Business Climate Survey Germany

Business Climate survey for Swedish companies in Germany 2026

A report from Team Sweden in Germany

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96 respondents
(total +2,250 respondents for 41 markets)

Current business climate

64%

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

33%

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

Globally valued success factors

1. Sales competence
2. Cost efficiency
3. Brand awareness

Brand Sweden

82%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Distributors, suppliers, service providers
3. Transparency/equal treatment

Local conditions with least satisfaction

1. Level of digitalisation
2. Corporate tax
3. Labour market regulation

Environmental considerations

64%

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

Corruption

98%

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

Human rights violation and labour rights abuse

98%

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

Foreword

Germany and Sweden share a long-standing relationship built on shared values, culture, trust, trade, and complementary industrial strengths. In 2026, we see this bond growing even stronger. Sweden's NATO accession in 2024 constituted a fundamental change in Swedish-German relations. We are now military-aligned allies, with joint defence planning contributing to NATO's deterrence and defence, including the Baltic Sea region. The renewal of the Strategic Innovation Partnership in 2025 has further deepened our collaboration into areas such as defence and security, space, energy, and other emerging technologies. We also see how the Fehmarn Belt Fixed Link continues to progress, promising to reshape connectivity between Northern Europe and Scandinavia and to have positive effects on our economies and resilience for decades to come.

Germany is at an inflection point. After two consecutive years of contraction, the economy returned to modest growth in 2025. The new federal government has signalled a clear ambition to modernise, with initiatives including the launch of a EUR 500 billion infrastructure fund, major investments in defence, the establishment of a dedicated ministry for digitalisation, and a strong focus on industrial transformation. The direction is encouraging, but actual implementation and tangible results from the planned initiatives will take some time. The announced investments do, however, offer new opportunities for Swedish companies.

Against this backdrop, we present the seventh edition of the Business Climate Survey for Swedish companies operating in Germany. Conducted in early 2026, the survey reflects the perspectives of 96 Swedish companies across a wide range of sectors. Each year, it offers a timely snapshot of the day-to-day reality of doing business in Europe's largest economy. This year's results point to a dual reality: Swedish companies are performing better, with increased profitability and stable turnover expectations, while longstanding challenges, particularly related to bureaucracy, digitalisation, and regulatory complexity, continue to weigh on the business environment.

Team Sweden remains committed to supporting Swedish companies as they navigate this landscape. Through the joint efforts of Business Sweden, the Swedish Chamber of Commerce, and the Embassy of Sweden in Germany, we provide market insights, facilitate access to networks, and connect Swedish companies with key decision-makers, with the goal of strengthening Swedish-German business relations and making Swedish innovations more visible in Germany. As Germany advances its transformation, we aim to remain a trusted partner in helping Swedish companies capture new growth opportunities.

We extend our sincere gratitude to the 96 companies that contributed to this year's Business Climate Survey. Their contributions form the foundation of this report and provide valuable insights for the Swedish business community in Germany. We look forward to continuing this dialogue in the years ahead.

Veronika Wand-Danielsson
Ambassador of Sweden to Germany

Johan Holmlund
Trade Commissioner of Sweden to Germany, Business Sweden

Maria Wolleh
President of the Swedish Chamber of Commerce in Germany

Executive summary

This year's survey shows that Swedish companies in Germany are performing better than the broader economic outlook suggests, although overall confidence remains cautious. The share of profitable companies increased to 66 per cent in 2025, and 60 per cent of respondents expect industry turnover to grow over the next 12 months. However, only 33 per cent plan to increase investments, while 35 per cent continue to assess the current business climate as poor or very poor. Although business sentiment has improved, with positive assessments rising from 9 to 16 per cent, confidence remains well below 2023 levels. This indicates that Swedish companies are managing to perform despite operating in a structurally challenging environment.

These structural challenges are consistent with previous survey results. Digitalisation, regulatory complexity, and bureaucracy continue to be perceived as challenges, with dissatisfaction related to digitalisation increasing compared to prior years. In addition, trade tariffs, geopolitical uncertainty, and customs procedures continue to be perceived challenges for companies engaged in cross-border activities. Furthermore, Germany's labour market continues to tighten, with skilled worker shortages becoming a tangible concern for Swedish companies hiring locally. In this context, the Embassy of Sweden in Germany, with support from Business Sweden and the Swedish Chamber of Commerce, stands ready to provide assistance and counselling to Swedish companies experiencing trade barriers on the German market, including government-imposed regulations, policies, or measures that restrict or hinder international trade within the European Union.

Swedish companies' competitive strengths in Germany are primarily linked to customer-facing capabilities. Sales competence, cost efficiency, and brand recognition are identified as key competitive advantages, while production and R&D are less frequently rated as differentiators. The use of the brand "Sweden" and a company's roots in Sweden continue to support market entry and expansion, with 82 per cent of Swedish companies in Germany considering it beneficial for business. Local market conditions, such as personal safety, access to distributors, suppliers, and service providers, as well as equal treatment, also continue to receive strong ratings.

In the area of sustainability, Germany's current government has reframed climate policy around industrial competitiveness rather than policy-driven obligation. The share of respondents reporting that environmental considerations significantly influence customer purchasing decisions has declined for the third consecutive year, likely reflecting continued cost pressures across the German economy. Exposure to corruption and human rights violations remains very limited, with 98 per cent of respondents reporting no direct experience.

One respondent from a large consumer goods company captured the prevailing sentiment:

> **“Germany's business climate is better than its reputation — but much worse than its potential.**
>
> **Respondent**
> Large company in the consumer goods sector

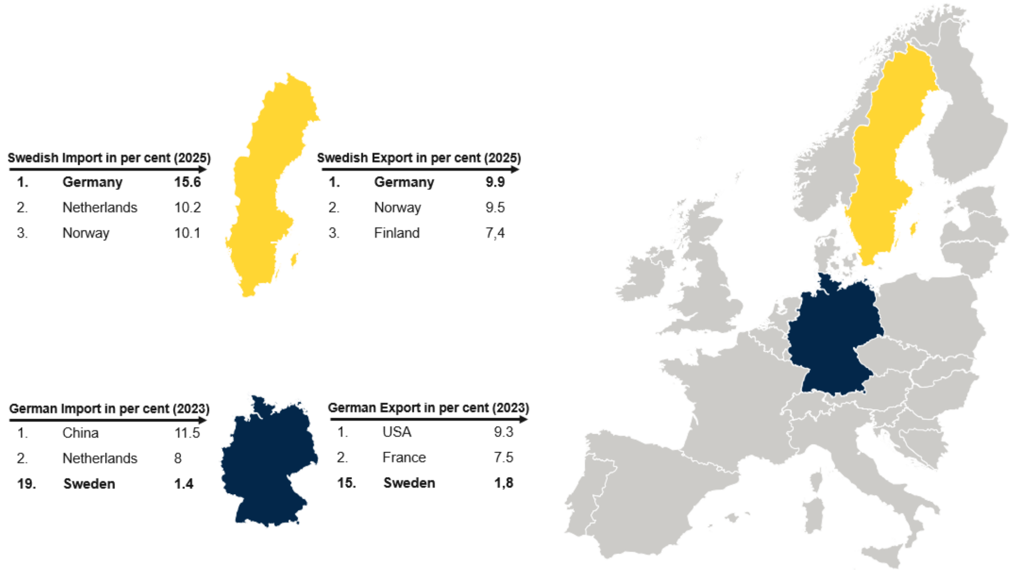
About the survey

Swedish companies’ insights into the German market

In 2026, Germany remains a central market for Swedish enterprises. With over 83 million residents and the highest nominal GDP in Europe, Germany is Europe’s largest economy. Its skilled workforce and central location make it appealing for Swedish companies seeking international growth.

Germany is Sweden’s leading trade partner, accounting for the highest share of both imports and exports, as shown in the illustration below. Furthermore, Sweden and Germany maintain strong economic and political cooperation built on mutual trust. In 2017, the countries established a Strategic Innovation Partnership focused on the digital and sustainable transformation of the industry, e-mobility and battery research, and life sciences and health. The partnership was renewed in November 2025 to cover additional areas, including security and defence, space, energy transition and mobility, as well as AI and digitalisation. It also addresses foreign policy, capital markets, migration, and international development cooperation. Swedish Prime Minister Ulf Kristersson stated, "Germany is Sweden’s closest trading partner. When Germany thrives, Sweden thrives", during a meeting with German Chancellor Friedrich Merz marking the renewal.

Germany is one of Sweden’s most important business partners



SOURCE: Destatis, SCB, Business Sweden Analysis

The strong partnership between Sweden and Germany is further evidenced by the significant presence of Swedish businesses in the German market. Team Sweden reports that there are more than 1,500 Swedish-registered organisations operating in Germany. Spanning manufacturing, IT, and consumer goods, Swedish firms leverage Germany's central European location and business clusters.

Team Sweden conducts annual Business Climate Surveys across various international markets to better understand the experiences and viewpoints of Swedish companies abroad. These national surveys are compiled into the Global Business Climate Survey (GBCS), a comprehensive report that highlights current attitudes and future outlooks of Swedish businesses worldwide. The GBCS tracks major economic trends, essential success factors, local business conditions, and sustainability initiatives. Its findings offer useful benchmarks and facilitate comparisons between different markets and regions for both business leaders and policymakers. GBCS 2026 slightly increased to 41 participating markets following a major expansion from 24 to 40 markets in 2024.

The 2026 Business Climate Survey for Germany gathered responses from 96 Swedish companies, representing a wide range of company sizes: 51 per cent were small businesses, 27 per cent were large enterprises, and 23 per cent fell into the medium category. These companies are active across diverse sectors, with 59 per cent engaged in industrial activities, 24 per cent specialising in professional services, and 17 per cent involved in consumer goods production or distribution. Most of these Swedish firms have long-standing operations in Germany, while only 11 per cent are recent entrants, having established operations in Germany since 2021. This mix of company profiles provides valuable insights into the current conditions and trends experienced by Swedish businesses within the German market.

> **"Germany is one of our closest allies and partners. Together, we are making our countries safer and more prosperous, and our region more secure.**
>
> **Ulf Kristersson**
> Sweden's Prime Minister

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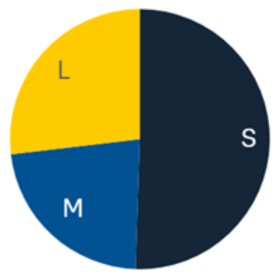
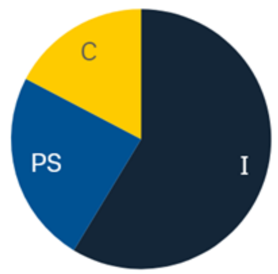
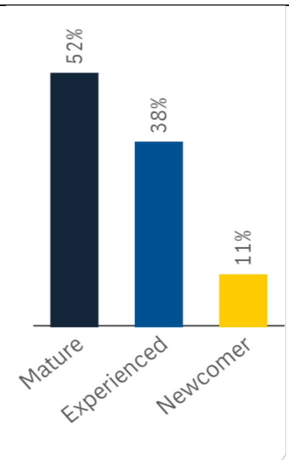
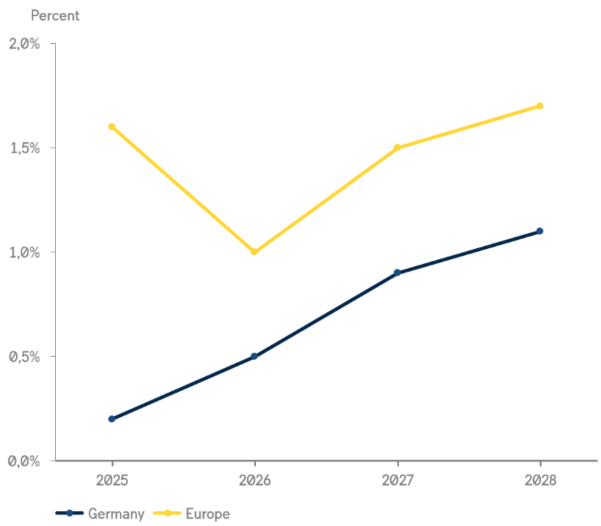
<tr><th>Size of companies</th><th>Main industry</th><th>Age of companies</th></tr>
<tr><td>
</td><td>
</td><td>
</td></tr>
<tr><td>NOTE: Global employees. Large >1,000. Medium 250-1,000. Small 0-249.</td><td>NOTE: Industrial 59%. Professional services 24%. Consumer 17%.</td><td>NOTE: Mature (-2004). Experienced (2005-2020). Newcomer (2021-).</td></tr>
</table>

Economic outlook

Germany's economy stabilises, with recovery expected by 2027

According to the Federal Statistical Office (Destatis), Germany's GDP grew by 0.2 per cent in 2025 after two consecutive years of recession. At the annual GDP press conference, Destatis President Ruth Brand stressed that the recovery remains modest. While rising private and public consumption provided some support, exports declined again amid stronger global competition, higher US tariffs and an appreciating euro. Investment activity also stayed weak, with investment in both machinery and construction declining further. Manufacturing and construction contracted for the third year in a row, leaving overall economic momentum subdued. As a result, Germany enters 2026 with an economy that has stabilised but not yet regained the strength needed for a sustained upswing. Reflecting this backdrop, Chancellor Friedrich Merz noted that "our economy has still not regained sufficient momentum", underscoring the need to restore competitiveness, raise productivity and reduce cost pressures.

Projected GDP growth in Germany



NOTE: Constant prices
SOURCE: Destatis, Federal Government of Germany, German Federal Bank, Oxford Economics

Looking ahead, the baseline points to a gradual and subdued recovery. The Ministry of Economic Affairs projects GDP growth of 0.5 per cent in 2026 and 0.9 per cent in 2027. This implies a slow normalisation as consumption stabilises and external headwinds from exports and investment ease only gradually. Risks are expected to remain weighted to the downside as long as challenges related to competitiveness, elevated input costs, and subdued capital expenditures persist. A more robust recovery would likely depend on a pronounced manufacturing rebound and a reversal in business investment trends.

In July 2025, European Commission President Ursula von der Leyen and US President Donald Trump reached a political agreement on tariffs and trade at Turnberry, Scotland. While not legally binding, the agreement set the basis for ongoing negotiations, with the European Parliament and the Commission working to convert key aspects into formal legislative proposals. For Germany, the prospect of reduced automotive tariffs, from 27.5 per cent toward a target of 15 per cent, eased pressure on export businesses and supported economic predictability. The situation remains fluid, but the agreement has broadly improved planning certainty for German exporters. Inflation in 2025 averaged +2.2 per cent, marking a period of steadier prices after several years of elevated rates.

Following the 2025 general election, Chancellor Friedrich Merz (CDU) formed a centrist coalition government between the Social Democrats (SPD) and the conservative CDU/CSU under the banner "Verantwortung für Deutschland" (Responsibility for Germany). The Vice-Chancellor and Minister of Finance, Lars Klingbeil (SPD), stated, "Germany needs fewer administrators and more enablers". The Merz cabinet introduced two new ministries: the Federal Ministry for Digital Transformation and Government Modernisation, led by Karsten Wildenberger (CDU, former CEO of CECONOMY AG), and the

Federal Ministry of Research, Technology, and Space, led by Dorothee Bär (CSU). These new ministries signal Germany's focus on digitalisation and technological advancement, both of which are vital for economic growth and global competitiveness.

The EUR 500 billion Special Fund for Infrastructure and Climate Neutrality (SVIK) was launched in 2025. Allocations span important sectors such as transport infrastructure, hospital infrastructure, energy, digitalisation, housing construction, and research and development. For additional insights and updates, Business Sweden has published a series of blog posts online with further information and analysis (link).

The formation of the new government and the launch of the EUR 500 billion Special Fund for Infrastructure and Climate Neutrality mark a shift in Germany's policy direction. Whether these developments translate into a meaningfully stronger operating environment for businesses will depend on the pace and consistency of implementation. For now, the foundations are being laid, but the tangible impact on growth and competitiveness remains some time away.

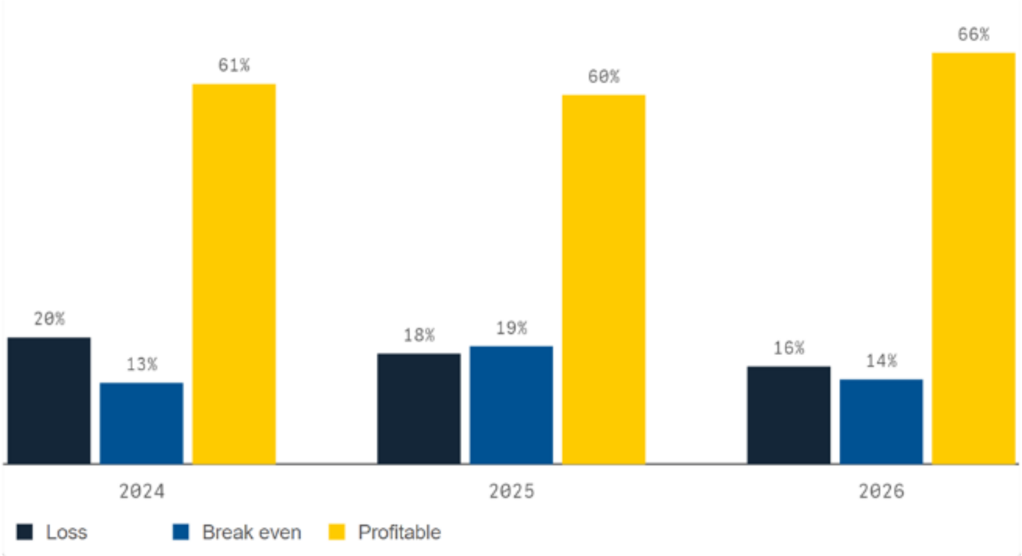
66 per cent of Swedish companies report profits in 2025

Swedish companies in Germany are reporting rising profitability compared to previous years, with 66 per cent recording a profit in 2025. Looking at the data, large enterprises with more than 1,000 employees appear to be the most profitable: 76 per cent reported profits in 2025, while only 4 per cent experienced losses. For medium-sized companies (250 to 1,000 employees), the situation is somewhat different: 71 per cent were net positive, and 10 per cent showed negative results. Small companies (0 to 249 employees) demonstrated slightly weaker but still improving performance compared to last year's survey: 59 per cent made a profit, whereas 26 per cent reported losses.

Profitability across Swedish companies in various sectors remains comparably distributed. In the consumer goods sector, 69 per cent of companies report profits, followed by the industrial sector at 66 per cent, and professional services at 65 per cent, a notable increase from 2024. Conversely, the consumer goods sector records the highest proportion of companies reporting losses at 23 per cent, with professional services at 18 per cent and industrial companies at 16 per cent.

Furthermore, an analysis of company seniority in Germany reveals that established enterprises demonstrate strong performance, with 75 per cent reporting profits and only 8 per cent recording negative outcomes. Experienced firms show a slightly different pattern: 65 per cent achieve profitability, while 21 per cent face losses. Among newer companies, the picture changes significantly: 20 per cent report profits, 30 per cent break even, and 40 per cent experience negative results.

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



NOTE: The number of respondents for this question was 95. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

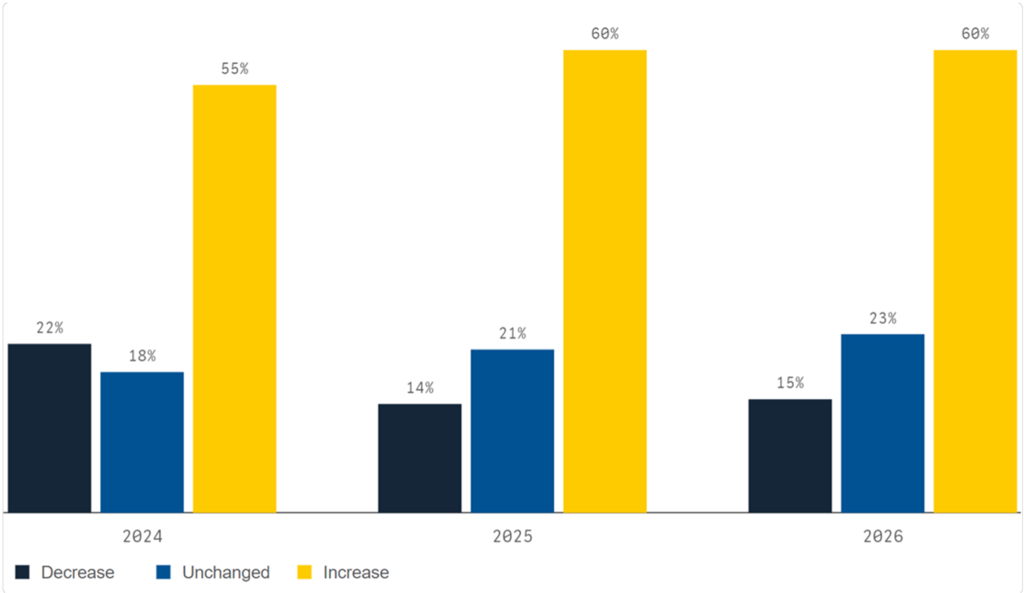
Turnover expectations remain stable compared to 2025

Sixty per cent of surveyed companies expect increasing turnover, while 15 per cent expect their turnover to decrease over the next 12 months. Both large and small firms report similar expectations for increased turnover, with 64 per cent in each group projecting growth. Meanwhile, only 50 per cent of medium-sized enterprises anticipate higher turnover. The outlook differs regarding negative projections: 28 per cent of large organisations foresee a decline in turnover, compared to 15 per cent of medium-sized and 9 per cent of small companies.

When considering the sectors, professional services companies have the most positive expectations, with 83 per cent of them foreseeing increases in turnover. At the same time, the industrial sector (59 per cent) and consumer goods sector (54 per cent) are more cautious when projecting increasing turnover. By comparison, 18 per cent of industrial firms, 11 per cent of professional service providers and 8 per cent of consumer goods producers are expecting decreasing turnover.

Looking at Swedish companies' maturity in the German market, the situation appears different. Mature and experienced firms are equally positive, with 63 per cent (mature) and 60 per cent (experienced) of them anticipating increasing turnover. Newcomers are somewhat less optimistic. 50 per cent of them project increased turnover in the coming 12 months. At the same time, small companies remain the least negative, with only 10 per cent of them expecting decreasing turnover, compared to 14 per cent of experienced and 17 per cent of mature companies.

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 95. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

Overall, the results point to continued but cautious growth momentum: Turnover expectations remain steady and broadly positive, consistent with the picture of a stabilising but still subdued German economy. At the same time, the higher share of large firms expecting declining turnover and the more muted outlook in industry and consumer goods suggest that exposure to export sensitivity and subdued demand still weighs on parts of the Swedish business community, while professional services appear best positioned for near-term expansion.

The majority of companies continue to follow their current investment strategies

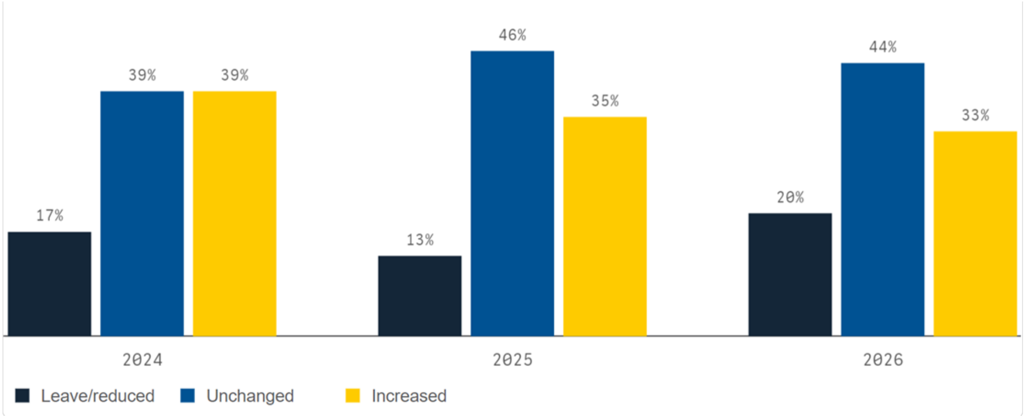
The surveyed companies appear to be maintaining their investment levels. Most companies plan to either increase (33 per cent) or maintain (44 per cent) their investments. Twenty per cent of companies plan to reduce their investments in Germany over the next 12 months. This reflects slightly weaker sentiment compared to previous years.

Large companies seem to be divided with equal shares of companies that want to increase (33 per cent), not change (29 per cent) or reduce (25 per cent) their investments in Germany. Medium-sized firms, on the other hand, predominantly aim to increase their investments (50 per cent), with just 11 per cent planning a reduction. Most small companies prefer stable investments, with 52 per cent not planning any changes. 28 per cent forecast increasing investments, while 20 per cent plan reductions.

Industrial companies are equally divided. 24 per cent either plan to increase or decrease investments, while 45 per cent want to keep them unchanged. By contrast, consumer goods producers appear the most positive in this area. Forty-six per cent aim for increased investments, while just 23 per cent want them to decrease. Forty-one per cent of professional service providers are planning higher investment levels, while only 18 per cent are aiming for a reduction.

Further analysis of the data shows that newcomers have the highest share of companies planning to increase their investments in Germany (40 per cent), closely followed by mature companies at 37 per cent. Experienced companies, in contrast, tend to maintain stable investment levels, while newcomers show the highest share of companies planning to reduce investment.

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 91. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

Overall, the largely unchanged investment plans fit the picture of an economy that has stabilised but still lacks strong momentum: while Germany returned to modest growth, Destatis notes that “investment remained weak, with fixed capital formation in machinery and equipment and in construction down on the previous year”, highlighting why many firms prefer to maintain rather than expand their investment commitments in Germany. In this climate, more firms planning cutbacks reflect risk management in uncertain times, supporting the European Commission’s view that “investment is projected to contract in 2025 due to weak economic sentiment and high uncertainty”.

Team Sweden in Germany

Team Sweden in Germany hosts trade fairs, events and delegation visits covering a broad range of industries, including medtech, defence, FMCG, and transportation.

Team Sweden in Germany brings together the Swedish Embassy, Business Sweden, and the Swedish Chamber of Commerce to support Swedish companies entering and growing in the German market. Coordinated through the Ministry of Foreign Affairs, this network supports cross-border partnerships through targeted initiatives in Germany. The following pages detail selected initiatives and achievements from the past year.

CALENDAR YEAR 2025–2026

29/09/2025 – 01/10/2025

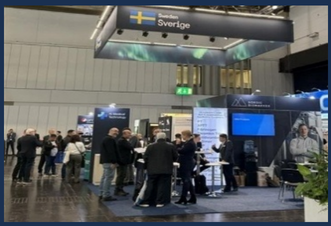
BITS & PRETZELS

30/09/2025 – 02/10/2025

SMART COUNTRY CONVENTION

13/11/2025

FEHMARN BELT FIXED LINK

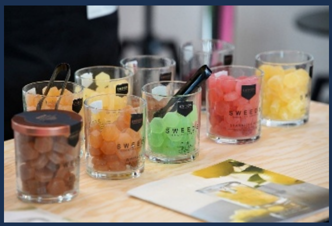


17/11/2025 – 20/11/2025
18/11/2025 – 21/11/2025

MEDICA & FORMNEXT

18/11/2025 – 19/11/2025
14/02/2026 – 16/02/2026

BERLIN SECURITY CONFERENCE & MUNICH SECURITY CONFERENCE



01/02/2026 – 04/02/2026

TRY SWEDISH AT ISM COLOGNE

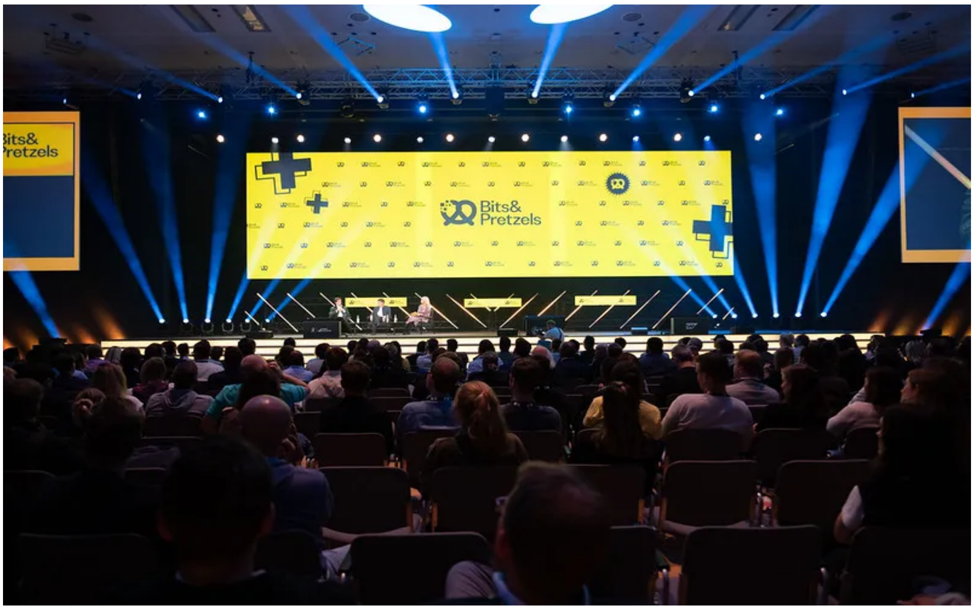
Swedish delegation to Bits & Pretzels 2025

DATE & PLACE

29 September 2025 – 1 October 2025, Munich

BACKGROUND

Bits & Pretzels is a leading European festival for founders and investors, bringing together entrepreneurs, venture capitalists, and innovation leaders for three days of networking, matchmaking, and knowledge exchange. The conference serves as a key platform for start-ups and scale-ups to connect with investors and ecosystem stakeholders from across Europe and concludes with a dedicated networking format at the world-famous Oktoberfest.



DESCRIPTION: The main stage at Bits & Pretzels 2025
PHOTO CREDIT: Business Sweden

In 2025, Business Sweden returned to Bits & Pretzels with a refreshed delegation format and a line-up of eight Swedish companies across a range of sectors. The delegation highlighted Sweden's strengths in innovation, sustainability, and entrepreneurship. It offered participating companies a structured entry point into the German and wider DACH tech and investment ecosystem.

DESCRIPTION: The Swedish Delegation at Bits & Pretzels 2025
PHOTO CREDIT: Business Sweden

THE SWEDISH DELEGATION AND PROGRAMME

Alongside the main conference, the Swedish delegation followed a focused programme of activities designed to facilitate connections within the European start-up and investment community.

A central element of the programme was the visit to the Swedish exhibition area by State Secretary for Foreign Trade Diana Janse and Sweden's Ambassador to Germany Veronika Wand-Danielsson. Business Sweden hosted a *fika*, a Swedish tradition of gathering over coffee and pastries, creating an informal setting for direct conversation between government representatives and participating companies. The visit allowed each company to present its solutions directly to senior officials and generated additional interest among international visitors.

DESCRIPTION: The Swedish Ambassador to Germany in conversation with one of the participating Swedish companies
PHOTO CREDIT: Business Sweden

On the second day, the delegation participated in an investor side event at Google Munich, co-hosted with TechArena and Google Cloud, featuring remarks on the Nordic tech landscape and a structured networking session connecting Swedish founders with European investors. The programme concluded with a joint dinner at a Bavarian restaurant, bringing together founders and selected German stakeholders in an informal setting that strengthened bilateral exchange.

The 2025 delegation marked another step in Business Sweden's ongoing efforts to connect Swedish start-ups and scale-ups with the European investment ecosystem. Building familiarity with the DACH venture ecosystem takes time, and consistent presence at events like Bits & Pretzels is part of how Swedish companies develop the relationships needed to grow in this market.

Team Sweden at Smart Country Convention 2025

DATE & PLACE

30 September 2025 – 2 October 2025, Berlin

BACKGROUND

Smart Country Convention (SCCON) has established itself as Germany's leading forum for digital government and smart-city development. The 2025 edition carried particular importance, taking place after the launch of the new Federal Ministry for Digitalisation and State Modernisation. In this context, Business Sweden organised and led the Swedish-German Digital Alliance at SCCON 2025, connecting Swedish GovTech and smart-city companies with federal ministries, state-level authorities, municipalities, and other central actors in Germany's digitalisation landscape.

DESCRIPTION: Business Sweden representative moderating a session at SCCON 2025
PHOTO CREDIT: Business Sweden

The Swedish-German Digital Alliance at SCCON 2025

Business Sweden brought a delegation of eight Swedish GovTech and smart-city companies to SCCON 2025, with expertise spanning AI, data platforms, workflow automation, and digital public services. The delegation engaged with senior stakeholders from Germany's new federal digital ministry, with discussions focusing on the country's digitalisation priorities and the potential contribution of Swedish solutions to ongoing modernisation efforts.

Two side activities extended the programme beyond the exhibition floor. A breakfast reception at the Nordic Embassies in Berlin included representatives from cities and regions across Germany and facilitated discussion on how digitalisation challenges differ between rural and metropolitan contexts. A lunch workshop, organised in collaboration with the Estonian Embassy and the City of Berlin, brought together the CIO of Stockholm and the CDO of Berlin for a dialogue on municipal digital transformation.

DESCRIPTION: Breakfast roundtable at the Swedish Embassy with German regional and municipal representatives
PHOTO CREDIT: Business Sweden

Germany's public-sector digitalisation market is expected to continue developing significantly over the coming decade, with investment programmes extending to 2036. Business Sweden's engagement at SCCON is part of a longer-term effort to position Swedish GovTech and smart-city companies within this evolving market, building the stakeholder relationships and market understanding needed to compete in a decentralised procurement environment.

DESCRIPTION: Group photo of the Swedish-German Digital Alliance at SCCON 2025
PHOTO CREDIT: Business Sweden

Swedish Delegation around the Fehmarn Belt Tunnel

DATE & PLACE
13 November 2025, Lübeck

BACKGROUND
The Fehmarn Belt Fixed Link is one of Europe's most significant cross-border infrastructure projects and was a key focus for Business Sweden in 2025. The goal was to strengthen Sweden's visibility, build relationships with key German stakeholders, and identify concrete opportunities for Swedish companies in the rail and infrastructure sectors.

DESCRIPTION: The Fehmarn Belt Fixed Link tunnel route between Denmark and Germany
PHOTO CREDIT: Wikipedia

KEY ACTIVITIES
Business Sweden participated in Fehmarn Belt Days in Lübeck and the Fehmarn Belt Platform's plenary session, using both occasions to follow project developments and connect with public and private organisations involved in the tunnel and its hinterland railway connections.

The centrepiece of the year's activities was a two-day Swedish delegation to Germany. The programme connected participating companies with the units of Deutsche Bahn that are working with the Fehmarn Belt project. It included meetings with DB corporate representatives and hinterland project teams, with discussions focusing on procurement structures, technical requirements, and upcoming opportunities.

DESCRIPTION: Delegation visit to the construction site of the Fehmarn Belt Tunnel
PHOTO CREDIT: Business Sweden

The delegation also visited the construction site on Fehmarn Island to see progress first-hand, before joining the Swedish-German Business Day in Kiel, an event attended by around 70 guests that brought together Swedish and German business leaders under the theme 'Bridging the Baltic: Swedish-German Gateways for Trade and Innovation'. The programme included panels on maritime connectivity and bilateral trade, with the Gala Dinner in the evening providing a further setting for relationship-building across the Swedish-German business community. The following day, the group continued its meetings at Deutsche Bahn's Hamburg office, giving both Swedish SMEs and larger companies the chance to establish initial contacts and develop their understanding of the German rail market.

DESCRIPTION: Participants at the Swedish-German Business Day in Kiel
PHOTO CREDIT: Swedish Chamber of Commerce

These activities marked the first coordinated step in a longer-term engagement with Germany's railway sector. The groundwork laid in 2025 puts Swedish companies in a stronger position to pursue opportunities linked to one of Europe's largest infrastructure markets in the years ahead.

Strengthening Sweden’s Global MedTech Presence at MEDICA 2025

DATE & PLACE

17 November – 20 November, Düsseldorf

BACKGROUND

Germany is Europe’s largest healthcare market, and MEDICA in Düsseldorf is a leading medical technology trade fair, drawing more than 5,300 exhibitors and 80,000 visitors every year from across the world. For Swedish MedTech companies with ambitions to scale internationally, it is an efficient channel to reach global buyers and distributors.

Business Sweden organised the Swedish Pavilion at MEDICA 2025, giving 12 companies an accessible and well-supported way to exhibit at the fair. The initiative is part of Sweden's broader aim to grow its international presence in life sciences and open up export opportunities for Swedish health technology.

KEY ACTIVITIES

The Swedish Pavilion brought together 12 MedTech companies under a unified national identity, giving both SMEs and larger companies an efficient route to exhibit at MEDICA. The joint format strengthened Sweden's collective visibility and allowed each company to benefit from a national platform that would have been harder to achieve independently. Business Sweden’s pavilion model is designed to lower the barrier to entry, making MEDICA accessible to companies at different stages of internationalisation and ensuring that Swedish MedTech maintains a consistent presence in Europe’s largest healthcare market.

DESCRIPTION: Business Sweden facilitating meetings at the Swedish Pavilion at MEDICA
PHOTO CREDIT: Business Sweden

The Swedish Pavilion at Formnext 2025

DATE & PLACE

18 November – 21 November, Frankfurt, Germany

BACKGROUND

Formnext is where the additive manufacturing world meets every year, and where Swedish companies in the sector can showcase their innovations. Business Sweden organised the Swedish Pavilion at Formnext 2025 to give Swedish companies a strong presence at the fair, supporting Sweden's ambition to consolidate its role as one of Europe's most innovative and sustainable hubs for additive manufacturing.

KEY ACTIVITIES

The Swedish Pavilion gathered a selection of advanced manufacturing actors together with regional partners, showcasing Sweden's capabilities across software, applications, production and post-processing. The joint pavilion highlighted Sweden's strengths in industrial innovation while offering an accessible platform for both emerging and established companies. Every participating company also received tailored briefings about the additive manufacturing market in Germany, along with recommendations for how to maximise their impact during the fair.

Germany is one of the most important markets for Swedish additive manufacturing companies, and Formnext remains the sector's most relevant international platform. Business Sweden's continued presence at the fair reflects a broader effort to support Swedish AM companies as the market shifts from prototyping towards industrial-scale production.

DESCRIPTION: Swedish Delegates at Formnext 2025
PHOTO CREDIT: Business Sweden

Berlin Security Conference & Munich Security Conference

DATE AND PLACE
Berlin Security Conference: 17–19 November 2025, Berlin
Munich Security Conference: 13 February 2026, Munich

BACKGROUND
Sweden's NATO accession and the shifting European security landscape have brought Sweden and Germany closer together on defence and security cooperation. Both the Berlin Security Conference (BSC) and the Munich Security Conference (MSC) have become important platforms for this partnership, drawing together political leaders, armed forces, and international organisations.

In 2025, Sweden stepped into a more prominent role at both events. At the BSC, Sweden was the official partner country, reflecting its growing importance in European and transatlantic security cooperation. The MSC built on that momentum, providing a high-level setting for dialogue on defence-industrial collaboration.

KEY ACTIVITIES
Business Sweden played a central role in facilitating Swedish-German industry engagement across both conferences.

At the Berlin Security Conference, Business Sweden, together with the Embassy of Sweden in Germany and the Government Offices of Sweden, organised a high-level delegation of 17 Swedish defence and security companies. The programme included exclusive engagements with Prime Minister Ulf Kristersson, H.R.H. Crown Princess Victoria, Minister for Defence Pål Jonson, and Minister for Civil Defence Carl-Oskar Bohlin.

DESCRIPTION: Swedish delegation at the Berlin Security Conference together with H.R.H. Crown Princess Victoria and Prime Minister Ulf Kristersson.
PHOTO CREDIT: Business Sweden

Business Sweden and the Swedish Embassy also hosted two networking events on the sidelines: an evening reception at the Swedish Embassy with selected German stakeholders, and a gathering at the Residence of Ambassador Veronika Wand-Danielsson. Both events brought together senior figures from the Swedish defence industry, including CEOs, admirals, and other senior representatives, and provided a forum for substantive conversations on bilateral priorities and future cooperation.

DESCRIPTION: H.R.H. Crown Princess Victoria at the evening reception at the Swedish Embassy in Berlin
PHOTO CREDIT: Christian Pries

Building on the BSC, Business Sweden and the Swedish Embassy organised a targeted Swedish-German defence industry dialogue around the Munich Security Conference. Selected representatives from Swedish and German companies were invited to a networking lunch ahead of the MSC to discuss procurement priorities, technological development, and opportunities for closer cooperation. The exchange built on discussions from the BSC and reinforced Sweden's standing as a trusted and capable partner within the German defence-industrial ecosystem.

Sweden's NATO accession has brought defence industrial cooperation between Sweden and Germany into sharper focus. Both the BSC and the MSC have become natural settings for that dialogue, and Business Sweden intends to maintain its presence at both, supporting Swedish companies in building the relationships and market understanding needed to pursue concrete opportunities in the German defence market.

DESCRIPTION: Minister for Defence Pål Jonson with Swedish and German company representatives at the MSC.
PHOTO CREDIT: Business Sweden

Promoting Swedish food exports under the Try Swedish umbrella at ISM Cologne

DATE & PLACE
1–4 February 2026, Cologne

BACKGROUND
ISM Cologne is the world's leading trade fair for confectionery and snacks, attracting manufacturers, retailers, distributors, and buyers from across major markets. It is a key venue for product launches, trend-spotting, and building commercial relationships.

DESCRIPTION: The Try Swedish pavilion at ISM 2026, featuring Swedish exhibitors showcasing their products
PHOTO CREDIT: Business Sweden

KEY ACTIVITIES
As part of the Try Swedish export promotion programme, Business Sweden organised a joint Swedish pavilion at ISM 2026. Centrally located and operating under the Try Swedish umbrella, the pavilion gave participating companies strong visibility, coherent branding, and on-site support, allowing participants to focus on commercial conversations and market opportunities.

DESCRIPTION: Visitors engaging at the Swedish pavilion during ISM 2026
PHOTO CREDIT: Business Sweden

A highlight of the week was a dedicated networking event at the fair, where the delegation welcomed selected international stakeholders over Swedish snacks, drinks, and music. The event drew visitors from across the fair and gave participating companies direct exposure to buyers and industry representatives from multiple markets.

ISM is one of the most efficient venues for Swedish food companies to reach international buyers in a single place. Business Sweden's presence under the Try Swedish umbrella is part of a continued effort to build Sweden's profile in the confectionery and snacks sector and give participating companies the platform and support to develop lasting commercial relationships.

DESCRIPTION: Try Swedish mascot engaging visitors at the Swedish pavilion during ISM 2026
PHOTO CREDIT: Business Sweden

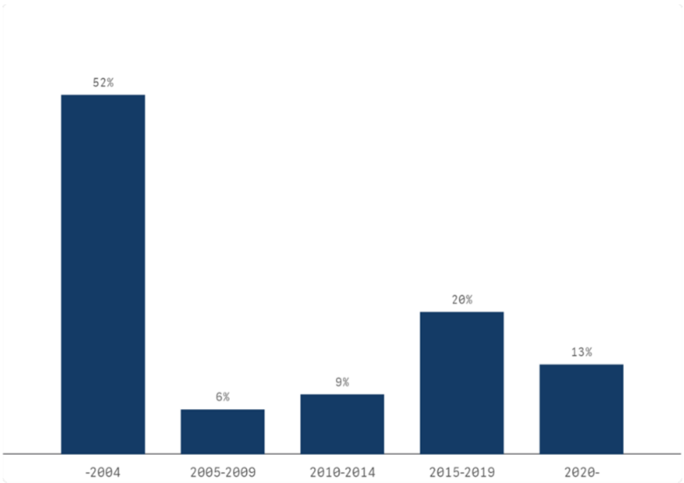
The market

Swedish companies maintain a strong and diverse presence in the German market

Germany and Sweden share a close and longstanding economic relationship, rooted in decades of bilateral cooperation across trade, innovation, and diplomacy. Germany remains Sweden's most important trading partner, and the strength of this bond is reflected in the more than 1,500 Swedish companies and subsidiaries currently operating in the German market. Germany is equally committed to Sweden: it is the country with the highest investment rate in Sweden, with around 1,000 German subsidiaries operating there. In 2025, total bilateral goods trade between Germany and Sweden amounted to approximately EUR 47.8 billion in combined turnover, with Germany exporting around EUR 28.8 billion to Sweden and importing approximately EUR 19.0 billion in return, making Sweden Germany's 15th-largest trading partner by export value.

This year's survey primarily represents Swedish companies with over 20 years of experience in the German market. Those established in 2004 or earlier account for 52 per cent of respondents, reflecting the longstanding presence of Swedish firms in Germany. At the same time, 20 per cent entered the market between 2015 and 2019, while 13 per cent have begun operating in Germany since 2020. In total, 33 per cent entered the market within the last decade. Together, these figures suggest that Germany continues to attract new Swedish market entrants alongside its established business community.

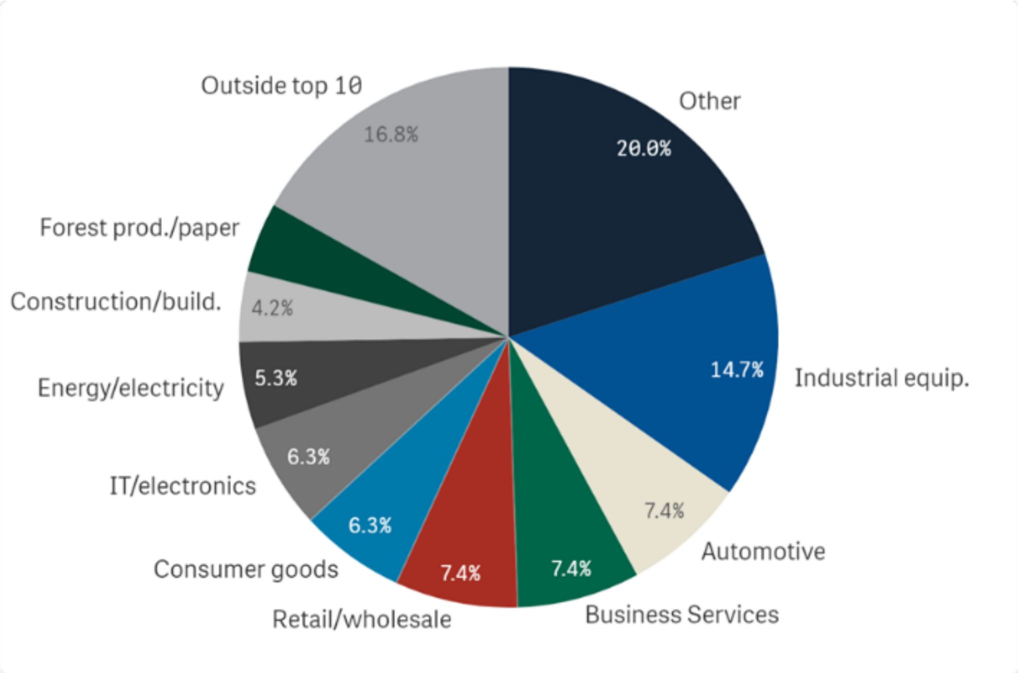
In what year did your company establish operations in Germany?



NOTE: The number of respondents for this question was 93. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026.

This year's survey respondents represent a wide range of sectors, reflecting the breadth of Swedish business activity in Germany. Industrial equipment remains the largest named sector, accounting for 14.7 per cent of respondents. Automotive (7 per cent), business services (7 per cent), retail and wholesale (7 per cent), and IT and electronics (6 per cent) are also well represented, as is energy and electricity (5 per cent), a sector of growing relevance given Germany's ongoing energy transition. Together, respondents span more than ten distinct industries, offering a broad and representative picture of the Swedish business community in Germany.

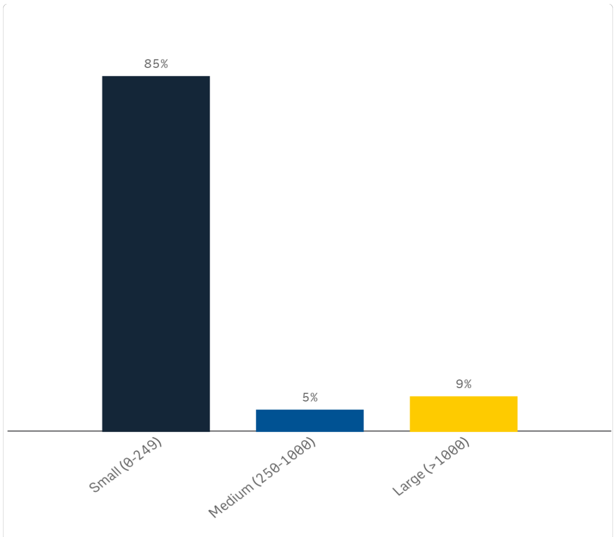
What is your company's main industry in Germany?



NOTE: The number of respondents for this question was 95. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026.

The majority of surveyed Swedish companies in Germany are small enterprises, with 85 per cent employing fewer than 250 people locally. This fits naturally into the German business environment, where SMEs, known as the "Mittelstand", make up more than 99 per cent of all firms and are widely regarded as the backbone of the economy. The remaining respondents, 5 per cent from medium-sized companies and 11 per cent from large corporations, round out a respondent base that broadly reflects the composition of the Swedish business community in Germany.

Swedish firms' local number of employees in Germany in 2026

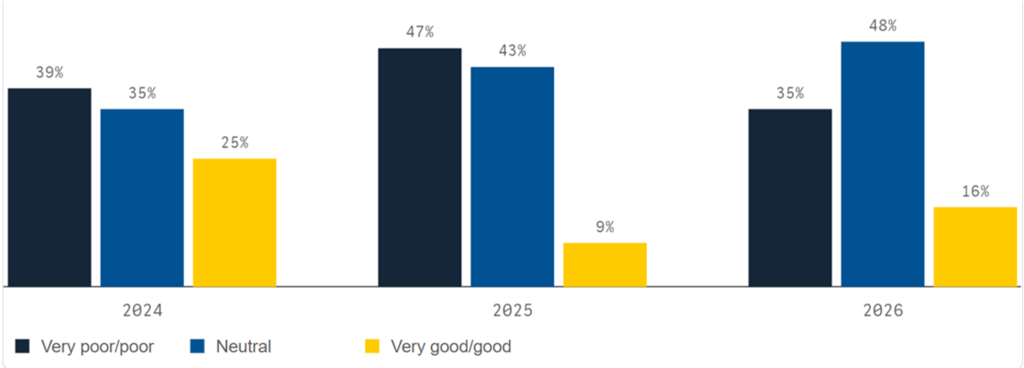


NOTE: The number of respondents for this question was 94. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026.

Swedish companies’ outlook on Germany's business climate improves slightly

Swedish companies’ perception of the German business climate shows tentative signs of improvement in this year’s survey. The share of respondents rating the climate as good or very good has risen to 16 per cent, up from nine per cent in 2025, the first increase after two consecutive years of decline. Meanwhile, those describing the climate as poor or very poor fell from 47 to 35 per cent. The largest group, 48 per cent, continues to describe the climate as neutral.

How do you perceive the current business climate in Germany?



NOTE: The number of respondents for this question was 83. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026.

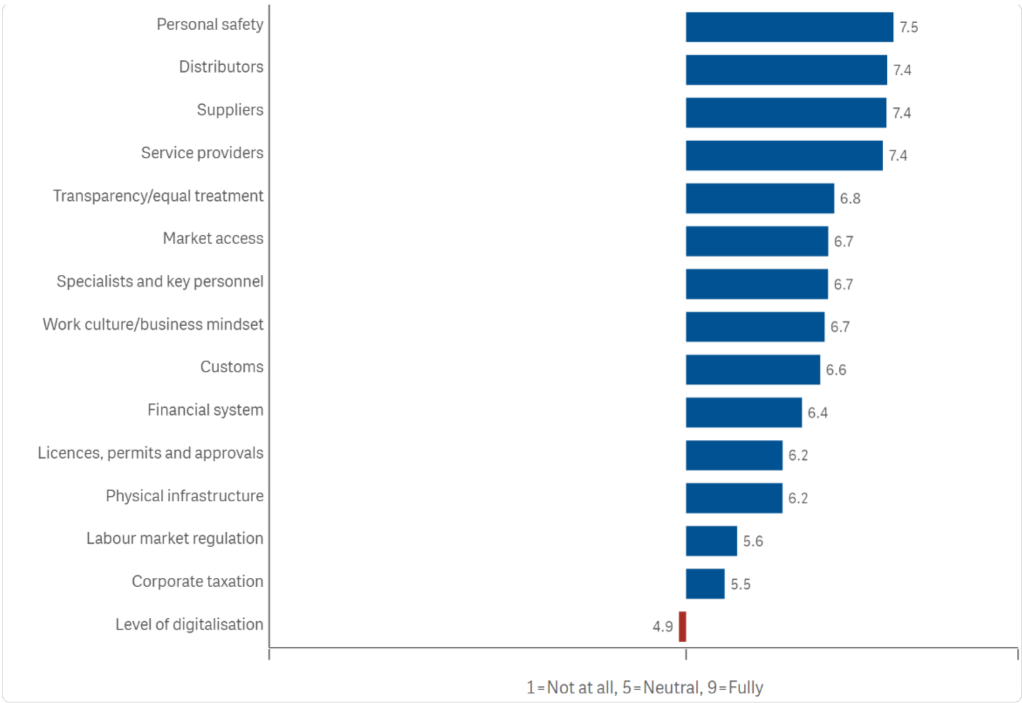
The shift in sentiment likely reflects the changed political landscape. The formation of the CDU/CSU-SPD coalition under Chancellor Merz in May 2025, combined with Germany’s landmark EUR 500 billion infrastructure investment package, appears to have tempered some of the uncertainty that weighed heavily on respondents in previous years. However, the recovery in confidence remains fragile and for many, the government has yet to deliver tangible results for businesses operating in Germany.

Positive assessments are still well below the levels recorded in 2023, and respondents continue to flag bureaucracy, slow digitalisation, and complex regulatory requirements as persistent obstacles. As one respondent put it: “The government must finally take action: too many empty words and promises that unfortunately are not implemented”.

Germany scores highly on stability, but taxation, digitalisation, and talent lag behind

Similar to previous years, respondents were asked how well various conditions in the German market align with their business needs. Swedish companies continue to highlight Germany’s strengths as a business location. Personal safety tops the rankings, consistent with Germany’s reputation as one of the world’s most stable and secure operating environments. The strong scores for suppliers, distributors, and service providers reflect the depth of Germany’s business infrastructure, which Swedish companies perceive as a reliable and well-developed network. Market access, transparency, and equal treatment also score well above neutral, confirming that Swedish companies continue to find Germany an open and predictable market in which to operate.

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



NOTE: The number of respondents for this question was 96.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

However, not all conditions score favourably. Corporate taxation and labour market regulation remain among the weakest-rated areas. Germany's tax system is more complex than Sweden's, as companies face both a federal corporate income tax and a municipal trade tax. Additionally, tax requirements vary across Germany's 16 federal states. For foreign companies without established local expertise, navigating this landscape can be challenging. The current government has begun to address this. In July 2025, it passed the so-called growth booster, introducing tax incentives for equipment investments through 2027 and committing to a gradual reduction of the corporate income tax rate from 15 to 10 per cent by 2032. However, the practical effects for companies operating in Germany will likely emerge gradually over the coming years.

Additionally, among the various conditions assessed, the level of digitalisation was the only area to receive an overall negative evaluation from respondents, and the score has fallen further this year, from 4.9 to 4.5. Germany has long lagged behind other European countries in digital transformation, a gap that is particularly evident compared to Sweden. The EU's Digital Decade 2025 country report confirms that Germany is currently behind its own national targets. The new government has responded with structural ambition. In May 2025, Germany established its first-ever dedicated Federal Ministry for Digitalisation and Government Modernisation, pooling responsibilities previously scattered across six ministries. Over EUR 4 billion has been allocated for digital infrastructure in 2025 alone, with a further EUR 34.2 billion committed through 2029. For Swedish companies, the gap remains a daily operational reality. As one respondent put it: "The culture in Germany is way behind the digital world. It is improving, but businesses have to fight to be relevant in this climate".

One of the more notable shifts this year is the decline in scores for specialists and key personnel, which has fallen significantly compared to last year. This reflects a structural challenge that goes well beyond the survey. Germany's Federal Employment Agency classified 163 occupations as experiencing skilled worker shortages in its most recent analysis. An ageing workforce and decades of underinvestment in attracting international talent mean the gap is widening steadily. Economists estimate that Germany is estimated to need around 300,000 skilled workers per year just to maintain current staffing levels. For Swedish companies hiring locally, this translates into longer recruitment timelines, leading to increased competition for a shrinking pool of qualified candidates.

Regulations and rising compliance costs shape the trade barrier landscape

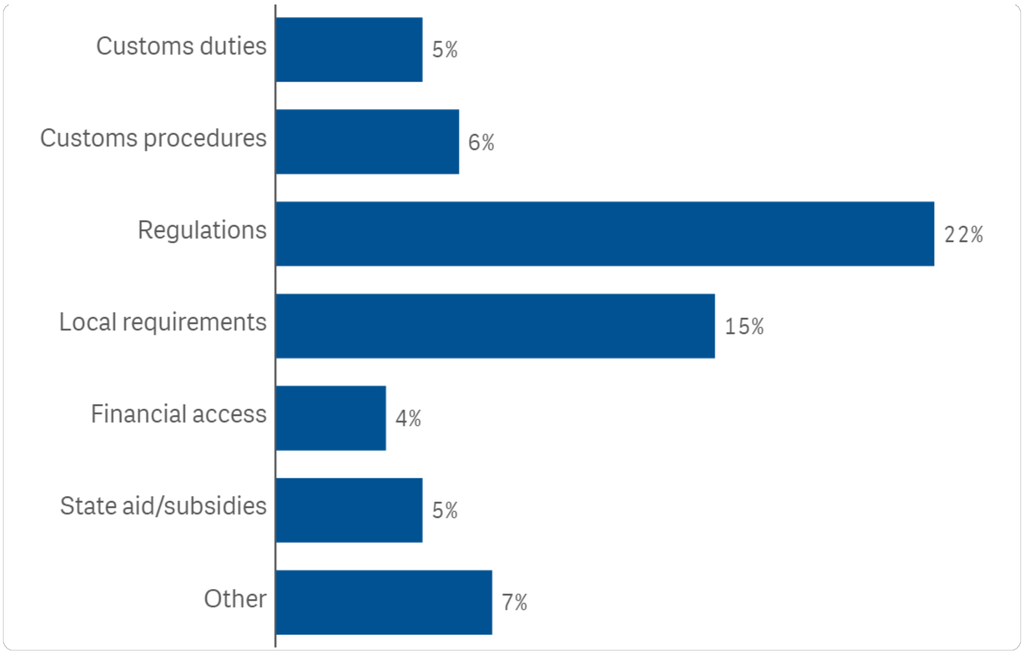
Trade barriers in Germany are more often the product of structural complexity. With 16 federal states and around 11,000 municipalities, the regulatory landscape is fragmented, and navigating this takes time, local knowledge, and resources. This challenge has increased over the past year as the global trade environment has shifted considerably. The wave of US tariffs introduced in 2025, targeting steel, aluminium, automotive and industrial goods, has put pressure on Germany's export-driven economy. For Swedish companies operating in Germany with customers or supply chains tied to transatlantic trade, the effects have been felt indirectly through softer industrial demand, procurement uncertainty, and a customs environment that has become less predictable than in previous years. These pressures are visible in this year's results, where customs procedures have emerged as a more prominent concern among respondents.

This year's survey shows that regulations remain the most cited trade barrier, reported by 22 per cent of respondents, a slight improvement from 24 per cent last year. The more notable shift is the sharp rise in local requirements, up from eight to 15 per cent, suggesting that region-specific compliance is becoming an increasingly tangible obstacle for Swedish companies on the ground. Customs procedures have also risen, from 1 to 6 per cent, consistent with the broader trade uncertainty described above. As one respondent put it: "Everything is very much theoretical, driven by theory rather than real market needs. Regulations from the EU and within Germany are complicated to navigate when running business operations".

Taken together, the results suggest that trade barriers remain a persistent feature of the German operating environment, with regulatory complexity and customs procedures representing the most tangible pressure points for Swedish companies in 2026.

> **Make Germany less complicated!**
>
> **Director**
> Large architecture company

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?



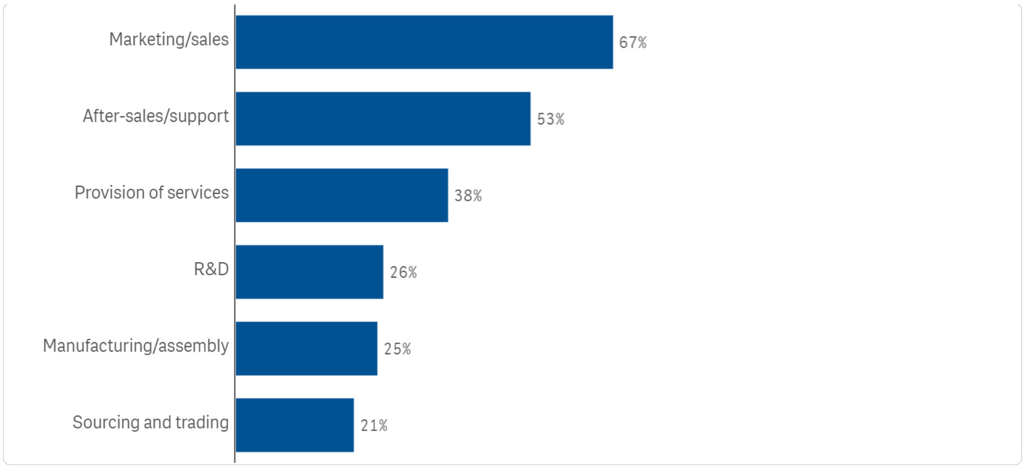
NOTE: The number of respondents for this question was 96.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

How Swedish companies succeed in Germany

Swedish companies continue to focus on marketing and sales in Germany

Marketing and sales remain the main focus for Swedish companies in Germany, with 67 per cent viewing them as vital for building a local presence. After-sales and support (53 per cent) and service provision (38 per cent) are also important, while research and development (26 per cent), manufacturing (25 per cent), and sourcing (21 per cent) are less emphasised.

Operations of Swedish firms in the market

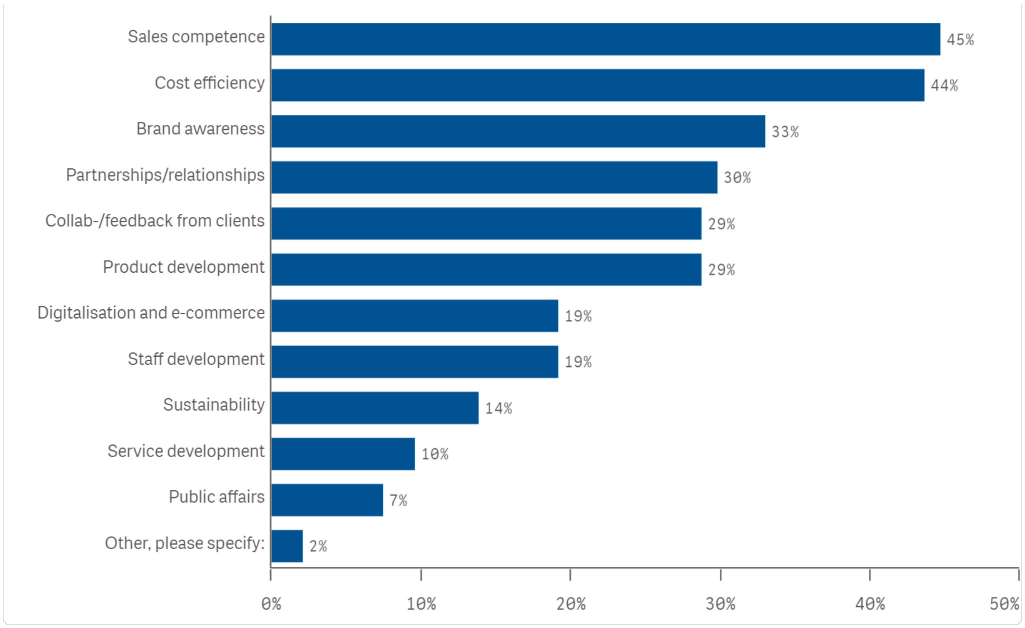


NOTE: The number of respondents for this question was 96. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

Sales expertise and visibility seem to be at the core of Sweden's competitiveness

Sales competence remains the most cited driver of competitiveness in Germany, reported by 45 per cent of respondents, closely followed by cost efficiency at 44 per cent. Brand awareness and partnerships remain the third and fourth most important factors. Administrative complexity, language barriers, and fragmented regulations continue to be cited as the principal market entry challenges.

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



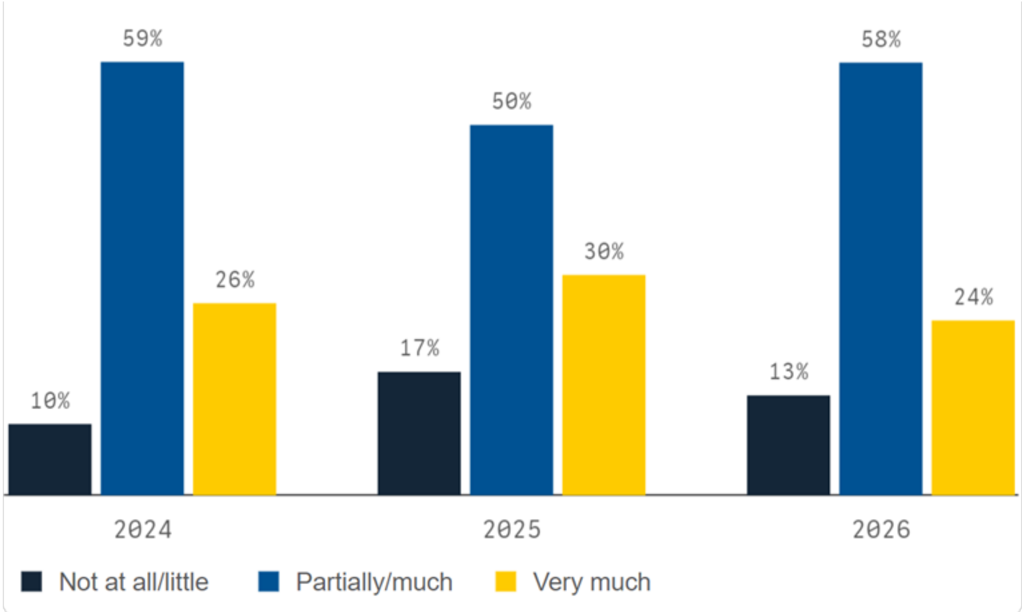
NOTE: The number of respondents for this question was 96. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

While Sweden and Germany share several structural and economic similarities, respondents observed clear differences in workplace culture in practice. Swedish organisations are generally described as favouring informal communication, consensus-oriented decision-making, and relatively flat organisational structures. In contrast, German workplaces are characterised by more formalised frameworks, clearly defined roles and responsibilities, and communication that more strongly reflects hierarchy and professional titles. Respondents further noted that decision-making processes in Germany tend to be more structured and explicit, while communication is typically more direct and guided by established protocols. These differences were reported to influence day-to-day collaboration, coordination, and expectations within teams.

The “Swedish brand” remains a competitive advantage

The Business Climate Survey annually assesses the influence of the “Swedish brand” and its value for companies operating in the German market. This year’s results indicate that the Swedish brand continues to provide tangible support, with 58 per cent of respondents reporting that their businesses benefit from this branding, with 24 per cent attributing a major part of their success to it. Thirteen per cent report no perceived benefit. The benefit is most pronounced among newly established companies (40 per cent) and consumer goods firms (46 per cent). Large industrial companies also report above-average benefits from their Swedish affiliation.

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 89. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

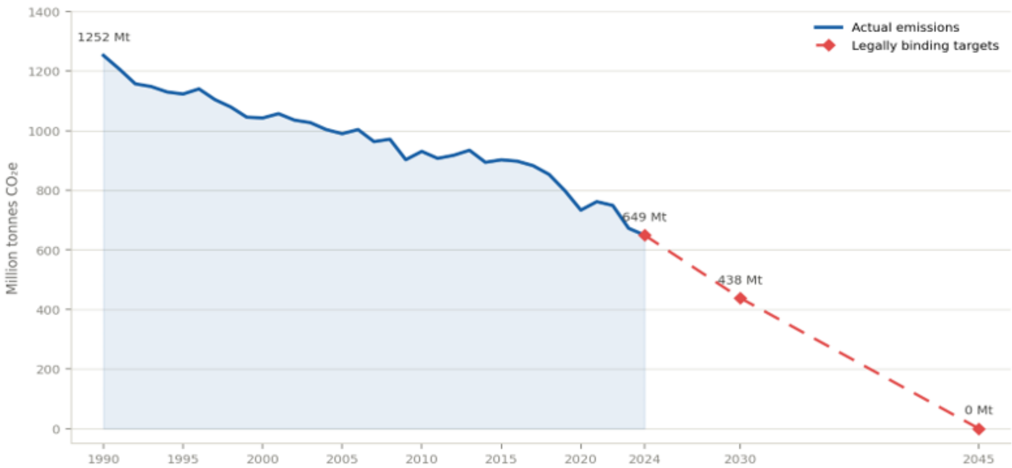
Respondents noted that German partners frequently associate Sweden with innovation, reliability, and sustainability. Sweden’s broader reputation as a technologically advanced and sustainability-oriented economy appears to contribute to these perceptions, extending beyond companies that actively promote their Swedish identity.

Acting sustainably

Germany's climate neutrality ambition in a new political context

Germany's commitment to achieving climate neutrality by 2045 remains legally binding under the Federal Climate Change Act, with intermediate targets of a 65 per cent reduction in greenhouse gas emissions by 2030 and 88 per cent by 2040, both relative to 1990 levels. Chancellor Merz reaffirmed these commitments in his first address to the Bundestag in May 2025. According to data published by the German Environment Agency, Germany's total greenhouse gas emissions stood at approximately 649 million tonnes of CO_2 equivalents in 2024, representing a reduction of 48 per cent since 1990. Emissions in 2025 fell only marginally, by approximately 0.1 per cent, with reductions in the industrial sector largely offset by increases in transport and buildings.

Germany's greenhouse gas emissions 1990–2024 and legally binding targets under the Federal Climate Change Act



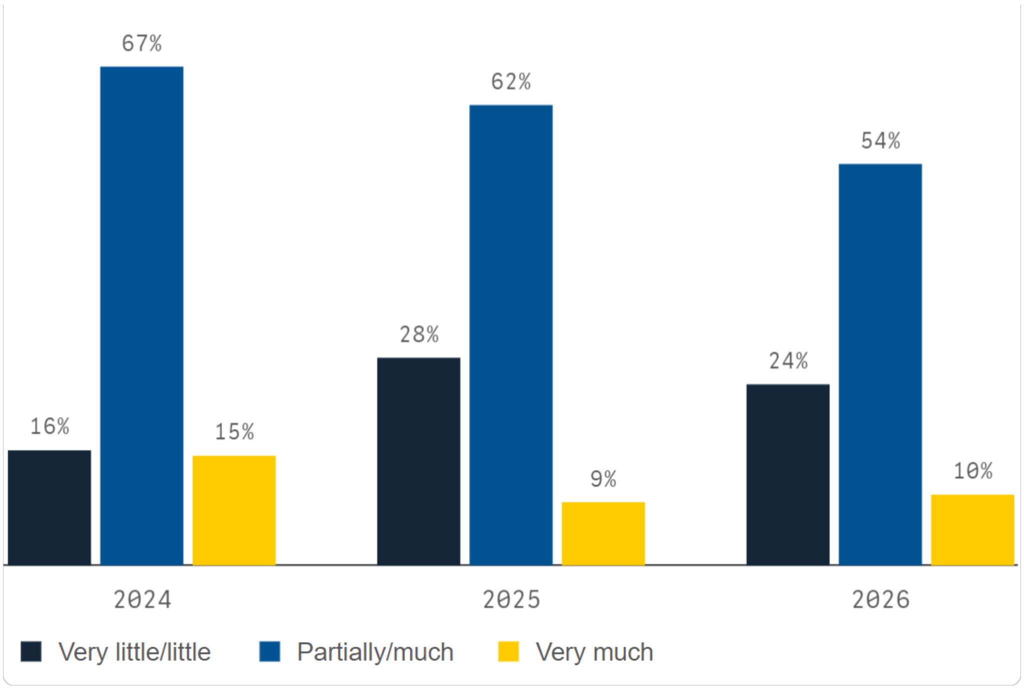
SOURCE: German Environment agency (*Umweltbundesamt*), National GHG inventory 1990-2023 (03/2025)
2024 preliminary estimate. Excluding land use, land use change and forestry.

In practice, the political framing around climate policy has shifted under the current government. The Merz administration has moved away from treating climate action as a primary policy objective towards what it describes as "climate pragmatism", in which emissions reduction is pursued primarily as a means of strengthening industrial competitiveness. Current projections indicate that Germany is on course for a reduction of approximately 63 per cent by 2030, falling short of the legally binding 65 per cent target. The transport and buildings sectors in particular, continue to lag behind the required pace of reduction.

Progress in the energy sector is more visible. In 2024, renewables accounted for around 60 per cent of net electricity generation, an increase of approximately 10 percentage points compared with 2023, driven by record additions of solar PV and a continued decline in coal-fired generation. To help manage persistently high electricity costs for industry, the government has announced a planned industrial electricity price cap of around EUR 0.05/kWh from 2026, financed through a time-limited subsidy of approximately EUR 3.1 billion and linked to mandatory investments in efficiency and clean electricity.

The five sectors responsible for the largest share of Germany's greenhouse gas emissions remain energy (30 per cent), industry (23 per cent), transport (22 per cent), buildings (15 per cent), and agriculture (9 per cent). Notwithstanding the changed political tone, the structural investment requirements across these sectors over the coming decade remain substantial. Demand for solutions in areas such as smart energy infrastructure, battery storage, sustainable mobility, energy-efficient building renovation, and climate-smart agriculture continues to be driven by legally binding targets, EU regulation, and the requirements of Germany's ongoing industrial transformation.

In your view, to what extent do customers in your industry in Germany consider environmental aspects of a product or service in their purchasing decision?



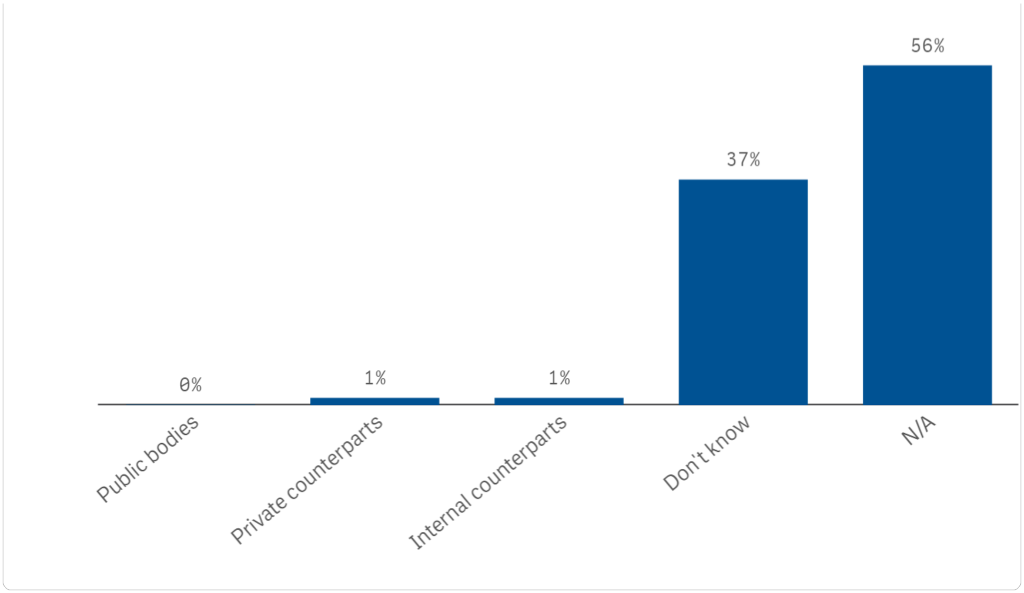
NOTE: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

This year's survey indicates a continued shift in how Swedish companies perceive German customers' consideration of environmental factors in purchasing decisions. 54 per cent of respondents indicated that environmental aspects are considered partially or extensively, down from 62 per cent in 2025 and 67 per cent in 2024. The share reporting very little or little consideration declined slightly to 24 per cent, compared with 28 per cent in 2025, while those reporting very much remained broadly stable at 10 per cent. Taken together, the results suggest that while environmental considerations retain relevance in purchasing decisions, their perceived weight has continued to decline over consecutive survey years. This trend likely reflects the ongoing effect of cost pressures across the German economy, where elevated energy costs and slow growth have continued to constrain household and corporate budgets.

Swedish companies report minimal corruption risk in the German market

This year's survey indicates that corruption is not viewed as a concern by most respondents operating in the German market. Direct exposure to corruption was reported by only a marginal share of respondents, with one per cent citing private counterparts and one per cent citing internal counterparts. No respondents reported exposure through public bodies. These results suggest that the corruption levels remain minimal across the Swedish business community operating in Germany.

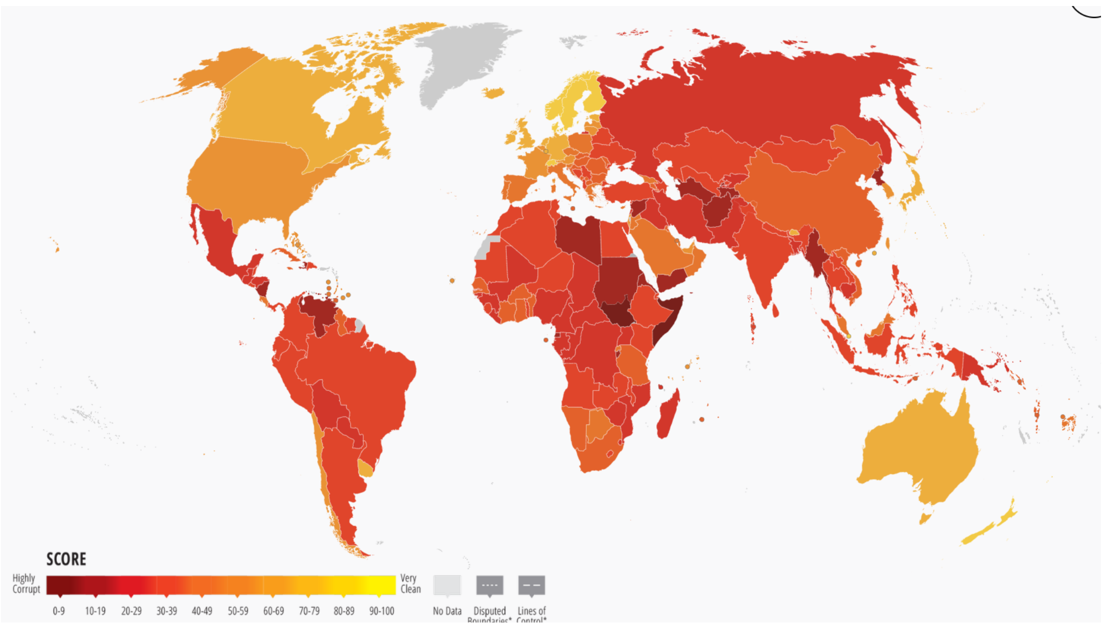
Has your company in Germany been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?



NOTE: The number of respondents for this question was 96.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

This perception is supported by the most recent Corruption Perceptions Index, published by Transparency International in February 2026. In the 2025 CPI, Germany scored 77 out of 100 on a scale from 0 (highly corrupt) to 100 (very clean), an improvement of two points compared to the previous year, placing it 10th out of the 182 countries assessed. Among Western European and EU countries, the highest score was 89, the average was 64, and the lowest was 41. The results are consistent with Germany's established reputation as a low-corruption business environment.

CORRUPTION PERCEPTIONS INDEX 2025

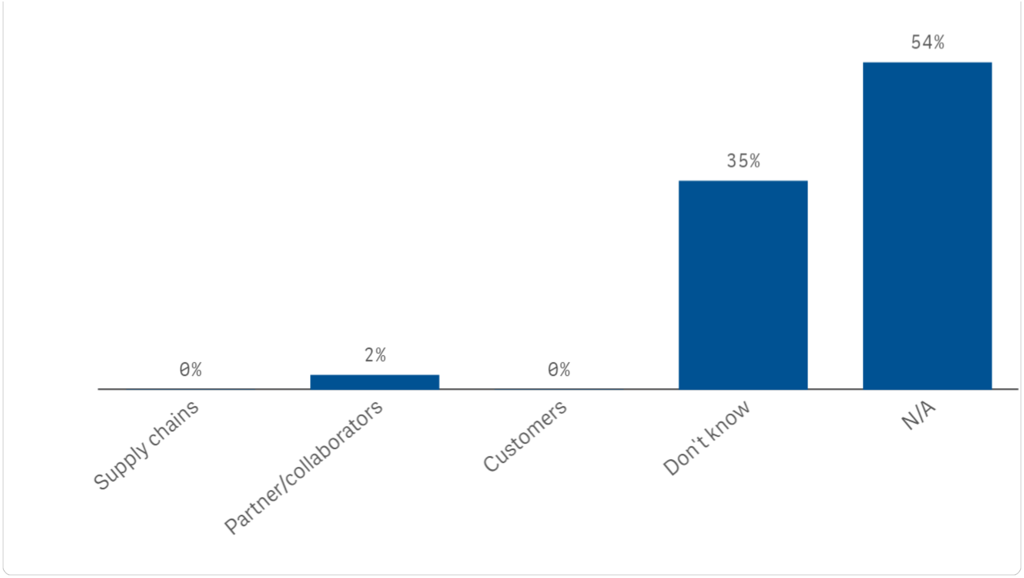


NOTE: Germany holds a score of 77 out of 100, securing the 10th position globally
SOURCE: Transparency International

Perceived risk of human and labour rights abuse remains low

This year's survey results indicate that Swedish companies operating in Germany continue to perceive a low risk of encountering human and labour rights violations. In response to the question, only two per cent of respondents reported encountering violations, specifically in contacts with partners or collaborators. No violations were reported in supply chains or customer contacts.

Has your company in Germany encountered any form of human rights violations and/or labour rights abuse in any of the following areas?



NOTE: The number of respondents for this question was 96.
SOURCE: Business Climate Survey for Swedish Companies in Germany 2026

One notable regulatory development concerns supply chain due diligence. Germany's Supply Chain Act has been substantially scaled back under the new government, with annual reporting obligations removed and most sanctions eliminated. The Act is expected to be replaced by a streamlined transposition of the EU's Corporate Sustainability Due Diligence Directive, currently scheduled for application from 2029. For Swedish companies operating in or supplying into the German market, this reduces the near-term compliance burden while the EU-level framework takes shape.

Germany maintains a well-established legal framework for labour rights. Recent legislative developments have further strengthened employee protections, most notably the increase in the statutory minimum wage to EUR 13.90 per hour on 1 January 2026, with a further rise to EUR 14.60 per hour planned for January 2027. There are no widespread concerns about systemic human and labour rights abuses, and the risk of violations remains low for companies operating in the German market.

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