



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN GERMANY 2025

A REPORT FROM TEAM SWEDEN IN GERMANY

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FOREWORD

The relationship between Germany and Sweden remains strong, despite the global and geopolitical turbulences of the past years. Germany, renowned as Europe's economic powerhouse and a key political actor within the EU and NATO, continues to be Sweden's most important trading partner. Over the past five years, bilateral trade, including both exports and imports, has grown at an annualised rate of 2.23 per cent. The close economic and strategic ties between the two countries are further underscored by the bilateral Strategic Innovation Partnership established in 2017. In May 2024, Prime Minister Ulf Kristersson and German Chancellor Olaf Scholz renewed and extended the partnership to include new key areas such as security, defence and space.

This report presents the sixth edition of the Business Climate Survey of Swedish companies operating in Germany. Its objective is to provide a comprehensive understanding of the experiences of Swedish businesses in the German market in 2024 and their prospects for 2025, offering a balanced assessment of both the opportunities and challenges they encounter. The results from this year's survey, conducted in February and March 2025, show many positive developments, but also suggest a somewhat careful assessment in light of Russia's continued war of aggression against Ukraine and other geopolitical developments, as well as in anticipation of the early German parliamentary elections.

However, the outlook for 2025 remains cautiously optimistic. The German parliament has laid the groundwork for a €500 billion infrastructure investment programme to stimulate growth and modernise key sectors over the coming 12 years. Significant regulatory changes have also been made to enable additional expenditures on defence and security. Additionally, inflation has eased to 2.2 per cent, down from 5.9 percent in 2023 and 6.9 percent in 2022. Although the German Government revised its GDP forecast for 2025 from modest to zero growth in April 2025, the medium-term outlook is more encouraging, with economic momentum expected to return in 2026 and growth projected at 1.1 percent. Sixty per cent of the respondents of this survey also expect their turnover to increase in 2025.

This survey is conducted for and by the Swedish business community in Germany. We extend our sincere gratitude to all participants for their valuable insights, which have been instrumental in shaping this year's edition of the Business Climate Survey in Germany. Team Sweden in Germany, including the Embassy of Sweden in Germany, Business Sweden, and the Swedish Chamber of Commerce, is proud to continue fostering strong bilateral relations between Sweden and Germany and supporting the growth of Swedish companies in the German market.



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Business Sweden



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Commerce in Germany

85 Respondents

Germany

Current business climate

52%

of Swedish companies perceive the current business climate as neutral or positive

Industry turnover

60%

of Swedish companies expect their industry turnover to increase

Future investments

35%

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

Globally valued success factors

1. Strategic location in Europe
2. Europe's economic powerhouse and a key political actor within the European Union and NATO
3. Strong commitment to achieving climate neutrality by 2045

Brand Sweden

80%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Availability of suppliers, distributors and service providers
3. Market access

Local conditions with least satisfaction

1. Low level of digitalisation
2. Fragmented administrative structures and regulatory burdens due to Germany's decentralised federal system
3. Labour market regulation

Environmental considerations

71%

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

Corruption

95%

of respondents report no direct experience with corruption or consider it not applicable to their business

Human rights violation and labour rights abuse

96%

of respondents continue to perceive minimal to no risk of human or labour rights violations



GERMANY
BUSINESS CLIMATE SURVEY 2025

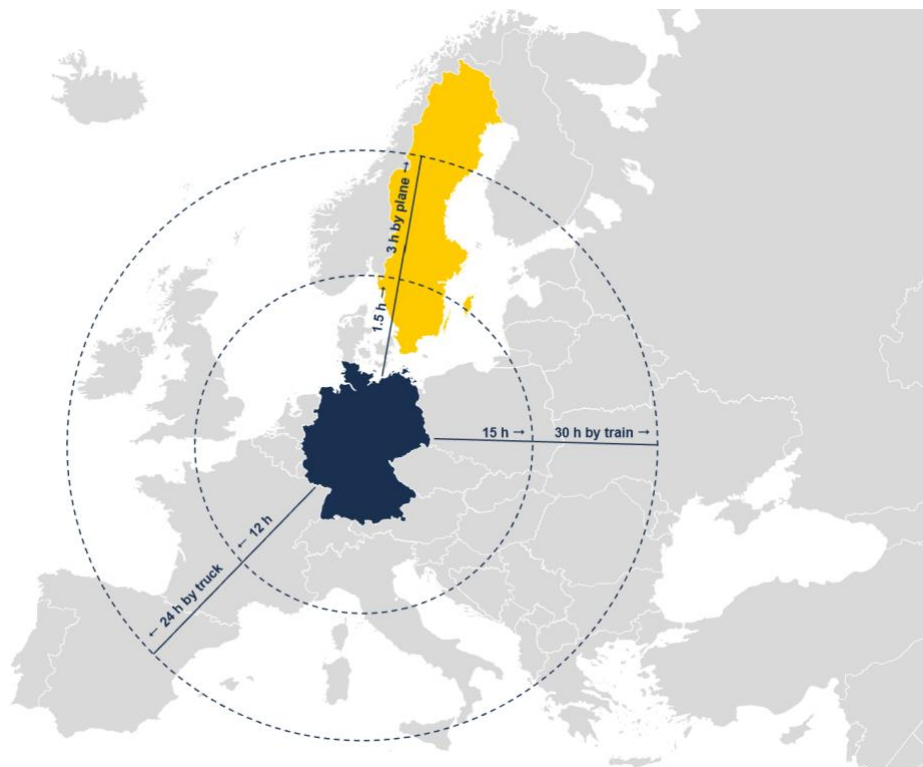
01 ABOUT THE SURVEY

ABOUT THE SURVEY

Market insights from established Swedish companies operating in Germany

Swedish companies continue to see Germany as an important market for expansion in 2025. As Europe's largest economy with more than 83 million people, Germany offers business opportunities across multiple industries. Its professional workforce and strategic location make it an attractive destination for Swedish enterprises looking to grow internationally.

GERMANY – AN IDEAL LOCATION FOR RESEARCH, PRODUCTION AND SALES



SOURCE: Germany Trade and Invest

Economic and political ties between Sweden and Germany are characterised by continuous cooperation and a solid basis of mutual trust. In 2017, Germany and Sweden launched a bilateral Strategic Innovation Partnership to strengthen cooperation in future-oriented sectors. The partnership has focused on areas such as battery research and production, sustainable mobility and artificial intelligence. In 2024, the scope of cooperation was extended to include additional fields such as security, defence and space, reflecting the continued strategic alignment between both countries in innovation and technology. At the signing of the updated partnership during the Nordic Summit in Stockholm on 13-14 May 2024, Sweden's Prime Minister Ulf Kristersson emphasised the importance of the cooperation: *"Germany is our foremost trade partner and an important strategic partner to Sweden in a number of areas. In light of the international situation, rapid technological development and the need to accelerate the green and digital transition, this strategic partnership with Germany is an important tool for both our business sector and Sweden as a whole."*

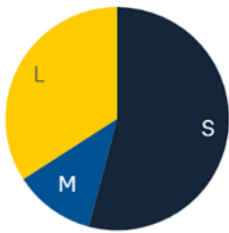
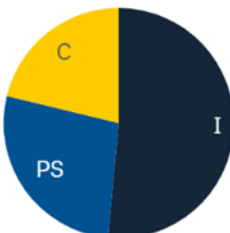
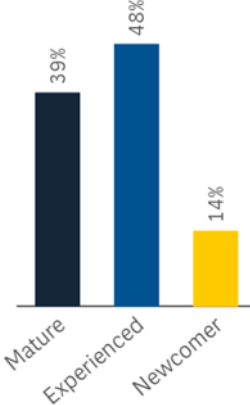
This close collaboration is also reflected in the strong presence of Swedish companies in Germany. While Team Sweden counts over 1,500 Swedish-registered entities operating in the country, this figure includes subsidiaries of larger corporate groups and German firms acquired by Swedish investors. The actual number of independently operating Swedish businesses is estimated to be below 1,000.

To gain a deeper understanding of the experiences and perspectives of Swedish companies operating abroad, Team Sweden conducts annual Business Climate Surveys in markets around the world. The insights from these national surveys are consolidated into the Global Business Climate Survey (GBCS), a comprehensive report that captures the current views and future expectations of Swedish enterprises operating internationally. The GBCS maps key trends in economic developments, success factors, local business environments and sustainability efforts. The results provide business leaders and policymakers with valuable benchmarks and enable comparisons across markets and regions. In 2025, the scope of the GBCS has expanded significantly, with 40 markets participating — up from 24 in 2024.

This year's Business Climate Survey for Germany was conducted with the participation of 85 Swedish companies active in the German market. The respondents represent a diverse range of business profiles and sizes. Small enterprises account for 54 per cent, large corporations make up 34 per cent, and medium-sized firms represent 12 per cent. Moreover, the participating companies operate across three main sectors: industrial (52 per cent), professional services (27 per cent) and consumer goods (21 per cent). Additionally, most of the surveyed companies have an established presence in the German market, classified either as experienced firms (entered between 2004 and 2019) or mature firms (established in or before 2003). Fourteen per cent of respondents are newcomers, having entered the market from 2020 onwards.

"Germany is our foremost trade partner and an important strategic partner to Sweden in a number of areas. In light of the international situation, rapid technological development and the need to accelerate the green and digital transition, this strategic partnership with Germany is an important tool for both our business sector and Sweden as a whole."

Ulf Kristersson,
Sweden's Prime Minister

SIZE OF COMPANIES	MAIN INDUSTRY	AGE OF COMPANIES
		
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249	NOTE: Industrial 52%. Professional Services 27%. Consumer 21%	NOTE: Mature (-2003). Experienced (2004-2019). Newcomer (2020-)



02 ECONOMIC OUTLOOK

ECONOMIC OUTLOOK

German economy faces third year of stagnation amid weak exports and political uncertainty, with gradual recovery expected in 2026

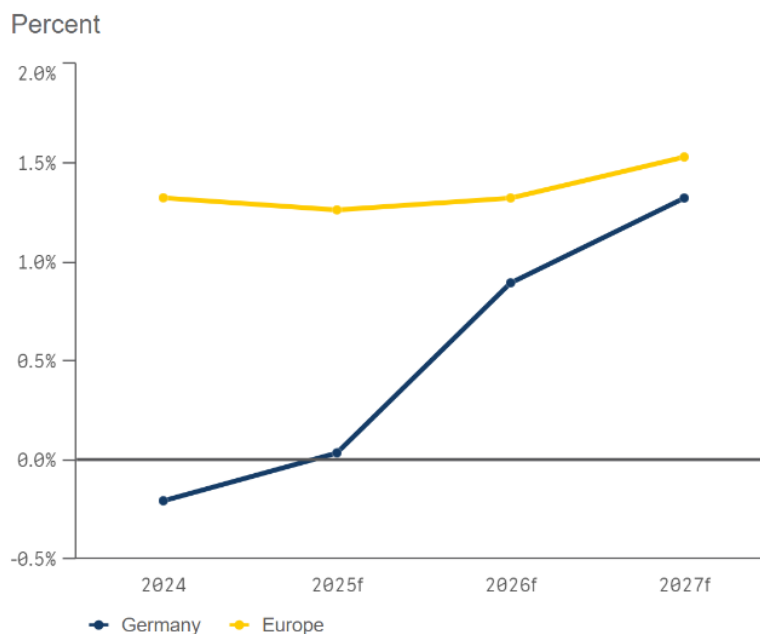
According to the German Federal Statistical Office (Destatis), Germany's gross domestic product (GDP) declined by 0.2 per cent in 2024. At a press conference held in mid-January 2025, Destatis President Ruth Brand explained that *"cyclical and structural pressures stood in the way of better economic development in 2024. These include increasing competition for the German export industry on key sales markets, high energy costs, an interest rate level that remains high, and an uncertain economic outlook. Against this backdrop, the German economy contracted once again in 2024."* These factors have heavily influenced demand, production, investment, and private consumption, leaving the German economy in a prolonged period of weakness as it entered 2025.

"Germany is stuck in stagnation. We see that the growth that we have been expecting for so long is also delayed this year."

At the end of January 2025, the German Federal Government forecasted a modest economic rebound, with GDP expected to grow by 0.3 per cent in 2025, following contractions of 0.2 per cent in 2024 and 0.3 per cent in 2023. However, leading economic institutes soon revised the outlook downward, with most now expecting stagnation or only marginal growth for the year. Presenting the government's economic forecasts on 29 January 2025, outgoing Vice Chancellor and Minister for Economic Affairs and Climate Action Robert Habeck stated, *"Germany is stuck in stagnation. We see that the growth that we have been expecting for so long is also delayed this year."* Structural issues — such as a shortage of skilled labour, high energy costs, and excessive bureaucracy — continue to weigh on Germany's economy, contributing to a cautious outlook among businesses and policymakers as the country seeks to regain momentum.

Robert Habeck,
Outgoing Vice Chancellor
and Minister for
Economic Affairs and
Climate Action

PROJECTED GDP GROWTH IN GERMANY



NOTE: Constant prices.

SOURCE: Oxford Economics 11 March 2025

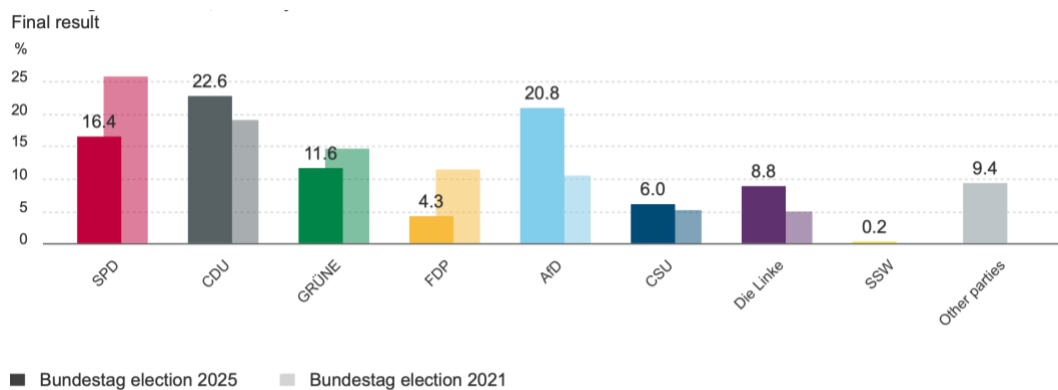
In addition, recent geopolitical developments have introduced new risks to Germany's export-driven economy. The announcement of U.S. tariffs on EU goods, in April 2025, has raised concerns among German policymakers about the potential impact on trade flows. According to Germany's Acting Finance Minister Jörg Kukies, exports to the United States could decline by approximately 15 per cent if the measures are put in place. Given that the U.S. is Germany's largest export market outside the EU, a sustained drop in exports could weigh on economic growth and increase the risk of continued recession.

Meanwhile, inflation in Germany has stabilised. According to the German Federal Statistical Office, the inflation rate held steady at 2.2 per cent, aligning with the annual average for 2024. This marks a significant easing from the elevated inflation levels of recent years, which reached 5.9 per cent in 2023, 6.9 per cent in 2022, and 3.1 per cent in 2021. The stabilisation of inflation reflects a combination of factors, including a downward trend in energy prices, although food and service prices have continued to rise at above-average rates.

In addition to the economic headwinds, Germany also faced significant political challenges. In late 2024, the governing coalition — led by Chancellor Olaf Scholz of the Social Democratic Party (SPD) — collapsed after months of internal disputes. Amid mounting political pressure and declining public support, Scholz called for a vote of confidence (*Vertrauensfrage*) in the *Bundestag* but failed to secure the necessary majority. The loss of confidence led President Frank-Walter Steinmeier to dissolve parliament and call early federal elections, held on 23 February 2025. Voter turnout surged 82.5 per cent, the highest since reunification.

The SPD suffered a historic defeat with 16.4 per cent of the vote, while the centre-right Christian Democratic Union and its Bavarian sister party (CDU/CSU), led by Friedrich Merz, emerged as the strongest party with 28.6 per cent. The right-wing Alternative for Germany (AfD) achieved a record of 20.8 per cent, more than doubling its previous share and establishing itself as the second-largest party. Merz was ultimately selected to form the new government. The transition phase has led businesses and investors to adopt a more cautious approach, awaiting clarity on the new administration's policy direction and its potential economic impact.

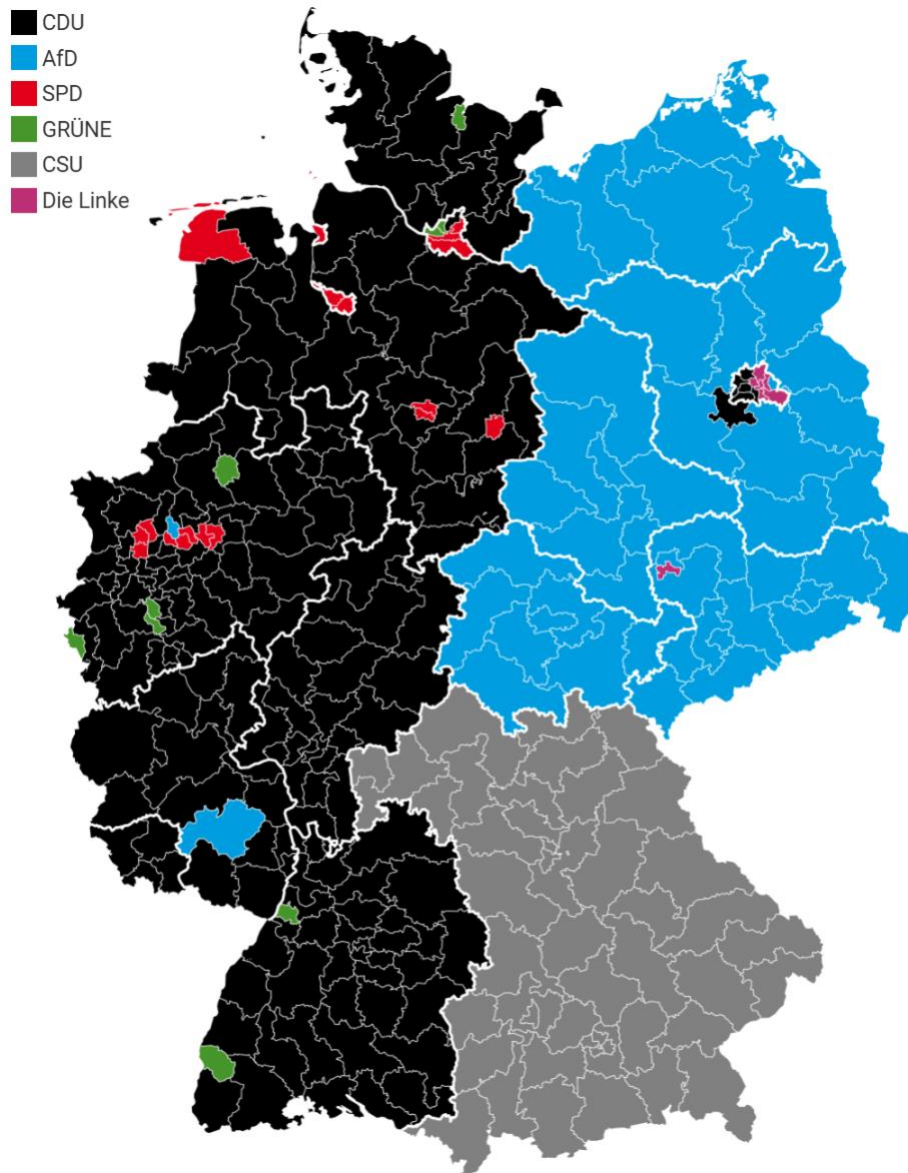
SECOND VOTE RESULT, BUNDESTAG ELECTION 2025



NOTE: In Germany, voters can cast two ballots: the "first vote" for a constituency candidate and the "second vote" for a party. The second vote decides the proportion of seats each party will hold in the Bundestag.
SOURCE: The Federal Returning Officer, Wiesbaden 2025

The 2025 election results revealed a regional divide in Germany's voting patterns. Western Germany predominantly supported conservative parties, represented by the CDU/CSU, while eastern Germany showed a stronger preference for right-wing populist parties, particularly the AfD. This division reflects both historical and socio-economic factors. Western Germany's capitalist legacy has traditionally favoured centre-right policies. In contrast, eastern Germany, still dealing with the aftermath of its post-communist transition, has seen a rise in populist and nationalist sentiments. Economic disparities, particularly in the East, have further strengthened the appeal of right-wing parties, which focus on issues like national identity, economic frustration and distrust of the political establishment.

SECOND VOTE RESULT BY CONSTITUENCY, BUNDESTAG ELECTION 2025



NOTE: The data is licensed under the Data License Germany – Attribution – Version 2.0
 SOURCE: bpb, The Federal Returning Officer, Wiesbaden 2025

Despite ongoing challenges, the outlook for 2025 is cautiously optimistic. After the German federal parliamentary election, the parties CDU (Christian Democratic Union), CSU (Christian Social Union), and SPD (Social Democratic Party of Germany) entered coalition negotiations to form a new government focused on economic revitalisation, fiscal reform, and restoring political stability.

A cornerstone of the agreement is the reform of Germany's constitutional debt brake (*Schuldenbremse*), designed to boost defence spending and launch an ambitious infrastructure investment programme. Under this initiative, defence expenditures exceeding one per cent of GDP will be exempt from the debt brake restrictions. In addition, the outgoing German parliament has approved the creation of a credit-financed fund of €500 billion for the coming 12 years. This comprehensive programme will direct significant resources towards critical areas such as infrastructure, defence and climate protection.

The anticipated coalition has also signalled its intention to foster innovation, reduce bureaucracy, and promote fair wages and good working conditions. This approach is expected to create a more favourable environment for investments and financial markets by enhancing the overall economic

stability and growth prospects of Germany. As incoming German Chancellor and Federal CDU Chairman Friedrich Merz stated after the coalition agreement was published in April 2025, “We have a strong plan before us with which we can move our country forward again together. Above all, it is a very strong and clear signal to the citizens of our country, and also to our partners in the European Union. Germany is getting a government that is capable and strong.”

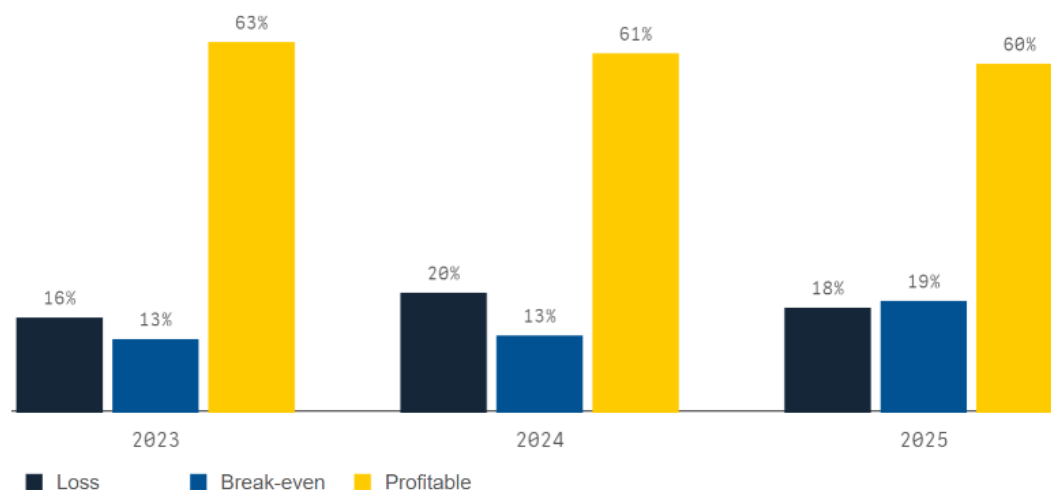
60 per cent of the Swedish companies surveyed report profits in 2024

Comparing past Business Climate Survey results, the financial performance of Swedish companies in Germany remains stable. According to the 2025 survey, 60 per cent of respondents report a profitable year in 2024.

When looking at the financial results by company size, 69 per cent of large enterprises (with over 1,000 employees) report a profitable year in 2024, making them the most successful group overall. Only 14 per cent of large enterprises ended the year with negative results. Medium-sized companies (250 to 1,000 employees) followed, with 60 per cent reporting profits, but facing more difficulties, as 30 per cent report losses. Small businesses (0 to 249 employees) show a slightly weaker performance, with 53 per cent reporting profits and 18 per cent reporting losses.

Across the various sectors where respondents operate, 64 per cent of consumer goods companies and 62 per cent of those in the industrial sector report a profitable year in 2024. The professional services sector is lagging slightly behind, with 50 per cent reporting positive financial results. The consumer goods sector also has the highest share of losses at 29 per cent, followed by professional services at 22 per cent and industrial firms at 18 per cent.

HOW WOULD YOU DESCRIBE YOUR COMPANY’S FINANCIAL PERFORMANCE IN GERMANY IN 2024?



NOTE: The number of respondents for this question was 84. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

Examining the relationship between how long companies have been operating and their financial performance, 74 per cent of mature enterprises report a profitable year in 2024, while only six per cent record losses. Newcomers to the German market encountered more challenges, with 45 per cent reporting losses and another 45 per cent achieving profits. Among experienced firms, 51 per cent report positive financial results. These findings suggest that longevity in the market is often linked to greater financial stability.

“We have a strong plan before us with which we can move our country forward again together. Above all, it is a very strong and clear signal to the citizens of our country, and also to our partners in the European Union. Germany is getting a government that is capable and strong.”

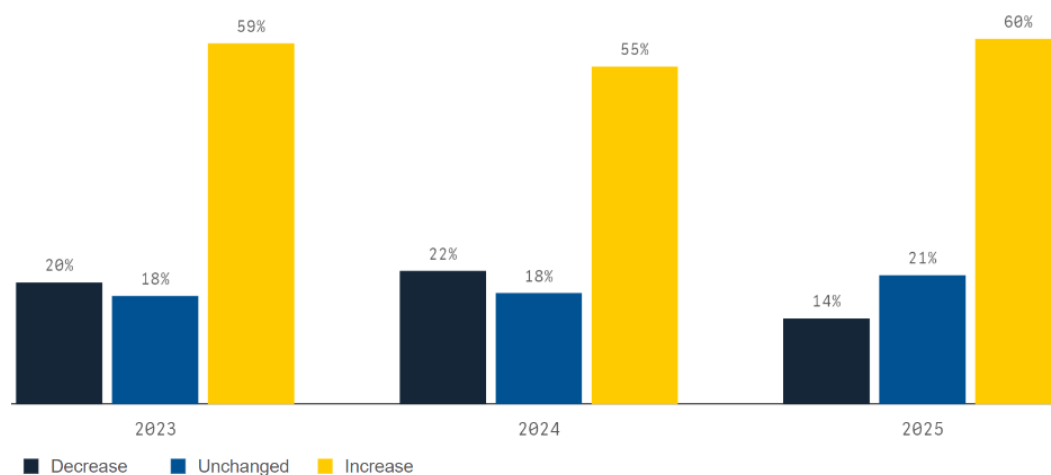
Friedrich Merz,
Incoming German
Chancellor and Federal
CDU Chairman

Respondents' turnover expectations have increased over the last few years

This year, Swedish companies have higher turnover expectations compared to two years ago. Of the surveyed Swedish companies, 60 per cent expect their turnover to increase, in line with signs of modest economic recovery. Compared to the past two years, this indicates a growing optimism among Swedish firms.

Across different company sizes, expectations for increased industry turnover remain relatively consistent: 61 per cent of small businesses, 60 per cent of medium-sized firms, and 59 per cent of large enterprises anticipate growth. In addition, a breakdown by sector reveals similarly aligned expectations. The industrial sector is the most optimistic, with 59 per cent forecasting a notable increase in turnover over the next 12 months, followed by the consumer goods sector at 57 per cent and professional services at 56 per cent. However, optimism in the professional services sector appears more cautious, as 22 per cent of respondents in this group expect a decline in industry turnover.

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



NOTE: The number of respondents for this question was 84. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

The improved results can be attributed to several key developments. According to the German Federal Government, economic momentum is expected to strengthen in 2026, with GDP projected to grow by 1.1 per cent. In addition, the recent transition in the political landscape has raised expectations for a more favourable economic outlook among respondents, supported by rising household incomes as inflation stabilises.

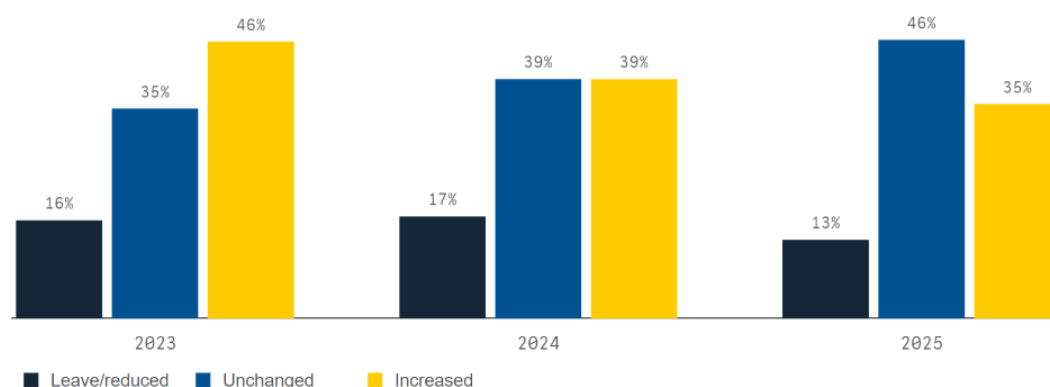
Most respondents will maintain their investments unchanged

Respondents' investment plans for the coming 12 months remain generally stable. The majority will either increase (35 per cent) or maintain (46 per cent) their investments. Only 13 per cent plan to reduce their investments, a lower share than in the previous two years.

Investment plans for the coming period vary notably across company sizes. Among large firms with over 1,000 employees, 52 per cent intend to increase their investment activities. In contrast, 30 per cent of small businesses (0 to 249 employees) and just 10 per cent of medium-sized companies (250 to 1,000 employees) report similar intentions. Most medium-sized firms, around 60 per cent, plan to maintain current investment levels, a trend also seen among small businesses, where 52 per cent do not foresee any change. At the other end of the spectrum, 20 per cent of medium-sized companies are preparing to significantly cut back on their investments.

The consumer goods sector stands out as the most investment-driven segment, with the highest share of firms planning to increase their investments. At the same time, it is also marked by market instability, with 14 per cent of companies considering a complete exit from the German market. In comparison, no respondents from the industrial or professional services sectors indicate plans to leave the market.

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



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

One possible explanation for this seeming contradiction between strong investment ambitions and heightened market uncertainty may be found in the current mood among consumers. Although expectations regarding the economy and household income have become more positive, this has not yet translated into significantly stronger consumer activity. Rolf Bürkl, consumer expert at the Nuremberg Institute for Market Decisions (NIM) — a research institute specialising in consumer behaviour — explains: *"Apparently, the elections and the prospect of a new government have slightly eased pessimism among some consumers. However, a renewed increase in the tendency to save is clouding the overall picture. It is preventing a stronger improvement in consumer sentiment."*

Moreover, energy prices in Germany remain high, continuing to strain household budgets and business operations. As Verivox energy expert Thorsten Storck explains, *"Although energy costs have fallen by a third from their October 2022 peak, they remain well above pre-war levels."* Since the end of the Covid-19 pandemic, both private households and industrial sectors in Germany have been dealing with a steady rise in gas prices, driven in part by escalating geopolitical tensions involving Russia and Western countries. On top of that, politically driven adjustments to CO₂ pricing have contributed to further increases in heating costs for consumers.

"Apparently, the elections and the prospect of a new government have slightly eased pessimism among some consumers. However, a renewed increase in the tendency to save is clouding the overall picture. It is preventing a stronger improvement in consumer sentiment."

Rolf Bürkl,
Consumer Expert at the
Nuremberg Institute for
Market Decisions (NIM)



03 THE MARKET

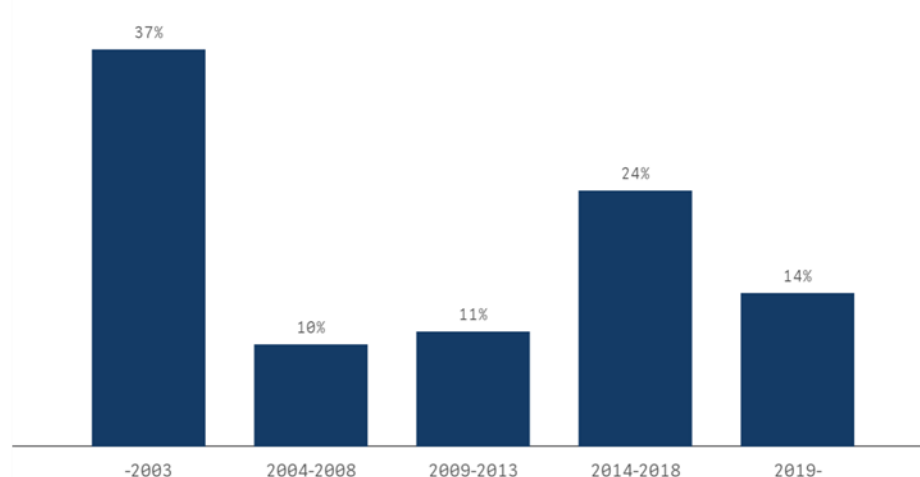
THE MARKET

Swedish companies operate in diverse sectors in the German market

Germany and Sweden have a longstanding economic relationship that offers significant value for Swedish companies seeking to expand internationally. Germany, as the largest economy in Europe, accounting for roughly a quarter of the European Union's GDP, remains Sweden's top trading partner. In 2024, Sweden's exports to Germany totalled approximately €15.34 billion, while imports from Germany amounted to around €27.23 billion. The strong trade volumes highlight the depth of bilateral economic ties. Today, more than 1,500 Swedish companies and subsidiaries operate in the German market, making it a key destination for Swedish business activity.

This year's survey primarily represents Swedish companies with over 20 years of experience in the German market. These companies were established in 2003 or earlier, highlighting the long-standing presence of Swedish firms in Germany. Moreover, 24 per cent of respondents entered the German market between 2014 and 2018, while 14 per cent are newcomers who have been operating in Germany since 2019 or later. In total, 38 per cent entered the market within the last decade, reflecting the strong attractiveness of Germany as a destination for Swedish businesses. Therefore, the Swedish presence in the German market is well-established and continues to grow.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN GERMANY?

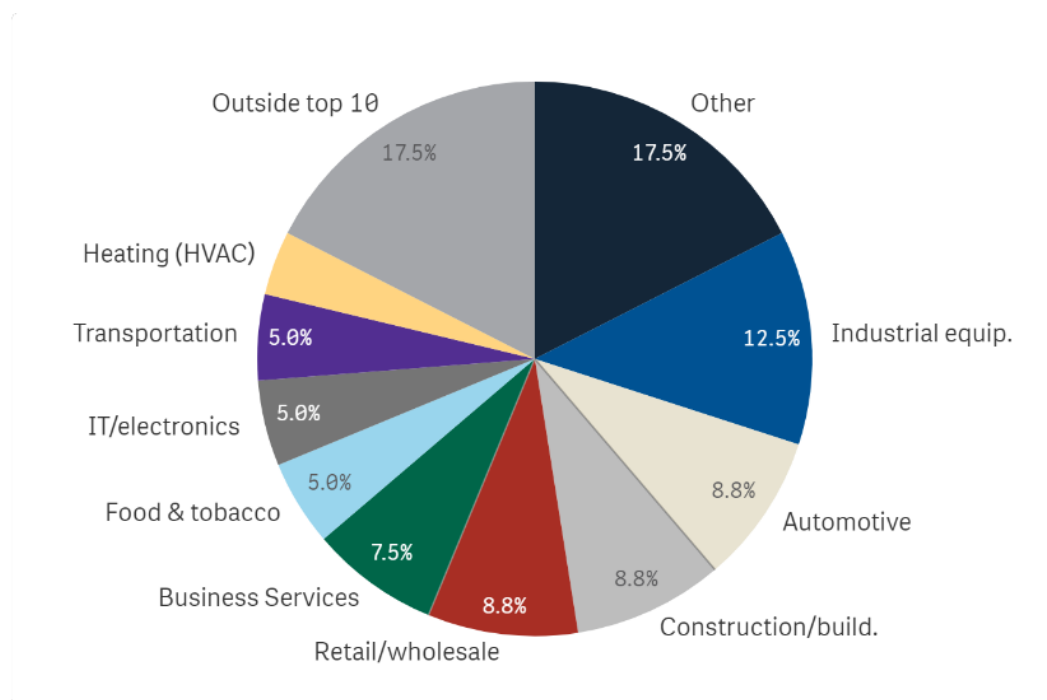


NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

Our survey respondents represent a wide range of sectors, showcasing the diversity of Swedish companies in Germany. The largest industry, accounting for 12.5 per cent of respondents, was industrial equipment. Other sectors represented in the survey include automotive, construction and retail, each with 8.8 per cent, as well as business services with 7.5 per cent. Smaller proportions also represent sectors as wide-ranging as food and tobacco (five per cent), IT and electronics (five per cent), and transportation (five per cent). Although these figures may not be fully representative of the entire population of Swedish companies in Germany, the diversity of input enhances the value of this survey's results.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN GERMANY?

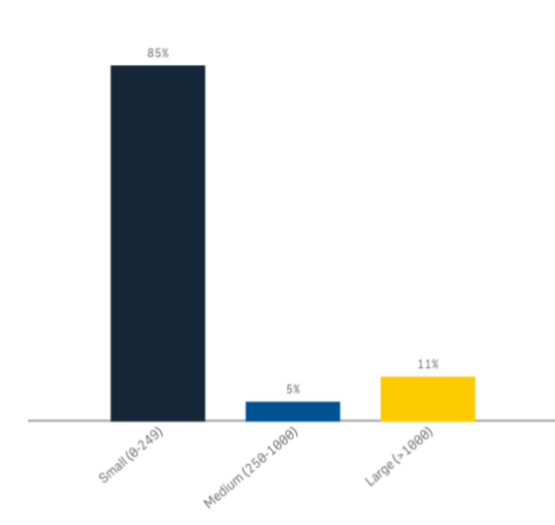


NOTE: The number of respondents for this question was 80. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

A significant share of the surveyed Swedish companies in Germany falls within the small and medium-sized enterprise (SME) category, employing between 0 and 249 people locally. This employment structure aligns closely with the German business environment, where SMEs, collectively known as the "*Mittelstand*", make up more than 99 per cent of all firms. These businesses are central to Germany's economic stability, generating over half of national output and employing about 60 per cent of the workforce. Sweden's own economy is also heavily shaped by SMEs, which reinforces the natural compatibility between the two markets. Their similar economic structures allow both countries to share perspectives on the challenges and opportunities that come with supporting smaller businesses in competitive international markets.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN GERMANY IN 2025



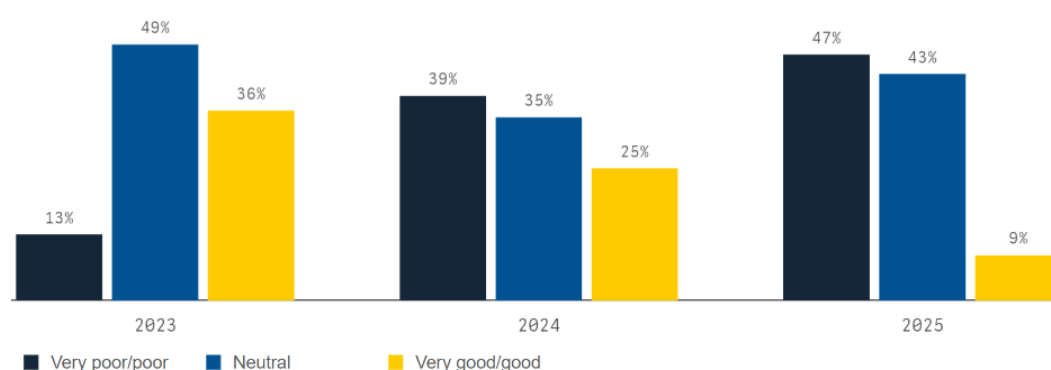
NOTE: The number of respondents for this question was 84. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

Economic and political instability lead to a more cautious outlook on Germany's business climate

Swedish companies are showing a more cautious outlook on the German business climate this year. The share of respondents rating the climate as good or very good has shown a downward trend over the past years, from 36 per cent in 2023 to 25 per cent in 2024 and now to nine per cent in the latest survey. At the same time, there has been a moderate increase in less favourable assessments: 47 per cent now describe the climate as poor or very poor, up from 39 per cent in the previous year. However, 43 per cent – almost half of the respondents – perceive the business climate in Germany as neutral.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN GERMANY?



NOTE: The number of respondents for this question was 81. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

The increasingly negative perception of Germany's business climate is reflected in the comments provided by participating companies. While several respondents still regard Germany as an attractive market, they consistently highlight persistent obstacles. One company remarked, "Germany remains a very attractive market but needs to lower bureaucracy." Others pointed to the lack of digitalisation and the complexity of national standards as significant barriers to doing business. Political uncertainty also emerged as a key concern. As one respondent noted, "Political instability is affecting demand heavily. Everyone is in waiting mode and doesn't invest or consume." This sentiment appears to be tied to the recent federal elections and the ongoing process of forming a new government.

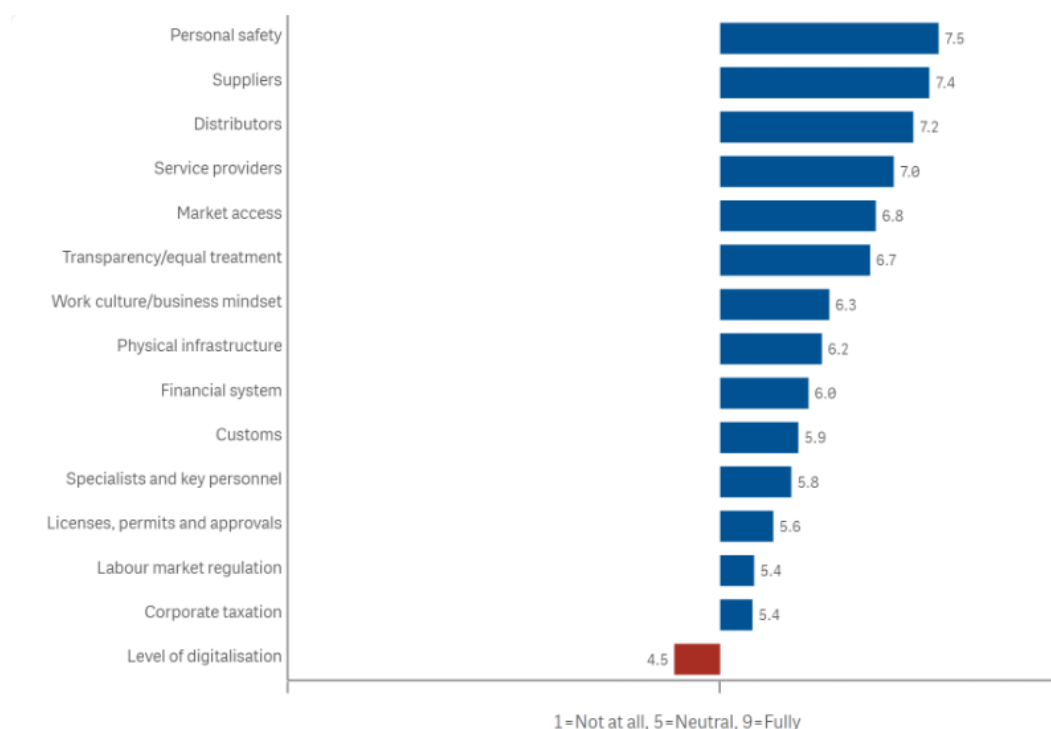
"Political instability is affecting demand heavily. Everyone is in waiting mode and doesn't invest or consume."

CEO,
Large Manufacturing
Firm

Germany's level of digitalisation continues to fall behind Swedish standards

When asked how well various conditions in the German market align with their business needs, respondents identify several factors as particularly relevant. Personal safety received the highest rating, reflecting Germany's reputation as a secure and stable environment. The availability of suppliers, distributors and service providers was also rated highly, suggesting that these elements are essential for successful operations and pointing to the strength of Germany's business infrastructure. In addition, positive assessments of market access and equal treatment indicate that Swedish companies generally perceive the German market as both accessible and fair.

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



NOTE: The number of respondents for this question was 85.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

However, certain market conditions in Germany remain less favourable, particularly in areas such as corporate taxation. Unlike Sweden's straightforward corporate tax system, Germany's structure includes federal and municipal components, leading to a more complex and higher overall tax burden. This complexity can make it challenging for Swedish businesses that are used to Sweden's simpler system. To enhance competitiveness, Germany's anticipated new government has proposed reforms aimed at simplifying the overall tax structure and reducing the corporate tax rate to below 25%. However, these changes are still under discussion and have not yet been implemented.

Additionally, among the various conditions assessed, the level of digitalisation was the only area to receive an overall negative evaluation from respondents. This finding highlights a persistent challenge in the German market, where progress in digital transformation has historically lagged behind that of other European countries. To address this issue, the German Federal Government is continuing to implement its Digital Strategy through 2025. Key initiatives include expanding fibre-optic broadband to at least half of all households and businesses by the end of 2025. The strategy also aims to ensure nationwide mobile coverage and to further enhance digital skills across the population. In healthcare, efforts focus on promoting the use of electronic patient records and e-prescriptions. Moreover, public services are being modernised through the introduction of secure digital identities and streamlined administrative processes.

To better coordinate these efforts, the expected CDU/CSU and SPD coalition has announced plans to establish a dedicated Ministry for Digitalisation and State Modernisation. The new ministry will centralise responsibilities for digital policy and administrative reform, tasks that were previously spread across several departments. Its core mandate will include accelerating the digitalisation of public services, improving infrastructure and reducing bureaucratic barriers to support the broader digital transformation of the state.

Entering the German market requires navigating regulations, labour conditions and cultural differences

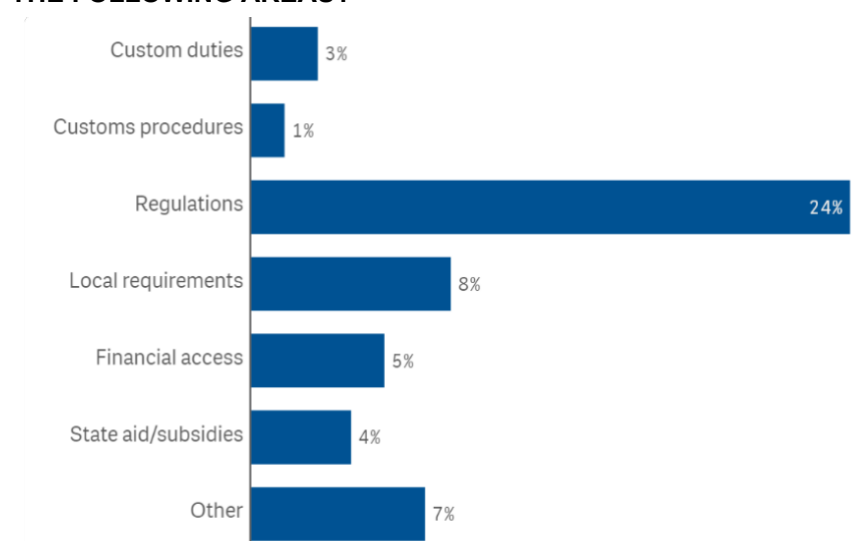
Trade barriers often stem, either directly or indirectly, from Germany's fragmented market structure. With 16 federal states and around 11,000 municipalities, regulatory frameworks and administrative procedures can differ significantly from one region to another. This complexity is reflected in the survey results, where 24 per cent of Swedish companies identify regulations as the most prominent trade barrier. Navigating overlapping national and regional requirements poses ongoing challenges and is frequently cited as a key obstacle when entering or operating in the German market. Beyond the extensive regulatory landscape, many companies also face challenges related to Germany's bureaucratic structures. Administrative procedures are often complex, requiring time and resources to manage, especially for foreign firms navigating the system for the first time.

In addition to regulatory complexity, labour-related disruptions present further operational considerations for businesses. Although the frequency of large-scale strikes remains comparatively low in Germany, even short-term stoppages in critical sectors affect business continuity. Over the past year, strikes organised by the railway union *Gewerkschaft Deutscher Lokomotivführer (GDL)* impacted *Deutsche Bahn's* regional and long-distance services. Additionally, actions led by the public-sector union *Verdi* disrupted operations involving airport ground staff and local public transportation. Such disruptions underline the importance for international companies to proactively account for labour-related risks in their operational planning.

Some respondents highlight staffing and wage-related challenges when operating in Germany. As of 1 January 2025, the minimum wage in Germany is €12.82 per hour. In contrast, Sweden does not have a statutory minimum wage. Instead, wages are set through sector-specific collective bargaining agreements. As a result, the minimum wage in Germany may exceed that of Sweden in certain industries, potentially affecting labour cost planning for Swedish companies.

Despite the challenges outlined above, the German market remains highly relevant for Swedish enterprises. Although entering the market can be complex and time-consuming, it offers long-term potential. For many companies, these hurdles not only pose difficulties but also open opportunities for strategic growth in one of Europe's most influential economies.

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



NOTE: The number of respondents for this question was 85.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2025



GERMANY
BUSINESS CLIMATE SURVEY 2025

04 TEAM SWEDEN IN GERMANY

TEAM SWEDEN IN GERMANY

Team Sweden in Germany engagement highlights throughout the last year and a conversation with the Trade Commissioner of Sweden to Germany

Team Sweden in Germany (the Swedish Embassy, Business Sweden, and the Swedish Chamber of Commerce) represents a strategic alliance dedicated to advancing Sweden's export capabilities and foreign investment opportunities. Coordinated through the Ministry of Foreign Affairs, this network facilitates cross-border partnerships through targeted initiatives in Germany. The following pages detail a selection of last year's achievements and feature an exclusive dialogue with Trade Commissioner of Sweden to Germany Johan Holmlund.

CALENDAR YEAR 2024 – 2025



Jan 28 – Jan 31, 2024

**TRY SWEDISH AT ISM
COLOGNE**



Aug 21 – Aug 25, 2024

GAMESCOM



Sep 29 – Oct 01, 2024

BITS & PRETZELS



Oct 14 – Oct 16, 2024

**TRY SWEDISH AT BAR
CONVENT BERLIN**



Nov 21, 2024

**SWEDISH-GERMAN
BUSINESS DAY**



Mar 17, 2025

**SWEDISH-GERMAN
HEAT TRANSITION
DIALOGUES**

Try Swedish - Sharing the best of Swedish food and beverages with the world

DATE & PLACE

ISM 28 – 31 January 2024 in Cologne and Bar Convent 14 – 16 October 2024 in Berlin

BACKGROUND

Sweden has earned a strong reputation as an innovative and sustainable food nation, known for safe production, eco-friendly packaging, and flavorful products. The country leads in areas like plant-based and sugar-free innovations, and Swedish candy is currently a global talking point. Swedish food companies and authorities are committed to high environmental and climate standards, with a focus on reducing food waste, responsible energy use, animal welfare, and avoiding preventive use of antibiotics. The Try Swedish Programme plays a central role in boosting food exports and is part of the government's National Food Strategy — a long-term, cross-party commitment to supporting Swedish food internationally.

See more information about the Try Swedish Programme on the official website: [Try Swedish - Business Sweden](#)



DESCRIPTION: Try Swedish connects Swedish food and beverage companies with global distributors and buyers
PHOTO CREDIT: Business Sweden

THE TRY SWEDISH PAVILION AT ISM COLOGNE AND BAR CONVENT BERLIN

Business Sweden's food & beverage programme, Try Swedish, organised a Swedish Pavilion at both the ISM sweets and confectionery trade fair and the Bar Convent beverage and alcohol trade fair in 2024.

ISM, one of the world's leading trade fairs for sweets and snacks, attracts over 1,500 companies from 70 countries in 2024, providing a unique mix of innovations, networking opportunities with key industry players, and expert visitors. Try Swedish has been organising a booth at ISM for several years, making it an important fair for Swedish confectionery companies. In 2024, five companies co-exhibited at the ISM fair in Cologne.



DESCRIPTION: Try Swedish pavilion showcasing a wide range of Swedish culinary delights
 PHOTO CREDIT: Business Sweden

Similarly, Bar Convent Berlin stands as the largest trade fair for the bar and beverage industry. Each year, around 12.000 bar owners, bartenders, distributors and manufacturers from almost 90 countries attend the event to forge new contacts and expand business networks, explore product innovations and participate in educational seminars. Building on a successful debut at Bar Convent Berlin in 2023, Team Sweden arranged the **Try Swedish Bar**, uniting four innovative Swedish beverage producers and brands to represent the Swedish beverage industry.



DESCRIPTION: Showcasing four Swedish beverage producers to represent the Swedish beverage industry at Try Swedish Bar
 PHOTO CREDIT: Business Sweden

"The offerings from Swedish producers in this field are highly popular due to their clean ingredient lists, compelling brand stories, and innovative marketing concepts," says Maria Kärnerud, who oversees the Try Swedish Export Programme.

Showcasing the Swedish games industry at Gamescom

DATE & PLACE

21 – 25 August 2024 in Cologne

BACKGROUND

Gamescom is the world's largest leading event for computer and video games and Europe's premier business platform for the games industry. Each year, Gamescom attracts hundreds of thousands of fans and a diverse range of participants, including developers, publishers, eSports professionals, cosplayers, creators, and stakeholders from politics and business.

The Northern European countries Denmark, Finland, Iceland, Norway, Sweden, and Estonia have established themselves as important key players in the games industry, producing some of the most well-known video game brands globally. A total of around 15,000 people are employed in the games industry of the Nordic countries. With around 1,400 companies that develop computer and video games and a total turnover of almost seven billion Euro, the region is one of the strongest and largest in Europe.



DESCRIPTION: More than 60 Nordic studios exhibited at Europe's largest gaming event
PHOTO CREDIT: Dataspelebranschen

Gerald Böse, President and Chief Executive Office of Koelnmesse, states: *"As the world's largest games event, we want to promote countries that are of special significance for the industry in a targeted fashion through strategic partnerships. Together, we are shifting the focus further this year to the game's scene of the Nordic countries. Through the close integration into Gamescom, we create the best prerequisites for a high level of visibility for the region in which world-famous franchises and the companies that developed them have originated."*

THE SWEDISH PAVILION AND SWEDISH MIXER EVENT

Gamescom 2024 marked a significant milestone for regional and national collaboration as four Swedish game clusters came together in partnership with Dataspelebranschen/Swedish Games Industry and Business Sweden to showcase new, exciting game studios and games industry initiatives.



DESCRIPTION: Swedish pavilion at Gamescom 2024
PHOTO CREDIT: Next Skövde

Under the Sweden Game Arena brand, the Swedish game industry was prominently featured in the business area at Gamescom. Twelve companies co-exhibited in the Swedish pavilion, creating an excellent networking hub that highlighted success stories and offered meeting spaces for ongoing game projects. Business Sweden and partners from the Swedish gaming industry also organised a mixer event at the booth and were visited by a delegation from the Embassy, as well as various industry representatives, further strengthening the international exposure and connections for Swedish game developers.



DESCRIPTION: Opening ceremony at Swedish pavilion at Gamescom 2024
PHOTO CREDIT: Business Sweden

Sweden as official partner country to Bits & Pretzels

DATE & PLACE

29 September – 1 October 2024 in Munich

BACKGROUND

Bits & Pretzels is an exclusive conference focusing on bringing together European innovators and capital to strengthen Europe's tech and start-up scene. Over 7.500 participants gathered for three days of intensive networking among entrepreneurs, investors, and leading corporations. The 2024 conference centred around the theme 'Kickstarting Europe' — a proactive initiative to harness capabilities and foster entrepreneurial solidarity across Europe.



DESCRIPTION: Bits & Pretzels — the start-up event that opens doors across Europe
PHOTO CREDIT: Business Sweden

At this year's Bits & Pretzels, Sweden took centre stage as an official partner country, spotlighting its dynamic start-up ecosystem and reinforcing its reputation as a premier destination for capital investment and company growth. Sweden's start-up landscape is recognised as one of the strongest in Europe and globally, ranking second in Western Europe and sixth worldwide. Home to more than 7,000 start-ups and scale-ups, Sweden has produced 41 unicorns to date.

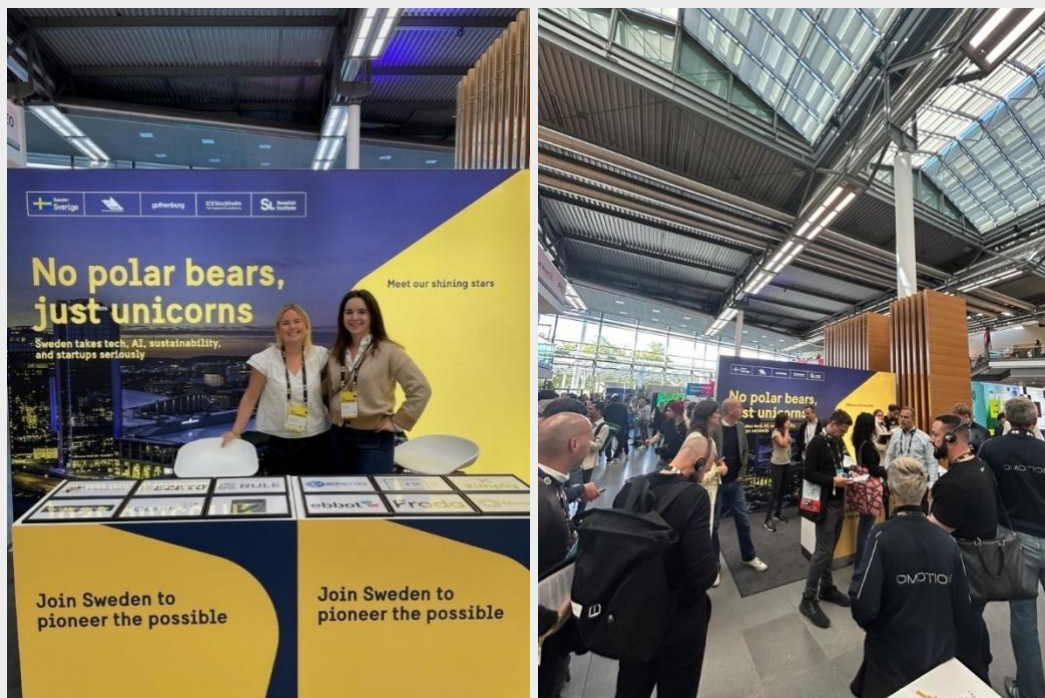


DESCRIPTION: Introducing Sweden as official partner country to Bits & Pretzels 2024
PHOTO CREDIT: Business Sweden

SWEDISH BOOTH AND MATCH-MAKING SESSIONS WITH PARTNERS

In collaboration with Svenska Institutet and the Business Regions of Stockholm and Gothenburg, Business Sweden showcased 14 innovative Swedish start-ups in areas of AI, automatisisation, digitalisation, finance and mobility.

The Swedish delegation took an active role in a series of curated activities designed to maximise networking and collaboration opportunities. Highlights included an official tour led by Bits & Pretzels, providing an insightful overview of the conference and its community. Private introductions with investors and match-making sessions facilitated direct engagement and potential investment discussions. Additionally, Team Sweden hosted an official booth, serving as a vibrant hub for meetings and mingling, where attendees could explore innovative Swedish solutions and establish meaningful business relationships in one of Europe's premier startup environments.



DESCRIPTION: Swedish booth for meetings and mingles at Bits & Pretzels 2024
PHOTO CREDIT: Business Sweden

Johan Holmlund, Trade Commissioner of Sweden to Germany, reflects: *“By participating in Bits & Pretzels, we gained a clearer perspective on Sweden’s strengths within the broader European context, which also helped us identify where and how these advantages can be leveraged to foster deeper collaboration across Europe.”*

Swedish-German Business Day – Collaboration for a safer Europe

DATE & PLACE

21 November 2024 in Berlin

BACKGROUND

In recent years, the global security environment has become increasingly complex and multifaceted. Armed conflicts and unconventional threats to critical infrastructure are fundamentally reshaping how Sweden and Germany approach the topic of security. In March 2024, Sweden reached a historic milestone by joining the North Atlantic Treaty Organisation (NATO), marking a significant commitment to collective defence and ending over 200 years of military non-alignment. At the same time, Germany has recorded one of the largest increases in its defence budget, reflecting a broader European response to heightened security threats.

Beyond traditional defence measures, the adoption of innovative and disruptive technologies is essential for strengthening the EU's security and resilience. Cross-border cooperation between industry and governments is key in driving the development of these advanced solutions. Germany and Sweden share a longstanding and close relationship that has been further reinforced by the Strategic Innovation Partnership. This partnership now extends to security, defence, and space technologies, positioning both countries at the forefront of joint efforts to address emerging threats and foster resilience across Europe.

THE BUSINESS SUMMIT AND THE GALA DINNER

Team Sweden in Germany hosted the Business Summit during the Swedish-German Business Day 2024. The summit focused on Swedish-German collaboration for a safer Europe, featuring keynote speeches and a panel discussion on how both nations can address multidimensional security challenges. The event provided a platform for key stakeholders to explore collaborative strategies and innovative solutions to enhance security and defence capabilities.



DESCRIPTION: Swedish-German Business Summit featuring industry experts within space and defence technologies
PHOTO CREDIT: Business Sweden

After a remarkable day of networking and knowledge-sharing, the evening culminated in a prestigious gala dinner and awards ceremony. The event honoured exceptional contributions across various categories:

Newcomer	Medium-sized company	Large company	German investments in Sweden
Consid	CTEK	IKEA	Siemens Energy



DESCRIPTION: The evening brought together the award winners and the Team Sweden network to celebrate outstanding achievements
PHOTO CREDIT: Swedish Chamber of Commerce



DESCRIPTION: On November 21, 2024 the Swedish Enterprise Award was presented at the AXICA Congress in Berlin
PHOTO CREDIT: Swedish Chamber of Commerce

Swedish-German Heat Transition Dialogues

DATE & PLACE

17 March 2025 in Berlin

BACKGROUND

The Swedish Energy Agency in collaboration with SweHeat and Cooling and Business Sweden, launched the Sustainable Heating and Cooling by Sweden platform on the German market in 2024. Consisting of industry representatives, energy companies and industry associations, the network aims to strengthen cross-border cooperation in the heating and cooling transition across Europe and beyond.

See more information about the Sustainable Heating and Cooling by Sweden platform on the official website: [Sustainable Heating & Cooling by Sweden](#)

ROUNDTABLE DISCUSSION AND NETWORKING RECEPTION

On March 17, 2025, the Swedish Embassy and the Swedish Energy Agency invited to an exchange on 'Reimagining Heat' at the Swedish Embassy in Berlin, bringing together key stakeholders from both Sweden and Germany to discuss the future of sustainable heating and cooling. The programme featured keynote speeches from the Swedish Energy Agency and the German Energy Agency, offering in-depth insights into each country's progress, strategies, and challenges in the heating transition. The discussions revealed both common ground and distinct national approaches — for instance, in the expansion of district heating systems, the integration of renewable energy sources, and the shaping of political and regulatory frameworks. These insights set the stage for three thematic deep dives, exploring trends, challenges, and the importance of ongoing cooperation between Sweden and Germany in the heat transition.



DESCRIPTION: Opening remarks by the Swedish Energy Agency and Business Sweden
PHOTO CREDIT: phototek/Florian Gaertner

“Sweden has been developing solutions in heating and cooling since the early 1900s, with district heating systems emerging in the 1940s. Today, Sweden is working to decarbonise the sector as part of its commitment to the green transition. By investing in energy-efficient systems, waste heat

recovery, and sustainable technologies, Sweden aims to contribute to a more sustainable and energy-efficient future”, says Paul Westin senior business developer at The Swedish Energy Agency.



DESCRIPTION: Swedish expert Kristina Lygnerud, professor at Lund University and senior energy expert at the Swedish Environmental Research Institute, hosting the “Financing as a Catalyst for the Heat Transition” breakout session
PHOTO CREDIT: phototek/Florian Gaertner



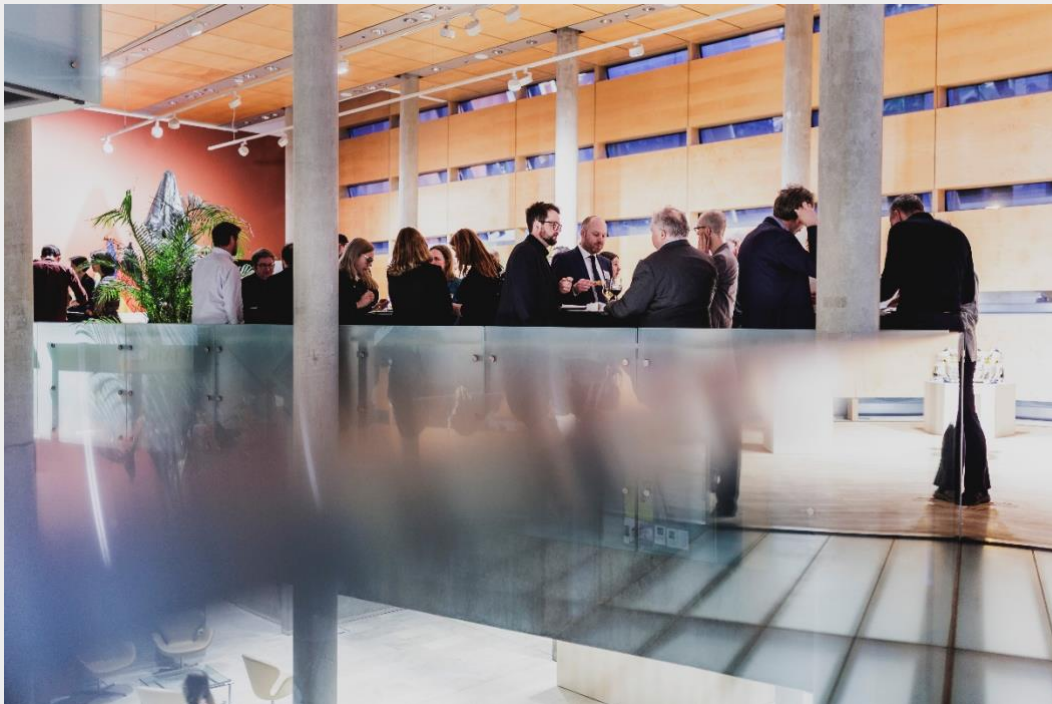
DESCRIPTION: Mapping out Swedish-German cooperation opportunities in the heating and cooling transition
PHOTO CREDIT: phototek/Florian Gaertner

“Germany is just at the beginning of the transformation, with roughly 20 per cent renewables in the heating sector. Let’s take an example and inspiration from the successes of close international partners like Sweden”, says Valentin Fried expert for renewable heating at the German Energy Agency.

Following a productive day of discussions, the Swedish Energy Agency and the Embassy of Sweden in Germany hosted an exclusive evening reception, “Innovation at the Forefront – Joining Forces to Accelerate the Energy Transition”. This networking event brought together key stakeholders from industry and policy to foster Swedish-German cooperation in the green energy transition, smart cities, and innovative heating and cooling solutions.



DESCRIPTION: Opening remarks by ambassador of Sweden to Germany Veronika Wand-Danielsson
PHOTO CREDIT: phototek/Florian Gaertner



DESCRIPTION: Networking dinner at the Swedish Embassy in Berlin
PHOTO CREDIT: phototek/Florian Gaertner

A cup of coffee with Trade Commissioner of Sweden to Germany Johan Holmlund



DESCRIPTION: Johan Holmlund, Trade Commissioner of Sweden to Germany
PHOTO CREDIT: Business Sweden

Since 2022, Johan Holmlund has served as the Trade Commissioner of Sweden to Germany at Business Sweden. Prior to his current position, he was a partner at Arkwright and led his own consultancy, equipping him with the expertise to navigate complex market dynamics and value chains.

Q What brought you to Business Sweden?

A recruiter got in contact with me, and after meeting the team, I really wanted to try this out. Initially, I started in a more traditional consulting role, which is completely different from my current role.

Q Why did you choose Business Sweden in Berlin specifically?

I was already based in Berlin and was open to opportunities in European cities like London or Paris. But I do think that Germany is super interesting and fun. It is the largest economy in Europe with a robust business culture. But it still has so much more

potential, low hanging fruits such as digitalisation and easing bureaucracy. And I do think that Swedish companies have a unique opportunity to contribute to and benefit from this growth. There is great potential for positive impact for both Sweden and Germany.

Q Tell us more about your role as Trade Commissioner.

My role as Trade Commissioner is by far the most fascinating and diverse position I have ever held. I engage in a wide range of activities, from investment promotion to traditional strategy consulting. And then I also manage quite a large team of 18 people, which means there is never a dull moment. The type of problems you solve are different throughout the day. It might be addressing individual team member issues, or it might be solving complex problems for start-ups or large corporations.

Q How would you describe the spirit at Business Sweden?

The spirit is very collaborative and open. There is so many overlapping things when we are working with different streams, so we need to work collaboratively to get the most out of it. Team members are encouraged to share their opinions and ideas freely. I believe the best solutions come from collective input, not top-down directives. And I do think that the Berlin office is very caring, which contributes to a supportive and positive work culture.

Q What has surprised you the most, or what have you learned the most during your time here over the past years?

One of the most significant aspects of my experience has been the continuous learning process. What we learned a year ago or more, is not necessarily applicable anymore. Things are constantly changing and evolving. The biggest learning for me is to stay open-minded and flexible and not keep anything as a hard truth, or very few things as hard truths. Listening to and understanding different perspectives is crucial in adapting to new challenges and opportunities.



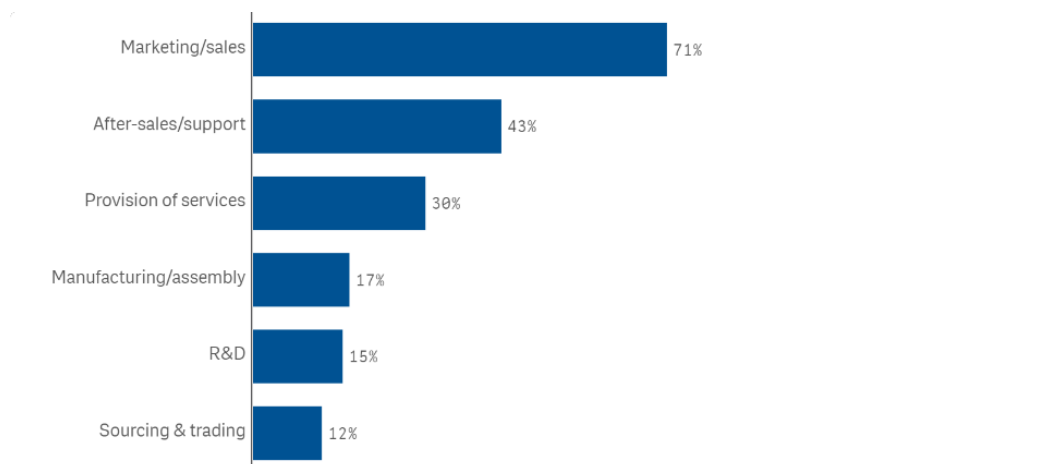
05 HOW SWEDISH COMPANIES SUCCEED IN GERMANY

HOW SWEDISH COMPANIES SUCCEED IN GERMANY

Swedish businesses prioritise marketing and sales activities in the German market

Marketing and sales stand out as the top priorities for Swedish companies operating in Germany, with 71 per cent of respondents highlighting these activities as crucial for establishing a local presence. After-sales support (43 per cent) and service provision (30 per cent) also receive considerable attention. In contrast, functions such as manufacturing and assembly (17 per cent), research and development (15 per cent), and sourcing and trading (12 per cent) appear to be of lower strategic priority. These findings suggest that Swedish firms are generally less inclined to invest in production or R&D facilities in Germany, opting instead to focus on market engagement and customer-facing activities.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



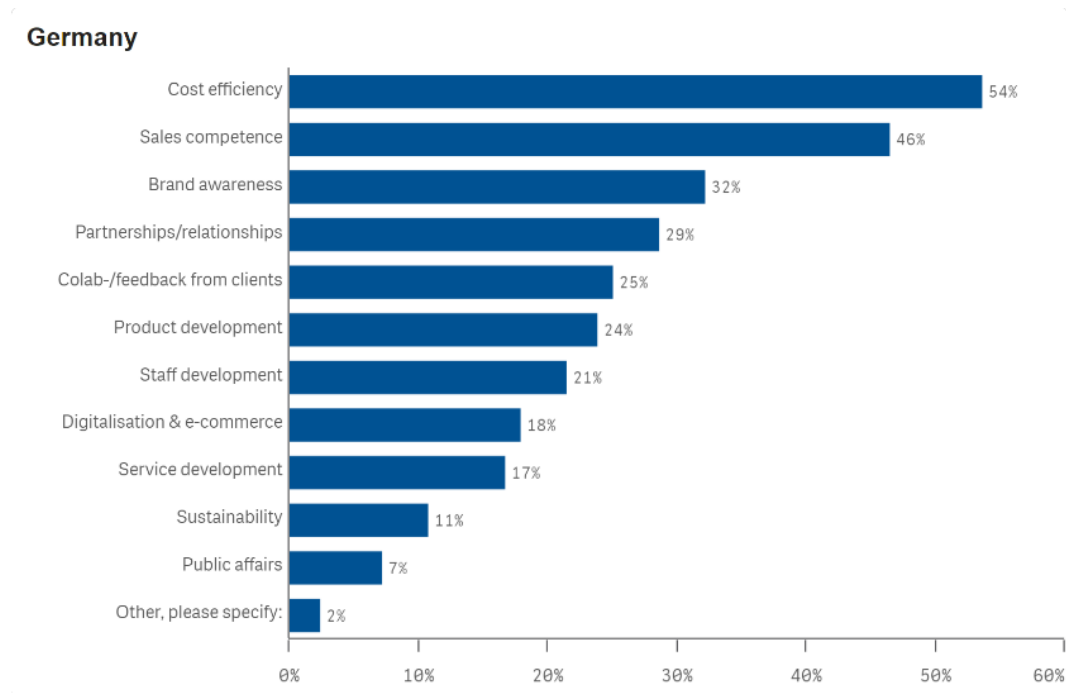
NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

Efficiency and collaboration with local partners are key for Swedish competitiveness in Germany

Maintaining competitiveness in the German market appears to be closely tied to operational efficiency and strong sales performance. More than half of the respondents (54 per cent) identify cost efficiency as the most critical factor, followed by sales competence at 46 per cent. Interestingly, brand awareness has gained momentum, rising from fifth to third place in priority compared to last year. In addition, partnerships also play a vital strategic role. Their importance becomes even more apparent when considering the barriers to market entry identified in this survey — such as administrative complexity, language requirements and regulatory fragmentation. Collaborating with local partners enables international companies to better navigate these challenges and establish a stronger market presence in Germany.

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



NOTE: The number of respondents for this question was 84. "Don't know/Not applicable" responses are included but not shown in figure.

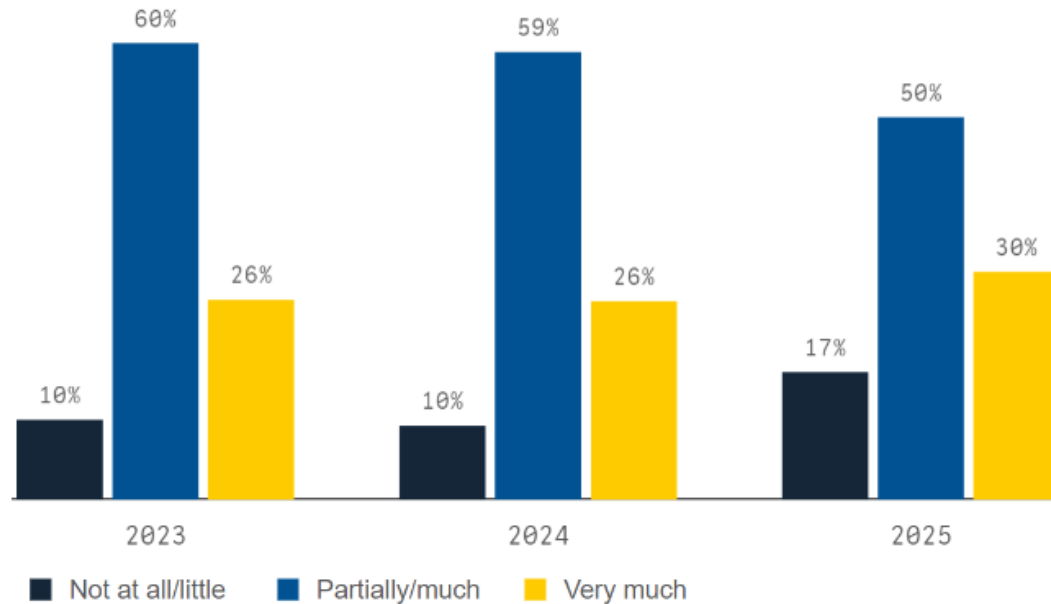
SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

While Sweden and Germany share certain cultural similarities, differences in workplace norms and organisational structures remain. Swedish companies often encourage informal communication and flat hierarchies, favouring first-name terms across all levels. In contrast, German workplaces tend to be more formal, with greater emphasis on titles and clearly defined roles. Being mindful of these distinctions is valuable when forming partnerships or building teams across the two markets.

The “Swedish brand” remains a strong differentiator for companies seeking to establish and grow their presence on the German market

The Business Climate Survey explores to what extent companies leverage the "Swedish brand" and the value it adds to their operations in the German market. Overall, the findings indicate that the Swedish image remains a significant asset: half of respondents report that the "Swedish brand" benefits their business in Germany and 30 per cent say it plays a significant role in their success. Only 17 per cent see little added value from the Swedish brand in their local positioning.

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



NOTE: The number of respondents for this question was 84. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

The survey results confirm that the Swedish identity continues to provide a strategic advantage. Many respondents report that their German partners frequently associate Sweden with innovation, reliability and sustainability — qualities that reflect positively on their business. Sweden’s reputation as a progressive and democratic society with a strong welfare system and advanced technology sector also shapes positive perceptions in the German market. Notably, even companies that do not actively promote their Swedish origins still benefit from this favourable image. The impact of the Swedish brand varies by company size: large firms tend to value it most, followed by small businesses, while medium-sized enterprises place slightly less emphasis on it.

German partners associate Sweden with innovation, reliability and sustainability — qualities that reflect positively on their business.



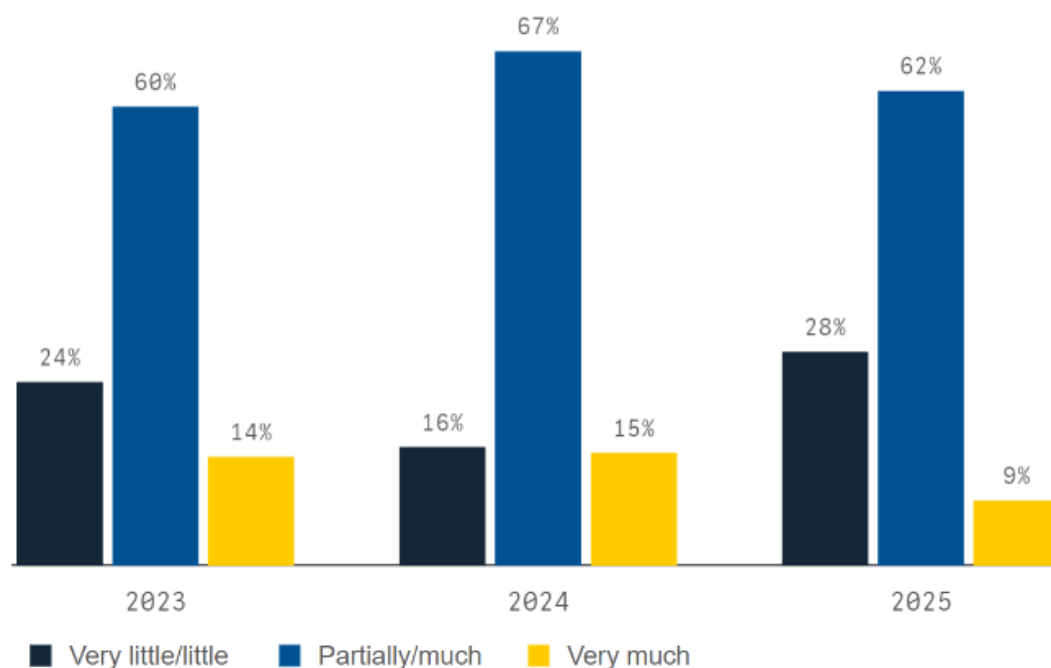
06 ACTING SUSTAINABLY

ACTING SUSTAINABLY

German customers are weighing price against sustainability when making purchasing decision

This year's survey indicates that Swedish companies continue to view environmental and sustainability considerations as relevant to German customers, though their perceived importance has declined slightly. A total of 71 per cent of respondents report that these factors play at least some role in purchasing decisions — whether partially, significantly, or very significantly. While this marks a decrease compared to previous years, it nonetheless reflects a strong underlying interest in sustainable values. At the same time, 28 per cent of companies believe that German customers place little or very little emphasis on environmental aspects, up from 16 per cent in 2024. This shift in perception suggests that cost considerations are becoming more influential, and that German customers may be weighing price more heavily against sustainability when making purchasing decisions.

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



NOTE: The number of respondents for this question was 82. "Don't know/Not applicable" responses are included but not shown in figure.


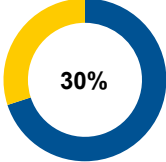

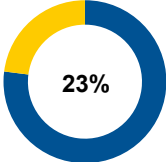

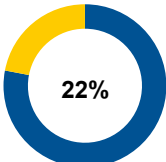
SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.


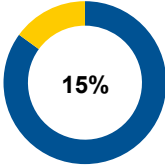

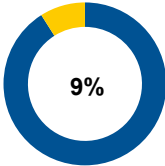
These findings are supported by respondents' comments. As one participant from the industrial sector observed, German customers do take environmental factors into account when making purchasing decisions. However, affordability often takes precedence, with many customers willing to accept a higher environmental impact in exchange for lower prices. This trend is likely a reflection of the current economic climate in Germany, where inflation and high energy costs are constraining budgets. These financial constraints are likely influencing customer preferences and shifting priorities at the point of purchase.

Germany's push for climate neutrality by 2045 is unlocking new sustainability opportunities across key industries

According to the sustainability report "*Tapping into Sustainability Opportunities in German Key Industries*", published by Business Sweden in March 2025, Germany's commitment to achieving climate neutrality by 2045 is driving strong demand for innovative and sustainable solutions across several key sectors. This ambition is underpinned by the Climate Change Act, which sets legally binding targets: a 65 per cent reduction in greenhouse gas emissions by 2030 and an 88 per cent reduction by 2040, both relative to 1990 levels. The transition is seen not only as a climate imperative but also as a chance to future-proof the German economy, create new jobs, and secure long-term prosperity. The goal is to make mobility, electricity, and heating more climate-friendly, efficient, affordable, and less dependent on fossil fuel imports.

The five industries responsible for most the country's greenhouse gas emissions are energy (30 per cent), industry (23 per cent), transport (22 per cent), buildings (15 per cent) and agriculture (nine per cent). The Climate Action Programme 2023, published by the Federal Ministry for Economic Affairs and Climate Action (BMWK), outlines concrete measures to achieve the targets defined in the Climate Change Act. In each of these sectors, transformative steps are being taken, including the expansion of renewable energy, the electrification of transport, the integration of hydrogen in industrial processes and energy-efficient building renovation.

Sector	Share of emissions	Summary & Key Opportunities
Energy 	 30%	<ul style="list-style-type: none"> The German Government aims to increase the share of renewable energy and to phase out the reliance of coal Initiatives target an accelerated build-out and funding of renewable energy as well as infrastructure developments Investments in grid expansion, modernisation, smart metering, and storage solutions are needed to support the integration of renewable energy sources and to enhance energy security and stability
Industry 	 23%	<ul style="list-style-type: none"> The industrial backbone of the German economy needs to transform and reduce the dependency on fossil fuels Electrification and hydrogen integration are potential pathways with significant opportunity The Energy Efficiency Directive mandates energy audits for SMEs to identify savings potential holding promise for energy management solutions and digital tracking applications to improve the energy management
Transportation 	 22%	<ul style="list-style-type: none"> Road traffic is the largest contributor to emissions in the German transport sector Development of charging infrastructure through initiatives like the "Deutschlandnetz" and promotion of alternative fuels are crucial to support vehicle electrification Electric vehicles are prioritised to drive the transformation of the sector as well as an enhanced public transport system to reduce reliance on private vehicles

Buildings 	 15%	<ul style="list-style-type: none"> • Heating and cooling of buildings are reliant of fossil fuel-based technologies driven mainly by gas and oil • The Building Energy Act mandates a share of 65% renewable energy in new heating systems by 2028, with funding available from 2024 • Renovation of existing buildings and heating technologies are also highlighted to reduce heating demand, with heat pumps becoming the dominant technology
Agriculture 	 9%	<ul style="list-style-type: none"> • Agriculture plays a dual role in the climate equation by both being a contributor and a mitigator of GHG emissions • Solutions such as carbon sequestration in soils and forests alongside promoting organic farming and the use of eco-friendly fertilisers are highlighted as areas of further potential • Leveraging advanced technologies and indoor vertical farming are also examples to enhance productivity

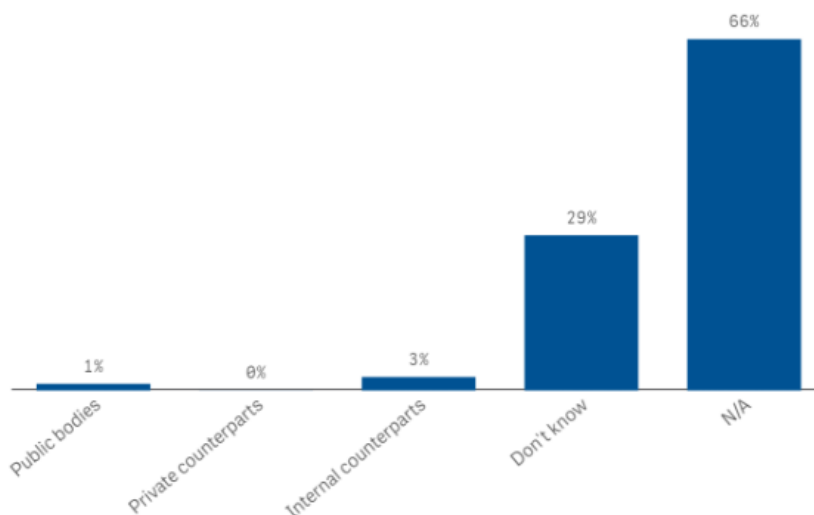
SOURCE: "Tapping into Sustainability Opportunities in German Key Industries" published by Business Sweden in March 2025

These developments open significant business opportunities for Swedish companies with expertise in areas such as smart energy infrastructure, battery storage, sustainable mobility, green heating technologies, digitalisation and climate-smart agriculture. This market potential is further supported by strong public awareness and demand for climate action: 55 per cent of Germans consider climate change to be among the four most serious global issues, compared to an EU average of 46 per cent.

Germany viewed as a low corruption business environment

Corruption is not viewed as a significant concern by most respondents operating in the German market. The majority indicate either no direct experience with the issue or consider it not applicable to their business.

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

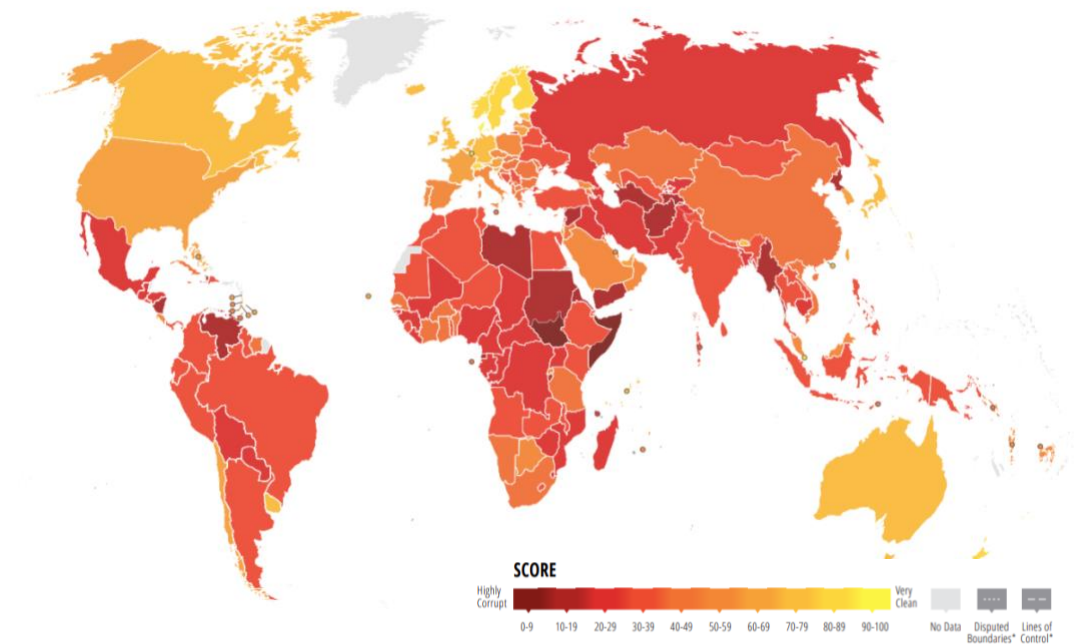


NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

This perception is supported by international benchmarks such as the 2024 Corruption Perception Index by Transparency International, where Germany scored 75 on a scale from 0 (highly corrupt) to 100 (extremely low levels of corruption). When ranked by score, Germany ranked 15th among the 180 countries in the Index. For comparison with regional scores, the highest score among Western European and European Union countries was 90, the average score was 64 and the lowest score was 41. These results reinforce Germany's image as a transparent and low-corruption environment for conducting business.

CORRUPTION PERCEPTION INDEX 2024

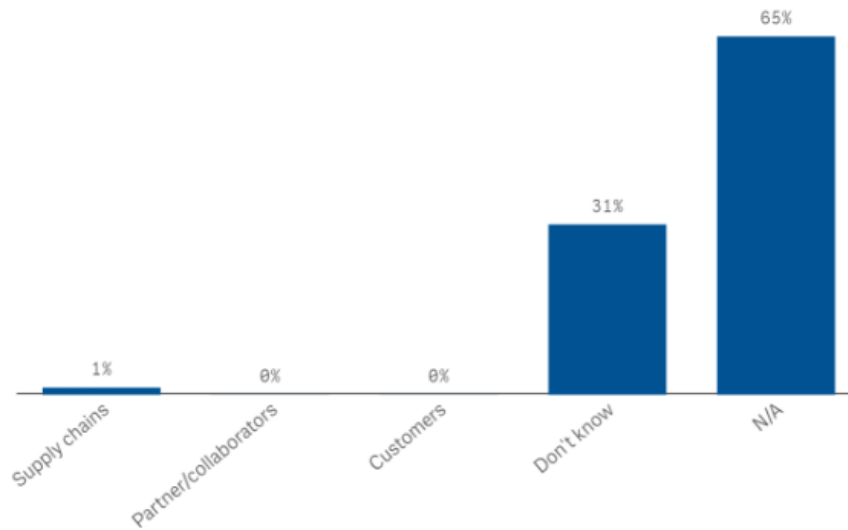


NOTE: Germany holds a score of 75 out of 100, securing the 15th position globally
SOURCE: Transparency International.

Perceived risk of human and labour rights abuse remains low

This year's survey results continue to indicate that Swedish companies operating in Germany perceive minimal to no risk of encountering human or labour rights violations. This view is consistent across different company sizes, industry sectors, and durations of operation in the country. Initiatives such as the Supply Chain Due Diligence Act, form part of Germany's broader effort to uphold human rights in business operations. The Act requires large companies to identify risks within their supply chains and take measures to deal with human rights and environmental violations.

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



NOTE: The number of respondents for this question was 85. Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Germany 2025.

Additionally, Germany maintains a strong legal framework for labour rights, reflected in its high score of 88.5 out of 100 on the 2024 Labour Rights Index. Recent legislative updates, such as reforms to the Works Constitution Act and increases in the statutory minimum wage, have further strengthened employee protections and working conditions.

LABOUR RIGHTS INDEX 2024

Germany Overall Index Score 88.5				
<p>80</p> <p>Fair Wages</p>	<p>100</p> <p>Decent Working Hours</p>	<p>80</p> <p>Employment Security</p>	<p>75</p> <p>Family Responsibilities</p>	<p>100</p> <p>Maternity at Work</p>
<p>100</p> <p>Safe Work</p>	<p>100</p> <p>Social Security</p>	<p>100</p> <p>Fair Treatment</p>	<p>100</p> <p>Child & Forced Labour</p>	<p>50</p> <p>Freedom of Association</p>

NOTE: For each indicator, the score ranges from 0 to 100, where 100 signifies the highest possible score and 0 signifies the lowest score. The overall score is the average of 10 indicators.

SOURCE: WageIndicator Foundation and Centre for Labour Research.

While Germany faces challenges such as rising unemployment due to economic conditions and a tight labour market, there are no widespread concerns about systemic human or labour rights abuses. Instead, the legal environment continues to support robust employee rights, and the risk of violations remains very low for foreign and domestic companies alike.

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