



Take on the challenge

Global Business Climate Survey 2021

Inside perspectives from Swedish companies
on doing business abroad

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PREAMBLE

The year 2020 was marked by the consequences of the Covid-19 pandemic, with constraints in many markets leading to challenging local conditions, supply chain disruptions, and a high level of uncertainty. However, Swedish exports proved relatively resilient thanks to the flexibility shown by Swedish export companies. In 2021, exports are up and there is optimism for the future.

One of the key objectives in the Swedish Trade and Investment Strategy is to increase Sweden's exports and to ensure that more small and medium-sized enterprises export. To reach these objectives, we need to position Swedish innovative solutions which meet an increasing demand as the global economy recovers. We invite the world to join Sweden in pioneering the possible, particularly within areas such as digitalisation, life science and green transition.

In order to release the full potential for all Swedish exporters, irrespective of size or location, we also need to lower the barriers for smaller companies to explore and succeed in new markets. Access to information on local conditions – opportunities and constraints – is vital. Through the Global Business Climate Survey, we are given a better understanding of the factors that matter for Swedish companies' business operations in key overseas markets.

I wish to express my sincere appreciation to those who have taken the time to share their thoughts and experience as part of this survey. Your valuable input helps other companies to step up from being local to going global.

Anna Hallberg

Minister for Foreign Trade and Nordic Affairs



ANNA HALLBERG
Minister for Foreign Trade
and Nordic Affairs

FOREWORD: BE ON THE FRONT-LINE WHEN THE WORLD OPENS UP

The global markets are growing with renewed vigour. As country after country starts to open up after the impact of the pandemic, there is optimism in the air that business will bounce back. Although the risk of setbacks remains, with difficulties in combatting virus variants always a possibility, future planning and leveraging opportunities have begun to replace crisis management and threats in strategic business and political spheres.

Companies have reacted with impressive speed to master and navigate the new business landscape. In industry, the focus on health and safety in manufacturing has reduced disruptions to production and supply chains. Virtual meetings, negotiations, and decision-making processes have replaced customer visits and business journeys. And many companies have moved away from the office with managers being forced to let go of control and time focused working and instead focus on delivery and impact. E-commerce has continued its triumphant march.

After a decline of five per cent in 2020, the World Trade Organisation (WTO) estimates world trade to grow by eight per cent in 2021 and four per cent in 2022. Global foreign direct investment (FDI) dropped by 35 per cent in 2020, but is expected to recover fully over the next two years. If the global fight against Covid-19 is successful and markets continue to open-up, growth could be even higher.

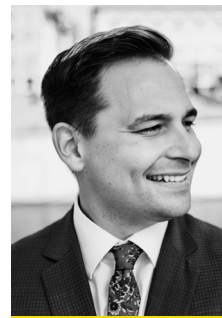
To give Swedish companies a head-start in key foreign markets, Business Sweden, the Swedish Chambers of Commerce (SCI), and Sweden's embassies and consulates have collaborated to produce the Global Business Climate Survey 2021. This report covers 22 markets in Western Europe, APAC, MEA+, and the Americas, with the United States being included for the first time this year.

Our combined ambition is to provide the best possible support to Swedish companies operating in global markets.

Our teams around the world are mobilised, with local knowledge and global expertise to drive Swedish companies' recovery and influence in global markets.



JAN LARSSON
President and CEO,
Business Sweden



ANDREAS HATZIGEORGIOU
President, Swedish Chambers
International

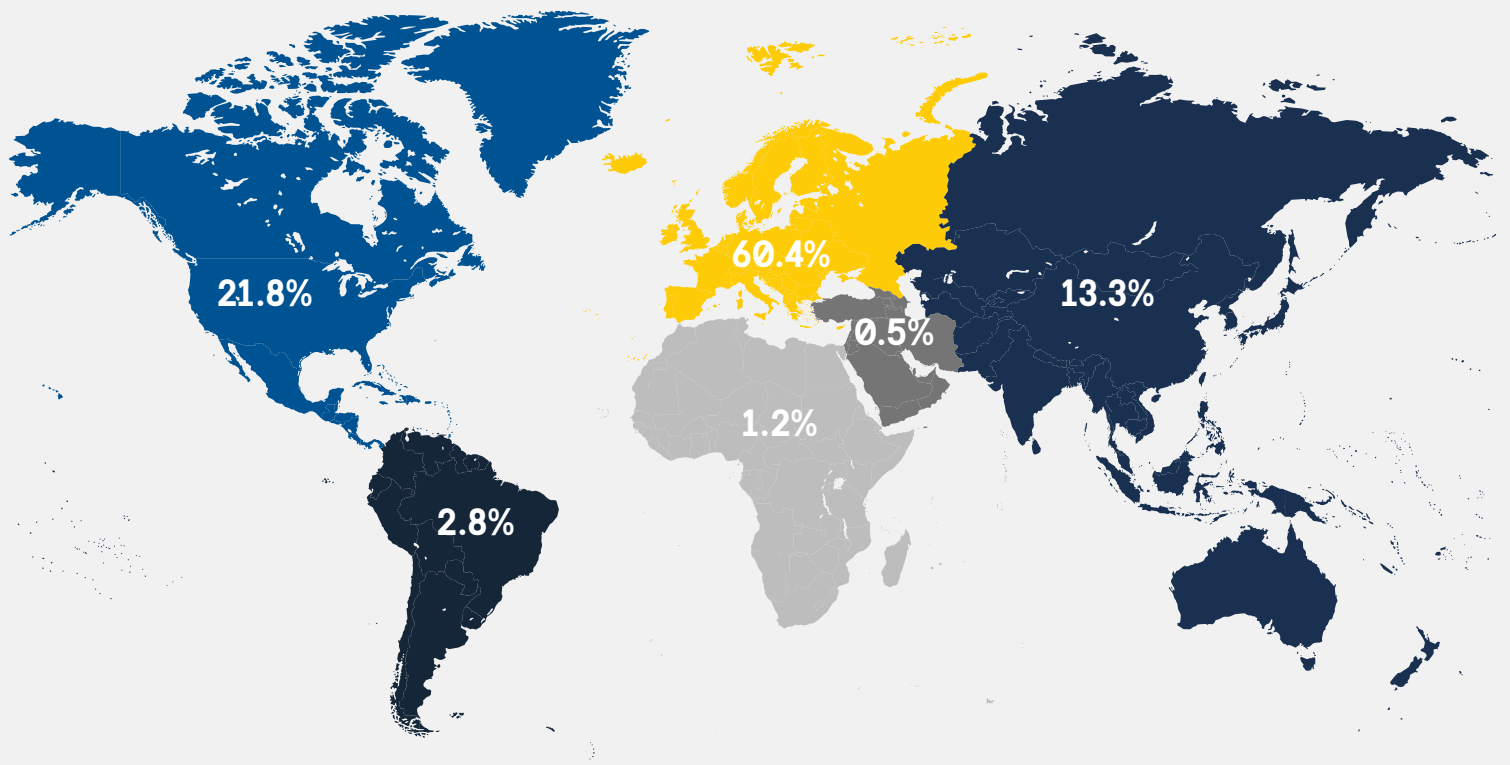
Jan Larsson
President and CEO
Business Sweden

Andreas Hatzigeorgiou
President
Swedish Chambers International

GLOBAL BUSINESS CLIMATE 2021

Swedish companies have a presence all over the world

Percentage share of Swedish subsidiaries' turnover in respective geographical region (2018)



■ Europe, 60.4% ■ North America, 21.8% ■ Asia & Oceania, 13.3%
■ South America, 2.8% ■ Africa, 1.2% ■ Middle East, 0.5%

Source: Swedish Agency for Growth Policy Analysis (2021)

“ The Swedish brand is regarded as a guarantee for quality and accountability and also sustainability. ”

Senior Vice President, Global Operations,
Höganäs, South Korea

+1,400 respondents **22** markets

Current business climate

Positive view
on the current
global business
climate on
the rise

Industry turnover

74%
of Swedish companies
expect their industry
turnover to increase

Future investments

50%
of Swedish companies plan
to increase their investments
slightly or significantly in
the next 12 months

Globally valued success factors

1. Sales competence
2. Cost efficiency
3. Partnerships/
local relationships



Brand Sweden

62%



of Swedish companies abroad
consider *Brand Sweden*
beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Infrastructure
3. Service providers

Local conditions with least satisfaction

1. Labour market regulations
2. Corporate tax
3. Licenses and permits

Environmental considerations

36%

of respondents believe the
environment is a considerable
factor in their customers'
purchasing decisions

Corruption

- Moderate to high
risk in emerging
markets and South
Korea
- Low risk in advanced
economies

Human rights violation and labour rights abuse

- Moderate risk in
emerging markets
- Low risk in advanced
economies and China

EXECUTIVE SUMMARY

The global economic recovery continues as vaccination programmes are rolled out world-wide and governments mobilise large stimulus packages to spur on economic activity. To enable companies to identify new opportunities, prepare for international expansion, and navigate successfully in foreign markets, understanding local market developments and conditions is key.

This report captures Swedish companies' collective insights and views on the business climate in 22 global markets where their local operations have given them invaluable experience.

Over 1,400 respondents have sent a clear message: they believe the business climate has improved compared to last year – with Italy and Japan showing the most significant improvements. This year, the Netherlands, the United States of America, China, and India are markets where respondents describe the current business climate most positively, while more challenging times are reported from Hong Kong, Mexico, South Africa, Spain, and Turkey. The challenges reported can to some extent be linked to ongoing setbacks caused by the pandemic, however this report does raise, and explore other contributing factors.

While 2020 was a challenging year for many businesses, most Swedish companies abroad managed to deliver profitable results. Larger companies showed the best results, followed by mid-size and then smaller firms. Looking ahead, 74 per cent of Swedish companies are expecting industry turnover to increase in the next 12 months. Brazil, India, the United States, and Vietnam were the countries where most Swedish companies indicated that they expect an increase in turnover. The view on future investments showed that half of Swedish companies are planning to increase investments in the next 12 months; this figure jumps to over 60 per cent in both the United States and the United Kingdom. On the reverse, one per cent of Swedish companies in China, Russia,

and Singapore are planning to leave their respective markets.

Maintaining market competitiveness is dependent on specific local factors which vary from market to market, and region to region. Knowing the similarities and differences between markets and regions gives companies the ability to successfully resource and prepare for new market entry. *Sales competence* is reported as the first or second most important success factor in all markets in Western Europe and the Americas, but also in Singapore and Russia. In several other markets including China, Hong Kong, India, South Africa, and Vietnam *cost efficiency* is key. In Singapore, South Korea, and all MEA+ markets except Turkey, *partnerships and local relationships* is of utmost importance. *Leveraging the Swedish brand* is a valuable tool in multiple markets abroad, particularly when doing business in Turkey, followed closely by India, South Korea, and Brazil.

Navigating foreign markets can be a challenge, and these challenges can become more difficult if a company is not prepared or does not understand how local conditions align with their expectations. Globally, the results show that Swedish companies are in general, fairly satisfied with how local conditions meet their needs, with *personal safety*, *infrastructure conditions*, and *access to service providers* topping the list of factors that serve as a valuable foundation for successful business abroad.

Exploring these trends in more detail shows that in the Americas, Mexico is the only market where respondents are highly satisfied with several local conditions while moderate satisfaction levels dominate the United States, Canada, and Brazil. In Western Europe, the trends are reversed; all markets show high satisfaction levels on several local conditions, except Italy.

A notable change to last year's report is the satisfaction level regarding customs in the United Kingdom, which has dropped

dramatically following Brexit. Globally, markets with the most challenging conditions include Indonesia, South Africa, and Vietnam with consistent low satisfaction regarding transparency and equal treatment.

Sustainability is a broad concept that includes environmental aspects, social equity, and economic development. Over a third of Swedish companies believe that their customers consider environmental aspects in their purchasing decisions to a great extent. The Netherlands stands out as the market where customers are believed to care the most about environmental factors. The level of risk of

corruption and human rights and/or labour rights violations, differs between emerging and advanced economies. While in advanced economies the risks are perceived as low, they still exist. South Korea is an exemption as the risk for corruption is reported to be moderate. In emerging economies, the risk for corruption varies from moderate to high while the risk for encountering human rights and/or labour rights violations is moderate in all emerging markets. A notable exception is China, where the risk is seen as low.



INTRODUCTION

The Global Business Climate Survey captures the current views and future expectations of Swedish companies abroad. By mapping key insights on economic developments, success factors, local conditions, and sustainability, the findings from this survey can be a valuable source of information for successful business abroad. It also gives companies the opportunity to compare results across markets and regions.

The second annual Global Business Climate Survey presents Swedish companies' views on issues related to the business climate and local conditions and success factors. The survey collates and analyses the results of 22 surveys conducted in key markets worldwide which have been produced in collaboration between Business Sweden, Swedish Chambers International (SCI), and local Swedish embassies and consulates abroad. In total, over 1,400 decision-makers in Swedish companies abroad answered 17 standard questions on what Swedish companies consider to be critical success factors to remain competitive (such as sales competence, cost efficiency and partnerships), how well local conditions are met in various markets, and how sustainability factors affect their business. An addition to this year's report is an outlook of how Swedish companies describe last year's financial results, expectations on future turnover, and plans for future investments. The purpose of collating and consolidating the local data and building a unique database of viewpoints from Swedish companies on the international business climate is to track changes and developments over time.

This year, three additional markets are included in the global report: the United States, Spain, and the Netherlands. The report also touches on how views differ depending on company size, sector, and how long companies have been present in the market. The definitions and percentage of representation of size, sector, and company age used in the report are represented in the pie charts.

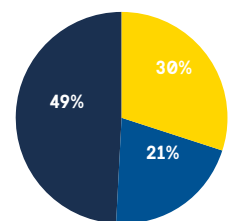
The Global Business Climate report is underpinned by country specific market reports which provide an in-depth analysis of local business conditions. These reports can be found on Business Sweden's webpage, through local Business Sweden offices, and Chambers of Commerce. The survey results are collated in a database that can be used to extract comparative analysis on how companies view local conditions based on company size, sector, age, and other variables. The majority of market surveys were carried out between March and April 2021. As the response rate was high for most surveys, the results can be generalised for the respective markets. The survey covers 22 selected markets:

- Four in the Americas – Brazil, Canada, Mexico, and the United States
- Six in Western Europe – France, Germany, Italy, the Netherlands, Spain, and the United Kingdom
- Eight in APAC – China, Hong Kong, India, Indonesia, Japan, Singapore, South Korea, Vietnam
- Four in MEA+ – Russia, South Africa, Turkey, and the UAE.

Details about survey coverage, recipients, response rates, regional groupings, etc are presented in a technical note at the end of the report.

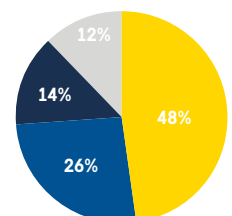
Size of firms in survey

Number of employees



- Small (0–249)
- Medium (250–1000)
- Large (>1000)

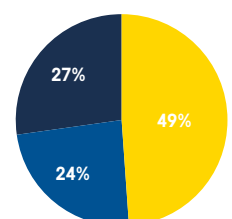
Main sectors



- Manufacturing
- Service
- Consumer
- Other

Maturity level

Year of market entry



- Mature (<2000)
- Experienced (2001–2010)
- Newcomer (2011–2020)

BUSINESS PERFORMANCE AND OUTLOOK

Compared to 2020, the current business climate is perceived more positively across markets. However challenges still remain, particularly in five of the 22 participating markets. The findings from 2020 showed a contrasting experience for Swedish companies operating abroad. At least half experienced positive results in their respective markets, while others either reached break-even or experienced financial loss. In several markets, almost a quarter reported a negative financial result. Now in 2021, expectations on future turnover are optimistic with a majority (74 per cent) of Swedish companies expecting an increase. Future investments are also looking promising with a majority of companies planning to increase investments in the next 12 months. A small share of Swedish companies in China, Singapore, and Russia are planning to leave respective markets.

Swedish companies' perception of the business climate is at the core of this survey. Each respondent was asked to indicate how they perceive the business climate in their market on a scale from 'very poor' to 'very good'. This assessment is subjective and can be impacted by numerous factors, with many of them explored through other questions in the survey. While subjectivity exists, the business climate assessment provides a valuable indication of how the business climate is perceived and how it is changing over time.

Comparing data over only just two years, we can see that Swedish companies' perceptions have changed; the average result has improved from 2.9 to 3.3 on a scale of 1 (very poor) to 5

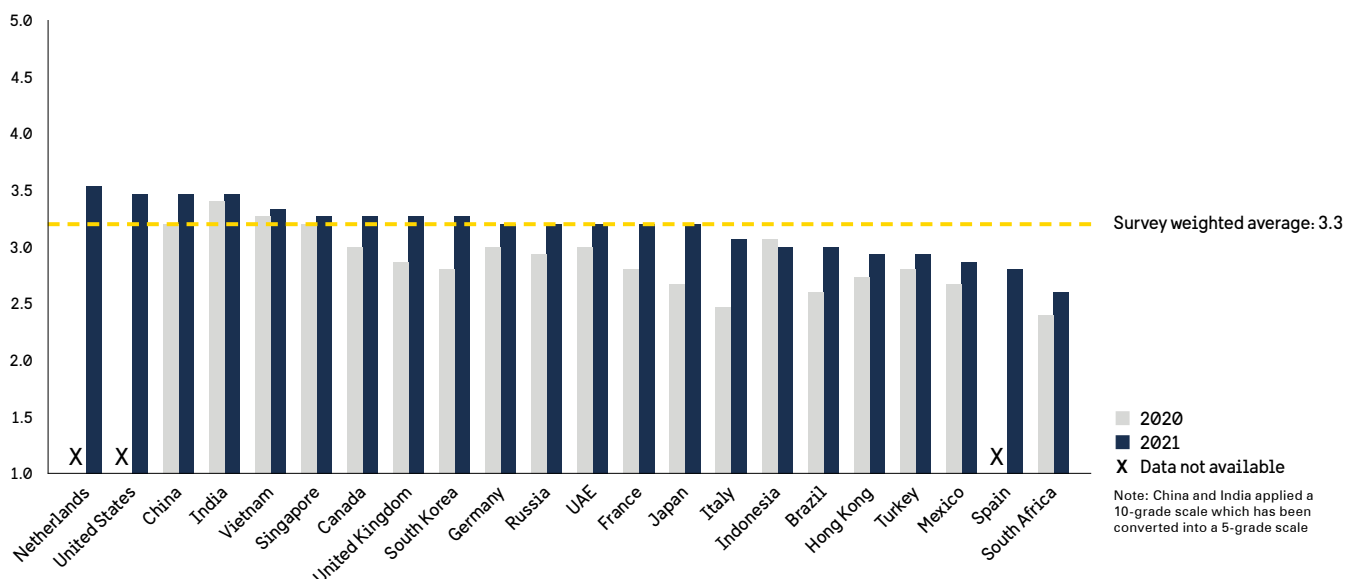
(very good). The view has improved in all markets, except Indonesia where there has been a slight decline from 3.1 to 3.0. The biggest improvements can be seen in Italy which climbed from 2.2 to 3.1 and Japan going from 2.5 to 3.3. Despite the challenges presented globally, 15 of the 22 markets scored above three on the scale with most ranging between 3.0 and 3.5. These positive results can be read as an indicator of improving business climates globally, however no market scored four or five. The Netherlands was very close with 3.8, followed by China, India, and the United States who all scored 3.7. At the lower end of the scale, Swedish companies' perceptions were as low as 2.4 for South Africa, 2.9 for Hong Kong with Turkey, Mexico, and Spain very close behind.

“ Swedish companies' optimism confirms our expectations of a strong global economic recovery, although the rapid spread of the delta variant poses a risk. ”

Lena Sellgren, Chief Economist, Business Sweden

An upward positive trend in companies' perception of the business climate shows signs of recovery

Index measuring Swedish companies' views on the current business climate (1 equals very poor and 5 very good)



“ The change in political mindset, new reforms and cultural awareness are creating new opportunities in the country. ”

General Manager, Atlas Copco, Italy

A global and in-depth understanding of how Swedish companies perceive the current business climate in their local markets has been assessed using the ranges 'poor or very poor', 'neutral', and 'good to very good'. The responses showed that 41 per cent of Swedish companies perceive the business climate in their market to be good or very good, 40 per cent had a neutral opinion, while 18 per cent thought it was poor or very poor and 1 per cent answered 'don't know'. The top results were from the Netherlands with 76 per cent of companies perceiving the business climate as good or very good. The United States, China, and India followed.

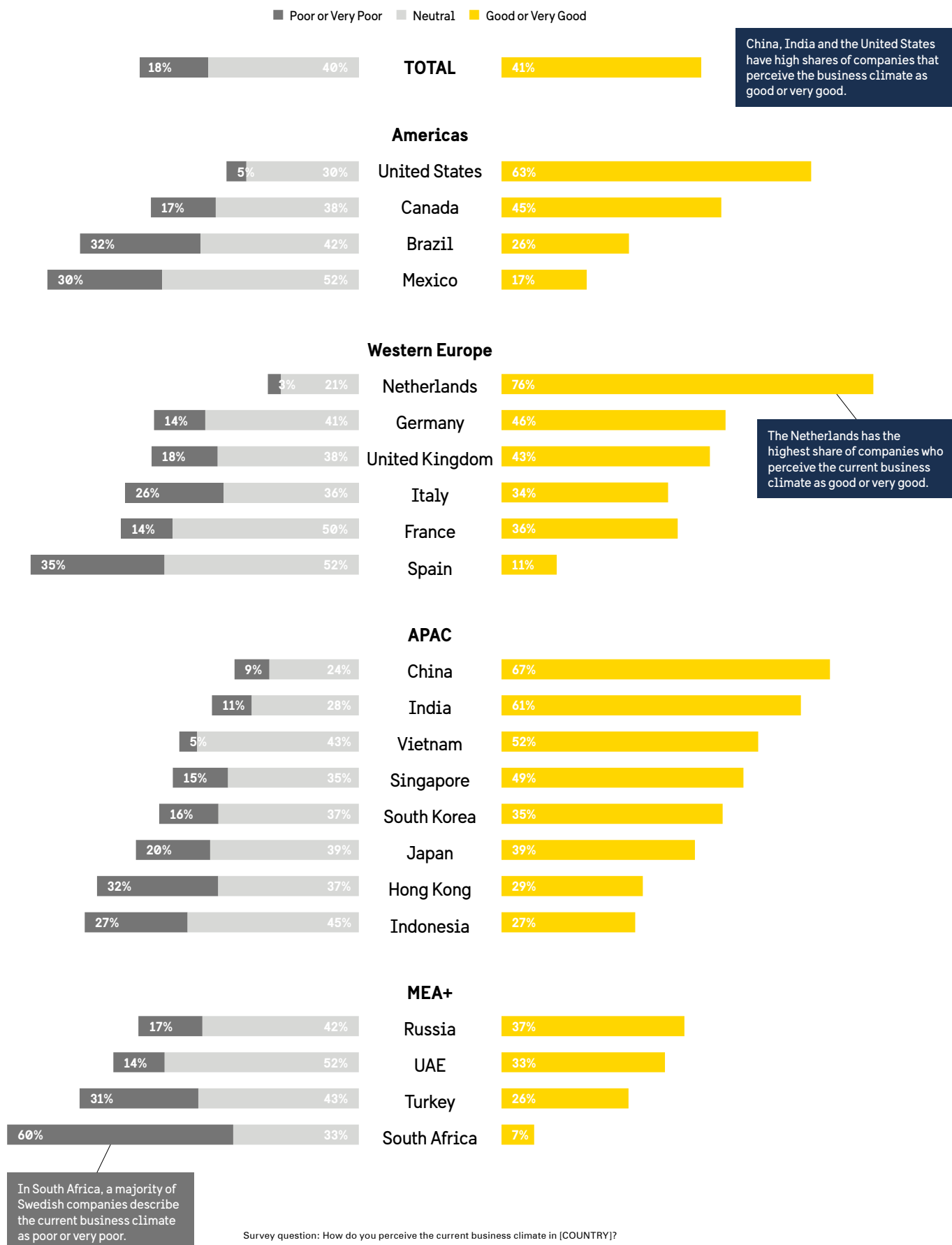
On the other end of the scale, Mexico, Spain, and South Africa had the lowest share of companies describing the business climate in positive terms. A key difference is that respondents in Spain and Mexico gave a more neutral view while those in South Africa indicated a more negative view. The high negative share reported by those Swedish companies in South Africa may be attributed to the restrictions put in place to curb the impact of Covid-19 but local challenges separate to this cannot be ignored. Further analysis of the detailed trends in local conditions is explored later in this report.

“ We see challenges in Hong Kong but in my opinion, they are comparatively less than in other mature markets, especially Europe and the US, at least for the global pandemic aspects. The political situation beyond the pandemic remains a key question. ”

Managing Director, APAC North, Volvo Buses Asia Pacific, Hong Kong

View on business climate a mix of complex features

Index measuring Swedish companies views on the current business climate (1 equals very poor and 5 very good). Response percentages may not add up to 100% as 'don't know answers' are not included in the graph.



FINANCIAL PROFITABILITY STILL ACHIEVED BY A MAJORITY

Despite lockdowns and economic setbacks caused by the Covid-19 crisis, over 60 per cent of respondents describe last year's financial results as profitable. While the profitability figure is positive, 16 per cent did experience a loss while 14 per cent reached break-even. However, significant differences are found when company size is examined; 72 per cent of larger companies achieved profitable results compared to 67 per cent of mid-size firms and 45 per cent of smaller ones. This logic is followed in most markets with a few exceptions; Brazil, Canada, Indonesia, and the Netherlands, but also Mexico and UAE saw a high share of mid-size firms reporting financial losses. In Brazil and South Africa smaller companies did better than both larger and mid-size companies.

Differences can also be found depending on sector, an expected result considering the direct consequences the imposed Covid-19 lockdowns and restrictions have had on companies operating in the consumer and service sectors. Almost a quarter of consumer facing companies experienced losses, closely followed by just over 20 per cent for companies in the service sector. Manufacturing companies fared better

with only 11 per cent experiencing negative financial results in 2020.

Individual markets show different perspectives; Turkey had the highest share of companies reporting profitable results with 75 per cent, followed closely by Spain (71 per cent) and Mexico (70 per cent). In all markets more than half of respondents reported profitable results with most ending up between the range of 60 to 70 per cent. In the United States, a sense of optimism came from Swedish companies as early as October last year. Figures from a study carried out by Team Sweden US (Business Sweden, the Embassy of Sweden, and the Swedish-American Chambers of Commerce) showed that seven out of 10 companies had fully recovered or were in a recovery phase, over 25 per cent confirmed their performance was back at pre-pandemic levels, while one out of ten respondents had expanded their business during the pandemic.¹

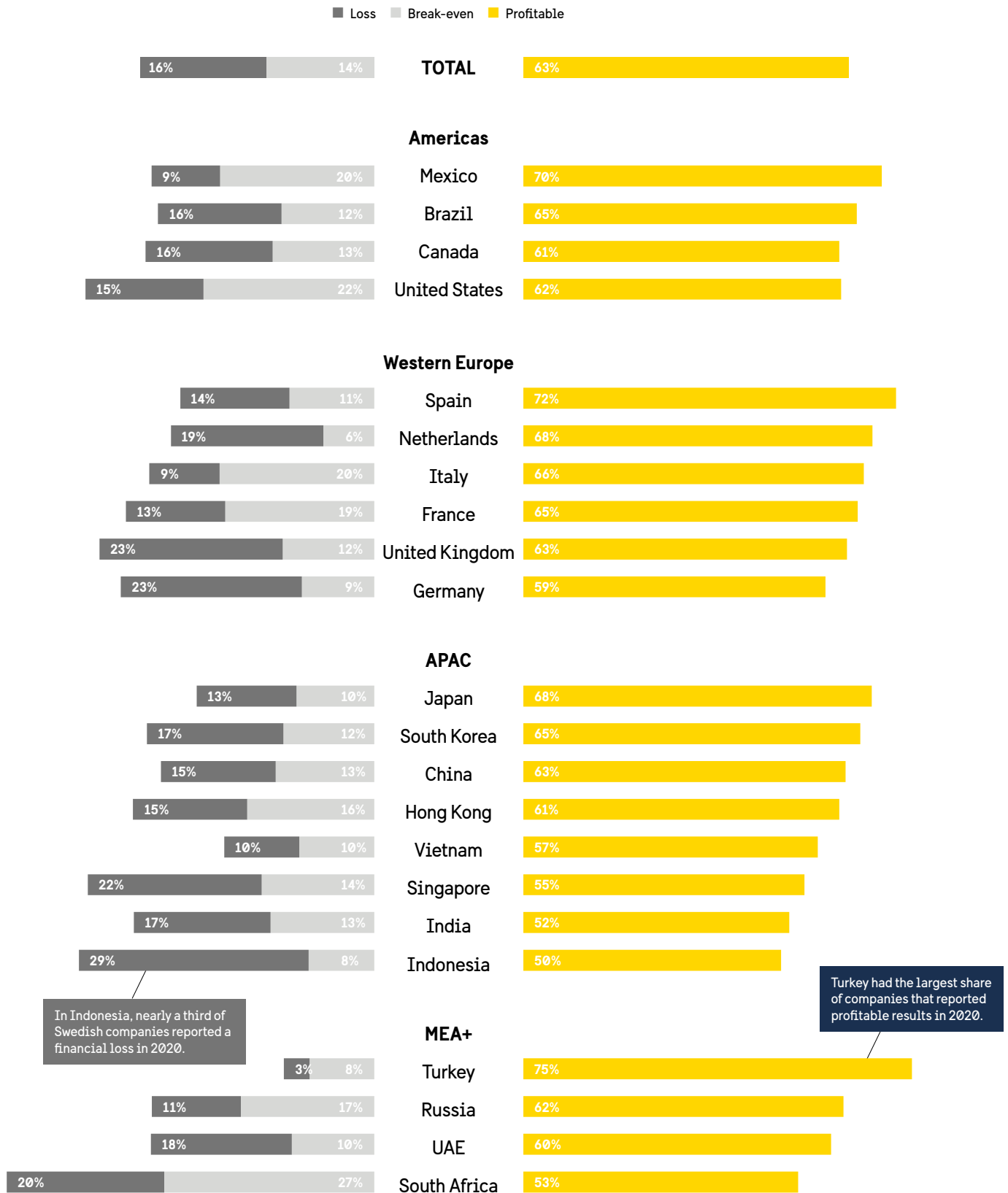
However, the situation does look different in some markets, especially in Indonesia where close to a third of companies experienced negative results – the highest share compared to all other markets. This is followed by almost a quarter in the United Kingdom and Germany and around a fifth in Singapore, South Africa, the Netherlands, and the UAE.



¹ [Reclaiming growth in the US market](#), Team Sweden US (Business Sweden, Embassy of Sweden United States, Swedish-American Chambers of Commerce)

Differences in profit outcome for 2020 reflects the highs and lows of turbulent year

Share of respondents' descriptions on financial results in 2020, % of respondents. Response percentages may not add up to 100% as 'don't know answers' are not included in the graph.



Survey question: How would you describe your company's financial performance in [COUNTRY] in 2020?

POSITIVE EXPECTATIONS ON INDUSTRY TURNOVERS FOR THE NEXT 12 MONTHS

Looking ahead to next year, 74 per cent of respondents expect their industry turnover to increase slightly or significantly compared to last year. In contrast, only 10 per cent expect a decrease in turnover and 14 per cent predict no change.

Optimism is shared across industry groups with consumer facing companies at the top with 83 per cent expecting an increase, followed by the service sector (74 per cent) and manufacturing (72 per cent). Only a small share of around ten or less than ten per cent of manufacturing, consumer, and service companies expect to see a drop in turnover.

In all 22 markets most respondents expect industry turnover to increase in the next 12 months. Results show a very positive out-

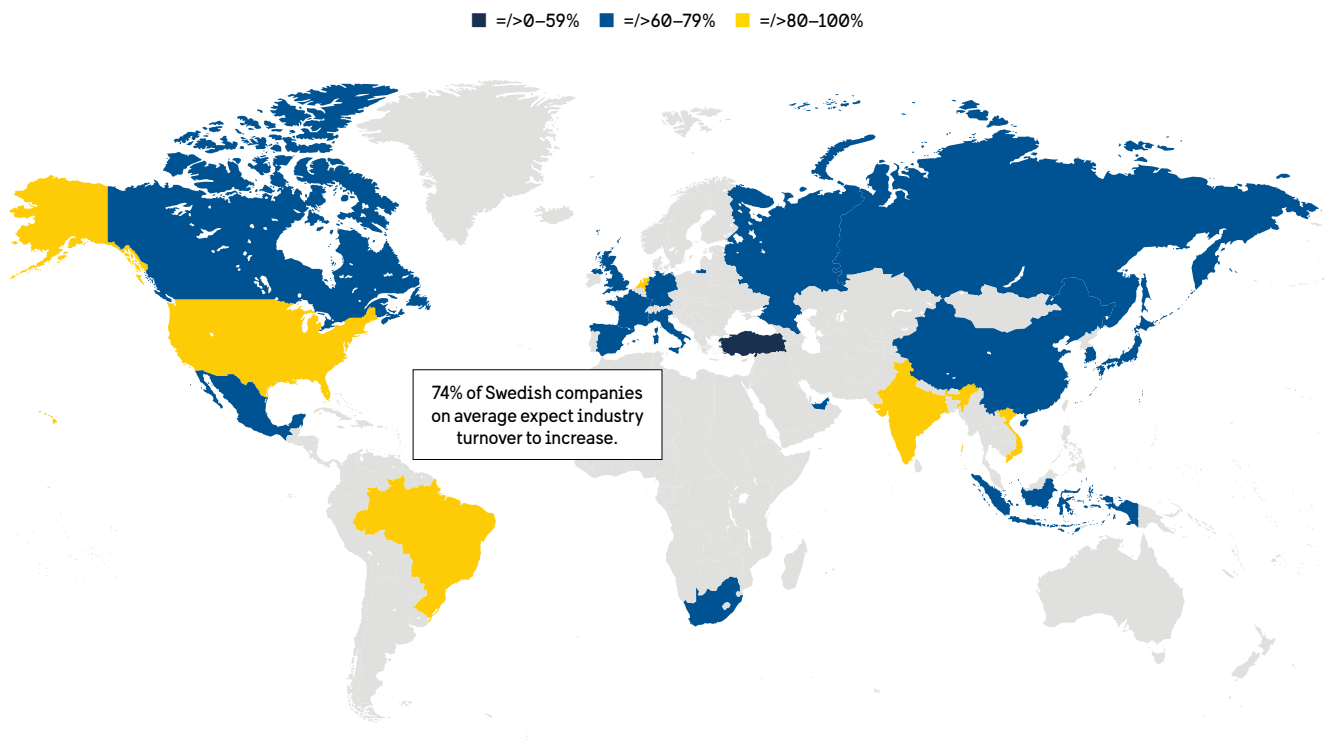
look in Brazil, India, the Netherlands, the United States, and Vietnam with 80 per cent or more respondents in each respective market expecting their industry turnover to increase. Within the consumer facing industry, all respondents in Brazil, Italy, Indonesia, the UAE, Singapore, South Korea, and the Netherlands expect figures to increase.

Half of all markets including Canada, China, Germany, Hong Kong, Italy, Mexico, Russia, Spain, South Africa, Turkey, and the UAE fall below the global average of 74 per cent. Hong Kong (57 per cent) and Turkey (58 per cent) have the lowest rates of companies who expect turnover to increase in the next 12 months.

Swedish companies' positive view on future turnover is mirrored in Business Sweden's latest [Export Managers' Index, third Quarter 2021](#).

Swedish companies largely optimistic about industry turnover increase

Percentage share of Swedish companies that expect industry turnover to increase in the upcoming 12 months, compared to the previous 12 months



Survey question: Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry regarding turnover?

“ The expected strong growth for the next 12 months is not only due to the recovery from last year’s downturn, but rather a result of an increased investment appetite in the market, especially for sustainable and efficient solutions. ”

Claudinei Reche, President SKF, Latin America

INVESTMENT INCREASE ON THE HORIZON

Globally, half of the respondents report that their companies are planning to increase investments either slightly or significantly in the coming year compared to the last 12 months. Only 12 per cent are planning to reduce future investments. Companies with more recently established operations have the highest share of respondents (60 per cent) saying they are planning to increase investments either slightly or significantly compared to 47 per cent of experienced companies and 48 per cent of mature companies.

Individual market perspectives show that the United Kingdom and the United States top

future investment plans with a total of 63 per cent of respondents in each market reporting they will increase investments either slightly or significantly. The United Kingdom (26 per cent) and the United States (25 per cent) top the list for companies planning significant investment. France, Brazil, China, Canada, and Vietnam follow where around a fifth plan for significant investments. In Hong Kong the situation looks different as only 31 per cent plan to increase investments slightly and none significantly.

While plans to withdraw from a market are low in all regions, reports from China, Russia, and Singapore show that a small share of one percent are looking to exit.

“ We must see crises in terms of opportunity, and now there is no doubt that we have before us a unique opportunity with European Next Generation funds to face these challenges and move towards a more digital and green economy. ”

Eugenio Martínez Bravo, CEO & President, KREAB, Spain



Investment high in key markets on both sides of the Atlantic

Investment plans in the coming 12 months compared to the previous 12 months, % of respondents.
Response percentages may not add up to 100% as 'don't know answers' are not included in the graph.

The United States and the United Kingdom have the highest share of companies reporting they will increase investments overall.

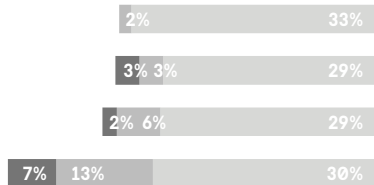
■ Leave market ■ Significantly reduce ■ Slightly reduce ■ No change
■ Slightly increase ■ Significantly increase



TOTAL



Americas



United States



Canada



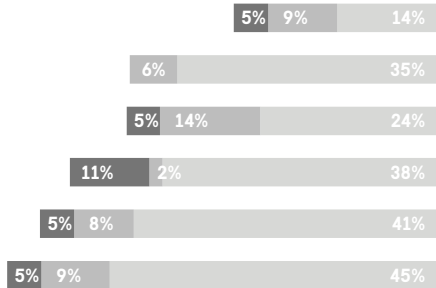
Brazil



Mexico



Western Europe



United Kingdom



Netherlands



France



Italy



Germany

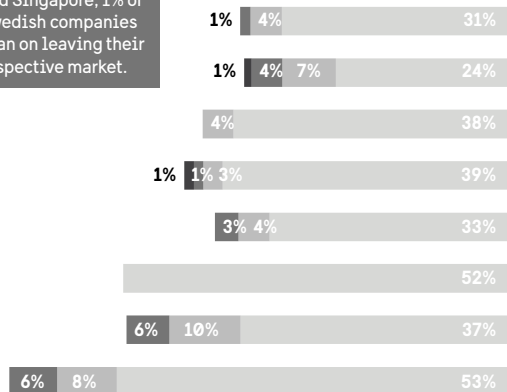


Spain



United Kingdom has the highest share reporting they will increase investments significantly.

In China, Russia, and Singapore, 1% of Swedish companies plan on leaving their respective market.



APAC

Japan



China



Indonesia



Singapore



India



Vietnam



South Korea



Hong Kong



Hong Kong has the lowest share that plan to increase investments.

MEA+

UAE



Russia



South Africa



Turkey



Survey question: What are your company's investment plans for the coming 12 months in [COUNTRY], compared to the past 12 months?

SUCCESS FACTORS

Being successful in an international market does not come by chance. Understanding the market and knowing what factors will help your business succeed is critical. In all markets in Western Europe and the Americas, as well as in Russia and Singapore, sales competence is ranked as key to maintaining competitiveness. Looking at China, India, Hong Kong, South Africa, and Vietnam, cost efficiency is key while partnerships and local relationships is of utmost importance in several markets in MEA+, Singapore, and South Korea. *Brand Sweden* continues to be a valuable leverage point for business success across regions with particular value in Turkey, closely followed by India, South Korea, and Brazil.

SALES COMPETENCE GLOBALLY RECOGNISED AS KEY SUCCESS FACTOR

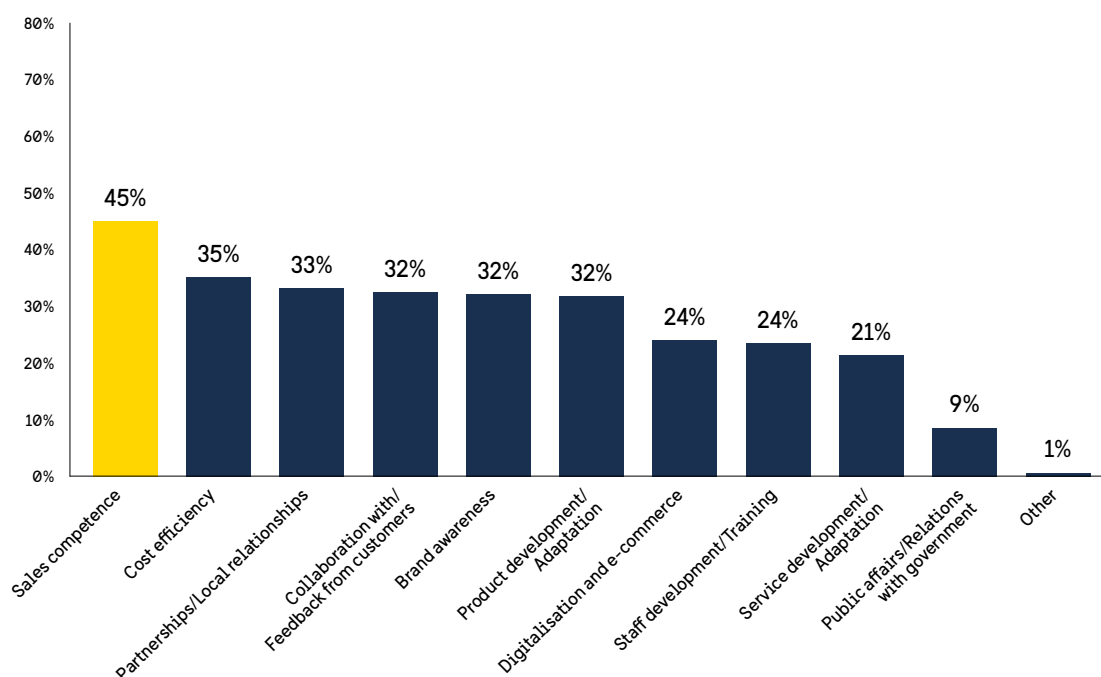
The opinions reported in this section draw from the respondents' selection of the three factors they see as most important for their companies to maintain competitiveness. Year on year, *sales competence* and *cost efficiency* have topped the global rankings, and continues to do so this year as well. Last year's third place holder, *brand awareness*, has however, slipped down to shared fourth place, now sharing

the same ranking with *collaboration with customers* and *product development and adoption*.

Unsurprisingly, consumer facing companies rank *brand awareness* and *digitalisation and e-commerce* higher than other industries. Following the trend to regionalise, *partnerships and local relationships* have become more important, and as a result moves up from fourth position in 2020 to third this year.

Sales competence remains a globally important success factor

Success factors showing the average share of respondents on a global scale that regard a factor to be a top three success factor. Response percentages exceed 100% as the question allowed respondents to select multiple answers (max. three).



Survey question: To date, which of the following factors have been important in maintaining competitiveness in [COUNTRY]?
Maximum three factors per respondent.

SALES COMPETENCE, COST EFFICIENCY, AND PARTNERSHIPS ARE KEY

The matrix below shows the top three success factors for each market. In some markets, several factors are of equal importance, and therefore share the same colour. *Sales competence* is seen as most important in France, Germany, Italy, Mexico, Singapore, Spain, and the United Kingdom. In Brazil, Canada, Indonesia, Japan, the Netherlands, Russia, Turkey, the UAE, and the United States sales competence is ranked just below but still as a high importance.

Cost efficiency is the dominant factor in a vast number of APAC markets including China, Hong Kong, India, Indonesia, and Vietnam, as well as in Brazil, South Africa, and Turkey.

Globally, *partnerships and local relationships* come in third place but top the rankings in several MEA+ markets including Russia, and the UAE, as well as Singapore, South Africa, and South Korea.

Other key findings show that to stay competitive in Canada, the United Kingdom, and the United States, *brand awareness* is critical, but in Japan, *product development and adaptation* sets you apart. *Staff development and training* are valuable success factors in Hong Kong, India, South Africa, and Vietnam while respondents from China and South Africa also highlight the importance of *service development and adaptation*.

A critical element of these studies is to specifically investigate how *Brand Sweden* contributes to the competitiveness of Swedish companies abroad. Trade and investment promotion organisations such as Business Sweden, the Swedish Institute, and the Swedish embassies and Chambers of Commerce actively work to promote the image of Sweden abroad. Sweden's brand identity is synonymous with innovation, equality, sustainability, and other strengths and values, and many companies use their Swedish origin to communicate these brand attributes. According to 62 per cent of respondents, *Brand Sweden* has a high or very high contribution to business success, 21 per cent estimate it to have a partial positive impact while only a small share (five per cent) see no value at all in promoting the Swedish connection in their product or service offerings. Comparing last year's figures which revealed that smaller companies in general found larger value in taking advantage of *Brand Sweden*, this year, companies of all sizes reported similar views on the value of *Brand Sweden*. Market differences indicate that *Brand Sweden* is found to be of particular importance in Turkey, with India, South Korea, and Brazil close behind, but has a lower contribution in China, Germany, and South Africa.

Staying competitive relies on market specific strategies

Top three success factors, based on % of respondents by market

■ First priority ■ Second priority ■ Third priority

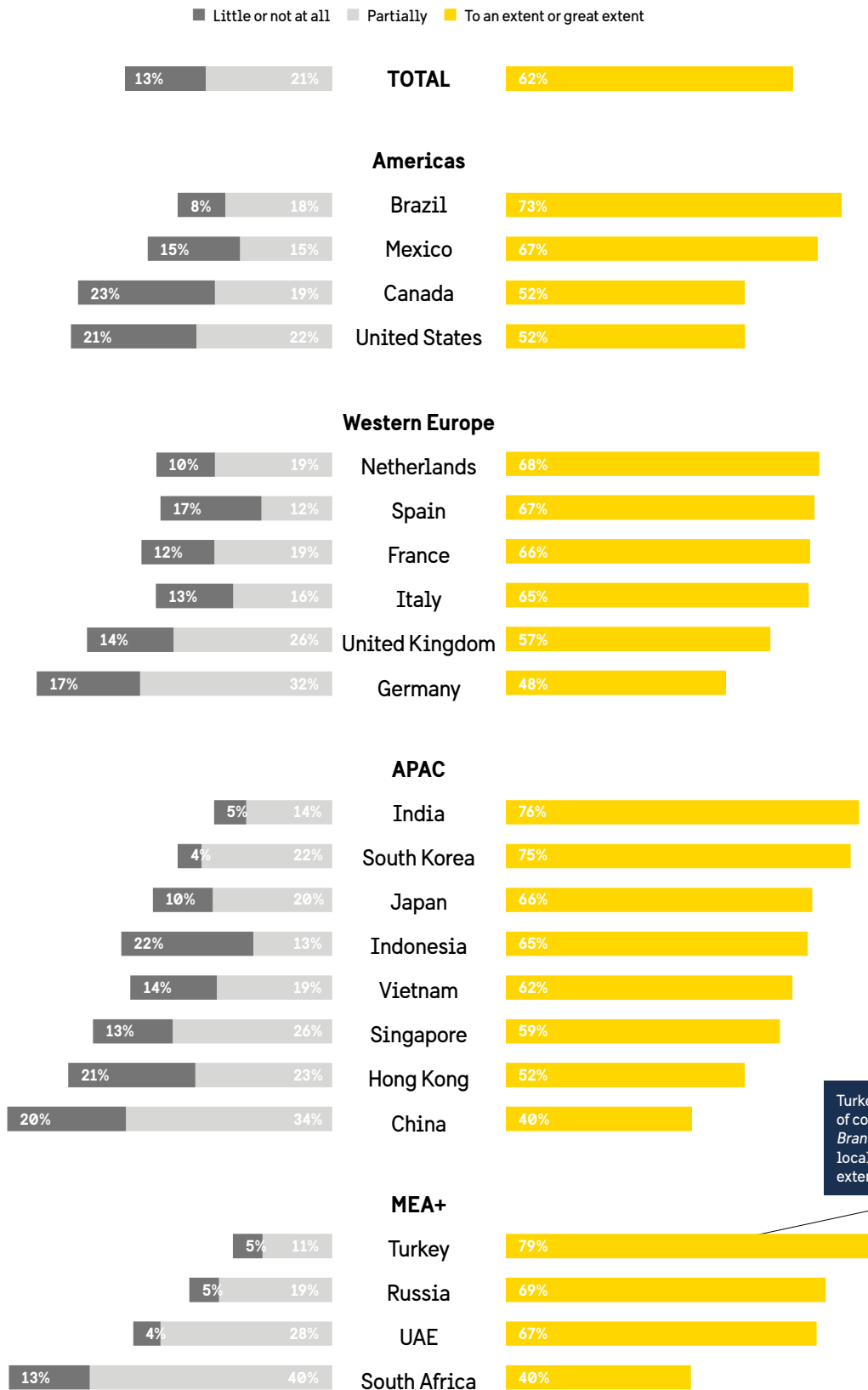
	Americas				Western Europe						APAC								MEA+			
	BR	CA	US	MX	FR	DE	NL	IT	ES	UK	CN	HK	IN	ID	JP	SG	KR	VN	RU	ZA	TR	UAE
Sales competence	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Cost efficiency	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Partnerships/ local relationship	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Collaboration with customers	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Brand awareness	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Product develop- ment/adaptation	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Digitalisation and e-commerce	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Staff development/ training	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Service develop- ment/adaptation	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Public affairs	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

Survey question: To date, which of the following factors have been important in maintaining competitiveness in [COUNTRY]? Maximum three factors per respondent.

Note: Brazil (BR), Canada (CA), United States (US), Mexico (MX), France (FR), Germany (DE), Netherlands (NL), Italy (IT), Spain (ES), United Kingdom (UK), China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Japan (JP), Singapore (SG), South Korea (SK), Vietnam (VN), Russia (RU), South Africa (ZA), Turkey (TR), United Arab Emirates (UAE)

Brand Sweden a valuable tool for competitiveness

Index measuring business impact and contribution of *Brand Sweden*, % of respondents. Response percentages may not add up to 100% as 'don't know answers' are not included in the graph.



Survey question: To what extent do you estimate that *Brand Sweden* contributes to your business success in [COUNTRY]? (1 = Not at all, 5 = To a great extent).

LOCAL CONDITIONS

Operating in global markets means adapting to and leveraging local conditions to remain competitive and grow. Swedish companies are in general satisfied with most local conditions, with high to very high satisfaction levels reported on multiple factors in several markets, especially in Western Europe, Singapore, Hong Kong, the UAE, and Mexico. In each region, there are one or more markets that score poorly on one or more factors. Markets that present Swedish companies with the most challenging conditions are Indonesia, South Africa, and Vietnam.

LOCAL CONDITIONS MEET COMPANIES' NEEDS WELL IN MOST MARKETS

To gain a detailed understanding of how Swedish companies view local conditions in the global markets analysed, this section explores various factors related to three key areas:

1. Market related factors – infrastructure, digitalisation etc.
2. Operational related factors – personal safety, labour market regulations etc.
3. Access to qualified partners – suppliers, distributors etc.

The detailed elements for each factor are demonstrated in the matrix below. Companies were asked to rate from 1–9 how well these local market conditions meet their needs. A low score indicated that the factor was an obstacle to competitiveness while a high score indicated the factor was an asset. Both similarities and large differences are identifiable between regions and markets.

Personal safety tops the ranking across all regions with scores from high to very high in 13 of the 22 markets; all markets from Western Europe are included. In the Americas, this is a different story with personal safety meeting companies needs very well in Canada, but only moderately in the United States, Brazil, and Mexico. Similar results can be seen in APAC with high scores in all markets except India, Indonesia, and Vietnam. In MEA+ it is only in the UAE where companies are satisfied with the level of personal safety while the lack of it can be an obstacle for competitiveness in South Africa.

Infrastructure conditions also meet Swedish companies needs well with 11 markets including Singapore and the UAE ranking it as top. Vietnam and South Africa stand out as the only two markets where satisfaction levels

regarding respective market infrastructure conditions is low.

The regional differences also reveal interesting insights:

THE AMERICAS

- Survey respondents are on average most satisfied with *market access*, *access to qualified partners* – particularly service providers, and *work culture*
- Mexico is the only market in the region where respondents are highly satisfied with various local conditions including *access to all types of qualified partners*, *work culture*, and *market access*
- In Canada and the United States respondents are moderately satisfied with most conditions with a few exceptions, while satisfaction levels in Brazil do not exceed moderate levels at all.

WESTERN EUROPE

- Companies are highly satisfied with multiple conditions in France, Germany, the Netherlands, and Spain
- Respondents in Spain are highly satisfied with the *access to all types of qualified partners*, which as a result makes Spain, together with Mexico, one of the two markets with high scores on all partners aspects
- Western European markets' *digitalisation* and *labour market regulation* have plenty of scope for improvement as satisfaction only reaches moderate levels
- The exception is the Netherlands where respondents are highly pleased with digitalisation levels
- The United Kingdom's previous high satisfaction levels for *customs* has dropped dramatically following Brexit. The result reflects a

recent business survey from the Confederation of Swedish enterprises which showed that four out of ten Swedish companies have had, or expect to have, major or fairly large problems with customs duties, and eight out of ten have had or expect problems in the form of new bureaucracy. This can include sending goods across the border to a higher cost and longer lead times.²

APAC

- A lack of transparency and equal treatment can become an obstacle when doing business in Indonesia and Vietnam, while difficulties with obtaining licenses and permits, customs, and labour market regulations can occur in Indonesia
- Respondents in Japan are highly satisfied with both *infrastructure* and *personal safety conditions*, but significantly less with the *corporate tax system* and *digitalisation*

- Conversely, Singapore and South Korea top satisfaction levels regarding digitalisation.

MEA+

- The UAE is one of the markets where local conditions meet Swedish companies' needs the best, with high to very high scores on several factors including *infrastructure*, *digitalisation*, and *personal safety*
- In Russia and Turkey, moderate satisfaction levels are reported on all factors, except the Turkish infrastructure which respondents are highly satisfied with
- In South Africa, a lack of transparency and equal treatment can become obstacles when doing business and difficulties with obtaining licenses and permits, infrastructure, and personal safety pose a risk.

Most markets able to meet the business needs of Swedish companies

Index measuring how local conditions meet needs of Swedish companies, where 1 equals not at all and 9 equals fully

■ Low ■ Moderate ■ High ■ Very High

		Americas				Western Europe						APAC								MEA+				
		BR	CA	US	MX	FR	DE	NL	IT	ES	UK	CN	HK	IN	ID	JP	SG	KR	VN	RU	ZA	TR	UAE	
Market related factors	Transparency, equal treatment																							
	Infrastructure																							
	Financial system																							
	Digitalisation																							
	Market access																							
Operations related factors	Licenses etc.																							
	Customs																							
	Labour market regulations																							
	Work culture																							
	Corporate taxation																							
	Personal safety																							
Access to qualified partners	Suppliers																							
	Distributors																							
	Service providers																							
	Specialists/ Key personnel																							

Survey question: Please rate from 1-9 how the below conditions meet the needs of your company's business in [COUNTRY]. (1= not at all, 9=fully)

Note: Brazil (BR), Canada (CA), United States (US), Mexico (MX), France (FR), Germany (DE), Netherlands (NL), Italy (IT), Spain (ES), United Kingdom (UK), China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Japan (JP), Singapore (SG), South Korea (SK), Vietnam (VN), Russia (RU), South Africa (ZA), Turkey (TR), United Arab Emirates (UAE)

– Singapore applied an original scale of 1-7 which has been converted to 1-9

² Efter brexit: Tullsmåll för svenska företag, Svenskt Näringsliv (svensktnaringsliv.se)

SUSTAINABILITY

The impact businesses have on sustainability is rightly under the microscope, and many Swedish companies are leading the way to improve sustainability practices. Understanding customers' demands for sustainable products and services is increasingly important for success in markets all around the world. Results from 2020 are mirrored in this year's report, showing that over a third of the respondents confirmed that customers care a lot about the environmental aspects of a product or service when making a purchasing decision. Customers in more mature markets tend to care more than those in emerging markets with the Netherlands, Canada, and the United Kingdom reporting higher numbers overall. The risk for human rights violations and corruption is low in all advanced economies, except in South Korea where the risk for corruption is perceived as moderate. In emerging markets, the risk for corruption varies from moderate to high. The risk for human rights violations is moderate, except in China where the risk is low.

CUSTOMERS CONSIDER ENVIRONMENT BEFORE PURCHASING

Highlighting beneficial environmental attributes of products and services can sometimes be a good selling point as customers look to take conscious purchasing decisions and are also willing to pay for items that deliver on sustainability. This varies from market to market, industry to industry, with the graph below revealing the extent to which Swedish companies believe that environmental features of products and services are important in their local customers' purchasing decisions. The Netherlands' results demonstrate this divide well as 55 per cent overall report that customers care to an extent or great extent; this jumps to 80 per cent when asking consumer facing companies.

Results from across all regions show that companies are divided in their assessment of customers' consideration of environmental aspects in their purchasing decisions. In Western Europe, at least one third report that customers care to higher extent, while the division of the remaining results are split between 'partial' and 'small' to 'no consideration'.

In the Americas, Canada tops the results with 45 per cent saying that customers care to a high extent, closely followed by the United States and Mexico. This sits in direct contrast with the 40 per cent figures in the United States, Brazil, and Mexico who say that customers in their respective markets care little or not at all.

In APAC, customers' consideration for environmental aspects varies significantly between the markets with nearly 40 per cent of companies in India and Vietnam estimating that their customers care to a high extent, this goes down to 13 per cent in Indonesia; meanwhile over 70 per cent in Indonesia say that their customers only care a little or not at all – the highest share across markets.

In MEA+, most companies report that customers only take a small or no consideration of environmental aspects in their purchasing decisions. In South Africa, companies are divided as almost half report that customers care to a greater extent while over a third say that customers take little or no consideration at all.

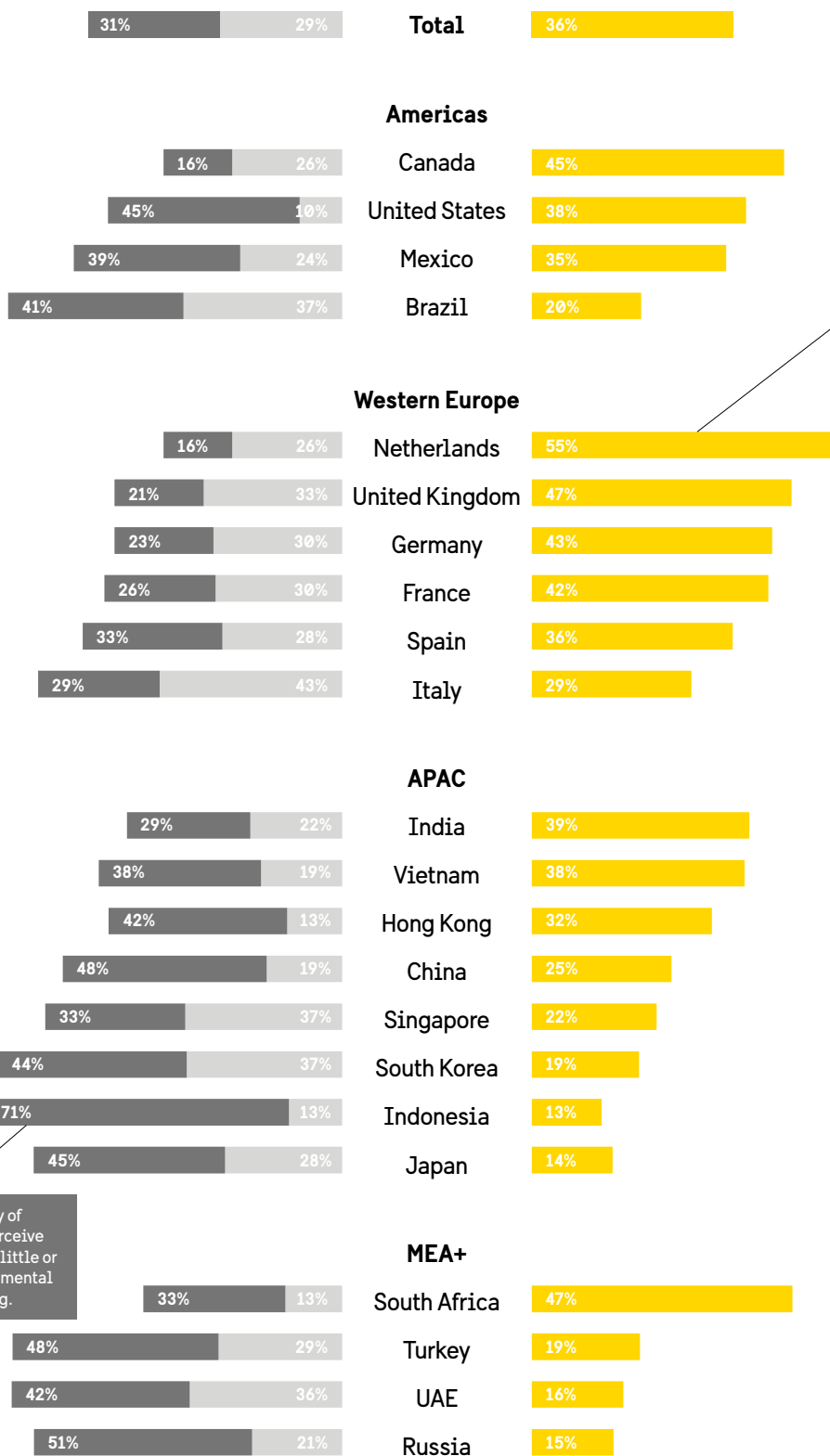
💡 Sustainability is a top priority for Scania and our customers in the Netherlands and we see how it continues to increase. For example, one of our customers installed solar panels on the roof of his truck to provide power to support the electrical system, saving both fuel and CO₂ – by listening to our customers and working together, we make transport more sustainable. 💡

Managing Director, Scania Production, the Netherlands

Environmental benefits a growing concern globally

Share of respondents who believe environmental benefits of products or services are important in customers' purchasing decisions, % of respondents. Response percentages may not add up to 100% as 'don't know answers' are not included in the graph.

■ Little or not at all ■ Partially ■ Much or very much



In the Netherlands a majority of Swedish companies perceive consumers to place a high or very high emphasis on environmental factors in their purchasing decisions.

In Indonesia a majority of Swedish companies perceive consumers to care very little or not at all about environmental factors when purchasing.

Survey question: In your view, to what extent do customers in your industry in [COUNTRY] consider environmental aspects of a product or service in their purchasing decision? (1= not at all, 5= to a great extent)

“ Ensure that you understand the correct and legal procedure and never be tempted to provide unofficial payments to smoothen any process – it means we invest in corruption. ”

Managing Director, Government Regulatory Manager,
Swedish retail company, Indonesia

HIGHER RISK OF CORRUPTION AND RIGHTS ABUSE IN EMERGING MARKETS

Overall, results show that the risk for both corruption and human rights and/or labour rights abuse is higher in emerging economies than in advanced ones. It is worth noting that the view on perceived impact from corruption, human rights, and labour rights can differ between markets which can affect the results. Companies in Indonesia, Mexico, South Africa, and Vietnam report a high risk of having to deal with corruption.

In a recent workshop organised by Team Sweden Mexico, Swedish companies said that the most common type of corruption in

the Mexican market is the informal exchanges of gifts (travel, gifts, dinner, etc.) followed by nepotism, explicit bribes, extortion, and fraud. In other emerging economies such as Brazil, China, India, Russia, Turkey, and the UAE the risk is moderate. In all advanced economies while the risk is low it is still present, with the exception of South Korea where the risk is moderate.

The risk for encountering human rights violations and/or labour rights abuse when conducting business is reported as a moderate risk in all emerging economies, except in China where the risk is low. Again, while the risk is low, risk of these violations do exist in all advanced economies.

Corruption, and human and labour rights abuse still a challenge globally

Index measuring: 1) environmental considerations among customers 2) negative impact caused by corruption, and 3) risk for encountering human rights and/or labour rights abuse (1 equals very little/low and 5 equals very high/much)

■ Very little/low ■ Little/low ■ Moderate ■ Much/ high ■ Very much/ high

Average results when asking the respondents the following statements	Americas				Western Europe						APAC								MEA+			
	BR	CA	US	MX	FR	DE	NL	IT	ES	UK	CN	HK	IN	ID	JP	SG	KR	VN	RU	ZA	TR	UAE
To what extent do customers in your industry consider environmental aspects of a product or service in their purchasing decision?																						
To what extent do you perceive that corruption affects your business?																						
How do you perceive the risk of encountering human rights violations and/or labour rights abuse when conducting business?																						

Survey question: 14) To what extent do you perceive that corruption in [COUNTRY] affects your business? (1= not at all, 5= to a great extent); 15) How do you perceive the risk of encountering human rights violations and/or labour rights abuse when conducting business in [COUNTRY]? (1= not at all, 5= to a great extent); 16) In your view, to what extent do customers in your industry in [COUNTRY] consider environmental aspects of a product or service in their purchasing decision? (1= not at all, 5= to a great extent)

Note: Brazil (BR), Canada (CA), United States (US), Mexico (MX), France (FR), Germany (DE), Netherlands (NL), Italy (IT), Spain (ES), United Kingdom (UK), China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Japan (JP), Singapore (SG), South Korea (SK), Vietnam (VN), Russia (RU), South Africa (ZA), Turkey (TR), United Arab Emirates (UAE)

TECHNICAL NOTE

ABOUT THE SURVEY

The Global Business Climate Survey covers a total of 22 markets. The markets included in the survey cover over 60 per cent of employees in Swedish companies operating in global markets. None of the Nordic markets are represented in this report, this region accounts for the majority of the remaining employees in Swedish companies with operations abroad. The first Global Business Climate Survey was carried out in 2020, making this the second edition. Participating markets between the 2020 and 2021 edition vary slightly: 2020 included Australia, Greece, Malaysia, Portugal, and Thailand which do not appear in this year's report. The 2021 report includes the Netherlands, Spain, and the United States which did not appear in last year's report.

SURVEY RECIPIENTS AND RESPONSE RATES

The survey was distributed to companies with Swedish ownership or Swedish origin and identity, like Volvo Cars and ABB. The survey was sent to C-level management in the respective companies who were asked to answer 17 standard questions, with some additional market specific questions. In total, more than 1,400 representatives of Swedish companies abroad responded to the survey. Surveys from most markets have a high response rate.

REGIONAL GROUPING

The markets included in each regional aggregate are listed below.

The Americas

Brazil
Canada
Mexico
The United States

Asia Pacific (APAC)

China
Hong Kong
India
Indonesia
Japan
Singapore
South Korea
Vietnam

Western Europe

France
Germany
Italy
The Netherlands
Spain
United Kingdom

Middle East, Africa and Turkey (MEA+)

Russia
South Africa
Turkey
The UAE

WEIGHTING OF AGGREGATE DATA

The number of respondents from the regions covered in the survey do not reflect the actual number of companies operating in these different regions. To obtain a more realistic picture, the results are reported on an aggregated level (sometimes referred to as survey weighted average and sometimes as total global average) and have been weighted with respect to the number of Swedish companies operating in the various regions. This means, for example, that answers from Western European surveys have a heavier weight than data from the region Middle East, Africa and Turkey in the survey aggregate, as there are more Swedish companies doing business in Western Europe than in MEA+. The weights are based on the number of Swedish subsidiaries in the respective region in 2018, based on statistics from the Swedish Agency for Growth Policy Analysis.

Weight by region

Region	Weight
Western Europe	63.1 %
APAC	23.7 %
The Americas	7.9 %
MEA+	5.3 %

Please note that the Nordics are not included in the regional aggregate called Western Europe.



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Take on the challenge – Global Business Climate Survey 2021