



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE UNITED KINGDOM 2023

A REPORT FROM TEAM SWEDEN IN THE UNITED KINGDOM

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FOREWORD



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The United Kingdom is proud of its reputation as a global hub for business with many prominent industries, a thriving start-up scene and one of the most revered financial hubs in the world, London. Thanks to its mature, high-spending consumer market coupled with an open, liberal economy the UK presents a plethora of opportunities for Swedish companies. Sweden has a diverse range of interests in the UK market, covering a multitude of sectors including life sciences, energy, transport, retail and engineering and ICT.

Team Sweden in the UK (Embassy of Sweden, the Swedish Chamber of Commerce and Business Sweden – The Swedish Trade and Invest Council) have conducted the fourth edition of the Business Climate Survey among Swedish companies in the UK whose findings are presented in this report. This report provides an overview of the current state of Swedish businesses operating in the United Kingdom. It examines the types of businesses that have established a presence in the UK, as well as the opportunities and challenges that they have encountered. The report also highlights the impact of Brexit on Swedish businesses in the UK and how they have adapted to the new regulatory environment.

In addition, the report explores the prospects for Swedish businesses in the UK, including opportunities for growth, as well as investigating areas for potential collaboration between the two countries. It also provides insights into the competitive landscape and key factors that may influence the success of Swedish businesses in the UK.

The global recovery from the Covid-19 pandemic continues to send ripples through the world economy. Moreover, the decision taken by the UK to leave the European Union and the subsequent negotiations may have caused some uncertainty and challenges for Swedish companies conducting business in the UK. However, major parts of The Windsor Framework, a post-Brexit legal agreement between the European Union and the United Kingdom are scheduled to take effect in October 2023. This new deal should reduce the frictions on Great Britain to Northern Ireland trade, primarily by expanding a trusted trader scheme and introducing a system of green lanes and red lanes at Northern Ireland ports.

It is clear, however, that a multitude of forces continue to heavily affect trading conditions across national contexts. The destabilising economic effect of Russia's aggression in Ukraine has had global consequences for companies and consumers alike. Despite these uncertainties, the findings of the 2023 Business Climate Survey demonstrate that the UK remains a very important market for Swedish companies. Indeed, many Swedish companies have continued to invest and expand their operations in the UK despite some uncertainty.

It is our hope that this report will serve as a valuable resource for businesses, policymakers, and other stakeholders interested in understanding the dynamics of the Swedish-UK business relationship. We thank all those who contributed their insights and expertise to this report and hope it will contribute to a deeper understanding of the opportunities and challenges facing Swedish businesses in the United Kingdom.

EXECUTIVE SUMMARY

~1,500

Swedish-owned
companies/entities active in
the UK



Industry turnover

78%

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

Future investments

56%

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

Profitability

62%

of Swedish companies deemed their company's financial performance as profitable

Brand Sweden

82%

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

Local conditions with high satisfaction

1. Personal safety
2. Service providers
3. Suppliers

Local conditions with least satisfaction

1. Customs
2. Corporate taxation
3. Physical infrastructure

ABOUT THE SURVEY

The results of the 2023 Business Climate Survey for Swedish companies in the United Kingdom are based on the answers of 50 Swedish companies

With its geographical proximity to Sweden, many Swedish companies naturally consider expanding to the United Kingdom as a stage of their development. The UK market is attractive for several reasons including its robust and well-established market infrastructure, flexible and liberal labour laws, and significant population of more than 67 million at time of writing.

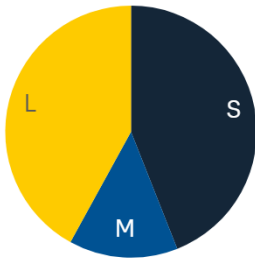
How are these companies experiencing the business climate in the UK? Team Sweden have carried out a survey to understand how Swedish companies that are actively operating in the UK perceive the market conditions and the economic prospects of their business. Where possible, the survey also seeks to illustrate how responses diverge between past iterations of this survey and respondents. The report also provides insights about the broader business climate in the UK. It also seeks to highlight the key successes and challenges faced by Swedish companies in the past year. We will continue conducting The Business Climate Survey regularly in the future to track and analyse changes in the years and decades ahead.

This year, the survey was sent out to over 400 company representatives. There are an estimated 1,500 Swedish companies in the UK. Our research indicates that it is common for large Swedish companies to own multiple entities in the UK.

The answers were collected during March and April 2023. The survey was completed by 50 respondents. Of these 50 respondents, 42 per cent were large, 14 per cent were medium and 44 per cent were small. Regarding the industries that these respondents occupy, our results indicate that 49 per cent of respondents identify as being within the industrial sector, 37 per cent within the realm of professional services and 14 per cent in the consumer space. The results received also illustrate that the UK market is home to both new and well-established Swedish companies, with 26 per cent of respondents describing their organisations as mature, 41 per cent as experienced and 33 per cent as newcomers. These results demonstrate that Swedish companies of all sizes, ages and industries continue to establish and add operations in the UK.

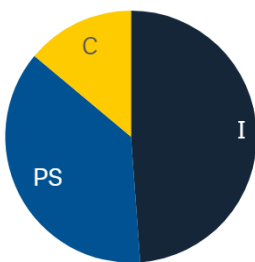
Finally, it should be noted that any statistics presented in this year's report are solely indicative of our respondents' experience in the UK market. Furthermore, it is necessary to note that the response period coincides with the ongoing conflict between Russia and Ukraine. Such a significant geopolitical occurrence will of course have considerable ramifications on the business climate across the globe. Therefore, responses should be read with due consideration of these developments.

SIZE OF COMPANIES



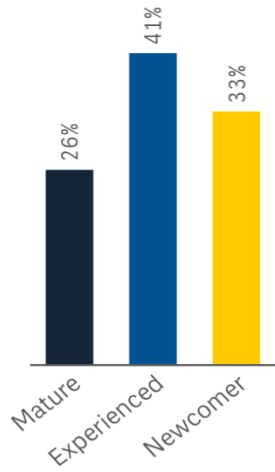
NOTE: Global employees. Large >1,000 (42 per cent) Medium 250-1,000 (14 per cent) Small 0-249 (44 per cent)

MAIN INDUSTRY



NOTE: Industrial 49 per cent. Professional services 37 per cent. Consumer 14 per cent

AGE OF COMPANIES



NOTE: Mature (<2,000). Experienced (2001-2015). Newcomer (2016-)

ECONOMIC OUTLOOK

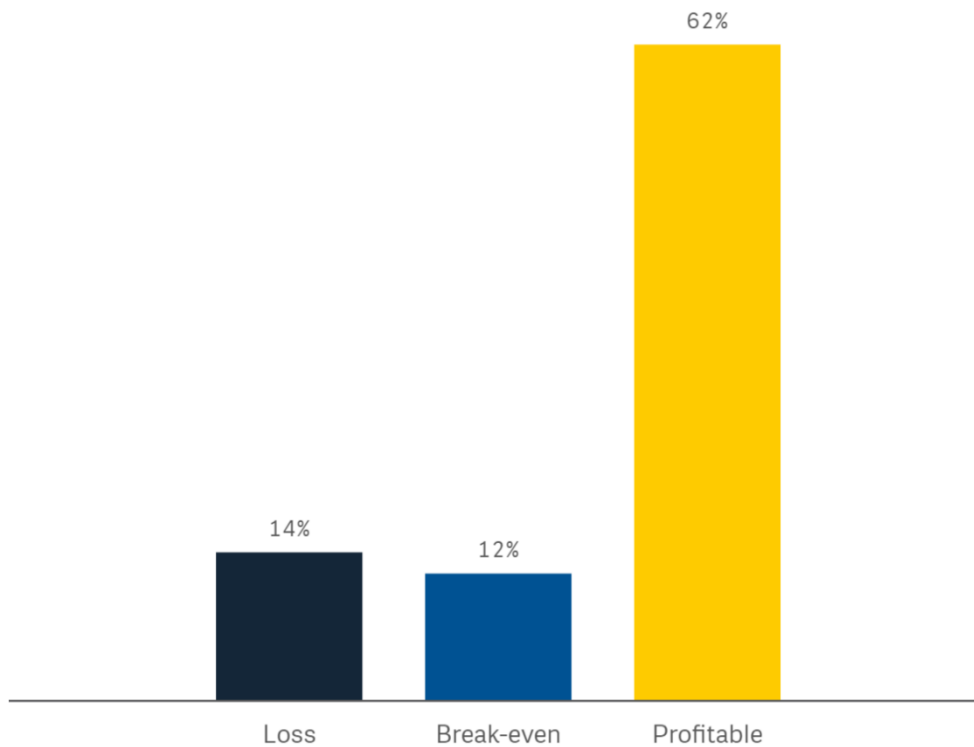
A tumultuous economic period but a profitable road ahead

The United Kingdom's economic performance looks to be steadily improving. However, challenges no doubt remain; high inflation has presented a significant challenge for the UK economy. Consumer confidence and spending power has been substantially diminished through historically high energy costs and the rising cost of living. Despite this catalogue of challenges, the UK is likely to avoid the two consecutive quarters of contraction that would qualify for a technical recession with a view to more considerable growth towards the end of 2023. With inflation likely to recede at pace, it is possible that the Bank of England will move to cut interest rates at the end of 2023 and into 2024. It is hoped that energy prices and inflation will fall, and spending confidence should grow among consumers. This could begin to change perceptions of the economic situation in the UK.

Business investment has stagnated since 2016, with uncertainty surrounding the UK's revised relationship with the European Union following Brexit, the Covid-19 pandemic, war in Eastern Europe and an ongoing energy crisis. Reassuringly however, economists have provided greater reasons for optimism for businesses in the UK. Greater clarity in the post-Brexit trading relationship between the EU and the UK and the effect of the temporary full-expensing capital allowances announced in the Budget promote a more positive business investment outlook. The tumultuous economic circumstances of the last decade illustrate the necessity for businesses to plan for different scenarios so that they maintain confidence to follow through on investment plans amid changing circumstances.

Despite these uncertainties, it is pleasant to see most Swedish companies remained profitable despite a multitude of challenges and continue to operate with a broadly optimistic outlook for the future. Furthermore, most firms anticipate increasing their investment in the UK which is illustrative of their commitment to conducting business in the UK.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE UNITED KINGDOM IN THE PAST YEAR?



NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.

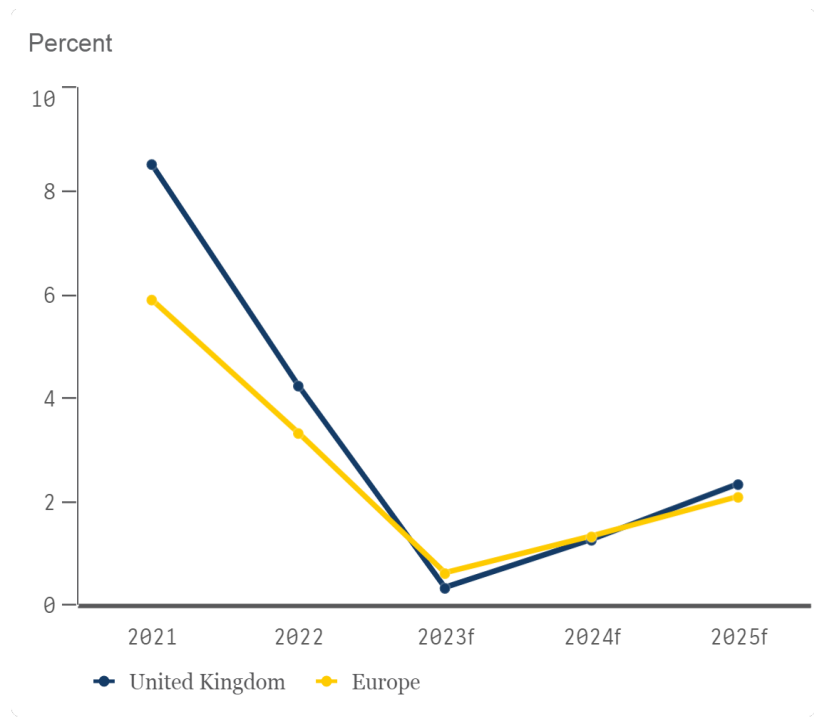
SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

Swedish companies remain broadly profitable in 2022

Building on the previous years' Business Climate Survey reports we can see that companies' economic results are stable. In terms of financial performance, 62 per cent of respondents reported a profitable performance and 14 per cent a loss, in comparison to 2021 where 73 per cent of respondents reported a profitable performance and 13 per cent as breaking even.

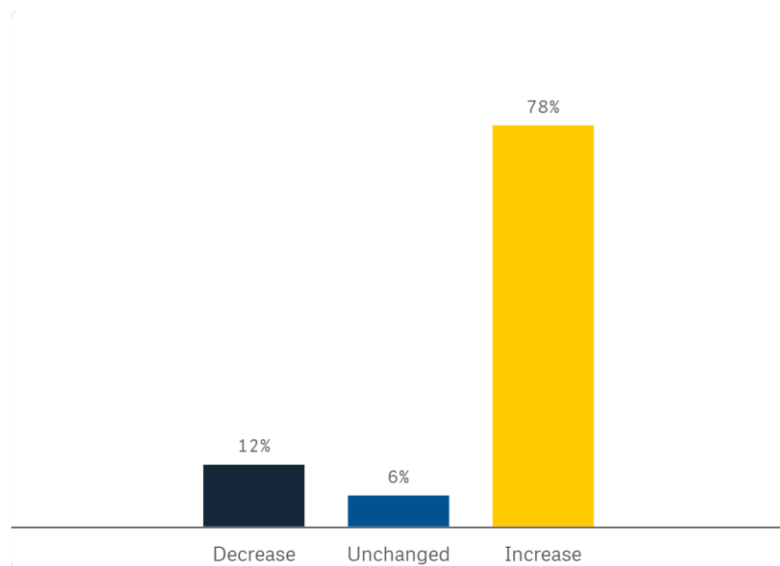
This is an indication that overall, Swedish companies are still encountering challenging market conditions but are continuing their financial recovery and are successfully beginning to adapt to the tumultuous economic climate.

PROJECTED GDP GROWTH IN THE UNITED KINGDOM AND EUROPE



NOTE: Constant prices.
SOURCE: Oxford Economics 2023

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



NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.

Respondents' answers on turnover remain broadly consistent

Respondents' answers on turnover expectations for the coming year are somewhat less positive than results received in last year's Business Climate Survey. In 2022 only two per cent of respondents indicated their expectation that their turnover would decrease in the next 12 months. In 2023 this figure has risen to 12 per cent. This is still lower than the projections received in 2021, when 14 per cent of participants anticipated turnover to decrease. Furthermore, this year 78 per cent of respondents shared their belief that their turnover will increase in the next year whereas in 2021 this figure stood at 74 per cent.

When analysing these results further it is fascinating to see that 86 per cent of small and medium firms reported an optimistic expectation that they will experience an increase in their turnover in the United Kingdom in the next 12 months. This view is not shared by larger companies, of whom only 67 per cent said that they expect their turnover in the United Kingdom to increase next year. One possible reason for this could be that due to their size, larger companies often have more complex organisational structures and bureaucratic processes, which can make decision-making slower and hinder their ability to adapt quickly to market changes. This can in turn lead to a stagnation in their decision making during volatile market conditions and a sense of pessimism when responding to evolving customer demands or competitive pressures.

Extending our analysis further, we can see that companies that identify as being within the professional services and consumer industries reported the most optimistic expectations pertaining to their turnover for the coming 12 months. 83 per cent of these respondents indicated that they envisage an increased turnover in the next year. No companies within the consumer space reported an expectation that their turnover would decrease in the upcoming 12 months. In stark contrast, 24 per cent of companies within the industrials space were of the belief that their turnover would decrease in this period. One factor that may have contributed to this response is the ongoing geopolitical instability in Eastern Europe and the effect of this on commodity prices. This uncertainty can make forecast demand, plan production and investment decisions more complex and difficult and subsequently lead to less optimistic outlook by businesses.

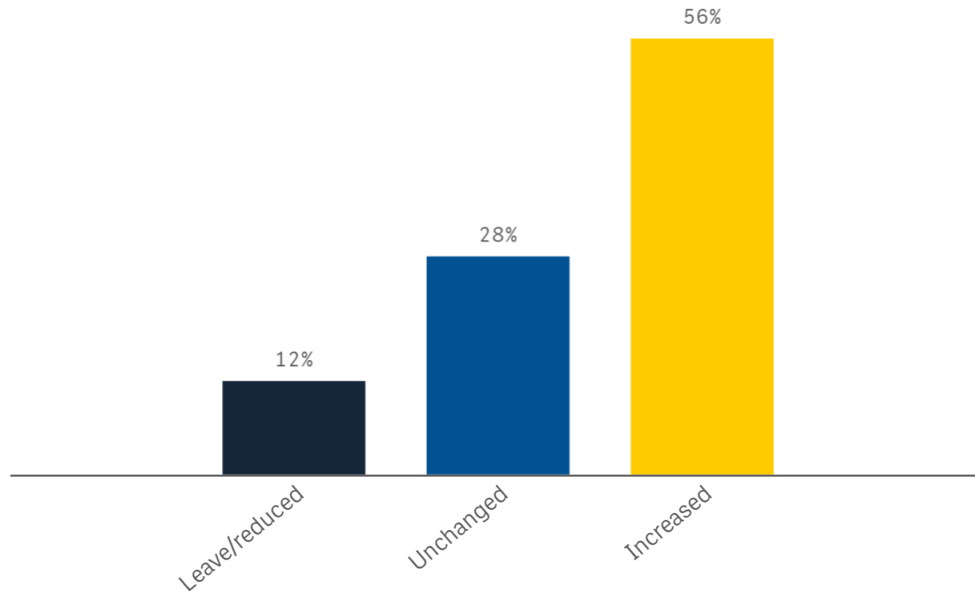
Respondent companies will increase investments in the UK

A relatively high share of participants intends to increase their investment in the United Kingdom in the coming 12 months compared to the past 12 months. In 2022, Swedish firms' appetite for investments in the UK had improved greatly since the Covid-19 pandemic. In 2022, 66 per cent of companies signalled their intention to enhance their investment in the UK. In 2023, this figure now stands at 56 per cent. In addition, a further 28 per cent intend to maintain their level of investment in the United Kingdom. This broadly optimistic outlook demonstrates the continued attractiveness of the UK market for Swedish firms, and a continuation of the historically close relationship between the two countries.

When examining results by the size of the responding company, it is concerning to note that larger companies have been decreasing their investment in the UK. Indeed, five per cent of respondent companies have indicated that they are making plans to leave the UK market. Only 48 per cent of these are intending to increase their investment in the coming 12 months. In contrast to this, an impressive 71 per cent of medium sized companies are looking to increase their investment in the UK market and none of these are looking to lower their investment or leave in the next 12 months.

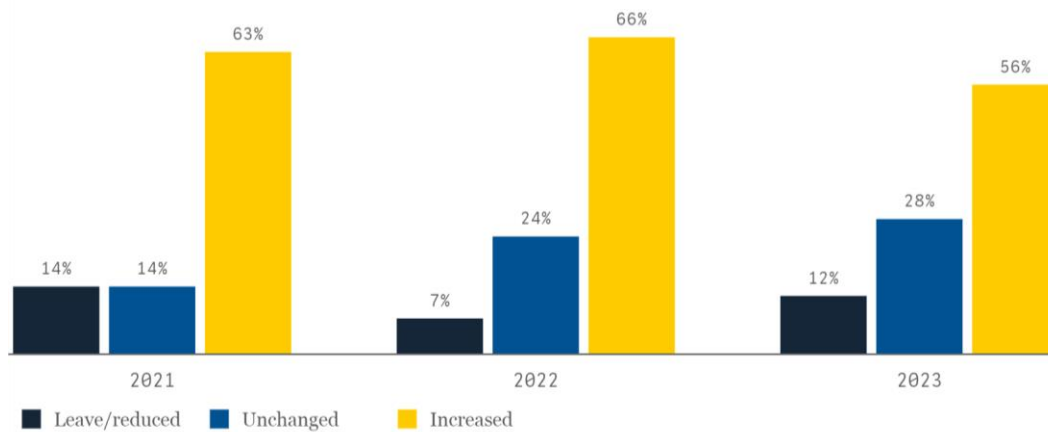
However, the UK remains a broadly stable business environment with a skilled workforce, high quality infrastructure and access to global markets. This stability is reflected by the knowledge that these results have remained relatively stagnant in the previous four years of this survey.

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



NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.

COMPARATIVE RESULTS FROM 2021, 2022 & 2023



NOTE: Reduced and increased represent aggregation 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 the United Kingdom 2023

THE MARKET

The UK offers a supportive business environment

The United Kingdom has long been recognised as a global hub for business and entrepreneurship, thanks to its supportive business environment. With a robust legal framework, favourable taxation policies, access to finance, and a vibrant business ecosystem, the UK provides a fertile ground for businesses to thrive.

The UK has a well-established financial sector, offering a wide range of financing options for businesses. Venture capital firms, angel investors, and various government-backed initiatives provide funding support. The presence of globally renowned financial institutions in cities like London enhances access to capital and facilitates international business transactions.

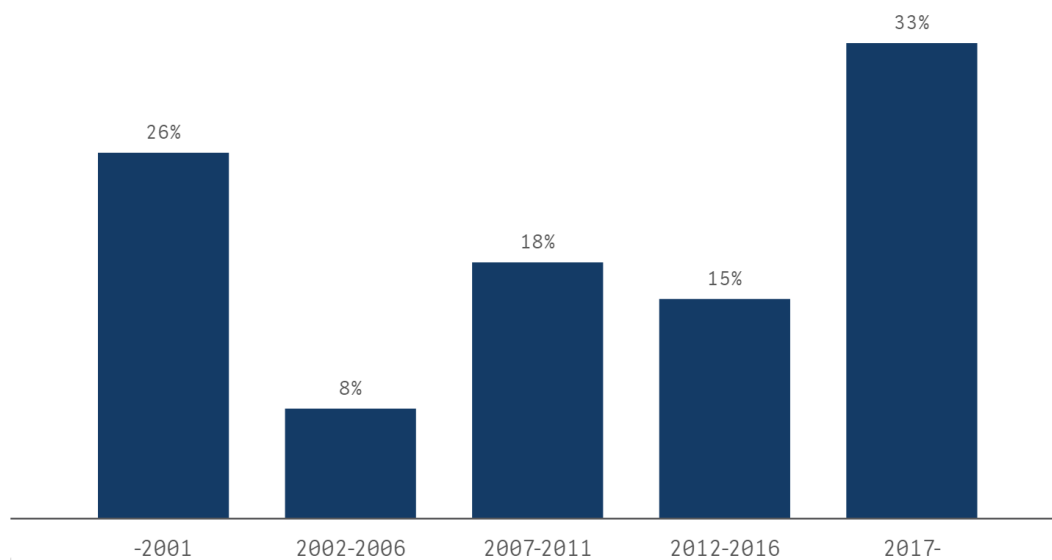
The UK's business ecosystem thrives on collaboration and knowledge-sharing. Thanks to its central global location, the United Kingdom plays host to numerous networking events, industry-specific conferences, and incubators that connect entrepreneurs with mentors, experts, and potential partners. The presence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

The UK and Sweden's long-standing relationship is valuable for many Swedish companies

The number of newcomers in our sample has increased sharply since last year's iteration of this survey. This year 33 per cent of respondents indicated that they had established operations in the United Kingdom since the start of 2017. This illustrates that companies of varying sizes are continuing to choose the UK as a location to conduct business.

The results collected indicate a wide range of maturity of Swedish firms in the United Kingdom. This sustained will to internationalise by Swedish companies is indicative of a willingness to commit resources to internationalisation strategies through a multitude of economic shocks including the bursting of the dotcom bubble in the early 2000s, the financial crisis of 2008 and most recently the Covid-19 pandemic.

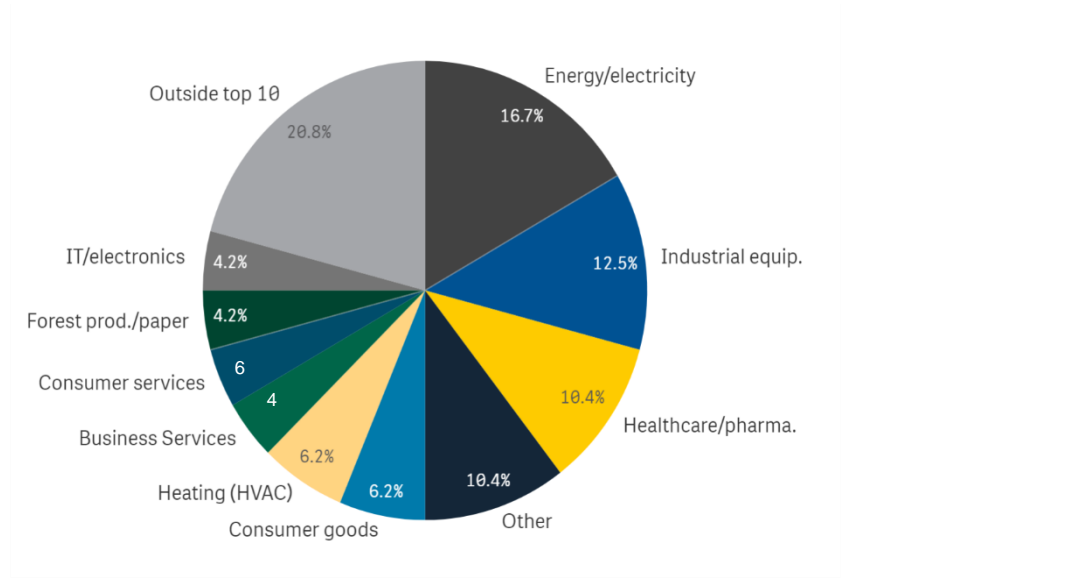
IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE UNITED KINGDOM?



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.

Considering significant pressures on Europe's energy security in the last 18 months, it is encouraging that nearly 17 per cent of respondents identify as operating within the 'Energy/electricity' industries. This indicates robust cross-border collaboration between Sweden and the United Kingdom amidst this ongoing pressure. Our survey respondents represent a multitude of industries, showcasing the diversity of Swedish firms within the UK. Perhaps unsurprisingly given the UK's diverse nature, the 'other' category was one of the highest marked sectors at over 10 per cent. Other significant industries are 'Industrial equipment' at almost 13 per cent, and 'Healthcare/pharma' at over 10 per cent. Although these numbers may not be representative of the entire population of Swedish companies in the UK, it is valuable nonetheless to have received input from such a wide array of industries.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THE UNITED KINGDOM?

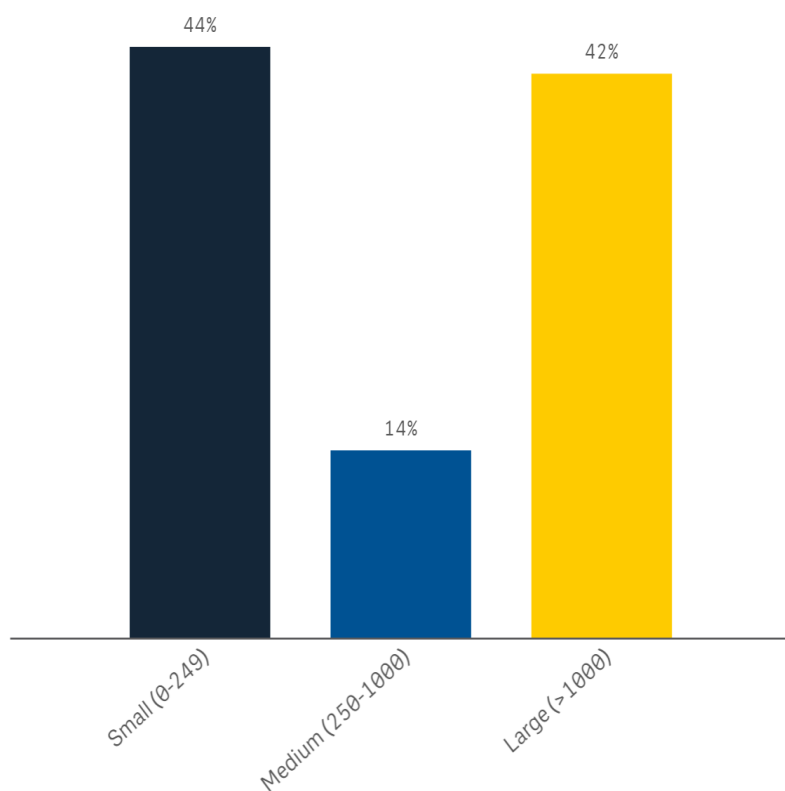


NOTE: The number of respondents for this question was 48.
 SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.

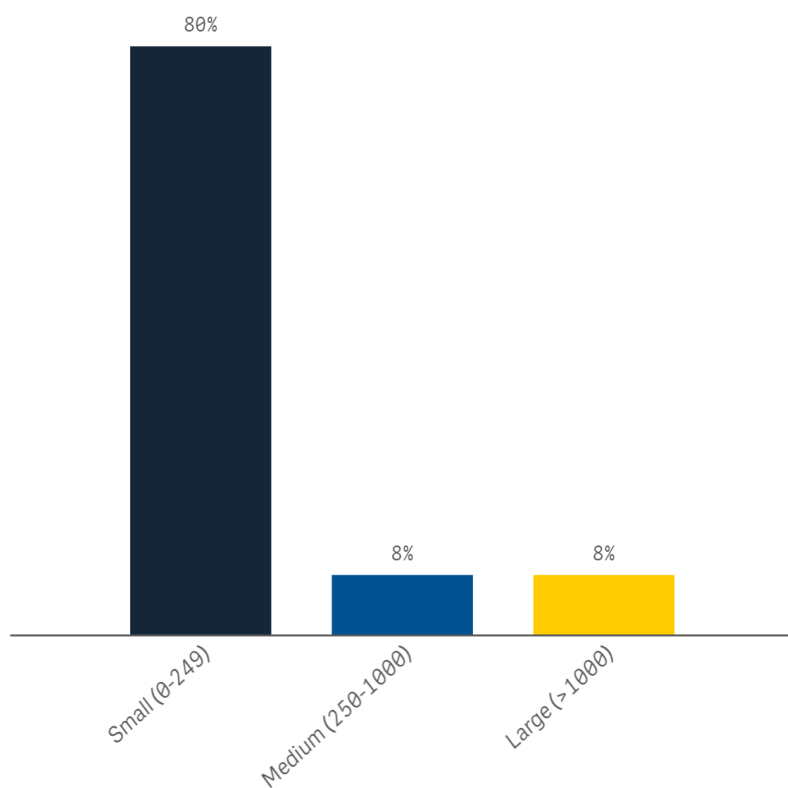
The UK's success is enhanced by an eclectic mix of large, long-established companies and smaller companies coming to the fore in a multitude of industries. Large and long-established companies are crucial for the maintenance of the UK's economic output and a large swathe of jobs. The maturity of the trade relationship between the United Kingdom and Sweden is illustrated by the result that 42 per cent of respondents represent a large company.

Contrary to the UK, Sweden is a beneficiary of SMEs representing a comparable share of the total economy. The high share of SMEs in Sweden that have an ongoing presence in the UK market could be indicative of the supportive business environment offered by the United Kingdom for fledgling businesses. Small businesses are in some cases able to take advantage of government-led incentive programmes. Additionally, there are several ancillary trade associations which offer support for small businesses.

SWEDISH FIRMS' GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN 2023



SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE UNITED KINGDOM IN 2023



NOTE: The number of respondents for this question was 49. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

Swedish businesses perceive the UK business climate broadly positively

In 2022, Swedish respondents perceived the UK business climate very positively with over 61 per cent of companies perceiving the current business climate as 'good' or 'very good' whereas only 11 per cent deemed the business climate as 'poor'. However, in 2023 there has been a decline in the perception of the UK business climate in comparison to 2022. The results collected this year portray a far less positive image. Only 34 per cent of respondents view the UK business climate as 'good' or 'very good'. This is a decrease of 27 per cent between 2022 and 2023.

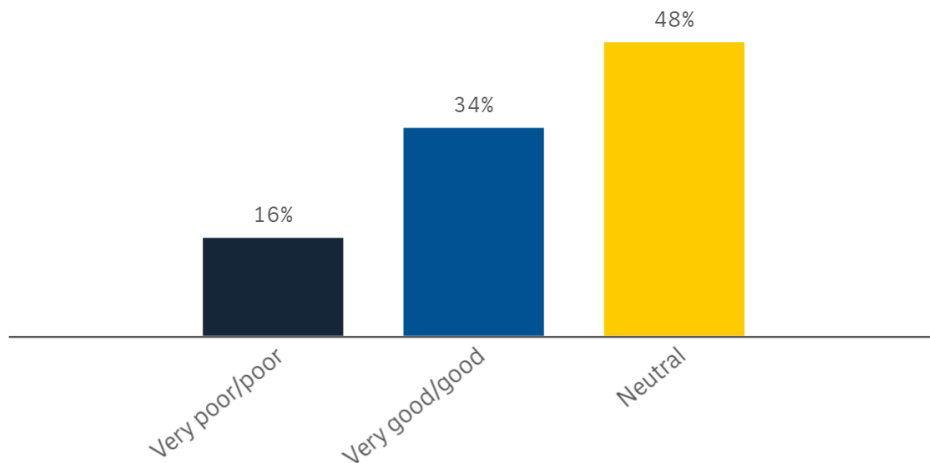
The picture is brightened somewhat when comparing results received for this question to those collected in 2020, where a meagre 21 per cent of companies viewed the environment as positive and 42 per cent of companies viewed the business climate as negative. Furthermore, the ratio of Swedish companies perceiving the UK business climate as 'neutral', 'good' or 'very good' has remained broadly similar over the previous three years. In 2022, this figure stood at 90 per cent whereas in 2023 this figure decreased only slightly to 82 per cent.

The past decade in the United Kingdom has been marked by a variety of economic shocks including the reformation of the United Kingdom's relationship with the European Union, the effects of the Covid-19 pandemic and the effects of Russia's invasion of Ukraine. It is therefore not particularly surprising that Swedish businesses have had varying perceptions of the UK business climate in an ever-changing business climate. Considering this evidence, these results are not a significant cause for concern, indicating that the UK has been successful in maintaining a strong business climate despite global uncertainty.

When segmenting the results received, 'consumer' businesses are the most satisfied with the current UK business climate with 50 per cent perceiving the business climate in 2023 as being 'good'. In contrast, there is a less glowing perception of the UK business climate from the 'industrial' sector. In this sector only 29 per cent of respondents deem the business climate as 'good' or above and 24 per cent of respondents deem the business climate as 'poor'.

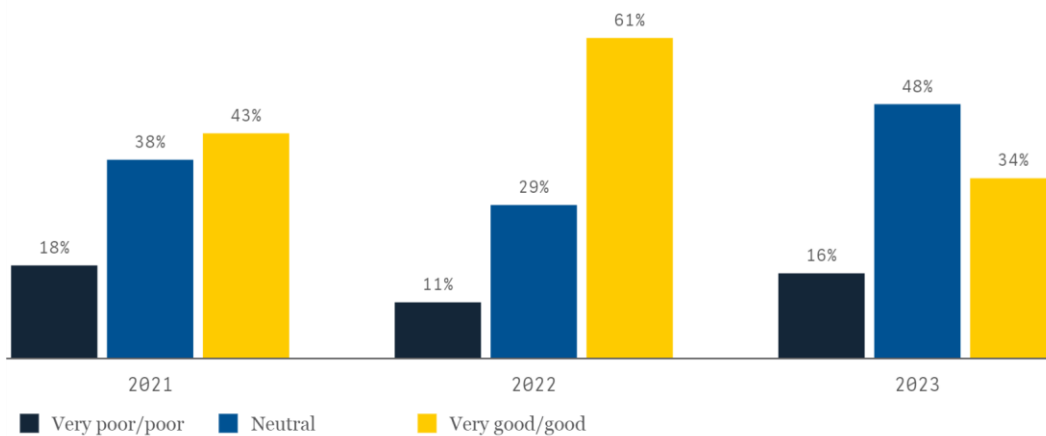
This year's survey also sought to investigate whether divergences exist between Swedish companies who identify as newcomers to the UK and those companies that have a more mature presence in the UK. Our results do not show a strong correlation between a company's experience of conducting business in the United Kingdom and their perceptions of the business climate. From these results one could infer that Swedish companies that identify as newcomers to the UK do not hold wildly diverging perceptions of the UK business climate in comparison to their more mature peers. It is likely that these newcomers that have entered the UK market have a relatively well-developed understanding of the UK business climate rather than holding any significant divergences from their more experienced peers.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE UNITED KINGDOM?



NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.



NOTE: 'Don't know/Not applicable' responses are included but not shown in figure

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.

Swedish companies find personal safety and the strength of service provision particularly favourable in the United Kingdom

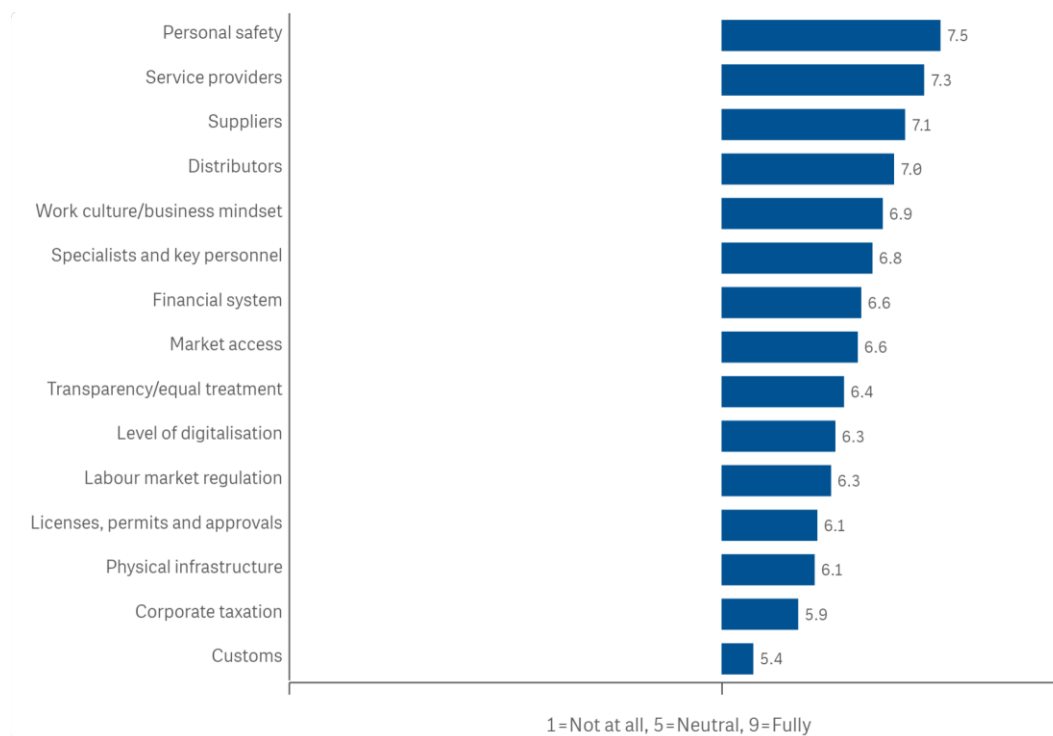
There is a plethora of factors that determine whether the business environment in a particular market is conducive to success for businesses. Our survey asked Swedish companies to evaluate the extent to which certain factors met their needs in the UK market. When evaluating the UK market conditions, participants' results were broadly positive, with no category receiving an overall negative response, indicating that Swedish companies are overall of the opinion that their business needs are being met by the UK market. On average, respondents gave the highest score to personal safety and service providers. This was closely followed by suppliers, distributors, and work culture/business mindset.

However, our findings show us that there are some market conditions that the UK is not providing as successfully, namely the strength of physical infrastructure, corporate taxation and customs, licenses, permits and approvals. Our results indicate that Swedish businesses hold diminished confidence regarding their regulatory affairs when doing business in the United Kingdom. It is highly possible that Swedish businesses have been negatively impacted by the realignment of the United Kingdom's relationship with the European Union since 2016. One respondent to our survey points to 'a sense of complexity' when conducting business in the United Kingdom post-Brexit. Another respondent describes lead times having 'increased substantially due to customs bureaucracy'.

Moreover, respondents have ranked the level of digitalisation as the UK market condition that meets the needs of their businesses lower in 2023 than in 2022. Sweden is a frontrunner globally regarding digital connectivity and integration of digital technologies into a multitude of areas. According to the International Institute for Management Development's World Digital Competitiveness Ranking 2022, Sweden was ranked 3rd behind only Denmark and the United States. In comparison, the United Kingdom placed only 16th, having fallen two places since the previous year's report. Furthermore, when considering the countries' digital readiness, Sweden far outranks the UK in technology adoption, technology infrastructure and government investment levels. Given Swedish companies' digital expertise, it is not surprising that they enter the UK with high expectations of existing digital infrastructure and thus are challenged by the UK digital market conditions.

One category that has improved in this year's Business Climate Survey in the view of Swedish businesses is the strength of specialists and key personnel. We envisage that this indicator will continue to improve as the United Kingdom has invested widely in several key industries to enhance the strength of research, development, and specialisation within these areas. An example of this is the unveiling of a package worth £650 million introduced by the Chancellor of the Exchequer on 25th May 2023 for the life sciences sector. This investment seeks to 'support economic growth with new commitments and funding for manufacturing, skills and infrastructure' including particular emphasis on the improvement of clinical trials.

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



NOTE: The number of respondents for this question was 50.

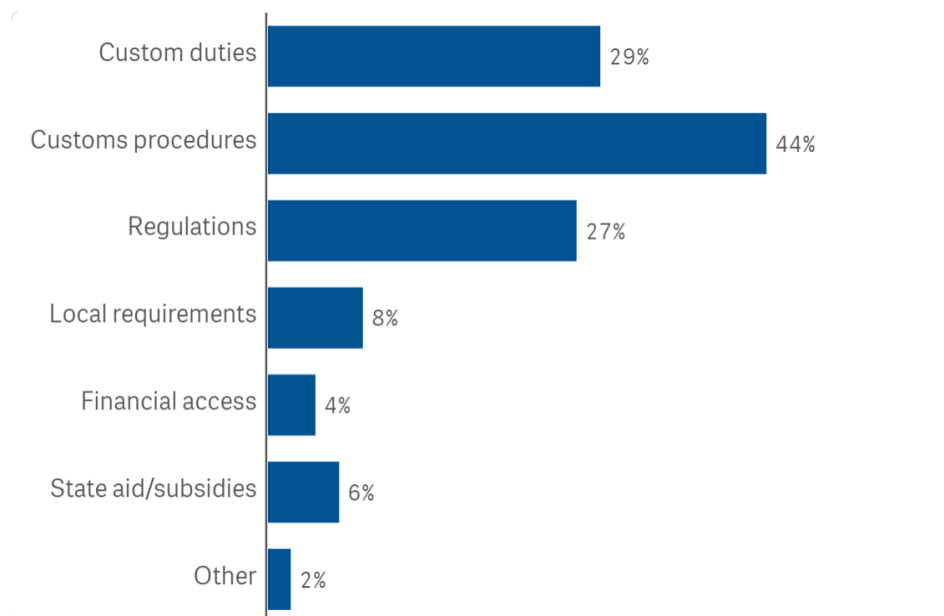
SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

Trade barriers in the UK are broadly limited and mainly concentrated around custom procedures

Conducting business within the UK is not exempt from challenges. The most significant area of difficulty reported was customs procedures: Swedish companies struggle with clarity on customs procedures and customs duties as well as regulations. This sentiment was particularly prevalent amongst consumer-based businesses, 67 per cent of whom reported that regulations and customs procedures had resulted in a noticeably negative impact on their operations. One respondent noted that customs barriers have made them cease using the UK as a hub for sales and shipment as well as service and support as a vehicle to conduct business in Ireland. Other respondents have pointed to 'substantial additional paperwork', 'complexity of selling equipment' in Northern Ireland and delays around work permits for EU staff as further issues that they have encountered.

These issues show that many Swedish companies conducting business in the United Kingdom could benefit from greater clarity and guidance regarding trade barriers post-Brexit to quell additional bureaucracy and longer lead times.

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



NOTE: The number of respondents for this question was 50.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

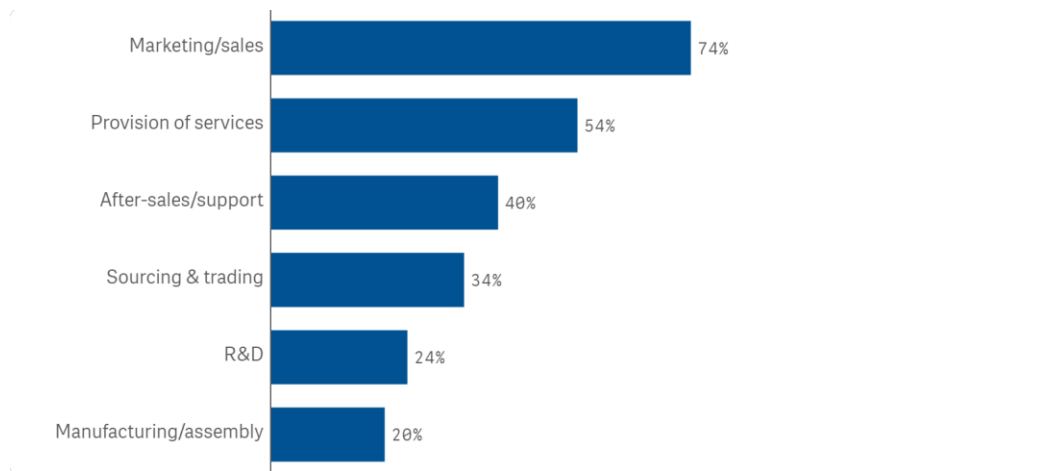
HOW SWEDISH COMPANIES SUCCEED IN THE UNITED KINGDOM

Sales and marketing are the main areas of operations for respondent companies

For 74 per cent of respondents, marketing and sales form a key focus of their local operations in the UK. Other target areas include the provision of services (54 per cent) and after sales support (40 per cent). Scoring far lower are manufacturing/assembly followed by R&D, who fall between 20 and 25 per cent each. This indicates, that overall, Swedish companies are not committing resources to set up research and development centres and manufacturing plants in the UK but prioritising more consumer centric operations. This is understandable when considering the high proportion of newcomers in our sample who may be more likely to prioritise their marketing and sales activities in their early ventures into the UK market.

Lastly, these results are similar to the survey conducted in 2021 and 2022, with similar amounts recorded in every category, illustrating that despite global uncertainty, companies are not altering their operational focus. This is particularly encouraging in a tumultuous economic climate.

OPERATIONS OF SWEDISH FIRMS IN THE UNITED KINGDOM MARKET



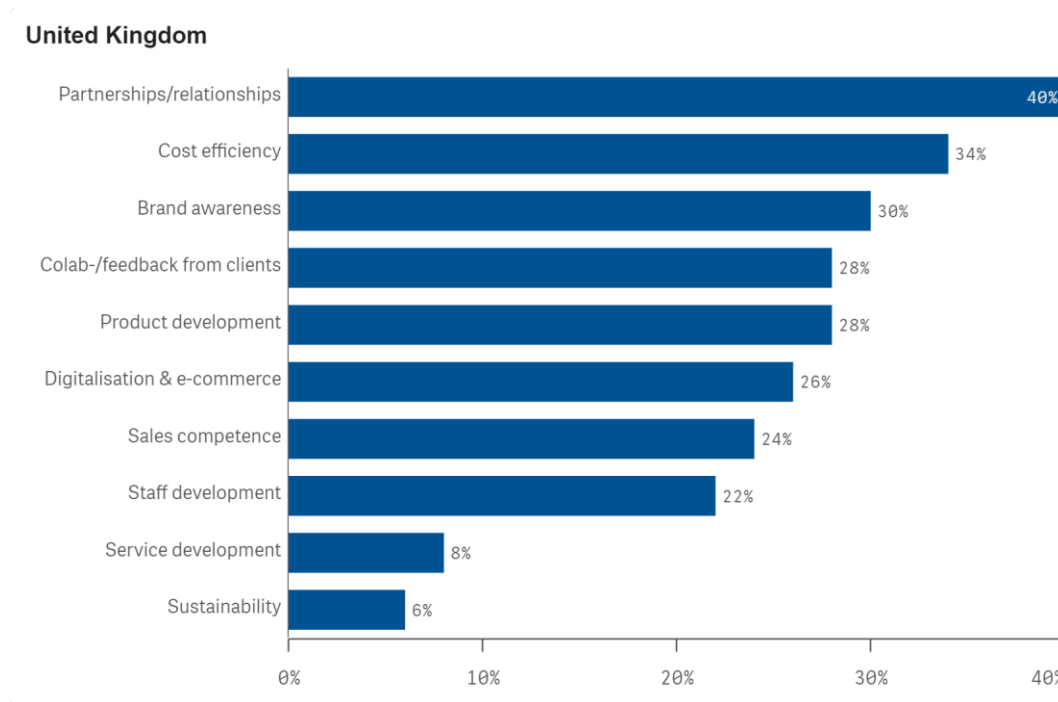
NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.

Partnerships and cost efficiency are deemed most important when maintaining competitiveness in the UK market

Partnering with other companies can give businesses access to additional resources. The partners can duly benefit from increased exposure and the development of broader customer networks. This can allow companies to catalyse their progress in new markets and to develop sustained and positive customer relationships. Despite sustainability being deemed as a less important factor in maintaining competitiveness by our respondents, it is encouraging to see that customers in the UK still consider the environmental aspects of a product or service more highly in their purchasing decisions.

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



NOTE: The number of respondents for this question was 50. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

The Swedish brand is viewed as a key strategic advantage for businesses operating in the United Kingdom

The success of Swedish brands in the UK market has been exceptional. Swedish companies have established themselves as leaders in various industries, gaining recognition for their quality products, innovative designs, and strong brand values. The unique Swedish approach to business has resonated well with UK consumers, leading to widespread acceptance and popularity. This is well evidence again in this year's Business Climate Survey in which 82 per cent of respondents deemed that the 'Swedish Brand' has at least partially contributed to their business in the United Kingdom.

One prominent sector where Swedish brands have thrived in the UK is furniture and home furnishings. Companies such as IKEA have revolutionised the way people furnish their homes, offering affordable yet stylish furniture options. IKEA's iconic flat pack designs and emphasis on functionality have captured the attention of UK customers, making them one of the most recognised and successful brands in the country.

Another Swedish success story in the UK is the fashion industry. Swedish clothing brands like H&M and COS have gained a significant market share by offering clothing at broadly affordable prices. Their focus on sustainability and ethical manufacturing practices has also resonated well with increasingly environmentally conscious consumers.

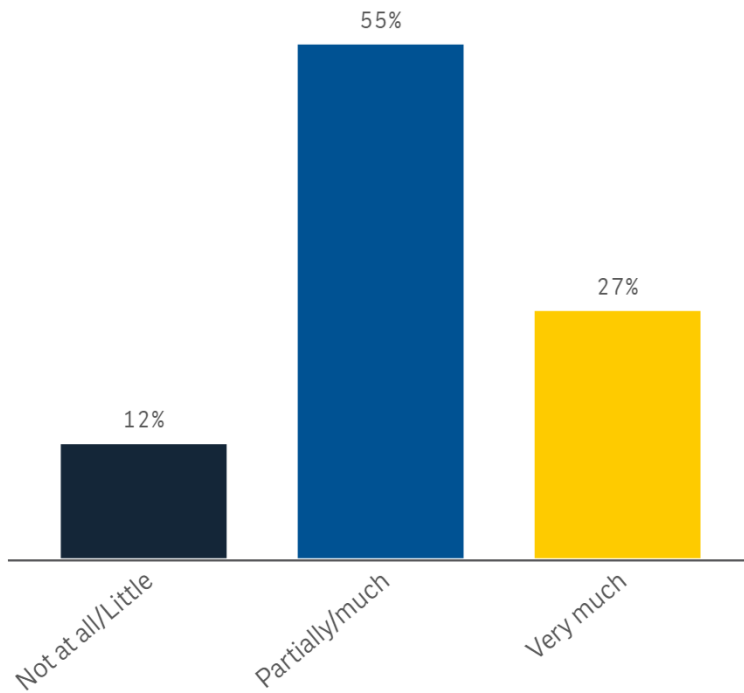
Swedish companies have also made significant contributions to the technology and automotive sectors in the UK. Brands like Volvo, Ericsson, and Spotify have established themselves as leaders in their respective fields. Volvo, known for its commitment to safety and innovation, has captured a significant market share in the luxury car segment. Ericsson has been instrumental in providing advanced telecommunications infrastructure, while Spotify has transformed the way people consume music, becoming one of the most popular streaming platforms in the UK.

The success of Swedish brands in the UK can be attributed to several factors. First and foremost, Swedish companies have a reputation for high-quality and well-designed products, which align with the preferences of UK consumers. Additionally, the Swedish approach to business, characterised by a focus on sustainability, innovation, and social responsibility, has resonated well with the values of UK customers. Furthermore, Swedish brands have invested in effective marketing strategies to raise awareness and build a strong brand presence in the UK. They have adapted their products and services to suit the needs and preferences of the UK market while maintaining their unique Swedish identity.

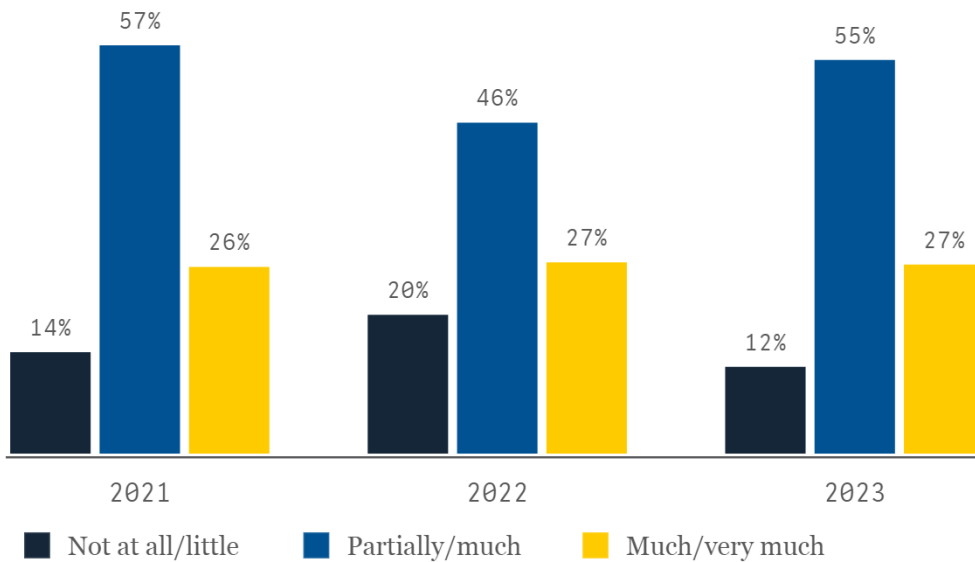
A local presence in the United Kingdom can boost the brand image of Swedish companies through more effective customer engagement and enhanced brand recognition in the UK. Moreover, having a local office or operational base in the UK allows Swedish companies to network with local businesses, potential partners, and industry associations.

Overall, the success of Swedish brands in the UK is a testament to their commitment to excellence, innovation, and understanding of consumer demands. Swedish businesses operating in the UK have demonstrated that a combination of quality products, strong brand values, and effective marketing can lead to significant success in a competitive market.

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



NOTE: The number of respondents for this question was 49. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom 2023.



Note: “Don’t know/Not applicable” responses are included but not shown in figure.
 Source: Business Sweden Climate Survey for Swedish Companies in United Kingdom 2023

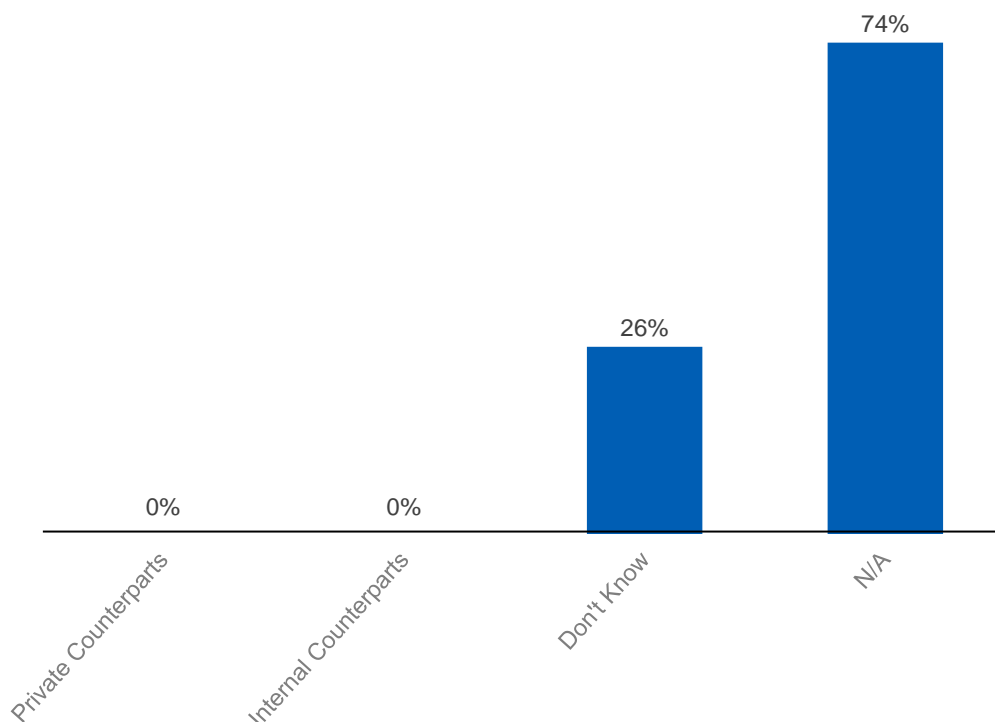
ACTING SUSTAINABLY

Most Swedish firms have not been exposed to corruption in the UK, however further education is required to identify risks

Most survey respondents regardless of company size, industry, and length of time in the UK, reported unanimously that they were not exposed to corruption such as attempted bribery or fraud. Some companies however responded that they 'don't know' if their company has been exposed to corruption in the UK. This signifies the need for enhanced education for companies to improve their abilities to identify and respond to corruption and associated activities.

However, the results received this year are an improvement compared to the 2022 iteration of this survey. This impressive result is not particularly surprising considering the 2022 global Corruption Perception Index (CPI), where the UK ranked 18th out of 180 countries. This is not too far behind Sweden, which sits in 5th place behind Denmark, Finland, New Zealand, and Norway. Published by Transparency International, the CPI was first launched in 1995 and its ratings are published annually, ranking countries worldwide based on their perceived levels of public sector corruption. The UK and Sweden have both remained consistent in their results since 2018, a situation which is not anticipated to change in the future.

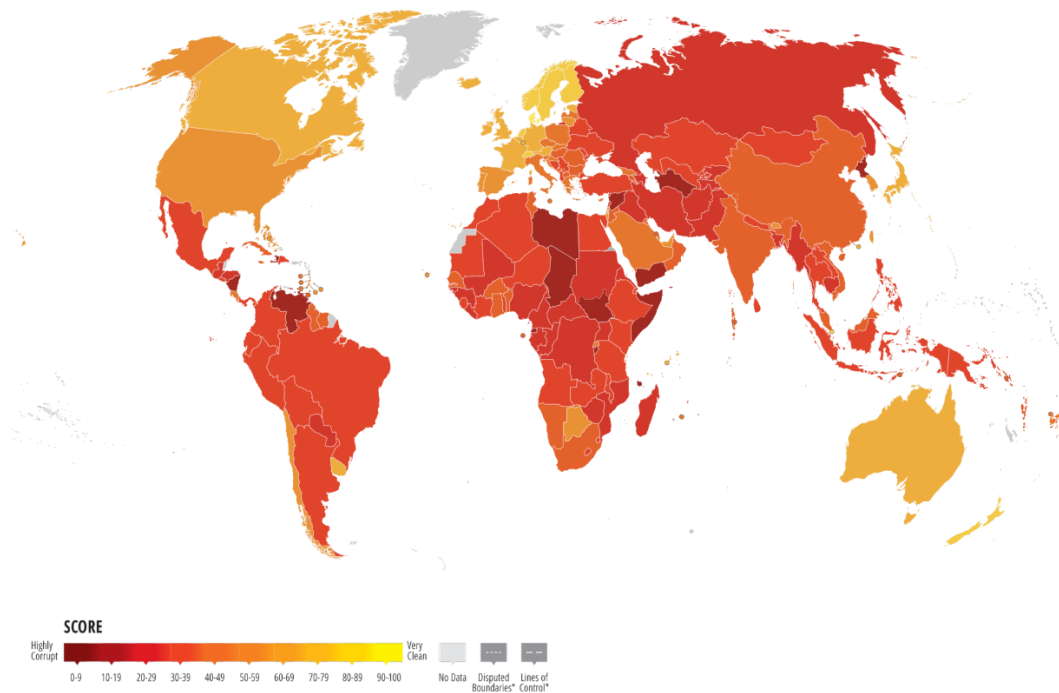
HAS YOUR COMPANY IN THE UNITED KINGDOM BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 50.

SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

CORRUPTION PERCEPTION INDEX 2021

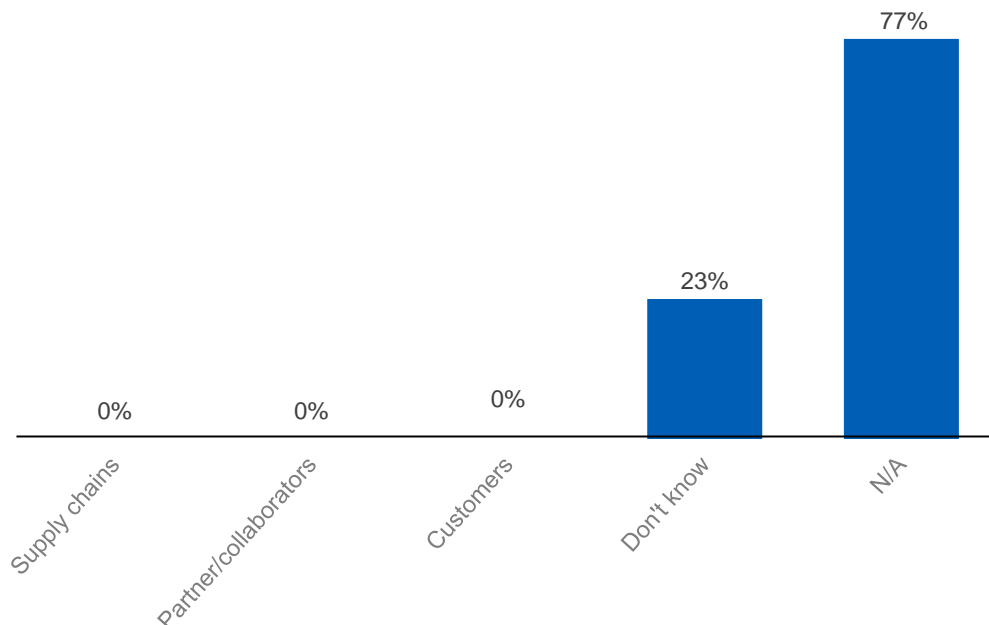


SOURCE: Transparency International.

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

It is unsurprising that the risk of encountering human rights violations in the UK was deemed to be nil. The figure is consistent across sectors, firm size, and length of time in the UK. This has been consistent in previous iterations of this survey. We note however that some respondents suggest that they did not know if they had encountered any form of human rights violations and/or labour rights abuse in any areas. Therefore, it is important that individuals are cognisant of what constitutes human rights violations and labour rights abuses so that they can confidently identify this.

HAS YOUR COMPANY IN THE UNITED KINGDOM 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 50. "Don't know/Not applicable" responses are included but not shown
SOURCE: Business Climate Survey for Swedish Companies in the United Kingdom in 2023.

Swedish businesses believe their customers today are taking environmental considerations into account less than in previous years

In very similar findings to last year's survey, 79 per cent of respondents reported that their customers take environmental considerations into account when making purchasing decisions. Only 16 per cent of respondents are of the sentiment that environmental aspects of a product or service affect purchasing decisions of customers 'not at all' or a 'little'. This is broadly in keeping with the results collected in previous years. Given the tumultuous economic climate of recent years it is encouraging to see results remain relatively stable for this indicator.

Amid increasingly more palpable illustrations of the severity of the climate crisis, Britons are increasingly inclined toward environmental stewardship and sustainability, which is more reflected in their buying behaviour.

Although manufacturers and service providers have been seen to produce environmentally friendly products and offerings, it is highly possible that a constant minority of consumers are less interested in their products due to their consumption values, resistance to new technologies or indeed their resistance to the higher prices charged for these products and services. Indeed, this is reflected in a comment from one respondent who notes that 'the interest in more sustainable solutions is high, but the willingness to accept price increases is low'. A similar sentiment is echoed by another respondent who points to inflation as having a significant effect on sustainability. The respondent points to 'cheaper options' becoming 'the focus at the moment'.

What is more encouraging, however, is that numerous respondents suggest that consumers in the United Kingdom are becoming more cognisant of the climate responsibility on a more personal level. One respondent pointed to 'high engagement from end users with sustainability' and

suggested that 'this is increasing with the uplift in media stories reporting on the challenges decarbonising heat'. However, there appears to be a shared appetite among numerous respondents for greater action from central government in the United Kingdom on issues pertaining to the environment. One respondent expressed their wish for 'clarity on what sustainability means and how it's measured' in the UK. Another pointed to the need for policymakers to 'invest in sustainable infrastructure and public transport' as a means of balancing with significant policies such as the low-emission zones in London (which impose a levy on the usage of high-polluting vehicles in particular areas). We will continue to observe with great interest how responses to this question will develop in future editions of this survey.

IN YOUR VIEW, TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN THE UNITED KINGDOM CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?

