

Fact Sheet: The Swedish market for Gold

Published by the Swedish Chambers of Commerce, November 2010. This document has been financed by the Swedish International Development Cooperation Agency, Sida. Sida does not necessarily share the views expressed in this material. Responsibility for its content rests entirely with the author.

General Market Information

Sweden is situated in Northern Europe and has a population of 9.4 million people. Gold has historically been the basis of the monetary system in Sweden, as in the rest of the world. It is a sign of economic wealth, and can be used both as a commodity and a monetary asset. Due to its indestructible characteristics, all gold that has ever been produced continues to exist in some form and is retained by either private or official owners. In general, the gold supply depends on several factors, e.g. the gold price, ore assets, trade and environmental restrictions, Central Bank policies, etc. The demand for gold is influenced by factors such as the gold price, income, the political and economic climate, investment opportunities etc.

Unlike other “normal” commodities and assets, an economic paradox for gold is that demand increases with price. Gold supply is relatively inelastic and there is an excess demand in the market. Moreover, since there are few substitutes for gold, demand for gold tend to be price-insensitive.

Market Segments

Gold is used within three key areas: jewellery, industry and investments. The largest use of gold is by far within the jewellery industry. Consumer demand for gold jewellery is positively correlated with income and the gold price. Demand of the lower carats yellow gold has been most common at the Swedish jewellery market, but white and red gold are becoming increasingly popular. On the industrial side, gold is mostly used by the electronic sector, but also by the space and the medical industry. Especially dentistry accounts for a significant share of the gold consumption in Sweden. The third category of demand for gold, investments, involves coins, investment in exchange traded gold funds, medals etc. that each serves as a store of value.

Market Prospects

As a consequence of the financial crisis, gold has become a more attractive and reliable investment opportunity. The increased demand for gold has also been intensified by the

economic development of countries such as China and India. In general, Sweden is a high-income country with a high standard of living. The awareness of purchase is relatively high which stimulates the demand for high quality products (fully or partly of gold).

Because of the reliability of gold as a store of value and the absence of close substitutes, the gold market is expected to maintain market shares. Moreover, because gold is a finite resource, gold mining in Sweden will end in the future, which will provide developing countries an opportunity to continue to, and even increase, exports of gold to Sweden.

Domestic Production and Exports

Sweden is the largest gold producer in Europe in terms of mining. Besides gold mining, the gold supply can only be added through recycling, sales and loan from official bank reserves. The production of gold in Sweden in terms of mining was 5.3 tonnes in 2008. In total, the production of gold (unprocessed, including recycling) was approximately 15.8 tonnes. The mining production of gold has flattened out in recent years, mainly because of a lack of exploitable gold resources.

The exports of gold from Sweden are small, and involve mainly unprocessed gold. In 2009, Sweden exported gold mainly to Great Britain/North Ireland, Switzerland, Germany and Denmark, but other important export destinations were also Finland, Norway and France. Volume exported has been quite stable, as well as the value.

Total Gold Exports from Sweden, MSEK

2006	2007	2008	2009
2,524	2,133	2,820	3,521

Source: Sweden Statistics (SCB)

Imports

Imports are dominated by gold as intermediates, but also to some extent as unprocessed gold. Imports of gold powder have varied significantly recent years. In 2007, imports of gold powder had a value of 813,000 SEK, but dropped to

Fact Sheet: The Swedish Market for Gold

54,000 SEK in 2008. In 2009, the value almost doubled to 95,000 SEK. Sweden import gold mainly from Norway, Germany, Switzerland and USA.

Total Gold Imports to Sweden, MSEK

2006	2007	2008	2009
141	232	297	313

Source: Sweden Statistics (SCB)

The Price and Distribution Channels

In recent years, there has been an increase in the gold price. This has been exacerbated by the financial crisis that resulted in the increased demand for gold as a store of value, since it is considered to be independent of economic conditions. In other words, the value of gold is independent of inflation, currency losses and bank collapses.

In the jewellery market, there are some goldsmiths who design and make jewellery. As an exporter of gold jewellery to Sweden it may be relevant to visit the Jewellery & Watches Fair (Smycken & Klockor), organised by the trade organisation for Jewellery & Watches. However, in order to participate and attend you are required to already have an agent or import representative. In regards to the industry, it is difficult to distinguish relevant distribution channels since gold is used within a variety of industries. There are however different trade organisations that may be able to provide a list of actors within each industry.

Market Access

In general, imports of gold to Sweden are not subject to an import tariff. However, all imports from outside EU must pay a value added tax when entering EU borders. In Sweden, the value added tax is 25 %. In terms of entering the market for gold, the market access is more or less limited depending on what kind of business you are doing. Gold production, i.e. mining, involves big investments and resources, whereas entering the gold market for jewellery or investments is easier.

Standards

Swedac (Swedish Board for Accreditation and Conformity Assessment) is the “gold police” in Sweden, controlling the fineness in the gold product and the marking. The requirement for gold to be sold as a precious metal in Sweden is that it is made of:

- 375 parts per thousand or more of fine gold (corresponds to 9 carat)

Moreover, gold jewellery (weight >1 gram) must be marked with:

- a fineness mark and a name mark, alternatively,
- a fineness mark and a control mark

If the gold product has a name mark, the exporter must get the name mark approved and registered by Swedac, for it to be valid (aside from name marks from EEA - European Economic Area - countries that are equal to Swedish name marks, provided that they are traceable). If the gold jewellery is marked with a control mark instead of a name mark, it also has the identification number of the validating independent inspection body marked. The Swedish control mark is called the “Cat’s Paw”, however, in 1988 it was made voluntary.

More Information

- World Gold Council – www.gold.org
- SWEDAC (Swedish Board for Accreditation and Conformity Assessment) – www.swedac.se
- The Swedish Chambers of Commerce – www.swedishchambers.se
- Statistics Sweden – www.scb.se
- Federation of Gold Smiths in Sweden – www.guldsmedsmastarna.se
- Smycken & Klockor (Jewellery & Watches) Trade Organisation - www.smyckenochklockor.se
- Geological Survey of Sweden (SGU) – www.sgu.se

Contact Us

Swedish Chambers of Commerce
Trade Promotion
PO Box 160 50
103 21 Stockholm, Sweden
Phone: +46(0)8 555 100 00
Fax: +46(0)8 566 316 30
www.swedishchambers.se
www.chambertrade.com
E-mail: infor@chambertrade.com