



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE UNITED KINGDOM 2024

A REPORT FROM TEAM SWEDEN IN THE UNITED KINGDOM

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FOREWORD



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Team Sweden in the United Kingdom is pleased to present the findings of the **fifth edition of the Business Climate Survey** for Swedish companies in the UK. The survey is – as always – a result of close collaboration between the Embassy of Sweden, the Swedish Chamber of Commerce and Business Sweden (the Swedish Trade and Invest Council) and part of the larger Global Business Climate Survey.

This year's survey was conducted in a unique context with an **upcoming General Election in the UK** as well as continued rising geopolitical tension in both Europe and the Middle East, creating dual uncertainty at national and international level. In uncertain times, some businesses tend to adopt a wait-and-see approach. This could entail postponing strategic decisions and investments while awaiting more certain rules of engagement, for example, with regards to the policy and regulatory environment in the relevant market/-s or the impact of conflict or global pandemics on crucial international trade flows and routes.

Despite this uncertainty, **Team Sweden in the UK are delighted to present the key results** from this year's survey – pointing to continued strong Swedish-British bilateral trade relations, including:

- **60 per cent** of respondent companies describe their company's **financial performance** in 2023 as **profitable**
- **81 per cent** expect their **industry turnover** to **increase**, while **54 per cent** plan for **increased investments** in the upcoming 12 months
- **A majority** find that the **“Swedish brand”** **contributes positively** to their business in the UK.

During this and last year, Sweden and the UK have taken several important steps towards closer collaboration and reinforcing the strategic bilateral relations, including a **Strategic Partnership Agreement**, signed in October 2023. The Agreement identifies **six areas** for reinvigorated and deepened cooperation, namely Global Cooperation; Security and Defence; Science and Innovation; Energy, Nature and Climate Change; People to People; as well as **Trade and Investment**.

Moreover, on 7th March 2024, Sweden became a member of the **NATO** defence alliance – a historic step marking a paradigm shift in Swedish foreign and security policy. Apart from the direct security implications, this enables closer collaboration with the UK in the areas of defence and security – possibilities that will be further enhanced through the forthcoming agreement of a **Memorandum of Understanding (MoU) on defence** between Sweden and the UK during 2024.

In addition to the areas of security and defence, in which Swedish companies are leading internationally and have a strong local footprint in the UK, Swedish interests in the British market span other wide-ranging sectors such as health care and life sciences, transport, consumer products and food, as well as energy and opportunities linked to the green transition.

Finally, we would like to extend our **sincere gratitude to all the respondents** of the 2024 survey edition. As Team Sweden UK, we will do our utmost for the results to feed into discussions for decision-makers and stakeholders in a wide array of contexts, including to raise and address trade barriers with a noticeable negative impact on operations such as those identified in this report, notably in relation to customs (procedures and duties), regulations and local requirements in the UK market.

As such, we hope the survey contributes to the wider objective of furthering bilateral trade, investment and business relations between Sweden and the UK. **We welcome companies and stakeholders who wish to engage further** on the topics covered in the survey to get in contact.

Team Sweden in the UK, May 2024

The fifth iteration of the Business Climate Survey in the UK

Current business climate

35%

of responding Swedish companies perceive the UK business climate as very good or good

Industry turnover

81%

of respondents expect their industry turnover to increase in the coming 12 months

Future investments

54%

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

Most valued success factors in the UK

1. Brand awareness
2. Collaboration/feedback from clients
3. Partnerships/relationships

Brand Sweden

73%

of Swedish companies in the UK consider Brand Sweden beneficial for business

Local conditions with highest satisfaction

1. Distributors
2. Personal safety
3. Work culture/business mindset

Local conditions with least satisfaction

1. Physical infrastructure
2. Level of digitalisation
3. Customs

Environmental considerations

93%

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

Corruption

0

companies reported corruption such as fraud or attempts of bribery

Human rights violations and labour rights abuse

0

noted risk of encountering human rights violations and / or labour rights abuses

ABOUT THE SURVEY

The results of the 2024 Business Climate Survey for Swedish companies in the United Kingdom are based on the responses of 48 Swedish companies

With its business-friendly environment, world-leading talent base and +68 million population, the UK offers an attractive market for Swedish companies expanding internationally. Furthermore, in addition to being home to leading universities and research and innovation ecosystems, the UK is top-ranking in global 2023 indexes for both nation branding and soft power.

The presence of an estimated 1,500 Swedish and/or Swedish-owned companies in the UK further testifies that our bilateral trading links remain strong. In fact, as is highlighted in the most recent iteration of the Swedish Government's 'Strategy for Sweden's trade, investment and global competitiveness', the UK is Sweden's 6th largest export market and 4th largest import source. For a small export-reliant country like Sweden, the UK is a key trading partner.

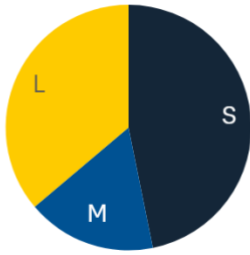
As with previous editions, the purpose of the Business Climate Survey is to gain a better understanding of the perception of market conditions for Swedish companies active in the UK, as well as their economic prospects and possible challenges. To this end, the internationally standardised survey questionnaire has been complemented by tailored questions regarding local market conditions. This year, companies were asked to share their views on upcoming larger business opportunities, the influence of the current political climate on strategic decision-making, as well as anticipated growth through acquisitions in the UK market. In total, the survey was sent to over 500 company representatives.

The answers of this year's survey were collected during February and March 2024, with a total of 48 Swedish companies responding. Of these 48 respondents, 47 per cent were small companies, 36 per cent were large companies and 17 per cent were medium-sized companies. In terms of industries represented amongst responding companies, 45 per cent identify as being within the Industrial sector, followed by 42 per cent in the area of Professional services, and 13 per cent within the Consumer realm.

Survey results also show a natural overrepresentation by respondents from companies describing their organisations as either mature or experienced. In total, these made up three quarters of responding companies, with the last quarter represented by newcomers to the market. While it is positive to see both companies with a long-running presence in the UK as well as early entrants familiar with the Team Sweden UK organisations engaging with the survey, future editions would benefit from an even higher response rate.

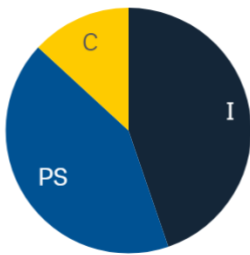
As in previous years, any results and statistics presented in this year's report are purely indicative of responding companies' views and experiences of the past, current and future market conditions in the UK. As always, the survey needs to be interpreted in context of the current economic climate as well as the political and geopolitical environment. This year specifically, in light of the ongoing Russian aggression in Ukraine, the war between Israel and Hamas and the resulting trade disruption in the Red Sea. Unique circumstances for the UK market also apply given the upcoming General Election – the timing of which is still uncertain but currently expected during the latter half of 2024 – as well as ongoing business readjustments to the new trading arrangements following the UK's exit from the EU, including new border controls and fees.

SIZE OF COMPANIES



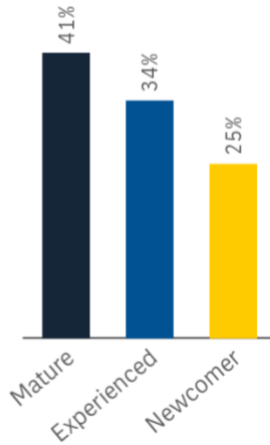
NOTE: Global employees. Large >1,000 36%. Medium 250-1,000 17%. Small 0-249 47%

MAIN INDUSTRY



NOTE: Industrial 45%. Professional services 42%. Consumer 13%

AGE OF COMPANIES



NOTE: Mature (-2000). Experienced (2001-2015). Newcomer (2016-)

ECONOMIC OUTLOOK

Returning to growth – signs of a more robust UK economic recovery during 2024

The UK economy has returned to growth following a shallow technical recession in the second half of 2023, when the economy contracted for two consecutive quarters. Alongside improved indicators such as business sentiment and retail sales, recent gross domestic product (GDP) growth figures of 0.6 per cent for the first quarter of 2024 confirm the UK economy has exited the brief recession and returned to growth.

Overall, UK economic growth is predicted to reach 0.8 per cent in 2024 and 1.9 per cent in 2025 by the Office for Budget Responsibility (OBR), the independent fiscal watchdog. However, the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), in recent forecasts, expect slightly lower numbers at 0.4-0.5 per cent this year and 1-1.5 per cent in 2025.

Meanwhile, inflation has been rapidly declining following a previous surge in light of the twin-shocks of the pandemic and the Russian invasion of Ukraine, and ensuing energy and food price spikes. However, recent data point to potentially 'stickier' price inflation. At the time of writing, the Bank of England has signalled it would cut rates in the summer, provided inflation stays low, but opted to keep interest rates at a 16-year high of 5.25 per cent.

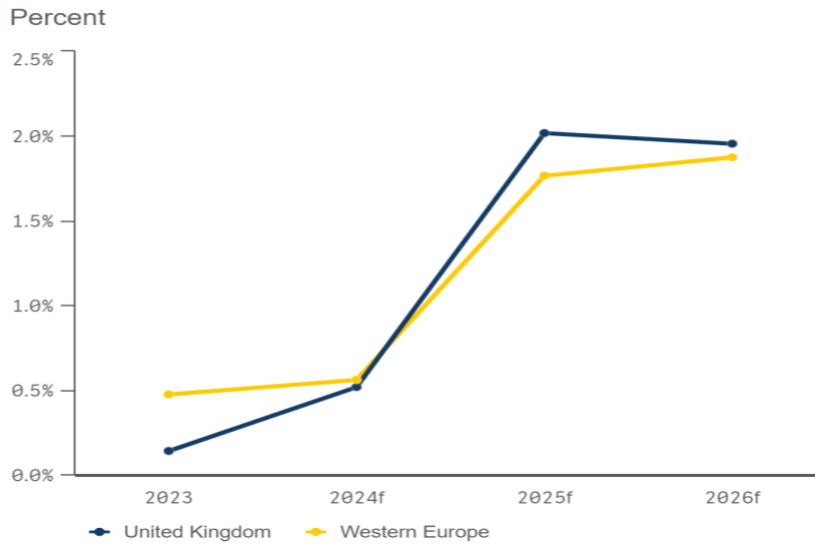
On another positive note, the OBR expects living standards to recover more quickly than previously assumed. This improving picture is also supported by UK manufacturing activity returning to growth for the first time in almost two years, driven by the domestic market. Such a development will be particularly welcome news for survey respondents and other Swedish companies with a UK production footprint.

The economic outlook in the medium-term remains challenging. According to the OBR, this is due to factors including a continued fall in the labour force participation rate, coupled with a larger and ageing population, leading to increased fiscal pressures. However, as the graph below from Oxford Economics illustrates, projected UK GDP growth is expected to catch up and outpace Western Europe during early to mid-2024 and to remain higher during 2025-26.

Against a challenging economic backdrop, the current government has made some headway towards Prime Minister Rishi Sunak's economic priorities. In particular, inflation has fallen significantly, but remains above the central bank's target. Still, this takes place in the context of a lower-than-average headroom for meeting the Government's fiscal rules, while tax levels as a share of GDP are forecast to rise to a record-high 37.1 per cent by the end of the decade. This is largely due to fiscal drag bringing more people into paying taxes or into higher tax brackets.

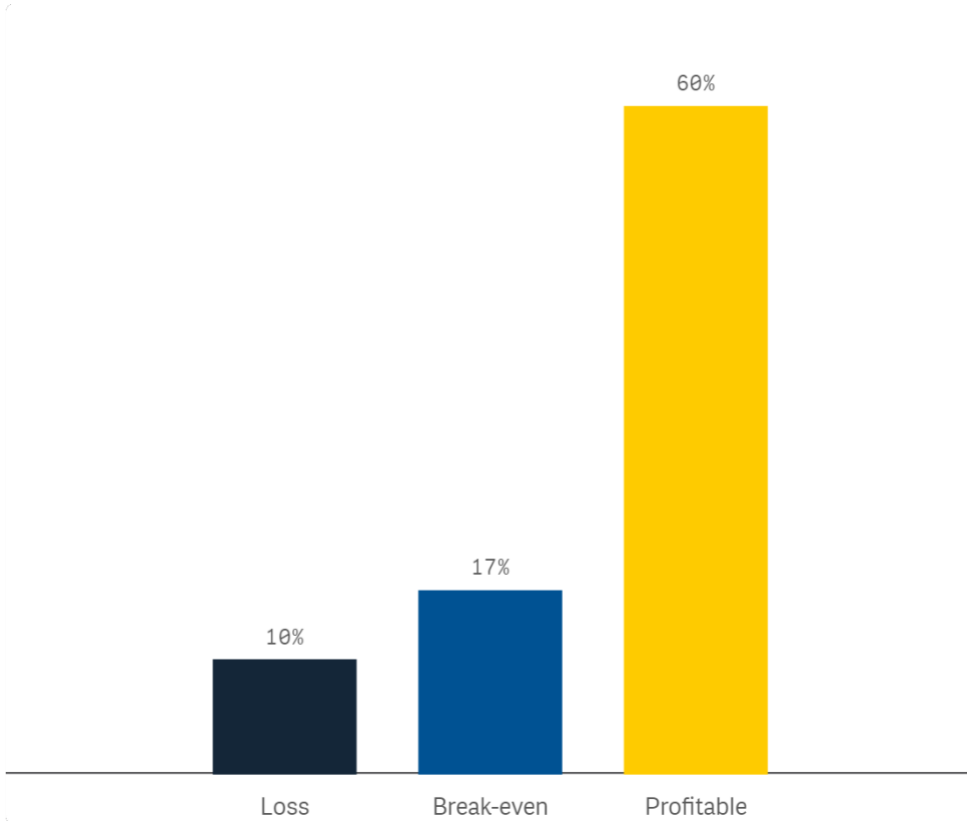
The economy is expected to feature heavily in the upcoming UK General Election campaign, which is currently widely anticipated to take place during the latter half of 2024. While party manifestos are not expected until much closer to election day, the opposition Labour Party – which at the moment is ahead of the Conservatives in the polls – has outlined an ambitious goal of securing the highest sustained growth in the G7 by the end of the next Parliament. Regardless of the election outcome, the next government is expected to inherit a challenging set of economic circumstances, including very tight public finances, which will inevitably influence their spending and investment decisions and impact the wider business climate.

PROJECTED GDP GROWTH IN THE UK



NOTE: Constant prices.
SOURCE: Oxford Economics 12th March 2024

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE UK IN 2023?



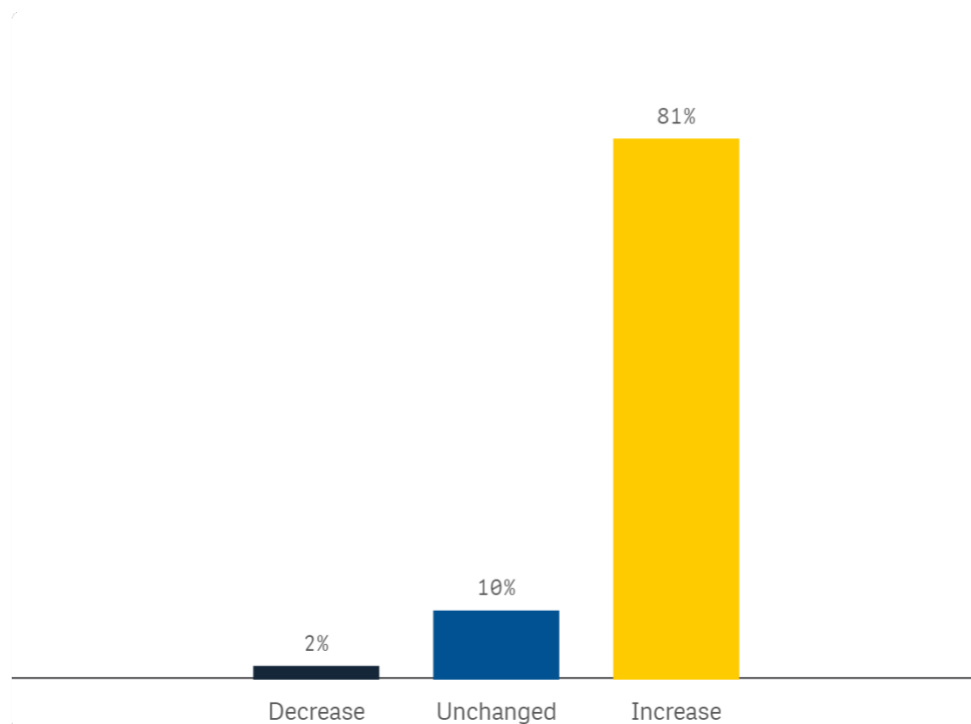
NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Most responding Swedish companies were largely profitable during 2023

Under these complex economic circumstances, it is encouraging to see that 60 per cent of survey respondent companies were profitable in the UK during 2023, while 17 per cent broke even and, unfortunately, 10 per cent made a loss. Compared to last year's results, a slightly larger share of participating companies (62 per cent) were profitable during 2022, while fewer (12 per cent) reported their financial performance as breaking even, and a higher percentage (14 per cent) made a loss.

From this we conclude that on the whole, a larger proportion of responding companies (77 per cent) were either profitable or breaking even during 2023, a slight improvement from the 2022 results (74 per cent).

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN THE UK REGARDING TURNOVER?



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.

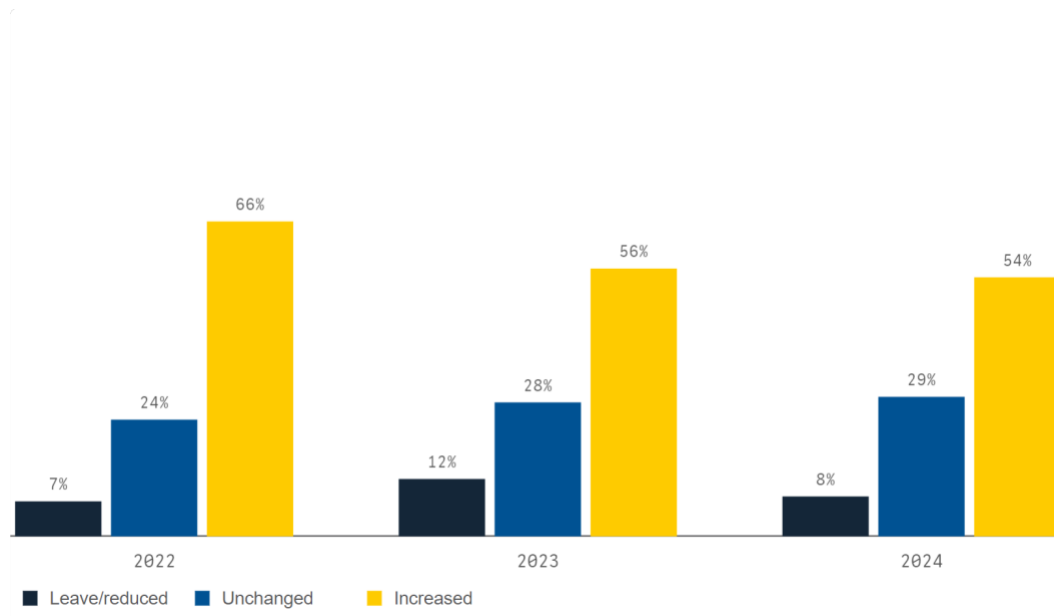
SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

An improving picture on industry turnover

Equally encouragingly, this year's responses from company representatives on turnover expectations in their industry for the coming 12 months mark an increase from last year's survey. While in 2023, 78 per cent of respondents expected industry turnover to increase, this has risen to 81 per cent. This marks a continuing improving picture from the 2022 results of 74 per cent. Meanwhile, there's been a drop of 10 percentage points from 12 to 2 per cent as regards company representatives anticipating a decreased turnover, which is of course very welcome news and equivalent to the 2022 results.

When analysing the responses on local market conditions in further detail, some of the opportunities identified by company representatives in the UK market include a rising demand for high efficiency products, business opportunities in energy storage and district heating solutions, as well as in the transport sector, including buses.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE UK, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

In terms of future investment plans, a majority of 54 per cent of this year's survey participants indicate that their company plans to increase their investments in the UK, compared to the past 12 months. As shown in the above tables, this is close to last year's result of 56 per cent but 12 percentage points lower than the 66 per cent in 2022 following the pandemic. Meanwhile, company representatives indicating unchanged investment plans remain stable at 29 per cent, up from 28 per cent in 2023 and 24 per cent in 2022. It is very positive to see lower levels of respondent companies planning to reduce their investments or leave the UK, down from 12 per cent last year to eight per cent this year, albeit minimally higher than in 2022 (seven per cent).

When considering growth through acquisitions in the UK market, which was covered in the locally tailored survey questions, we found highly variable responses, as might be expected given the diversity of responding companies. These ranged from growth through acquisitions not being considered or limited, to companies considering potential acquisitions in 2024 to grow their local footprint as well as expand their network or being part of the wider company strategy. Naturally, some respondents opted to not comment on acquisitions. This strengthens our view that inorganic growth is a rather popular mode of entry to the UK market for Swedish companies, including in order to acquire new technology.

Separately but related, it is interesting to note company representatives' responses regarding whether the UK political climate, including the upcoming General Election, influences strategic decision-making for their business in the country. On a scale of 1 (very much) to 5 (very little), 38 per cent of respondents indicated that the political climate has 'little' or 'very little' influence on their strategy, with a rating of 4 or 5. However, just under 30 per cent of companies disagreed, rating the influence of politics as 'much' or 'very much' strategic, with a 1 or 2 rating. Additionally, 28 per cent of respondents opined that they were neutral in this area, while for some the question was not applicable. From this we can conclude that companies rarely or never operate in a political vacuum, but the extent of impact on their strategic operations nevertheless varies.

THE MARKET

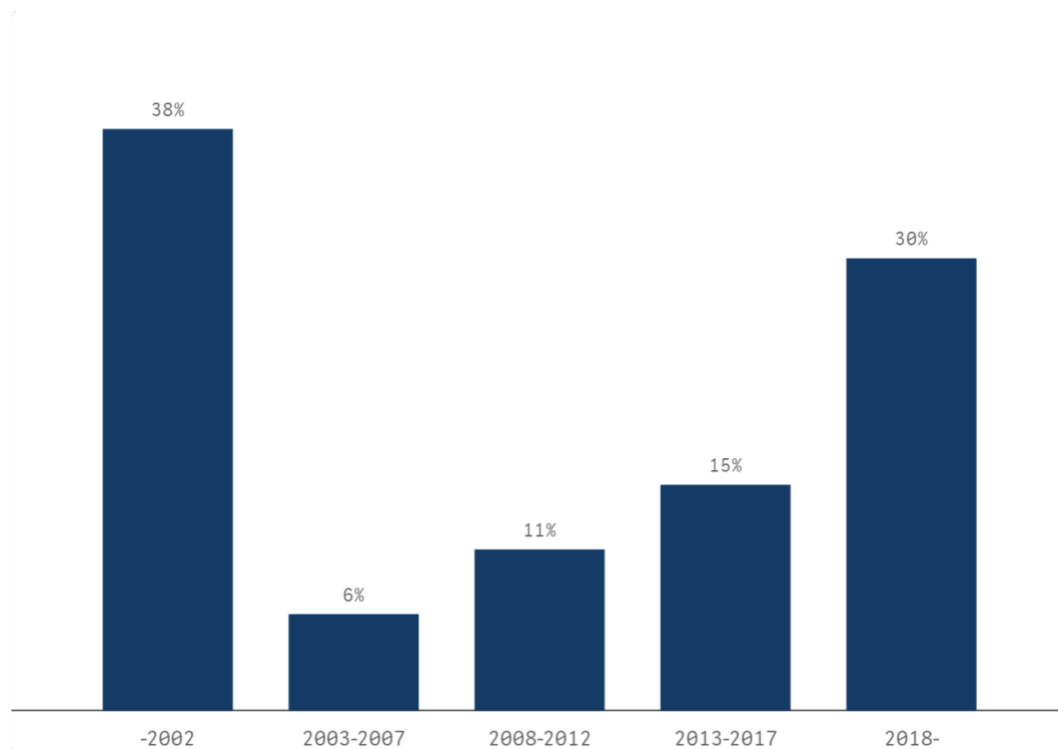
The UK offers a supportive business environment for fledgling and mature Swedish companies

For centuries, the UK has been recognised as a global beacon for business and entrepreneurship thanks to its supportive and diverse business environment. With a robust legal framework, favourable taxation policies, strong democratic values, access to finance and a vibrant business ecosystem, the UK provides a fertile ground for businesses to thrive.

The UK has a well-established financial sector. Venture capital firms, angel investors and government-backed initiatives can provide funding support for companies. The presence of globally renowned financial institutions in cities like London but also Belfast, Edinburgh and Manchester enhances access to capital and facilitates international business transactions.

The UK's business ecosystem thrives on innovation, collaboration, and knowledge-sharing. Thanks to its central global location, the UK hosts numerous incubators, industry-specific conferences and networking events that connect entrepreneurs with potential partners, experts, and mentors. The presence of world-class universities and research institutions further bolsters innovation and fosters a skilled workforce.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE UK?



NOTE: The number of respondents for this question was 47. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

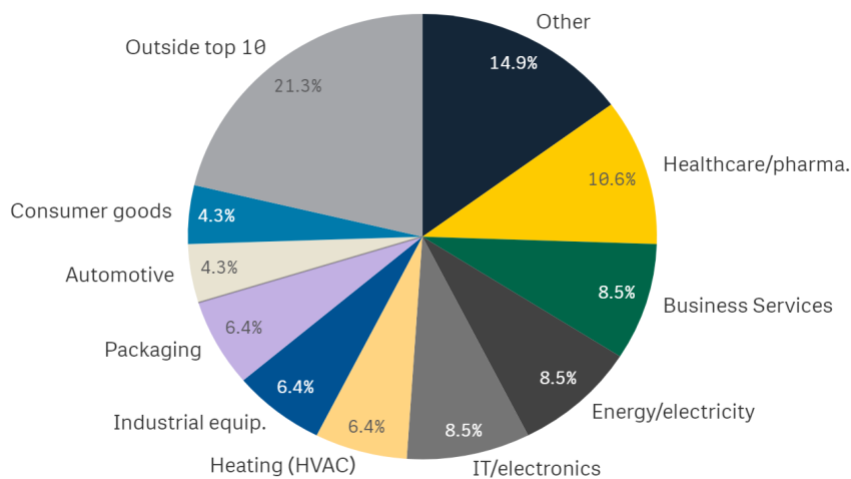
Swedish companies continue to look toward the UK as a crucial stepping stone on their expansion journey

The number of newcomers to the UK market remains encouragingly high. This year, 30 per cent of respondents indicated that they had established operations in the UK since the start of 2018. These new entrants into the UK market are following a well-trodden path for Swedish companies. Indeed nearly 4 out of every 10 respondents to this year's survey indicated that their company had entered the UK market more than 22 years ago.

Swedish companies' sustained will to internationalise throughout a multitude of significant changes and shocks, including the financial crisis of 2008, Brexit, the Covid-19 pandemic and recent geopolitical insecurities, point to the robustness of the UK as a global business platform. Additionally, the UK's strategic location and strong trade links with both European and global markets further enhance its appeal. Swedish companies recognise the opportunities presented by the UK's extensive network of trade agreements, including with the EU, and its position as a gateway to global markets. Nevertheless, Brexit, of course, represented a significant shift for Swedish companies that used to trade with the UK as part of the single market and customs union, as company responses below on trade barriers negatively affecting their operations in the UK still indicate in this year's survey results.

Overall, despite recent changes and geopolitical uncertainties, Swedish companies continue to view the UK as a reliable and resilient market. The UK is not only an attractive arena for selling products and raising capital, it is also a market with high innovation within a variety of sectors. This demonstrates the country's ability to adapt and thrive in the face of challenges, making it an attractive destination for Swedish businesses looking to expand their international footprint.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THE UK?



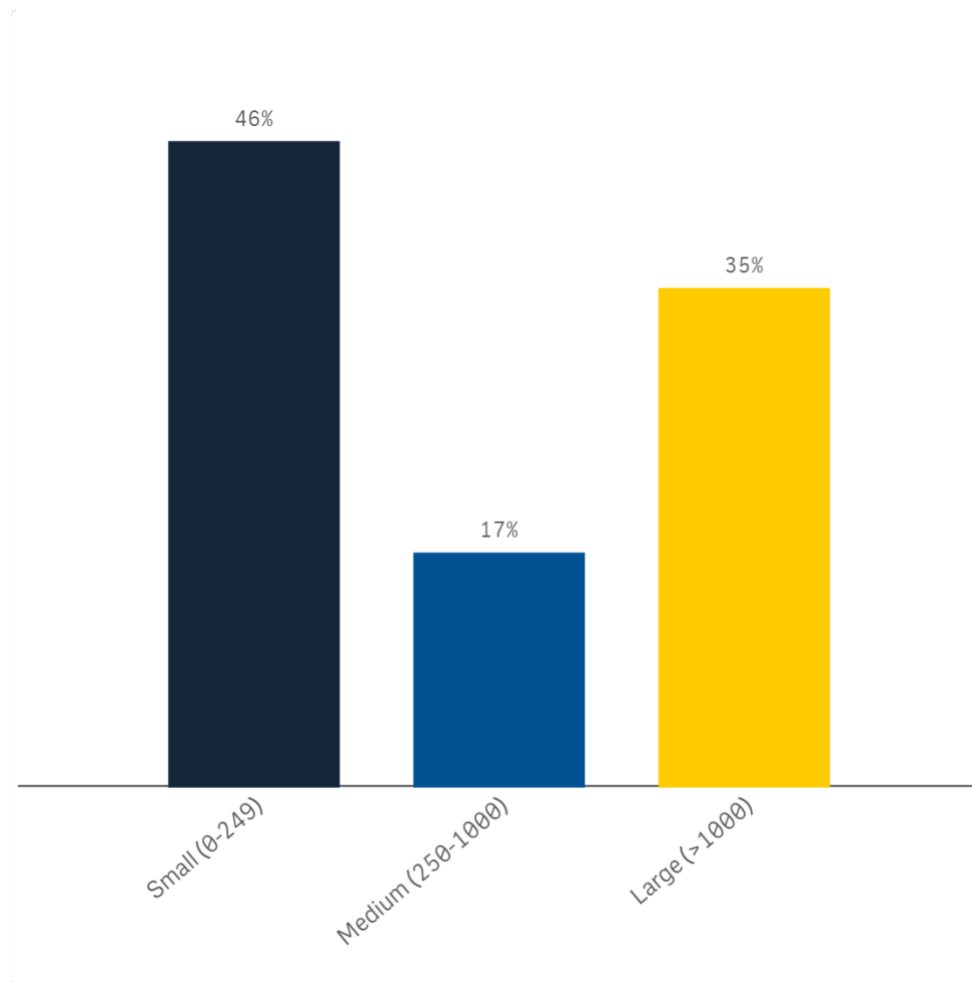
NOTE: The number of respondents for this question was 47. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

As one may expect from two mature and diversified economies, a plethora of industries are represented by Swedish companies in the UK. It is worth noting that the proportion of companies identifying 'Business Services' as their main industry (a category which includes a wide range of activities that support other businesses in their operations, including professional services such as consulting, legal, accounting and marketing, as well as technology services, outsourcing and facility management) has more than doubled since the previous iteration of this survey.

In addition, the rise in the number of companies identifying 'Business Services' as their main industry indicates the expanding need for specialised expertise and support in various sectors. As businesses strive to stay competitive and navigate complex challenges, they increasingly rely on external service providers to enhance their operations, optimise processes and drive growth.

SWEDISH FIRMS' GLOBAL NUMBER OF EMPLOYEES IN THE UK IN 2024



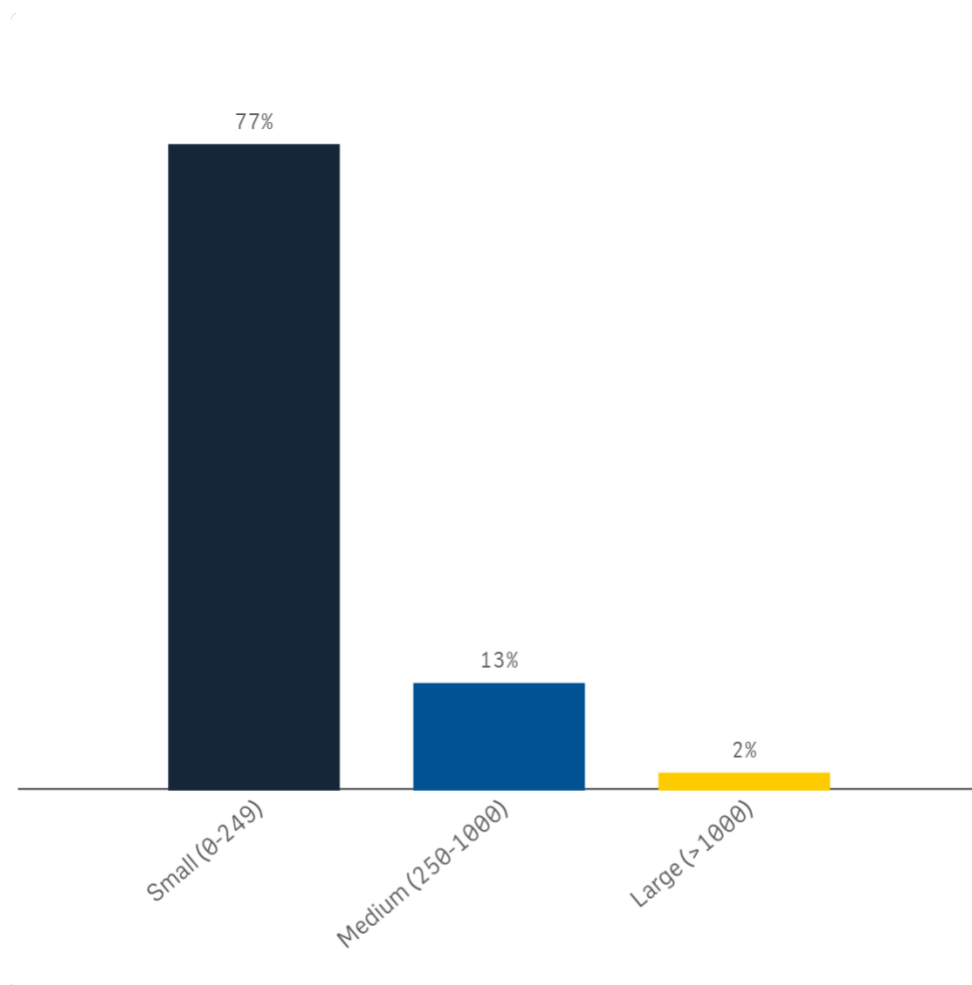
NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

The UK's success is due to an eclectic mix of companies of various sizes and diverse backgrounds, which operate across a wide range of industries. Large and long-established companies are crucial for the maintenance of the UK's economic output and a large swathe of jobs. As such, the fact that 15 per cent of respondents represent a company of over 250 persons is a testament to the maturity of the British-Swedish trade relationship.

Furthermore, it is particularly encouraging to see a large share of responses from companies of a smaller size (0-249 employees). The high share of Swedish Small and Medium-sized Enterprises (SMEs) present in the UK market could be indicative of the supportive business environment offered by the UK for new businesses, including by, in some cases, being able to take advantage of government-backed incentive programmes. One example of this is the start-up loans offered by the British Business Bank, as well as initiatives and support schemes from the UK's national innovation agency Innovate UK, which support businesses to develop and realise the potential of new ideas through funding and research collaboration. Additionally, there are trade associations which offer support for small businesses. Moreover, it is important to note that Team Sweden in the UK, specifically Business Sweden and the Swedish Chamber of Commerce for the UK, offer a significant catalogue of support for smaller companies to facilitate their entry and subsequent growth in the UK market.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE UK IN 2024



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Swedish businesses are viewing the business climate in the UK with renewed buoyancy

To properly reflect upon the results received in this year's survey, it is crucial to understand the responses in relation to the business climate in previous iterations. In 2020, responses were collected following the advent of the Coronavirus pandemic and an unsurprising 42 per cent of companies viewed the business climate as negative.

As the global economy 'opened up' further, the results received inevitably pointed to a renewed sense of optimism among those surveyed. Indeed, in 2021, less than 20 per cent of companies indicated that they perceived the business climate in the UK as 'very poor' or 'poor', suggesting an uptick in optimism following the initial difficulties of the Covid-19 pandemic. In 2022, Swedish respondents perceived the UK business climate very positively, with only 11 per cent of companies considering it as 'poor'. Moreover, 61 per cent of respondents in the same year perceived the business climate as 'very good' or 'good'.

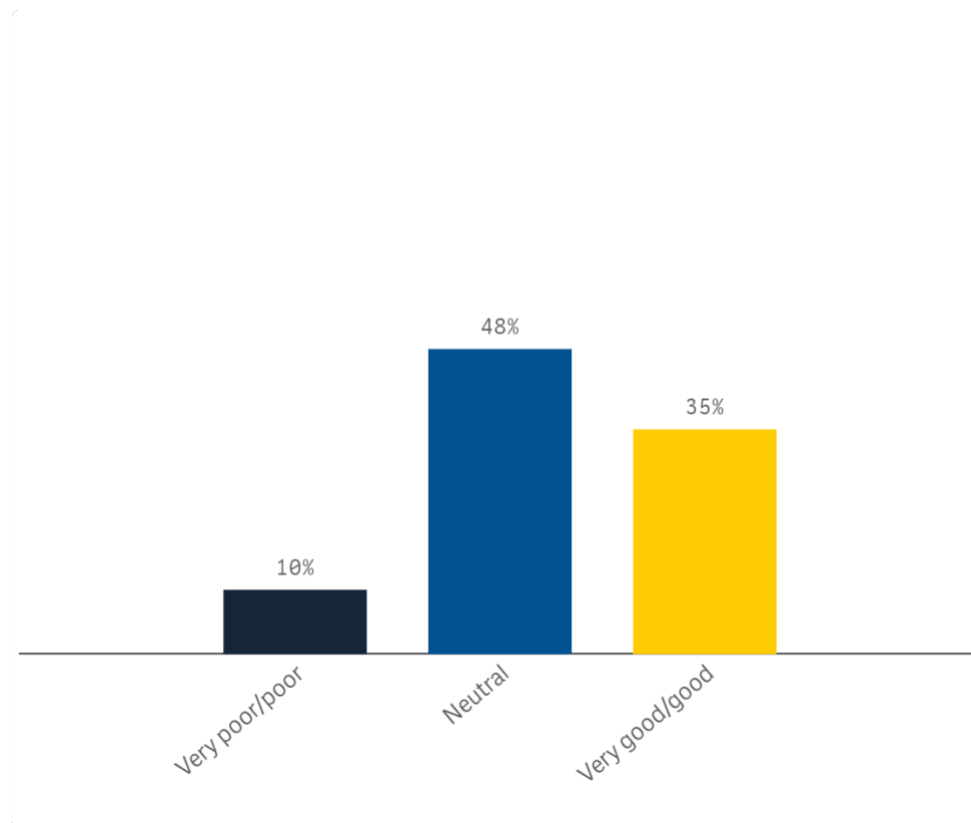
In 2023, the picture changed dramatically. Here, only 34 per cent of respondents viewed the UK business climate as 'very good' or 'good', pointing to a decrease of 27 percentage points in this indicator between 2022 and 2023. It is therefore encouraging to note the particularly positive 2024 results, where only 1 in 10 respondents are of the sentiment that the current business climate is

either 'very poor' or 'poor'. Namely, 35 per cent of respondents were particularly satisfied with the current business climate, opining that it is 'very good' or 'good'.

The past decade in the UK has been marked by a variety of economic and political changes, including the UK's exit from the EU, the effects of the Covid-19 pandemic and the impact of Russia's invasion of Ukraine. In this ever-changing environment, it is not particularly surprising that Swedish businesses have had varying perceptions of the UK business climate in an ever-changing environment. For that reason, it is broadly encouraging to see that Swedish businesses operating in the UK are rather robust and able to withstand shifting and more turbulent conditions.

In summary, while the resurgence of optimism in the 2024 survey results is indeed welcome, it underscores the resilience and adaptability of Swedish businesses in the face of evolving challenges. By navigating the intricacies of economic turbulence, regulatory changes and wider geopolitical shifts, these enterprises exemplify the agility and foresight required to thrive in a dynamic business environment.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE UK?



NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Swedish companies find distributors, personal safety, and service providers particularly favourable in the UK

When considering what makes for a successful business environment in the UK, there are, of course, a multitude of contributing factors. This survey asked Swedish companies to evaluate the

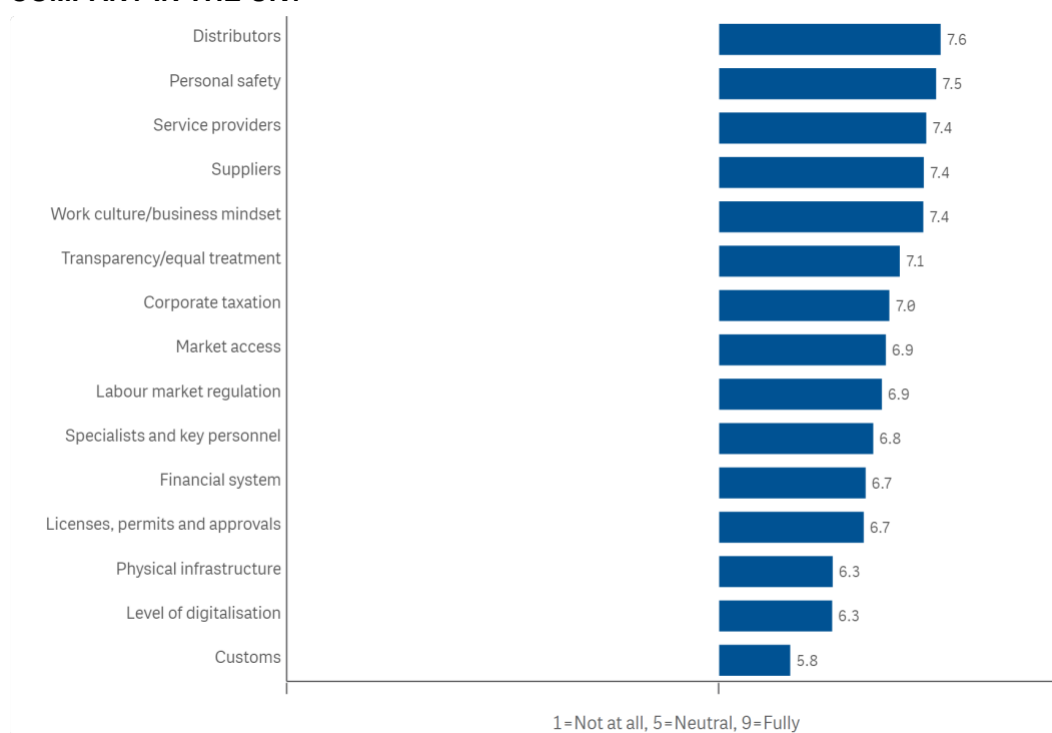
extent to which certain conditions meet their needs in the UK market. The results point to an effervescent sentiment among respondents. Positively, all 15 indicators received either the same or a higher score than in 2023.

Regarding overarching themes, it is evident that Swedish companies are benefitting from utilising sales partners such as distributors, service providers and suppliers. As such, it is crucial that Swedish companies are aware of the different types of sales agents available to them when expanding into a new market and consider which vehicles they operate through while responsibly managing their risk appetite.

In addition, it is encouraging to see small but certain improvements in the categories for customs, as well as licenses, permits and approvals. While it is the case that the UK's EU-exit has necessitated a range of changed conditions in terms of the movement of goods and people, the below results are indicative of greater knowledge among the Swedish business community regarding handling their business affairs in the UK post-Brexit. Moreover, the wide offering of assistance to companies (including via e.g. the EUR 5.4 billion Brexit Adjustment Reserve funds) has undoubtedly resulted in improved support options and outcomes for many Swedish companies present in or looking to the UK market.

In addition to the above conditions, the results illustrate room for improvement in the categories of Physical Infrastructure and the Level of Digitalisation in the UK. Indeed, the UK's professional services industry is certainly not a tale of one city but rather a story rooted in a national context; for example, two-thirds of the nearly 2.5 million people who work in financial and related professional services are based outside London. In addition, large companies including HSBC, PwC and Amazon have sought to expand their UK footprint outside London, while the UK Government's Places for Growth programme has relocated over 18,000 civil service roles from London across the UK to cities such as Leeds, Manchester and Glasgow. Moreover, initiatives including the Glasgow City Region Deal and the Greater Manchester Infrastructure Framework 2040, point towards a ravenous appetite for infrastructure investment in the coming decades across the length and breadth of the UK.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN THE UK?



NOTE: The number of respondents for this question was 48.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Having navigated new uncertain contexts created by Brexit, Swedish companies are now more robust than ever and ready to thrive in the UK

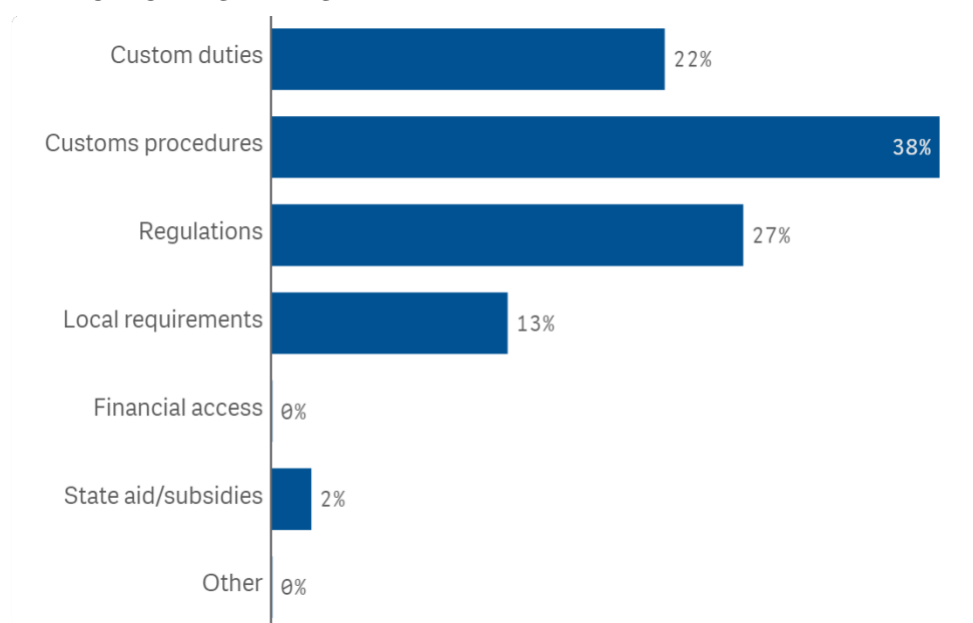
While this year's results on trade barriers encountered in the UK indicate that Swedish companies continue to face challenges associated with custom procedures (38 per cent) and associated duties (22 per cent), regulations (27 per cent) and local requirements (13 per cent), it is certainly encouraging that some of these numbers have seen a decline since last year.

In terms of customs, this is an improvement from the 2022 results of 44 per cent (customs procedures) and 29 per cent (customs duties). However, we note that the proportion of companies encountering trade barriers in the area of regulations has remained stable (27 per cent) and with regard to local requirements has risen slightly from last year's figure (eight per cent). Still, the wider trend strongly indicates that Swedish companies are increasingly adapting to new trading- and border control requirements following the UK's exit from the EU single market and customs union.

In terms of competition policy after Brexit, it is interesting to note a small share of only two per cent of company respondents considering that state aid or subsidies constitute a negative trade barrier to their operations in the UK, down from six per cent last year. This may at least in part be connected to further clarity and increased awareness regarding the UK's post-Brexit system to regulate the award of business subsidies since the start of the new subsidy control regime in January 2023.

Having previously contended with increased costs and delays, companies have needed to adapt key tenets of their operations to thrive in this new context. Furthermore, these new circumstances have given rise to the reassessment and, in some cases, the restructuring of supply chains to maintain efficiency. In fact, we have observed that following Brexit and the Covid-19 pandemic, some companies are adopting more localised or regionalised supply chains or diversifying their supplier base. This could be with the purpose of bolstering their preparedness against future disruptions while ensuring a more stable inter-market flow of goods and services.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN THE UK WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 48.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

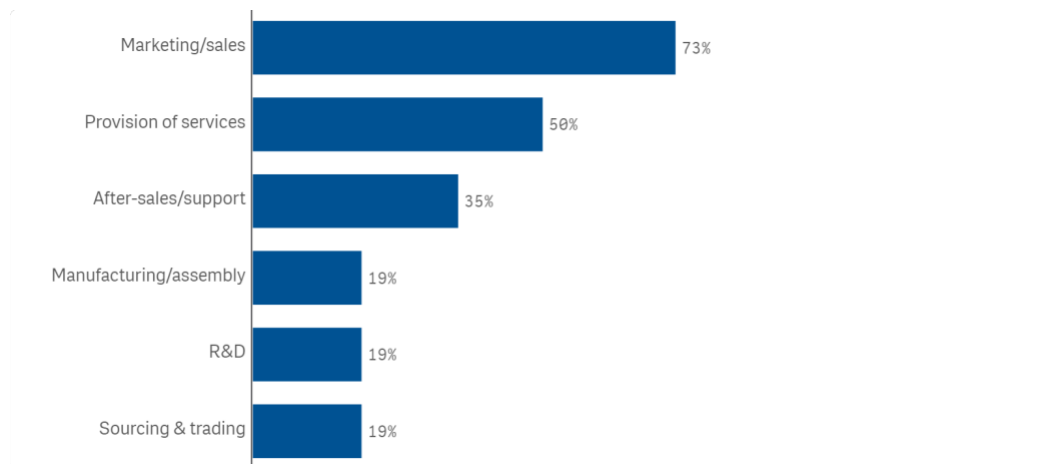
HOW SWEDISH COMPANIES SUCCEED IN THE UK

Swedish companies maintain a well-rounded offering in the UK

For 73 per cent of respondents this year, marketing and sales form the key part of their local operations in the UK. Other prominent operational areas include the provision of services (50 per cent) and after-sales or support (35 per cent). While it is in these most consumer-centric functions that respondent Swedish company representatives in the UK focus their operations, it is pleasing to see that nearly 1 in 5 Swedish companies engage in research and development (R&D) in the UK.

Both Sweden and the UK are host to world-class universities, and in last year's bilateral Strategic Partnership Agreement, the UK and Sweden stated a joint intention to 'strengthen collaboration regarding research infrastructure for science and innovation, ranging from large-scale facilities to environments for testing and demonstration'. To facilitate these ambitions, it is, of course, welcome that an Office for Innovation and Science opened at the Swedish Embassy in London in January 2022. Moreover, it is certainly possible that factors including the Swedish entry into NATO and the UK's readmittance into Horizon Europe (the EU's key funding programme for research and innovation) will provide more fertile opportunities for R&D collaboration going forward.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

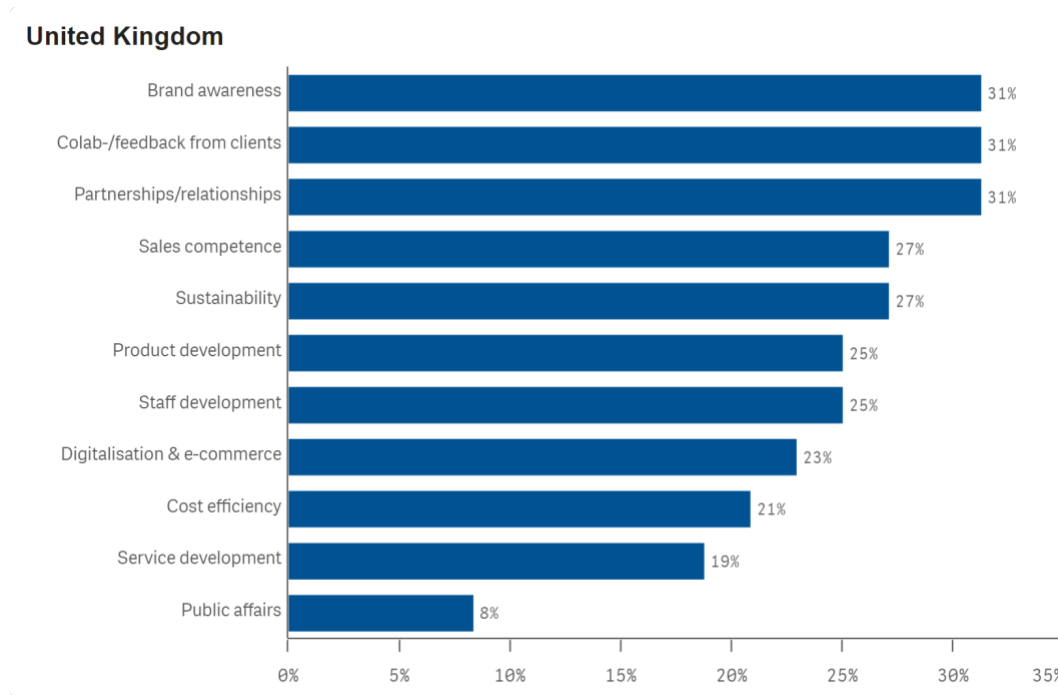
Building strong relationships is essential for Swedish companies wanting to maintain competitiveness in the UK

Robust relationships are fundamental for Swedish companies wanting to succeed in the UK market. In the survey results, the three main areas identified as being the most important in maintaining competitiveness all align closely with relationships; be it between brand and consumer, or between

partners. In an open free-market economy such as the UK the importance of brand awareness cannot be understated.

On the other hand, public affairs scored comparatively low by respondents in this specific survey as an area of importance in maintaining competitiveness in the UK. While this may be the case at present among respondent companies, it is crucial to note the growing importance of public affairs as a vehicle to doing business in an increasingly complex policy and regulatory environment. In the context of 2024 being a unique year for democracy with around 1.5 billion people heading to the polls (most likely, including in a UK General Election), public affairs offer opportunities for effectively identifying and leveraging opportunities while mitigating risks.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN THE UK?



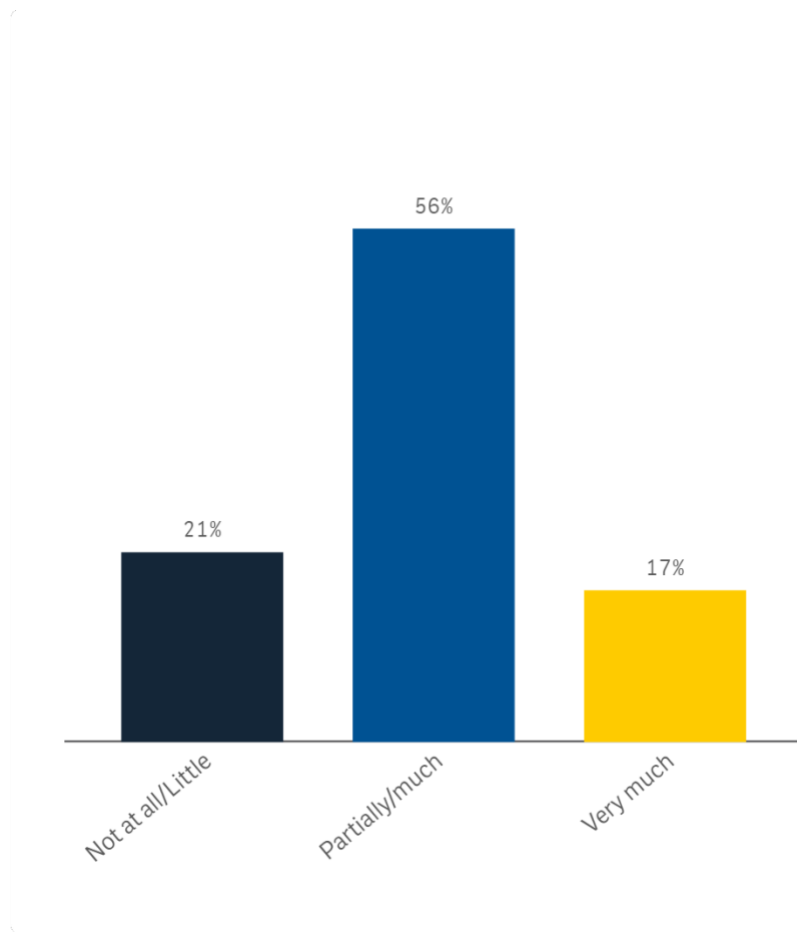
NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

The Swedish brand continues to be an important contributor to success in the UK

The success of Swedish brands in the UK can be attributed to several factors that have continued to shape their growth. Firstly, Swedish companies have maintained their reputation for high-quality and well-designed products, aligning with the preferences of UK consumers. Additionally, the Swedish approach to business, characterised by innovation, sustainability and social responsibility, has continued to resonate well with the values of UK customers.

According to this year's survey results, the positive influence of the 'Swedish Brand' on business in the UK has continued to be broadly stable; 73 per cent of respondents believe that the brand has contributed 'very much' or 'partially / much' to their business in the country. While this represents a decrease from the previous year (82 per cent), the results remain very positive. This is indicative of the importance of nation-branding and soft power – two areas where both Sweden and the UK traditionally excel globally. As such, it is undoubtedly clear that the 'Swedish brand' is an extremely effective tool for Swedish companies to deploy in the UK market.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN THE UK?



NOTE: The number of respondents for this question was 48. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Swedish brands have also continued to invest in effective marketing strategies to raise awareness and build a strong brand presence in the UK. In essence, they have adapted their products and services to suit the needs and preferences of the UK market while maintaining their unique Swedish identity.

Having a local presence in the UK remains crucial for Swedish companies, in order to enhance their brand image through more effective customer engagement and increased brand recognition. Moreover, an office or operational base in the UK allows Swedish companies to network with local businesses, potential partners and industry associations, further strengthening their position in the local market.

Overall, the continued success of Swedish brands in the UK is a testament to their unwavering commitment to innovation, sustainability and an excellent understanding of consumer demands and trends. Swedish businesses operating in the UK have demonstrated that a combination of quality products and effective marketing can lead to significant success across sectors in a competitive market.

ACTING SUSTAINABLY

Swedish businesses overwhelmingly believe that their customers are now taking environmental considerations into account more than ever

More than 90 per cent of respondents of this year's survey reported that their customers take environmental considerations into account when making purchasing decisions. Only two per cent posited that their customers only take environmental concerns either 'not at all' or 'a little' in their decisions. This is a marked increase compared to last year's survey, where only 79 per cent of respondents opined that their customers take environmental considerations into account during their purchasing decisions at least partially. Amid ever more evident illustrations of the severity of the climate crisis, Britons are more inclined toward sustainability and environmental stewardship, which is increasingly reflected in their buying behaviour according to the results received.

However, it is important to note that the cost-of-living crisis and high inflation have added cost pressures to consumers. This is evidenced in recent findings from the Office for National Statistics (ONS), who in January 2024 reported that around 6 in 10 UK adults are spending less on non-essentials due to cost-of-living increases. Although manufacturers and service providers have been seen to produce environmentally friendly products and offerings, company respondents pointed to a need for a more holistic change to ensure sustained and large-scale adaptations on the part of the buying public.

There is a clear appetite among company respondents for more significant movement from the UK government. One respondent posited that 'each brand is working in isolation' and that 'there is no initiative to co-ordinate all healthcare, cosmetics or medical waste to ensure that it is sustainably treated' and that such an initiative would 'ideally come from government'. Other respondents pointed to the work already undertaken by the UK government, as exhibited through the testimony of another respondent who believes that 'the government's battery strategy was a step in the right direction, but there is much more to do. Giving consumers mixed signals on EVs certainly did not help.'

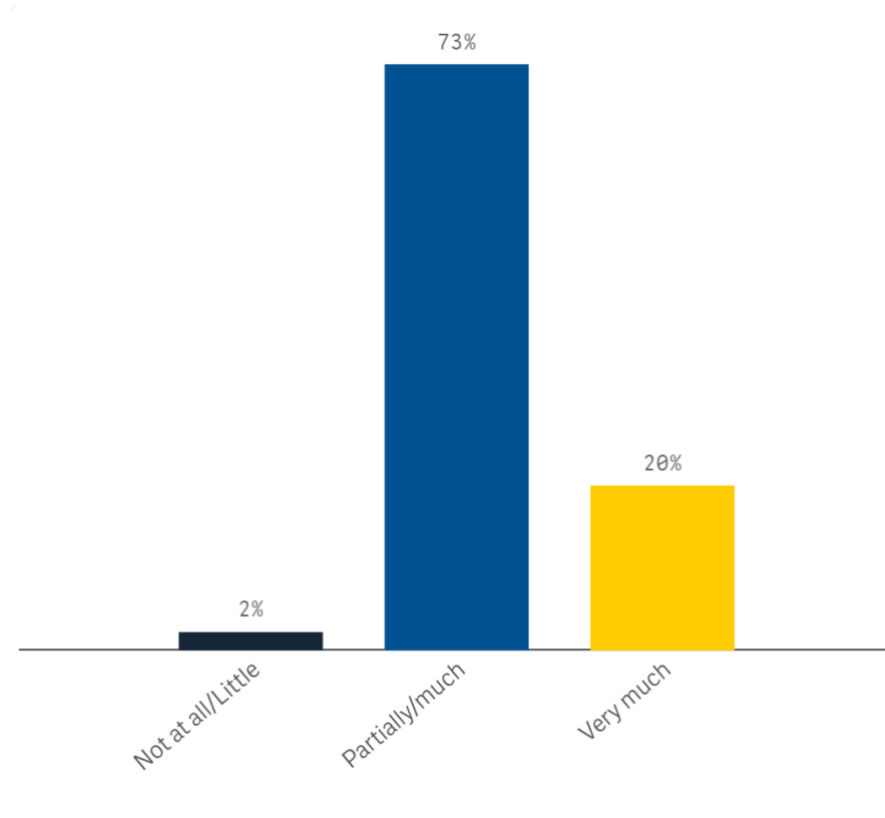
Indeed, there is some palpable fragmentation between central political decision-makers regarding sustainability in the UK. For example, the extension of the *Ultra Low Emission Zone (ULEZ)* to areas surrounding London in 2023 created polarisation among politicians in the UK, suggesting priorities for legislation and regulation affecting sustainability still vary significantly among politicians and other key stakeholders. In addition, policies and initiatives have inevitably needed to adapt to a new reality in terms of European energy security following Russia's invasion of Ukraine, as well as connected energy price inflation and cost-of-living pressures.

Positively, Swedish companies are willingly increasing their commitment to sustainability. One respondent pointed to their production of digital magazines contributing to a reduced need for pulp, paper, and transportation. Another company mentions conforming to ISO quality management certifications to meet certain obligations, while simultaneously using these certifications as markers of their sustainable credentials when vending to customers. Indeed, this is in line with the Swedish Government's 'Strategy for Sweden's trade, investment, and global competitiveness', which notes that 'demanding environmental requirements have contributed to innovation and competitiveness for Swedish businesses.'

Despite this, numerous respondents bemoaned the difficulty in convincing customers to pay more for sustainable goods and services. Indeed, some companies are far more pessimistic in their analysis, with one suggesting that 'decisions are made on a commercial basis with sustainability perceived as being less important' and another testifying that 'when talking to companies very few [companies] seem to really focus on sustainability and have a clear plan for the future.'

Team Sweden UK looks forward to continued monitoring of this area going forward, including in future surveys. This is particularly important given the role of sustainability for the green transition and companies' long-term competitiveness, as well as increased expectations and sustainability requirements on Swedish businesses from changed legislation and regulation.

TO WHAT EXTENT DO CUSTOMERS IN THE UK CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 44. "Don't know/Not applicable" responses are included but not shown in figure.

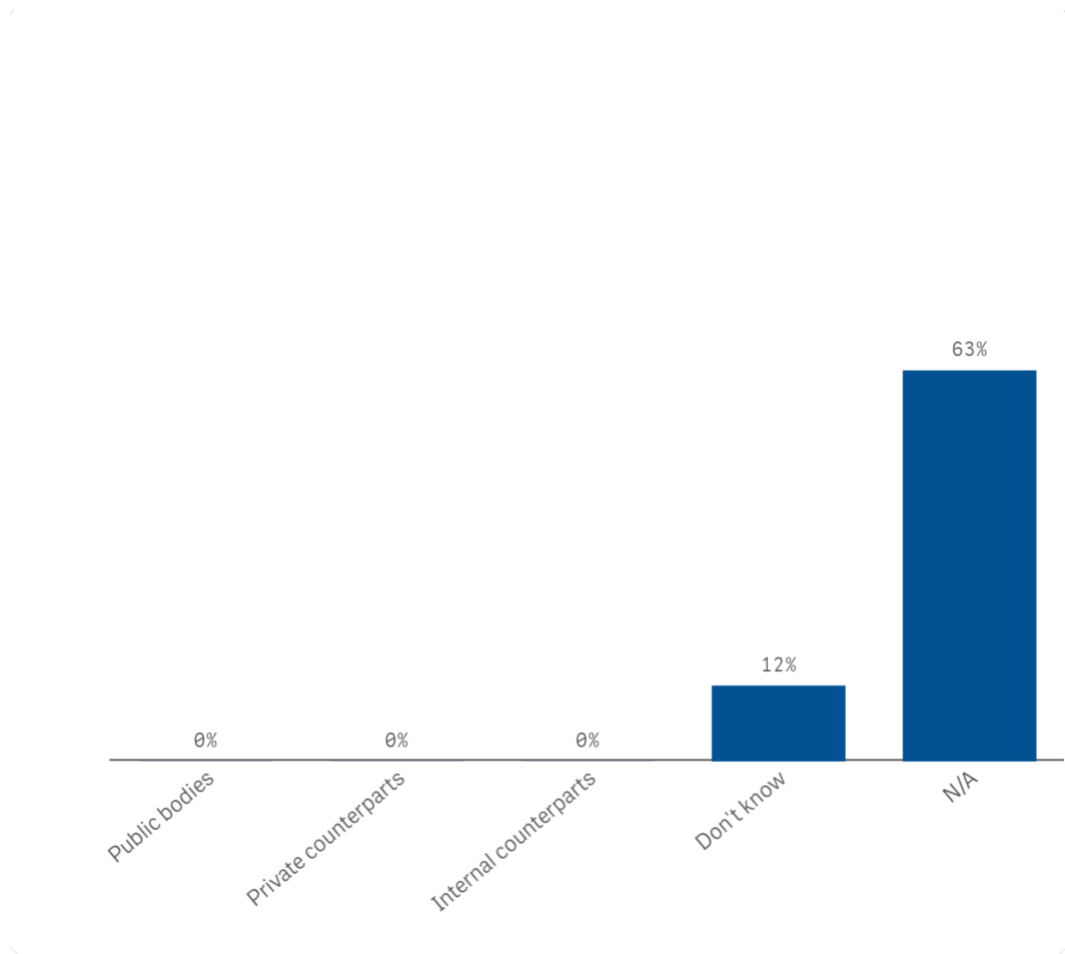
SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

Swedish firms have not been exposed to corruption in the UK, however further education may be required to properly identify risks

At 65 per cent, most survey respondents regardless of company size, industry and length of time in the UK reported unanimously that they were not exposed to corruption such as attempted bribery or fraud. However, some companies (12 per cent) responded that they 'don't know' if their company has been exposed to corruption when doing business in the UK. This may signal that some respondents are not confidently able to identify indicators of corruption or potential corruption, which points to a need for enhanced and regularly updated education for companies to improve their ability to identify and respond to corruption and associated activities.

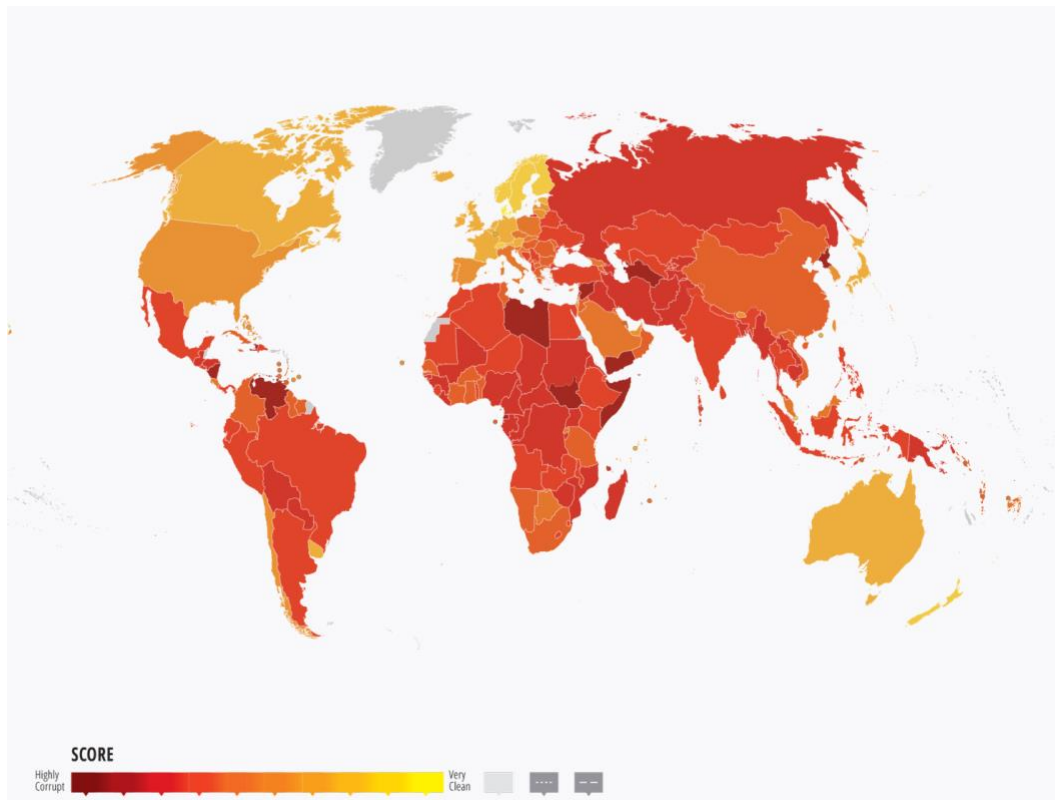
The results received in this year’s survey further indicate that those who ‘don’t know’ whether their company in the UK has been exposed to corruption has halved from 26 per cent to 13 per cent, compared to last year. While impressive, this result is rather unsurprising considering the 2023 Corruption Perception Index (CPI) results from Transparency International, where the UK ranked 20th out of 180 countries globally (Sweden, meanwhile, ranked even higher as 6th on the CPI). First launched in 1995, the CPI ratings are published annually, ranking countries worldwide based on their perceived levels of public sector corruption. The UK and Sweden have both remained consistent in their results since 2018, a situation which is not anticipated to change in the near future.

HAS YOUR COMPANY IN THE UK BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 36. “Don’t know/Not applicable” responses are included in the figure
 SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

CORRUPTION PERCEPTION INDEX 2023



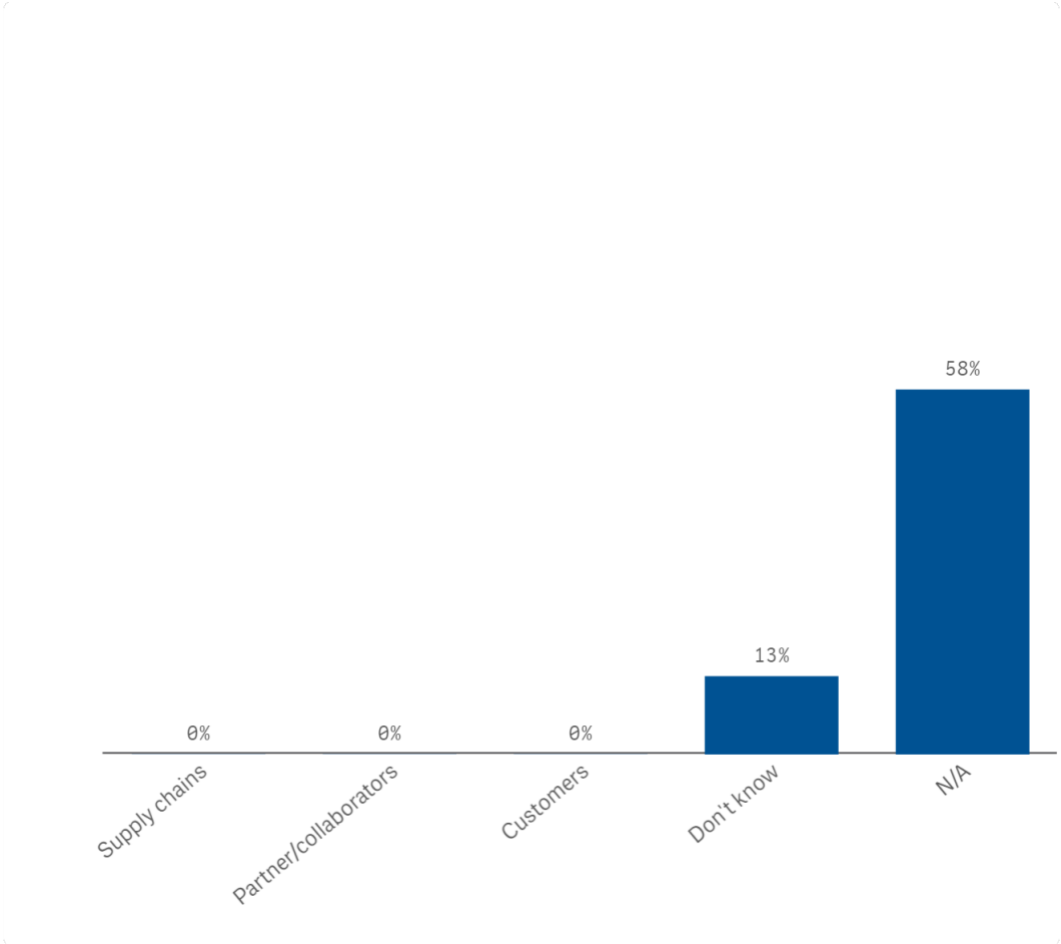
NOTE: Corruption Perception Index 2023
SOURCE: Transparency International.

There is no perceived risk of human rights abuses by Swedish companies operating in the UK

It is unsurprising that the risk of encountering human rights violations in the UK within the three categories (Supply chains; Partner/collaborations; Customers) was deemed to be nil. The figure is consistent across sectors, firm size and length of time in the UK, and has furthermore been consistent in all previous iterations of this survey since 2020.

However, as above we note that some respondents (13 per cent) suggest that they did not know if they had encountered any form of human rights violations and/or labour rights abuse in any areas. This may be a cause of concern given growing expectations on businesses in relation to their value chains, because of Swedish, UK, EU, and international legislations. This includes e.g. modern slavery and forced labour in supply chains – an area where, for example, the UK government has consulted on strengthening legal provisions in the 2015 Act. Therefore, it is important that individuals are aware of what constitutes human rights violations and labour rights abuses so that they can confidently identify this. Similarly to corruption risks discussed above, this may suggest a need for strengthened education efforts within companies.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN THE UK?



NOTE: The number of respondents for this question was 48. Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2024.

