

Small companies in a big market



How a free trade agreement
between the EU and the
US benefits small companies
in Sweden

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The Confederation of Swedish Enterprise's vision is: "Enterprising people and competitive companies in alliance leading Sweden to greater prosperity".

We represent 50 member organisations and some 60,000 Swedish companies, 98 percent of them small or medium-sized.

Our member companies employ some 1.6 million people, approximately 70 percent of Sweden's private sector workforce.

The organisation's role is to advocate for the interests of the companies, and to create broad popular support for the value and importance of private enterprise. The foundation of our operations is that private enterprise is essential to the increased growth and prosperity of Sweden.

The Confederation of Swedish Enterprise is headquartered in Stockholm. It has 21 regional offices throughout Sweden and an office in Brussels.

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Foreword

Our prosperity depends on international trade. Our closest European neighbours are our biggest trading partners – or appear to be, anyway. However, in terms of value added in Sweden, the US is our biggest foreign market. That means our exports to the US generate more employment in Sweden than our exports to any other market. In 2013, the US accounted for fully 77 percent of Sweden’s foreign trade surplus. The US is also far and away the biggest recipient of Swedish companies’ foreign investments – 425 billion kronor in 2012.

Between the EU and the US runs the world’s largest flow of trade, worth two billion euros a day. Negotiations are currently under way between the EU and the US on a free trade agreement – the Transatlantic Trade and Investment Partnership (TTIP) – with the goal of increasing economic interchange between the EU and the US. This would boost prosperity and employment on both sides of the Atlantic. *However, increased trade between us is not the only benefit – we want the agreement to strengthen our shared values and the principles we both uphold. A market economy, freedom of contract and free societies are part of this, but so are high standards of protection of life and health.* For this reason, we are actively working to see the agreement become a reality.

Trade with the US isn’t just a concern for big companies. Many small companies export to the US, or might do so if trade barriers were lowered or eliminated. This paper provides a few examples of what a free trade agreement with the US would mean to them.

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Carola Lemne

CEO, Confederation of Swedish Enterprise

Trade with the US

The EU and the USA are the world's two largest economies, with a combined total of over 800 million residents. The EU accounts for 25 percent of the world's total production and the USA for 22 percent. Together, the two regions account for approximately 30 percent of the world's international trade in goods and 40 percent of its trade in services.

The EU is the biggest player in world trade. Its trade with other countries constitutes over 15 percent of global trade in goods and about 25 percent of global trade in services. The EU is also the world's biggest investor and recipient of investments.

The world's largest flow of trade is the one between the EU and the USA, worth two billion euros a day. The largest goods segment is machinery and vehicles, the second-largest chemicals. The USA is the biggest recipient of direct investments from the EU, and the EU the biggest recipient of direct investments from the USA.

Sweden is one of the world's most globalised economies. Sweden's exports currently account for some 50 percent of its GDP, up from about 25 percent in 1970 and 40 percent in 1995.

Between 70 and 80 percent of Sweden's foreign trade is within the EU internal market, consisting of the EU member states plus Norway, Iceland and Liechtenstein. This includes both exports and imports of both goods and services.

The US is Sweden's biggest export and import market outside the EU interior market. Calculated in terms of value added, trade with the US accounts for twelve percent of Swedish exports and seven percent of imports. Trade in services accounts for about 60 percent of Sweden's trade with the US.

The US is the biggest corporate investor in Sweden. American companies employ some 70,000 people here. Sweden is the twelfth largest foreign corporate investor in the US, making it one of the biggest per capita investors. Some 1,200 companies with ties to Sweden employ almost 200,000 Americans.

Many big Swedish companies trade extensively with the US. ABB, Autoliv, Ericsson, Sandvik, Skanska, Volvo AB and Volvo PV have all long had the US as their biggest market. The US is the second biggest market for H&M and Ikea.

Trade with the US is also very important for many small and medium-sized companies in Sweden. Many are suppliers to big companies that export to the US. However, there are also many smaller Swedish companies that export to the US on their own – everything from gingerbread biscuits to cameras to nuclear power plants.

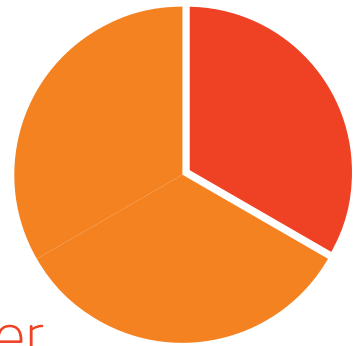
This is TTIP

Though the EU and the US economies are already highly integrated, reducing barriers to trade could result in major economic benefits for both Europeans and Americans – and for inhabitants of the rest of the world. For this reason, in June of 2013, negotiations began on the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US.

The negotiations cover a wide range of issues, including tariffs, trade in services, regulations, investments, intellectual property, public procurements and subsidies of state-owned companies, mobility of labour, sustainable development, rules providing functioning controls on trade and tariff cooperation, competition, energy and raw materials issues, trade related aspects of small and medium-sized companies, movement of capital and payments, and an institutional framework, including a mechanism for resolving disputes.

The purpose of TTIP is to increase integration of the EU and US economies on a broad front. The idea is that these two parties, both highly developed politically, economically and technologically, and already having extremely strong economic ties, should be able to find solutions to some of today's most difficult trade policy challenges.

A third of small and medium-sized export companies consider technical regulations a barrier to exports to the US. The free trade agreement TTIP would eliminate most of the barriers.



Source: Ipsos 2014

Several analyses of the potential benefits of TTIP have been carried out. The results vary depending on who's doing the analysis. However, all serious studies show:

- That trade between the EU and the US would increase.
- That it would improve the prosperity of both the EU and the US.
- That it would create more jobs and reduce unemployment, both in the EU and the US.
- That the effects for the world as a whole would be positive.

Though tariff levels are currently quite low – on average around four percent – they still have an impact. Some products are still burdened by high tariffs. For example, both the EU and the US have high tariffs on certain foodstuffs. The EU has high tariffs on motor vehicles.

Even a minor reduction of tariffs makes quite a difference, given the huge volume of trade across the Atlantic. Much of this trade involves price-sensitive intermediate goods, many of which are part of long production chains in which tariffs are added at every border-crossing. Every year, European companies pay almost 100 billion kronor (almost 12 billion dollars or 11 billion euro) in tariffs to the US, while American companies pay a comparable sum to the EU.

According to estimates, some 20 percent of the gains that would result from an ambitious free trade agreement would result from reducing tariffs. The major potential gains would come in areas not directly related to trade policy, such as various types of standardisation and regulations relating to the environment, safety and health. Corporate costs of compliance with these regulations may correspond to tariffs of 10–20 percent.

The idea is not to lower standards in these areas, but rather to systematically review existing regulatory structures in the EU and the US with an eye to reducing the burden of compliance. Both the EU and the US have ambitious goals in the areas of the environment, safety, health and other categories. However, their regulatory structures and methods of applying them have typically grown up independently. Thus different standards have been established in the EU and the US, even though the standards are generally on par with each other.

Reduced regulatory costs mean relatively more to smaller companies, since many types of regulatory cost constitute a kind of 'price of admission' to a market. If, for example,

a certain product has to go through special testing in the US, a big company can usually spread the cost across a large portfolio of products, while a smaller company usually supplies a smaller number of products. It's easier for big companies to gain access to the expertise required to deal with regulatory issues in various markets, too.

In the chapters to follow, we meet nine companies – from Piteå in the north to Helsingborg in the south – all of which export to the US. The opportunities and challenges they face on the American market vary, but they all have one thing in common. An ambitious free trade agreement would mean increased export opportunities and more jobs in Sweden.

57% of companies that consider technical barriers to trade a problem for their exports report that their exports would increase if the barriers were eliminated. The free trade agreement TTIP would eliminate many technical barriers to trade.

Source: Ipsos 2014

Svalson: windows on the world

Svalson is situated in Öjebyn, outside Piteå, and is one of the world leaders in its segment. Every year, the company delivers over 5,000 electrically operated sliding windows for use in restaurants, on balconies, in reception areas and as separators in workplaces.

Svalson started out as Norrbottens Industriservice, a company founded in the late 1970s by mechanical engineer Bill Svensson and contractor Hans Carlsson. The company manufactured wood stoves and other products, and provided extra staff to companies that were shorthanded.

In 1981, Bill Svensson received an enquiry from a neighbour who was an architect. Could he design an easy-to-use sliding window for the reception desk at a Luleå healthcare centre? The receptionist's shoulders were so worn out that she could no longer open and close the glass window manually. Svensson developed a convenient sliding window with a built-in electric motor – a unique product at the time.

Later the same year, Svensson and Carlsson founded Svalson to develop and manufacture electrically operated sliding windows. The company name was a combination of the founders' last names. Svalson's first window is still in use at the healthcare centre in Luleå.

Bill Svensson's daughter Maud Spencer has headed up the company since 2005. She started as a salesperson at Svalson in 1999.

Today Svalson has 40 employees, including five salespeople, ten office staff and 25 on the shop floor. It has annual sales of about 50 million kronor. Half the sales are in Sweden and a fourth go to other EU countries. Svalson also exports to Australia, Japan, Canada and the US.

Svalson keeps no products in stock. Everything is custom made and manufactured to order. It takes about three weeks from order to delivery. Besides creating a better working environment, Svalson's products also improve security. A closed window is a locked window, and windows can also be locked in a partially open position.

No other competitor on the world market offers a comparable product. Thus the market potential is enormous. The trick is getting customers to understand what Svalson can do for them. The latest product is a vertically adjustable glass window with many areas of use, including serving as a fence/wind protection for restaurants, cafés, balconies and decks, and a clever workplace room divider.

Svalson has supplied electrically operated sliding windows to Manchester United's Old Trafford Stadium, Stockholm's NK department store, Swedish Parliament, Swedavia (the state-owned company that operates Swedish airports), and police stations, healthcare facilities and public buildings throughout Europe. Åhléns City, a department store in



 **SVALSON**
WWW.SVALSON.COM

downtown Stockholm, now has the world's biggest sliding window in front of one of its entrances. An important customer is Dior, whose shops in Europe use Svalson windows in their display cases and indoor display windows, enabling employees to do their jobs without having to deal with keys.

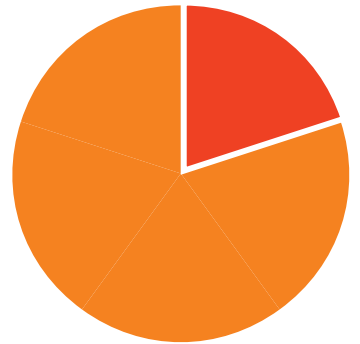
For many years, Svalson has had major exports all over the world. However, it took a while before the company started doing business in Canada and the US. The thing keeping them out was high insurance costs. However, a Toronto restaurant, Hemingway's, kept after Svalson, eager to purchase facade openings and windscreens. Maud Spencer hesitated for a long time before beginning to deliver products to Canada in 2008.

Once she decided to go ahead, though, she decided to get into the US market, too. With help from Business Sweden, the Swedish trade and investment council, Svalson found vendors in Chicago and Miami. The company name is today registered in all 50 states.

But there's a catch. Svalson only sells manual windscreens in the US. The reason is that it would be way too risky to export electrically operated products. For electrical products, there are complicated regulations on standards and certification. Svalson therefore decided not to supply Dior shops in the US.



One out of five small or medium-sized companies consider tariffs a barrier to exports to the US. The free trade agreement TTIP would eliminate most tariffs.



Source: Ipsos 2014

It was hard enough getting into the American market at all. One problem is patents. There are clear elements of protectionism in US law, with lawyers and public agencies often referring to patents that turn out to be completely irrelevant.

Maud Spencer also relates that they added lengthy warning texts to all their products and manuals for the US. Svalson of course employed American lawyers for this. All exports to the US go via Canada, where final assembly is carried out. This enables Svalson to avoid the tariff cost, which would otherwise be eight percent – more or less the same as the transport cost. However, the process of clearing customs could otherwise delay delivery by several weeks.

Maud Spencer draws a comparison to EU membership, which greatly simplified the process of exporting to EU member states. The same thing could happen if TTIP were ratified.

There is much interest in Svalson products in the US. There's a well-developed system of trade fairs there that make it easy, cheap and efficient for companies trying to sell. According to Maud Spencer, a new free trade agreement might enable Svalson to double sales. This would not only result in new jobs at Svalson, it would create jobs in the region for subcontractors providing painting services, glass and electric motors.

All they have to do is make sure nobody else establishes a US presence first.

Gingerbread biscuits from Nyåker

Brothers Bengt and John Åström grew up with eight brothers and sisters in a hard-working farm family near Nyåker, southwest of Umeå. In the 1930s, when the two brothers were about 15, they were sent to southern Sweden to apprentice as bakers. Each operated a number of bakeries around Sweden until 1952, when they teamed up to take over the little café and bakery in Nyåker. This is counted as the founding of Nyåkers gingerbread biscuits.

The bakery grew its sales with a bread truck that brought biscuits, cakes and bread to area farms. The tasty gingerbread biscuits were especially popular. In 1955, they built a modern bakery in Nyåker. Now the gingerbread biscuits could be stamped out at high speed with a pedal-driven machine.

In 1960, the bakery suffered a disaster. It burned to the ground. Just a few days earlier, the brothers had signed a nationwide contract with the EPA department store. The bakery was essentially uninsured. However, Bengt and John Åström didn't give up. Six months after the fire, a new bakery was completed in Nyåker.

In the 1960s, Nyåkers became one of Sweden's leading producers of gingerbread biscuits. Today the company has 60 employees and annual sales of about 90 million kronor, about 90 percent of which is sales of gingerbread biscuits, in which Nyåkers is the world leader. The original 1952 recipe is still in use. The biggest markets outside the Nordic countries are the US, Canada and Japan. Nyåkers also produces mandelkubb (a type of almond biscuit), cardamom rusks and ten or so other types of biscuits.

Nyåkers' main office is in Umeå. Christoffer Öberg has been CEO since 2012, succeeding his father Lennart. The year Christoffer took over, the company added a new, cutting-edge factory in Bjurholm, north of Nyåker. It was a huge investment. Nyåkers needed to grow in order to pay off its loans.

And this is exactly why the American market is so important. It's a big market where it's possible to take a good price for a quality product. Many Americans perceive gingerbread to be a kind of health food product. In the US, Nyåkers has introduced a variety of flavoured gingerbread biscuits, including orange, lemon and pumpkin (for Halloween).

When Lennart Öhberg became CEO in 1998, Nyåkers annual sales were 40–50 million kronor. Sweden accounted for 70 percent of the sales and the other Nordic countries for most of other 30 percent. The year before Christoffer took over, sales were up to 80 million. Sweden accounted for 60 percent and the US for 20 percent. Today the US share is up to 30 percent of sales.

The American market involves a variety of challenges. Insurance costs are high. It's necessary to take insurance against exchange rate swings, too. Half of all sales are online. Every state has its own standard measurements for packaging and shipping pallets.

Christoffer Öberg does not consider tariffs and other legal regulations a major problem for Nyåkers. However, he is quick to recall the trade war that broke out with the US several years ago, which gingerbread biscuits were dragged into. Annas Pepparkakor, a competitor in Tyresö, bore the brunt of it. Today Nyåkers would be hardest hit.

One challenge resulting from exporting to the US is that the Food and Drug Administration (FDA) can turn up any time to carry out a rigorous inspection in Bjurholm or Nyåker.

If trade between the EU and the US continues to develop favourably – a future in which with the free trade agreement TTIP could play an important role – Christoffer Öberg believes the US could overtake Sweden as Nyåkers' biggest market in ten years. Either way, the biscuits will still be baked in the area around Nyåker.



Woollens and axes from Norrland

Since 2009, Adam Brånby has headed up the family-owned Ekstigen group of companies. It includes two companies that export to the US, Woolpower in Östersund and Gränsfors Bruk in northern Hälsingland.

Woolpower developed out of Vinetta, which the Swedish Cooperative Union (KF) founded in Östersund in 1969 to manufacture nylon tights. At its height, the company had over 530 employees. In 1972, Vinetta introduced a line of women's basic clothing featuring nine garments in seven colours. By 1976, it had sold over a million garments.

In the 1980s, Vinetta downsized and KF gradually sold off its shares in the company. In 2002, after several changes of ownership, Adam's father, Gabriel Brånby, bought a share of the company, which had been known as Ullfrotté AB since 1999. Adam started working for the company, too. The reason they were interested in the company was because of a material, Ullfrotté Original, which Vinetta developed in cooperation with the Swedish military in the early 1970s.

Ullfrotté Original is two-thirds wool and one-third synthetic, woven with terry loops. The synthetic admixture increases the material's durability, and the loops increase its insulating capacity by holding pockets of air. The first Ullfrotté Original garments were produced in 1972.

Once Gabriel and Adam came to Ullfrotté AB, they began to transform the company, developing products, moving to a new location in Östersund and changing its name to Woolpower AB.

Woolpower now focuses entirely on manufacturing thermal underwear, socks, flame resistant garments and accessories under the brand name Woolpower. The company has 90 employees, and all production, from spinning the yarn to sewing the garments, is in Östersund.

Woolpower is a fast-growing company, having added 20 employees in just the past few years. Companies that manufacture complete garments from start to finish are very unusual in Sweden. Quality standards are high. Every garment has a label showing the name of the person who sewed it.

Work clothes account for the lion's share of sales. Anybody whose job has to be done outdoors no matter what the weather requires robust undergarments – police, soldiers, construction workers and forest workers. Hunters and outdoorspeople are also among the company's customers.



Annual sales are 70 million kronor. About 80 percent of sales result from exports to over 25 countries around the world. Exports to the US account for five to ten percent of the total.

According to Adam Brånby, tariffs, which lie between seven and 15 percent depending on the product, are a problem for US exports. And if Woolpower's US distributor wants to sell to customers in Canada, there's yet another tariff to pay.

Some of Woolpower's products have to meet special safety requirements, such as the regulations covering flame-resistant materials for electricians and rescue services personnel. EU and US requirements are essentially at the same level, but the testing required for certification is completely different. In Woolpower's judgement, they can't afford the American tests, especially since the tests have to be updated regularly. Thus Woolpower hasn't even tried to get into this segment in the US.

A successful free trade agreement, says Adam Brånby, would mean Woolpower could cut its US prices ten to fifteen percent and also start selling its flame-resistant products there based on its European certifications.

Gabriel Brånby acquired Gränsfors Bruk in the early 1980s, but it's a much older company.

Gränsfors is situated in the Municipality of Nordanstig. Here on the banks of the Gnarpån Rapids, a dozen small factories have operated over the years. Gränsfors Bruk was founded in 1902 as a smithy specialising in axes, crowbars and other ironwork. In 2005, production of all products other than axes was hived off into another company, Gränsfors Smide, also owned by Ekstigen.

Gränsfors Bruk produces axes using traditional methods, employing a press dating from 1930. Their hand-forged axes maintain extremely high quality. Every axe is initialled by the smith who made it as a seal of quality and a guarantee. Production costs are higher than those for the industrially produced axes you can buy from hardwares and building suppliers. Gränsfors Bruk serves a clientele that understands quality.

The company has 30 employees and sales of 30 million kronor. It is growing constantly. The biggest problem isn't demand; it's recruiting skilled smiths.

80 percent of the company's production is exported to some 30 countries. Germany and Norway are major markets. The US accounts for 20 percent of sales, and is also the source of the hickory used in the axe handles.

The primary barrier to exports to the US is tariffs. The customs procedures that have to be dealt with any time there's a return constitute a special and unusual problem, but fortunately one that's very rare.

Adam Brånby believes that a new free trade agreement would enable prices to be cut on Gränsfors products in the American market. Like most companies involved in international trade, Gränsfors would also benefit from the indirect effects. First of all, international trade would grow, resulting in a variety of expansive effects. Second, in practical terms, a new free trade agreement would mean that the EU and the US would be setting the global standard in many areas of trade. This would benefit Swedish companies. Otherwise, a potential risk is that the US and China might not be able to agree on important trade rules.

66% of companies that say tariffs are a barrier to trade expect their exports to the US to increase if the tariffs are eliminated. With the free trade agreement TTIP, most tariffs would be eliminated.

Source: Ipsos 2014

Winches from Vansbro

The Dalarna mini-metropolis of Vansbro is home to Sepson, a company that has achieved international success producing winches for vehicles.

It is named after Sars Erik Pettersson, a smith in Mora who founded the company there in 1900 to make products for agriculture and forestry.

After a turbulent period involving several changes of ownership and a bankruptcy filing, Mats Elfsberg bought the company in 1989. He had some industrial engineering experience behind him by that time, having worked at Westlings Industri AB in Vansbro, which manufactured saw blades.

When Elfsberg bought Sepson, the company was located in Vansbro, had 25 employees and manufactured winches.



There was an economic crisis in Sweden in the early 1990s, and the first few years of the 90s were difficult. However, the company has done well and grown steadily ever since. For the past 12 years, Sepson has never been in the red. In January of 2014, Mats Elfsberg sold the company to Lidan Marin AB in Lidköping, which manufactures winches for maritime use. Elfsberg has stayed on at Sepson as CEO.

Today Sepson has 18 employees, developing, assembling and selling winches. They buy all the components from other companies. Annual sales are 100 million kronor. Atlas Copco is a major customer, but 85 percent of sales are from exports. The most important customers are vehicle manufacturers and customisers in Australia, Germany and Austria. These companies in turn sell the vehicles to many other countries, and Sepson products are thus found around the world.

Mats Elfsberg worked in the US in 1980s, so he knows the market fairly well. Before he took over the company, Sepson had tried but failed to break into the American market. Elfsberg considers the US a very interesting country, especially since half the world market for tow trucks – an important user category for Sepson winches – are in the US and Canada.

However, Sepson has yet to enter the US market. Succeeding there requires a major commitment, and thus far the company has not had the time or resources to do it. The American market is a real challenge, with tough competition and low prices.

Mats Elfsberg describes the US as a civilised country that places tough demands on products: “The only problem is, there are a few too many lawyers there.” American legal culture, with its high damage awards, means that companies need expensive liability insurance. There are also bureaucratic barriers to exports to the US. Differences between standards are a problem, too. For example, the standard drum dimensions are different.

In Mats Elfsberg’s view, a successful free trade agreement would significantly reduce the costs and risks of exporting to the US. Under such circumstances, Sepson would definitely be interested in testing the waters there. He reminds us that trading within the EU got much easier when Sweden joined:

“It’s easy to be a European today. Trade has become convenient. No special transport or customs documentation is required. It’s as easy to deliver products to Italy as it is to the nearest city in Sweden. Delivering to Norway, on the other hand, requires us to jump through a lot of bureaucratic hoops.”

Ahlberg Cameras radiate strength

Ahlberg Cameras is situated in the Görå industrial park in Norrtälje. The company develops, manufactures, installs and services cameras, lighting and inspection equipment for use in both air and water environments that are subjected to strong nuclear radiation. Since radiation destroys electronics, it takes specially designed products to stand up to a radioactive environment.

The company was founded in Vallentuna in 1981 under the name Ahlberg Electronics. Founder Ulf Ahlberg had been an inspector of Swedish nuclear power plants, and had helped install cameras at the first Swedish nuclear plants. He realised there was much that could be done to improve the products.

For the first 20 years, the company concentrated on Swedish and Finnish nuclear plants, working steadily to develop new products. In 1990, Ahlberg moved to Norrtälje.

For the past ten years, the company has enjoyed much success on the global market. Over 30 percent of all the nuclear plants in the world – more than 150 plants in 20 countries – have installed equipment from Ahlberg. Their customers include not only nuclear plants but fuel storage facilities and other highly radioactive environments. Ahlberg managed to install two monitoring systems in the space of three weeks after the nuclear accident at Fukushima in 2011.

In 2012, Brokk AB acquired 70 percent of Ahlberg Electronics. Situated in Skellefteå, Brokk is the world's leading manufacturer of remote controlled demolition equipment, which is in turn part of the Lifco Group, owned by Carl Bennet. With the change of ownership, Ulf Ahlberg handed over the reins to his son, Joakim Ahlberg, and company changed its name to Ahlberg Cameras.

Today it has annual sales of some 50 million kronor and 30 employees. About 20 percent of sales is pumped back into product development. Recently the company developed inspection equipment that measures whether fuel rods are bent. Such measurements have to be carried out regularly, since too much bending compromises safety. Previously, carrying out such inspections was a relatively complicated procedure, but with Ahlberg's equipment, it is done automatically as the fuel rods are off-loaded.

Over 90 percent of Ahlberg Cameras' sales are exports. The US accounts for 45 percent of sales. The company has a subsidiary with three employees in North Carolina. Besides installations at several American nuclear plants, Ahlberg Cameras has the prestigious assignment of providing equipment for clean-up after the Manhattan Project. This project was carried out during the 1940s to develop the first American atomic bomb. Its radioactive waste storage left much to be desired, and clean-up of the storage areas is thus extremely demanding.

The Swedish safety requirements that Ahlberg's products have to meet are very tough by international standards. As such, Ahlberg Cameras has no problem meeting American requirements. However, all products have to undergo American testing, which entails costs.

The tariff on exports to the US is four percent. This is not a major problem, according to Joakim Ahlberg. However, since Ahlberg Cameras has to stock components in the US in order to be able to provide quick service, they are out of pocket for the tariff cost on the components.

According to Joakim Ahlberg, the company competes by offering high quality and quick, round the clock service. Anything that reduces barriers to trade and costs of trading would make them more competitive.



Without Tebex, New York subways stop

Right next door to Ahlberg Cameras' Görla facility in Norrtälje is Tebex Cable Assemblies, a company that manufactures cable and cable assemblies. Ahlberg Cameras is one of Tebex's customers.

Tebex was founded in 1955 as an engineering firm by inventor Bror Söderström. The company name is built from T and B, standing for Bror's son Torsten and Bror himself.

Bror Söderström was a technical consultant, and one of his important jobs involved designing milk facilities for Alfa-Laval. His work on the machines entailed a good deal of cable design. Eventually, Tebex also started producing cable for Atlas Copco.

Raymond Fernström has been the company's CEO since it was rechartered as a limited company in 1976. His sister married Torsten Söderström, and Raymond started working at Tebex in 1972. Bror Söderström died the following year. In 1976, they ceased their technical consulting operations and changed the company name to Tebex Cable Assemblies.

Tebex's main business was making cable and cable assemblies for Alfa-Laval. However, in 1980 Alfa-Laval decided to manufacture the cables themselves. Tebex needed to find new customers. Today Raymond Fernström says this was what laid the ground for Tebex's success, because it's never good for a company to be too dependent on any one customer. The fact that Alfa-Laval came back in 1995 didn't hurt, either. Since Alfa-Laval split in 2002, its offspring DeLaval has remained an important customer.

Since 1990, Tebex has been based in Görla. Previously they had operated in another Norrtälje location, AGA's old car telephone factory.

Tebex has world-class expertise in cable and cable assemblies, and is one of the few companies capable of developing and manufacturing both electric and fibre-optic cable. The company has 40 employees and annual sales of 44 million kronor.

Eighty percent of its earnings are from customers in Sweden, including DeLaval and medical technology firms Gambro and GE Healthcare. Since all of these companies and other Swedish customers export most of their products, Tebex is also indirectly highly dependent on Swedish companies' ability to export.

India, China and Spain are some of Tebex's biggest export markets. Exports to the US account for just one or two percent of sales. They were bigger before the 9/11 attacks in 2001, after which the air went out of the American market.

Raymond Fernström believes Tebex has much potential in the US, and now has the ambition of building US exports back up. Currently, their main export is fibre-optic cable for

use in several American underground railways, including the New York subway system. Tebex brought in these orders through its good contacts with Bombardier in Västerås. Bombardier's Pittsburgh office asked the Västerås office if they could suggest a supplier that knew cable.

According to Raymond Fernström, Tebex has the expertise and quality needed to do well on the American market. The TTIP free trade agreement could reduce the amount of bureaucracy involved in trade with the US and make the company's efforts to boost exports to the US significantly.



Workbenches from Stockaryd

The town of Stockaryd is situated in Småland, halfway between Sävsjö and Lammhult. Here, Sjöbergs has been making workbenches for over 80 years. The company has its roots in a furniture-making shop founded by Axel Sjöberg in the 1920s, in the attic of his house in Mariedal. The business grew steadily and took on more and more employees. Among the products they were producing were wooden coachwork for cars and wooden water pumps. During World War II, they made simple beds for city-dwellers who had been evacuated to the area. Their biggest seller during the war, however, was wood gasifiers for vehicles.

In 1932, Axel Sjöberg started making workbenches for factories and tradesmen in the area. Several years later, Sigfrid Stenberg paid a call on Sjöbergs. He headed up AB Sigfrid Stenberg in Nässjö, one of Sweden's most important manufacturers and vendors of machinery for the woodworking and furniture industries. Stenberg asked whether he could order some workbenches, but made to his specifications. He ended up ordering ten – a big order at the time.

In 1947, at the age of 50, Axel Sjöberg handed over the business to his sons Torsten, Göte, Lage and Reinhold. Lage wanted to try his wings on his own, and left the company in 1953. The other brothers built the business and made it more efficient. The company was now making kitchen interiors, church interiors, stairways and workbenches.

Demand for workbenches by factories and tradesmen started drying up in the 1950s. At this point, however, Stig Parkström, from a school supply company called Skriv & Rit, contacted Sjöbergs about buying workbenches for schools, which opened up a big new market for them.

In 1959, the company broke into the US market. One of the brothers' uncles, Bo-Erland Sjöberg, spent a year there selling workbenches. He exhibited one at a design show in Sacramento, California, where it was awarded a gold medal. Torsten Sjöberg travelled to Stockholm to receive the medal from the American ambassador. Sales were on the rise. For several years, the company was manufacturing some 25,000 workbenches annually.

Today the company makes workbenches for woodworking shops as well as benches for home users and children. In recent years, they have also developed a range of products for school textile workrooms.

Torsten Sjöberg's son Johan Sjöberg is chairman of the board of Sjöbergs. He started working here as a 15 year old in the mid-1960s, later gaining a stake in the company. In the early 1980s, the company was sold to Hexagon. After another change of ownership in 1990, Johan Sjöberg left the company, starting at Svenssons of Lammhult the following year, which he developed into a major furniture retailer.

In 2009, Johan Sjöberg and his brother-in-law Jan Möllefors bought back the company his grandfather had founded. It was in shaky condition after ten years with no major investments. They ended up merging three companies to form today's Sjöbergs.

Now began a period of efficiency improvements. Major investments in mechanisation have cut the amount of labour per product produced in half. The products have been developed to appeal more to various target groups.

Sjöbergs has 20 employees, 16 of them in production, with annual sales of 35 million kronor. About half of sales are accounted for by exports to some 25 countries, mostly to Europe and the US, but also to Japan and China. The company is the market leader in every market where it is established.

The US accounts for about 25 percent of sales, and the company maintains three warehouses there. Sjöbergs primarily sells workbenches to major building supply chains, but also sells through Amazon. According to Johan Sjöberg, there are no significant competitors in the US. However, it takes hard work and advanced technical support to establish a presence and grow in the US. For this reason, it is important for trade policy regulations to be simple, stable and predictable.

The lower the barriers to trade, the bigger the exports and the more jobs in Sweden, says Johan Sjöberg. An ambitious free trade agreement like TTIP would thus be good for Sjöbergs.



Welding in Helsingborg

Linde Metalltechnik is a family owned group of companies in Helsingborg active in mechanical production, materials processing and electrotechnology.

The group originated as a smithy founded by Gunnar Linde in 1944. His son Per Linde took his engineering degree in 1971 and served as CEO until 2009. Today he is a senior advisor.

Linde Metalltechnik has some 60 employees and annual sales of 70 million kronor. It manufactures steel parts and machinery components with a focus on high-end welding. The railway industry is an important customer group, and several European railway companies are end customers.

Exports to the US account for about 30 percent of sales. For example, Linde manufactures smoke scrubber equipment for Alstom's US subsidiary. Another customer is Höganäs, for whom Linde manufactures powder sintering equipment for use in the US.

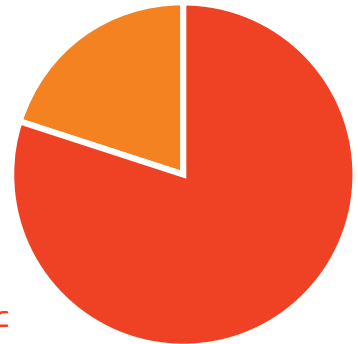
Tough product liability regulations – like the ones applicable to powder metal sintering equipment – are a major problem when doing business with the US. This equipment includes tubes that transport oil that is heated to 150°C. The tubes can break if they are not



used correctly, and complicated manuals on how to use the powder metal sintering devices are thus required. In addition, the company has to take out expensive insurance policies.

Some of Linde Metalltechnik's products are relatively easy to copy, and price is thus an important competitive factor. In such cases, the tariffs applied between the EU and the US place them at a competitive disadvantage.

Per Linde mentions a major problem that used to bedevil their exports to the US, the lack of coordination of pressure vessel testing. Previously the company had test the vessels in both the EU and the US, which required many test protocols. Today, the regulations have been harmonised. The EU accepts American test results and vice versa, a significant improvement. This shows the potential of the TTIP free trade agreement, which would systematically implement regulatory harmonisation in a variety of areas.



E-trade has great potential for trade with the US. Eight of 10 companies report that they do not yet offer e-trade or do so only on a limited scale to US customers. The TTIP free trade agreement would facilitate e-trade across the Atlantic.

Source: Ipsos 2014



Anders Johnson is a writer specialising in business history. His books include *Globaliseringens tre vågor* (Globaliseringsrådet 2008), an account of Sweden's internationalisation during the past 150 years, and *Transatlantic Partnership – What, How and Why?* (Confederation of Swedish Enterprise 2014).

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