



Sweden  
Sverige



# BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN GERMANY 2024

A REPORT FROM TEAM SWEDEN IN GERMANY

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# FOREWORD

In the past year, Sweden and Germany have felt the effects of numerous economic developments and geopolitical tensions. These include economic recession, a weak Swedish currency, and Russia's ongoing war against Ukraine, the latter triggering persistently high energy prices. The war on Ukraine also contributed to Sweden's decision in 2022 to apply for NATO membership, and Sweden officially became a member of the NATO Alliance on 7 March 2024, strengthening both Sweden's and NATO's security.

German Federal Chancellor Olaf Scholz expressed his support for Sweden's NATO membership from an early stage, underlining the strength and depth of Swedish-German relations. Germany, the cornerstone of Europe's economy and one of Sweden's closest partners in the EU, continues to be Sweden's primary trading partner.

A publicly visible expression of this close relationship was H.R.H. Crown Princess Victoria of Sweden's address to the German Bundestag in November 2023. Her speech was given during the official ceremony on the German National Day of Mourning, emphasising the historic ties between our nations and strong bond between our people.

Swedish-German relations have further been reinforced this past year by the signing of a joint letter of intent on deeper defence cooperation between Sweden and Germany by the Swedish Minister of Defence, Pål Jonson and his German counterpart, Boris Pistorius. Furthermore, an updated Strategic Innovation Partnership between the two countries was signed by Federal Chancellor Olaf Scholz and Prime Minister Ulf Kristersson in May 2024, enhancing and broadening close bilateral cooperation. The partnership was, for the first time, extended to also include defence, security, and space technology.

The fifth edition of the Business Climate Survey in Germany reflects on the developments and aims to deepen the understanding of Swedish companies on the German market and their experiences. The survey explores key success factors and strategies used by Swedish companies in response to market dynamics and recounts some of the events organised by Team Sweden Germany (the Swedish Embassy, Business Sweden, and the Swedish Chamber of Commerce) over the past year.

This year's report shows signs of the challenges experienced by Swedish companies in Germany. For the first time in several years, there was an increase in the share of respondents who perceive the business climate in Germany to be worse compared to the previous year. Moreover, within the sample of companies, fewer are planning to increase their investments on the German market. Nevertheless, the Swedish brand continues to contribute positively to the companies' business activities in Germany.

Finally, much gratitude is extended to all survey participants for their valuable insights in shaping this fifth Business Climate Survey in Germany. Particular thanks go to Georg Niebch, Managing Director at Axflow, Fredrik Almcrantz, Managing Director at EWAB Engineering and Andreas Reiß, Director Sales & Customer Service at PostNord, whose insightful interviews further nuanced the survey results. Team Sweden Germany is proud to continue to strengthen the relationship between Germany and Sweden and to support Swedish companies' growth in Germany.



**Veronika Wand-Danielsson**  
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# EXECUTIVE SUMMARY

~1,500

Swedish-owned  
companies/entities  
active in Germany



## Business Climate

25%

Good/Very good

Very poor/poor (13 per cent) – Neutral (49 per cent)



## Profitability

61%

of respondents  
enjoyed a  
profitable 2023



## Investments

39%

of respondents plan to  
increase their investments  
compared to last year



## Turnover

55%

of respondents expect  
their industry's turnover to  
increase in 2024



## Advantages of the market

- Stable financial system
- Favourable infrastructure
- Access to vast market of 83 million consumers



## Disadvantages of the market

- Low level of digitalisation
- Bureaucracy and regulations
- Decentralised nature of Germany



# ABOUT THE SURVEY

## The majority of survey respondents are small sized companies

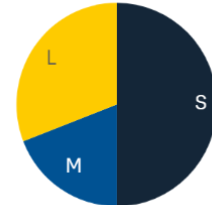
Launched in 2020 as a global initiative by Team Sweden, the Business Climate Survey serves as an important tool that provides insights from Swedish companies on the business environment across 23 markets globally. Drawing insights from Swedish enterprises that have established their presence on the local market, the survey maps the opportunities and challenges encountered by Swedish companies on their respective markets.

Germany remains Sweden's largest trading partner and continues to be a popular market among Swedish firms looking to expand and grow their global sales. With access to a sizable population, a large consumer base, and well-established business clusters, it is estimated that more than 1,500 Swedish-owned enterprises have set up business entities on the German market. However, as described in last year's survey, it is worth noting that, among the estimated 1,500 Swedish-owned entities active in Germany, some are affiliated to identical parent companies, while others are German enterprises which have been acquired and are now privately owned by Swedish companies. As a result, the estimated number of Swedish companies carrying out operations and economic activities in Germany falls below 1,000.

This year, for the fifth year in a row, the survey was conducted by Team Sweden in Germany between February and March 2024. With the joint efforts of Business Sweden, the Embassy of Sweden in Germany, and the Swedish Chamber of Commerce, 137 responses were collected.

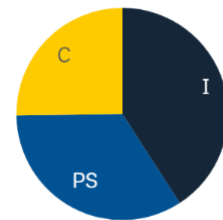
Half of the respondents (50 per cent) represent small enterprises with a global employee size of fewer than 250 employees. Medium-sized enterprises with 250 – 100 employees and large-sized enterprises with more than 1000 employees account for 19 per cent and 31 per cent of respondents respectively. When considering industry composition, results are segmented into three principal categories: industrial, professional services and consumer goods, with the largest share of companies (41 per cent of respondents) active within industrial sectors. In addition, the majority of the surveyed companies have been active on the German market for a sufficient amount of time to be considered either experienced (2003-2018) or mature (-2002), with only 15 per cent of the companies being newcomers (2019-) to Germany. Finally, the respondents of this year's survey are geographically dispersed throughout the country, with the majority of Swedish firms locating their German entity headquarters in Nordrhein-Westfalen, closely followed by the federal states of Bayern, Hamburg, Hessen, Berlin, and Baden-Württemberg.

### SIZE OF COMPANIES



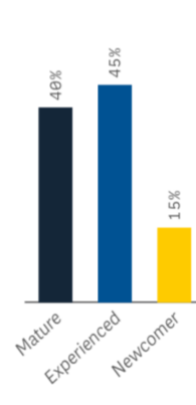
NOTE:  
Small: 0-249  
Medium: 250-1000  
Large >1000

### MAIN INDUSTRY



NOTE:  
Industrial 41%  
Professional services 34%  
Consumer 25%

### AGE OF COMPANIES



NOTE:  
Mature (-2002)  
Experienced (2003-2018)  
Newcomer (2019-)

# ECONOMIC OUTLOOK

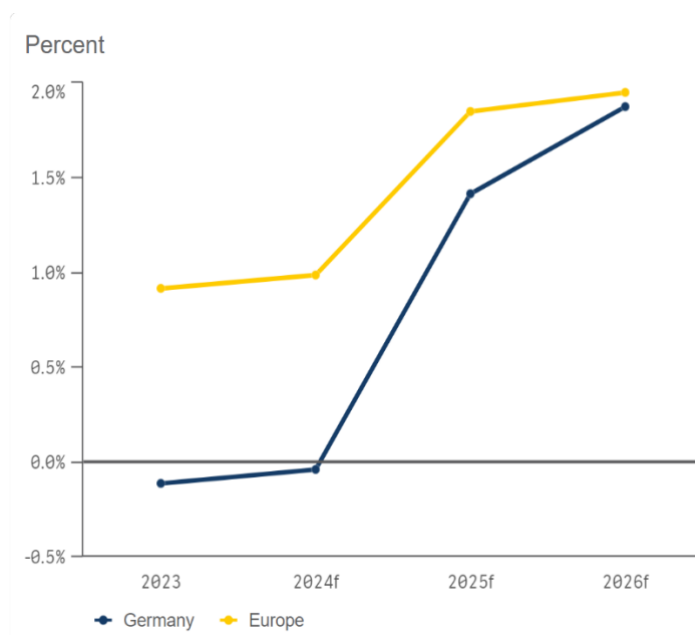
## The German economy continues to grapple with the impact of inflation and escalating energy prices

In the past year the German economy has faced serious challenges, and in 2023 the Federal Statistical Office recorded a recession when real GDP declined by 0.2 per cent. Furthermore, the Federal Ministry of Economic Affairs and Climate Action outlined that high energy prices, high interest rates, and the lasting impact of inflation have led to household consumption decreasing by 0.8 per cent compared to the previous year, and government spending decreasing by 1.7 per cent.

Looking ahead, the economic outlook for 2024 is cautiously optimistic, including a gradual decrease in inflation as noted by the Harmonised Index of Consumer Prices. Inflation has declined from its highest peak in October 2022 to 2.2 per cent in March 2024, and experts anticipate that this trend will continue until inflation reaches the 2 per cent target of the European Central Bank. Forecasts of German GDP show greater variation: experts including Andrew Kenningham, Chief Europe Economist at Capital Economics, predict zero GDP growth: *“The recent drop in inflation may offer some relief for households, but we anticipate contractions in residential and business investment, a significant downturn in construction, and tightened fiscal policies by the government”*. The International Monetary Fund in comparison predicts the German economy will grow by 0.2 per cent during 2024 and 1.3 per cent in 2025, while Dr. Geraldine Dany-Knedlik, Head of Forecasting and Economic Policy at the German Institute for Economic Research, has released a more modest prediction of 0.6 per cent growth in 2024 and 1.0 per cent during 2025. Despite these forecasts of growth, reactions from German industry are concerned: Georg Niebch, Managing Director, Axflow, part of the Axel Johnson Group, who was interviewed for this survey, commented *“The latest growth forecast by the IMF is very low for the largest economy in Europe and quite frightening”*.

In conclusion, experts and practitioners on the German market hold varying views and expectations of the economic outlook, with a majority remaining cautious and anticipating modest growth for 2024, with prospects for accelerated growth in 2025.

### PROJECTED GDP GROWTH IN GERMANY



NOTE: Constant prices.

SOURCE: Oxford Economics, March 2024

## 61% of the surveyed Swedish companies reported a profitable year in 2023

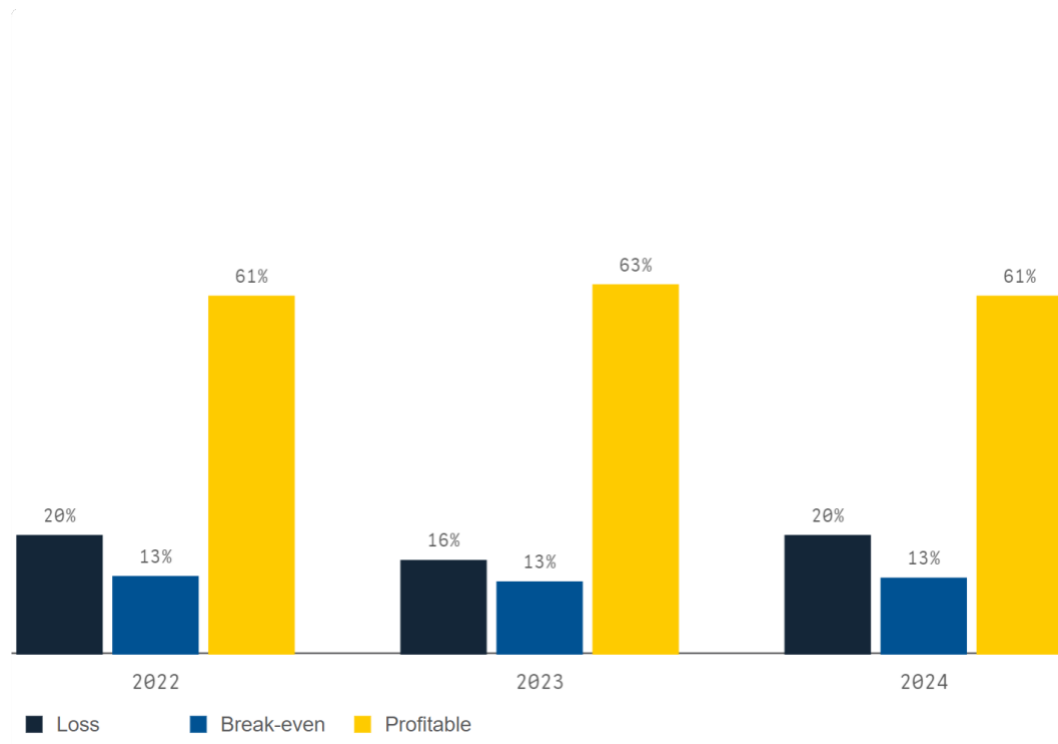
Sixty-one per cent of respondents in this year's Business Climate Survey reported a profitable year in 2023: while this marks a slight decrease from 63 per cent in 2022, it remains consistent with the results from 2021, indicating ongoing stability and profitability in the market.

Breaking down financial results by company size, 77 per cent of the survey's medium-sized enterprises (250 to 1,000 employees) reported a profitable 2023, the highest segment in comparison to large- and small-sized firms, with just eight per cent of these medium-sized enterprises reporting a negative financial performance. In comparison, 67 per cent of large firms (more than 1,000 global employees) reported profitable financial results. Small-sized enterprises experienced more difficulties, with 26 per cent reporting a loss and 53 per cent a profitable 2023.

When examining differing sectors where respondents are active, 66 per cent of both the consumer goods and industry sectors reported a profitable 2023, whereas the professional services sector lagged slightly behind at 49 per cent. Of professional services companies, 26 per cent also reported a loss, slightly higher than the 21 per cent reported by the other sectors.

When considering the relationship between the length of time that companies have been established on the market and their financial performance, a significant portion (73 per cent) of mature enterprises reported profitability and only 10 per cent reported losses. As perhaps to be expected, newcomer enterprises faced greater challenges, with 35 per cent reporting negative and 45 per cent profitable financial results, while 59 per cent of experienced firms maintained profitability. In summary, the proportion of respondents enjoying a profitable year remains consistent, showing only slight variation from previous years.

### HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN GERMANY IN 2023?



NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

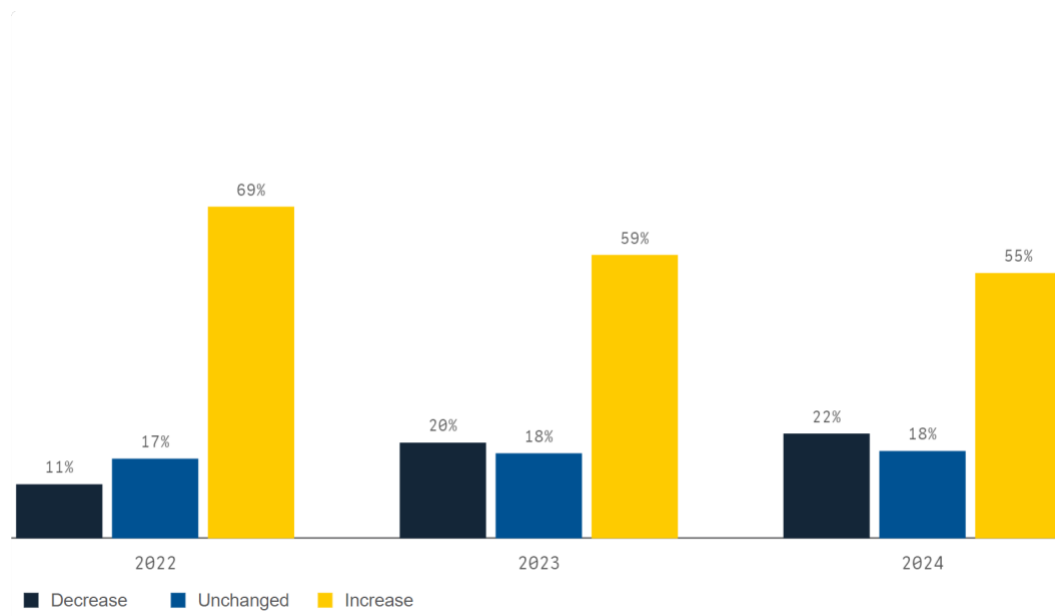
## Swedish companies view expected industry turnover for the coming 12 months with increased caution

Around half (55 per cent) of respondents anticipate a positive development in their industry turnover over the next 12 months. Although this result is to be welcomed when considering it in the context of previous years' results, a trend of decline is to be observed with an overall decrease in 15 percentage since 2022. In addition, the proportion of respondents anticipating a decline in turnover has seen a slight increase, rising from 20 per cent in 2023 to 22 per cent in 2024.

Findings are consistent across company sizes, with 57 per cent of small, 58 per cent of medium, and 50 per cent of large enterprises anticipating an increase in industry turnover. Furthermore, medium-sized enterprises make up the majority of respondents who project a significant increase in turnover. Across different sectors, the professional services sector showed the highest anticipation for a significant turnover increase in the next 12 months. However, expectations in the consumer goods sector are less optimistic, with 31 per cent of respondents foreseeing a decrease in industry turnover.

These results can be attributed to various factors, a significant factor being energy prices. Georg Niebch, Managing Director at Axflow, gave further insights: *“Our clients in the chemical industry are facing challenges due to the high energy prices. This has dampened production and put a pause on new investments and reinvestments, and led to lower aftermarket needs.”* However, he also stated that other industries such as *“the food and beverage industry (within processing) is quite a stable business”* and as a result has not been as affected.

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



NOTE: Decrease and increase represent aggregations of slight/significant development changes. “Don't know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.



## Majority of respondents will either increase or maintain the same levels of investment in Germany

When asked to evaluate their investment plans in Germany for the coming 12 months, 39 per cent of enterprises indicated that they plan to increase investment levels, in comparison to 46 per cent in 2023 and 56 per cent in 2022. However, despite this finding, it is important to keep in mind that the same percentage – 39 per cent of respondents – plan to keep their investment plans unchanged, with a smaller share of 17 per cent considering a decrease in investment.

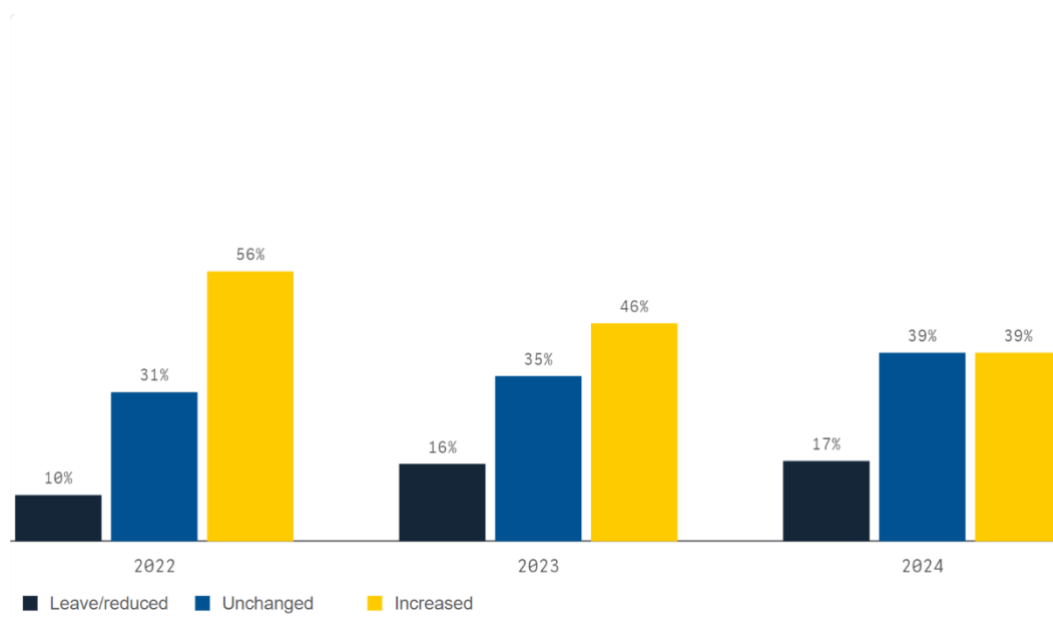
The professional services segment is characterised as the sector most inclined to increase investments, whereas the industrial sector has the highest proportion (15 per cent) of firms who are considering exiting the German market altogether. In comparison, no respondents within the consumer goods sector are contemplating such a move and only three per cent of respondents who are active in the professional services sector.

Fifty per cent of established firms plan to increase investment and around 30 per cent of both mature and new entrants expressed similar intentions. On the opposite end of the scale, 30 per cent of new entrants are planning to significantly reduce investment levels and 10 per cent of mature companies are considering exiting the market.

This cautious attitude was highlighted in an interview with Fredrik Almcrantz, Managing Director at EWAB Engineering, an industrial automation company, who stated that the automotive industry in Germany remains important but notes a shift in investments to other markets. *“We see clear trends that some car manufacturers are moving part of their production to other countries. However, the decision makers are still based in Germany, so it is still a very relevant market.”*

High energy prices were also noted as a further reason for hesitancy among Swedish companies to increase investments. In his interview for this survey, Georg Niebch, Managing Director Axflow, emphasised that energy prices are considerably higher in Germany than other European markets, partly due to Russia’s war on Ukraine which in turn impacted energy prices, ultimately reducing growth in Germany by 2.5 points in 2023, according to the German Institute for Economic Research (DIW).

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



NOTE: Reduced and increased represent aggregations of slight/significant development changes. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

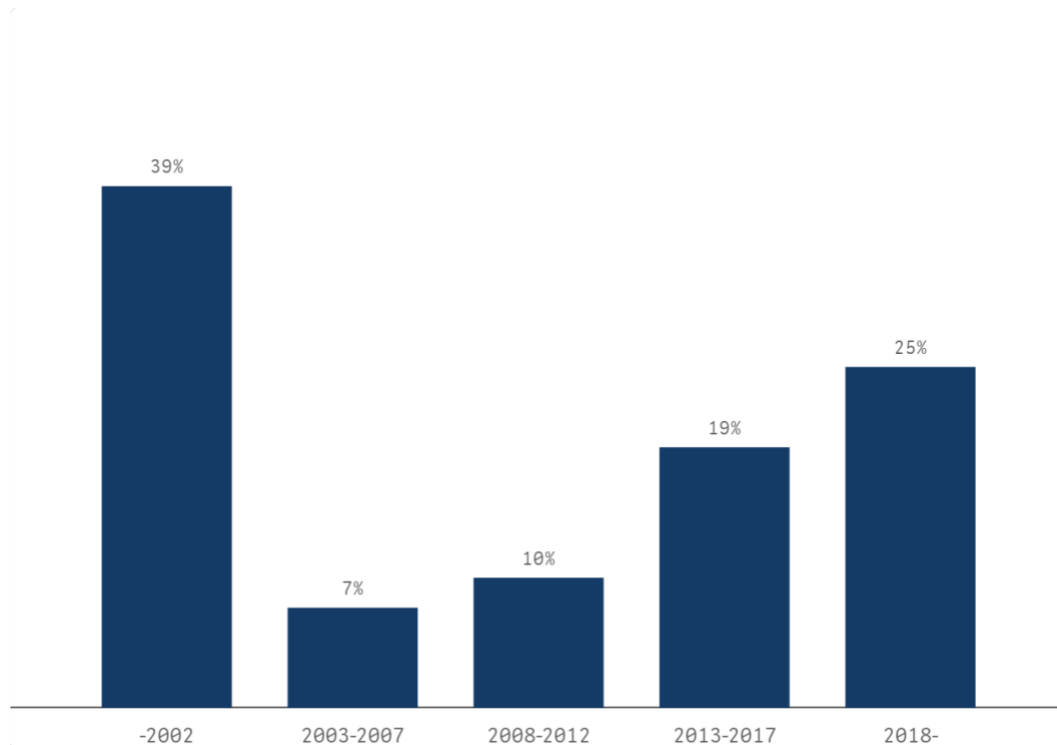
# THE MARKET

## Swedish firms continue to recognise the growth opportunities available in the German market

As the third-largest economy globally and the largest in Europe, Germany holds a crucial role as Sweden's primary trading partner. In fact, The Swedish National Board of Trade reported that in 2023, 10.5 per cent of Sweden's exported goods were shipped to Germany, and 16.4 per cent of Sweden's imported goods originated from Germany. Germany's stable financial and political systems, coupled with its strategic position in Europe, make it an attractive destination for Swedish businesses, often marking it as their first choice for expansion beyond the Nordic region.

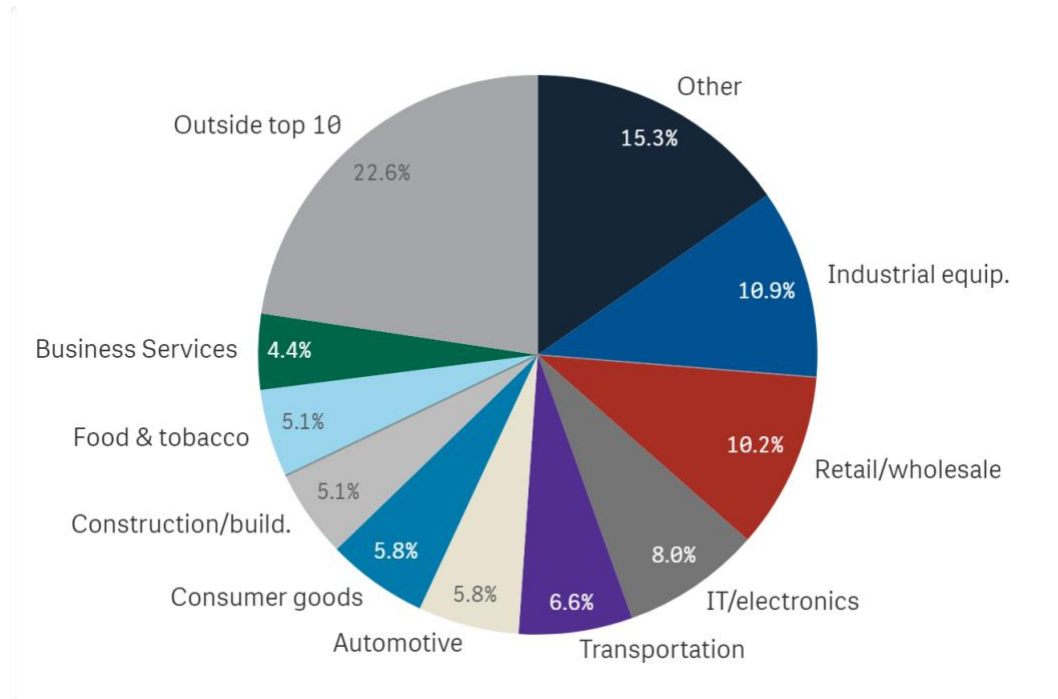
This year's survey reflects the broad appeal of the German market for Swedish enterprises, with respondents spanning over ten different industries. The largest share of respondents (11 per cent) work within industrial machinery, followed by retail and wholesale with 10 per cent, IT and electronics with nine per cent, and transportation with seven per cent, among others. Furthermore, this year's survey predominantly features respondents representing companies established in the market since 2002 or earlier. Twenty-five per cent of the firms entered the market after 2018, highlighting the adaptability of Swedish firms in the German market.

### IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN GERMANY?



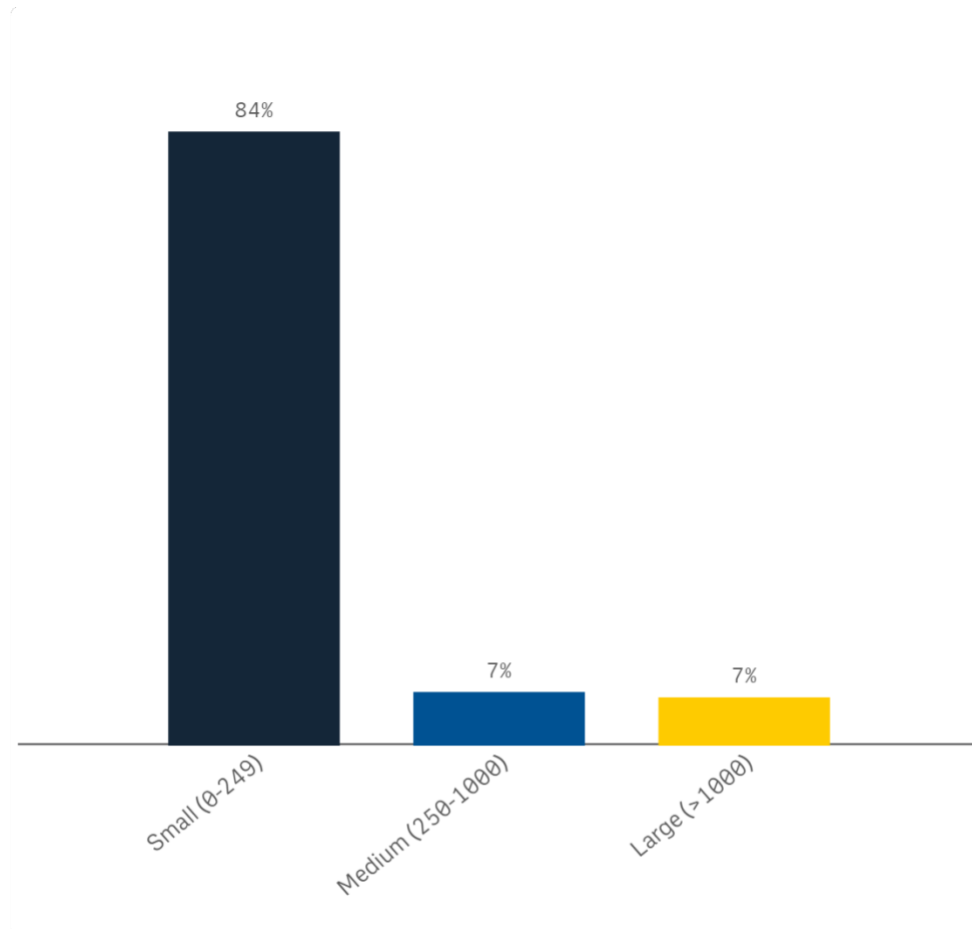
NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

**WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN GERMANY?**



SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

**SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN GERMANY IN 2024**



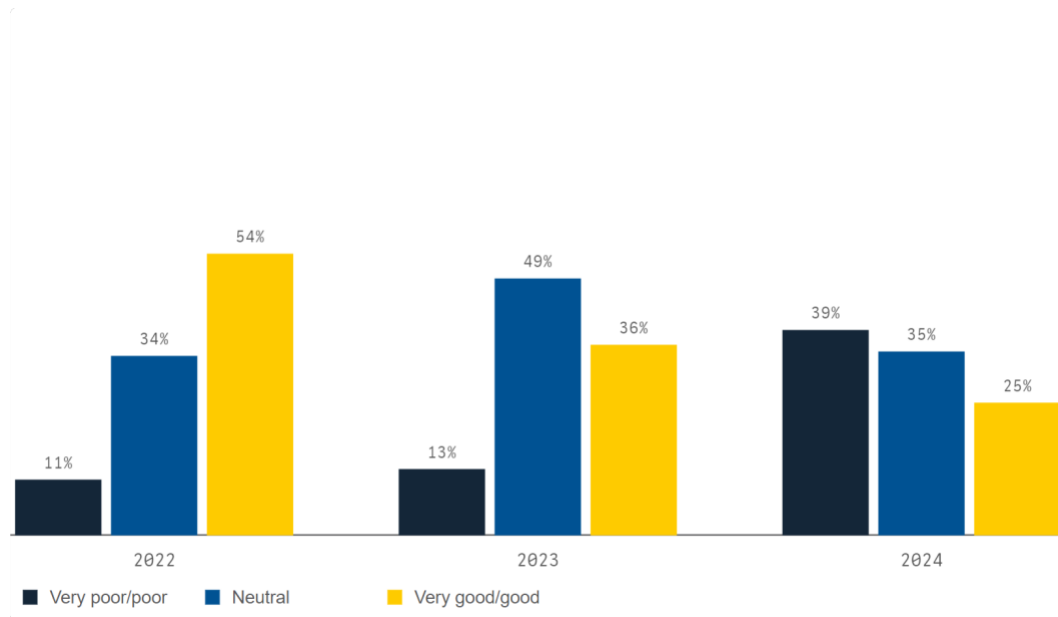
NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## The challenging economic conditions of recent years are reflected in increasingly negative perceptions of the business climate in Germany

This year's survey reveals that Swedish companies are viewing the business climate in Germany less favourably in comparison to previous years. The proportion of respondents who perceive the climate as very good/good has significantly decreased from 54 per cent in 2022 to 36 per cent in 2023, and further dropped to 25 per cent in this year's survey. A stark increase in negative perceptions was also observed as the percentage of respondents who view the climate as very poor/poor increased from 13 per cent last year to 39 per cent in 2024.

These shifts can be attributed to several factors which have contributed to a challenging economic climate, including the war on Ukraine, high inflation, elevated energy costs, shifts in governmental policies, and budget adjustments. Georg Niebch (Managing Director Axflow) commented on the current business climate in Germany that: *“We are not worried, but the situation could be much better if there was a different economic policy.”* Geopolitical factors are also impacting the business climate as mentioned by Andreas Reß, Director Sales & Customer Service at PostNord, *“Fear of war, driven by developments in Ukraine, but also in the Middle East, is also unsettling consumers in Europe and leading to a reduction in purchasing behaviour.”*

### HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN GERMANY?



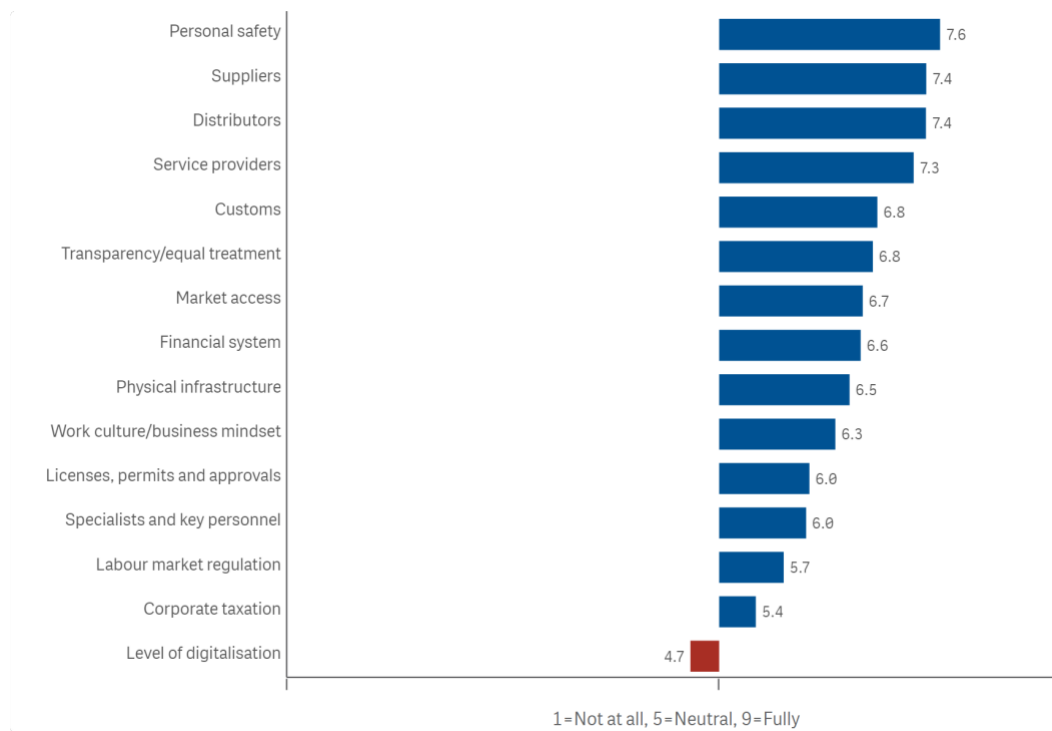
NOTE: “Don’t know/Not applicable” responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## A longstanding trade barrier in Germany remains low levels of digitalisation

When considering how well the German market meet respondents’ needs, it is noticeable that several of the conditions are integral to the success of a partnership, including presence of suppliers, distributors, and service providers. That respondents have ranked these conditions so highly is indicative of the many thriving partnerships between Swedish and German stakeholders. In addition, the high ranking of personal safety reflects Germany’s reputation as a safe country.

A low level of digitalisation, a longstanding characteristic of the German market, is the only condition to fall on a negative scale. However, Germany has made efforts to address this issue. The Federal Government introduced its Digital Strategy in 2022 to foster a more digitised country and business climate. The strategy aims to enhance digitalisation across all sectors and is divided into three fields of action: Connected and digitally sovereign society, Innovative economy, work, science and research, and Learning, digital government.

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



NOTE: The number of respondents for this question was 137. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## Numerous trade barriers impact Swedish companies, affecting impressions of the German business climate

Despite the appeal of the German market, entering as a foreign enterprise can be complex and costly. Last year's Business Climate Survey described numerous challenges experienced by Swedish companies, including low digitalisation, complex bureaucracy and language barriers, in addition to several factors which have negatively impacted the economy, including lasting aftereffects of the Covid-19 pandemic, the war on Ukraine, high energy prices and high inflation. In the past year, further challenges have been added to this list including, national strikes, talent acquisition difficulties, and the Swedish currency fluctuations. This collection of challenges has likely contributed to the lower perception of the business climate in Germany among this year's respondents, with only 25 per cent rating it as very good/good.

Exploring these challenges in greater detail: although in comparison to other nations, Germany is not renowned for extensive strikes, notable strikes and disruptions garnered significant during the past year, particularly those affecting Deutsche Bahn and Lufthansa. International headlines were furthered centred around strikes in the agricultural segment by farmers, which at one point involved farmers and their tractors lining major roads and cities across Germany, bringing regular traffic and business to a halt. The widespread impact of the strikes was capitalised upon by the far-right in Germany, adding to pressures already felt by the ruling coalition in Germany.

A challenge whose effects are felt perhaps more immediately by respondents is that of talent acquisition, in particular the difficulty in locating and recruiting individuals with the required skillset. This is often cited as the primary obstacle faced by companies operating in the German market, and the German IFO Institute has reported that in 2024 36.3 per cent of German companies are facing a shortage of qualified workers. Two further challenges mentioned in hiring talent was lack of relevant work experience and salary expectations: the salary level is generally higher in Germany than in Sweden. This becomes clear when Swedish firms are recruiting talent and means that they may find themselves constrained by budgetary considerations. Consequently, Swedish companies may be compelled to offer lower salaries than those offered by their German counterparts, impacting their competitiveness on the labour market.

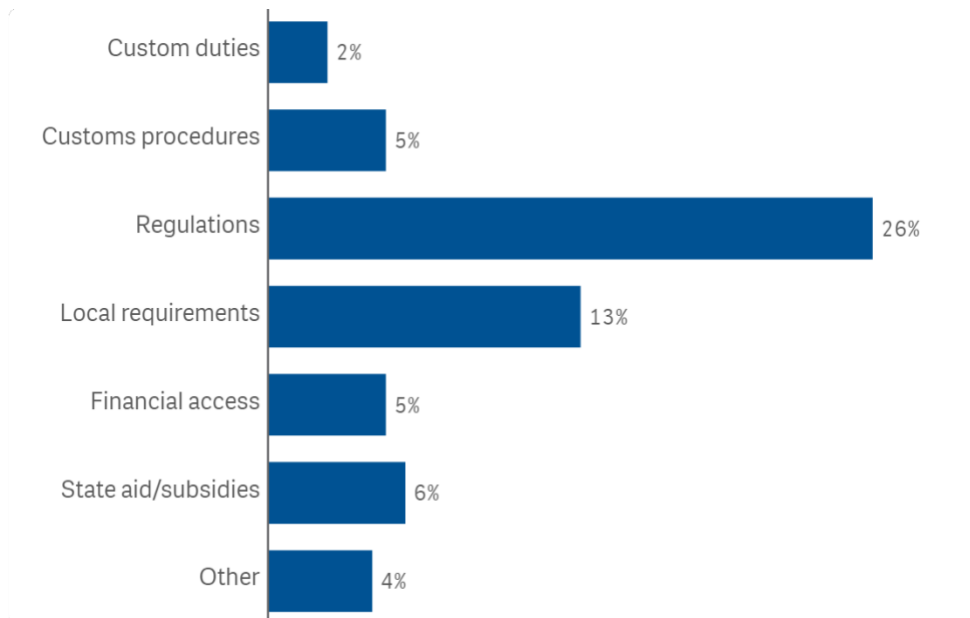
Another factor that has affected Swedish exports in the last year is the impact of the weakened Swedish currency (SEK) and Swedish firms and consumers experienced how the depreciating SEK impacted their purchasing power in currencies like the Euro. Despite a rebound of the currency in the fall of 2023, the SEK has once again reached a low point. However, it is important to note that in the Business Climate Survey, 60 per cent of respondents when asked reported that the SEK to Euro fluctuations have not impacted their business significantly. However, 16 per cent of firms mentioned that it affects the cooperation between the subsidiary and parent company and selected companies stated that it influences their decision-making on a global level.

Further trade barriers are often caused, either directly or indirectly, by Germany's fragmented market structure. Germany is made up of 16 federal states and 11,000 municipalities, with regulations and systems often varying between states. Complying with regulations implemented at both national and state level therefore pose challenges for Swedish companies, something highlighted by respondents as the principal trade barrier they face on the German market. In addition to extensive regulations, Germany has high levels of bureaucracy, which can be time-consuming and resource-intensive to navigate. Navigating Germany's complex bureaucracy can be time-consuming and resource intensive. Fredrik Almcrantz, Managing Director, at EWAB Engineering states, *"From a Swedish perspective there are large differences between operating a company in Sweden and Germany. Doing business in Germany comes with a lot of administrative work ..., which is time consuming and costly."* In addition to complex bureaucratic processes, data protection laws ensuring compliant processing of personal data are strictly enforced on the German market, in accordance with the European General Data Protection Regulation (GDPR). Compliance with these laws can be challenging for businesses, given their precise enforcement.

Exploring these trade barriers in the context of specific sectors, the healthcare sector, and the electric vehicle (EV) market are noteworthy for their complex regulations. The German healthcare reimbursement system can be challenging and time-consuming to navigate for Swedish firms and Eichrecht, the calibration law within the EV market which sets standards for measurement instruments, has also been reported by Swedish firms to be intricate.

While the above-mentioned trade barriers present challenges for Swedish enterprises, as one company in the survey mentioned, although the market can be complex and time-consuming to enter, it has a lucrative potential and therefore remains a very important market for them. In other words, the German market plays an important role for Swedish companies and these market challenges may also serve as growth opportunities.

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



NOTE: The number of respondents for this question was 137.  
 SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

# TEAM SWEDEN IN GERMANY

## Some examples of events organised by Team Sweden in the past year

### TEAM SWEDEN PAVILION AT AGRITECHNICA

Between the 12<sup>th</sup> and 18<sup>th</sup> November 2023, Team Sweden presented a Swedish pavilion of innovative technologies at Agritechnica for the first time. Agritechnica is the world's leading trade fair for agricultural machinery in Hannover and attracts 470,000 visitors and 2,800 exhibitors from across the globe. The theme for the fair was Green Productivity, addressing the challenges and opportunities of future-oriented agricultural technology.

In collaboration with Agtech Sweden, Business Sweden had the pleasure of showcasing Swedish agricultural technologies and innovations with the aim of securing a resilient, efficient, and sustainable food supply. The Team Sweden Pavilion was represented by ten innovative Swedish Agtech companies, The Swedish Board of Agriculture, and other partners.

During the week, several events were arranged at the pavilion, including the official inauguration, networking, and spotlight sessions. Officials and experts including Katarina Szécsi Ásbrink, Head of Communication, Economy and Culture, Swedish Embassy to Germany, Johan Holmlund, Business Sweden's Trade Commissioner to Germany, and Karolina Muhrman and Per Frankelius, Agtech Sweden's Chief Initiative Officers discussed the importance of trade and collaboration between Sweden and Germany, and how Swedish Agtech innovation can strengthen a more sustainable food supply and productivity, while Volvo Penta's previous CEO, Heléne Mellquist and incoming CEO, Anna Müller discussed their transition journey to net-zero.



Katarina Szécsi Ásbrink, Embassy and Johan Holmlund, Business Sweden alongside Karolina Muhrman and Per Frankelius, Agtech Sweden at the official inauguration



Swedish pavilion at Agritechnica



## SWEDISH-GERMAN BUSINESS DAY

On 17<sup>th</sup> November 2023, another successful Swedish-German Business Day was held in Frankfurt. Swedish-German Business Day is an annual collaborative effort by Team Sweden, comprising a Business Summit during the day and a Gala Dinner in the evening. This year's theme centred around collaboration in the healthcare sector and was hosted by Getinge at their experience centre. The participation of leading MedTech companies significantly enriched the event, with several compelling keynote speakers offering valuable insights on the subject.

Moreover, a roundtable discussion was attended by H.R.H. Crown Princess Victoria of Sweden, the Ambassador of Sweden to Germany, and other leaders from the Swedish and German healthcare sectors and governments. The conversation focused on addressing cross-border health threats and strategies to tackle them, including discussions on non-communicable diseases.



Participants in the round-table discussion



H.R.H. Crown Princess Victoria of Sweden and President at Getinge, Josef Hinterberger at Getinge Experience Center

H.R.H. Crown Princess Victoria of Sweden also attended the gala dinner in the evening, which was organised in Wiesbaden. During the festive atmosphere of the dinner, the Swedish Enterprise Award was presented to commendable Swedish companies who have successfully established their presence in the German market. The awards have been handed out since 2003 and were awarded during the gala to the following companies in their respective categories:

- Newcomer: Einride
- Medium-sized Company: Espresso House
- Large Company: SAAB
- Investment Award: Bosch
- Honorary Award: Internationella skolorna Düsseldorf



Gala Dinner in Wiesbaden

## MOBILITY INNOVATION FORUM

On 23<sup>rd</sup> January 2024, Business Sweden, in collaboration with the Swedish Embassy and Business Region Gothenburg hosted the second annual Mobility Innovation Forum in Munich in the beautiful setting of Bayerischer Hof. The investment matchmaking event brought together the corporate venture capital arms of some of the largest OEMs and Tier 1s in Germany and mobility-focused venture capital firms with Sweden's most innovative green mobility start-ups for an afternoon of intense discussions, presentations, and networking.

This year's forum focused on the crucial role of the automotive and transportation sectors in driving decarbonisation, a vital part of which is cross-border discussion, collaboration, and investment. Keynote speakers including Andreas Foller, Chief Sustainability Officer at Traton emphasised the need for urgent action against climate change, while Nicolas Steinbacher, Senior Director Strategy and Corporate Development at Northvolt, shared some extremely exciting updates on the battery gigafactory, Northvolt Drei, which is currently being built in Heide.

A vital element of the event was the opportunity for selected Swedish start-ups to pitch their solutions to the panel of German investors, and topics discussed ranged from maritime sustainability to electrified roads, charging infrastructure, and battery circularity. This was followed by a panel discussion which explored in depth the role of venture capital in bridging innovation gaps and in facilitating collaboration between large established players and younger companies. The panellists also shared their insights on favourable innovation conditions, the evolving role of OEMs, and future mobility investment trends, with start-up participants seizing the opportunity to ask valuable questions. Concrete examples of cross-border collaboration were also presented in the case of Milence, the joint venture between Daimler Truck, Traton Group and Volvo Group, as their CFO Wolfgang Brand explained their mission to build and operate 1700 high-performance public charging points in Europe by 2027, thereby accelerating the transition to zero-emission heavy-duty vehicles. The afternoon's agenda was brought to a dynamic close during a final keynote speech from start-up investor and entrepreneur Rikard Steiber.

After a remarkable day of networking and knowledge-sharing, a vibrant dinner was arranged for all participants, featuring a speech from the Ambassador of Sweden to Germany, Veronika Wand-Danielsson. This year's event proved successful once again, as Swedish start-ups forged connections with German OEM and VC investors and opened up valuable discussions on future partnerships.



Mobility Innovation Forum dinner at Bayerischer Hof



Participants in the panel discussion during the Mobility Innovation Forum

## HANNOVER MESSE

This year, Business Sweden led multiple initiatives during and leading up to Hannover Messe, the world’s largest industry fair. Collaborating closely with innovative Swedish companies and business leaders, focus centred on cultivating meaningful engagements, fostering future collaborations, and honouring this year’s fair theme: “Energizing a sustainable Industry”.

Leading up to the fair, Business Sweden, in collaboration with Regional Samverkan, Almi Mälardalen and Exportcenter Väst, hosted a delegation of Swedish companies with the goal of strengthening Sweden’s sustainable export. Over the two days, the delegation conducted site visits to prominent companies in Berlin, including ABB, Siemens Energy, Bayer, and the Bosch IoT Campus to gain insights into innovative industry trends. Other notable highlights included a fruitful mingle event at DI Germany and an enriching visit to Mobility Goes Additive. The delegation concluded by visiting Hannover Messe itself and utilising the fair’s unparalleled networking opportunities with the support of Enterprise European Network (EEN) Sweden.



The Hannover delegation visiting the Training Center of ABB in Berlin



The Hannover delegation visiting Siemens Energy in Berlin

During the fair, the Ambassador of Sweden to Germany Veronika Wand-Danielsson, alongside the Trade Commissioner Johan Holmlund, joined a tour of Swedish and German companies at Hannover Messe, highlighting leaders in energy and innovation. The itinerary included visits to prominent companies such as Powercell Sweden AB, Tele2 IOT, Metacon, Ericsson and Salzgitter.

In addition, Business Sweden had the honour of hosting a panel discussion on Critical Value Chains in the context of Decarbonisation. Moderated by Erica Jaeckel, Business Sweden’s Sustainability Lead in Germany, the panel featured Sven Schreiber from Alfa Laval, Otto Kivi from Stora Enso, and Sweden’s Trade Commissioner to Germany. The conversation provided valuable insights into key initiatives, innovations, and contributions by Swedish companies, underscoring their role in industrial transformation towards achieving climate objectives.



Panel discussion at the Hannover Trade Fair



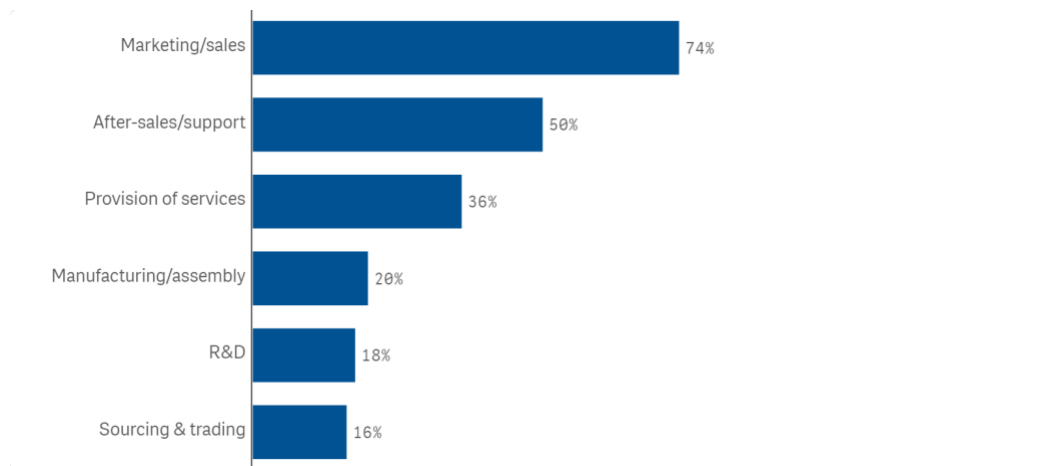
Vice President of the Swedish Chamber of Commerce in Germany, Dr. Maria Wolleh, Christian Pfeiffer, Senior Vice President at Deutsche Messe, the Ambassador of Sweden to Germany, Veronika Wand-Danielsson, alongside the Trade Commissioner Johan Holmlund at the Hannover Trade Fair

# HOW SWEDISH COMPANIES SUCCEED IN GERMANY

## Sales and marketing continue to take centre stage as key operational areas for respondents

As anticipated, given the pivotal role of marketing and sales in forging a strong foothold in a new market, over 70 per cent of respondents prioritise these functions in their local operations in Germany. Additionally, attention is directed towards after-sales support (50 per cent) and service provision (36 per cent). On the other hand, research and development, sourcing and trading, and manufacturing and assembly are given lower priority, each making up around 20 per cent or slightly below. This suggests that Swedish companies are allocating fewer resources towards establishing design centres or manufacturing plants in Germany, opting instead to emphasise marketing and sales.

### OPERATIONS OF SWEDISH FIRMS IN THE MARKET



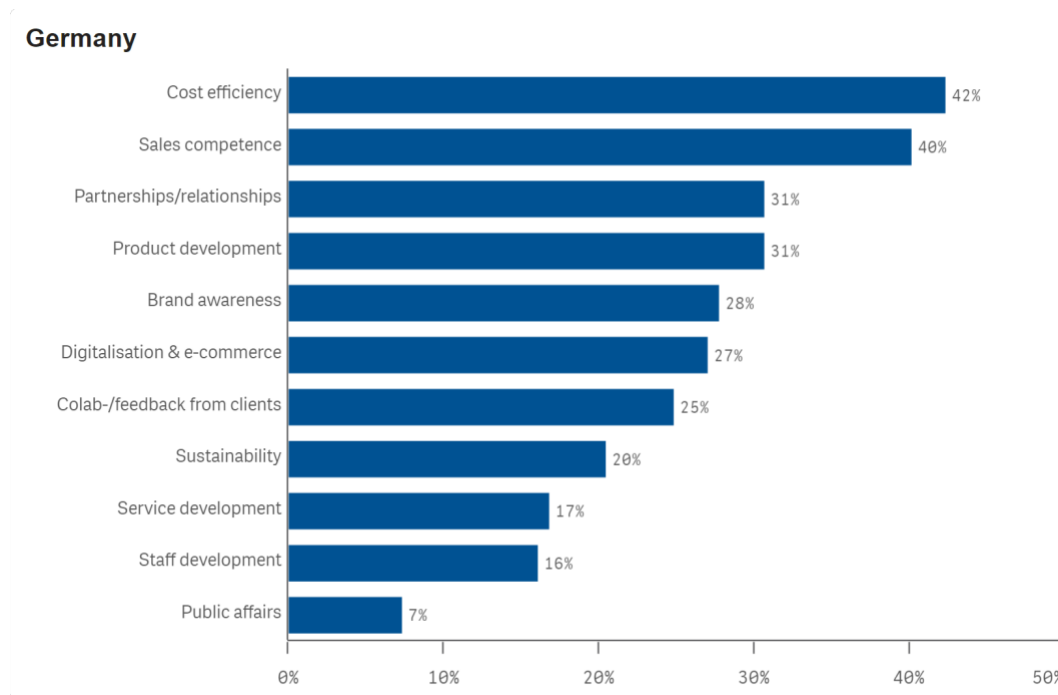
NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## In the German market, cost efficiency is considered the most crucial success factor, closely followed by sales competence

Cost efficiency has increased in significance for Swedish firms in comparison to last year's survey, reflecting the economic landscape of the market in 2023. Furthermore, sustainability has gained increased prominence, in last year's survey it was considered important in maintaining competitiveness by only six per cent of respondents, making it the lowest ranking consideration in 2023, whereas this year 20 per cent of respondents highlighted its significance.

Partnerships are ranked in third position, indicating their high importance to respondents. Given the challenges associated with entering the German market which have been discussed in this survey including high levels of bureaucracy, German language requirements and regulatory complexities, forming partnerships are an effective method to ease market entry for international firms.

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



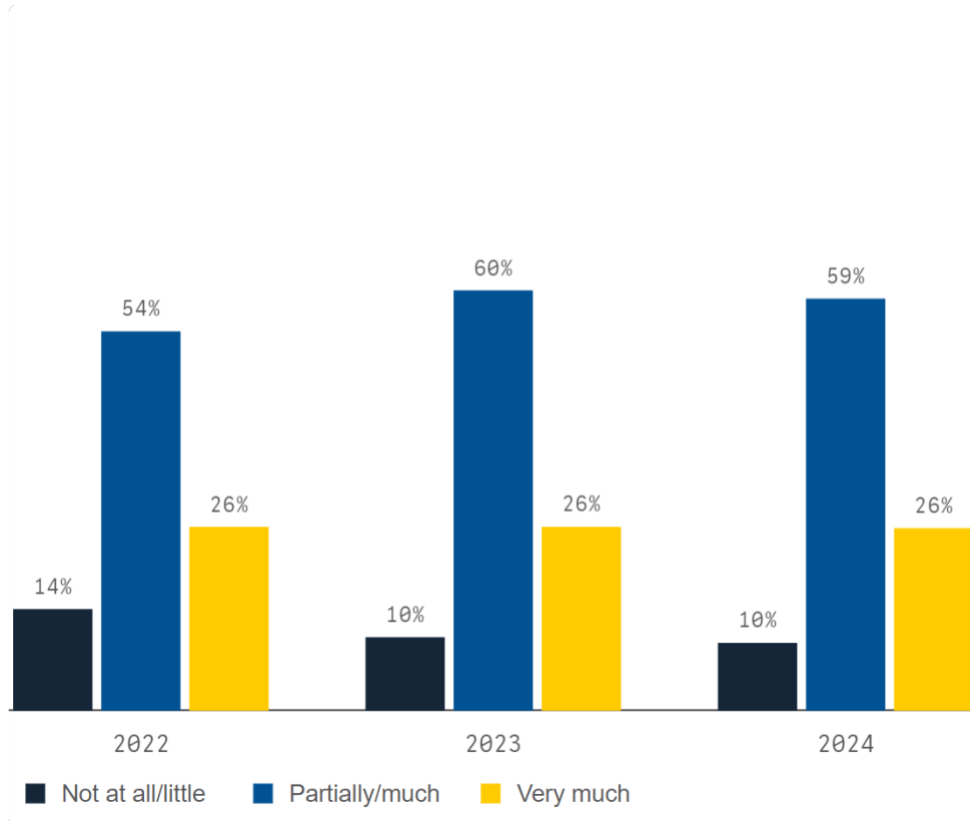
NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## Being Swedish adds value to firms operating in Germany, and the “Swedish brand” remains strong

The Business Climate Survey delves into how companies leverage the "Swedish brand" in their branding and assesses its practical value to firms' overall business. Overall, the Swedish image is perceived positively among respondents, with 59 per cent reporting its beneficial impact, and over a quarter believe it greatly contributes to their business in Germany. Only a minority (10 per cent) perceive limited additional value from the Swedish brand.

These findings suggest that the Swedish image effectively supports Swedish companies in Germany. Moreover, the Swedish brand receives increasingly positive feedback from the German market. German counterparts often perceive Swedish companies as innovative and reliable business partners and associate the Swedish brand with sustainability and product durability. Furthermore, Sweden's global image as a democratic, open-minded, and progressive society, with a high-quality welfare system and innovative technological infrastructure, resonates in the survey results. Even firms not explicitly marketing their Swedish origins recognise the advantage it provides over competitors and fosters positive customer perceptions. Analysis reveals variations in perceptions, with large businesses, followed by small, valuing the Swedish brand more than medium sized firms.

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



NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

# ACTING SUSTAINABLY

## 82% of respondents report that German customers consider environmental aspects in purchasing decisions

The results of this year's survey indicate an increase in the importance German customers place on environmental and sustainable aspects when making purchasing decisions. Of the survey participants, 82 per cent reported that these aspects are taken into consideration either partially/much or very much, an increase of eight percentage points in comparison to 2023 results, with just 16 per cent of respondents indicating that in their view customers value environmental aspects little or very little.

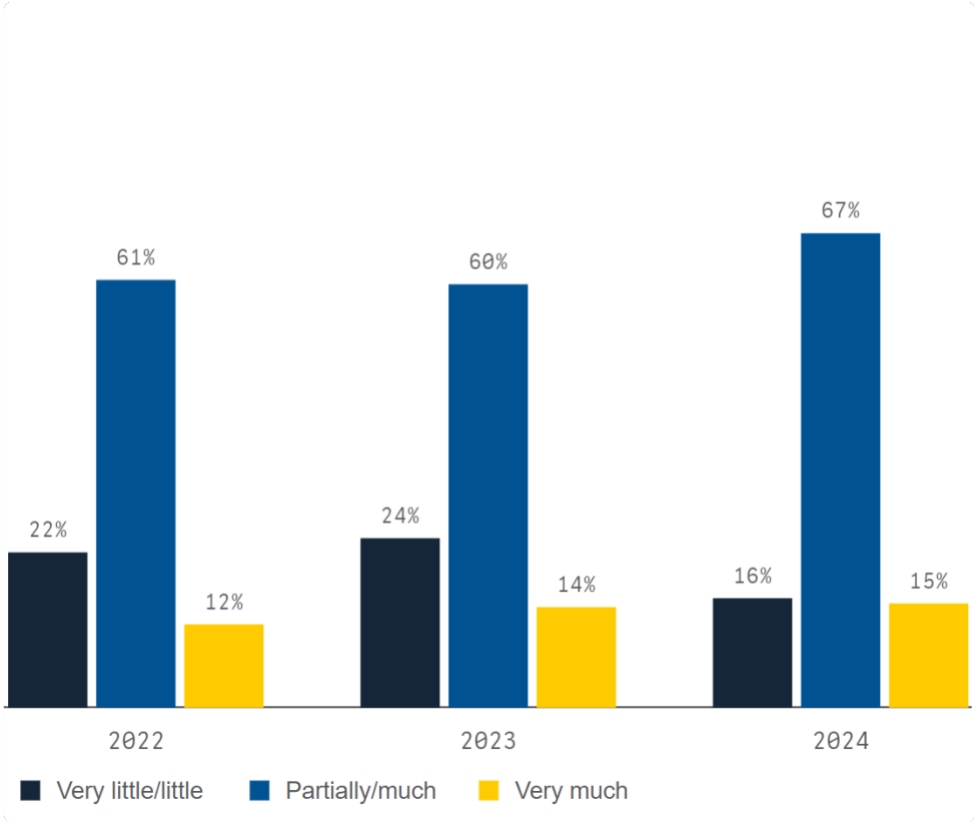
These results are reflected in comments from respondents, with one stating that sustainability has become noticeably more important in the German market in comparison to five years ago. This increase in comparison to previous years was further examined during the survey. Respondents discussed how a decline in the strength of environmental considerations was first noted during the pandemic as companies were compelled to realign priorities at speed, with the war on Ukraine and subsequent energy price increases then furthering a de-prioritisation of sustainability issues. However more recently, as inflation approaches the recommended level of two per cent, companies and consumers are once again prioritising sustainability and the environmental impact of products in their purchasing decisions, and overall, there is optimism about Germany's sustainability transformation. This push for greater sustainability can be seen most strongly in particular sectors such as the electric vehicle segment. A concrete example can also be found within lifts in buildings, where green initiatives are driving a shift towards mechanical systems to reduce power consumption.

Despite these positive reports, respondents conclude that although sustainability is increasing in importance, it remains a high-cost factor. Energy efficiency is considered crucial and customer willingness to pay more for sustainable products is limited. In addition, the shift towards greener industry practices is leading to a surge in demand for certificates accrediting that these practices have been implemented. As a result, Germany's bureaucratic processes for approving certificates may present an obstacle for Swedish firms on the market.

For this survey we take a holistic view of sustainability and the ESG framework, including gender equality. In this regard, Germany has seen improvements in recent years and according to the Gender Equality Index the country ranks 11<sup>th</sup> in the EU, scoring 70.8 out of 100 points. An improvement, compared to the numbers of 2013 where Germany scored 62.6. The current score does however indicate further room for improvement and one area where Germany scores low is within education: a notable gender gap remains particularly within tertiary education, especially in natural sciences and technologies where women are underrepresented. In terms of educational attainment, both the percentage of female tertiary graduates and their participation in formal and non-formal education and training lag behind the EU average, with only 22 per cent of all tertiary graduates in 2021 in Germany being women.

Within the Business Climate Survey, a third of the respondents report that more than half of staff are female. However, this changes when considering female representation in managerial roles: here, 43 per cent of respondents reported having only 10 per cent or fewer female managers and just 14 per cent stated that 50 per cent or more of managers are female. These results underscore the ongoing challenges in achieving gender parity in German workplaces.

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



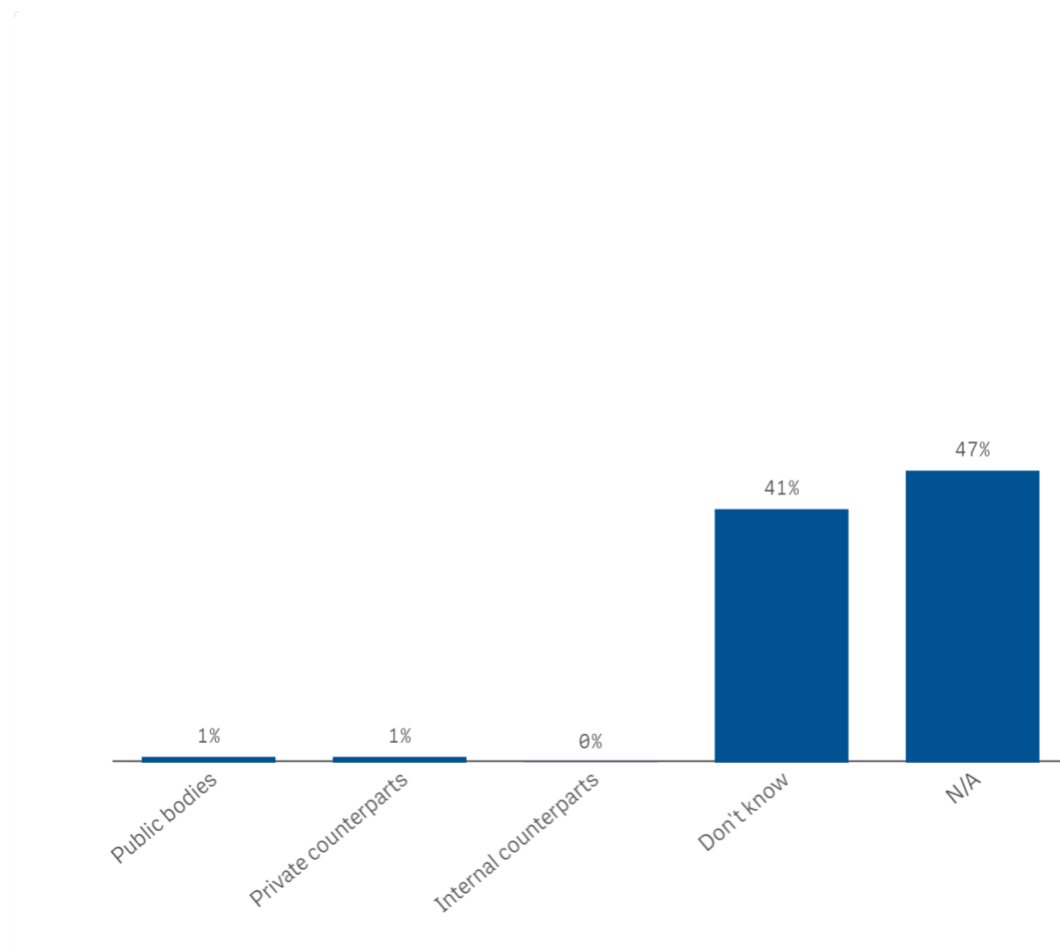
NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.



## The risk of encountering corruption in Germany is very minimal

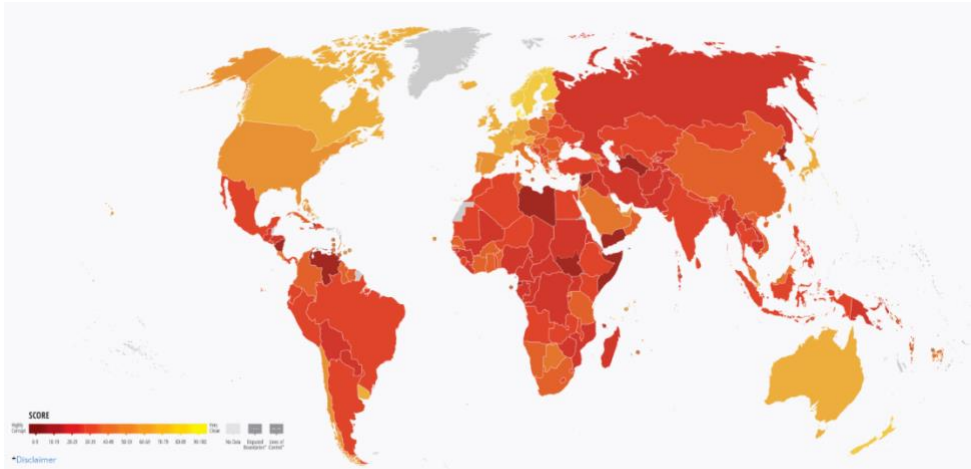
According to respondents, corruption is not a pressing issue in Germany, with the majority of participants either unaware of the issue or deeming it not applicable. These results are aligned with the 2023 Corruption Perceptions Index published by Transparency International. Germany received a score of 78 (out of 100) and was ranked on ninth place worldwide, indicating that the business climate is perceived as predominantly free of corruption by business representatives and experts.

### HAS YOUR COMPANY IN GERMANY 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 137.  
SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.

## CORRUPTION PERCEPTION INDEX 2023

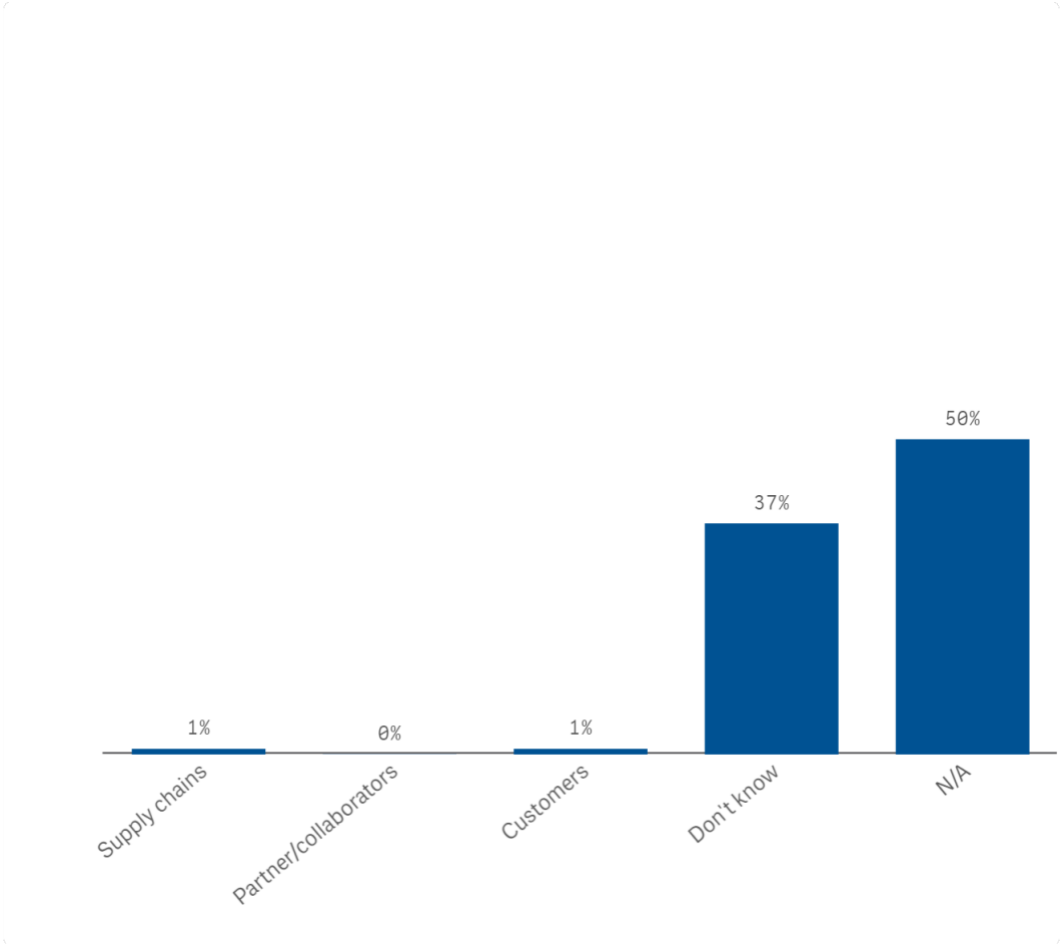


NOTE: Germany holds a score of 78 out of 100, securing the 9th position globally  
SOURCE: Transparency International.

## Respondents express confidence in the labour rights conditions prevailing in Germany

The findings from this year's survey reveal that a minimal percentage of respondents perceive a risk of observing or encountering any human rights labour rights violations or abuse in Germany. These percentages remain consistent across various factors, including the size of the company, industry, and duration of operation in Germany. This consistency across the respondents demonstrates that human rights violations are not perceived as a significant concern, and the risk of such violations is perceived as very low.

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



SOURCE: Business Climate Survey for Swedish Companies in Germany 2024.



