



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN TÜRKIYE 2025

A REPORT FROM TEAM SWEDEN IN TÜRKIYE

TABLE OF CONTENTS

FOREWORD.....	3
ABOUT THE SURVEY.....	5
ECONOMIC OUTLOOK.....	7
THE MARKET	11
HOW SWEDISH COMPANIES SUCCEED IN TÜRKİYE	16
ACTING SUSTAINABLY	21
CONTACT US	24

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Türkiye

Mattias Lindgren

Didem Çetin Karaduman

Barış Yıldırım

Swedish Chamber of Commerce in Türkiye

Mustafa M. Alaca

Aslı Buğdaycı

Consulate General of Sweden in Türkiye

Johanna Strömquist

Jenny Nordman

Şevin Yalçın

FOREWORD



Johanna Strömquist
Consul General of
Sweden in Istanbul



Mattias Lindgren
Trade Commissioner for
Türkiye | Head of
Türkiye and Eurasia,
Business Sweden



Mustafa M. Alaca
Chairman – Swedish
Chamber of Commerce
in Türkiye

The export volume from Sweden to Türkiye amounted to **SEK 21.5 billion** in 2024 – although last year represented a slight decline from the record levels reached in 2023, the export volume has increased by **48 per cent** over the past 5 years. This positions Türkiye as the **16th** largest recipient of Swedish exports. With regards to imports, the volume of goods imported from Türkiye to Sweden in 2024 declined slightly to **SEK 16 billion**, making Türkiye Sweden's **21st** largest import partner. Although long-term trade dynamics should be monitored for any extensive assessments, it could be said that the key driver of this slight decrease was the decline in Türkiye's foreign trade balance of **23 per cent**, with implications on both Sweden's exports to and imports from Türkiye.

At the Joint Economic and Trade Committee (JETCO) meeting held between Sweden and Türkiye in Stockholm on 3 September 2024, headed by Minister for International Development Cooperation and Foreign Trade of Sweden, Mr. Johan Forssell, and Minister of Trade of Türkiye, Mr. Ömer Bolat, both countries committed to the shared objective of growth in the volumes of bilateral trade and investments as well as continuing to seek joint business opportunities in third countries. The meeting included a round-table discussion organised in collaboration with Business Sweden and Türkiye's Foreign Economic Relations Board (DEİK). Representatives of both Swedish and Turkish businesses took part in the discussion, which mainly focused on cooperation regarding the green transition and the reconstruction of Ukraine.

"Today, Swedish and Turkish businesses have an opportunity to make valuable contacts, share experiences, and create new business opportunities. Trade and investment are a significant part of the ties between our two countries, but there is huge untapped potential," said Minister Forssell.

Throughout 2024, the government of Türkiye sought to tackle inflation by using a more orthodox monetary policy (prior to lowered rates in December 2024). This led to increased international confidence, evidenced by a series of improvements related to Türkiye's credit ratings and growing reserves, along with a steady recovery of the stock market. Despite these positive developments, rising unemployment and a mid-year economic contraction pose ongoing challenges.

The results of the 2025 Business Climate Survey for Türkiye show that in the face of ongoing macroeconomic challenges, the prevailing business sentiment within Swedish companies in Türkiye remains neutral. Amongst the companies surveyed, **60 per cent** reported being profitable, with only **nine per cent** reporting losses. Fluctuating market conditions imply that companies have adopted a more cautious outlook, with a significantly smaller **44 per cent** of companies expecting to increase their turnover.

Notably, it appears that "Brand Sweden" contributes positively to Swedish business operations in Türkiye, with **66 per cent** of companies acknowledging that there is a strong impact associated with the Swedish brand. Specifically regarding the sustainability agenda, the potential for Sweden to act as a strategic partner to Türkiye presents a clear opportunity.

This report provides a detailed analysis of the business environment in Türkiye from the viewpoint of Swedish companies. Based on a survey of Swedish companies carried out in Türkiye between February and March 2025, its purpose is to clarify their performance and offer insights into the opportunities and challenges present in the Turkish market. We also expect this report to encourage further commercial discussions between Sweden and Türkiye.

We would like to extend our sincere gratitude to all the companies and individuals who participated in this survey, offering their valuable insights and projections relating to the Turkish market.

43 respondents in Türkiye

Current business climate



Neutral

Industry turnover

44%

of Swedish companies expect their industry turnover to increase

Future investments

23%

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

Globally valued success factors

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

Brand Sweden

95%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Service providers
2. Suppliers
3. Physical infrastructure

Local conditions with least satisfaction

1. Corporate taxation
2. Financial system
3. Labour market regulations

Environmental considerations

51%

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

Corruption

- Eight per cent of respondents were exposed to corruption in contact with internal counterparts.
- Three per cent of respondents were exposed to corruption in contact with public bodies.

Human rights violations and labour rights abuse

- Respondents have not reported any form of human rights violations or labour rights abuses regarding their supply chains, partners, or customers.

ABOUT THE SURVEY

Swedish companies offer their viewpoints on the Turkish market through the insights provided by the Business Climate Survey

The Business Climate Survey Türkiye 2025 aims to capture how Swedish companies perceive the local business environment and how their operations are affected by economic and regulatory conditions. While macroeconomic indicators provide important context, this survey focuses on company-level experiences – highlighting both structural opportunities and practical challenges across sectors. The survey is part of a global initiative conducted in 37 markets by Business Sweden and Swedish missions abroad, enabling comparative insights across regions and over time.

In Türkiye, the survey was sent to Swedish companies that meet one of two criteria:

- Founded in Sweden that have established a local subsidiary under the Turkish Commercial Code
- Founded in Türkiye, that have since been acquired by a Swedish company

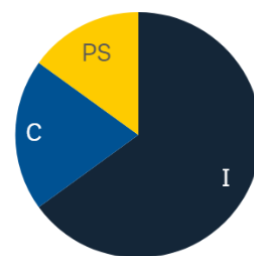
The 2025 edition was carried out between 3 February and 6 March 2025, targeting senior representatives such as country managers, business unit leads, or sales directors. Out of a total of 119 company representatives contacted, 43 responded, resulting in a 36 per cent response rate. While the survey does not include all Swedish-affiliated firms in Türkiye, the results are considered reflective of the broader Swedish business community operating in the country. The findings provide relevant input for firms already active in Türkiye as well as those evaluating future market entry.

The Business Climate Survey Türkiye 2025 report is structured into four main sections:

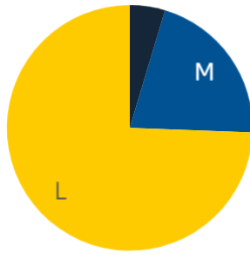
- **Economic Outlook:** This section offers macroeconomic data and provides insights into Swedish companies' performance and expectations in the Turkish market.
- **The Market:** This section provides an overview of the market's activities and the perspectives of Swedish companies operating in it.
- **How Swedish Companies Succeed in Türkiye:** This section presents the experiences of successful Swedish companies to guide new market entrants.
- **Acting Sustainably:** This section analyses the Turkish market from a sustainability standpoint.

MAIN INDUSTRY

The 2025 Business Climate Survey captures the perspectives of Swedish companies with a strong operational presence in Türkiye. Representing **65 per cent**, the majority of participating firms operate in the industrial sector, reflecting Sweden's traditional strengths in manufacturing, engineering, and infrastructure. The remaining share is distributed across the consumer goods sector (**20 per cent**) and professional services (**15 per cent**), offering additional viewpoints from customer-facing and advisory-driven operations. This composition provides a diverse yet industry-driven lens for interpreting the survey's findings.



NOTE: Industrial 65%. Professional services 15%. Consumer 20%.



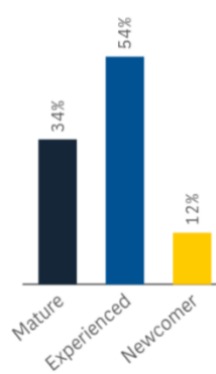
SIZE OF COMPANIES

In terms of company size, the survey is heavily weighted towards large enterprises, which make up **74 per cent** of all respondents. Medium-sized companies account for **21 per cent** of the sample, while small firms are represented to a limited extent at **five per cent**. This distribution mirrors the established footprint of Swedish multinationals in Türkiye and frames the survey results within the context of companies that typically possess greater financial capacity, workforce scale, and longer planning horizons.

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

AGE OF COMPANIES

The maturity profile of respondents further reinforces this long-term presence. More than half of the companies are classified as experienced – active in Türkiye for 6-20 years – while another **34 per cent** have operated in the country for over two decades. Only **12 per cent** of respondents are newcomers with less than five years of experience in the market. This maturity structure suggests a respondent base that is both deeply familiar with the local business environment and new enough in the market to be well-positioned to assess long-term trends, risks, and opportunities.



NOTE: Mature (<2003). Experienced (2004-2019). Newcomer (2020-)

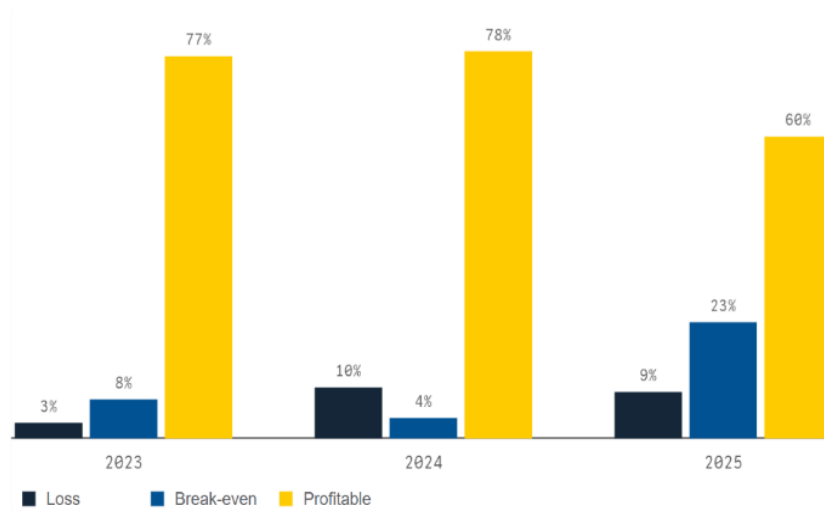
ECONOMIC OUTLOOK

Türkiye's economic rebalancing fosters resilience among Swedish firms despite ongoing challenges

Türkiye's economy is undergoing a period of stabilisation, marked by moderate growth and early signs of macroeconomic improvement. In 2024, real GDP expanded by **3.2 per cent**¹, driven by robust domestic demand, infrastructure investment, and resilient export performance. GDP reached **USD 1.32 trillion**², placing Türkiye as the **16th** largest economy globally³. While inflation and currency volatility remain near-term challenges, key sectors such as manufacturing, logistics, and energy continue to demonstrate adaptability. Foreign trade remains a vital engine of the economy, with exports increasingly composed of higher value-added goods – particularly in automotive, machinery, and chemicals – and **41.5 per cent**⁴ directed to EU markets. Türkiye's strategic location, young and skilled workforce, and integration into regional value chains continue to underpin its long-term competitiveness.

In order to support economic stability and restore investor confidence, the Central Bank of Türkiye (CBRT) raised its policy rate from **8.5 per cent** in mid-2023 to **50 per cent** by March 2024, signalling a strong commitment to disinflation and market normalisation. With inflation showing signs of decline, the CBRT initiated a cautious easing cycle in December 2024, reducing the policy rate to **47.5 per cent**⁵. In parallel, the Ministry of Treasury and Finance has adopted a tighter fiscal stance, emphasising deficit control, spending efficiency, and improved public financial management. These policy signals reflect the government's focus on macroeconomic discipline, institutional credibility, and a more predictable investment climate. Strategic reforms in sectors such as energy, manufacturing, and infrastructure further reinforce Türkiye's position as a reliable and competitive destination for international business and long-term investment.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN TÜRKİYE IN 2024?



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2024.

¹ IMF World Economic Outlook Database (2025)

² Ibid

³ Ibid

⁴ Ministry of Trade of the Republic of Türkiye (2024)

⁵ Central Bank of the Republic of Türkiye (CBRT) (2024)

In 2024, **78 per cent** of Swedish companies operating in Türkiye described their financial performance as having improved compared to the previous year – slightly above the **66 per cent** recorded in 2023. Only **14 per cent** indicated a decline, down from **20 per cent** in the previous year, suggesting a broadly resilient year despite ongoing economic and operational challenges. Profitability perceptions were especially strong amongst smaller and more established firms: all small companies described their performance in 2024 as profitable, while **86 per cent** of mature companies shared the same view. Sector-wise, **83 per cent** of companies in the professional services industry also described their year as profitable, pointing to continued stability in this segment. Despite these results, expectations for 2025 have become more cautious, with only **44 per cent** of companies anticipating further improvements and **23 per cent** expecting deterioration – reflecting rising concerns around cost pressures, regulatory complexity, and shifting market conditions.

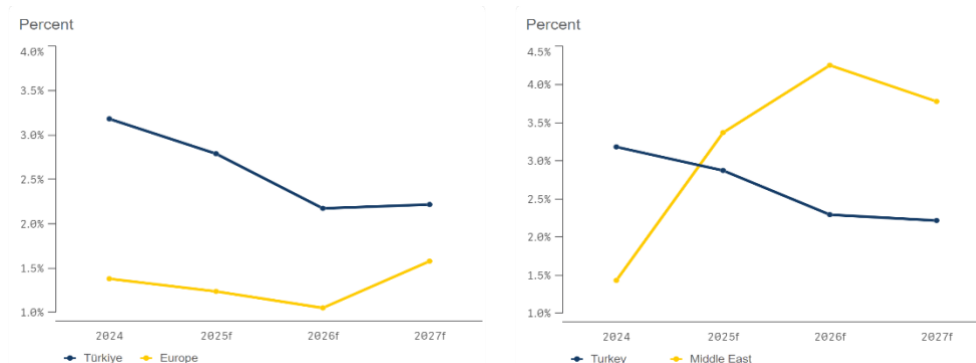
Stabilisation gains support, yet businesses prepare for a more cautious 2025

“Inflation is the biggest problem for all the stakeholders... irrational relationship between devaluation and inflation. Hope that this correlation will become more logical as of 2025.” (respondent comment)

Türkiye’s macroeconomic policy throughout 2024 was focused on curbing inflation and restoring credibility. After peaking at approximately **75 per cent** as of May 2024, inflation slowed to **49.4 per cent**⁶ by September, driven by the Central Bank’s sustained tightening cycle. The CBRT has pledged to maintain a tight stance until inflation expectations are anchored, with targets set to bring inflation down to **24–29 per cent** by the end of 2025⁷. Parallel to this, fiscal policy remained disciplined, with measures such as a **six per cent** fuel tax hike in December 2024⁸ and continued commitment to medium-term program targets helping to stabilise the central government budget.

External indicators for the Turkish economy also showed signs of improvement. Türkiye’s foreign exchange reserves increased from **USD 99 billion** in June 2023 to **USD 131 billion** in March 2024, with a projected rise to **USD 148 billion** by year-end⁹, strengthening liquidity buffers. The current account deficit narrowed to an estimated **0.7 per cent** of GDP¹⁰, supported by demand restraint and reduced energy imports. These developments signal progress in rebalancing the economy, although vulnerabilities such as external debt exposure and capital flow sensitivity remain relevant for business planning.

PROJECTED GDP GROWTH IN TÜRKİYE VS EUROPE & MIDDLE EAST



NOTE: Constant prices.

SOURCE: Oxford Economics 2025

⁶ Turkish Statistical Institute (TÜİK) (2024)

⁷ CBRT (2024)

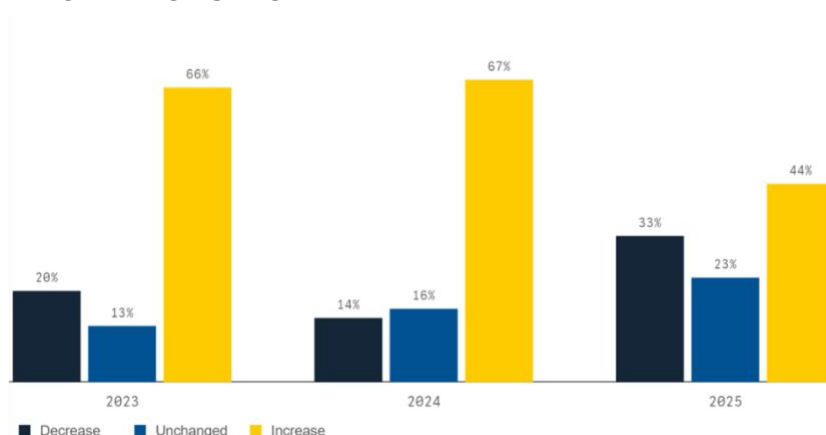
⁸ Official Gazette of the Republic of Türkiye (2024)

⁹ CBRT (2024)

¹⁰ Ibid

When viewed regionally, Türkiye's projected GDP growth – **3.2 per cent** in 2024, projected to slow to **2.3 per cent** by 2027 – trails behind the accelerating trajectory of the Middle East, which is expected to reach a growth rate of nearly **four per cent** during the same period. Although Türkiye's GDP growth rates compare more favourably with Europe, it should be noted that whilst GDP growth rates in Europe are expected to grow strongly to **1.5 per cent** following a dip in 2026, Türkiye's GDP growth is expected to remain relatively stagnant from 2026 to 2027. Despite these regional differences, Türkiye's outlook reflects a deliberate stabilisation process following years of macroeconomic imbalances. Unlike some regional peers whose growth is driven by cyclical rebounds or commodity effects, Türkiye's path suggests a transition towards more sustainable, policy-driven growth, which could offer greater resilience in the long run for businesses prioritising predictability and market depth.

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



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Macroeconomic dynamics in Türkiye over the recent years have shaped how Swedish companies perceive the future of their respective industries. In 2024, **67 per cent** of Swedish firms operating in Türkiye expected their industry turnover to increase over the next 12 months, compared to developments in the past year – a slight improvement from **66 per cent** in 2023. However, sentiment for 2025 reflects growing caution: only **44 per cent** now anticipate further turnover growth, while **33 per cent** foresee a decline, highlighting concerns around cost pressures, regulatory complexity and overall demand conditions. Expectations also vary by company maturity – **60 per cent** of new entrants anticipate slight growth, while **43 per cent** of mature companies foresee slight decreases. Smaller firms are the most optimistic, with **100 per cent** projecting a slight increase, whereas medium and large companies express more reserved views (**22 per cent** and **47 per cent**, respectively, anticipate increases). Sector-wise, the professional services industry remains the most confident, with **66 per cent** of firms expecting growth, including one-third projecting significant increases. In contrast, the consumer and industrial sectors present a more cautious picture, with many firms anticipating either stability or a marginal decline in turnover.

Türkiye's improved sentiment has not yet translated into increased investment efforts from Swedish companies

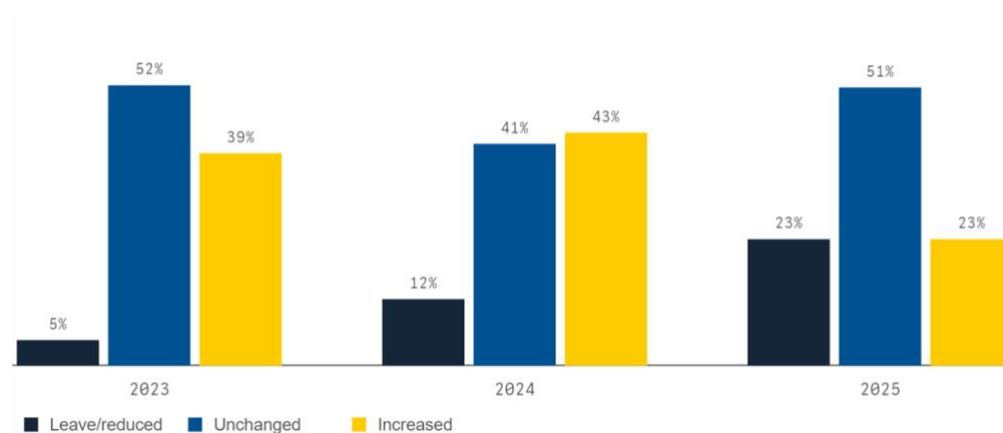
Investor sentiment towards Türkiye improved throughout 2024, supported by the government's continued commitment to orthodox economic policies. In September 2024, Fitch Ratings upgraded Türkiye's long-term foreign-currency Issuer Default Rating from **B+** to **BB-**¹¹, citing enhanced policy

¹¹ Fitch Ratings (2024)

credibility, stronger fiscal discipline, and rising external buffers. While caution remains – particularly considering ongoing inflationary pressures and political sensitivities – these developments have contributed to a more stable market environment and improved access to external financing.

Foreign direct investment remained moderate but strategically important in 2024, with total inflows reaching **USD 11.3 billion**. This figure included **65.8 per cent** in equity capital, **11.6 per cent** from real estate sales to foreign nationals, and **22.6 per cent** via debt instruments. As of mid-2024, services – encompassing wholesale and retail trade and financial activities – received the highest share of equity capital, followed by investments in industry and agriculture. The EU remained the top source of equity inflows (**75.4 per cent**)¹². These trends reflect Türkiye's efforts to maintain its investment appeal across diverse geographies, even as global conditions and domestic inflation dynamics continue to shape investor behaviour.

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



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Investment intentions among Swedish companies in Türkiye have become noticeably more cautious going into 2025. While **43 per cent** of respondents stated plans to increase their investments in 2024, only **23 per cent** plan to do so in the year ahead. At the same time, the share of companies expecting to reduce or leave their investments has risen to **23 per cent**, up from **12 per cent** in 2024 and just **five per cent** in 2023. This shift reflects heightened concerns around inflationary cost pressures, regulatory complexities, and exchange rate risk. Across maturity groups, **80 per cent** of new entrants intend to maintain current investment levels, whereas **21 per cent** of mature firms and **18 per cent** of expanding firms plan to scale back. Smaller firms appear more stable in intent, with **100 per cent** planning no change, compared to more varied outlooks among medium and large firms, including higher rates of planned reductions or withdrawals. From a sector perspective, the professional services segment remains the most positive in outlook, with **34 per cent** anticipating increased investments, while **25 per cent** of consumer companies signal plans to reduce presence or leave the market. These patterns suggest that while Türkiye remains an important market for many Swedish firms, a more selective and risk-aware investment posture is taking hold for 2025.

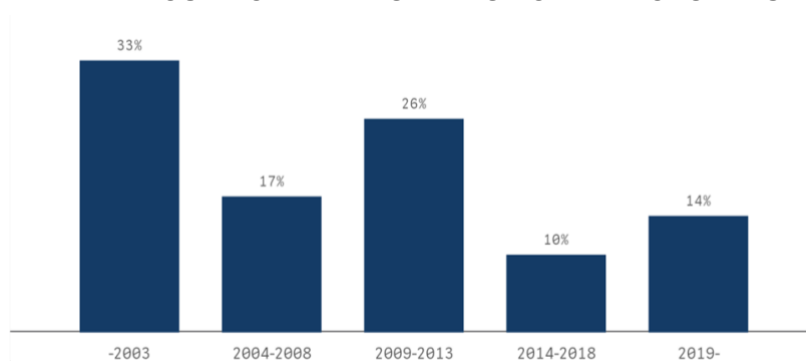
¹² Investment Office of the Presidency of Türkiye (2025)

THE MARKET

Long-term market presence and sectoral diversity define Swedish operations in Türkiye

Türkiye's strategic location at the crossroads of Europe, Asia and the Middle East continues to offer Swedish companies a unique platform for regional supply chain integration and export growth. Competitive labour costs, a flexible manufacturing base, and ongoing investments in advanced production and service technologies sustain the country's appeal as a production and distribution hub. The active presence of Team Sweden – comprising the Consulate General in Istanbul, Business Sweden, the Swedish Chamber of Commerce in Istanbul, and the Swedish Embassy in Ankara – remains a key pillar in supporting Swedish firms operating in Türkiye's evolving business landscape.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN TÜRKİYE?



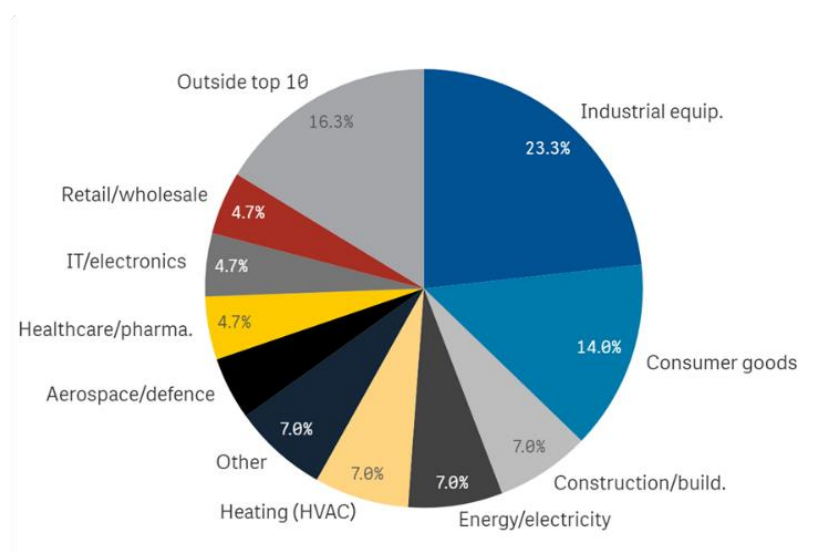
NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Swedish companies maintain a long-standing presence in Türkiye, with **one-third** of the respondents having entered the market before 2003. An additional **43 per cent** of companies established operations between 2004 and 2013, underlining the strength of established business networks. More recent market entries remain limited, with only **14 per cent** of companies having initiated operations after 2019, indicating a relatively cautious expansion in recent years despite improved sentiment.

The breadth of Swedish company presence across sectors in Türkiye continues to reflect the market's diverse appeal. In this year's survey, Swedish firms reported operations in **16** different industries, with industrial equipment accounting for the largest share at **23 per cent**. The consumer goods industry follows this distribution at **14 per cent**, while sectors such as construction and building, energy and electricity, and heating, ventilation, and air-conditioning (HVAC) each represent **seven per cent** of responses. This sectoral spread highlights a balanced mix of advanced manufacturing, energy, and consumer-oriented activities.

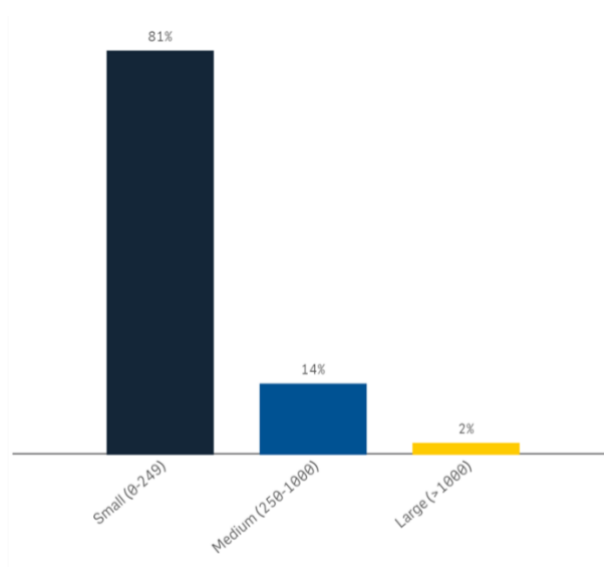
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN TÜRKİYE?



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN TÜRKİYE IN 2024



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown in this figure.

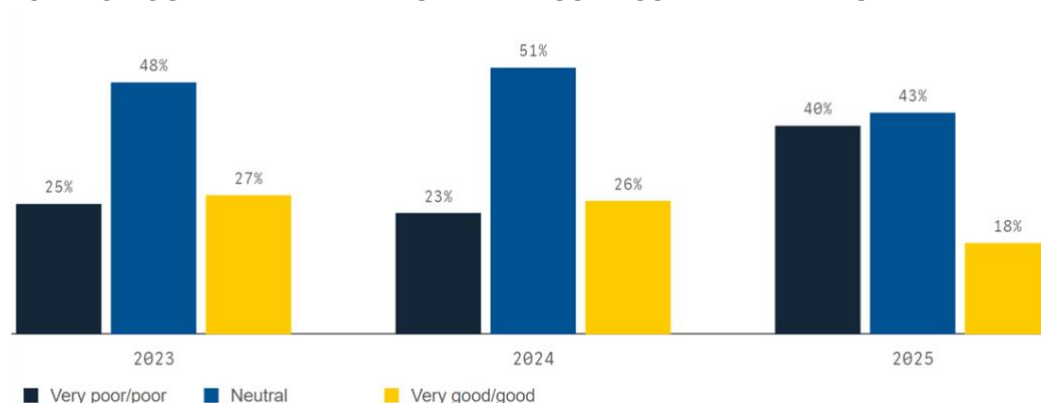
SOURCE: Business Climate Survey for Swedish Companies in TÜRKİYE 2025.

In line with previous surveys, most Swedish companies operating in Türkiye continue to be small- to mid-sized enterprises. A combined **81 per cent** of respondents report employing between 0 and 249 individuals locally. Larger firms remain limited in number, with only **nine per cent** employing more than 500 people and just one company exceeding the 1,000-employee threshold. While direct employment figures remain modest, Swedish firms contribute significantly to Türkiye's labour market through extended value chains and indirect job creation.

The business climate remains broadly neutral, though Swedish firms are increasingly cautious

Swedish companies reported a more cautious outlook on Türkiye's business climate in 2025. The share of respondents rating the business environment as "very poor/poor" has risen significantly to **40 per cent**, up from **23 per cent** in 2024. Meanwhile, positive perceptions have declined to **18 per cent** – marking the lowest share in the past three years. Despite this shift, **43 per cent** of respondents still consider the business climate to be neutral, suggesting a tempered, subdued sentiment rather than widespread pessimism.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN TÜRKİYE?



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

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

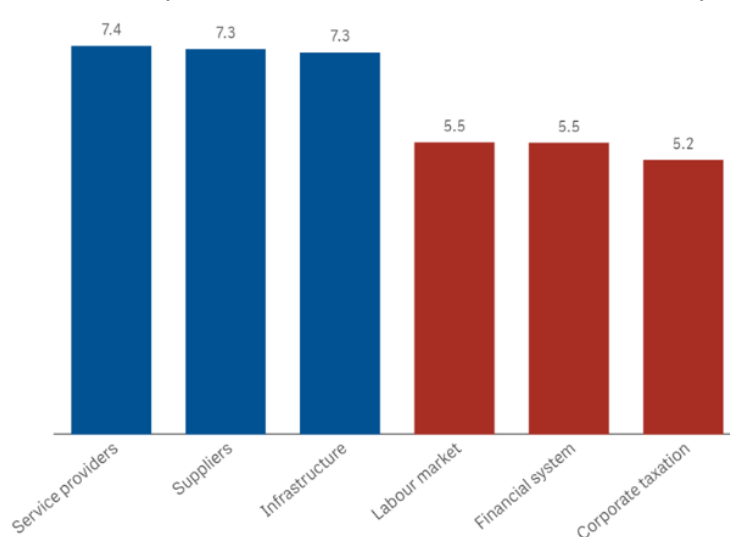
The neutral sentiment observed in the overall business climate assessment is broadly consistent across segments, though notable variations exist. Consumer goods firms reported the highest share of negative views, with **43 per cent** describing conditions as poor and none rating them positively. In contrast, professional services companies displayed a more balanced perspective (with **50 per cent** rating the business climate as neutral), while industrial firms showed slightly more optimism, with **25 per cent** rating the climate as good or very good. Company maturity also influenced outlook: newer entrants overwhelmingly opted for neutral views (**60 per cent**), but none viewed the business climate positively. Mature firms expressed more polarised views, with **43 per cent** rating conditions as poor and **28 per cent** as good or very good. In terms of firm size, small companies were uniformly neutral, while mid-sized and large companies were more likely to express concerns – over **30 per cent** of large firms and **43 per cent** of medium-sized firms rated the business climate as poor.

High satisfaction with operational support contrasts with ongoing concerns in regulatory and financial conditions

The broadly neutral stance of Swedish companies towards Türkiye's business climate masks a growing undercurrent of caution. While many firms continue operations without major disruptions, the rise in negative sentiment signals increasing sensitivities to structural and institutional constraints. Rather than being driven by short-term fluctuations, this shift reflects longer-standing concerns about predictability, policy implementation, and the broader regulatory landscape.

"Complex bureaucracy and regulatory environment navigating permits, customs procedures, and regulatory compliance can be time-consuming and unpredictable. Although Türkiye offers various incentive schemes for investments, understanding and accessing these programs can be challenging due to bureaucratic hurdles and frequent changes in policies." (Respondent comment)

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN TÜRKIYE? (ON A RATING FROM 1-9, WITH 9 = FULLY)



NOTE: The number of respondents for this question was 43.
SOURCE: Business Climate Survey for Swedish Companies in TÜRKIYE 2025.

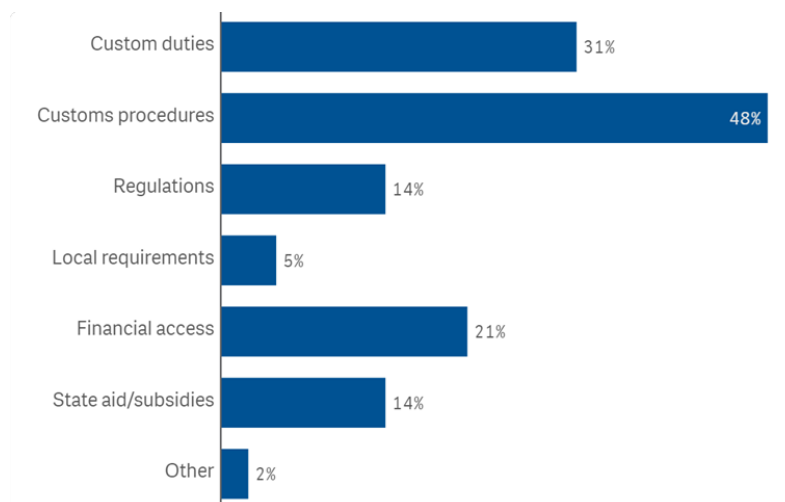
A closer look at specific market conditions reinforces this view. When asked to rate the adequacy of specific conditions in meeting their needs, Swedish companies express high satisfaction with foundational aspects such as service providers (7.4), suppliers (7.3), and infrastructure (7.3), highlighting that Türkiye continues to offer a capable and cost-efficient base for production and logistics. However, satisfaction drops significantly when it comes to labour market regulations (5.5), the financial system (5.5), and corporate taxation (5.2) – areas often associated with long-term investment planning and strategic decision-making. Compared to last year, satisfaction with supply-side enablers such as suppliers and service providers remains strong, while concerns over financial system reliability and regulatory procedures persist, reflecting a continued need for structural improvements. These subdued ratings help explain why, despite functioning day-to-day operations, many firms hesitate to describe the broader environment as favourable. Structural reforms in these domains would likely be key to shifting sentiment towards more confident engagement.

Customs and financial barriers continue to hinder trade operations

Customs procedures continue to be the most frequently cited trade barrier amongst Swedish companies in Türkiye, with **48 per cent** reporting a negative operational impact in this area. Customs duties follow at **31 per cent**, reinforcing the ongoing burden posed by Türkiye's complex customs system. While last year's concerns remain relevant – such as non-uniform clearance procedures, excessive documentation, and inconsistent implementation – this year's results also point to growing challenges in financial access (**21 per cent**), reflecting tighter credit conditions and financing constraints in the broader business environment.

Although fewer firms reported obstacles related to local requirements or state aid frameworks, persistent issues around general regulatory compliance (**14 per cent**) suggest that navigating Türkiye's institutional landscape remains a source of friction. Collectively, these findings underscore how procedural and financial bottlenecks – not just legal frameworks – continue to shape the operating reality for foreign firms, particularly in trade-intensive sectors.

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?

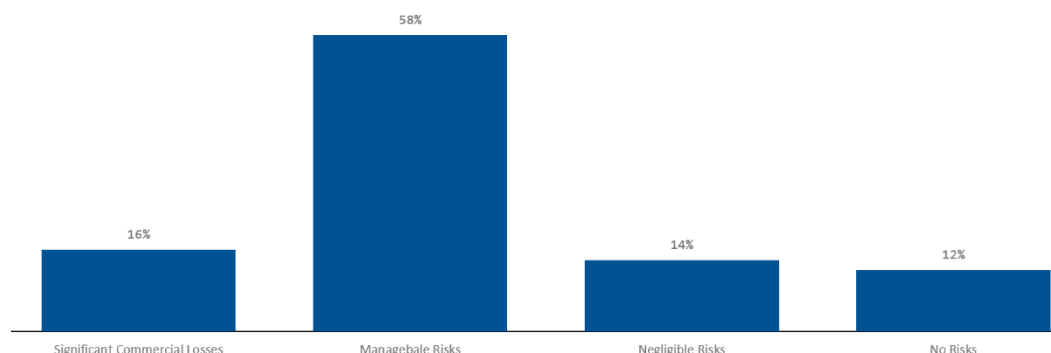


NOTE: The number of respondents for this question was 43.
SOURCE: Business Climate Survey for Swedish Companies in TÜRKIYE 2025.

Stability concerns present challenges, but risks are largely contained

Most Swedish companies in Türkiye acknowledge the presence of economic and political risks but consider them manageable. **Fifty-eight per cent** of respondents indicated that while they face certain risks, they can navigate and manage them without major disruptions. In contrast to this, **16 per cent** of companies reported having experienced significant commercial losses, highlighting the tangible consequences that volatility can have on business outcomes. At the same time, only a small minority – around one-quarter of respondents – view the economic and political context as being low-risk, with **14 per cent** facing negligible risks and just **12 per cent** perceiving little to no risks. These results confirm a cautious but adaptive approach amongst Swedish firms, who continue to operate under uncertainty while seeking ways to mitigate exposure and manage risks.

HOW DO YOU RATE TÜRKIYE'S ECONOMIC AND POLITICAL STABILITY IN 2024, AND BY EXTENSION, ITS IMPACTS ON YOUR BUSINESS?



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish Companies in TÜRKIYE 2025.

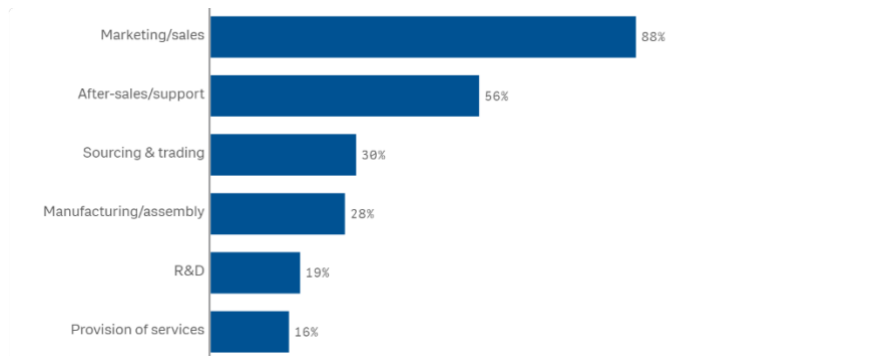
HOW SWEDISH COMPANIES SUCCEED IN TÜRKİYE

Quality-based differentiation as a key driver for long-term presence in Türkiye

Europe is one of the leading trade partners of Türkiye, representing upwards of 40% of its exports and 30% of its imports.¹³ This situation is also reflected in the presence of European companies in Türkiye, with many companies positioned as strategic partners to Türkiye in its quest to supercharge its high-tech manufacturing capabilities. Compared to some of the other European trading partners of Türkiye that have extensive operations stemming from well-established commercial relations, Sweden has a slightly more niche presence in the country. This implies that instead of competing on commercial terms, Swedish companies based in Türkiye often need to differentiate their offerings by underlining values such as reliability and quality, aligning with the Turkish market's increasing demand for high-standard products and services.

With almost **90 per cent** of surveyed Swedish companies' operations in Türkiye focused on marketing and sales functions, it can be said that the majority of companies leverage Türkiye's strategic positioning as a sales hub. This is further complemented by the activities of close to **60 per cent** of companies carrying out after-sales and support activities. Companies focusing on supply chain activities such as sourcing and assembly each represent about **30 per cent** of Swedish company operations in the Turkish market, with approximately **20 per cent** of companies surveyed carrying out research and development (R&D) activities.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

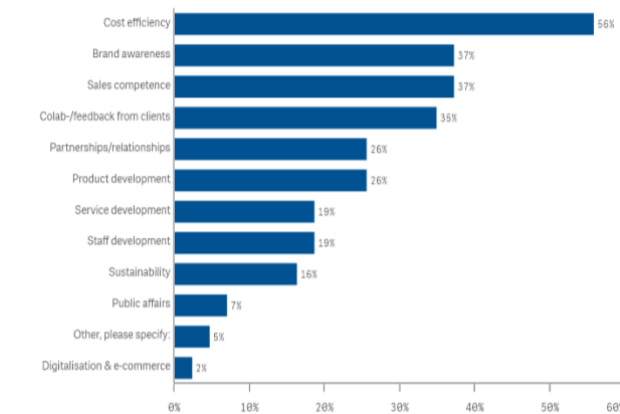
Cost efficiency continues to be a key source of value for maintaining competitiveness in Türkiye

Representing **56 per cent** of surveyed Swedish companies' considerations for competitiveness in Türkiye, cost efficiency is still a major success factor for Swedish companies in maintaining a presence in the Turkish market. This is followed by an emphasis on brand awareness and sales competence, cited as a key consideration by **37 per cent** of companies. In contrast to last year's

¹³ European Commission (2025)

figures, **35 per cent** of surveyed companies identified collaboration and feedback from clients as a key factor in 2025 (versus **43 per cent** in 2024). Apart from cost efficiency being the prime consideration for many firms, the fact that brand awareness, sales competence, and client collaboration are associated with similar degrees of significance implies that the Turkish market requires multiple fields of competence for Swedish firms.

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



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

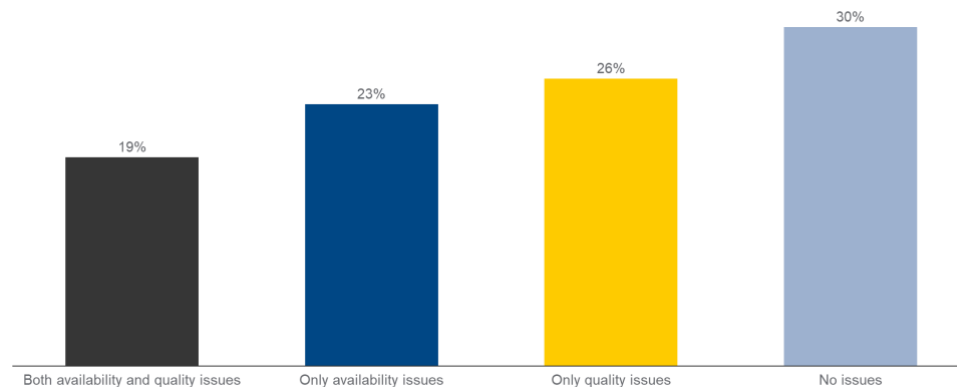
SOURCE: Business Climate Survey for Swedish Companies in TÜRKİYE 2025.

Skilled labour as a critical issue faced by Swedish companies in Türkiye

"Türkiye has a young, dynamic, and skilled labour force, particularly in engineering and manufacturing. However, high inflation and cost of living increases are putting pressure on employee compensation and retention. Companies must adopt competitive strategies to attract and retain top talent." (Respondent comment)

Within a developing country such as Türkiye, the labour market is one of the most critical components of steering the economy towards a developmental path. Accordingly, access to skilled labour remains one of the key challenges faced by companies in Türkiye – whether they are locally owned or not. Out of the Swedish companies surveyed in Türkiye, approximately **70 per cent** claim to experience issues related to accessing skilled labour. Whilst **23 per cent** state experiencing problems related to the availability of skilled labour, **26 per cent** posit that they experience quality-related problems. In a similar vein, **19 per cent** of Swedish companies maintain that they face issues related to both the availability and quality of skilled labour in Türkiye. These findings reinforce the notion that Swedish companies' activities in Türkiye have an important role in not only elevating commercial activity, but also in transforming the workforce of the country.

HOW DO YOU EVALUATE THE AVAILABILITY AND QUALITY OF SKILLED LABOUR IN TÜRKIYE FOR YOUR INDUSTRY IN 2024?



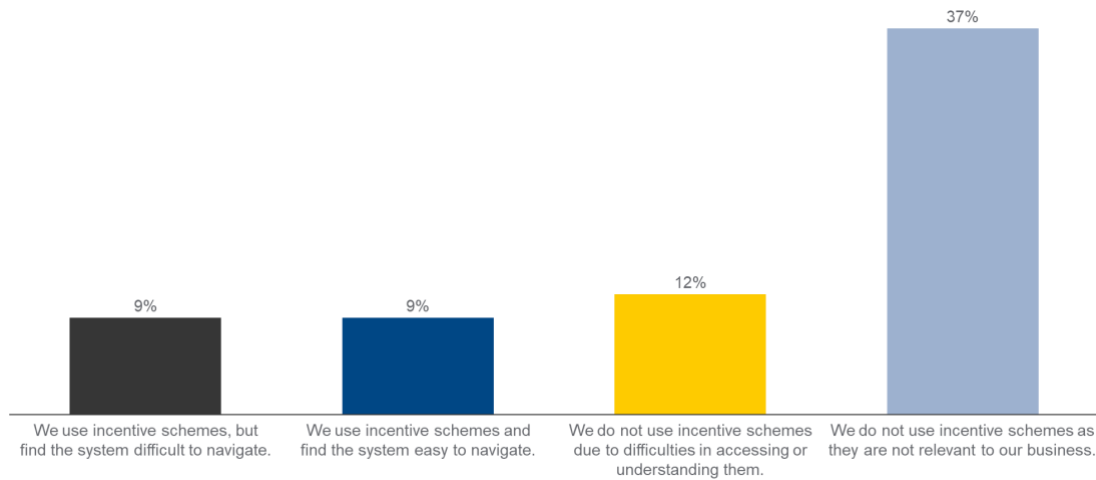
NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Low usage of incentive schemes, driven in part by difficulties in navigating the incentives system

Incentive schemes have been and continue to be employed by the Turkish government to serve a myriad of purposes. One of the most significant objectives of incentive schemes in Türkiye is the attraction and retention of foreign investment. Given the long-standing commercial relations between Sweden and Türkiye, it is interesting to observe that the ratio of Swedish companies making use of the incentive schemes in place in Türkiye is relatively modest, at **18 per cent** of the cohort of companies surveyed. **Thirty-seven per cent** of Swedish companies state that they do not leverage incentive schemes in Türkiye as these are not relevant to their business or operations. Amongst the set of companies that find incentive schemes to be relevant and applicable to them, it is striking to see that **21 per cent** note difficulties related to navigating the incentives ecosystem. These findings provide more detailed insights about the broader regulatory framework in Türkiye, as well as the specific extent of access that Swedish companies are able to leverage with regard to incentives.

GIVEN THE ECONOMIC AND POLITICAL CONTEXT TÜRKİYE IS OPERATING UNDER, DO YOU MAKE USE OF INCENTIVE SCHEMES FOR YOUR INVESTMENTS AND PROJECTS IN 2024, AND DO YOU FIND THAT THE INCENTIVES SYSTEM IS EASY TO NAVIGATE?



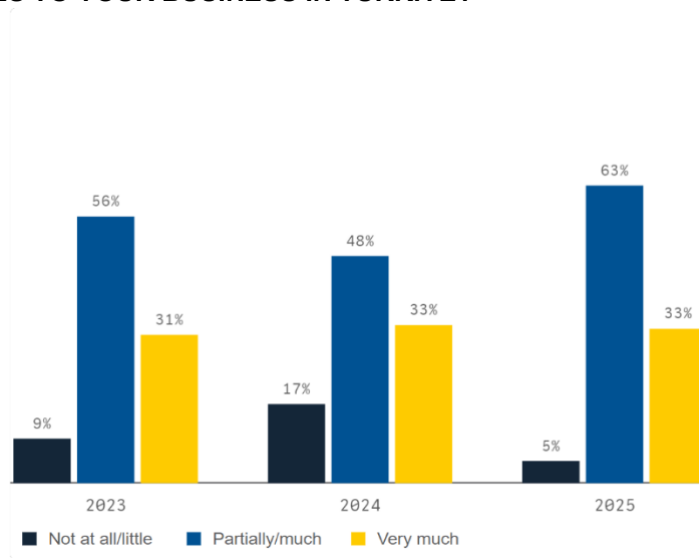
NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Centrality of Swedish brand in maintaining stronghold in the Turkish market

The 'Swedish brand' enjoys a solid base of positive recognition in Türkiye, largely driven by its reputation in the business and industrial arenas. Swedish products and services are recognised in the Turkish market not solely for being high-quality but also for offering high levels of sustainability. There is also a recognition of Swedish technical know-how and industrial tradition, which offers compelling experiences for Türkiye, as an industrial manufacturing hub, to draw from. The situation is reflected in the figures for this year, which show that the ratio of Swedish companies recognising the strength of the Swedish brand on their operations in Türkiye has jumped significantly from **81 per cent** in 2024 to **96 per cent** in 2025.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE ‘SWEDISH BRAND’ CONTRIBUTES TO YOUR BUSINESS IN TÜRKİYE?



NOTE: The number of respondents for this question was 43. “Don’t know/Not applicable” responses are included but not shown in this figure.

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

The strength of the Swedish brand is further reinforced in terms of the maturity of companies. There seems to be a strong consensus that the Swedish brand is a strongly significant contributor to companies’ businesses, with similar results coming from newcomer and mature firms (at **80 per cent** and **79 per cent**, respectively). Although experienced firms have a slightly more balanced view (at **50 per cent**), none of these firms maintain the belief that the Swedish brand has no contributions to their market activities. This issue also presents striking results in terms of firm size, whereby **100 per cent** of small companies estimate the Swedish brand to have a very large extent of contribution to their business, whilst **55 per cent** of medium companies and **66 per cent** of large companies acknowledge the significance of the Swedish brand in this respect.

“Swedish brands are known for delivering innovative, sustainable, and reliable solutions to support the growth of the Turkish mining industry.” – **Z. İrem Palavan Taylaner**, Marketing, Branding and Communication Manager, Epiroc Türkiye & Middle East

ACTING SUSTAINABLY

The imperative of sustainability propelling businesses to act

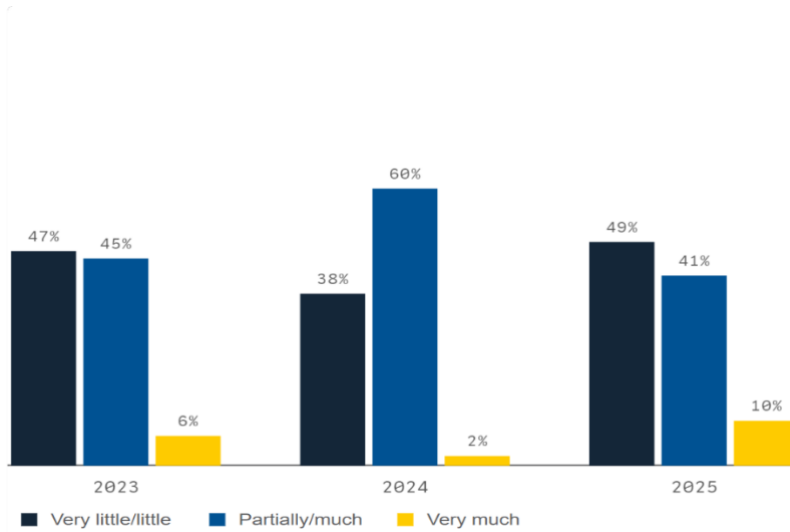
Sustainability has become an increasingly important consideration for companies operating in Türkiye, driven by evolving regulatory frameworks, heightened investor expectations, and growing consumer awareness. Türkiye has recently accelerated its alignment with international environmental, social, and governance (ESG) standards through the introduction of the Turkish Sustainability Reporting Standards (TSRS) in 2023, which mandate ESG disclosures in line with the International Financial Reporting Standards (IFRS) and the EU's Corporate Sustainability Reporting Directive (CSRD). During the implementation of this survey, a draft Climate Law for Türkiye was under discussion to establish a comprehensive legal framework for emissions reduction, adaptation policies, and green transition financing. Environmental compliance, particularly related to carbon reporting and supply chain emissions, has gained momentum, largely fuelled by export market requirements (particularly the Green Deal of the EU as Türkiye's largest export market). However, challenges persist in the social and governance pillars, where policies and corporate structures are still developing.

For Swedish companies, many of which integrate sustainability into their global strategies, Türkiye presents both opportunities and challenges. The growing regulatory focus offers fertile ground for advancing environmental initiatives, while gaps in enforcement and cultural adaptation require careful navigation. Swedish firms operating in Türkiye are often at the forefront of driving higher ESG standards locally, balancing their internal commitments with the realities of an evolving but still maturing sustainability landscape.

According to the survey results from 2025, environmental considerations factor into purchasing decisions amongst **51 per cent** of the respondents, a notable decrease compared to last year's response of **61 per cent**. Despite this decline, however, the ratio of respondents stating that environmental aspects highly feature in their purchasing decisions has gone up considerably, from **two per cent** in 2024 to **10 per cent** as of 2025.

One of the key factors influencing the prioritisation of environmental concerns is the size of companies. Amongst the survey respondents, **sixty-three per cent** of companies who stated that environmental aspects play little to no role in their customers' purchasing decisions were medium-sized companies, whilst **100 per cent** of small business respondents agreed that environmental factors account partially within purchasing decisions. Another dimension contributing to the institutional prioritisation of environmental concerns is the industry of companies. **Sixty-seven per cent** and **50 per cent** of companies from professional services and consumer products, respectively, claim that environmental issues play little to no role in their customers' purchasing decisions, whilst this rate is much lower for industrial companies, at **92 per cent**. Whilst the prioritisation of sustainability issues amongst Swedish companies in Türkiye depends on a multitude of factors, the variability of sustainability priorities by scale and industry is an important field for further analysis.

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



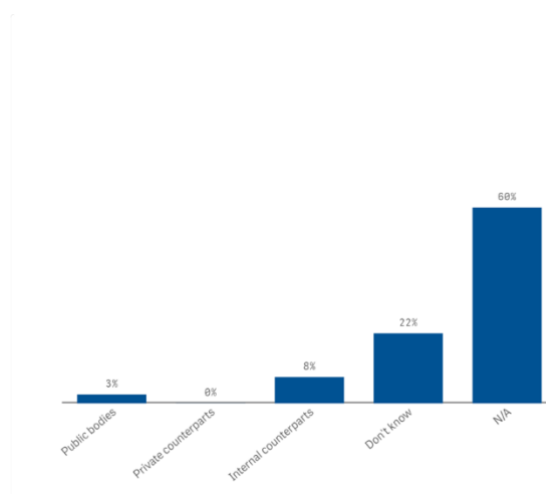
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Steady outlook for corruption

Experiences of corruption amongst Swedish companies in Türkiye have remained relatively stable. Similarly to last year, the majority of companies surveyed did not provide a definitive or certain stance with regard to their experience of corruption issues, whilst corruption experienced with public bodies was at a similar level. An interesting shift from last year has been the corruption experienced with internal counterparts, which has jumped from **two per cent** in 2024 to **eight per cent** this year.

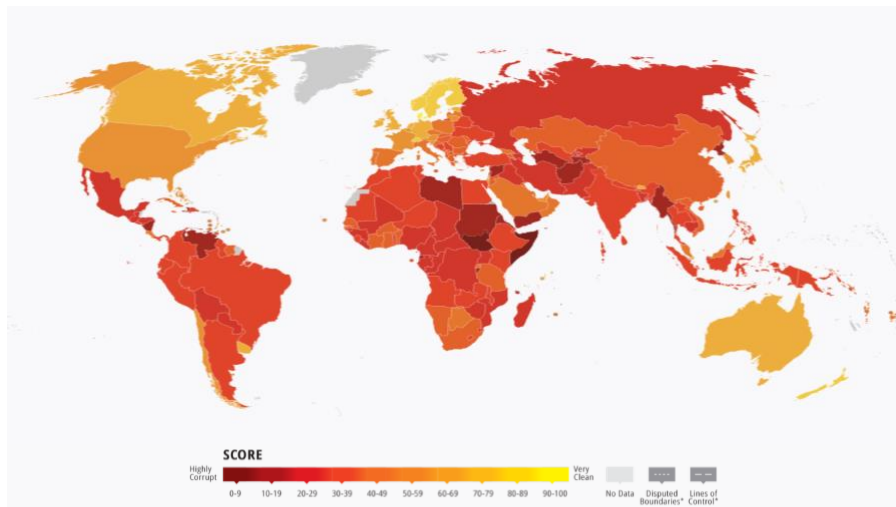
HAS YOUR COMPANY IN TÜRKİYE BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 43. "Don't know/Not applicable" responses are included but not shown in this figure.

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

CORRUPTION PERCEPTIONS INDEX 2024

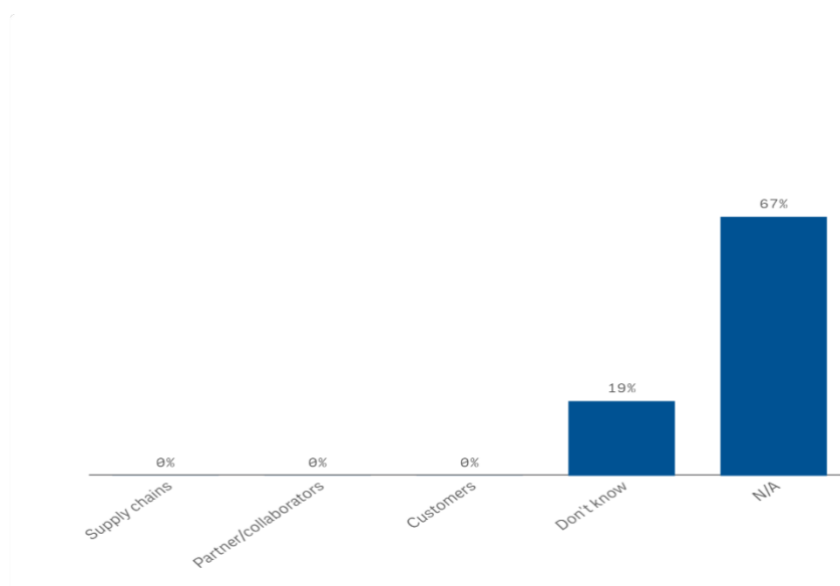


NOTE: Ranking on a scale from 100 (very clean) to 0 (highly corrupt).
SOURCE: Transparency International.

Experience of human and labour rights issues within company contexts remains low

Bearing similarity to figures for corruption, companies' experience with human and labour rights abuses also continues to remain low. With the vast majority of companies not providing definitive answers on the issue, **19 per cent** of companies stated that they were not aware of any such abuses, whilst no experiences of abuse with regard to supply chains, collaborators and customers were reported.

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



NOTE: The number of respondents for this question was 43. Don't know/Not applicable" responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish Companies in TÜRKİYE 2025.

CONTACT US

BUSINESS SWEDEN

E-mail: ask.turkey@business-sweden.se

SWEDISH CHAMBER OF COMMERCE

E-mail: info@sccturkey.com

CONSULATE GENERAL OF SWEDEN

E-mail: generalkonsulat.istanbul@gov.se



Government Offices of Sweden
Ministry for Foreign Affairs



swedish
chambers
international



Isvet Märket
Dernegi
Swedish
Chamber of
Commerce