Articles of precious stones, Imitation jewellery	23	32
Iron and Steel articles used for domestic purposes	—	10
Articles of Copper	22	13
Statuettes and other ornaments, for indoor use	53	63
Lamps and Light fittings, of base metals	29	58
Internal combustion piston engines & parts &c.	—	36
Frames & mountings and parts, for spectacles	—	18
Furniture & parts, of wood	16	25
Worked horn, coral and other animal carving material	13	16
Appliances for games—footballs and hand-balls, of leather and other sports articles	100	53
Total (in thousand Sw. Kroners)	30,800	27,700



INDIAN INSTITUTE OF ADVANCED STUDY

Acc. No. _____

Author : _____

Title : _____

Borrower	Issued	Returned