



Factory-less goods production in Swedish national accounts

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Background

- High tech goods production has been outsourced in recent decades
- Production moved closer to product markets
- Advantages;
 - Cost –effective
 - Streamlining of production processes
 - Reduced cost for freight
 - Increased competitiveness



Globalization of production chain

- Since 2000 the largest enterprises in Sweden have made strategic decisions of globalization
- Main driver is reduction of cost of production
- Research and Design are kept in Sweden
- Employment in these areas has increased



Research-based producers

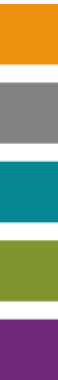
- Very similar to factory-less goods producers
- Main activities;
 - Blueprints
 - R&D
 - Supply chain management
 - Software development
 - Production testing
 - Marketing and Logistics
 - Merchandise networks

Control of total product-chain as an FGP.



Control of the production chain

- The Swedish FGP:s have total control of the production chain.
- Products are adapted for each market and the FGP has full control of sales and distribution
- Tailor-made products for each customer makes the connection to the product or brand even stronger
- Profits finance further work in R&D



Production as a service

- The main activities in the Swedish FGP:s are;
 - R&D/Design
 - Warehousing
 - Marketing/Retail
 - Customer Services

Goods production are outsourced under a licence agreement which states the conditions for production. In that sense production is bought as a service.



Classification issues

- Rapid development in research-based enterprises
- Confusion about classification in NA
- Present classification in different industries
 - Manufacturing
 - IT-services
 - R&D
 - Wholesale trade



Goods or services?

- Research-based enterprise similar to producer of software products or wholesale trade – but final products for sales are goods
- Need of close contacts with these enterprises to make the right classification
- Product often a composite of goods and services while their values added is mainly service dominated



FGP – a way forward

- These enterprises do not see their product as either a good or a service, as the final product is a composite of both goods and services
- Classification in services, merchanting or research would imply that the connection to hardware manufacturing is missed
- Classification of these companies as a FGP would be a way forward, even if parts of physical transformation are carried out abroad





Statistiska centralbyrån Statistics Sweden

Thank you!



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