



# NAVIGATING THE US POLICY AND REGULATORY LANDSCAPE

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*Insights from Swedish multinational companies in the US*



# FOREWORD: NAVIGATING THE US POLICY LANDSCAPE

As the world's largest economy and global powerhouse, the United States features a multifaceted policy landscape with far-reaching implications that shape market conditions, impact competitive dynamics, and drive sector-specific shifts. Understanding the nuances and dynamics of this landscape is crucial for Swedish companies seeking to enter or already operating in the US.

The US policy landscape is renowned for its complexity, and it's characterised by a delicate interplay between the executive, legislative, and judicial branches of government. With substantial autonomy enjoyed by state governments, adding additional layers of complexity, companies often need to navigate a patchwork of regulations.

In recent years, the US trade policy has seen a significant shift, with an increased focus on boosting the domestic market. Since 2018, the US has been raising import tariffs on key industries and key trading partners including China and the EU, renegotiated the free trade agreement with Canada and Mexico, and adopted the *Buy American Act*, requiring the federal government to prioritize local content in public procurement processes.

This trend has continued during the Biden administration. Congress has passed laws with sizable investments, often coupled with protectionist requirements, affecting global businesses. Among these are the *Inflation Reduction Act (IRA)* and the *Infrastructure Investment and Jobs Act*, with domestic requirements and sourcing regulations aimed at driving job growth and facilitating technological leadership in key industries. While these acts present challenges for Swedish companies doing business in the US, they also offer opportunities for companies who understand how to take advantage of them.

Given the importance of the US market for many Swedish companies, its complexity and unprecedented levels of opportunity and risk stemming from abovementioned legislation, we have experienced an increased number of requests from Swedish companies for advice relating to policy impact, how to avoid risk, and how to capture opportunities.

With this as a backdrop we have spoken to government affairs professionals representing some of Sweden's largest companies in the US, to collect their insights and advice when it comes to navigating the US policy and regulatory landscape.



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In this report, we will delve into the multibillion-dollar industry that focuses on shaping legislation and influencing policy outcome on business-critical topics, as well as on best practices and recommendations from government affairs professionals.

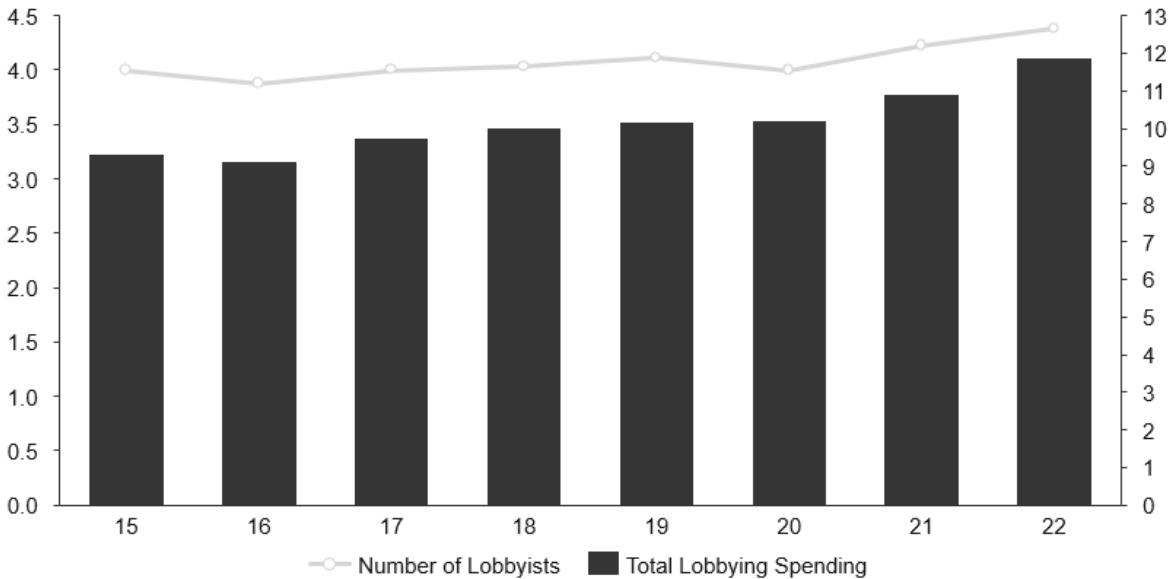
**LOBBYING IN THE UNITED STATES**

- The US lobbying industry plays a significant role in shaping public policy and influencing decision-making processes at various levels of government
- Lobbying is a constitutionally protected right under the first amendment and is governed in part by the Lobbying Disclosure Act of 1995
- Lobbying is a contentious topic in the US, while regulated and seen as an integral part of a “participatory democracy” some argue that the industry has undue influence on the government and its dealings
- The total lobbying spending in the US was *estimated* to be USD 4.1 billion in 2022

# LOBBYING: A MAJOR AMERICAN INDUSTRY

Policy-influencing, or ‘lobbying’ is a massive industry, exerting influence over both the political landscape and by extension the policy making process.

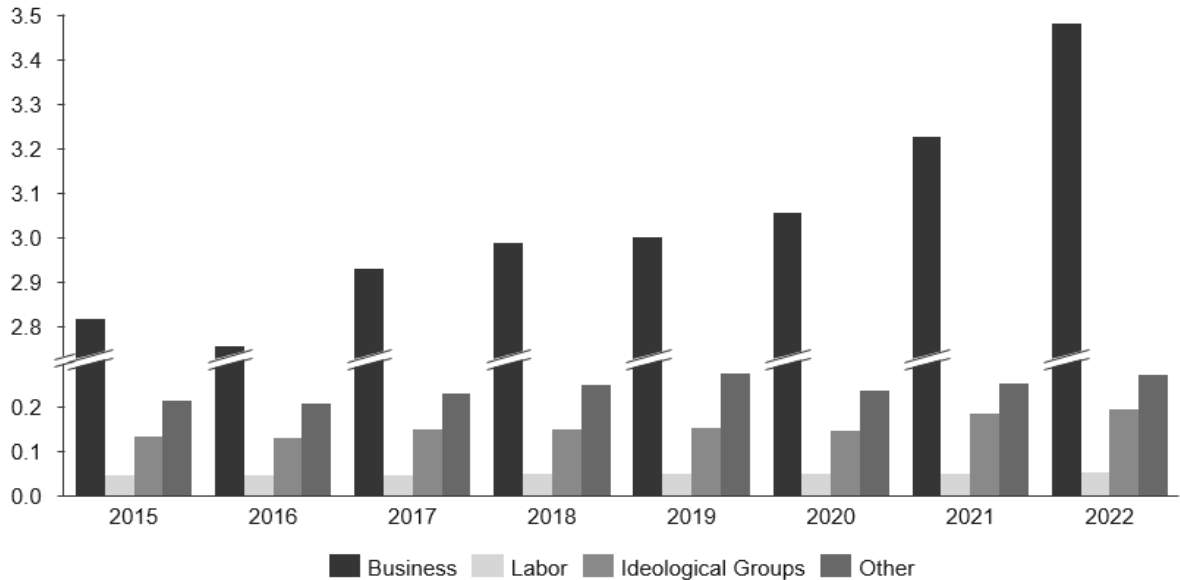
**Total spending and number of lobbyist**  
Billion USD, Thousand lobbyists, 2011 - 2022



The legislative and regulatory environment is complex, with decision-making taking place at both the federal and state levels of government and where the relationship between the states and the federal government relies on exclusive, reserved, and concurrent powers.

**Spending on lobbying**

Split by groups, Billion USD, 2015-2022



Business-related interests are by far the dominant contributor to the lobbying industry, with an estimated spending of USD 3.5 billion in 2022. The other categories’ other, ideological groups and labor spending was estimated to USD 271 million, USD 195 million, and USD 52 million respectively.

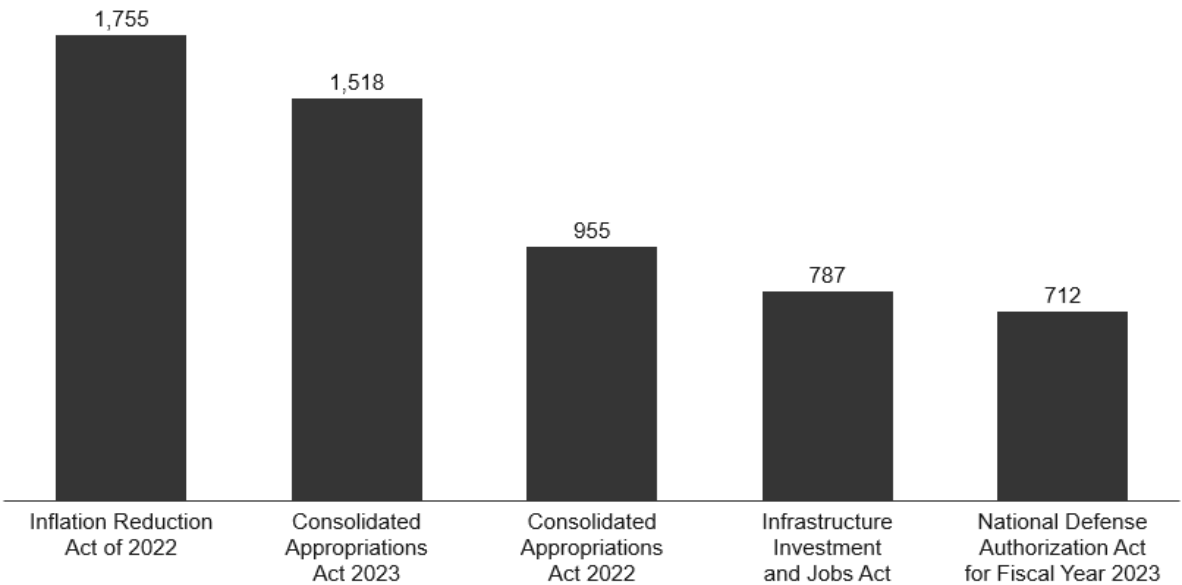
**TOP 10 POLICY ISSUES TARGETED BY INTEREST GROUPS**

Federal Budget and appropriations	Taxes
Health issues	Defense
Transport	Energy and nuclear power
Trade	Environment and Superfund
Medicare and Medicaid	Education

The themes and issues that lobbyists work on cover every conceivable issue and topic, from affecting outcomes in federal budget and appropriations bills to influencing medical regulation and import policies to benefit their organizations or constituents.

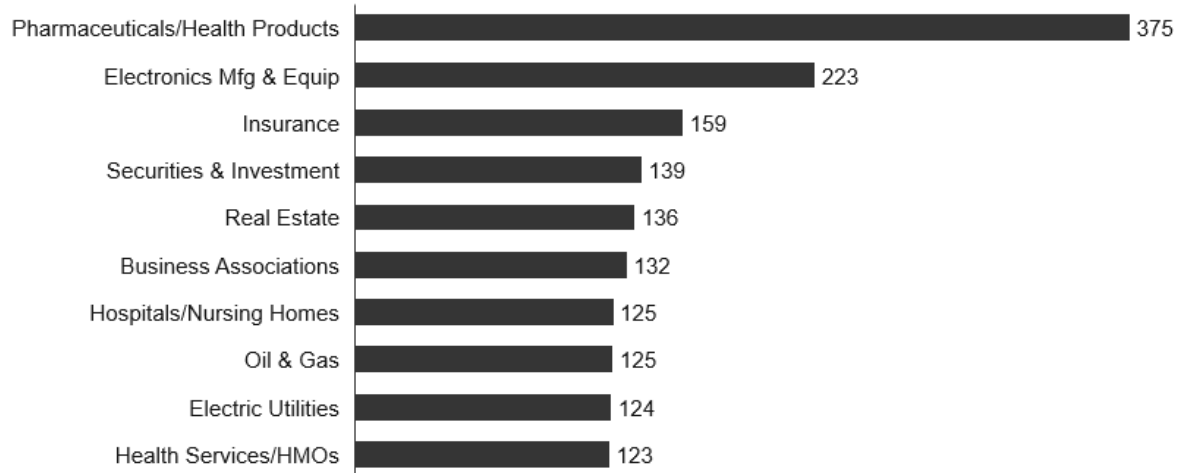
Large appropriations and budget bills get the most attention from companies and clients, and in 2022, the Inflation Reduction Act topped the list, with 1,755 clients, followed by the Consolidated Appropriations Acts for 2023 and 2022, Infrastructure Investment and Jobs Act, and the National Defense Authorization Act 2023.

**Bills and current influence**  
Number of clients per bill, 2022



These types of bills and laws direct government spending often to the tune of billions of dollars in the form of subsidies for key industries and technologies and therefore garner the most attention from corporates. However, according to experts and our interviews, it is hard to discern exactly where lobbyists and other groups are concentrating their efforts. Interest groups are secretive in their actions to avoid competition from potential opponents, which in turn can create inaccuracies in official datasets.

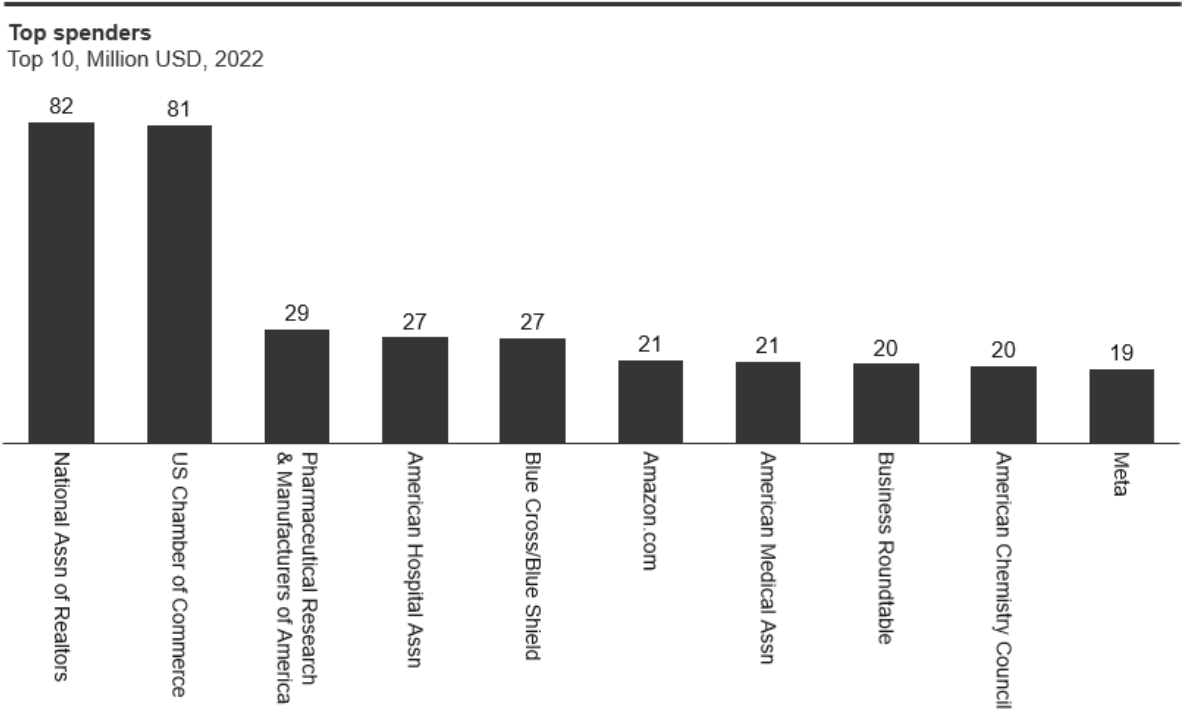
**Spending by industry**  
Top 10, Million USD, 2022



In terms of spending, the pharmaceutical and health industry top all other categories, followed by the electronics manufacturing and equipment industry.

While being the largest category, the pharmaceutical and health industry also experienced the largest percentage increase in funding for policy-influencing comparing data from 2008 to 2021. This spending is correlated to the heavy regulation of the health sector and the huge amounts at play. The objective of the activities can be to decrease taxes on pharmaceuticals and medical devices, increase insurance coverage and reimbursement, including through Medicare/Medicaid, influence the Veterans' Administration purchasing policies and the FDA's approval process for bringing products to market.

New initiatives by the government such as the *Inflation Reduction Act*, which seeks to rein in costs by allowing Medicare to negotiate lower prices for a select number of drugs, has also required the industry to act.



Both private companies, interest groups and specialized consultants are engaged in lobbying. In 2022, the National Association of Realtors and US Chamber of Commerce were the biggest individual-group spenders; pharmaceutical and health industry groups, and tech companies also top the list. While some of these organizations' interest are easily discerned, the full extent of these organizations' influence is much more difficult to pinpoint.

## COMMON LOBBYING STRATEGIES

- **Direct lobbying** describes interest groups' attempts to influence policy by directly addressing bureaucrats or elected officials.
- **Inside strategies** refer to interest groups' attempts to influence policy by working within Washington DC. this includes strategies such as direct lobbying, drafting pieces of legislation for elected officials, and suing the government.
- **Outside strategies** refer to interest groups' attempts to shape policy outside of Washington DC, by using strategies such as campaign contributions, media coverage to influence grassroots' movements, or encouraging constituents to contact their elected officials.
- **Political Action Committees (PACs)** are registered fundraising committees that donate money on behalf of interest groups. some are also known as "Super PACs", PACs with large funds, whose numbers have grown following a supreme court ruling permitting unlimited spending by corporations and labor unions in federal elections.

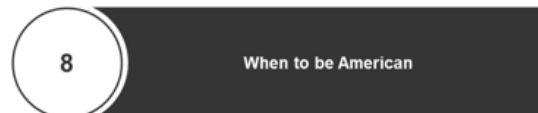
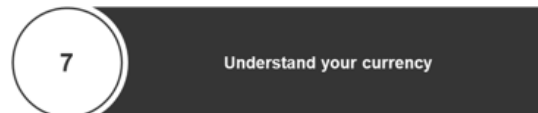
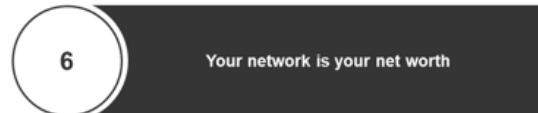
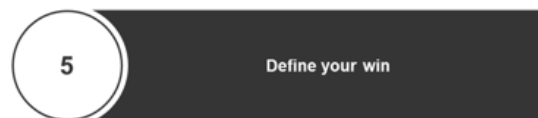
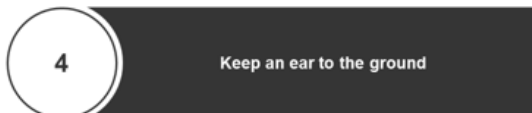
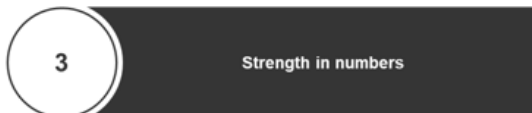
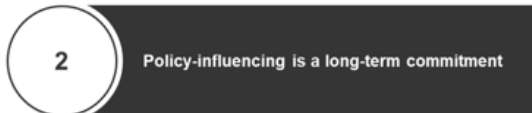
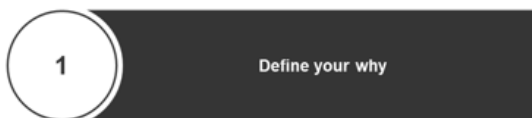
# NAVIGATING COMPLEXITY

We asked our interviewees what their advice would be for companies exploring their options in policy influencing. While many companies may not have the budget, nor the need for the same level of commitment towards influencing policies as others, there is still value to be captured by engaging in certain activities to ensure the business is operating with sufficient information, and that potential concerns and opportunities are appropriately managed.

Their advice boiled down to eight recommendations for how to navigate the US policy and regulatory landscape.

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### Recommendations



## DEFINE YOUR WHY

*“We divide our efforts between business-critical and brand-building activities to ensure that we allocate our resources to the right actions.”*

*- US Public Affairs  
Retail company*

Defining the *why* is crucial in understanding the level of commitment, type of resources, and strategies to utilize, and should be undertaken in close collaboration with other internal functions, such as strategy, business development, and leadership. A clear strategy will help distinguish between business-critical and brand-building efforts and give guidance on when to focus on reactive actions, countering an upcoming initiative, or pro-active ones, setting the scene going forward.

## POLICY INFLUENCING IS A LONG-TERM COMMITMENT

*“Policy influencing is a relationship-based business, you can’t just parachute in and expect quick results. You must establish a presence, and network to identify who is aligned with your interests and with whom you can collaborate to get your will across.”*

*- Director, Government Relations  
Consumer goods*

Long-term engagement – knowing the landscape, stakeholder motivations and background – is key in deciding when, who, and how best to approach a policy challenge. When you have identified emerging issues at an early stage, threats can be staved off and opportunities capitalized on before stakeholders have locked in a position. A one-off activity can be an inefficient use of resources and even run the risk of producing a counter-productive outcome. When your business is already well-known among the relevant actors, the uphill in explaining your position will be less steep.

## STRENGTH IN NUMBERS

*“There will be sensitive topics that you have to address. Utilizing groups and organizations with aligned interests is key to ensuring that the brand can avoid potential risks associated with the company’s position – by letting them act as the front of the venture.”*

*- VP, Government Affairs  
Automotive*

Identify your allies on priority policy issues, such as business alliances or interest groups, and note that they can be different for each issue. Legislators will seldom support an individual company, but a consensus position from an entire industry weigh heavily. With



more feet on the ground, a coalition can also give access to information on business-critical developments at state level and jointly strategize on countermeasures. Finally, face the headwind if you don't need to, instead leverage the fact that there will be organizations and groups with aligned interests which can act as the face of the activities.

## **KEEP AN EAR TO THE GROUND**

*“You can't catch a bus if it's not coming. Being able to foresee what will be on the agenda and where new regulations may impact your business will facilitate the preparation of your strategy.”*

*- SVP, Government Affairs  
Healthcare*

Much of the work in Government Affairs and policy influencing boils down to knowing what legislative and regulatory measures are in both the federal and state pipelines. What issues are being discussed? Are interest groups pushing new concerns that will potentially affect your business? Focusing on what really matters will indicate where to steer resources and attention for maximum efficiency.

## **DEFINE YOUR WIN**

*“It's hard to win if we don't know what a win looks like, it also hard to prioritize if we don't know what we are trying to achieve.”*

*- Head of Public Affairs  
Construction*

Define a realistic outcome for the issue you are trying to influence. Overpromising and then not delivering on expectations can lead to the loss of trust from HQ management, the board, and shareholders, and ultimately impact business outcomes. Setting realistic goals will also help in the allocation of resources and targeting of efforts.

## **YOUR NETWORK IS YOUR NET WORTH**

*“It's important to understand who has influence on specific legislation and topics, from legislators, staffers, lobbyists, interest groups to other corporates. A bad brief or not reading the room can seriously damage your business interests.”*

*- VP, Government Affairs  
Automotive*

Appreciating the policy influencers associated with a specific topic is key when engaging to impact on the legislative process. Building strong networks, knowing the influential actors, and understanding what motivates them translates into opportunities to act in the now, and in the future, on topics that may have an impact on your business. And remember, do not ruffle feathers, or make enemies – today’s opponents may very well be tomorrow’s partners on another issue.

## **UNDERSTAND YOUR CURRENCY**

*“Partner up locally to ensure local buy-in. Your US footprint is your biggest asset and your home state legislators your best friends.”*

*- Director, Government Relations  
Consumer goods*

The number of jobs you create, your investments in plants and RD&I, and your contributions to the local communities are highly valued by the law makers in the state. Leverage your local footprint with the governor, the economic development authorities, as well as the federal and state legislators to your advantage and to garner support for your issues in legislative processes. Employee support can be a key component, through PACs or through grass-root engagement programs, which provide training on business-critical issues and how to advocate with local politicians.

## **WHEN TO BE AMERICAN**

*“The further you get from the Hill, the more American you need to be.”*

*- Head of International Affairs  
Security*

Knowing when to stress the Swedish origin and when to leverage the ‘American’ angle can make a difference in how the target audience receives your messaging. A Swedish profile remains an asset in certain, well-informed, circles where Sweden is identified with specific positive qualities. However, in many cases the US footprint is a much more valued strength. It is also important to understand US cultural dynamics. The key is to meet American counterparties with an open, humble, and collaborative approach.

## **ORGANIZATION**

We also asked the interviewees about how they organize themselves to fulfill their mandate. The companies we spoke to had government affairs units ranging from 1-10 professionals, with the most common setup consisting of two to three people.

It is important to remember that these companies are Swedish multinationals, some in industries highly affected by regulatory change. All interviewed companies were associated with different business alliances and interest groups, and constantly worked with other organizations, agencies, and consultants to get the job done.

Smaller government affairs functions more often relied on external support in the form of consultants. All the companies' government affairs functions operated closely with management, business development, and communications, and aligned with government affairs colleagues at HQ. However, most companies cited that priorities were adapted to local market conditions. All government affairs professionals were American, with experience in policy influencing, often with years of experience from working inside Congress and other companies. These different structures come with pros and cons, in terms of ability to influence and resource intensity for their companies.

# **ENDNOTE**

Most businesses are affected by government policy and regulations in one way or another; whether it is protectionist trade policies such as local content requirements and import tariffs, subsidies and incentives for sustainable manufacturing and product sales, or regulations impacting a company's business model – from pricing to sales channels. Actively keeping up with legislative developments can also function as an 'insurance' for companies by staving off perceived threats and identifying relevant opportunities.

Government affairs professionals work to understand the current and projected policy and regulatory landscape, assess how it may impact their company's ability to reach its business goals, and at times work to influence the direction of certain policies and regulations. From our engagements with these professionals, we understand that this takes time and is seldom straight-forward.

In this brief report we wanted to capture insights from US government affairs professionals at leading Swedish companies. Far from all Swedish companies with a heavy presence in the US have an established government affairs functions in the market. Some have chosen to cover their US government affairs activities from their headquarters in Sweden, some work solely through industry associations and partners, while others are not actively monitoring or working to influence these shifts in the business climate.

Business Sweden are here to support Swedish companies in their government affairs efforts independently of how they have chosen to tackle these challenges and opportunities.

# BUSINESS SWEDEN

Business Sweden supports Swedish companies in their efforts to grow global sales. Part government and part private sector, with a global presence and team with over fifty nationalities, we are uniquely positioned to support international growth. We do so by providing strategic advice, operational support, and government affairs services to Swedish companies of all sizes.

Our government affairs practice facilitates public stakeholder engagement helps to influence and navigate complex regulations and works to increase Swedish companies' chances of winning large public deals.

## **GOVERNMENT AFFAIRS SUPPORT**

- **Analysis:** Analyzing and assessing impact of current and upcoming policies and regulations
- **Positioning:** Identifying stakeholders and arranging activities targeting key policies and issues and creating platforms to get key messages across
- **Access:** Utilizing our dual public and private ownership to get access to information and stakeholders that are otherwise hard to reach
- **Strategic alliances and partnerships:** Forging industry alliances and partnerships to jointly target key public deals or influencing policy
- **Government affairs boost:** Identifying and assessing potential legislative risks and opportunities, as well as relevant key stakeholders. Identifying who to work with to strengthen government affairs capabilities, such as industry alliances, interest organizations, think tanks, and PR firms

## **DISCLAIMER**

Business Sweden does not engage in direct lobbying on behalf of Swedish companies.



*We help Swedish companies grow global sales and international companies invest and expand in Sweden.*

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