CENTRE FOR ECONOMIC STRATEGY

A Strategic Economic Dialogue: Sweden–Ukraine Fact Sheet

Sweden-Ukraine economic relations remain modest in aggregate but are concentrated in sectors of strategic importance: nuclear energy, defence, ICT, reconstruction, and industrial investment. Sweden's goods-trade surplus is driven by high-value industrial exports, especially nuclear fuel, while Ukraine's comparative strength lies in knowledge-intensive services. Human mobility is shifting towards longer-term settlement, but language barriers and occupational mismatch constrain skills utilisation. The bilateral agenda should convert wartime state-backed cooperation into durable commercial, industrial, and technological integration.

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Date:

August 2026

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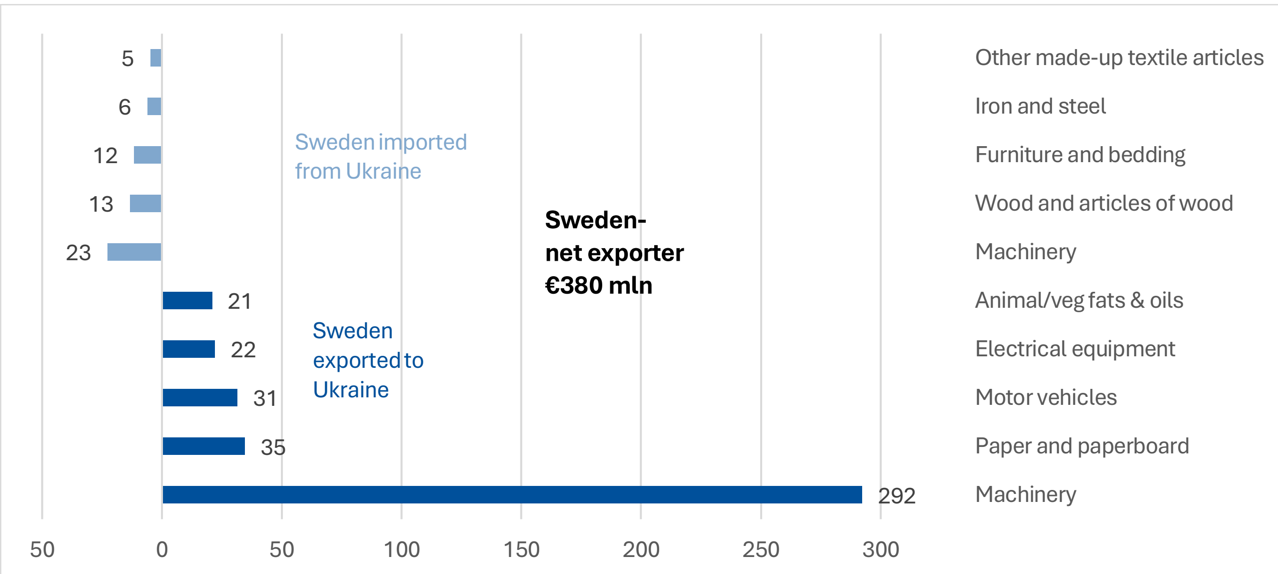
FREE MOVEMENT OF GOODS

Sweden-Ukraine trade in goods is structurally asymmetric: Sweden's surplus widened from about €380 mln in 2021 to €527 mln in 2025, driven by high-value industrial exports, while Ukraine's exports remained smaller and concentrated in narrower, lower-value-added product groups.

Sweden's exports to Ukraine are dominated by machinery, with additional contributions from motor vehicles, electrical equipment, animal and vegetable fats and oils, and iron and steel. Nuclear fuel is the most strategically significant product within this structure: in 2025, it accounted for 67% of Sweden's machinery exports to Ukraine and 26% of total Swedish goods exports to the country. In 2024, Ukraine was the largest buyer of Swedish nuclear fuel elements. This reflects a major geopolitical reorientation away from Russia: before the full-scale invasion, Ukraine remained heavily dependent on Russian nuclear fuel, whereas Energoatom now states that it has fully discontinued its use and shifted to Westinghouse supplies, including fuel produced by Westinghouse Electric Sweden AB. Given that nuclear power generates around 55–60% of Ukraine's electricity, this trade flow is a direct component of Ukraine's energy security.

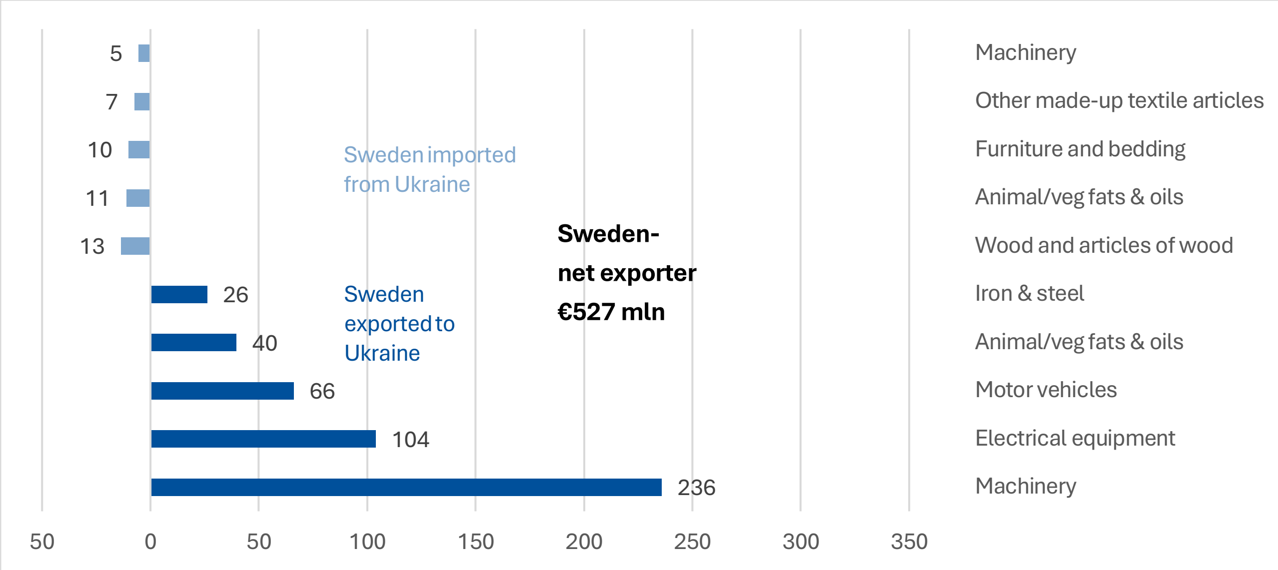
Ukraine's planned localisation of fuel-assembly production could reduce dependence on imported finished assemblies while creating domestic capabilities in a technologically complex segment of the nuclear fuel cycle. The production line is currently being established at an Energoatom subdivision, and the first Ukrainian-made fuel assembly is scheduled to be loaded into a reactor core by 2027. Energoatom plans to meet 50% of its nuclear-fuel requirements through domestic production and procure the remaining 50% from Westinghouse. The effect on bilateral trade will therefore depend on the extent to which components, technologies, quality-assurance services, and other stages of the value chain continue to be supplied from Sweden.

Figure 1. Sweden's goods surplus with Ukraine was already concentrated in machinery exports in 2021 (all the figures in € mln)



Source: ITC Trademap

Figure 2. Sweden's €527 mln goods surplus in 2025 remained driven by machinery and other industrial exports (all the figures in € mln)



Source: ITC Trademap

Ukraine's exports to Sweden remain substantially smaller and more concentrated, with wood products, furniture, machinery, textiles, and animal and vegetable fats and oils among the principal product groups. Wartime disruption has reduced industrial output and narrowed the range of goods that Ukraine can supply consistently. Consequently, the asymmetry between Sweden's high-value manufacturing exports and Ukraine's lower-value-added export structure has become more pronounced since 2021.

Aggregate trade data understate Sweden's strategic role because a substantial share of bilateral cooperation takes the form of military assistance and other non-commercial transfers. Ukraine accounted for only 0.3% of Sweden's global exports in 2025, yet between February 2022 and April 2026 Sweden provided €9.15 bn in military aid to Ukraine, making it one of Ukraine's largest defence suppliers and an increasingly important partner in defence innovation.

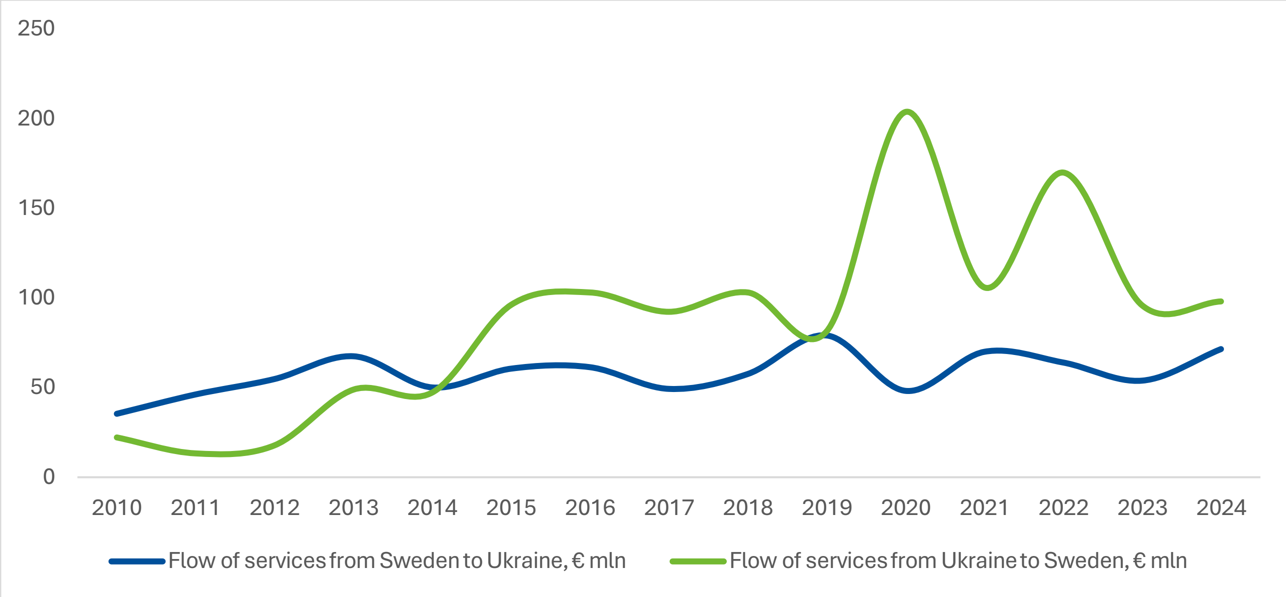
FREE MOVEMENT OF SERVICES

Services trade is structurally bifurcated: Ukraine's exports to Sweden remain concentrated in ICT and other knowledge-intensive services, while Sweden's exports to Ukraine are dominated by government services.

In 2024[1], Sweden exported €71.5 mln in services to Ukraine and imported €98.1 mln, a deficit of €26.7 mln. Ukraine accounted for only 0.53% of Sweden's total services trade with European non-EU and non-EFTA countries.

[1] 2025 data not yet published.

Figure 3. Ukraine maintained a services-trade surplus with Sweden despite substantial wartime volatility (all the figures in € mln)



Source: Eurostat, International Trade in Services

Ukraine's services exports to Sweden retain a stable knowledge-intensive specialisation. Before the full-scale invasion, Sweden's imports of services from Ukraine were led by telecommunications, computer and information services, which accounted for 55.5% of the total in 2021, followed by other business services and transport. This structure remained broadly stable during the war: in 2024, ICT still accounted for 54.7% of Swedish services imports from Ukraine, while other business services increased to 25.8% and transport to 9.7%. Within ICT, Sweden remained a significant market for Ukraine, ranking as the 13th-largest importer of Ukrainian ICT services in 2021 and 15th in 2024.

Sweden's services exports to Ukraine, by contrast, shifted from a diversified pre-war structure towards an overwhelming concentration in government services. In 2021, ICT, government services, and other business services were the leading categories. By 2024, however, government services accounted for 93.7% of Sweden's services exports to Ukraine, making commercial categories marginal. This composition reflects Sweden's wartime role, in which state-backed support, institutional assistance, and public-sector cooperation have outweighed market-based service provision.

Reconstruction creates a potential pathway from state-dominated services trade towards a broader market for commercially supplied professional services. Sweden's SEK 9 billion (€0.8 bn)[2] Reconstruction Strategy for Ukraine for 2023–2027 and Business Sweden's on-the-ground presence may generate demand for project preparation, engineering and advisory services, project management, procurement support, compliance, and other specialised services. The policy objective should be to ensure that this demand develops into a wider market for both Ukrainian and Swedish providers participating in reconstruction projects.

[2] EUR/SEK exchange rate of 10.89 as of May 12, 2026. This rate is applied throughout the remainder of the text.

FREE MOVEMENT OF PERSONS

Human mobility is shifting from temporary protection towards longer-term settlement, but the effective utilisation of Ukrainian human capital in Sweden remains constrained by language barriers and occupational mismatch.

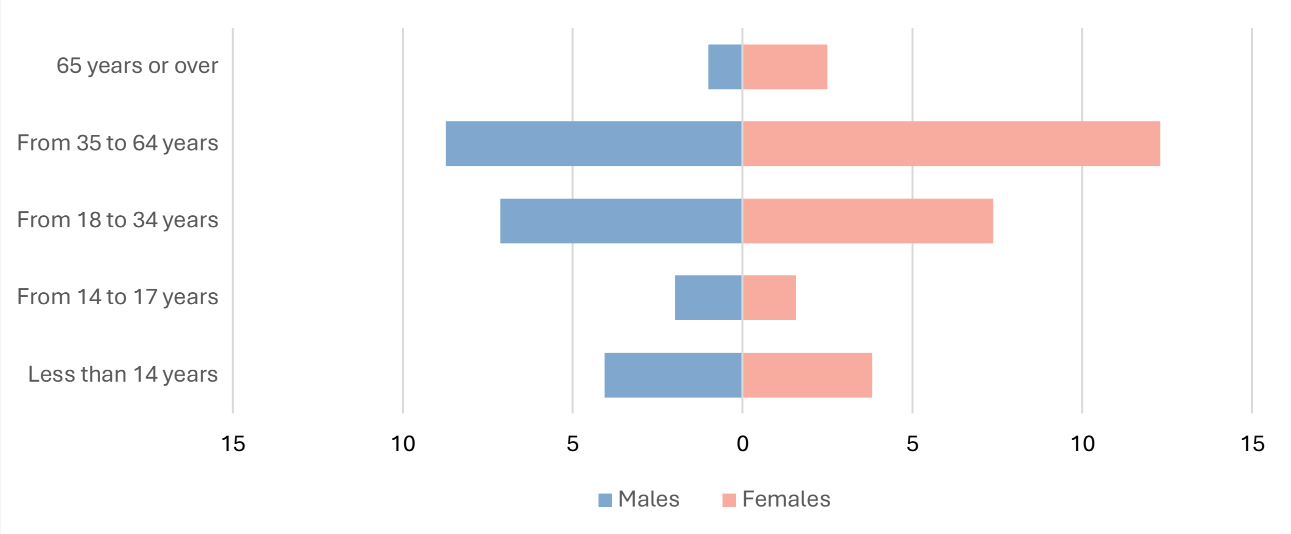
Before 2022, the Ukrainian-born community in Sweden was relatively limited, at around 13 thousand people at the end of 2021. The scale of arrivals under temporary protection also remains modest compared with many other European countries: Sweden hosted around 5[3] Ukrainian beneficiaries of temporary protection per 1,000 inhabitants, below the EU average of around 10 and far below the highest-recipient countries such as Germany, Czechia, Poland, Slovakia, and Estonia.

The temporary-protection population has grown substantially and is predominantly of working age. The number of Ukrainian beneficiaries of temporary protection in Sweden rose from 17,850 in March 2022 to 49,830 in January 2026 (Figure 4). As of January 2026, 55% were women (27,275), 23% were under 18 (11,390), and 7% were aged 65+ (3,440), leaving approximately 70% in the working-age population.

Labour-market attachment is high and improving, but employment quality and occupational matching remain weak. In 2024, 88% of Ukrainians under temporary protection were active in the labour market, and 66% of the active population were employed, up from 58% in 2023. Employment was concentrated in cleaning services (26%), construction (14%), hospitality and restaurants (12%), and IT (11%). At the same time, 76% of jobseekers identified language as the principal barrier to employment, and 49% of those already in work reported that their jobs did not fully match their skills or experience. These indicators point to substantial skills underutilisation rather than merely insufficient labour-market participation. Language acquisition is improving: in 2024, 70% had attended a Swedish-language course, up from 58% in 2023.

[3] As of the end of 2025. CES calculations based on Beneficiaries of temporary protection at the end of the month by citizenship, age and sex - monthly data and Population change - Demographic balance and crude rates at national level.

Figure 4. Women and working-age adults constitute the majority of Ukrainians under temporary protection in Sweden, February 2026 (all the figures in thousands of persons)



Source: Eurostat

Return intentions increasingly point towards longer-term residence in Sweden. The share hoping to return to Ukraine as soon as it is safe fell from 28% to 13%, while the share saying they did not want to return rose from 37% to 58%. This represents a marked shift from short-term protection towards longer-term integration.

Sweden's temporary-protection framework is gradually acquiring features of longer-term integration. It provides access to work, housing, financial assistance, healthcare, and schooling for children. People who have held temporary protection for one year can be entered in the Swedish population register, while residence permits under the scheme are currently valid until March 2027.

FREE MOVEMENT OF CAPITAL

Swedish capital has maintained a diversified and expanding presence in Ukraine, although its overall share of Ukraine's FDI stock remains modest.

In 2024, Swedish investment in Ukraine totalled USD 801.6 mln (€740.6 mln)[4], accounting for about 1.4% of Ukraine's total FDI stock and ranking Sweden 11th among foreign investors. Between 2022 and 2024, Swedish FDI stock increased from USD 588.7 mln (€559.1 mln) to USD 801.6 mln (€740.6 mln)[5], an increase of 36%. This stock change indicates resilience and balance-sheet expansion but should not be interpreted as a direct measure of new greenfield investment.

Company-level data reveal a broad but structurally uneven Sweden-linked business presence in Ukraine. There are 405 active Ukraine-registered entities linked to Sweden, heavily concentrated in Kyiv (231), with smaller clusters in Lviv oblast (24), Kyiv oblast (22), Kharkiv oblast (19), and Odesa oblast (16). The largest sector groups are wholesale and retail trade (87), ICT (54), manufacturing (46),

[4] Converted at the 2024 average EUR/USD exchange rate of 1.08.
[5] Converted at the 2022 average EUR/USD exchange rate of 1.05.

professional, scientific and technical activities (38), and real estate (32), with additional presence in construction (29), administrative services (24), energy supply (19), and health and social work (19). The combination of a high entity count and a comparatively modest FDI stock reflects the prevalence of asset-light trade and service companies alongside a smaller core of capital-intensive manufacturing and technology firms. Forward-looking investor interest is more industrial than the current sectoral composition of Sweden-linked entities. Business Sweden identifies energy, transport and logistics, machine industry, agro-industrial production, IT, and critical materials as priority sectors for Swedish companies in Ukraine's reconstruction. In its 2025 business climate survey, 29% of Swedish companies operating in Ukraine planned to increase investment within the following twelve months and a further 47% planned to maintain it, with the strongest investment intentions concentrated among industrial rather than service-sector firms.

Continued company registrations provide an additional, albeit limited, indicator of market engagement during the war. Since 24 February 2022, 58 Sweden-linked entities have been registered in Ukraine, demonstrating that business entry has continued despite wartime operating conditions.

Swedish public capital is increasingly being used to mobilise private investment into Ukraine-focused vehicles and high-technology sectors. Swedish companies already operating in Ukraine are considering expansion, while potential investors are exploring cooperation with Ukrainian firms in conventional and green energy, telecommunications, and cybersecurity. In early 2026, Swedfund committed over €50 mln across four Ukraine-focused platforms, including €20 mln for the Horizon Capital Catalyst Fund and €20 mln for the Amber Dragon Ukraine Infrastructure Fund I, which supports SMEs, energy, industry, and digital infrastructure.

Defence cooperation has moved beyond military assistance towards procurement from Ukrainian producers, joint production, and private defence-technology investment. Sweden supports the Ukrainian industrial base through the "Danish model" of procurement from domestic producers: it joined this initiative with €20 mln in 2024 and scaled it up to over SEK 1 bn (€92 mln) in 2025. In August 2025, the two countries signed a letter of intent on the joint production of defence materiel, combining Sweden's industrial base with Ukrainian battlefield-tested capabilities in unmanned systems, electronic warfare, and software. An early example is the partnership between Ukraine's Aidrones and Sweden's Njord Technology to produce the MAUL medevac ground drone in Sweden. Saab has also stated its readiness to establish final assembly, testing, and potentially parts production for its fighter jets in Ukraine if a broader contract materialises; an order of 100–150 aircraft would roughly double the company's current production requirements. Private Swedish capital is also entering the sector: Varangians, launched in 2025 by Swedish entrepreneurs, targets €10 mln in investments in Ukrainian defence-tech start-ups, while Front Ventures has invested €1.5 mln in the Polish-Ukrainian radar start-up Molfar Defence Technologies.

Established Swedish companies demonstrate that bilateral investment is already embedded in several industrial and knowledge-intensive value chains. SKF, the world's largest bearing manufacturer, operates a major production facility in Lutsk that supplies components to the European automotive industry. Volvo Trucks has been present in Ukraine since 1996 through a wholly owned truck centre in Kyiv and a dealer workshop network. Tietoevry reports around 2,000 employees in Ukraine, illustrating the scale of Sweden-linked digital-services employment. In food processing, Chumak, one of Ukraine's most recognised brands, was founded by two Swedish entrepreneurs with Swedish capital in the 1990s and introduced modern food-processing practices to post-Soviet Ukraine.

The reverse capital relationship remains highly asymmetric: Ukrainian firms access the Swedish market primarily through exports and service delivery rather than direct investment. Ukrainian logistics operator Nova Post serves Sweden through its international delivery network rather than through substantial local corporate investment. Industrial links are likewise concentrated in cross-border sales: Interpipe's railway-products brand KLW supplied wheelsets for a green-steel mill in northern Sweden in 2026, while Metinvest reports that Sweden has become one of its newer Northern European export markets. Overall, Swedish firms maintain a much broader operating presence in Ukraine, whereas Ukrainian business activity in Sweden remains predominantly export- and services-based.

IMPLICATIONS FOR INTEGRATION POLICY AND THE STRATEGIC BILATERAL DIALOGUE

The strategic bilateral dialogue should prioritise mechanisms that convert wartime state-backed cooperation into durable commercial, industrial, and technological integration. Although Sweden-Ukraine economic ties remain modest in aggregate (especially compared with Ukraine's relations with Central European EU member states), they are strategically important in nuclear energy, defence, ICT services, reconstruction, and industrial investment.

- **Nuclear energy: Ukraine and Sweden should support the gradual localisation of selected stages of the nuclear-fuel-assembly value chain in Ukraine**. Cooperation should focus on areas where Ukrainian production capacity can be developed under Westinghouse's licensing, supplier-qualification, technology-transfer and nuclear-safety requirements.

- **Reconstruction: the priority is to create market-entry architecture that links Swedish firms to bankable Ukrainian projects and qualified local suppliers.** This requires standard procurement documentation in English, transparent war-risk insurance and guarantee arrangements, predictable payment mechanisms, pre-qualified Ukrainian subcontractors, and sector-specific entry routes. Project preparation and structured procurement should focus on areas in which Sweden has established capabilities and Ukraine has substantial reconstruction demand, including energy, transport, water and waste management, wastewater, sustainable demolition, district heating under the SUDH programme, housing, health infrastructure, and digital public services.

- **People: bilateral cooperation should shift from general integration support towards occupationally targeted measures that reduce skills underutilisation.** Priorities include skills mapping, recognition of professional qualifications, occupation-specific Swedish-language training for technical and regulated professions, and mobility schemes that allow Ukrainians to maintain professional links with Ukraine.

- **Investment: the central task is to translate Swedish investors' stated interest into deeper participation in Ukraine's industrial and reconstruction value chains.** Policy should concentrate on the constraints most relevant to capital-intensive entry: war-risk insurance and guarantee instruments, predictable customs clearance for equipment and components, conformity assessment and certification, and uncertainty surrounding security-related operating costs. Public and private Swedish capital can also be used to anchor investment vehicles and supplier-development programmes in energy, industrial production, transport, ICT, critical materials, and reconstruction infrastructure.

- **Defence: the objective is to institutionalise the transition from military assistance to reciprocal industrial cooperation.** This requires integration into both Swedish and Ukrainian procurement value chains, transparent frameworks for co-production and production localisation, technology-transfer and intellectual-property arrangements, compliance with export-control requirements, and sustained support for private investment in Ukrainian defence technology. Cooperation should remain bidirectional, integrating Ukrainian battlefield-tested solutions into Swedish and broader European supply chains while also expanding Swedish production and supplier relationships in Ukraine.

The Centre for Economic Strategy (CES) is an independent centre for state policy research. CES is tasked with supporting reforms in Ukraine to achieve sustainable economic growth in the country. The Centre contributes to the development of Ukraine's economic growth strategy, analyses the most important aspects of public policies, and works to strengthen public support for reforms. It was founded in May 2015.

For more information about CES, please contact our Director of Communications, Viacheslav Nozdrin - viacheslav.nozdrin@ces.org.ua. We also invite you to visit our website.
