



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE UNITED STATES 2021

A REPORT FROM TEAM SWEDEN USA

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden, USA

Swedish-American Chamber of Commerce in the US

Swedish-American Chamber of Commerce in New York

Embassy of Sweden, USA

Consulate General of Sweden in New York

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FOREWORD

The US and Sweden have a long history of strong relations, with Sweden being one of the first countries to recognise US independence in 1783, and since then, the two countries have maintained close ties. The US is a key market for many Swedish companies and the US is Sweden's largest export market outside of Europe. The estimated two-way trade, including goods and services, in 2019 amounted to USD 25.5 billion. The US is furthermore the largest destination for Swedish foreign direct investment with a value of approximately USD 61.3 billion in 2019 which makes Sweden the overall 13th largest source of FDI in the United States. Swedish companies are present and have employees in all 50 states in the US, as well as in Washington DC and Puerto Rico. Sweden creates over 367,000 jobs in the US including the jobs generated by American exports to Sweden.

The FDI from the US into Sweden totaled around USD 38.7 billion in 2019 and there are more than one thousand US companies active in Sweden supporting over 200,000 US jobs.

Sweden as a country, as well as Swedish products and services have an excellent reputation for sustainability, innovation and quality among American businesses and consumers, encouraging further growth and demand in the market. Examples of areas where Swedish companies show great industry promise include renewable energy, digital health, smart manufacturing, electric vehicle and related infrastructure, digital payment services, sustainable food and 5G. With the US investing in green, sustainable and innovative solutions, Swedish companies can take advantage of related business opportunities, leveraging their status as industry leaders.

Team Sweden USA, including the Embassy of Sweden, Business Sweden USA, the Swedish-American Chambers of Commerce USA, the Swedish-American Chamber of Commerce New York and the Consulate General of Sweden in New York, carried out the first Business Climate Survey in 2021 and this is the second Team Sweden USA Business Climate Survey. The findings in the report aim to increase the understanding of Swedish companies' performance in the US market and provide insights into the opportunities and challenges Swedish companies' US operations have faced in the last year. The report also provides Team Sweden USA with valuable insights on how best to assist Swedish companies both in the near future and more long-term. Additionally, it will hopefully serve as a reference in bilateral trade dialogues between the US and Sweden.

Lastly, we would like to extend our most sincere gratitude to the company participants and survey respondents which have contributed to this report. The contributions were truly valuable and provided Team Sweden USA with a deeper understanding of the current business climate in the US as Swedish companies continue on the path to recovery. In the US, the long-awaited light at the end of the tunnel appears to be visible as the economy shows signs of strong growth in 2021. Together, we will continue to navigate the situation in Sweden and in the US, and we sincerely hope to see continued improvement in the local market here and abroad.



Ambassador Karin Olofsdotter
Embassy of Sweden



Vlad Månsson
Country Manager USA



Johan Marcus
President and Executive Director, SACC-USA







Annika Rembe
Consul General,
Consulate General of Sweden in New York



Emma Fredwall, COO
& Specialist, Business Services Insights & Marketing Analytics, SACC-NY

EXECUTIVE SUMMARY

RESPONDENTS	<p>60 Number of Swedish companies with US operations that responded to the survey</p> <p> 77% of company respondents are considered SMEs with fewer than 1,000 global employees</p>
ECONOMIC OUTLOOK	<p>62% Per cent of Swedish company respondents reporting profitability in 2020</p> <p> 63% of Swedish company respondents plan to increase US investment in the next 12 months, while 80% expect their respective industry turnover to increase in 2021</p>
MARKET INSIGHTS	<p>63% Per cent of companies surveyed that reported a good business climate in the US</p> <p> Swedish companies are satisfied with US market access, access to specialist and key personnel, however infrastructure, customs and corporate taxation remain a challenge</p>
SUCCESS FACTORS	<p>52% Per cent of respondents reported that the Swedish brand contributed to the benefit of their business</p> <p> Highest ranked strategies to take market share during the pandemic include using digital technologies, ensuring employee wellbeing, and forming new partnerships</p>
SUSTAINABILITY	<p>77% Per cent of respondents who perceive their companies' sustainable solutions and products as an advantage in the US</p> <p> 38% stated environmental aspects impact customer purchasing decisions, while 45% say the impact is very little; Consumer business companies perceive the greatest impact</p>

ABOUT THE SURVEY

Report on Swedish business activities in the US market

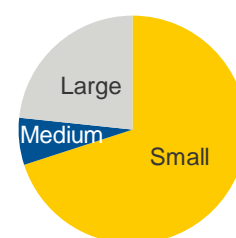
The Business Climate Survey is a tool used by Team Sweden to map the opportunities and challenges Swedish companies face when doing business across the world. This survey observes how Swedish companies operating in the US perceive the market conditions and the economic prospects of their businesses, as well as if and how the views diverge across company type. The Business Climate Survey for the US market will be conducted regularly in the future to track and analyse changes.

Today, more than 1,000 Swedish or Swedish-related subsidiaries are established in the US. More than 800 Swedish companies were contacted to partake in the 2021 Business Climate survey, where the answers were collected during March and April 2021. Interviews were conducted simultaneously with selected companies for a deeper understanding of the factors driving their responses. This year's Business Climate Survey received a total of 60 responses.

This report is presented in four main sections. Firstly, we elaborate on the economic situation, including current business performance and outlook. Secondly, we focus on the US market, including respondents' view on the business climate in general and which factors contribute positively and negatively to their commercial success. Thirdly, we cover Swedish companies' operations and perceived success factors in the market. Lastly, we explore sustainability-related aspects and how they are interpreted in the market.

Around 70 per cent of respondents were small-sized companies, followed by 23 per cent large-size companies and 7 per cent medium-sized companies. The diverse range of business areas represented in this report are grouped into three broad categories: professional services representing 40 per cent of respondents, industrial companies representing 23 per cent, and consumer companies representing 15 per cent. In terms of age or time of establishment in the US, mature, experienced and newcomers are nearly equally represented in this survey. It should be noted that the size and industry composition of our respondents is not representative of the overall American business landscape. Any of the statistics presented in this report are solely indicative of our respondents' experience in the US.

SIZE OF COMPANIES



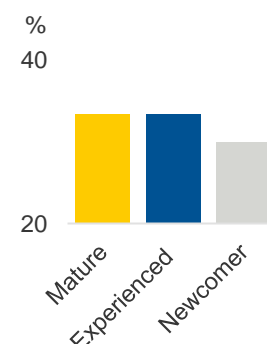
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249.

MAIN BUSINESS AREAS



NOTE: 23% Industrial. 40% Professional services. 15% Consumer.

AGE OF COMPANIES



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

ECONOMIC OUTLOOK

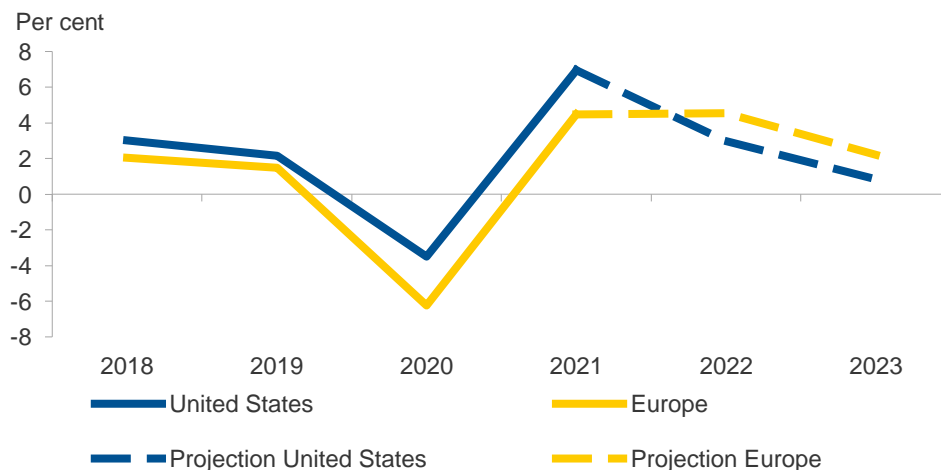
US economy surges back after a difficult 2020

The US economy shows improvement and a cautiously positive outlook after a destructive 2020 due to Covid-19. Prior to the pandemic, the US had experienced 128 months of consecutive expansion, the longest in US history. On average, the US GDP has grown 2.1 per cent over the past 20 years, providing ample business opportunities in the market.

However, in response to the pandemic, a series of shut downs and shelter-in-place orders closed businesses, shut schools and banned international travel, which sparked a recession that shrunk the US economy a record 31.4 per cent in the second quarter of 2020. Unemployment neared Great Depression levels reaching a high of 14.7 per cent in April 2020. By years' end, GDP had decreased 3.5 per cent in 2020, which was the lowest growth rate since 1946.

The Federal Government passed three stimulus packages to boost the economy and counteract the pandemic impact, of which total fiscal spending measures amounted to 24 per cent of GDP. These packages provided direct payment to individuals, unemployment support, relief for small businesses, funding for Covid-19 testing, research and vaccines, among other aid. The Federal Reserve forecasts a GDP increase of 6.5 per cent in 2021, as coronavirus-related business restrictions are eased and Covid-19 cases decrease, which has been attributed to the success of the vaccination rollout in the US. Although economists expect US GDP growth to remain strong the next few quarters, they predict the pace of growth will soon peak as the tailwinds from fiscal stimulus and economic reopening reach their maximum impact and then begin to fade in 2022 and 2023.

PROJECTED GDP GROWTH IN THE US



NOTE: Constant prices.
SOURCE: Oxford Economics 2021-03-31

“ It’s like we are coming out of a long winter. We are seeing a lot more activity this year with companies wanting to make deals.

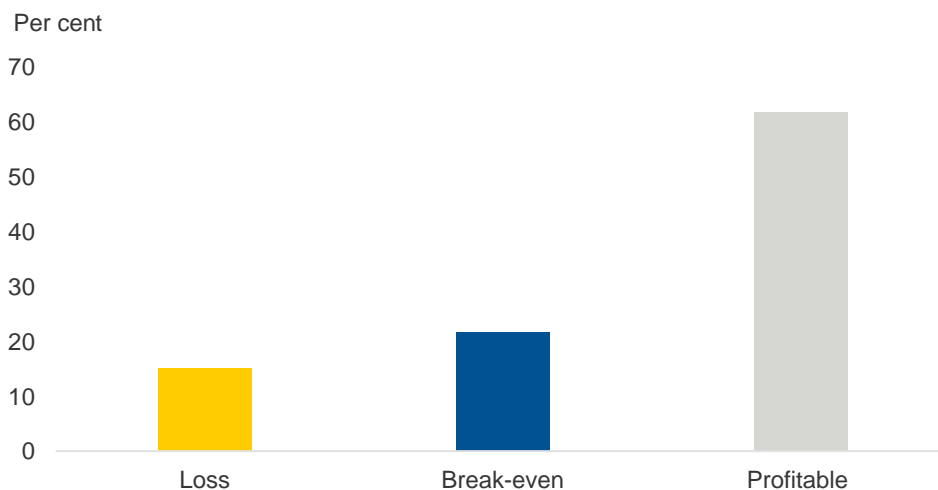
Attorney
Small legal firm

▶ US GDP is forecasted to increase 6.5% in 2021

2020 viewed as a profitable year by most Swedish company respondents

Despite a challenging 2020, the vast majority of Swedish company respondents reported a profitable financial performance in 2020. In fact, 62 per cent of respondents stated 2020 was a profitable year, 22 per cent broke even and 15 per cent reported loss. A closer look into the data revealed the vast majority of large and medium companies reported profitability in the last 12 months, whereas 50 per cent of smaller companies stated 2020 was a profitable year. This is likely due to smaller companies having fewer resources to support them during the pandemic. A similar trend appears when analyzing the time established in the US, revealing mature and experienced companies reported a profitable year at 80 per cent and 65 per cent, respectively, whereas only one in three newcomers to the market reported profitability. Newcomer companies tend to be smaller companies, signaling that while also having fewer resources, they also have less experience in the US market, which may result in less profitable results. When analysing trends per industry, industrial companies reported the most profitability at 79 per cent of respondents, compared to the consumer industry companies (56 per cent) and professional services industry companies (54 per cent).

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



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

Looking ahead to the coming 12 months, Swedish company respondents are optimistic about turnover in their respective industries, signaling the challenges 2020 presented are perceived to be in the past. Of those surveyed, 80 per cent expect their industry's turnover to increase in the next year, while 15 per cent anticipate no change, and only 5 per cent project their industry's turnover to decrease. The optimism is most pronounced in medium companies with 100 per cent expecting turnover in their industries to increase, followed by small companies (81 per cent) and large companies (71 per cent). When breaking down the respondents by time established in the US, 89 per cent of newcomer companies expected turnover to increase compared to 85 per cent of mature companies and 70 per cent of experienced companies. By industry, however, professional services were the most positive with 92 per cent expecting turnover to increase followed by the consumer industry (67 per cent) and industrial industry (64 per cent). The latter two industry segments less optimistic outlook may be attributed to supply chain disruptions that continue to hamper those industry subsegments more so than professional service companies.



In a way it's been business as usual, in other ways it's not business as usual. Our driving force is not changing as our service and products were still needed despite the pandemic.

CEO
Small Energy Company



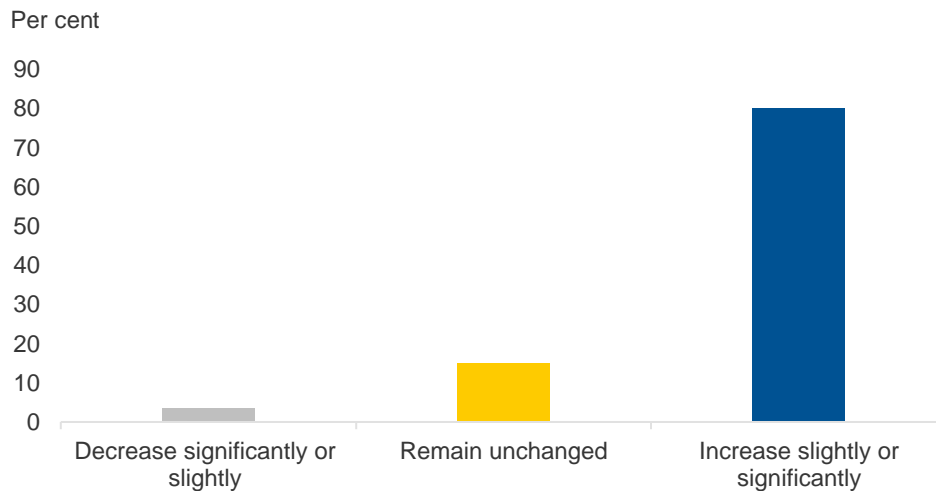
62% of respondents reported 2020 as a profitable year



80% of respondents anticipate revenue to increase in their respective industries

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

TURNOVER WILL...



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

Swedish companies plan to increase their US investments

The US is the top destination for Swedish Foreign Direct Investment and Sweden is the 13th overall largest investor in the US. Furthermore, the US accounts for approximately 25 per cent of Swedish companies' global revenue. Looking to the future, Swedish companies' US operations plan to increase their investment to the market according to 63 per cent of respondents. This figure is up from the 55 per cent reported in a Team Sweden survey in October of 2020, showing that Swedish companies see potential as the US economy continues to recover and reopen. Additionally, 33 per cent of respondents stated they will maintain their current investment level.

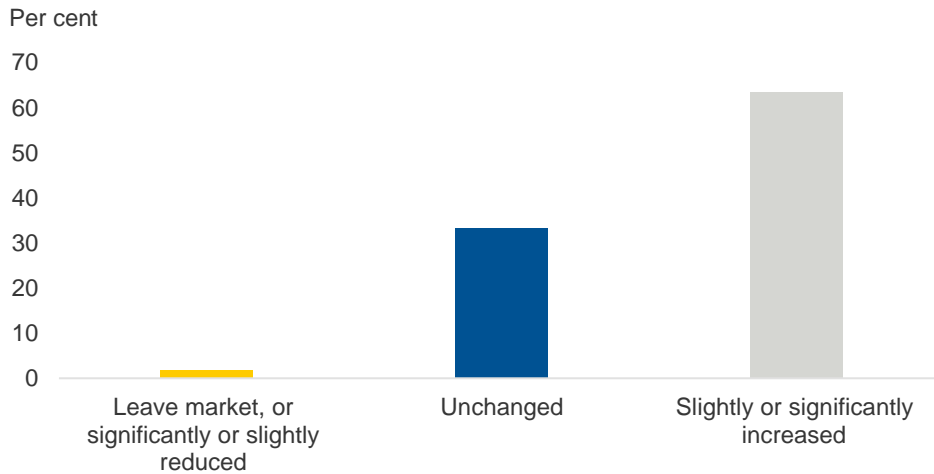
When looking at the size of company, medium companies are most likely to increase their investments according to 75 per cent of respondents, followed by large companies at 64 per cent and small companies at 62 per cent. As for time established in the US, newcomers are the most eager to increase investment at 78 per cent, while 65 per cent of experienced companies and 55 per cent of mature companies plan to increase investments. In fact, 45 per cent of mature companies plan to maintain current investments, which could be due to these companies already having a strong US commitment given their long-standing history in the market. Of the industry segments, the majority of industrial companies (64 per cent) and professional services companies (63 per cent) plan to increase investments, while the majority of consumer companies plan to maintain current investments at 56 per cent.



As it looks right now, the US is going to build back very quickly from the pandemic. So if you're entering the US market right now there is definitely a great economic momentum and case for growth.

COO

Large Swedish Business Services Company

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE US, COMPARED TO THE PAST 12 MONTHS?*INVESTMENTS WILL BE...*

▶ **63% of respondents plan to increase their investments in the US in the next 12 months, up from 55% in October 2020**

NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

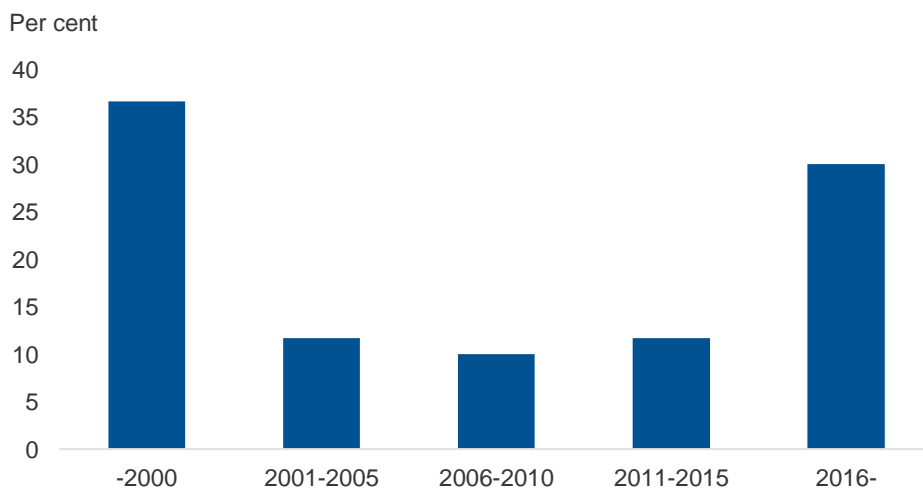
THE MARKET

High international business rankings and a large consumer base make the US attractive

The US is the world's largest economy, a leading global trader and home to a population of around 330 million people. The market has a highly productive services sector, advanced manufacturing and world-class research and development. It consistently ranks among the best countries internationally for its competitiveness and ease of doing business. Of the world's 500 largest corporations, 121 are headquartered in the US. In addition to large companies, the US is home to approximately 30.2 million small and medium companies that employ 59 million people, making up 47.5 per cent of the nation's total employee workforce.

Many Swedish companies expand to the US due to its status as a top-performing economy, high international rankings and large consumer base. The US is also appealing due to its close proximity to its North American neighbors, Canada and Mexico, as well as serving as a gateway to Central and South America. While many Swedish players have been active in the market since before 2000, many Swedish companies have been expanding to the US in the last five years. Of the survey respondents, 37 per cent had established in the US prior to 2000, while 30 per cent had established in 2016 or later. The new entrants are predominantly small and medium-sized companies mostly active in the professional services and consumer sectors.

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



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

The survey respondents are active in a wide variety of industry sectors, with the largest share operating within healthcare and pharmaceuticals and business services. Overall, the professional and business service industry constitutes for around 13 per cent of GDP in the US, signaling that the amount of Swedish subsidiary respondents active in this sector mirrors the US company landscape.

When looking at the size of the firms in relation to the types of industries in which the Swedish company respondents are active, patterns emerge. Most notably, large



Due to the market's importance for Swedish companies, it's imperative for Sweden to maintain strong relations with the US.

COO

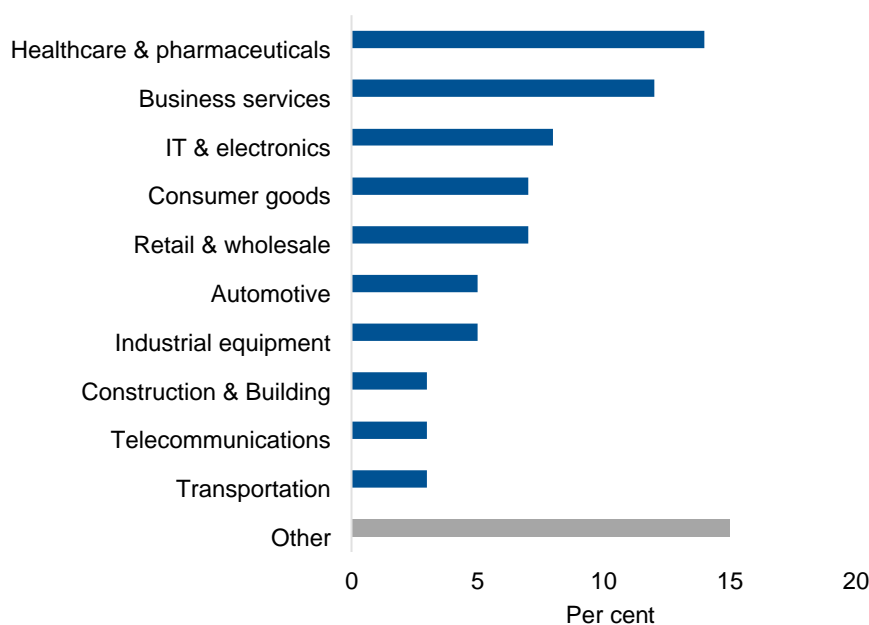
Large Swedish Business Services Company



37% of companies established in the US prior to 2000, while 30% of respondents established in 2016 or later

companies are highly active in automotive and aerospace and defense industries, while medium-sized companies are most active in business services, forest products and paper as well as IT and electronics. Smaller companies are active across multiple industry sectors.

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



▶ The largest share of respondents are active within the healthcare and pharma, business services and IT and electronics industries

NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

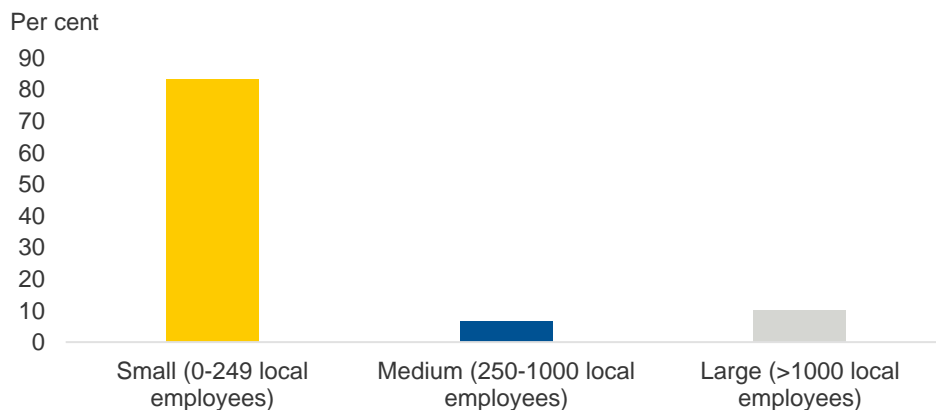
SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

The vast majority of Swedish company respondents employ a small number of employees, both globally and locally. On a global level, 70 per cent of respondents were considered small companies, employing up to 249 employees, 7 per cent were medium companies, employing 250 to 1,000 employees, and 23 per cent were large companies, employing more than 1,000 employees. According to the Small Business Act for Europe (SBA), more than 99 per cent of Swedish firms employ 50 people or fewer. These SMEs play a key role in the Swedish economy generating about 60 per cent of revenue and employing more than 65 per cent of the working population.

Like in Sweden, SMEs make up the vast majority of the US enterprise landscape. In fact, local firms with fewer than 20 employees make up around 90 per cent of US businesses, account for approximately 50 per cent of GDP and employ 53 per cent of the workforce. When looking at the size of the Swedish survey respondents based on number of local employees, 90 per cent fall into the SME category with 83 per cent considered small-sized companies, 7 per cent medium-sized companies and the remaining 10 per cent are large-sized companies. SMEs in the local economy play a critical role in job creation, innovation and aid in socioeconomic development.

The Covid-19 pandemic was exceptionally difficult for SMEs in the US, including many Swedish companies operating in the market. To mitigate the negative impacts on businesses, the federal government provided funding through the Payroll Protection Program (PPP) beginning in March 2020 as the initial effect of the pandemic began to take its toll. In an earlier survey, approximately half of Swedish company respondents applied for US funding due to Covid-19, with four out of every five companies receiving approval.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE US IN 2021



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

▶ **90% of company respondents are considered SMEs in the local market compared with 77% globally**

Respondents report an overall good business climate

Swedish respondents operating in the market are overall positive about conducting business in the US, with 63 per cent of respondents stating the climate is "good or very good." Additionally, 30 per cent of those surveyed were neutral while only 5 per cent reported the US business climate to be "very poor or poor." Small companies with 249 employees or fewer globally were more likely to report the business climate as "very poor or poor" compared to other company sizes. However, no clear distinction can be interpreted between types of industries and time established in the US

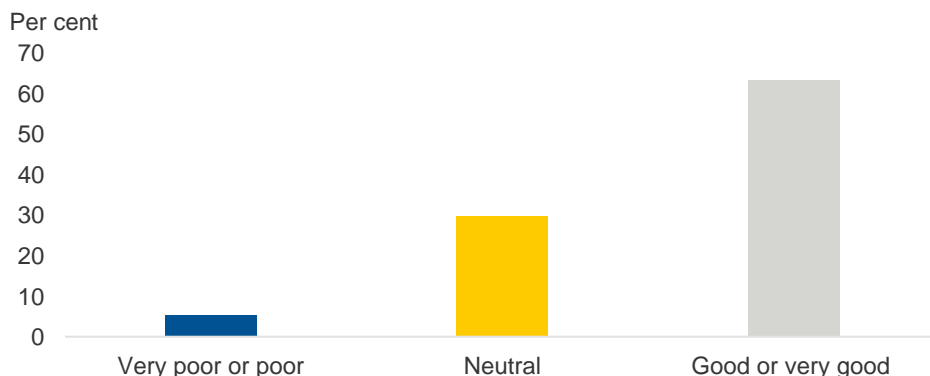
While 2020 was a difficult year for many Swedish and American companies alike, the firms in the market show optimism for 2021 as Covid-19 vaccinations continue, active cases continue to decrease and the economy begins to resemble pre-pandemic times. To continue to stimulate the economy, the Biden Administration aims to transition the US towards a more sustainable future with a \$2 trillion USD bill, which includes extensive investments into transportation and electromobility, grid and transmission infrastructure as well as renewable energy. With Sweden being a strong leader in many of these sectors, Swedish companies can take advantage of these investment opportunities in the market.



While it is one country, you can't really count the US as one market. There's a range of local state rules that we need to adhere to in order to be able to sell our products nation-wide.

CEO
Medium Swedish Retail Company

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

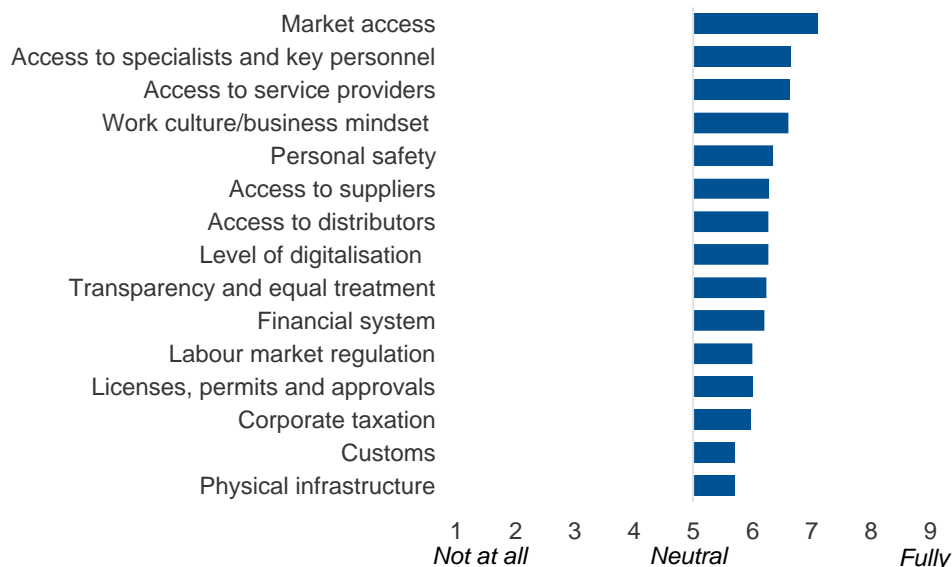


Swedish companies are satisfied with market access; infrastructure could be improved

A multitude of factors contribute to the conditions necessary for Swedish companies to succeed in the US market. Overall, respondents felt most key areas were conducive for business as exemplified in the graph on page 15. Market access ranked the highest of all the conditions, followed by access to specialist and key personnel and access to service providers. Generally, Swedish companies find it easy to trade goods and services between the two countries. The US is also home to many of the world’s top universities and renowned for its research and development work, providing companies in the local market access to highly educated, specialised talent.

While conditions appear, at a minimum, being met, certain aspects ranked on the lower end including physical infrastructure, customs and corporate taxation. The infrastructure in the US is indeed aging with many of the country’s roads, bridges, airports, dams, levees and water systems considered in poor to mediocre condition. Swedish companies have also reported difficulties with customs as well as disapproval of the corporate tax rate, which currently stands at 21 per cent. The Biden Administration has proposed to increase the corporate tax rate to 28 per cent by the end of 2021. It remains to be seen what will happen with the plans of increasing the corporate tax, but it is in part what the Biden Administration plans to use to fund its infrastructure plan.

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



NOTE: The number of respondents for this question was 60.
 SOURCE: Business Climate Survey for Swedish Companies in the US 2021.

“Due to the massive size of the US market, you can basically count the impact of your actions in dollars instead of SEK; meaning the potential impact or benefit from your initiatives will be roughly 10 times larger than if you would have been in Europe.

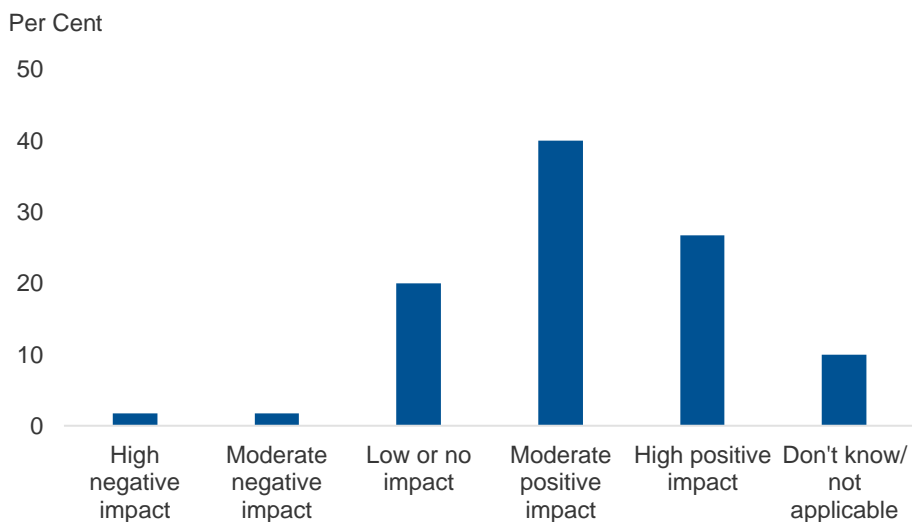
CFO
 Large Swedish Business
 Services Company

Buy American and its impact on Swedish respondents

The caveat to the overall good business climate, rebounding economy and investment in infrastructure, is that barriers remain on the US market. Similar to former President Trump, President Biden too has trade-restrictive policies in mind to boost the US economy with his “Buy American” agenda. The “Buy American” agenda aims to bolster American manufacturing and strengthen federal purchasing requirements. While many Swedish companies producing in the US qualify for “Buy American”, it could still have an impact. For example, Biden has mandated federal agencies purchase American-made zero emission vehicles.

Against the background of their market presence, the majority of respondents, 67 per cent, anticipate benefitting from Biden’s “Buy American” policies. Around 20 per cent of Swedish company respondents do not expect to be impacted at all and only 3 per cent of companies believe the policies will have negative impacts.

TO WHAT DEGREE DO YOU ANTICIPATE THE BUY AMERICAN POLICIES UNDER PRESIDENT BIDEN WILL IMPACT YOUR US BUSINESS?



NOTE: The number of respondents for this question was 60.
SOURCE: Business Climate Survey for Swedish Companies in the US 2021.



While the US is going to grow very quickly from the pandemic, focus towards local production is definitely a potential barrier to free trade. It's safe to say that if you're coming in at this point you need a clear plan.

CEO
Large Swedish Business Services company



Biden's policies may be positive for sales as we manufacture some of our products in the US and a Buy American policy would make it more difficult for low cost competitors [...] to continue to take market share by sustaining artificially low prices.

Director
Swedish Manufacturing company

HOW SWEDISH COMPANIES SUCCEED IN THE UNITED STATES

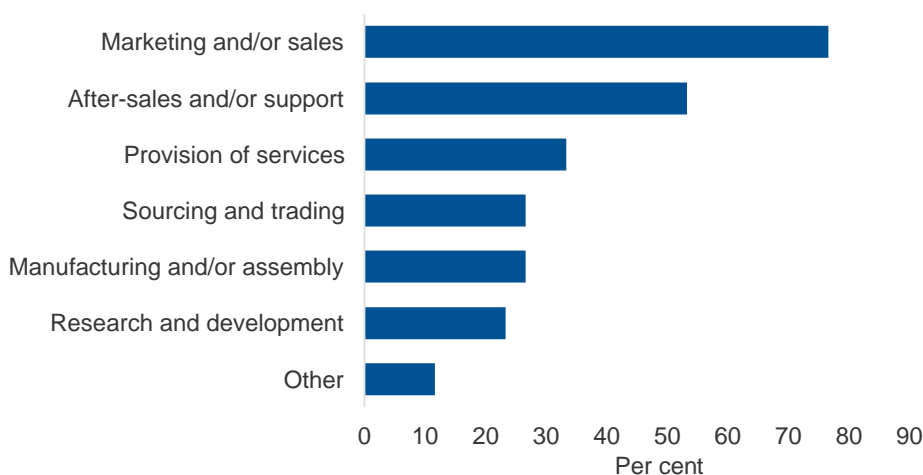
Local sales teams help businesses stay engaged with customers

The US has seen a shift in how consumers discover and purchase goods and services. The digital transformation has penetrated all industries. It is clear that businesses also understand the importance of effective marketing and sales. However, a truly effective marketing and sales team will not only communicate and sell the value of the business' products. They will also continuously collect, synthesise and disseminate the critical market intelligence that will help the firm adjust and define the business strategy.

Of the Swedish respondent companies active in the US, over 80 per cent of small and medium sized businesses have established a local office to manage marketing and sales, followed by after-sales activities. A local presence is especially important for newcomers as proximity to the market will provide great benefits, from increasing the brand's visibility to understanding the product market fit and consumers decisions. In addition, being in the same time zone as partners and potential customers makes it easier to conduct affairs.

Over 60 per cent of Swedish large-sized companies' main focus is on research and development. Innovation is a useful way to grow businesses and can lead to new products, improved processes and finding new ways to interact with customers. That can result in increased profits and lower costs. Investments in research and development will help established companies stay ahead of market trends and keep the company relevant. The US has numerous, unique eco-systems scattered across the country where government entities, educational institutions and start-ups collaborate closely with private companies on research and development projects. These partnerships are valuable for all involved stakeholders. In fact, collaborative research and development projects have a long history in US science and technology policy, which is a natural part of the U.S business culture.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US2021

“ Local sales and marketing teams that invest time in relationships with clients, even if they are not currently buying, are hugely important for our success.

COO
Large Swedish Business
Company

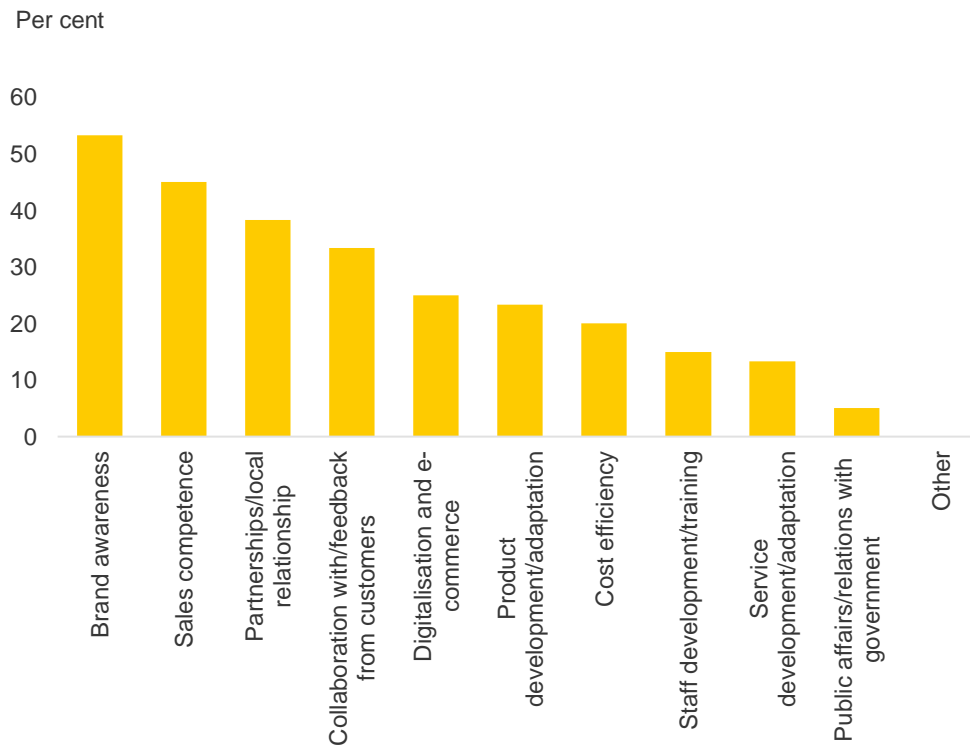
▶ Over 80% of the SME respondents have established a local marketing and sales office, which underlines the importance of local presence

Competitiveness driven by brand awareness

Maintaining a competitive advantage is key to long-term success and there are a number of factors that contributes to Swedish companies' competitiveness in the US. In line with previous findings, Swedish firms are engaging in marketing and/or sales operations locally, since the most important success factor is brand awareness (53 per cent), followed by sales competence (45 per cent) and local relationships or partners (38 per cent). Brand awareness and sales competence is crucial when entering a new market, launching a new product or driving sales. Nearly 50 per cent of consumer goods businesses indicated that digitalisation and e-commerce is a strong factor contributing to their competitiveness.

For companies with a long track record in the US, brand awareness was the top success factor, while for newcomers, local relationships together with sales competence were the most important factors.

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



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in US2021.



The Swedish brand is something you often hear and definitely something we've embraced in marketing and communication: "Made in Sweden" is seen as sustainable, honest, and reliable.

Head of Sales
Swedish Manufacturing Company



53% of respondents indicated that the most important success factor is brand awareness

Digital technologies remain key for Swedish companies to take US market share as the economy rebounds from COVID-19 impacts

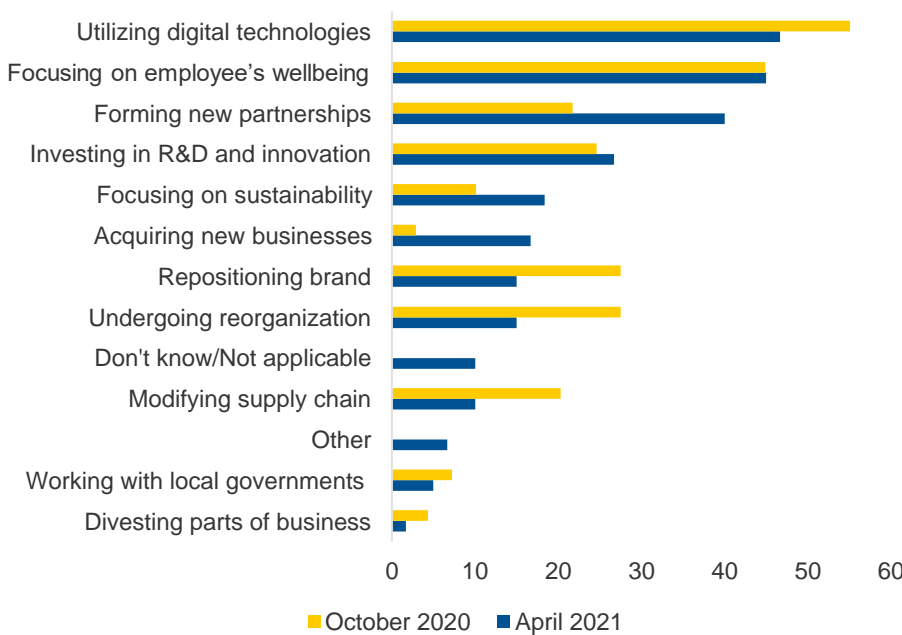
In order to stay resilient through the pandemic, Swedish companies have taken a multifaceted approach to gain market share in the US. Among the respondents, the most common strategy was to utilise digital technologies of which 47 per cent reported doing. Companies stated that these digital tools allowed for more remote operations and the ability to work from home, when possible. Digital technologies also played a key role in operating business between the US and Sweden, as international travel has been very limited due to ongoing travel bans between the two continents to prevent the spread of Covid-19. Similar results were also observed when Swedish companies were asked about their strategies for taking market share in the US in a Team Sweden survey in October 2020, where 55 per cent of respondents reported the use of digital technologies. For the Business Climate Survey, the second most important strategy reported by 45 per cent of Swedish companies' US operations was to focus on their employees' wellbeing and safety, which directly reflects the results observed in the October 2020 study.

With the economy rebounding, the Business Climate Survey 2021 shows that companies are now applying different strategies than the ones used back in October 2020, where Swedish company respondents are now more focused on forming new partnerships and collaborations with 40 per cent of respondents compared to 22 per cent of respondents in October. Focusing on climate impact and sustainability has also become more important for Swedish companies locally, as reported by 18 per cent of companies in this survey compared to just 10 per cent in October 2020. It is also evident that companies are less concerned with repositioning their brands, undergoing reorganisations and making supply modifications at present.

“ We still work remote, mostly from Sweden with clients in the US. We anticipate the remote nature to affect our operations and local presence until the pandemic is better.

CEO
Swedish Business Services Company

WHAT STRATEGIES HAS YOUR COMPANY IMPLEMENTED IN ORDER TO GAIN MARKET SHARE IN THE US DURING THE COVID-19 PANDEMIC?



▶ 40% of respondents are focusing on forming new partnerships in order to gain market share in the US, compared to 22% in October 2020

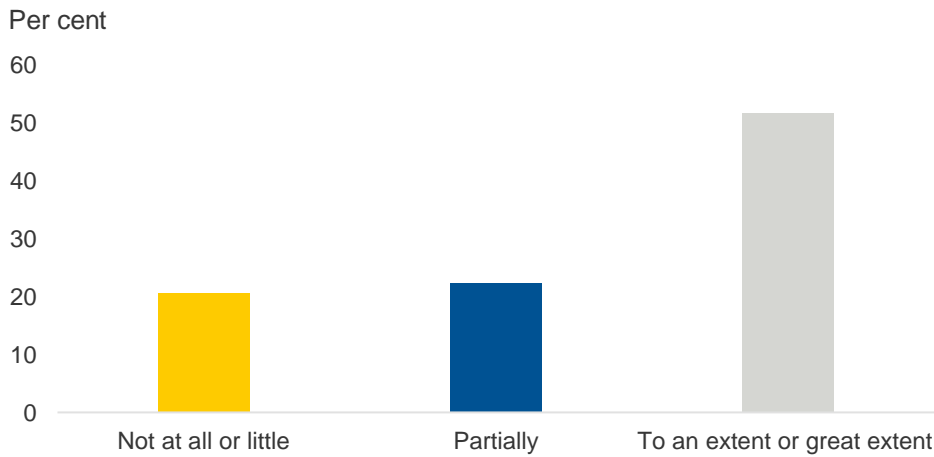
NOTE: The number of respondents for this question was 60.
SOURCE: Business Climate Survey for Swedish Companies in the US 2021, Impact and Outlook on Covid-19 for Swedish Companies with US Operations, October 2020

The “Swedish brand” is positively contributing to companies’ value proposition

Sweden has been building its own brand throughout the centuries, by consistently supporting a range of companies known for value, reliability, quality and modernity. Sweden has a good reputation in the US, but competition among countries for attention is growing.

According to the responding Swedish companies active in the US, the majority reported that the “Swedish brand” contributes a great extent to their businesses. Sweden’s reputation has been largely stable over the years, with a high degree of trust placed in the Nordics generally. Companies across all sizes, maturity and industries all reported that they are benefiting from the positive attributes connected to the Swedish brand. Over 70 per cent of the companies in the consumer goods industry indicated that the Swedish brand is an important factor contributing to their value proposition.

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



NOTE: The number of respondents for this question was 60. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in US2021.

“ We see a lot of interest in the Nordic region where Sweden has earned a good name and reputation in terms of ESG. Our Swedish DNA is a great quality stamp.

Director
Large Swedish Service Company

▶ **52% of respondents reported the “Swedish brand” to benefit their business**

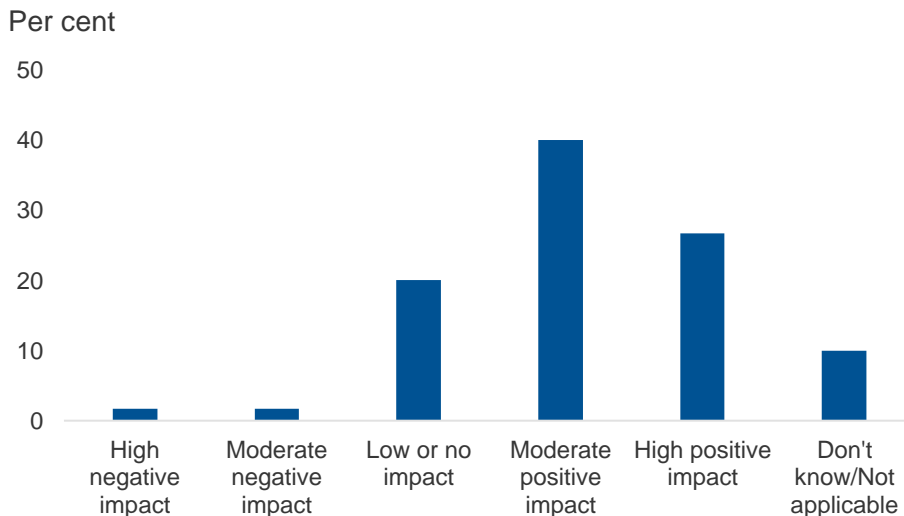
ACTING SUSTAINABLY

Sustainability is becoming more important for companies across all industries

The Biden administration has presented ambitious plans to address the climate crisis, to revitalise the US economy and reclaim a leadership position on the international stage. The administration has highlighted the opportunity to build a more resilient, sustainable economy, that will put the US on a path to achieve net-zero emissions by 2050 and is pushing to cut greenhouse-gas emissions.

Sustainability is becoming more important for all companies, across all industries. The results show 40 per cent of respondents consider that their sustainable solutions provide as an advantage to their business with a moderate positive impact in the US, and another 26 per cent consider sustainability to yield high positive impact. Simply put, sustainability is a business approach to creating long-term value for both the business operations but also market advantage.

TO WHAT EXTENT DO YOU PERCEIVE YOUR COMPANY'S SUSTAINABLE SOLUTIONS AND PRODUCTS PROVIDE AN ADVANTAGE TO YOUR BUSINESS IN THE US?



NOTE: The number of respondents for this question was 60.
SOURCE: Business Climate Survey for Swedish Companies in the US 2021.



Our large industrial customers are driven by and willing to pay more for sustainable alternatives, which means that this is way forward in our production.

Executive VP
Large Swedish Business
Manufacturing Company



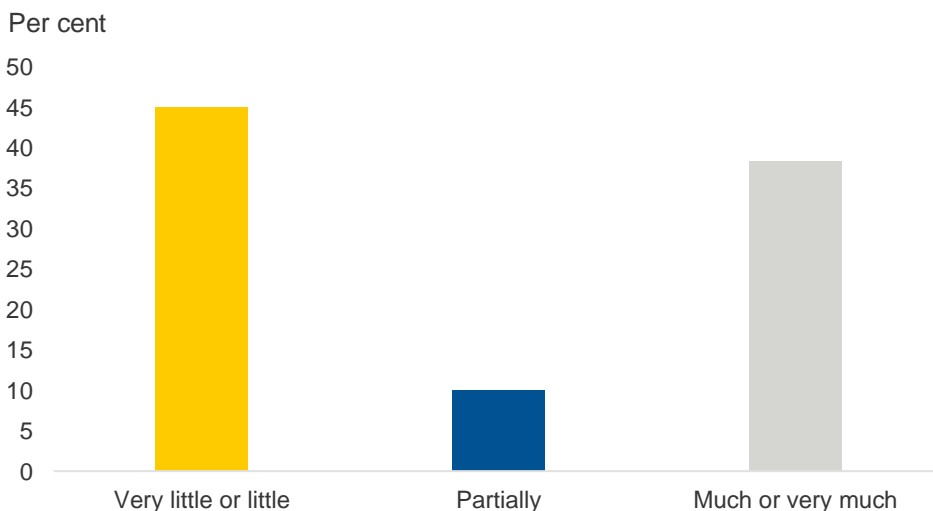
66% of respondents indicated that their sustainability offer provides a key competitive advantage in the market.

Customers consider environmental aspects in their purchasing decision

A growing attitude appears to be taking root in corporate America: what's good for the environment can also be good for business. Swedish companies operating in the US find their customer base to be increasingly driven by sustainability considerations. Nearly half of the respondents reported that their customers consider environmental aspects in their purchasing decisions, this is especially true for the consumer goods industry among younger consumers. Consumers are increasingly concerned about businesses' carbon footprints, and companies are feeling the pressure and urgency to act.

In contrast, more than half of the Swedish companies in our sample serving the industrial sector, indicated that environmental sustainability only played a small role in the purchasing decision. When elaborating their answers, the companies reported that a green transition is on the horizon as the demand for sustainable and carbon-neutral solutions are increasing. Furthermore, they have also seen a strong will from their larger customers to pay a higher price for sustainable and environmental friendly products.

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



NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in US2021.



The environmental aspect has gained momentum over the last two years and are likely to play a critical role in the coming years as seen in the financial industry and increasingly among corporates.

Executive VP
Large Swedish Service Company



45% of respondents reported that sustainability has little impact on purchasing decisions, compared to 38% who stated it has great impact

Combating corruption and promoting good governance is high on the political agenda

According to the Corruption Perceptions Index (CPI) this year US scored 67/100 and rank 25/180, (compared to Sweden with a score of 85/100 and rank 3/180) which is the lowest score since 2012. President Biden has been outspoken on the need to address corruption as a national security and foreign policy priority.

Swedish companies in our sample nearly unanimously reported that corruption affects their business in the US to a very little extent. That result remains consistent throughout company size, maturity and industry.

TO WHAT EXTENT DO YOU PERCEIVE THAT CORRUPTION IN THE UNITED STATES AFFECTS YOUR BUSINESS?

▶ **75% of respondents indicated that corruption is not a challenge in the US**

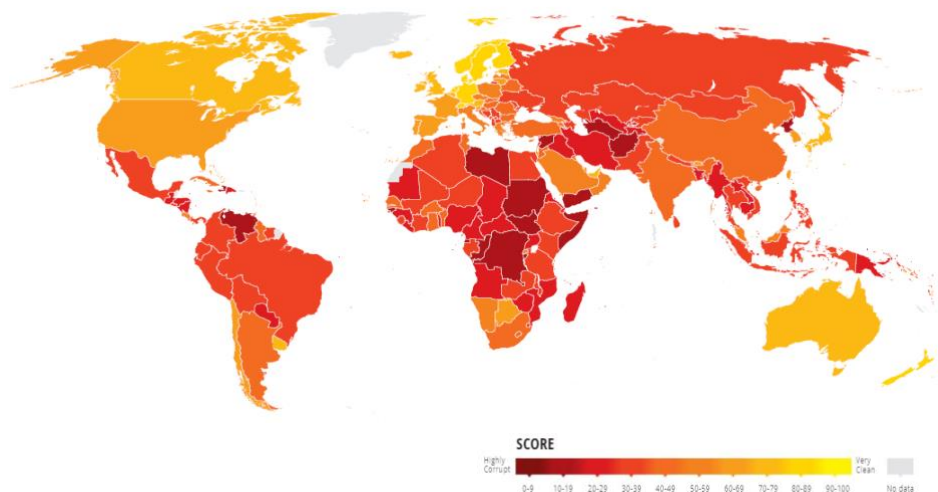


NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the US2021.

The CPI below illustrates how the US score compares to other countries. The US is taking further actions to directly engage with other countries, promote internationally recognised standards, sponsor reform programming, and contribute to building the architecture for cross-border cooperation. Measures to fight financial crime are being undertaken and the government is currently reviewing its investments in the longstanding enforcement agencies such as FinCen and the Office of Foreign Assets and Control (OFAC), which oversees economic and trade sanctions.

CORRUPTION PERCEPTION INDEX 2020

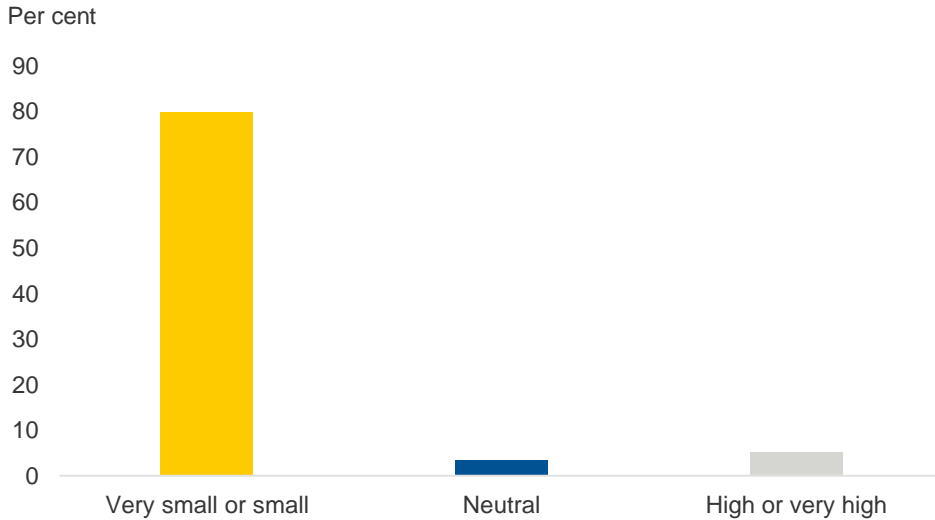


SOURCE: Transparency International.

Chances of encountering human rights and labour violations are not perceived as a risk

Over 80 per cent of the Swedish companies in our sample consistently reported that human rights or labour right violations are not perceived risks when conducting business in the US. The result is consistent across all industries, sizes and maturity of business.

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



NOTE: The number of respondents for this question was 60. Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the US2021.



The risk of violating human or labour rights in the US is very low, and nothing we have encountered.

Executive VP
 Large Swedish Business
 Manufacturing Company



80% of respondents reported the risk to be very low in violating human and labour rights

CONCLUSION

The Business Climate Survey, published by Team Sweden USA, aims to increase the understanding of Swedish companies' and their subsidiaries' performance and shed light on the key factors driving Swedish companies' success on the US market.

The findings in our survey indicate that despite the current pandemic, Swedish short-term investments and expected industry turnover is planned to increase in the U.S in 2021. Hence, the US remains an important market for Swedish companies. The majority of respondents reported a good business climate with access to specialist and key personnel, while infrastructure, customs and corporate taxation remain a challenge. Companies in our survey benefit from the strong positive associations of the "Swedish brand" as innovative, sustainable and trustworthy, as well as their utilisation of digital technologies that also allowed for more remote operations. The vast majority of our respondents enjoyed profitability on the US market and there is a sense of confidence in the strength of the US economy to return to its full growth potential.

Team Sweden USA would like to thank all participating companies for taking time to respond to the survey and to the companies who participated in follow-up interviews. The contributions were truly valuable and provided Team Sweden with a deeper understanding of the current business climate in the US as Swedish companies continue on the path to recovery.

Please do not hesitate to get in contact with Team Sweden USA to discuss opportunities and concerns. Contact details for Team Sweden USA participating organisations can be found on page 29.

TEAM SWEDEN USA CONTRIBUTORS

BUSINESS SWEDEN USA

Business Sweden is commissioned by the Swedish government to help Swedish companies grow global sales and international companies invest and expand in Sweden. Business Sweden offers hands-on support to Swedish companies with global ambitions, with 45 offices across the globe. In the US, we have offices in New York, Chicago and San Francisco and have a strong presence in the local market. We cover all 50 states and provide our clients with strategic advice, tailor-made market analyses and introductions to suitable partners and reliable legal advisors.

SWEDISH AMERICAN CHAMBERS OF COMMERCE USA

The Swedish-American Chambers of Commerce (SACC-USA) is a key player in the development of trade relations, investment opportunities, and talent mobility between Sweden and the United States. Our network consists of 19 Regional Chambers across the U.S and together we serve more than 2,000 members in Sweden and the U.S and arrange more than 300 business events a year. We provide you with contacts and potential business partners through events, tailored corporate programs, trade missions, business matchmaking and business intelligence. Additionally, SACC-USA facilitates talent mobility in both direction between Sweden and the US. We are designated by the US Department of State as a J-1 visa sponsor for Swedish exchange visitors in the intern and trainee categories. We are approved by the Swedish Migration Board as an international exchange organization that can assist Americans with the application for a Swedish work permit for training. SACC-USA looks forward to welcoming you as a member of our extensive network.

SWEDISH AMERICAN CHAMBERS OF COMMERCE, NEW YORK (SACCNYS)

SACCNYS is the largest and oldest Swedish Chamber of Commerce globally, having served and supported Swedish businesses looking to establish and thrive on the US market for close to 115-years. With a modernised mission to act as an indispensable support arm for internationalising Swedish entrepreneurship and innovation, SACCNYS recently launched Gateway – a State-of-the-Art innovation hub, office, co-working meeting and conferencing space, providing Swedish and Nordic businesses a unique soft landing and launch platform on to the US market, including on-site market and establishment expertise and services, as well as broad range business-to-business networking assistance. Moreover, SACCNYS curates and hosts a series of notable programs and events, including Acceleration Programs, Business Matchmaking, Investor Matchmaking, Pitch & Marketing Consultations, Mentorship Programs, Legal and Immigration support services, Market Research; as well as recurring meetups including Innovate46, Sustainability Summit, the Executive Women's Conference, and most recently, the newly launched virtual fireside chat series, "Checking the Pulse with SACCNYS," where top industry experts share insights and experience.

EMBASSY OF SWEDEN


The Embassy of Sweden in Washington, D.C. is one of Sweden's largest diplomatic missions in the world and serves as the official link between Sweden and the United States. The purpose of Sweden's trade and promotion policy is to facilitate trade and investment, and to further Sweden's economic interests as well as the image of Sweden abroad. The Swedish Embassy is located at the House of Sweden, a flagship building for Swedish public diplomacy, on the Potomac River in Washington D.C. In addition to the Embassy there are approximately 30 Swedish Consulates located throughout the US

CONSULATE GENERAL OF SWEDEN IN NEW YORK

The Consulate General of Sweden in New York represents Sweden in the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. The Consulate General works to strengthen the relation between Sweden and the region, promotes Swedish trade interests and furthers exchanges in culture and education. The Consulate General also provides assistance in a wide range of consular matters.

Team Sweden



 Embassy of Sweden
Washington



 Consulate General of Sweden
New York