



 **Business Climate Survey**
Türkiye

Business Climate Survey
for Swedish Companies
in Türkiye 2026

A report from Team Sweden in Türkiye

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40 respondents

(total 2,250+ respondents for 41 markets)

Current business climate



Neutral

Industry turnover

46%

of Swedish companies expect their industry turnover to increase

Future investments

33%

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

Valued success factors

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

Brand Sweden

90%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Suppliers
2. Service providers
3. Distributors

Local conditions with least satisfaction

1. Financial system
2. Customs
3. Transparency/equal treatment

Environmental considerations

54%

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

Corruption

- Moderate to high theoretical risk
- No reported cases
- No observation by respondents

Human rights violation and labour rights abuse

- Moderate perceived risk
- No reported violation
- No observation by respondents

Foreword

Sweden and Türkiye share strong and strategically significant trade relations, underpinned by long-standing industrial and commercial ties. In 2025, Swedish exports to Türkiye reached USD 2.3 billion, marking a 9.4 per cent increase from the previous year and reflecting a compound annual growth rate of 7.1 per cent between 2021 and 2025. Türkiye ranks as the 18th largest destination for Swedish exports, while Sweden is Türkiye's 31st largest import partner. These figures underscore Türkiye's importance as a key market for Swedish companies and highlight the enduring potential of bilateral trade.

Bilateral cooperation continues to reinforce trade and investment opportunities. Under the Türkiye-Sweden Joint Economic and Trade Committee (JETCO) protocol of 2024, a target of USD 5 billion has been established, with priority areas for collaboration including renewable energy, healthcare, construction, technology, and the defence industry. Continued engagement through JETCO meetings, business fora, and Foreign Economic Relations Board (DEK) Business Council dialogues, alongside NATO cooperation and developments related to the EU-Türkiye Customs Union, contributes to a more predictable and positive business environment for Swedish companies operating in Türkiye.

Türkiye's macroeconomic environment in 2025 has been characterised by stabilisation, moderate growth, and policy normalisation. Monetary and fiscal discipline have improved predictability, although inflation, exchange rate volatility, and external imbalances continue to be critical considerations for businesses.

The 2026 Business Climate Survey illustrates the resilience of Swedish firms in Türkiye. Sixty per cent of companies reported profitability in 2025, while 23 per cent operated at break-even, reflecting margin pressures rather than widespread distress. Investment intentions for 2026 show cautious optimism, with one-third of companies planning to expand and the majority adopting a neutral stance.

The results demonstrate that the Swedish brand continues to play a central role for companies operating in Türkiye, supporting their market presence through reputation, expertise, and operational capabilities. Sustainability remains integral, though unevenly prioritised in customer considerations.

This report provides an analysis of the Turkish business environment from the perspective of Swedish companies. The Business Climate Survey aims to provide a snapshot of business performance, opportunities, and challenges, and support informed decision-making for business leaders.

We extend our sincere gratitude to all companies and individuals who participated, sharing insights and projections that have been invaluable in shaping this year's analysis.



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Executive summary

The 2026 Business Climate Survey for Türkiye highlights a business environment characterised by gradual stabilisation alongside persistent structural challenges. Swedish companies continued to view Türkiye as a strategically important market, supported by its scale, industrial capacity, and strong integration with Eurasian value chains. At the same time, macroeconomic pressures—including inflation, exchange rate volatility, and tightening financial conditions—continued to shape operational realities and strategic decision-making.

From a macroeconomic perspective, Türkiye maintained moderate growth, with GDP expanding by approximately 3.5 per cent in 2025 and growth expected to stabilise at around 3 per cent through 2028. Ongoing policy normalisation contributed to greater predictability, while disciplined monetary and fiscal measures aimed to anchor inflation and restore confidence. However, external imbalances and currency depreciation remained key constraints, reinforcing a cautious business outlook.

Company performance reflects this environment. While 60 per cent of Swedish firms reported profitability in 2025, 23 per cent operated at break-even, and 9 per cent reported losses. Performance varied across firm archetypes, with larger and more established firms demonstrating greater resilience than smaller or newer companies. Looking ahead, expectations indicate a gradual rebound in market conditions. Most companies anticipate stable or moderately improving performance, and 33 per cent plan to increase investments in 2026, suggesting cautious optimism as companies position themselves to benefit from emerging opportunities.

Operationally, Türkiye remained primarily a commercial hub for Swedish companies, with a strong emphasis on marketing, sales, and after-sales activities. Success was not solely driven by cost efficiency; partnerships, brand strength, and commercial capabilities were equally important. The Swedish brand continued to enjoy broad recognition, with 90 per cent of companies acknowledging its contribution to operations across sectors and company types.

The broader business climate reflects this duality. Perceptions stabilised following a deterioration recorded in 2025, yet positive sentiment remained limited, with a majority of firms adopting a neutral stance (55 per cent). Structural challenges—including administrative complexity in taxation, trade-related frictions such as customs procedures, and limited access to financing—continued to influence operational realities.

Sustainability considerations were increasingly integrated into business operations, although they remained secondary considerations in customer purchasing decisions. Forty-nine per cent of respondents reported that environmental factors influenced customer behaviour at least partially. Swedish companies often played a leading role in advancing sustainability practices, adapting global standards to local market conditions.

Overall, Swedish companies in Türkiye are navigating a more stable yet still demanding environment. The market continues to offer long-term potential and strategic relevance, but success increasingly depends on adaptability, local engagement, and the ability to manage both macroeconomic volatility and structural constraints.

About the survey

Survey reflects established Swedish companies in Türkiye

The Business Climate Survey is a global initiative designed to capture the perspectives of Swedish companies operating in international markets. It provides insights into the opportunities and challenges they face, as well as their performance, strategic outlook, and expectations for the years ahead.

The survey consists of 18 standardised and 3 market-specific questions, ensuring consistency and comparability across countries. Conducted annually, the survey enables cross-market analysis and the identification of broader trends shaping Swedish businesses globally. In 2026, the survey covers a total of 41 markets worldwide.

The Business Climate Survey in Türkiye has been conducted annually since 2020, providing a consistent basis for tracking developments over time. The 2026 edition was carried out between 2 February and 6 March 2026.

This year, 63 Swedish companies with a presence in Türkiye were invited to participate, of which 40 responded, resulting in a response rate of 63 per cent. The findings offer a representative overview of how Swedish companies perceive the Turkish business environment, including key opportunities, challenges, and evolving market dynamics.

The Business Climate Survey Türkiye 2026 report is structured into four main sections:

- **Economic Outlook:** Provides an overview of the macroeconomic environment, alongside insights into the performance and expectations of Swedish companies in Türkiye.
- **Market:** Examines market conditions, operational activities, and the perspectives of Swedish companies active in the Turkish market.
- **How Swedish Companies Succeed in Türkiye:** Highlights key success factors and experiences of Swedish companies, offering guidance for market entry and expansion.
- **Acting Sustainably:** Assesses sustainability-related trends and considerations shaping business operations in Türkiye.

Established Swedish companies dominate 2026 survey

The 2026 Business Climate Survey reflects the perspectives of Swedish companies with a strong operational footprint in Türkiye. The respondent base is heavily weighted towards large enterprises, which account for 79 per cent of participants. Medium-sized companies represent 18 per cent of the sample, while small firms account for 3 per cent. This distribution mirrors the established presence of Swedish multinationals in Türkiye and frames the survey findings within the context of companies that typically possess greater financial capacity, workforce scale, and longer planning horizons.

Size, main industries, age of companies

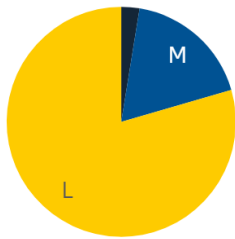


Figure 1: Global employees.
Large >1,000. Medium 250-1,000.
Small 0-249.

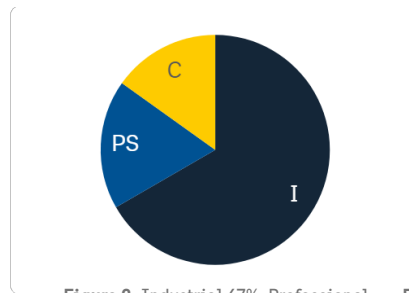


Figure 2: Industrial 67%. Professional services 18%. Consumer 15%.

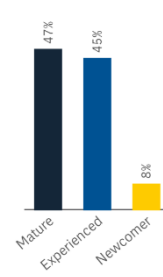


Figure 3: Mature (-2004), Experienced (2003-2020), Newcomer (2021-).

Representing 67 per cent, the industrial sector dominates the survey sample, reflecting Sweden's traditional strengths in manufacturing, engineering, and infrastructure. The remaining share is distributed across the consumer goods sector (18 per cent) and professional services (15 per cent), adding perspectives from customer-facing and advisory-driven operations. Together, this composition provides a diverse yet still industry-driven lens for interpreting the survey findings.

The respondent profile also reflects a strong long-term presence in Türkiye. Nearly half of participating companies (47 per cent) have operated in the market for more than two decades, while another 45 per cent have been active for 6–20 years. Only eight per cent of respondents are newcomers with less than five years of market experience. This maturity profile suggests a respondent base with deep familiarity with the local business environment and informed perspectives on long-term trends, risks, and opportunities.

Economic outlook

Policy normalisation and industrial resilience support growth

Türkiye's economy continues its transition towards a more stable and balanced macroeconomic environment, supported by moderate growth and ongoing policy normalisation. In 2025, real GDP expanded by approximately 3.5 per cent, with projections indicating growth averaging around 3 per cent through 2028¹, driven primarily by domestic demand and resilient industrial activity. GDP reached approximately USD 1.6 trillion, maintaining Türkiye's position as the world's 16th largest economy². While inflation and exchange rate volatility remain key challenges, core sectors such as manufacturing, logistics, and energy continue to demonstrate adaptability.

Foreign trade remains a central pillar of the economy, with strong integration into European markets. Türkiye was the EU's fifth-largest trading partner in 2025, with total trade reaching USD 232.7 billion and exports amounting to USD 117 billion³. The country's strategic location, industrial capacity, and integration into regional value chains continue to underpin its long-term competitiveness.

In order to support macroeconomic stability and restore investor confidence, the Central Bank of the Republic of Türkiye (CBRT) has maintained a tight monetary stance, reinforcing its commitment to disinflation and policy credibility. Although inflation has stabilised from previous highs, it remains elevated, necessitating continued caution in monetary policy. In parallel, fiscal policy remains broadly rigorous, focusing on expenditure control and adherence to medium-term programme targets. These measures reflect a sustained emphasis on macroeconomic discipline and a more predictable investment environment. Concurrently, ongoing reforms in areas such as industrial policy, digitalisation, and sustainability are further strengthening Türkiye's position as a competitive location for international business and long-term investment.

Profitability persists despite economic pressures

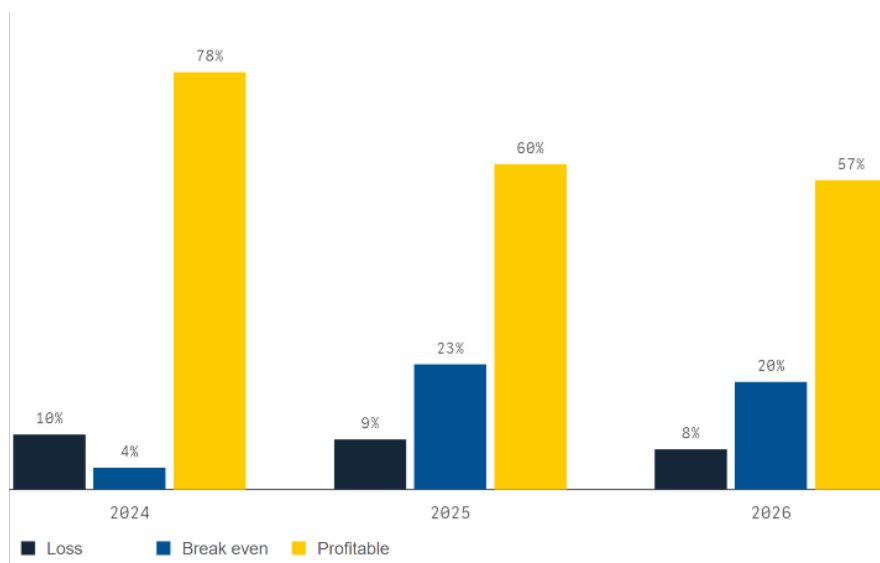
While Türkiye's economy maintained moderate growth and strengthened trade integration, elevated inflation, exchange rate volatility, and cautious fiscal and monetary conditions continued to affect operating margins. As a result, Swedish companies in Türkiye experienced a more challenging environment in 2025, with profitability moderating and a larger share reporting break-even outcomes, even as the majority sustained positive results.

¹ Oxford Economics (2026)

² IMF World Economic Outlook Database (2026)

³ Ministry of Trade of the Republic of Türkiye (2025)

How would you describe your company's financial performance in Türkiye in 2025?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

“ Economic and political predictability remains weak. High inflation, geopolitical tensions, and changing financial regulations continue to pressure long-term business planning.

Kenan S. Yazgan
Chief Financial Officer

Overall, 57 per cent of respondents reported profitable operations, with 20 per cent operating at break-even and 8 per cent reporting losses, demonstrating continued resilience despite margin pressures. Compared to the previous year, profitability moderated, with a larger share of companies reporting break-even results. Losses nevertheless remained contained, indicating that Swedish firms generally preserved operational stability despite challenging economic conditions.

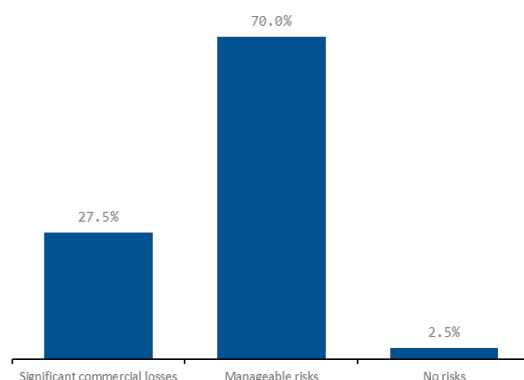
Performance varied by company size. Large firms maintained strong profitability, with 71 per cent reporting positive results, whereas only 14 per cent of medium-sized companies reported profits. All small companies operated at break-even, indicating limited profitability but minimal losses. Similar patterns were observed across company maturity: 67 per cent of mature firms and 65 per cent of experienced firms remained profitable, while none of the newly established companies reported profits. Results among newer firms were evenly distributed between losses, break-even outcomes, and uncertainty.

Sectoral differences were noticeable but less pronounced. Industrial firms recorded the highest profitability (73 per cent), followed by professional services (67 per cent) and consumer-facing sectors (60 per cent), suggesting relatively stronger performance in production-oriented activities.

Volatility remains a manageable but material risk

In 2025, Swedish companies generally perceive Türkiye's economic and political environment as a source of risk, reflecting the ongoing volatility and uncertainty. A clear majority of respondents (70 per cent) describe the associated risks as manageable, suggesting that while volatility and uncertainty persist, they are largely accommodated within existing business models.

How do you rate Türkiye's economic and political stability in 2025, and by extension, its impacts on your business?



NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

“ Inflation is gradually stabilising, but a return to normal conditions will take time as long as orthodox economic policies remain in place.

Country Manager
Retail industry

A significant minority (27.5 per cent) reported that economic and political conditions had led to substantial commercial losses, highlighting that the impact remained uneven and could be severe for some firms. Notably, no respondents considered the risks negligible, and only a marginal share (2.5 per cent) reported no impact at all.

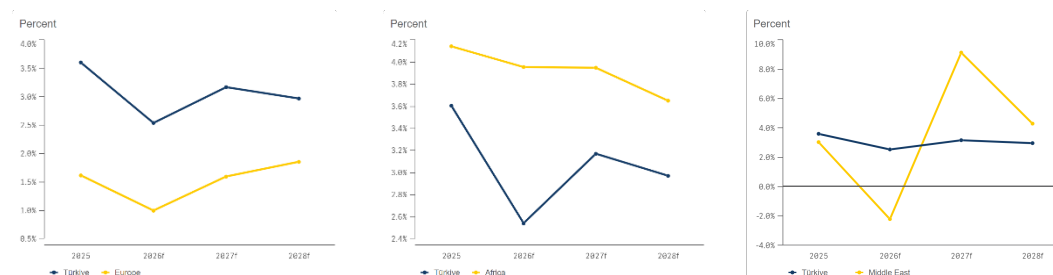
Moderate growth and tight policies bolster stability amid persistent external vulnerabilities

Türkiye's macroeconomic policy in 2026 continues to focus on curbing inflation and reinforcing policy credibility. Following peak levels in 2024, inflation has entered a gradual disinflation path, declining to around 30 per cent in 2025 and easing further to approximately 25 per cent⁴. This trend reflected the CBRT's sustained tight monetary stance, with authorities maintaining restrictive conditions until inflation expectations are firmly anchored.

In parallel, fiscal policy remains disciplined, with ongoing emphasis on budgetary control and adherence to medium-term programme targets, supporting overall macroeconomic stability. External indicators, however, present a more nuanced picture. The current account balance is projected to deteriorate moderately, moving from approximately -1 per cent of GDP in 2024 to about -2.8 per cent by 2026⁵. This widening deficit reflects a gradual normalisation of domestic demand alongside ongoing exposure to external cost dynamics.

Meanwhile, the Turkish lira continues to depreciate, contributing to persistent exchange rate volatility. Together, these developments suggest that, although progress in macroeconomic rebalancing continued, external vulnerabilities remain a key consideration for businesses operating in Türkiye.

Projected GDP growth in Türkiye



NOTE: Constant prices.
SOURCE: Oxford Economics 2026

⁴ IMF World Economic Outlook Database (2025)

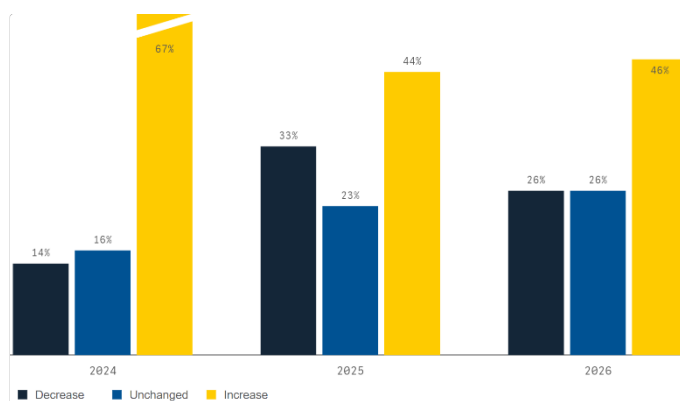
⁵ Ibid

Viewed in a regional context, Türkiye's growth outlook remains relatively competitive. GDP growth is projected to be 3.5 per cent in 2025, easing to approximately 2.5 per cent in 2026 before stabilising around 3 per cent thereafter. This places Türkiye consistently above Europe, where growth is expected to remain subdued at around 1.5 per cent over the same period, despite a gradual recovery following a dip in 2026. Türkiye's growth rates, however, remain below those of Africa, where expansion is projected to exceed 4 per cent, reflecting stronger structural growth dynamics and catch-up effects. Compared to the Middle East, Türkiye offers a more stable profile. While the Middle East region is expected to experience sharper fluctuations, Türkiye's trajectory remains comparatively steady, without comparable volatility.

Swedish companies anticipated stabilisation rather than further decline

For 2026, Swedish companies in Türkiye reported a cautiously stabilising outlook for industry turnover. Forty-six per cent of firms expected turnover to increase, with 26 per cent anticipating no change, and 26 per cent foreseeing a decline, indicating a more balanced and measured business environment. This suggests a modest shift from previous periods of decline, with a growing share of companies expecting stable or improving turnover.

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in Türkiye regarding turnover?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Expectations varied by company size. Small companies were the most constrained, with all respondents anticipating unchanged turnover. Medium-sized firms displayed a more balanced perspective, with 71 per cent expecting slight growth and 29 per cent projecting declines. Large companies had moderate growth expectations (43 per cent), with notable shares anticipating stability (30 per cent) or slight contractions (27 per cent).

Sectoral differences were also evident. Industrial companies were the most optimistic, with half expecting turnover growth and only a limited share forecasting declines. Consumer-facing sectors showed weaker sentiment, with 40 per cent projecting lower turnover and just 20 per cent expecting growth. Professional services firms exhibited mixed outcomes across all categories, reflecting uncertainty.

Company maturity further influenced expectations. New entrants were generally optimistic, with 66 per cent projecting growth and the remainder expecting stable conditions. Experienced companies were more cautious, with 35 per cent expecting slight declines. Mature firms occupied an intermediate position, with a plurality expecting modest growth (39 per cent), while substantial shares anticipated stable (33 per cent) or weaker (22 per cent) conditions.

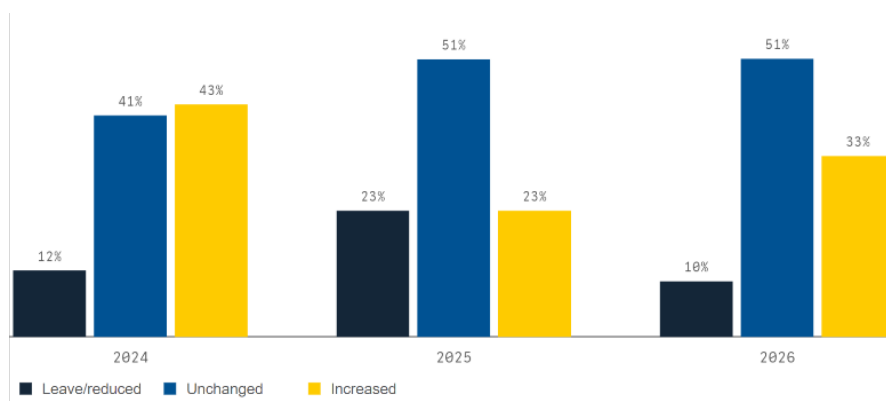
Swedish companies showed gradual recovery in investment plans while maintaining a consolidation approach

Investor sentiment towards Türkiye reflected a more balanced outlook in 2026, combining improved policy credibility with continued caution around macroeconomic risks. Fitch Ratings affirmed Türkiye's long-term foreign-currency Issuer Default Rating as BB-, while revising the outlook to stable, signalling that earlier improvements in policy direction had been sustained, although further gains in confidence remained constrained by persistent vulnerabilities. These included elevated inflation, external financing pressures, and sensitivity to global conditions, which continued to shape risk perceptions despite a more predictable policy framework⁶.

Foreign Direct Investment (FDI) remained resilient in this environment. In 2025, Türkiye attracted USD 13.1 billion in FDI, marking a 12.2 per cent increase compared to the previous year and outperforming broader global investment trends. Investment activity remained concentrated in sectors such as wholesale and retail trade, manufacturing, and information and communications, reflecting a balance between domestic market opportunities and integration into global value chains⁷. The diversity of investor origins further underscored Türkiye's ability to attract capital from multiple regions, reinforcing its position as a competitive and strategically relevant market despite ongoing macroeconomic challenges.

In 2026, Swedish companies adopted a cautious investment stance towards Türkiye. Thirty-three per cent planned to expand investments, while only 10 per cent intended to reduce or exit, and a majority (51 %) aimed to maintain current investment levels, indicating measured confidence in the market. Compared with previous years, this reflects a moderate recovery in planned expansions and fewer planned exits, suggesting gradually improving sentiment. Companies appear to prioritise consolidating existing operations while pursuing selective expansion opportunities, reflecting the broader backdrop of stabilising policy, sustained FDI inflows, and moderating risk perceptions.

What are your company's investment plans for the coming 12 months in Türkiye, compared to the past 12 months?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Differences across company sizes remain pronounced. Small firms appeared the most constrained, with all respondents indicating no change in investment plans. Medium-sized companies showed a more mixed profile, with a majority holding steady, 29 per cent planning slight increases, and 14 per cent considering reductions or exits. Large companies demonstrated the strongest momentum, with 37 per cent planning increases, including 7 per cent anticipating significant expansions, despite a minority scaling back.

Sectoral patterns further reflect a cautious yet differentiated outlook. Industrial companies were the most expansion-oriented, with over 40 per cent planning to increase investments and only a limited share (5 per cent) intending to reduce exposure. Consumer-facing sectors presented a fragmented picture, combining moderate planned increases (20 per cent) with a notable share (40 per cent) signalling reductions or uncertainty. Professional services firms displayed a similar dispersion, with

⁶ Fitch Ratings (2026)

⁷ Investment & Finance Office of Presidency of the Republic of Türkiye (2026)

predominantly unchanged investments (50 per cent), followed by increased (34 per cent), and reduced (17 per cent) investment levels.

Company maturity also shaped investment behaviour. New entrants remained relatively stable, with 67 per cent maintaining current levels and 33 per cent planning modest increases. Mature firms exhibited a more balanced approach, with 50 per cent holding steady and 40 per cent pursuing incremental expansions. Experienced firms were slightly more cautious, with a small proportion planning reductions or exits (12 per cent) alongside more moderate investment increases (30 per cent).

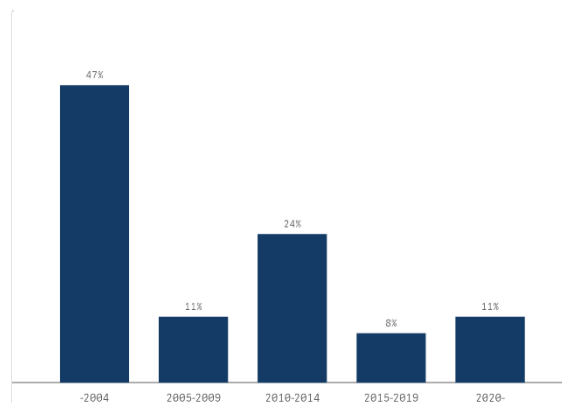
The market

Swedish firms maintain long-standing and broadly distributed operations across key sectors in Türkiye

Türkiye's strategic position at the intersection of Europe, Asia, and the Middle East continues to provide Swedish companies with a strong platform for regional market access, supply chain integration, and export-oriented operations. The country's competitive cost structure, adaptable manufacturing capabilities, and ongoing investments in advanced production and service technologies reinforce its role as an attractive hub for both production and distribution. The coordinated presence of Team Sweden, including the Swedish Embassy in Ankara, the Consulate General of Sweden in Istanbul, Business Sweden, and the Swedish Chamber of Commerce in Istanbul, remains an important support mechanism, helping Swedish companies navigate Türkiye's evolving business environment.

Swedish companies demonstrate a long-standing and deeply rooted presence in Türkiye. Nearly half of respondents (47 per cent) entered the market before 2004, highlighting the enduring nature of Swedish engagement in the country. A further 35 per cent established operations between 2005 and 2014, reflecting the dominance of well-established firms with extensive local experience and networks. More recent market entries remain limited. Only 8 per cent of companies entered between 2015 and 2019, while 11 per cent established operations from 2020 onwards. This suggests a modest increase in newer entrants, although expansion continues at a cautious pace.

In what year did your company establish operations in Türkiye?

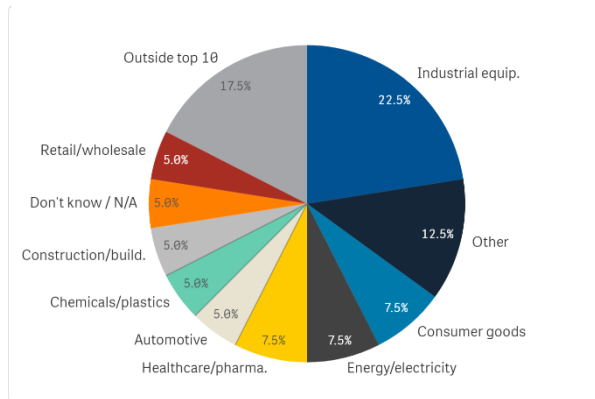


NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

The sectoral breadth of Swedish companies in Türkiye reflects the market's diverse appeal. Industrial equipment remained the dominant sector in 2026, accounting for 23 per cent of respondents, underscoring the continued strength of advanced manufacturing and production-oriented activities. Consumer goods, energy and electricity, and healthcare and pharmaceuticals each accounted for 7.5 per cent of respondents. Automotive, chemicals, construction, mining, and retail and wholesale each accounted for around 5 per cent. This distribution highlights the broad presence of Swedish companies across key industries.

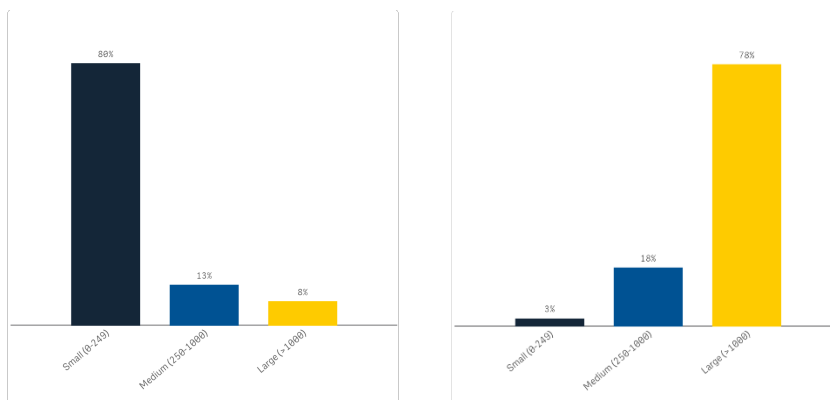
What is your company's main industry in Türkiye?



NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Swedish companies in Türkiye maintain relatively modest local employment footprints while often being part of larger global organisations. Locally, the majority of firms are small to mid-sized. 63 per cent employ fewer than 50 people, and 18 per cent employ between 50 and 249 individuals. Only 21 per cent reported larger local workforces exceeding 250 employees. Globally, 78 per cent belong to organisations with more than 1,000 employees, highlighting that Swedish business activity in Türkiye is driven largely by subsidiaries of multinational groups rather than standalone small enterprises.

Swedish firms' local (left-hand side) vs global (right-hand side) number of employees in Türkiye in 2026



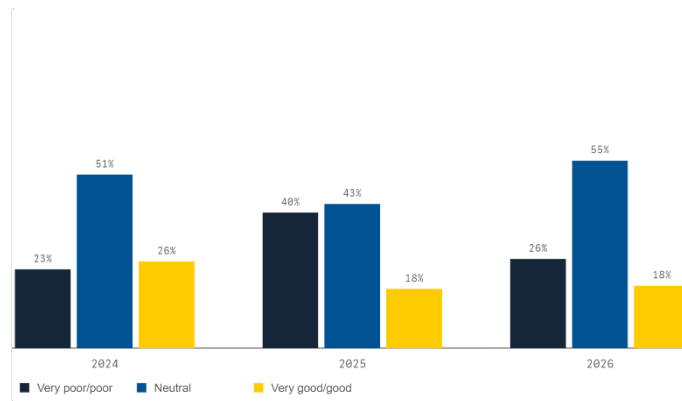
NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

This dual structure highlights a defining characteristic of Swedish business engagement. Local operations are often lean and focused yet embedded within broader international value chains. Their economic contribution extends beyond direct employment, encompassing supply chain integration, indirect job creation, and knowledge transfer, reinforcing Türkiye's strategic importance for Swedish companies.

Swedish companies perceive a stabilising business climate, but caution remains widespread in 2026

Swedish companies reported a more stable, yet still cautious, view of Türkiye's business climate heading into 2026. Following a sharp deterioration in 2025, the share of respondents rating the business environment as "very poor/poor" declined to 26 per cent, down from 40 per cent the previous year. Positive sentiment remained subdued at 18 per cent, unchanged from 2025 and below 2024 levels. The most notable shift was the increase in neutral assessments, accounting for 55 per cent of responses, indicating that most companies viewed the business climate as stabilising at a moderate level rather than materially improving or deteriorating.

How do you perceive the current business climate in Türkiye?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

This predominantly neutral sentiment was consistent across most firm sizes, although some variation persisted. Small companies reported a uniformly neutral stance, with all respondents describing the business climate as neither good nor poor. Medium-sized and large firms expressed more mixed views. While over half reported neutral conditions, a significant share of medium-sized companies, 29 per cent, continued to view the environment as challenging. Similarly, 29 per cent of large companies expressed a negative stance, while 20 per cent rated the business climate positively.

Differences were also evident across company maturity. New entrants remained the most cautious, with all respondents reporting neutral views and none expressing either positive or negative views. Mature companies displayed a more polarised perspective, with 35 per cent providing negative assessments and 18 per cent viewing conditions positively. Experienced firms occupied a middle ground, with a majority reporting neutral views alongside moderate levels of optimism and concern.

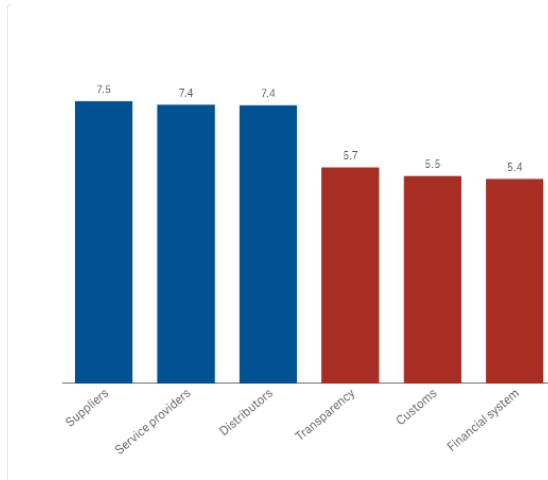
Strong operational fundamentals coexist with continued concerns over transparency and regulation

The increasingly neutral stance of Swedish companies towards Türkiye's business climate still masks an underlying layer of caution. While the sharp rise in negative sentiment observed in 2025 has moderated, the absence of any recovery in positive perceptions suggests that companies are not becoming more optimistic but instead adjusting to a challenging operating environment. This indicates a stabilisation in sentiment at a subdued level rather than a meaningful improvement in fundamental conditions.

As in previous years, this cautious outlook appears to be driven less by short-term volatility and more by structural and institutional considerations. Companies continue to operate without major disruptions, yet persistent concerns around predictability, regulatory complexity, and policy implementation continue to shape longer-term assessments. This helps explain why a growing majority of firms have adopted a neutral position, reflecting pragmatic adjustment rather than renewed confidence.

A closer look at operational conditions further reinforces this pattern. Swedish companies reported consistently strong satisfaction with operational fundamentals, particularly suppliers (7.5), service providers (7.4), and distributors (7.4), underscoring Türkiye’s strength as a capable and cost-efficient base for production and logistics. In contrast, more structural factors received noticeably lower ratings. Transparency (5.7), customs procedures (5.5), and the financial system (5.4) remained areas of concern, intricately linked to long-term investment planning, risk management, and regulatory predictability.

How well do the following conditions meet the needs of your company in Türkiye?



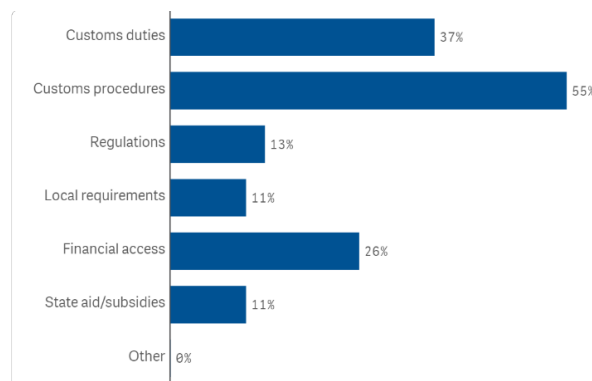
NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Customs procedures and financial constraints remain the main barrier

Among the trade barriers faced by Swedish companies operating in Türkiye, customs-related issues remain one of the most significant, with 55 per cent of respondents reporting a negative impact from customs procedures, an increase from the previous year. Customs duties continued to pose a substantial burden, cited by 37 per cent of firms, reinforcing the structural challenges associated with Türkiye’s trade policies.

Beyond these long-standing constraints, financial access emerged as a more prominent concern, affecting 26 per cent of respondents. This is reflected in tighter credit conditions and aligns with broader survey findings, where limitations in the financial system continue to affect both investment decisions and overall business sentiment.

Has your company in the past year encountered trade barriers in Türkiye with a noticeably negative impact on operations, in any of the following areas?



NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

These challenges were not evenly distributed across company sizes. Larger firms were disproportionately affected by trade-related barriers, with 63 per cent reporting customs-related issues and 40 per cent citing customs duties. Medium-sized companies reported notable exposure, particularly to financial access constraints (43 per cent), suggesting that financing constraints were more acute for firms with growth ambitions facing capital limitations. Smaller firms reported fewer direct barriers, although this may partially stem from their smaller operational scale.

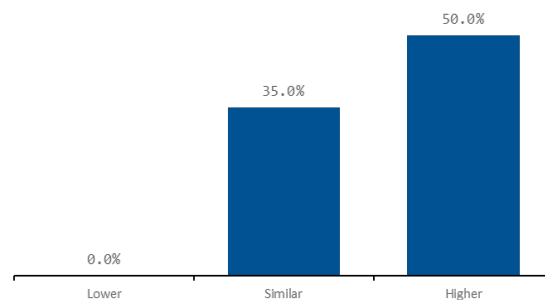
Sectoral differences further highlighted the concentration of trade frictions. Consumer-facing companies reported the highest exposure to customs procedures (75 per cent), reflecting the sensitivity of import-dependent business models. Industrial firms, while also significantly affected by customs processes (50 per cent), showed greater exposure to customs duties (36 per cent), reflecting their integration into production and supply chains. Professional services firms experienced comparatively fewer trade-related constraints, although financial access remained a concern for 33 per cent of companies in this segment.

Company maturity also influenced how barriers were experienced. Mature and experienced firms were more likely to report customs-related challenges, with around 60 per cent affected by procedural issues and over 40 per cent by duties. New entrants reported fewer customs-related barriers but showed greater sensitivity to financial access (33 per cent) and regulatory constraints, suggesting that institutional navigation and financing remain more critical hurdles in the early stages of market entry.

Tax-related administrative burden remains elevated compared with peer markets for most firms

Swedish companies operating in Türkiye perceived the administrative burden related to taxation in 2026 as being substantially high. Half of the respondents assessed the burden as higher than in comparable markets, while 35 per cent considered it similar. Notably, no respondents reported a lower administrative burden, reinforcing perceptions of Türkiye as a relatively demanding tax environment.

Compared to peer markets, how would you assess the administrative burden related to taxation in Türkiye?



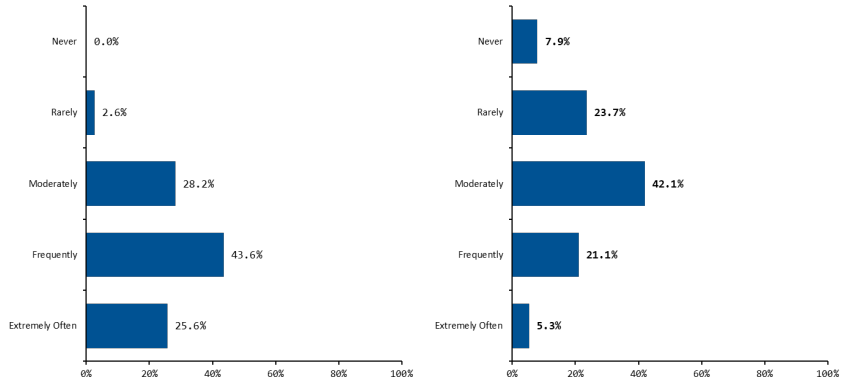
NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Exchange rate instability continues to impact operations, with uneven pricing adjustments across companies

Exchange rate volatility continued to be a defining feature of the operating environment in Türkiye in 2026, with a substantial share of Swedish companies reporting its impact on their operations. A combined 69 per cent of respondents indicated that exchange rate fluctuations posed a moderate to extremely significant challenge. Of these, 43.6 per cent experienced this frequently, while 25.6 per cent reported extremely frequent impacts. No respondents reported that exchange rate volatility was never a challenge, underlining its near-universal relevance across the business landscape.

In response to these conditions, companies appear to have adopted increasingly active pricing strategies. The majority of firms adjusted prices moderately during 2025. A total of 42.1 per cent adjusted prices at a moderate level, while a combined 26.4 per cent adjusted prices frequently or extremely often. At the same time, a notable share of companies (31.6 per cent) indicated that price adjustments occurred rarely or never, suggesting firms were not equally able or willing to pass on cost fluctuations to their customers.

**To what extent did exchange rate volatility pose a challenge for your company's operations in Türkiye? (left-hand side)
How frequently did your company adjust prices in Türkiye during 2025? (right-hand side)**



NOTE: The number of respondents for this question was 38.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

How Swedish companies succeed in Türkiye

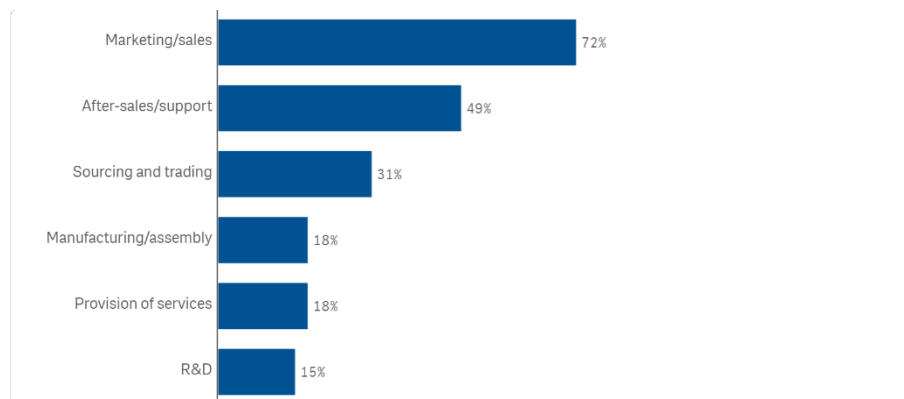
Swedish companies continue to view Türkiye as a commercially driven market

Swedish companies in Türkiye continue to position Türkiye primarily as a commercial hub, with a more diversified operational footprint compared to previous years. Marketing and sales activities remain the most prevalent function, carried out by 72 per cent of respondents, reinforcing Türkiye's role as a key market for revenue generation and customer engagement. This was complemented by after-sales and support functions, reported by 49 per cent of companies, highlighting the importance of maintaining local customer relationships and service capabilities.

Supply chain-related activities also retained a meaningful presence. Around 31 per cent of firms were engaged in sourcing and trading, reflecting ongoing integration into regional and global value chains. More advanced or capital-intensive functions remained less widespread. Manufacturing and assembly activities were reported by 18 per cent of companies, while an equal share delivered services locally, indicating a selective rather than broad-based manufacturing footprint.

Research and development (R&D) activities remained limited, with only 15 per cent of firms engaged in R&D. This suggests that, while Türkiye continued to serve as an important operational and commercial base, it has yet to develop into a significant hub for higher-value innovation functions among Swedish companies.

Operations of Swedish firms in the market



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Cost competitiveness and local capabilities drive Swedish companies' success in Türkiye

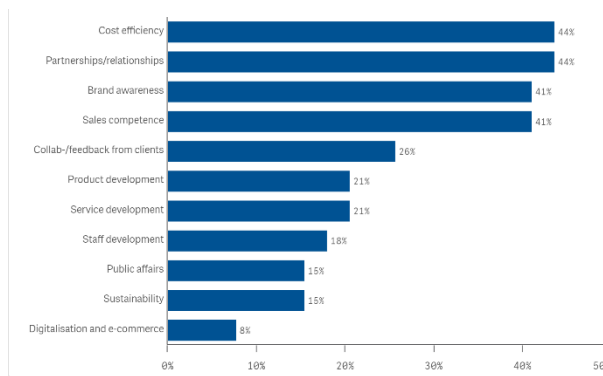
Cost efficiency remains a central consideration for Swedish companies operating in Türkiye, cited by 44 per cent of respondents. Unlike previous years when cost-related factors clearly dominated business considerations, competitiveness in the Turkish market appears to be increasingly multi-dimensional. Partnerships and relationships are equally important, identified by 44 per cent of companies, highlighting the growing role of local networks and collaborations in navigating the business environment.

Commercial capabilities also continue to play a critical role. Brand awareness and sales competence were each cited by 41 per cent of respondents, underscoring the importance of strong market positioning and customer engagement. These findings suggest that success in Türkiye increasingly depends on cost competitiveness and commercial strength, rather than cost efficiency alone.

Less operational but more strategic capabilities also appear to be gaining relevance, albeit from a lower base. Collaboration and feedback from clients, previously more prominent, were cited by 26 per cent of firms, indicating a relative decline in emphasis. Meanwhile, product and service development (both 21 per cent) and staff development (18 per cent) point to a gradual shift towards capability building within local operations.

Other factors, including public affairs and sustainability (both 15 per cent), reflect the continued importance of navigating the regulatory and societal landscape, while digitalisation and e-commerce remain less central, being cited by only 8 per cent of respondents.

To date, which of the following areas have been important in maintaining competitiveness in Türkiye?



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

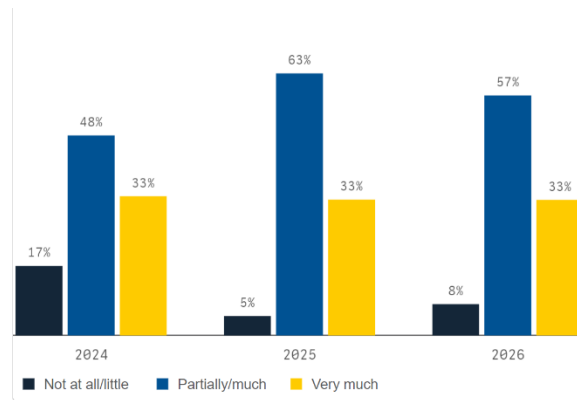
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

The Swedish brand remains a strong and widely recognised asset for Swedish companies in Türkiye

The Swedish brand continues to enjoy strong recognition and relevance in Türkiye, remaining a key intangible asset for companies operating in the market. Following the sharp increase observed in 2025, perceptions of the brand's contribution stabilised at a high level in 2026. A combined 90 per cent of respondents reported that the Swedish brand contributes at least partially to their operations, with 33 per cent stating that it contributes to a large or very large extent. Only 8 per cent of companies reported limited or no contribution, indicating the Swedish brand remains broadly influential across the market.

The strength of the Swedish brand is particularly evident across company sizes. Small companies stand out, with all respondents indicating that the brand contributes significantly to their business, underscoring its importance in supporting market entry and credibility. Medium and large companies also reported strong reliance on the Swedish brand, though with slightly more variation. A majority in both groups (86 per cent of medium-sized companies and 68 per cent of large companies) indicated that the brand contributes either much or very much, while a smaller share, particularly among medium-sized firms (14 per cent), reported a more limited impact.

To what extent would you estimate that the “Swedish brand” contributes to your business in Türkiye?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Sectoral differences reveal that the Swedish brand is especially influential in consumer-facing and industrial segments. In both sectors, a large majority of firms (both 80 per cent) reported that the Swedish brand contributes substantially to their operations, reflecting strong associations with quality, reliability, and technical expertise. Professional services firms displayed a more mixed assessment, with a wider spread across response categories, suggesting that brand value in this segment is more context-dependent.

Company maturity also shapes perceptions. New entrants reported the strongest reliance on the Swedish brand, with all firms indicating a significant contribution, highlighting its importance in building trust and market presence. Mature and experienced firms continued to value the brand highly (88 per cent of mature and 94 per cent of experienced firms), though their assessments were more balanced, reflecting the growing importance of local market integration and operational factors alongside brand reputation.

Acting sustainably

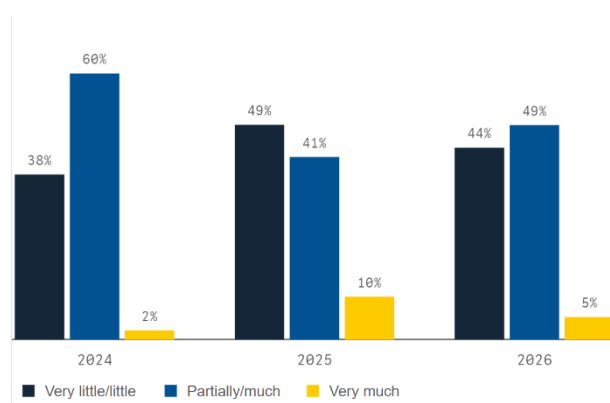
Sustainability gains greater relevance in purchasing decisions, but remains a secondary factor

For Swedish companies, many of which embed sustainability into their global strategies, Türkiye continues to present a landscape of both opportunity and complexity. While regulatory frameworks and awareness around sustainability gradually evolve, implementation remains uneven and market demand continues to develop. Swedish firms often play a proactive role in advancing sustainability standards while adapting their approaches to local conditions. As a result, sustainability has become increasingly part of the business agenda, though prioritisation and impact vary across sectors and company types.

Environmental considerations continue to play a secondary but evolving role in purchasing decisions. For 2026, 49 per cent of respondents reported that environmental factors partially or significantly influence customer behaviour, up from 41 per cent in 2025, though still below the 60 per cent recorded in 2024. At the same time, the share of companies reporting that such factors play little or no role remains substantial at 44 per cent, suggesting that sustainability is not yet a dominant driver in the market.

The share of respondents reporting that environmental aspects play a very strong role declined to 5 per cent, down from 10 per cent in 2025. This indicates that, while sustainability considerations are becoming more widespread at a moderate level of importance, their influence on purchasing decisions has softened compared to the previous year.

To what extent do customers in Türkiye consider environmental aspects of a product or service in their purchasing decisions?



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

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

Differences across company sizes also highlight varying degrees of market exposure. Small firms reported consistently low relevance of environmental considerations, with all respondents indicating limited influence. Medium-sized companies showed the strongest focus on sustainability, with a notable share (43 per cent) reporting sustainability as highly or very highly important. Large firms presented a more balanced distribution, with environmental considerations playing a moderate role for a significant portion (33 per cent), though less often viewed as highly important (13 per cent).

“Customers today are more interested in sustainability than they were 10 years ago. Having said that, it is important to show the customers long-term cost-saving benefits of sustainable products to encourage them to spend more today on sustainability to get the benefits down the road.

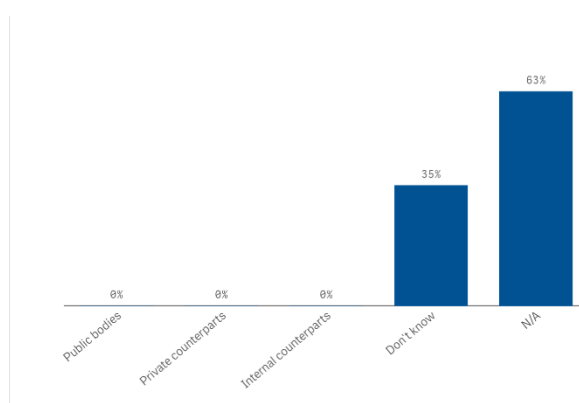
Country Manager
Retail industry

Sectoral variation further reinforces these dynamics. Consumer-facing companies exhibited the strongest emphasis on sustainability, with 80 per cent indicating that environmental factors play at least a moderate role in purchasing decisions. Industrial firms also reported a limited level of relevance (19 per cent), being more concentrated in the partial category (41 per cent). In contrast, professional services firms showed the lowest level of prioritisation, with a majority (83 per cent) indicating that environmental aspects play little or no role in their purchasing behaviours.

Reported experiences of corruption and rights abuses remain limited, though visibility is constrained

Reported instances of corruption and human and labour rights abuses involving Swedish companies in Türkiye remain limited in 2026, though the data continues to be characterised by considerable uncertainty. No respondents reported direct experiences of corruption involving public bodies, private-sector counterparts, or internal stakeholders. A significant share of companies, however, indicated that they either “do not know” (35 per cent) or did not provide a relevant response (63 per cent), suggesting limited visibility rather than confirming the absence of such issues.

Has your company in Türkiye been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?



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

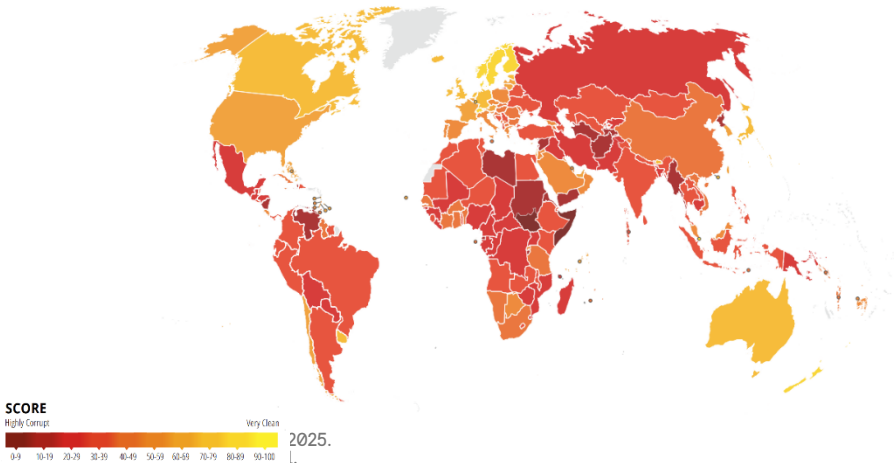
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

These findings are consistent with broader indicators of governance and integrity in Türkiye. According to the 2025 Corruption Perceptions Index, Türkiye scored 31 out of 100, ranking 124th out of 182 countries surveyed, marking a decline of three points from 2024.

“ Due to challenging market conditions, many producers are unable to fulfil the environmental and social compliance requirements of the sustainability framework. High tax rates and cash-based payment structures further complicate compliance efforts. The producer base is steadily shrinking and creating bottlenecks in meeting customer expectations.

Burçin Aydın
Managing Director
Nilörn Türkiye

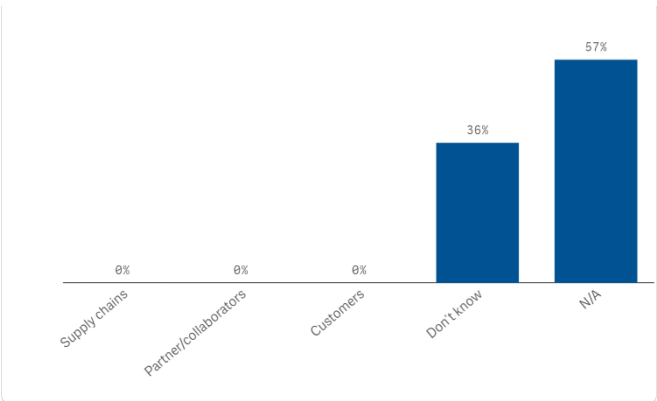
Corruption Perception Index 2025



Human and labour rights issues remain largely unreported, though limited visibility persists

A similar pattern of limited reporting is observed regarding human and labour rights. No companies reported abuses across supply chains, partners, or customers. At the same time, 36 per cent of respondents indicated uncertainty, while a majority (57 per cent) selected “not applicable” as a response, again pointing to low reported exposure, but also limited visibility into these areas.

Has your company in Türkiye 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 40. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2026

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