



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN PORTUGAL 2023

A REPORT FROM TEAM SWEDEN IN PORTUGAL

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden Iberia

Swedish-Portuguese Chamber of Commerce

Embassy of Sweden in Portugal

+40 respondents

Current business climate

39%

of Swedish companies in Portugal indicate a good or very good business climate

Industry turnover

57%

of Swedish companies in Portugal expect their industry turnover to increase the coming 12 months

Future investments

41%

of Swedish companies in Portugal plan to increase their investments in the next 12 months

Valued success factors in Portugal

1. Brand awareness
2. Cost efficiency
3. Partnerships/relationships

Brand Sweden

80%

of Swedish companies in Portugal consider Brand Sweden beneficial for business in the country

Local conditions with high satisfaction

1. Personal safety
2. Suppliers
3. Specialists

Local conditions with least satisfaction

4. Labour market regulations
5. Corporate taxation
6. Licenses, permits and proposals

Environmental considerations

69%

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

Corruption

Swedish companies in Portugal perceive the risk of corruption as low

Human rights violation and labour rights abuse

Swedish companies in Portugal perceive the risk of human rights violation, and labour rights abuse as low

FOREWORD

Sweden and Portugal have enjoyed a solid diplomatic and trade relationship since the 17th century. We are committed to free trade, sustainability, the green transition and digital transformation, and the need for a strong and efficient EU internal market, an open and dynamic European economy and ambitious free trade agreements with partners outside of Europe. Portugal is an attractive destination for Swedish businesses seeking opportunities for growth and collaboration in a forward-thinking environment that prioritises technological advancements, sustainability, and digital change. The business communities of our countries have become more integrated – thereby strengthening both our political ties and our trade relations. Today Portugal ranks among the top 30 export markets for Sweden, and more than 150 Swedish companies are active in the Portuguese market.

Team Sweden Portugal – the Embassy of Sweden in Portugal, Business Sweden, and the Swedish-Portuguese Chamber of Commerce – has once again joined forces and carried out a business climate survey among Swedish companies present in Portugal. The purpose of this exercise is to assess the performance of Swedish companies in Portugal as well as to provide an overview of some of the opportunities and challenges they face in the Portuguese market. These insights can help us further develop bilateral trade relations as well as the opportunity to provide better support to Swedish companies in Portugal.

Active participation from the Swedish business community is of crucial importance in creating a representative picture of how Swedish companies perceive the Portuguese market. For this, we would like to extend our most sincere gratitude to the participating companies for the knowledge and insights that they have shared with us – for the benefit of us all.



Elisabeth Eklund
Ambassador of Sweden
to Portugal



Samira Grylin-Allalou
Trade Commissioner,
Business Sweden



Jennifer Ekström
Chairwoman, Swedish-
Portuguese Chamber of
Commerce

EXECUTIVE SUMMARY



ECONOMIC OUTLOOK

- **72 per cent** of the responding Swedish companies in Portugal reported profitability in 2022.
- **57 per cent** of the respondents expects an increase in turnover during 2023.
- **41 per cent** plan to increase their investments during the coming 12 months.



BUSINESS CLIMATE

- **39 per cent** of the responding companies indicate a very good or good view of the business climate in Portugal, while **50 per cent** as neutral and **11 per cent** as poor/very poor.
- **Key advantages:** personal safety and access to partners.



SUCCESS FACTORS

- **Key success factors** to maintain competitiveness: brand awareness, cost efficiency, partnerships/relationships, and service development.
- **80 per cent** of the companies believe that the “Swedish brand” contributes positively to their business in Portugal.



SUSTAINABILITY

- **69 per cent** of Swedish companies indicate that customers in Portugal consider environmental aspects in their purchasing decision to some extent.
- **57 per cent** of the responding companies have not been exposed to corruption of any kind in Portugal, while **38 per cent** answered “don’t know”.



COVERAGE

- 95 Swedish companies in Portugal were invited to participate in the survey and 40 of them have shared their views, which gives a response rate of **42.1 per cent**.
- The majority of survey respondents are large-sized companies, operating in the personal services industry, established in Portugal prior to 2001.

ABOUT THE SURVEY

Survey results are based on the answers of 40 Swedish companies in Portugal

Almost 95 Swedish companies out of the more than 150 Swedish companies present in the Portuguese market received the survey where the main question was how these companies perceive the business climate in Portugal. The survey has been developed with the aim of providing valuable insights into the perceptions of Swedish companies in Portugal on the business climate and the current market situation. Furthermore, it aims to shed light on the expectations of Swedish companies in Portugal for the future. Forty companies responded to the survey, which was conducted in February-April of 2023, thus yielding a response rate of around 42 per cent. The survey report is divided into four main sections. The first section is connected to the economic outlook, where we elaborate on the economic status and business performance of Swedish companies and their outlook for the Portuguese market in the coming 12 months. Subsequently, the second section is about the Portuguese market itself and the respondents' insights on the business climate and the factors that have a positive or negative impact on their commercial results. The third section deals with how Swedish companies succeed in Portugal and their perceived success factors in the market. The last section touches on aspects related to sustainability, both social and environmental, and how this is being handled in the market.

Out of the responding companies, half of them (50 per cent) constitute large enterprises with over 1000 employees worldwide. Eight per cent are medium-sized companies with a number of global employees between 250-1000. The remaining 43 per cent are classified as small companies with less than 250 employees worldwide.

The responding Swedish companies represent a wide range of sectors, but are in this report, for the purpose of simplicity, grouped into three broad categories based on the industry in which they are active: 1) Industrial, 2) Professional Services and 3) Consumer. Fifty-eight per cent of the responding companies are active within professional services, while 27 per cent belong to the industrial industry and 15 per cent are consumer companies.

In terms of experience in the Portuguese market, 41 per cent of the responding companies established their operation in Portugal prior to the year 2001 and are therefore considered mature. Thirty per cent of the companies started operating in Portugal between 2002-2016 and are categorised as experienced, while the remaining 30 per cent are classified as newcomers as they established operations in the Portuguese market after 2016.

SIZE OF COMPANIES



■ Small ■ Medium ■ Large

NOTE: Global employees. Large >1000 50%. Medium 250-1000 8%. Small 0-249 43%.

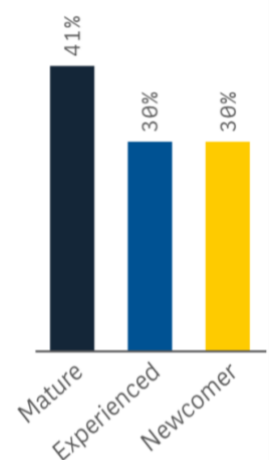
MAIN INDUSTRY



■ Professional services ■ Industrial ■ Consumer

NOTE: Consumer 15%. Industrial 27%. Professional services 58%.

AGE OF COMPANIES



NOTE: Mature (-2001). Experienced (2002-2016). Newcomer (2017-)

ECONOMIC OUTLOOK

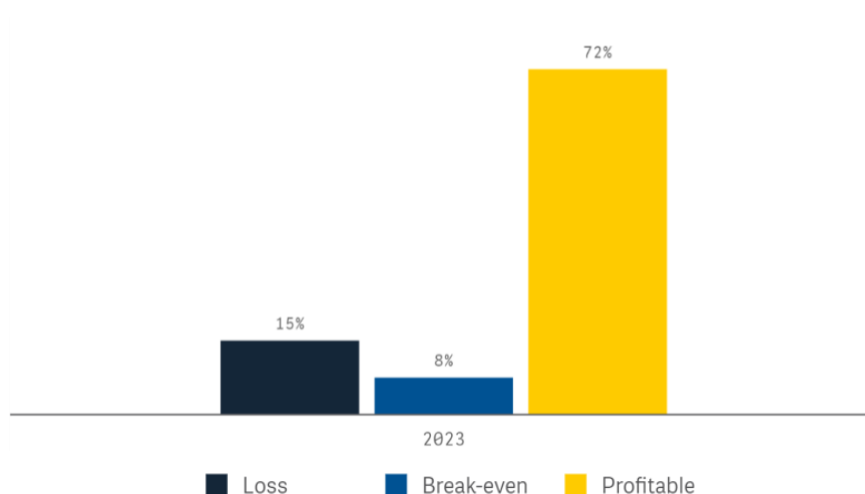
2022 was a profitable year for most of the Swedish companies in Portugal

Portugal experienced its strongest economic growth in decades during 2022, after having gone through a severe downturn during the Covid-19 pandemic. This data is mirrored in Swedish companies' financial performance in 2022.

Seventy-two per cent of the responding Swedish companies in Portugal reported a profitable year in 2022. However, there are some differences to keep in mind regarding the size of the company and the experience in relation to their profitability. Of the medium and large-sized companies, 100 per cent and 80 per cent, respectively, reported profitability in 2022, while 56 per cent of the small-sized companies indicated a profitable 2022. Furthermore, variations in profitability can be observed regarding the experience of the Swedish company in the Portuguese market. Ninety-three per cent of mature companies and 70 per cent of experienced ones reported profitability in 2022, while the percentage of newcomers reporting profitability was 45 per cent. Additionally, the newcomers reported the highest share of loss, as 36 per cent of these companies experienced a loss in 2022. The corresponding rate for mature companies was seven per cent. Meanwhile, no experienced company reported a loss in 2022.

In terms of industries, the most significant variation that can be observed is that the percentages of consumer- and industrial companies reporting profitability in 2022 are higher than the percentage of profitable companies within the professional service industry. Eighty per cent of consumer companies reported profitability in 2022, while this number for industry companies was 75 per cent and for professional services even less, 63 per cent.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN PORTUGAL IN 2022?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

Portugal's GDP growth is expected to slow down after reaching a peak in 2022

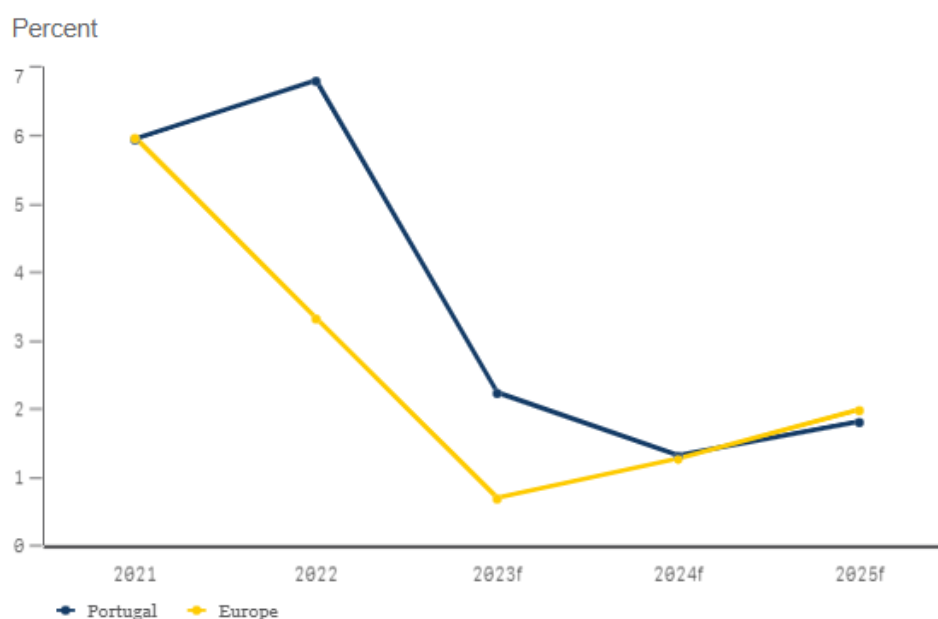
After a deep recession due to the Covid-19 pandemic, Portugal experienced the strongest economic growth in decades during 2022, with a GDP growth of 6.7%, being the strongest rate in 35 years. This strong growth was boosted by domestic demand and booming tourism, aided by a high vaccination rate during the pandemic. In 2022, a total of 26,5 million guests visited Portugal, and out of these, more than 15 million were non-domestic visitors. This represents an increase of 83,3 per cent compared to 2021. Comparing the numbers from 2022 to 2019, a record year for Portuguese tourism with 27 million visitors, we can conclude that tourism in the country has recovered strongly and is almost back to pre-Covid numbers.

However, the economic growth was then hampered by the war in Ukraine and historically high inflation of 10,2 per cent in the last quarter of 2022, both factors indicating an expected steep economic slowdown. Contributing to this high inflation were escalating food and energy prices, partly as a direct consequence of the war in Ukraine. Nevertheless, the inflation is forecasted to slow down to 5,1 per cent in 2023 and 2,7 per cent in 2024.

Although the last quarter of 2022 was challenging for Portugal, the economy bounced back during the first quarter of 2023, aided by a strong increase in tourism and a slight recovery in supply chains globally. Nonetheless, as a consequence of inflation, price increases and higher interest rates, purchasing power was damped and hence domestic demand.

The economic growth is, however, set to slow down in the second quarter of 2023 and then recover again in the following periods due to a gradual pick up in the purchasing power of the households and, therefore, private consumption. Nevertheless, it is worth adding that Portugal has the lowest purchasing power in Western Europe and that about 65 per cent of the population lives on the minimum wage (760 € per month). Because of this, the high inflation in the country has had a major impact on households, pushing many people into poverty. The estimated full-year GDP growth in 2023 is 2,3 per cent and 1,3 per cent in 2024. As shown in the graph below, the GDP growth will then start to increase again in 2025.

PROJECTED GDP GROWTH IN PORTUGAL



NOTE: Constant prices.

SOURCE: Oxford Economics 2023. Last update: 24 April 2023.

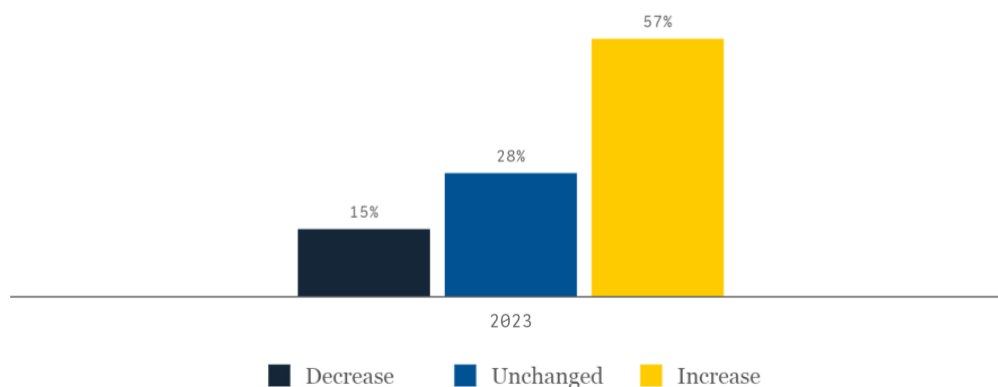
Most Swedish companies in Portugal present a positive outlook

The short-term outlook of Swedish companies in Portugal, more explicitly the outlook in the coming 12 months, indicates optimism, where 57 per cent of the respondents expects an increase in turnover during this period. An interesting observation is that large-sized companies are the most optimistic ones regarding the economic outlook for the coming 12 months, with 75 per cent of the companies expecting an increase in turnover. However, only 33 per cent of medium-sized companies and 41 per cent of the small ones expect their turnover to increase during the coming year. In terms of decreasing turnover, medium-sized companies are the ones having the significantly most negative outlook, with 67 per cent expecting a decrease in turnover during the coming 12 months, while only 18 per cent of the small companies and five per cent of the large ones are expecting the same.

Another interesting observation can be made by looking at the industry of the responding companies, where consumer companies are expecting the most negative turnover development, with 40 per cent of them predicting a decrease in turnover and another 40 per cent expecting an increase. Industrial companies are presenting the most positive outlook, with 67 per cent of the companies foreseeing an increase in turnover. Among the companies in the professional service industry, 53 per cent expects increasing turnover.

Swedish companies, classified as newcomers to the Portuguese market are to a higher degree expecting an increase in turnover, with 82 per cent of the surveyed companies indicating so, while none of the newcomers is expecting a decrease. This is a positive indicator for new companies looking to enter the Portuguese market. The mature companies are the ones with a somewhat more pessimistic outlook, as 33 per cent of these companies are expecting a decrease in turnover in the coming 12 months, while 40 per cent are expecting an increase.

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



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

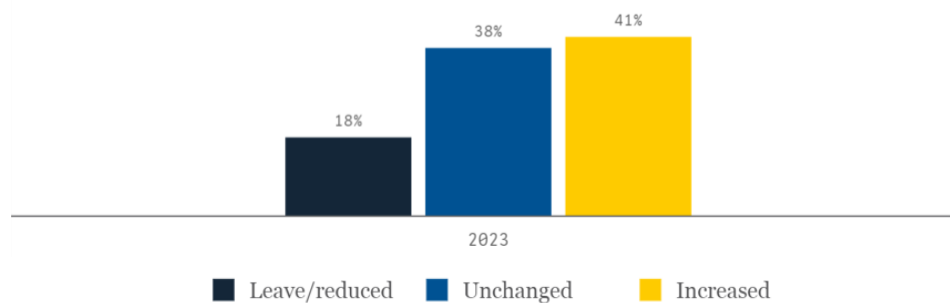
Swedish companies somewhat optimistic towards investments after record-high growth in 2022

In terms of investment appetite for Swedish companies in Portugal, 41 per cent indicated an increase in investment for the coming 12 months, while 18 per cent are planning to reduce their investment or leave the market. Thirty-eight per cent of the companies indicated that their investment for the coming 12 months will not change compared to the past 12 months.

Large companies indicate the highest appetite for future investments, with 60 per cent expecting an increase. Among medium-sized companies, 33 per cent indicate an increase in investment, and for small companies, this share is only 19 per cent. An interesting observation is that there are more small companies indicating a divestment, 25 per cent, than an increase in investments for the coming 12 months.

It is also possible to observe a difference in risk appetite depending on the sector that the companies operate in. We can see that industrial companies are more optimistic about the future, with 63 per cent indicating increased investments for the coming 12 months, while only 37 per cent of professional services companies and 20 per cent of companies within the consumer sector indicate the same. Companies within the consumer sector are the most pessimistic, as 40 per cent of these companies are planning to decrease their investment for the coming 12 months or to leave the market. Consumer companies being more pessimistic might be a consequence of inflation, escalating food and energy prices, with a decline in the purchasing power of households as a result.

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



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

THE MARKET

Portugal works as a steppingstone for business to Africa and South America

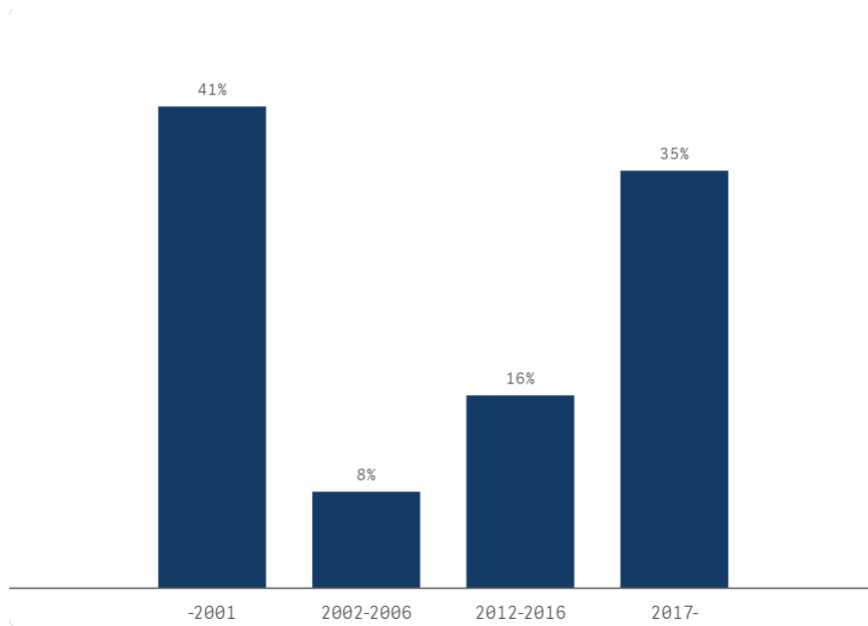
Portugal is the 18th largest economy in the EU, with a population of 10.3 million people. The trade relations between Portugal and Sweden are long-standing, as the first agreement of friendship, freedom of commerce, navigation, and religious worship, was signed already back in 1641. Since that year, both countries have preserved continuous relations with diplomatic representation in each one of the capitals. Regarding trade relations, in 2022, Sweden exported goods to Portugal with a value of €0.9 billion, while Portugal's export to Sweden was €1 billion. The main products that Sweden exported to Portugal were fish and crustaceans, electrical machinery, vehicles, and pharmaceutical products, while the main products exported by Portugal to Sweden were electrical machinery, vehicles, machinery and mechanical appliances, and articles of apparel and clothing accessories. During the last 26 years (1995-2021), exports from Sweden to Portugal have experienced an annual increase of 3.32 per cent.

Despite Portugal being a relatively small market compared to neighbouring markets such as Spain, Italy and France, there are around 9 700 foreign companies present in the country, of which approximately 150 are Swedish. Some factors making Portugal an attractive market for business are its start-up-friendly ecosystem with several start-up incubators and accelerators across the country combined with governmental incentives for start-ups and its favourable tax regime, including incentives for companies operating in specific sectors and low corporate tax rates. Moreover, key sectors of the Portuguese economy are tourism and hospitality, renewable energy and technology and innovation. Additionally, Portugal's historical and cultural ties with several African countries, such as Angola and Mozambique, and with Brazil in South America, maintain Portugal as a bridge for a wider global market within several sectors.

Also worth mentioning is that Portugal is a global meeting place, being the host for large conferences such as Web Summit. In addition, the largest source of investment for the country is it being a global hub for nearshoring as numerous companies choose Portugal to establish their IT operations, development hubs or global sales centres.

The Swedish companies present in the Portuguese market have been operating there for a varying amount of time. It is true that, according to the results from this survey, out of the Swedish companies in Portugal, the largest proportion are mature, as 41 per cent of the responding companies have been present in the country since 2001 or earlier. However, we can also observe optimism among newcomers, as 35 per cent of the Swedish companies entered the Portuguese market in 2017 or later. This may indicate that Portugal is an attractive market for Swedish companies that have not yet entered.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN PORTUGAL?



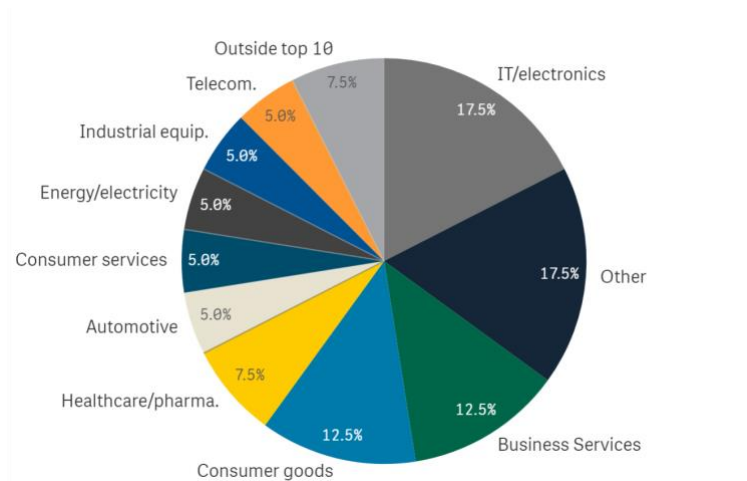
NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

Swedish companies in Portugal operate in a wide range of sectors, but many of them can be related to some of the most important ones in the Portuguese economy, for instance, IT/electronics. 17.5 per cent of the responding Swedish companies are active in this sector, which is highly dynamic and innovative, and representing approximately 10 per cent of Portugal's GDP. The ICT sector employs over 80.000 people, and the tech scene in Portugal is bustling, with Lisbon being considered one of Europe's fastest-growing ICT ecosystems. Other important sectors include business services (12.5 per cent), consumer goods (12.5 per cent) and healthcare/pharma (7.5 per cent).

Most of the responding Swedish companies (85 per cent) operating in Portugal employs only a small number of people i.e., between 0-249 employees. A small percentage, 10 per cent, employ a local workforce of more than 1000 people, while only five per cent of the companies has a local number of employees in Portugal of 250-1000 people.

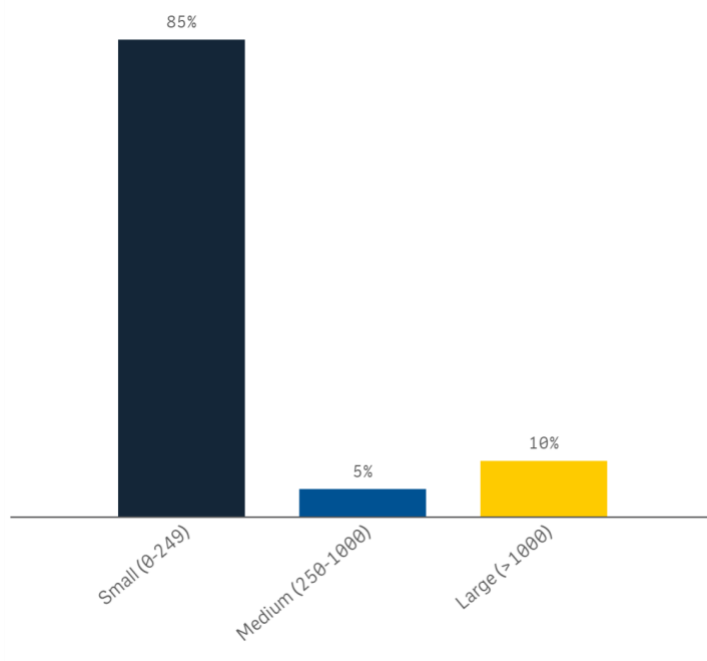
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN PORTUGAL?



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 Portugal 2023.

SWEDISH FIRMS' NUMBER OF EMPLOYEES IN PORTUGAL IN 2023



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 Portugal 2023.

Overall positive view of the business climate in Portugal according to Swedish companies

From the responses on how the companies perceive the current business climate in Portugal, it is possible to observe a somewhat positive view among Swedish companies operating in the Portuguese market. Of the responding companies, 39 per cent indicated a very good or good view of the business climate in Portugal, while looking at the other side of the spectrum, 11 per cent indicated a poor or very poor view. Half of the companies, 50 per cent, believe that the business climate is neutral.

By segmenting the survey responses based on size and maturity, some interesting reflections can be made. In terms of size, we can see the following:

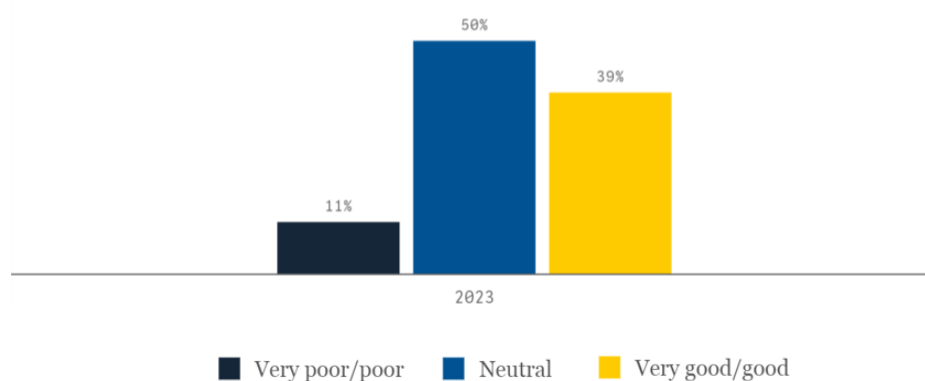
- Large-sized companies indicated the most positive view at 50 per cent, compared to medium-sized companies at 33 per cent and small enterprises at 27 per cent.
- Medium-sized companies by far had the most negative view of the business climate, with 33 per cent of them rating it very poor or poor.

With regard to maturity, an interesting observation is that experienced companies have a more positive view of the business climate than mature companies or newcomers. 50 per cent of the experienced companies indicate a very good or good view of the business climate in Portugal, while this rate for the other two categories is 40 per cent for newcomers and only 23 per cent for mature companies. This reflects that Swedish companies that have been present in the Portuguese market for over 22 years show less optimism about the business climate in the country.

When asked to comment on the business climate in Portugal, some challenges are raised and important to highlight, for example, the complicity of the public sector which some companies mean

lack transparency. Another challenge that is brought up by the companies is the recent changes in the regulation of the residential market in Portugal, where various measures have been announced with the purpose of tackling the country's housing crisis. For instance, in a try to tackle the shortage of housing for locals, it has been decided that there will be no new licenses for holiday lets and the current ones will be reviewed every five years. This has made Portugal less attractive for foreign investment and is expected to have negative consequences on inbound tourism. However, the companies also mention positive aspects of the business climate in Portugal, such as its entrepreneur-friendly environment and good quality of life.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN PORTUGAL?



NOTE: The number of respondents for this question was 36. "Don't know/Not applicable" responses are included but not shown in figure.

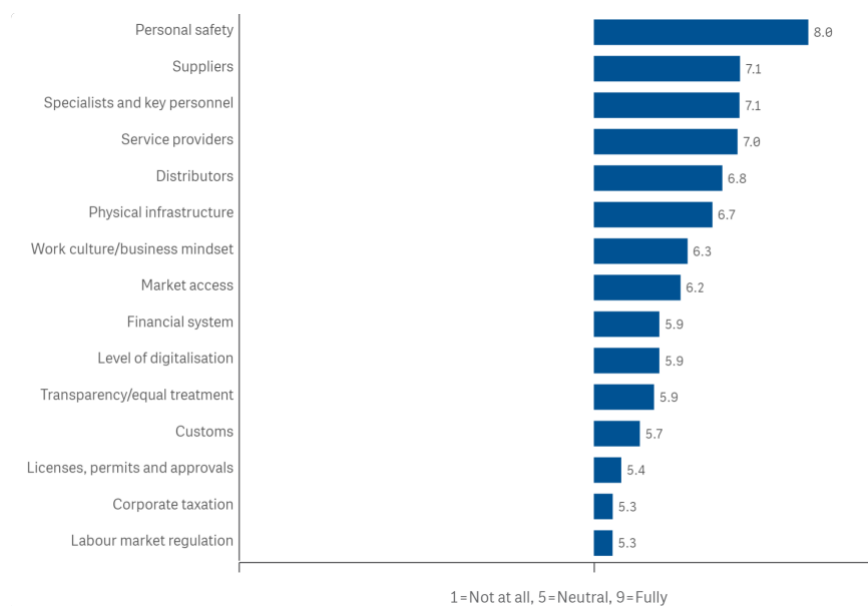
SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

Satisfactory personal safety while administrative processes are more challenging

To further analyse the Portuguese market and its business climate, it is of great importance to gain insights into what extent certain conditions on the market meet the needs of the Swedish companies operating in the country. In order to do so, we asked Swedish companies to rate 15 selected conditions to assess in which aspects the Portuguese market meets their needs and in which ones it does not. Aspects that meet the needs of Swedish companies to a higher degree are personal safety, access to local partners (suppliers, specialists and key personnel, service providers and distributors) and physical infrastructure. The conditions scoring the lowest are factors related to administrative processes such as labour market regulations, corporate taxation, licenses, permits and approvals, and customs.

When asked to comment further on these conditions, the complicity of the public sector is raised as a challenge as the country has delegated authority to three different levels of local governments covering the entire country, which complicates regulations and administrative procedures. The level of digitalisation in Portugal is another aspect with room for improvement, according to the responding companies. According to the Digital Economy and Society Index (DESI) developed by the European Commission, Portugal ranks 15th out of the 27 EU member states in 2022, compared to Sweden ranking 2nd. With this ranking, the European Commission confirms that there is room for the country to accelerate its digitalisation effort, although Portugal has climbed one step up compared to last year's ranking. With the 13.9 billion euros that Portugal has been assigned from the Next Generation EU funds for the country's Recovery and Resilience plan, 22 per cent will be devoted to the digital transition where education in digital skills and digital transformation of businesses and the public sector is in focus.

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

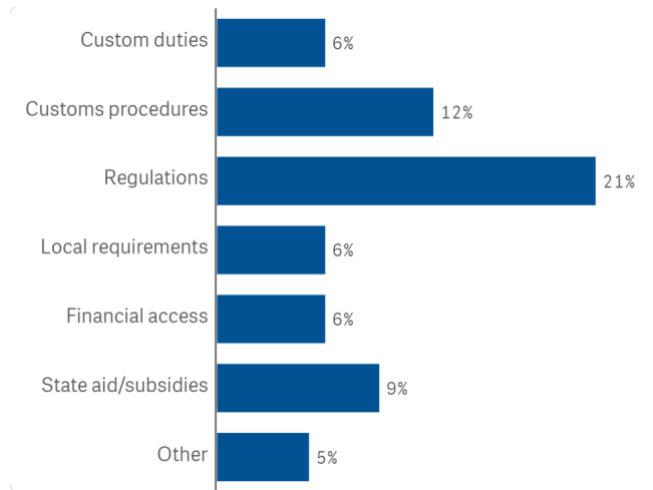


NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

Regulations have a noticeably negative impact on Swedish companies doing business in Portugal

According to Swedish companies operating in Portugal, there are several factors that can be considered trade barriers with a negative impact on business operations in the country. The respondents confirmed that 21 per cent of the companies had encountered trade barriers related to regulations, which can therefore be considered the most significant barrier in terms of doing business in Portugal for Swedish companies. One aspect that has been highlighted by the survey respondents is the lack of transparency connected to regulatory matters. An interesting observation, when looking at the size of the responding companies, is the fact that medium-sized companies are clearly the ones experiencing the most negative impact on operations by regulations. Of the medium-sized companies, 67 per cent have encountered trade barriers related to regulatory matters in Portugal in the past year, while the share for large companies is 29 per cent and for small-sized companies only six per cent. Customs procedures, state aid and subsidies are other aspects considered to have a negative impact on business in Portugal according to Swedish companies.

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



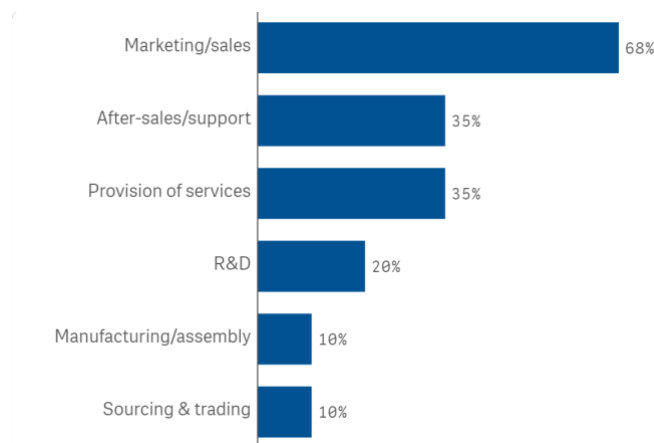
NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

HOW SWEDISH COMPANIES SUCCEED IN PORTUGAL

Marketing and sales are the main operations for Swedish companies in Portugal

Swedish companies in Portugal are active in a diverse range of business areas, although for most of the responding companies, 68 per cent, the main operations in the Portuguese market are marketing and sales. After-sales/support and provision of services are other areas where Swedish companies are relatively active in the Portuguese market, with 35 per cent of the companies highlighting each one of these areas. Manufacturing/assembly and sourcing/trading are areas where Swedish companies are less active in Portugal, with a share of 10 per cent each.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



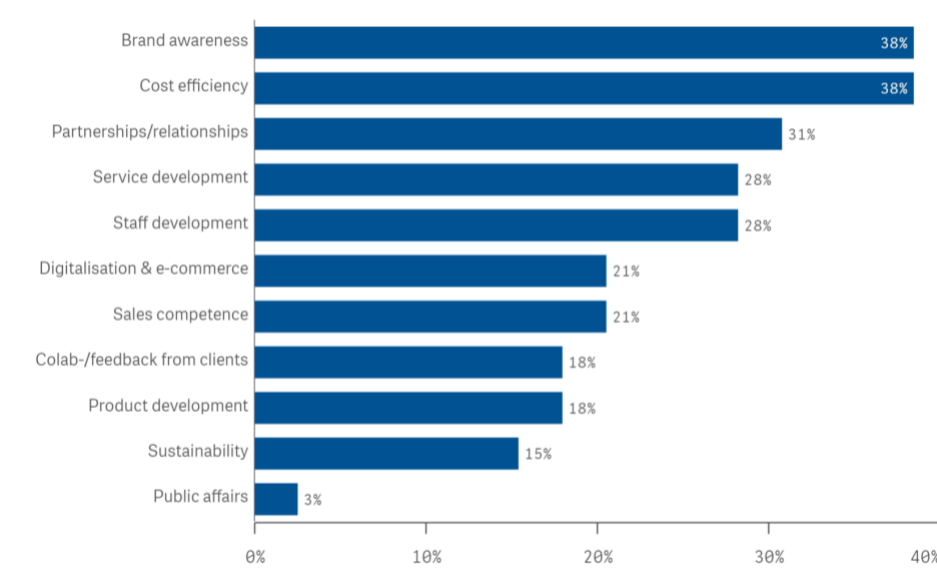
NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

Brand awareness and cost efficiency driving competitiveness in Portugal

When given the opportunity to rank different areas depending on their importance in maintaining competitiveness in Portugal, brand awareness and cost efficiency stands out as the most important ones for Swedish companies. Moreover, partnership/relationship with local players is another factor emphasised as important in relation to competitiveness. On the other hand, Swedish companies rank public affairs as the least important area in order to remain competitive in the Portuguese market, together with sustainability. Later in this report, we will touch more upon the sustainability aspect in order to further assess the importance of this area in Portugal in general and for Portuguese customers specifically.

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



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 Portugal 2023.

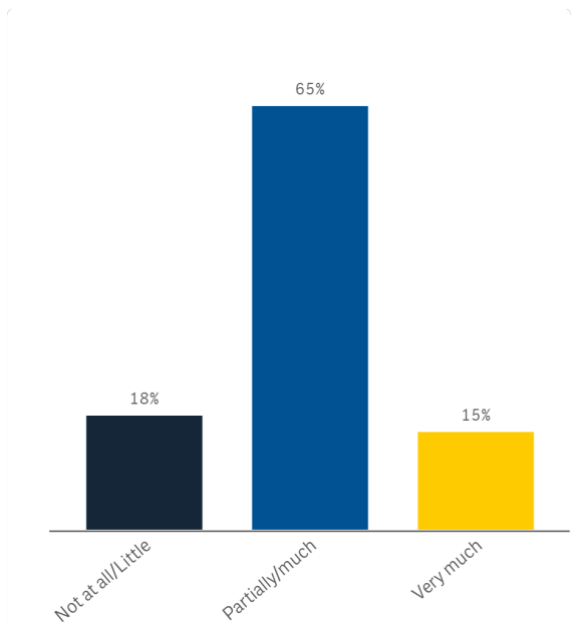
“Since moving to Portugal, we have gained access to a much larger pool of senior professionals which has led us to higher productivity, scalability, and increased capacity for another level of project sizes.

Survey respondent

“Swedish brand” contributes to the business in Portugal to some extent

The image of the “Swedish brand” abroad is generally positive, with some reoccurring associations being an equal, fair, and sustainable country with high quality of life. The governance in Sweden is one of the country’s main strengths, according to other countries. The perception of Sweden in Portugal reflects the generally positive view, as 80 per cent of the responding companies indicate that the “Swedish brand” contribute to their business in Portugal. Sixty-five per cent believe that the “Swedish brand” contributes partially or much, while 15 per cent indicate that it contributes very much to their business in Portugal. Only 18 per cent of the companies indicate that the “Swedish brand” contribute little or not at all to their business in Portugal. No clear differences can be observed depending on the size, maturity, or industry of the company.

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



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 Portugal 2023.

ACTING SUSTAINABLY

Environmental aspects are moderately considered by customers in their purchasing decision

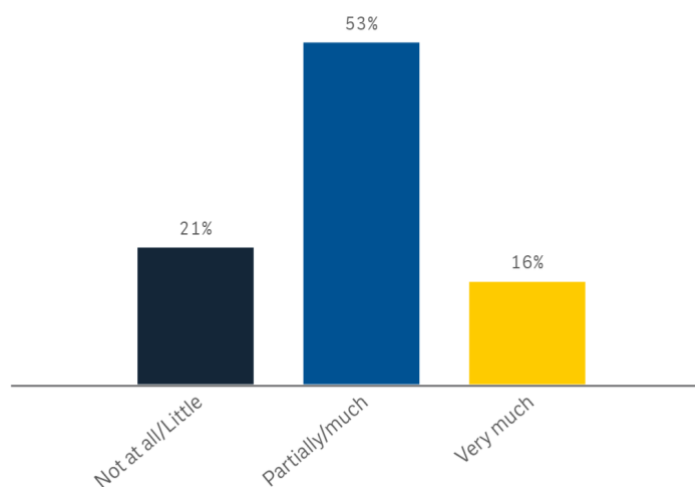
Acting sustainably as a company has become increasingly important to retain customers and attract new ones, but also to bring in talented employees and to create a favourable brand image. UN's 2030 Agenda for Sustainable Development, focusing on sustainable development in areas of critical importance for humanity and the planet, has put more pressure on companies to implement sustainable production and promote sustainable consumption by customers. Portugal incorporates the Agenda 2030 into the country's national strategies, plans and policies, but there is still room for improvement as the country ranks 20th on the Sustainable Development Goals Index out of the 193 UN Member States.

When asked to what extent customers in Portugal consider environmental aspects in their purchasing decision, 69 per cent of the companies respond that it is considered to some extent. Fifty-three per cent believe that it is partially or much considered, while 16 per cent responded "very much". Twenty-one per cent believe that environmental aspects are not being considered at all or only to a small extent. As highlighted by the survey respondents, sustainability is important but does generally come with a higher cost which for many customers is a more crucial decision-making factor.

“Addressing sustainability challenges requires a multi-stakeholder approach that involves government, civil society, private sector, and international cooperation.

Survey respondent

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



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.

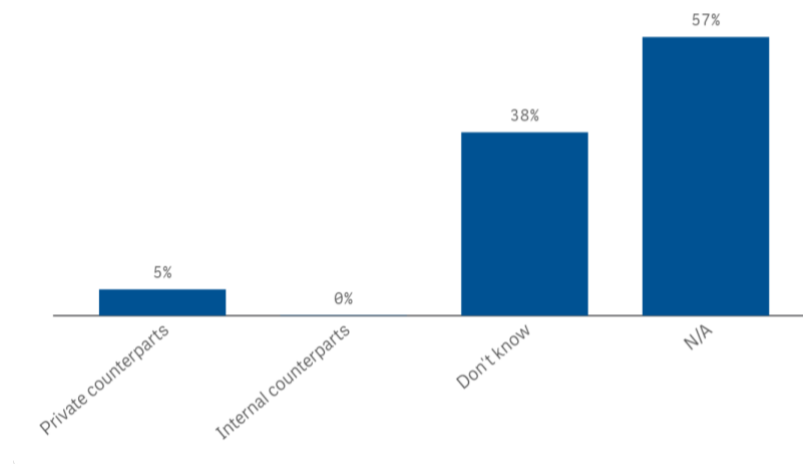
SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

For most Swedish companies, corruption is not a major issue in Portugal

A key factor for having a healthy business climate is transparent corporate governance free from corruption. In general, European countries tend not to experience as high levels of corruption as countries from other parts of the world, but still, there is plenty of room for improvement. Every year, Transparency International ranks 180 countries depending on the perceived corruption in these countries on a scale from 0-100, where zero means highly corrupt and 100 is very clean.

In 2022, Portugal ranked 32nd out of these 180 countries, with a score of 62 out of 100, indicating that the situation is good but that there still are areas for continued development. When asking Swedish companies in Portugal if they have been exposed to corruption, 95 per cent of the respondents answered, “Don’t know” or “N/A”, indicating that the issue is not of high importance in the country. Regarding the five per cent of the companies indicating that they have been exposed to corruption from private counterparts, all are operating within the industrial sector.

HAS YOUR COMPANY IN PORTUGAL 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 40. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Portugal 2023.

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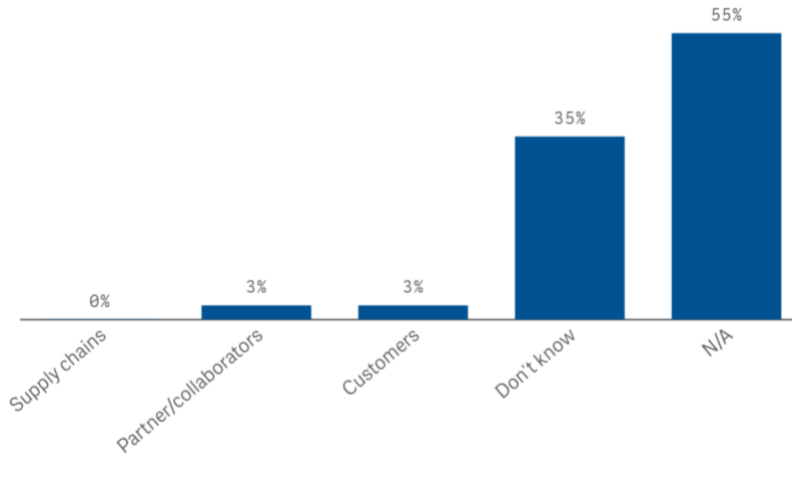


SOURCE: Transparency International.

Low risk for human rights violations and labour rights abuse in Portugal for Swedish companies

According to Swedish companies, Portugal seems to have a positive image in terms of upholding human rights, with a low risk of human rights violations and labour rights abuse. Ninety per cent of the survey respondents answered “Don’t know” or “N/A” on the question about if they have encountered any form of human rights violations or labour rights abuse in Portugal. This indicates a small risk of encountering these kinds of violations in the Portuguese market while doing business. Only three per cent of the companies have indicated that they have experienced violations from partners/collaborators, and another three per cent from customers.

HAS YOUR COMPANY IN PORTUGAL ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?



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 Portugal 2023.



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