



 **Business Climate Survey  
Japan**

**Business Climate Survey  
for Swedish companies in  
Japan 2026**

A report from Team Sweden in Japan

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# 73 respondents

(total +2,250 respondents for 41 markets)

## Current business climate

# 36%

of Swedish companies perceive a positive business climate in Japan in 2026

## Industry turnover

# 63%

of Swedish companies expect their industry turnover to increase

## Future investments

# 45%

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

## Valued success factors

1. Brand awareness
2. Product development
3. Sales competence

## Brand Sweden

# 56%

of Swedish companies abroad consider Brand Sweden beneficial for business

## Local conditions with high satisfaction

1. Personal safety
2. Infrastructure
3. Service providers

## Local conditions with least satisfaction

1. Level of digitalisation
2. Specialists and key personnel
3. Corporate taxation

## Environmental considerations

# 21%

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

## Corruption

No reported concerns

## Human rights violation and labour rights abuse

No reported concerns

# Foreword

As we publish the 2026 edition of the Business Climate Survey, Swedish companies continue to operate in a global business environment shaped by several long-running shifts. Trade tensions, uncertainty around rules-based international trade, geopolitical risk, and a yen that has remained weak by historical standards have been developing over several years and continue to affect how companies view and plan in the Japanese market.

Japan is undergoing transitions in energy resilience, digitalisation, advanced manufacturing and industrial renewal, creating opportunities for Swedish companies with relevant solutions. This year's survey sends a positive signal: most respondents reported profitable operations in 2025, willingness to invest remains stable, and no respondent indicated plans to exit the market. Many companies are, nevertheless, adapting their pricing, reviewing supply chains and assessing risks that may limit growth.

Many Swedish companies in Japan will recognise this balance. The market is stable, reliable and strategically relevant, and still requires patience, local adaptation and careful follow-through. For companies that build long-term relationships and bring real value to their partners and customers, Japan remains one of the most rewarding markets in the world.

Energy transition, semiconductor investment, wage growth and economic security all show how Japan's priorities are shifting. As the security environment changes, cooperation between Sweden and Japan is becoming more relevant in fields where industrial resilience, innovation and security overlap. As two advanced democracies, both countries share an interest in open markets, trusted technology and long-term resilience.

Swedish companies are well placed in several of these areas, including sustainability, advanced manufacturing, life sciences, digitalisation, industrial resilience and trusted technologies. Team Sweden is here to support companies in navigating these opportunities and building a lasting presence in Japan.

We hope this report gives companies already established in Japan a better view of where growth opportunities and constraints are emerging, and how other Swedish companies are responding. For companies earlier in their Japan journey, we hope it gives a practical sense of what to expect and what has worked for others.

We thank all the companies that took the time to respond to the survey. Your insights make this report possible.



**Viktoria Li**  
Ambassador

Embassy of Sweden  
in Japan



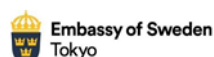
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# Executive summary

Swedish companies in Japan enter 2026 with a cautious but resilient outlook. Most respondents reported profitable operations in 2025, investment plans remain steady, and no respondent plans to leave the market. Trade tensions, supply-chain uncertainty, energy-price risks, geopolitical instability and a weak yen are nevertheless shaping how companies plan for the year ahead.

Commercial performance remains stronger than sentiment alone might suggest. The average business climate score remains close to previous years, although more companies now describe the market as neutral rather than positive. One finding stands out: business climate sentiment and commercial performance do not always move together. Some of the most established and profitable Swedish companies are among the most critical of Japan's operating environment, reflecting a market that can be commercially attractive yet slow, complex and demanding.

Swedish business in Japan is becoming more diverse. Large multinationals continue to anchor Sweden's presence in industrial equipment, healthcare, automotive, IT and advanced manufacturing, while newer, smaller companies are increasingly visible in digital solutions, mobility, medical technology, automation and specialised industrial services.

Japan's main opportunities are not driven by rapid market growth in the traditional sense but are instead linked to structural needs: labour shortages, an ageing population, productivity pressures, energy security, supply-chain resilience, and renewed investment in strategic sectors such as semiconductors and advanced manufacturing. These shifts point to areas where Japanese customers need efficiency, reliability and trusted long-term partners.

The report focuses on three areas where Japan's policy direction and Swedish capabilities appear especially aligned: energy security and green fuels, dual-use technology and resilience, and connectivity and AI. It highlights opportunities in mobility, life science and semiconductors.

Currency pressure remains one of the most immediate operational challenges, with import-heavy companies facing higher yen-denominated costs and margin pressure, while companies with local revenue, sourcing or production may be affected differently. Many respondents are adjusting prices, reviewing sourcing and reassessing how much of their cost base should remain outside Japan.

The overall conclusion is balanced: Japan is not an easy market, and growth is rarely immediate, yet the 2026 results show that Swedish companies with a serious long-term presence continue to perform well. Japan remains commercially relevant, and companies need to manage pricing, customer expectations, local support and execution more carefully than before.

**“Being Swedish gives you a premium association with quality and innovation, but you still need to prove it every time, with every customer, through relationships built over years.”**

Senior representative  
Swedish industrial equipment company

# About the survey

The Business Climate Survey captures how Swedish companies operating abroad perceive the local business environment. It covers financial performance, current challenges, expectations for the next 12 months, competitiveness, regulation, sustainability and ease of doing business.

The survey is conducted across markets where Business Sweden has a local presence, enabling comparisons of Swedish companies' experiences in Japan with those in other markets. In Japan, it has been conducted annually since 2018. The 2026 edition was compiled by Business Sweden, the Embassy of Sweden in Japan, and the Swedish Chamber of Commerce and Industry in Japan.

Data collection took place in February and March 2026. The survey uses standardised questions shared across markets, complemented by Japan-specific questions on supply-chain and geopolitical pressures, and on how the weak yen is affecting pricing, margins, sourcing, production and investment decisions.

As in previous years, the survey was open to Swedish companies in Japan regardless of industry, size or length of presence. The definition is broad: majority-Swedish-owned companies; companies with significant Swedish origins, operations, or employment; and Japanese-owned companies whose main business is representing Swedish products and services. Dormant entities, holding companies, duplicates and companies without a current substantive Swedish business link were excluded.

## A broader mapping of Swedish companies in Japan

Ahead of the 2026 survey, Team Sweden carried out its most extensive mapping so far of Swedish-related companies in Japan. The work combined desktop research with existing contact databases, sector networks, event participation records, company relationships and institutional knowledge from Business Sweden, the Embassy of Sweden and the Swedish Chamber of Commerce and Industry in Japan.

The mapping identified close to 300 historical and current Swedish-related company records in Japan. Around 200 were classified as active, meaning they had ongoing commercial operations, local representation, employees, sales activity or another clear business presence. Approximately 170 active companies were confirmed to be Swedish subsidiaries. The rest were dormant companies, holding entities, duplicates or companies where current activity could not be verified.

Compared with the 2025 survey, which identified around 140 companies in total, the 2026 mapping provides a broader and more accurate view of Sweden's business footprint in Japan. The increase mainly reflects more systematic mapping, and the consolidation of Team Sweden contact sources, rather than a sudden rise in Swedish business activity.

Valid survey contact emails were identified for 167 active companies. The survey was distributed mainly to local managing directors, country representatives and other senior representatives. In total, 73 companies responded, compared with 63 in 2025. This equals a response rate of about 44 per cent among active companies with valid contact emails.

The 2026 results provide one of the most comprehensive views so far of the Swedish business presence in Japan. The larger response base strengthens the picture, while the expanded mapping means year-on-year changes should be read with some care, since some variation may reflect a broader respondent base rather than a structural market shift.

## Swedish Business in Japan

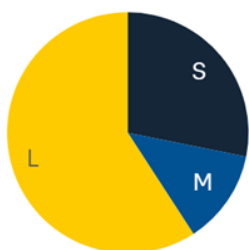
Swedish business in Japan is built on a long-term presence, even as the company profile changes. Many Swedish firms have been active for decades, with local sales organisations, service teams, distributor networks and established customer relationships. With 73 responses, the 2026 survey has one of the largest response bases since the report began.

As noted in the 2025 edition, Swedish companies are estimated to employ around 15,000 people in Japan, mostly concentrated in a smaller number of large multinationals. The estimate remains relevant because Sweden’s business footprint is broader than its subsidiaries alone: it includes local sales companies, distributors, Japanese partners, service teams and companies that sell Swedish products, services, software and technology into Japan.

Revenue tells a similar story. Swedish business in Japan is larger than goods export statistics suggest, since many companies sell products manufactured locally or in third countries, while others sell services, software or technology. Japan should be understood not only as an export destination but as a local revenue market where Swedish companies build long-term customer relationships and, in some cases, regional platforms.

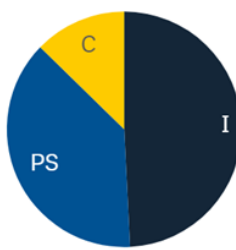
Long-established multinational groups anchor the Swedish business community, while newer entrants are visible in mobility software, medical technology, industrial automation and digital solutions. Traditional Swedish industrial strengths remain visible, while the next wave of activity is becoming more technology-led.

### Size of companies



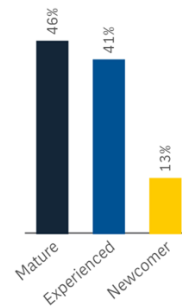
Global employees. Large >1,000. Medium 250-1,000. Small 0-249.

### Main industry



Industrial 49%. Professional services 38%. Consumer 13%.

### Age of companies

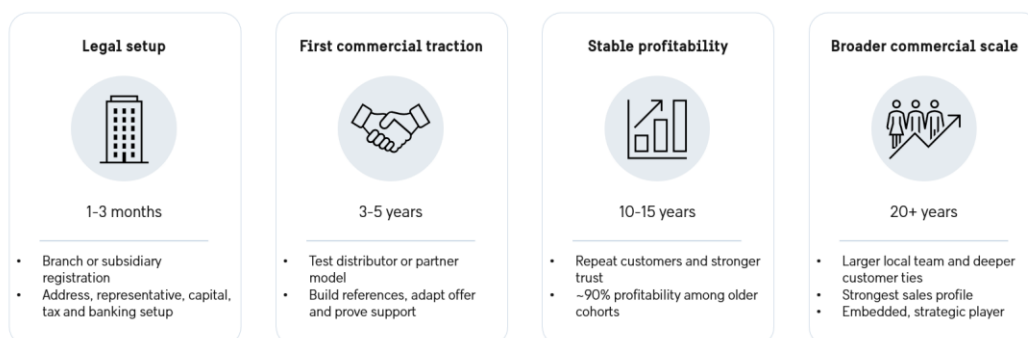


Mature (<2004). Experienced (2003-2020). Newcomer (2021-).

### Long-established roots, with a growing wave of new entrants

The establishment figure shows how long responding companies have been present in Japan. Among respondents with a known establishment year, 29 entered before 2000, 26 entered between 2000 and 2019, and 14 entered from 2020 onward. The respondent base includes both long-established multinationals and newer companies still building their customer base.

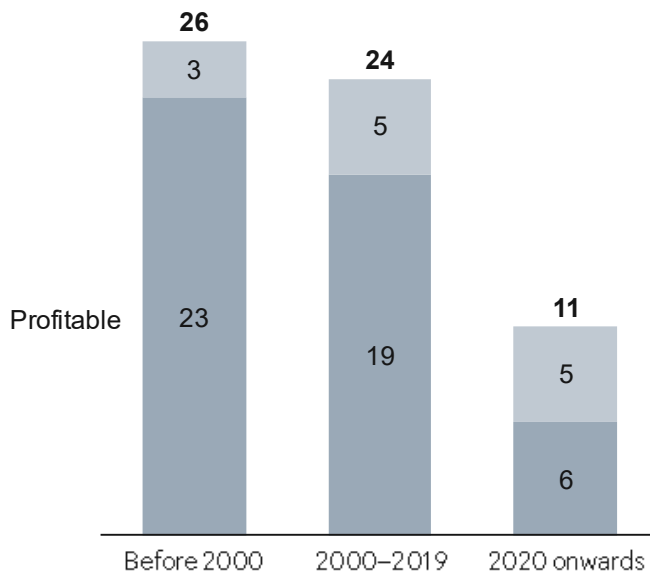
The length of presence is relevant in Japan because legal and commercial establishments are distinct. Setting up a legal entity can often be done within a few months once the entity type, representative structure, registered address, capital and documentation are decided. Building a stable commercial position usually takes longer.



Many Swedish companies first need to identify customer segments, test a distributor or partner model, adapt documentation, build local references and prove that they can help Japanese customers after the first sale. Commercial activity can begin before legal establishment, since many companies operate through distributors or partners without a local entity.

The 2026 cohort data shows that profitability tends to improve with length of presence. Among companies that entered Japan in the last five years, 6 of 11, or 55 per cent, reported profitable operations. Among companies that entered between 2000 and 2019, the figure was 19 of 24, or 79 per cent. Among companies that entered before 2000, it was 23 of 26, or 88 per cent.

### Profitability by establishment cohort



Note: Excludes respondents with unknown establishment year. Profitability excludes respondents who answered "don't know/not applicable". n=65.

Source: Business Climate Survey for Swedish companies in Japan 2026.

The figure shows that companies with a longer presence in Japan report profitability more often. The lower profitability among newer entrants should not be read as a weak result; it indicates where early risk sits. Japan often requires several years of market-building before the commercial model stabilises, as companies find the right customers, secure local support and understand procurement routines.

The cohort data points to a gradual shift in the type of Swedish companies entering Japan. Older entrants are more often found in industrial equipment, advanced materials, industrial technology and healthcare. Newer entrants are more visible in IT and electronics, mobility, automation and specialised technology. Japan is rarely a quick-win market, although it can be profitable for companies prepared to stay, build local relationships and adapt to Japanese customer needs.

## Industry mix and company size

The industry table gives a more detailed view of where Swedish companies are active in Japan. Industrial equipment, components and automation are the largest category, while the respondent base also includes healthcare, IT and digital solutions, automotive and mobility, metals, logistics, business services and consumer-facing companies.

Industry	Share of respondents
Industrial equipment, components and automation	20%
Healthcare and pharmaceuticals	13%
IT, electronics and digital solutions	12%
Automotive and mobility	10%
Retail, wholesale and consumer-facing brands	10%
Metals, mining and materials	7%
Business and professional services	7%
Transportation and logistics	5%
Others	16%

Source: Business Climate Survey for Swedish companies in Japan 2026. n = 69.

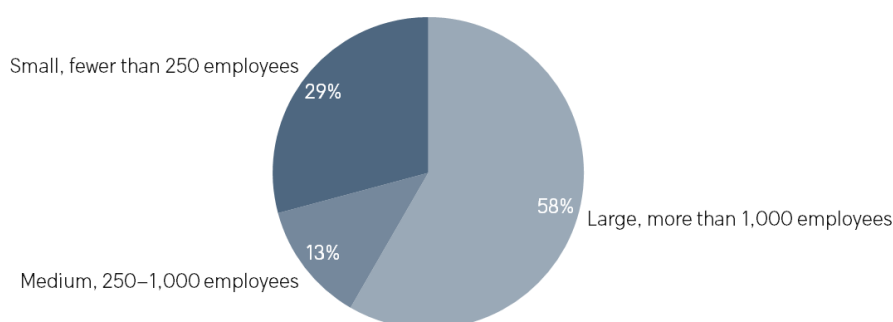
Note: Other sectors include aerospace and defence, forest products and paper, packaging and food processing, telecommunications, chemicals, plastics and rubber, and energy and electricity.

The table shows that Swedish business in Japan remains strongly industrial, while extending beyond heavy industry and traditional exports. Japan is a mature economy: large, advanced and stable, but with modest growth compared with faster-growing Asian markets. The strongest openings are often found where Japan faces recognised needs or structural pressure.

Healthcare, IT, mobility and industrial automation all connect to structural needs in Japan: ageing, digitalisation, labour shortages, productivity pressure and industrial renewal. The opportunity is not broad market growth in general, but specific customer problems where Swedish companies can offer technology, reliability or know-how that is difficult to find locally.

The table is best read as a map of where Swedish companies are finding a role, rather than as a ranking of market size.

## Company size by global number of employees in 2026



Source: Business Climate Survey for Swedish companies in Japan 2026. n = 73.

This mix of sizes helps explain why companies experience Japan differently. Large companies can maintain local teams, invest in after-sales support, build brand recognition and stay through long sales cycles. Smaller companies need sharper focus, careful partner selection and customer segments where their technology or know-how is meaningfully differentiated.

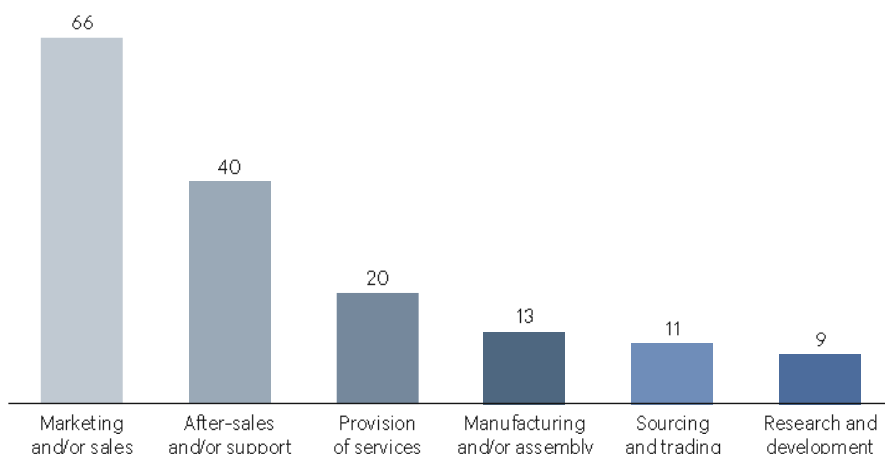
Japan is not only a market for large multinationals. Newer, smaller entrants can find openings, especially where Japanese customers need solutions that are not readily available locally. They usually need a defined niche, a reliable partner strategy and realistic expectations about the time required to grow.

### Japan remains primarily a sales market, although manufacturing activity is emerging

The operations figure shows what Swedish companies do in Japan: the market remains primarily a sales-and-service base. In 2026, 66 respondents, or 90 per cent, conducted sales and marketing activities in Japan, while 40 respondents, or 55 per cent, provided after-sales and support.

The historical pattern has not changed much during the years in which Team Sweden has conducted the Business Climate Survey. Sales and after-sales remain the main activities, while manufacturing, sourcing and research and development are still smaller parts of Swedish companies' local operations.

#### What activities do Swedish companies conduct in Japan?



Note: Respondents could select multiple activities (unit: counts).  
Source: Business Climate Survey for Swedish companies in Japan 2026. n = 73.

The figure confirms that Swedish companies are mostly in Japan to sell, rather than to use Japan as a major manufacturing or R&D base. Many foreign companies first approach Japan as a large consumer market, and the limited share of R&D or manufacturing activity suggests an underused opportunity. In advanced manufacturing, healthcare, mobility and digital technology, closer collaboration with Japanese customers, universities or industrial partners can help some companies move beyond a pure sales model and become more embedded in the market.

The 2024 sales analysis adds another angle on what local presence means in practice. It shows that local Japan headcount is strongly linked to sales scale, and that companies with deeper local operations, including manufacturing, sourcing or R&D, tend to report higher sales bands than companies with a thinner local setup. This does not mean that every company needs a large office in Japan, since some Swedish companies can run profitable niche businesses with a small team, a strong distributor or a highly specialised offer. For companies aiming to build larger Japan revenues, however, local presence is part of the commercial model itself, through customer access, technical explanation, documentation, partner management and after-sales credibility.

This point is developed further in the chapter on *How Swedish companies succeed in Japan*, where the sales analysis is used to compare high- and low-selling companies and to identify four recurring archetypes of Swedish companies that scale in the market.

## Trade statistics only show part of the picture

Official trade statistics confirm that Japan remains a significant export market for Sweden in Asia. The latest available Statistics Sweden export-partner table, covering January–February 2026, shows that Swedish goods exports to Japan amounted to SEK 4.23 billion in the first two months of the year, equal to 1.3 per cent of total Swedish goods exports. Since this figure only covers January and February, it should be read as an early-year indicator rather than a full-year export result.

Export statistics, however, only show one part of Sweden's business footprint in Japan. Many Swedish companies sell goods and services in Japan that are produced locally, produced in third countries, delivered through Japanese subsidiaries, or sold as software, services, support and technology. These revenues do not appear in Swedish goods export statistics, although they are part of the commercial relationship between Sweden and Japan.

To get closer to that broader footprint, this report draws on the sales question included in the 2024 Business Climate Survey, which asked companies to estimate their sales in or to Japan in 2023. The 2026 survey remains the main source for this year's view of profitability, investment plans, business climate sentiment and operating challenges, while the 2024 sales question is used here because it gives a rare estimate of Swedish companies' actual commercial activity in Japan beyond exports. The sales data has been read together with company-level patterns from the 2020–2026 survey period. This provides a clearer view of both the size of the Swedish footprint and the types of companies that tend to achieve scale in Japan, which are discussed later in the chapter "How Swedish companies succeed in Japan."

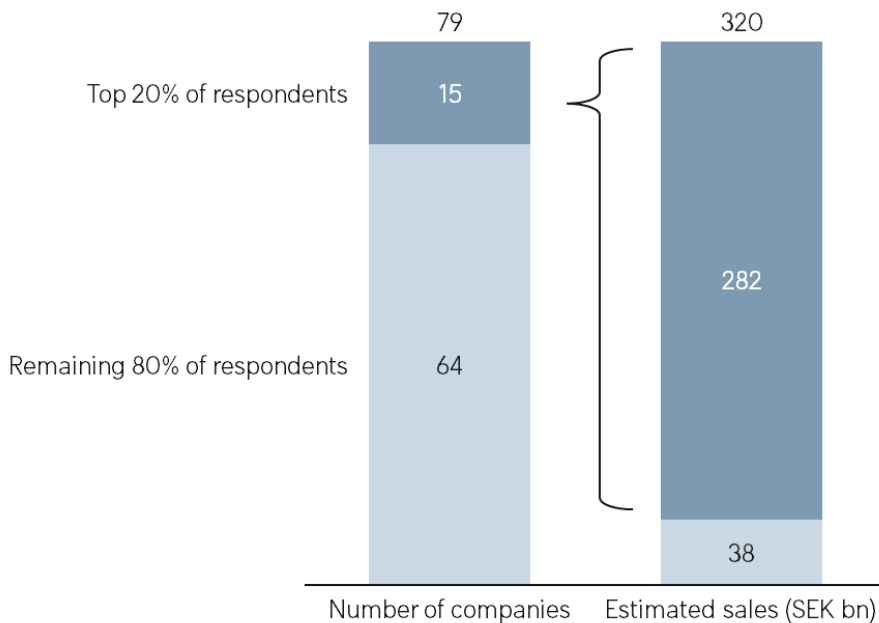
### **A small group of Swedish companies accounts for most of the estimated Japanese sales**

Based on midpoint estimates from the sales bands reported by 79 respondents in 2024, Swedish companies in the survey represented approximately SEK 320 billion in sales to Japan in 2023. This should not be read as Swedish exports to Japan. It is a broader commercial-footprint measure, covering sales through Japanese subsidiaries, local operations, services, software, distribution, support and products manufactured outside Sweden.

The estimate should be treated with some care, since it is based on sales-band midpoints rather than exact reported revenue, covers only survey respondents, and uses a conservative assumption for the largest sales band. In practice, the largest companies are probably understated rather than overstated. The main conclusion is the scale difference rather than the exact figure itself: Sweden's commercial footprint in Japan is far larger than goods export statistics alone indicate.

The same analysis shows how concentrated that footprint is. The top 20 per cent of respondents, corresponding to 15 companies in the 2024 sales data, accounted for 88 per cent of estimated survey sales, while the remaining 64 companies together accounted for 12 per cent. Swedish business in Japan can therefore be read in two layers: a small number of large anchor companies, which explain most of the current sales volume and a wider group of smaller and mid-sized companies, where future growth is more likely to come from specialised niches, deeper local presence and customer problems that Swedish technology can solve better than existing alternatives.

Share of respondent-estimated sales in or to Japan, based on 2024 BCS sales bands



Note: Based on midpoint estimates from 79 respondents to the 2024 Business Climate Survey sales question, covering approximate sales in or to Japan in 2023. Refers to respondent-estimated commercial revenues in or to Japan, not Swedish goods exports. Figures are rounded.

The concentration shown in the sales data does not make the smaller companies less relevant; it indicates that they play a different role in Sweden's business footprint. The largest companies explain today's scale, while smaller and more specialised companies often show where the next pockets of growth may emerge. This distinction is further developed in the chapter on *How Swedish companies succeed in Japan*, where sales data and the 2020–2026 company-level analysis are used to identify four recurring archetypes of Swedish companies that build durable positions in the Japanese market.

Large companies may need help with strategic positioning, policy dialogue and long-term stakeholder relationships, while smaller and mid-sized companies may need sharper positioning around partner selection, customer access, local requirements and the first steps toward a more sustainable Japan model.

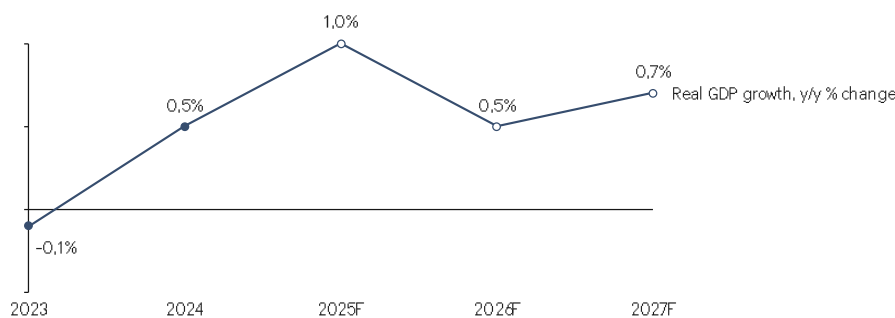
# Economic outlook

Japan entered 2026 with a more complicated economic picture than in the previous year. On the domestic side, there are still reasons for cautious confidence: wages have risen to levels not seen for decades, personal consumption has started to recover, corporate profits remain relatively strong, and the country continues to benefit from low unemployment and a stable business environment.

The external environment has become more difficult, with trade tensions, weaker global demand, higher energy price risks linked to the situation in the Middle East, and continued uncertainty around the yen all affecting how companies plan for the year ahead.

Japan's economic profile shapes how Swedish companies should read the opportunity: it is a large, advanced and predictable market, although not one where broad GDP growth normally carries companies forward. Commercial growth will depend more on specific structural shifts: productivity pressure, labour shortages, healthcare demand, mobility transition, digitalisation, energy efficiency and supply-chain resilience.

## Japan is expected to keep growing, but at a moderate pace



Note: Figures refer to fiscal years. Filled circles indicate actual figures and open circles indicate forecasts.  
Source: Bank of Japan, Outlook for Economic Activity and Prices, April 2026.

The Bank of Japan's April 2026 outlook reflects this more mixed picture. The central bank expects Japan's economy to continue growing, but at a slower pace, with fiscal-year real GDP growth projected at 1.0 per cent in FY2025, 0.5 per cent in FY2026, 0.7 per cent in FY2027. The Bank of Japan highlights the situation in the Middle East as a key risk, noting that higher crude oil prices are expected to weigh on corporate profits and household real incomes, while pushing inflation higher in the near term.

The main external uncertainty compared with last year is the heightened geopolitical risk in the Middle East and the potential disruption risk around key energy and shipping routes, including the Strait of Hormuz. Japan is particularly exposed to this type of shock because it imports most of its energy and remains heavily dependent on overseas oil and gas supplies. Even without a direct disruption to Japanese companies, higher energy prices can quickly feed into corporate costs, household purchasing power, inflation expectations and overall business confidence.

The result is a more fragile demand environment, where stronger wages and improving consumption support the domestic economy, while higher energy costs could weaken that momentum by putting pressure on both companies and consumers. For businesses, the effects would be visible not only in fuel prices. They could appear through petrochemical inputs, shipping costs, logistics risk, supplier pricing and more cautious customer behaviour. The situation does not change the basic conclusion that Japan remains a stable and reliable market, although it does make the outlook more exposed to external shocks.

Wage growth is one of the more significant domestic shifts. In 2025, Japan's largest labour federation, Rengo, reported an average wage increase of 5.25 per cent, the strongest result in decades, while preliminary 2026 wage negotiations again indicated increases exceeding 5 per cent. For Japan, where wages had been largely stagnant for many years, higher wages could support household spending, help companies raise prices more sustainably, and give the Bank of Japan more room to continue its gradual move away from the ultra-low interest-rate environment that has shaped the economy for decades.

The weaker yen remains another important part of the outlook. For Swedish companies, the effect is not the same across the board. Companies importing products into Japan often face higher yen-denominated costs and greater margin pressure, while companies with local Japanese revenue, local

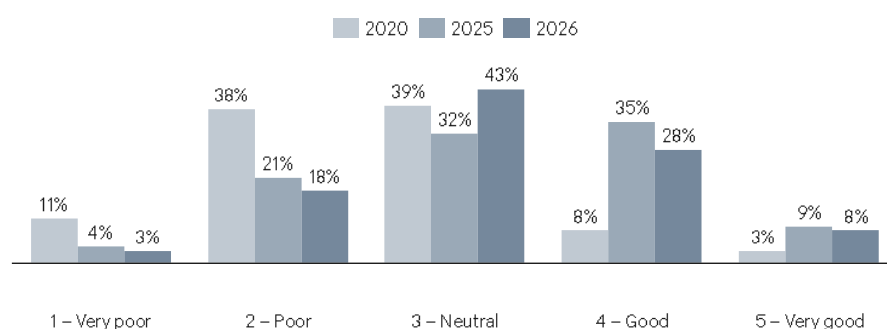
production, or yen-based costs may experience the weak currency differently. This is one reason why the 2026 survey added specific questions on how the yen is affecting pricing, sourcing, production, margins, and investment decisions, which will be discussed in more detail later in this report.

### Business climate sentiment has recovered from 2020, but shifted toward neutral in 2026

The business climate scale used in this survey ranges from 1 to 5, where 1 indicates very poor, 3 indicates a neutral assessment, and 5 indicates very good. Japan's average business climate score in 2026 is 3.21, broadly in line with 3.25 in 2025 and 3.20 in 2024. Viewed over a longer horizon, the score has recovered substantially from the pandemic low of 2.54 in 2020 and has stabilised around 3.2 for three consecutive years.

The distribution of responses adds important nuance to this stable average. Compared with 2020, sentiment has clearly recovered, with far fewer companies rating the climate as poor or very poor. Compared with 2025, however, the 2026 result points to a more cautious mood: the positive side has narrowed, while the neutral middle has expanded. In other words, companies have not turned negative, but more respondents appear to be taking a wait-and-see view of current market conditions.

### How do Swedish companies perceive the current business climate in Japan?

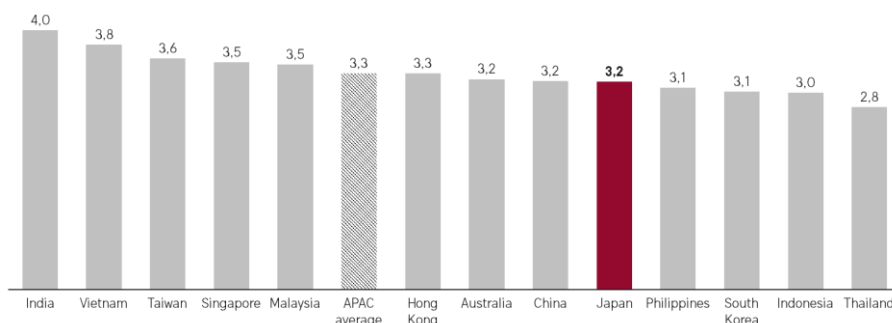


Note: Percentages are calculated from valid responses.

Source: Business Climate Survey for Swedish companies in Japan 2026. 2024 n=71, 2025 n=57, 2026 n=72.

Sector-level differences should be interpreted carefully because some groups have few respondents, but the pattern is still informative. IT and electronics companies report the most positive outlook, with an average score of 3.6 and 46 per cent rating the climate as good or very good. This reflects demand linked to digitalisation, productivity pressure and enterprise modernisation, even though Japan's digital environment remains uneven. Automotive companies are positive, with 75 per cent reporting a favourable outlook, although the sector contains very different types of companies, from embedded suppliers to newer mobility-technology firms. Healthcare is more cautious, averaging 3.0, with 30 per cent reporting a negative view. This is consistent with the wider healthcare analysis: structural demand is strong, while reimbursement pressure, hospital budgets, regulation and distributor dependence can make commercial conversion difficult.

### Average business climate score across APAC markets

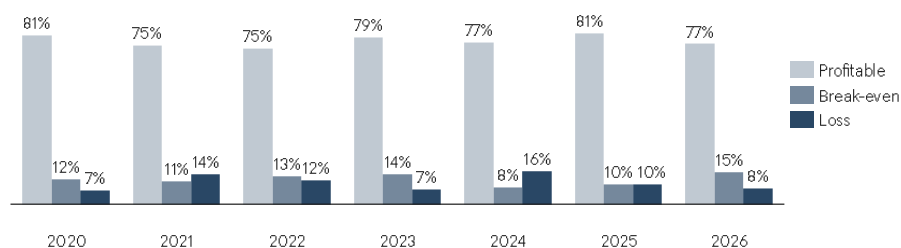


Compared with other APAC markets, Japan does not stand out for the most optimistic business climate sentiment. Its average business climate score of 3.2 places it close to the regional middle, below faster-growing and more expansion-oriented markets such as India, Vietnam and Taiwan. This is broadly consistent with the picture from previous years: Japan is rarely perceived as the easiest or fastest-moving market in the region, and companies often describe it as mature, demanding and slow to convert into growth.

## Swedish companies in Japan remain profitable

Against this more uncertain background, the financial performance of Swedish companies in Japan remains comparatively strong. A clear majority of respondents reported profitable operations in 2025, and the result is broadly in line with the previous two years. Excluding respondents who answered, “don't know/not applicable”, 77 per cent of companies reported a profit, 15 per cent broke even, and 8 per cent reported a loss.

### How did Swedish companies perform financially in Japan in 2025?



Source: Business Climate Survey for Swedish companies in Japan 2026.

Profitability has remained solid across the full survey period. Since 2020, the share of respondents reporting profitable operations has remained at or above three-quarters in every year, including 77 per cent in 2026. Even as companies face currency pressures, higher costs and more uncertain external conditions, most respondents continue to report that their operations in Japan are financially viable.

The result shows that many Swedish companies have found business models that work in Japan, even though the market is demanding and rarely associated with rapid growth. Many respondents have already invested in local relationships, adapted their offering, built service capacity and established customer trust, which helps explain why commercial performance can remain solid even when sentiment is cautious.

No respondent indicated plans to leave the Japanese market.

### Profitability does not always mean satisfaction

One important interpretation is that a lower business climate rating does not necessarily mean weak commercial performance. Some of the most established and profitable Swedish companies in Japan are among the most critical of the market, as the survey shows. This is not as contradictory as it may first appear. Companies with long experience in Japan often know the market well enough to see where the friction lies: slow decision-making, complex distribution structures, limited transparency in some channels, a preference for domestic suppliers in certain procurement settings, and slow adaptation to international standards.

Newer entrants may sometimes rate Japan more positively because they compare the market with their expectations before entry, which are often cautious. More established companies may compare Japan with what they believe an ideal or more efficient market could look like. The same market condition can therefore be experienced differently depending on the company's history, maturity and benchmark.

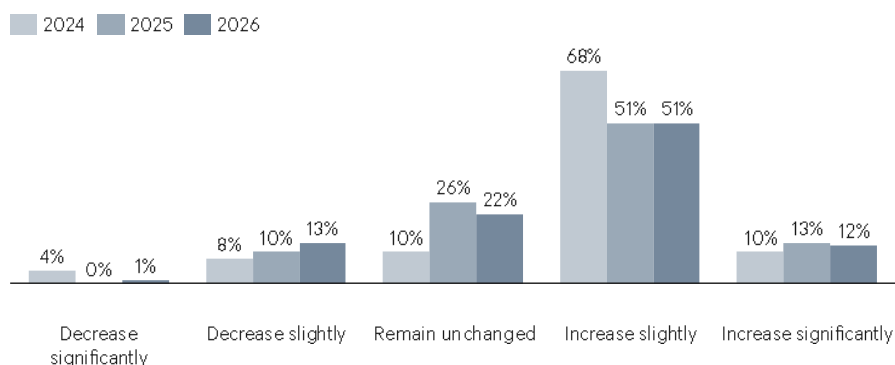
This distinction shapes how the survey should be read. The business climate score reflects perceived satisfaction rather than commercial potential. Japan can be both frustrating and profitable, and for many long-established Swedish companies, the challenge is not a lack of opportunity. It is that reaching that opportunity takes time, precision, local trust, strong service and consistent execution.

### Growth expectations remain positive, but below the strongest recovery years

The expected growth profile has changed compared with 2024. Two years ago, many companies were still benefiting from a stronger post-pandemic recovery, and there was a stronger sense that the market itself could support expansion. In 2025 and 2026, that optimism has not disappeared, although it has become more cautious and more selective, with fewer companies expecting broad momentum and more respondents positioning themselves around gradual growth or stability.

In 2026, 63 per cent of respondents expect industry turnover to increase, while a larger share than before expect stability rather than broad acceleration. Companies still see commercial upside in Japan, although they are becoming more selective about where that growth will come from.

## What are companies' expectations for industry turnover in Japan?



Source: Business Climate Survey for Swedish companies in Japan 2026. 2024 n=77, 2025 n=61, 2026 n=67.

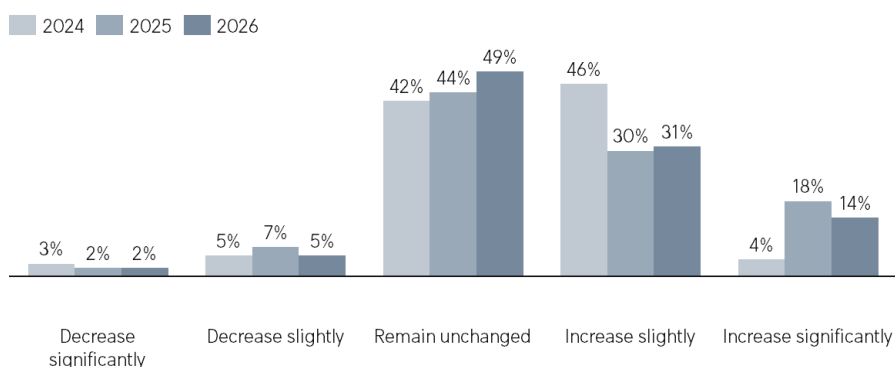
The multi-year panel adds another perspective. Historically, companies expecting revenue growth in Japan have more often reported commercial improvement the following year, while pessimistic expectations have been a weaker predictor of actual decline. In other words, optimism has tended to contain more information than pessimism. This fits the broader pattern in Japan: companies often describe the market cautiously, yet many continue to perform.

The in-depth company roundtables point in the same direction. Participants described a market where customers are open to foreign solutions when there is a compelling reason to change, but reluctant to switch suppliers if the benefit is marginal. Growth in 2026 will depend less on general market momentum and more on targeted opportunities where a Swedish solution solves a recognised customer problem.

## Investment plans have stabilised, with few companies reducing their exposure

Investment plans point to continued stability. In 2026, 45 per cent of respondents with a valid answer plan to increase investment slightly or significantly in the coming 12 months, while 49 per cent expect no change and only 7 per cent anticipate reductions. No respondent indicated plans to leave the Japanese market. Three respondents answered, "don't know / not applicable", while five did not provide an answer.

## What are Swedish companies' investment plans in Japan?



Source: Business Climate Survey for Swedish companies in Japan 2026. 2024 n=74, 2025 n=57, 2026 n=65.

Investment plans send a stronger signal of commitment than the business climate score alone. The longer trend is more revealing than the single-year number. The share of companies reducing investment is now close to the lowest level seen across the survey period, far below the 2020 Covid-period peak. Companies may adopt a more cautious tone, but they are not materially reducing their exposure to Japan. The dominant posture is to hold position or invest carefully, rather than withdraw.

Taken together, the economic outlook points to a market where the commercial base is stronger than the sentiment suggests. Swedish companies continue to report solid profitability, and few are reducing investment, even as growth becomes harder to unlock. The harder work begins after entry: reaching the right customer, navigating long purchasing processes, meeting local requirements, defending value against yen pressure, and building enough trust to scale. The next section examines the operating conditions underlying the survey results and why formal market access is only one part of the Japan challenge.

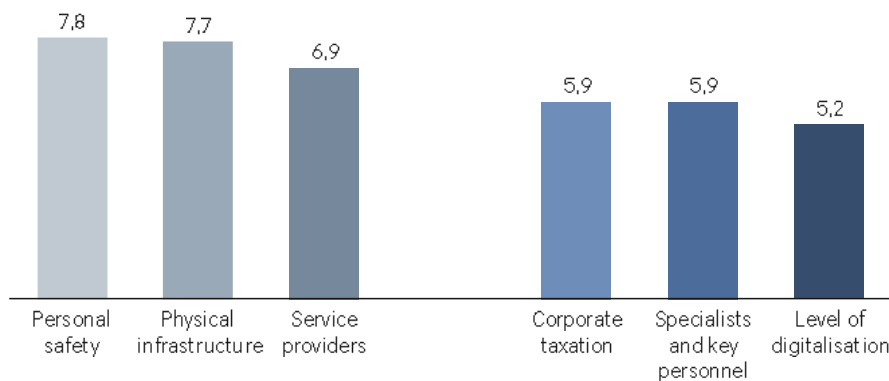
# The market

## Japan offers stability, while operational complexity remains part of the market

Japan continues to stand out as one of the most stable and reliable business environments in Asia. For Swedish companies, this stability is one of the country's strongest advantages, especially in a period when many other markets are affected by geopolitical risk, supply-chain uncertainty, currency volatility and changing trade policy. The market offers strong infrastructure, high personal safety, reliable professional services and a business culture where relationships, once established, tend to be long-term.

The survey shows that Japan's strengths as an operating environment sit alongside practical challenges in daily business. The highest-rated local conditions are personal safety, physical infrastructure and service providers, which confirms Japan's position as a dependable and well-functioning base for business. The lowest-rated areas are level of digitalisation, access to specialists and key personnel, and corporate taxation, pointing less to instability than to friction in daily operations.

### How well do local conditions meet companies' business needs?



Note: Average score on a 1–9 scale, where 1 = does not meet needs at all and 9 = fully meets needs.  
Source: Business Climate Survey for Swedish companies in Japan 2026.

The local conditions scores show that companies are not questioning Japan's basic reliability. Respondents are satisfied with safety, infrastructure and professional services, while weaker scores sit in areas that affect day-to-day expansion: digital processes, specialist recruitment and administrative cost.

The 2024 sales analysis gives another angle on this point. For companies already generating higher revenues in Japan, the most relevant operating conditions are not only market access and formal regulation, but also the infrastructure needed to run a larger local business: access to specialists and service providers, smooth customs handling and reliable operational support. This is particularly relevant for companies selling technical or regulated products, where scale depends on people who can explain the product, manage customer requirements and translate global expertise into a Japanese business context.

### Digitalisation is improving, but expectations are rising too

Digitalisation deserves particular attention because it is both one of Japan's most improved conditions over time and still one of the lowest-rated areas in 2026. This captures an important part of Japan's business environment. Companies can see that digital transformation is happening, but many still experience digital processes as slower, less integrated or less user-friendly than in Sweden or other advanced markets.

The gap is especially visible for companies that sell software, digital tools or technology-enabled services. These companies often judge Japan against the standards they see in more digitally mature customer environments. For them, the issue is not only whether Japan is improving but also whether customers, procurement systems, data governance, contract processes and enterprise systems are

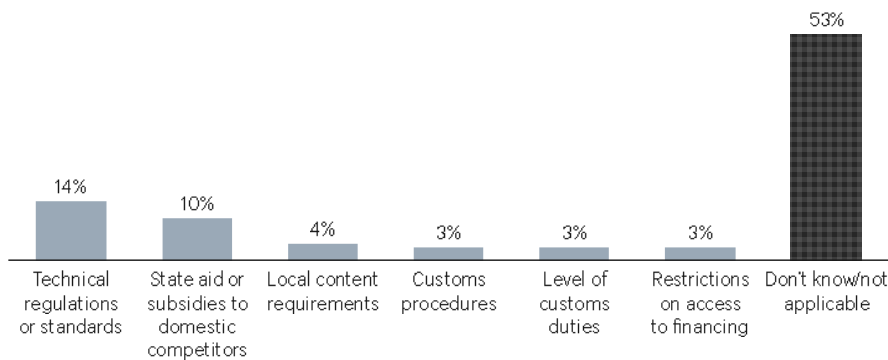
sufficiently modern to support efficient implementation. For companies with high digital expectations, progress may still feel too slow.

For Swedish companies, this creates both friction and opportunity. Slow digital processes can make sales, onboarding and integration more demanding. The same gap creates demand for solutions that help Japanese organisations improve productivity, automate workflows, use data more effectively and reduce manual administration. The commercial opportunity is strongest where digitalisation is linked to a concrete business problem, rather than presented as technology for its own sake.

### Trade barriers are limited, although standards and industrial policy deserve attention

Swedish companies generally do not describe Japan as a market with significant formal trade barriers. In 2026, 53 per cent of respondents reported not encountering any meaningful trade barriers in the past year, which is almost unchanged from 2025. This supports the broader view of Japan as a rules-based and predictable market, where companies rarely face arbitrary obstacles or sudden regulatory shifts.

### Have companies encountered trade barriers that have had a noticeably negative impact?



Note: Share of companies that encountered trade barriers with a noticeably negative impact on business. Respondents could select multiple options.

Source: Business Climate Survey for Swedish companies in Japan 2026. n=73.

The most cited formal barrier remains technical regulations and standards, reported by 14 per cent of respondents. This is down from 22 per cent in 2024, which may indicate that some companies are becoming more familiar with Japanese requirements, or that earlier barriers have become easier to manage. Even so, standards remain a significant issue because Japan-specific testing, documentation and certification can add cost and cause delays, particularly in regulated, technical or safety-critical sectors.

The more notable change in 2026 is the increase in the number of respondents citing state aid or subsidies to domestic competitors. This should not be read as a broad protectionist shift, although it does reflect a market where industrial policy is becoming more active. Japan is investing heavily in strategic sectors such as semiconductors, batteries, clean energy, defence, aerospace, digital infrastructure and other economic-security-related areas. These investments may create new demand for foreign technology and partnerships, while strengthening domestic competitors that benefit from public support.

“**Even when ISO and other international standards are met, additional testing, documentation, and certification are required to comply with Japan-specific regulations.**

Country manager  
Swedish transportation company

This type of barrier is rarely dramatic in isolation, but it can become commercially important because it adds time, cost and uncertainty before a product can be sold at scale. For large companies, this may be manageable as part of the cost of doing business. For smaller companies or newer entrants, Japan-specific testing, documentation and certification can delay market entry, stretch budgets and make it harder to build early customer momentum.

The 2024 sales analysis adds a further nuance: some barriers appear most visible when companies try to move from limited sales to larger scale. Customs-related friction and state aid to domestic competitors were more visible among lower-sales companies than among companies already operating at high

volume. Larger companies have often already built the local structures, distributor relationships and administrative routines needed to manage these barriers, while smaller companies remain more directly exposed. For newer or mid-sized Swedish companies, standards, customs routines and public-sector specifications can therefore become scale barriers, not only entry barriers.

The in-depth company roundtables showed that these barriers are not always visible as formal restrictions. In public or regulated procurement, the practical competition may begin before the tender is announced. If technical specifications are shaped around existing methods, established suppliers or customer assumptions, a foreign company may formally be allowed to compete but still find that the requirements do not reflect how its technology works. This means that early dialogue with customers, technical stakeholders and specification-setting actors can be critical. Competing only once the tender is public may be too late.

**“In tender-based sectors, it is not enough to wait for the tender. Companies need to understand how the specifications are shaped before the formal process begins.**

Senior representative  
Swedish industrial technology company

#### **Geopolitics and trade uncertainty are starting to shape operational decisions**

The 2026 survey shows that many Swedish companies are no longer assessing Japan solely as a sales market; they are instead looking at Japan through the lens of broader geopolitical risk, supply chain resilience and changing trade policy. Companies have been managing uncertainty around China, energy prices, logistics and currency movements for several years, and the 2026 results show that these issues are becoming more concrete in operational planning.

Japan occupies a particular position in this environment. It is a stable, rules-based economy with advanced industrial capabilities and close security ties to the United States, while being deeply integrated into Asian supply chains and economically connected to China. For Swedish companies, this makes Japan both exposed to regional and global disruption and potentially valuable as a more predictable anchor in Asia. The question is not only whether Japan is affected by geopolitical risk, but also whether Japan Inc. can help companies manage that risk.

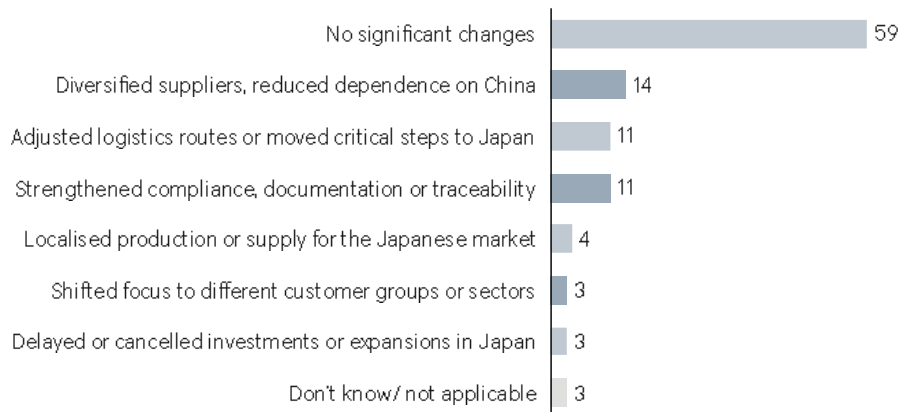
**“Geopolitics has not fundamentally changed our Japan strategy, but it has changed the way we think about lead times, inventory, technology disclosure and which customers we engage with.**

Senior representative  
Swedish mobility company

The survey suggests that most Swedish companies have not yet made major structural changes to their supply chains or operations. Fifty-nine per cent reported no significant changes in response to geopolitical pressures. A meaningful minority are already taking precautionary steps: 14 per cent have diversified suppliers to reduce dependence on China, 11 per cent have adjusted logistics routes or moved critical steps to Japan, and 11 per cent have strengthened compliance, documentation or traceability.

This was reflected in the in-depth company roundtables. Participants generally did not describe geopolitics as something that had fundamentally changed their Japan strategy, but rather as something that is affecting operational choices. Lead times, order books, inventory planning, export controls, technology disclosure and customer selection are becoming more important management issues. In that sense, geopolitical risk is moving into day-to-day business decisions, even if it has not yet led most companies to restructure their operations in Japan.

## How are geopolitical pressures affecting companies' operations in Japan?



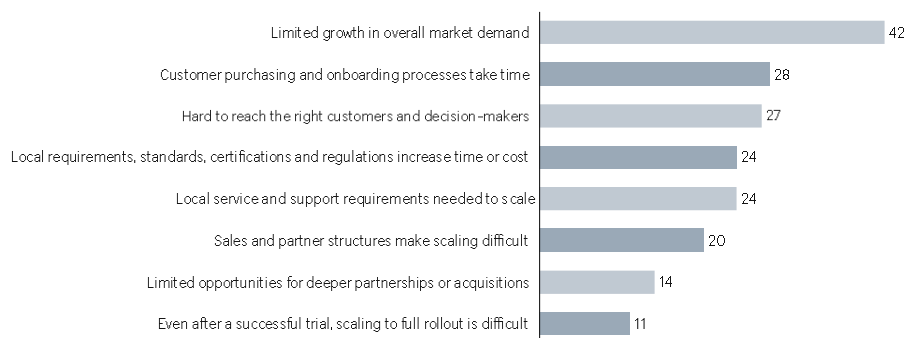
Note: Respondents could select multiple options. n=73.  
Source: Business Climate Survey for Swedish companies in Japan 2026.

The fact that a majority have not changed their operations should not be interpreted as indifference. For many companies, Japan-related supply chains are already relatively stable, or Japan represents a sales and service market rather than a major production base. In those cases, the first response to geopolitical uncertainty may be closer monitoring, more internal scenario planning, or stronger documentation rather than visible restructuring.

The stronger signal is that the companies making changes are not pulling back from Japan but are adjusting their operating models around it. Supplier diversification, logistics adjustments and stronger traceability all point to a more careful operating environment, where companies need better visibility of products, components, data and documentation across borders.

For Swedish companies, Japan's role may therefore become more strategic over time. It is still primarily a sales and service market for most respondents, but the combination of geopolitical uncertainty, Japanese industrial policy, high manufacturing quality and customer demand for reliability could make Japan more relevant as a regional hub for selected activities. The survey does not show a broad relocation trend, although it does show that some companies are beginning to think beyond a simple sales-office model.

## What most limits your company's ability to grow in Japan?



Note: Respondents ranked up to three barriers. The figures show the number of mentions. (n=73).  
SOURCE: Business Climate Survey for Swedish companies in Japan 2026.

The new 2026 question on growth barriers gives a wider view of the same issue. When companies were asked what most limits their ability to grow in Japan, the answers were less about tariffs or customs and more about demand, customer access, purchasing processes and the need for local support. Limited growth in overall market demand was the most cited barrier, with 42 combined mentions, followed by slow customer purchasing and onboarding processes with 28 mentions, difficulty reaching the right customers and decision-makers with 27 mentions, and local requirements or service expectations with 24 mentions each.

The result helps separate formal market access from commercial access. Few companies report severe formal barriers, but many still struggle to turn market presence into growth. The obstacles sit closer to the customer: who makes the decision, how long onboarding takes, which standards must be met, what

level of support is expected, and whether the buyer sees enough reason to switch from an existing supplier.

The fact that limited market demand is the most cited growth barrier should be read carefully. It does not mean that Japan lacks opportunity; rather, it reflects the reality of a mature economy where growth is rarely driven by broad market expansion. Companies need to identify specific pockets of demand, such as productivity improvement, automation, healthcare, digitalisation, energy efficiency, supply-chain resilience or advanced manufacturing, rather than assuming that overall market growth will lift all sectors equally.

The transport sector illustrates this pattern. Participants described Japan as a market where demand for more efficient logistics solutions is urgent, but where existing regulations, vehicle specifications, fragmented transport structures and cost pressures make change difficult. Driver shortages, low wages in parts of the logistics industry, and rising domestic transport costs all point to a sector under pressure.

“**We can see strong interest in cleaner and more efficient transport solutions, but adoption still depends on whether customers are willing to absorb the additional cost.**”

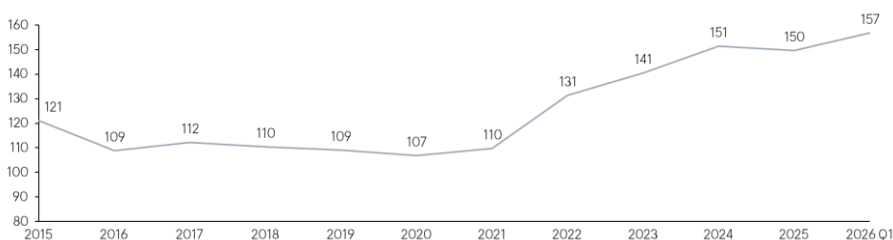
Senior representative  
Swedish transport company

Japan is open in formal terms, and companies benefit from a stable legal framework, predictable institutions and relatively low corruption risk. Commercial growth, however, often depends on navigating behind-the-border complexity: local standards, detailed documentation, slow procurement, customer access, service expectations and partner structures. For Team Sweden, this makes support around regulatory navigation, customer access, partner identification and market positioning especially relevant, since these are often the areas where Swedish companies face the greatest practical friction.

### The weak yen is both a currency and a business-model issue

The weak yen remains one of the most practical challenges for Swedish companies in Japan. Its effect is not uniform across the respondent base, and it is better understood as a business-model issue than as a macroeconomic condition alone. Companies that import finished goods, components or technology into Japan from Sweden, Europe or other stronger-currency markets face direct pressure on costs and margins. Companies with local costs, local sourcing, local service delivery or Japanese revenue streams may experience the weak yen differently, although they can still be affected when results are translated back into Swedish kronor or euros.

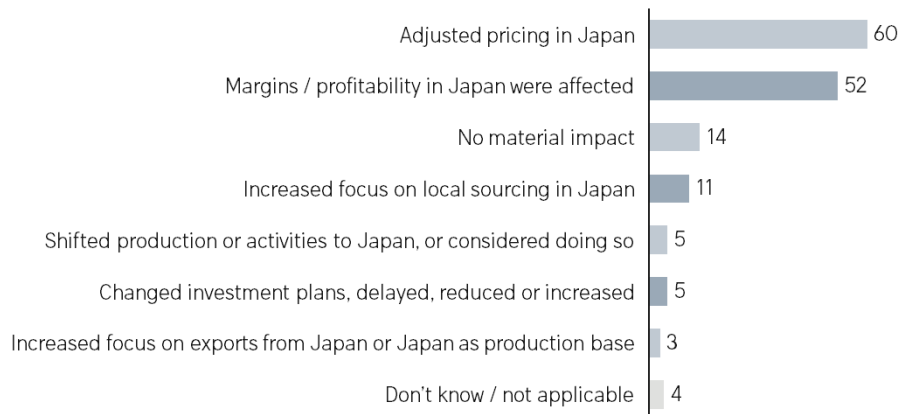
### The yen has weakened sharply against the US dollar since 2021



Note: USD/JPY shows Japanese yen per one U.S. dollar. A higher number means a weaker yen against the U.S. dollar. Annual figures are averages of daily rates. 2026 refers to Q1 average, not full-year average.  
Source: Federal Reserve / FRED, Japanese Yen to U.S. Dollar Spot Exchange Rate; OECD/FRED quarterly exchange-rate series for 2026 Q1.

The yen is no longer a background concern. Sixty per cent of respondents said they had adjusted pricing in Japan due to yen weakness, while 52 per cent said margins or profitability had been affected. Only 14 per cent reported no material impact. The pressure is visible in financial reporting, customer negotiations, sourcing reviews and decisions about how much cost should remain outside Japan.

## How is the weak yen affecting Swedish companies in Japan?



Note: Respondents could select multiple options. n=73.  
Source: Business Climate Survey for Swedish companies in Japan 2026.

Price increases are difficult in Japan because customers usually expect concrete justification and careful communication. For import-heavy companies, the weak yen creates a double problem: costs rise in yen terms, and customers may still compare prices with domestic suppliers that have more yen-based cost structures.

“**The question is not only how to raise prices but also how to show customers that the value has increased. In the current environment, the offer needs to be explained more clearly.**”

Senior representative  
Swedish transport company

The impact is particularly difficult for companies whose Japanese business relies heavily on imports. For these companies, yen weakness can reduce price competitiveness even when demand remains stable. It can create internal tension between global pricing models and local market realities, especially when headquarters expects margin discipline while Japanese customers resist price increases. In this environment, companies with strong local relationships, clear value propositions and differentiated products are better positioned to defend pricing than companies competing mainly on cost.

The in-depth company roundtable that followed the survey showed that some firms are responding to this pressure by reframing the pricing discussion around value rather than exchange rates alone. For Swedish companies, the challenge is not only to pass on higher costs, but also to show why the offer remains worth paying for when customers are under pressure. In practice, this can mean clearer lifecycle-cost arguments, stronger service commitments, more local support, or a clearer explanation of how the product helps customers improve productivity, safety or reliability.

“**Our business model relies heavily on imports from Sweden, so the current weak currency is significantly impacting us, reducing our price competitiveness in the market.**”

Country manager  
Swedish industrial company

The survey shows that some companies are starting to consider more structural responses. Eleven per cent have increased their focus on local sourcing in Japan, while five per cent have shifted or considered shifting production or activities to Japan. These shares are still small and should not be overstated, although they show that a prolonged weak yen could gradually change how some Swedish companies think about their Japan footprint. If importing into Japan remains expensive, local sourcing, local assembly, service localisation or Japan-based partnerships may become more attractive, especially for companies with sufficient scale.

For now, the most common response is pricing rather than restructuring. That makes sense, since changing production, sourcing or operating models takes time and usually requires stronger evidence that current conditions will remain favourable for localisation. Still, the yen has clearly become part of strategic planning. It affects not only profitability, but where companies source, how they price, how they negotiate with customers and how they evaluate future investment in Japan.

Several companies stressed that the yen should not be overestimated as a reason to change long-term strategy. The weak currency is creating real margin pressure, but most companies appear to be adapting through pricing, sourcing reviews, local service adjustments and more careful customer communication rather than making abrupt strategic changes. The weak yen is being treated as a serious operating condition, though not yet as grounds to fundamentally reconsider Japan's role.

## “The weak yen makes it nearly impossible to improve margins in Japan. Japanese commercial banks do not easily lend to small foreign companies.

Country manager  
Swedish retail company

The broader implication is that Swedish companies need to treat currency exposure as part of their Japan strategy, not only as a finance function. Companies with limited local cost bases may need to review pricing mechanisms, distributor agreements, hedging practices, sourcing options and customer communication. Companies with stronger local operations may have an advantage if they can match more of their costs and revenues in yen. In both cases, the weak yen reinforces the same message that appears throughout the survey: Japan remains attractive, but companies need to manage the details carefully.

### Corruption and human rights violation concerns remain very limited

Japan continues to stand out as a low-risk market when it comes to corruption, human rights violations and labour rights abuse. In the 2026 survey, no respondents reported exposure to corruption, such as bribery or fraud, in contacts with public bodies, private counterparts or internal processes. No respondents reported exposure to human rights violations or labour rights abuse either.

This result is consistent with previous editions of the survey and reinforces one of Japan's clearest strengths as a business environment: companies operate in a market with a strict rule of law, predictable institutions and high levels of transparency. The practical challenges in Japan are therefore less about governance risk and more about detailed compliance requirements, slow processes, demanding customer expectations and the time required to build trust.

### Exposure to corruption, human rights violations and labour rights abuse

Area assessed	2026
Corruption involving public bodies	0 reported concerns
Corruption involving private counterparts	0 reported concerns
Corruption involving internal counterparts	0 reported concerns
Human rights violations or labour rights abuse	0 reported concerns

Note: Respondents were asked whether they had been exposed to corruption, such as bribery or fraud, or encountered any form of human rights violations and/or labour rights abuse in contacts with public bodies, private counterparts or internal processes. "Don't know / not applicable" responses are not shown.

Source: Business Climate Survey for Swedish companies in Japan 2026. n=73.

The absence of reported corruption does not mean that companies can ignore compliance. Japan is a rules-based market, yet formal processes, documentation requirements and internal approvals can still be detailed and time-consuming. Compared with many other markets, corruption risk does not appear to be a major concern for Swedish companies operating in Japan, which supports Japan's position as a predictable base for long-term business.

The more relevant sustainability discussion in Japan is less about basic governance risk and more about transition: energy use, emissions, ageing infrastructure, labour shortages, productivity, diversity, digitalisation and industrial renewal. Swedish companies often have relevant experience in these areas, provided sustainability is connected to practical business needs rather than presented only as a values-based or compliance-driven topic.

# How Swedish companies succeed in Japan

## Success depends on trust, proof and local follow-through

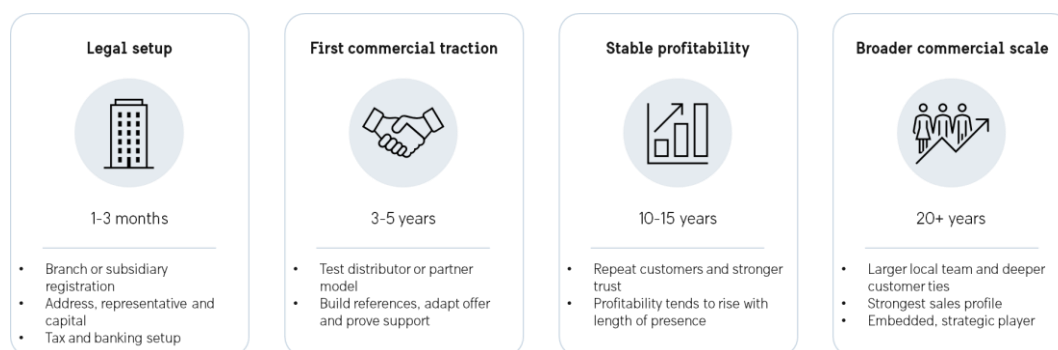
The survey confirms a pattern that many Swedish companies in Japan recognise well: success in Japan is rarely based on a single factor. A good product or service is necessary and usually needs to be backed by evidence of quality, long-term commitment, credible support and a good understanding of how Japanese customers evaluate risk. In many sectors, customers are not only asking whether a solution works; they are asking whether the supplier will remain present, responsive and reliable over time.

### What the 2024 sales data adds

The 2026 survey shows how Swedish companies experience Japan today, while the 2024 sales analysis gives another angle: which companies have actually built commercial scale. Profitability and sales volume do not always tell the same story. A company can be profitable in Japan with a narrow but well-defended niche, while another can generate large revenues and still face margin pressure, long qualification processes or a demanding business climate.

The sales data points to a recurring pattern. Companies that build scale in Japan tend to have more than just market presence: local presence, customer access, technical credibility and a position that gives Japanese customers a reason to switch from existing suppliers. Length of presence helps only when combined with these elements; without local capability, a company can remain in Japan for decades without moving beyond a small, stable business.

This chapter uses the sales analysis to bridge the survey results and the four archetypes below. The earlier sections show that Japan is profitable for many Swedish companies and slow, demanding and highly relationship driven. The sales data helps explain which companies move from presence to scale, and why some remain small despite long experience in the market.



The timeline should be read as a practical estimate rather than a fixed rule. Some companies reach profitability faster through a strong partner, an existing customer relationship or a niche where the value is immediately clear. Others take longer because they need to build references, adapt documentation, secure local service capacity, pass through customer qualification processes or align with Japanese standards and procurement routines.

The wider pattern is that Japan can often be entered relatively quickly in legal terms, while commercial establishment takes longer. Stable profitability usually comes after customers have seen that the company can deliver, provide support and stay committed over time, and broader scale usually requires deeper local capability, stronger customer ties and a position that Japanese customers see as difficult to replace.

### What separates companies that scale from those that stay small?

The timeline explains the usual build-up, but the sales analysis shows that time alone does not create scale. Companies with more than SEK 1 billion in Japan sales had larger local teams, were more often involved in manufacturing or R&D in Japan and were far more likely to be profitable. Lower-sales

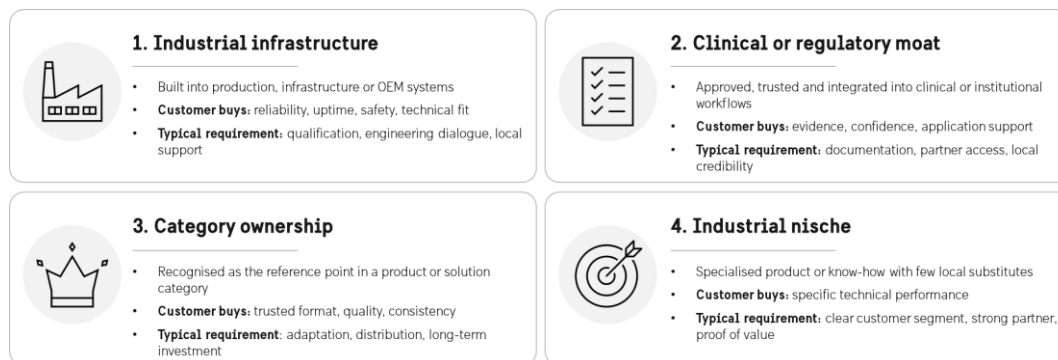
companies often had thinner local operations, even when they had been present in Japan for a long time. The point is not that long-term presence is unhelpful, but that time only translates into higher revenues when paired with investment, customer access, a clear niche and sufficient local capability to support the customer effectively.

Operating models show the same pattern. In the 2024 sales analysis, companies with sourcing and trading, manufacturing or R&D activities in Japan reported higher sales bands than companies without those activities. After-sales support did not show the same relationship with sales volume, suggesting that service capacity is often necessary once a company has scale but does not, by itself create scale. The stronger pattern is that companies grow when local operations bring them closer to customers, technical requirements, supply chains and product development.

The companies that scale are therefore not simply the companies that have waited the longest. They are the companies that have built a position in Japan that customers understand, trust and have few reasons to replace.

## Four archetypes of Swedish companies that scale in Japan

Some companies have been present for decades without becoming large, while others have achieved significant sales by holding a very specific position in the market. The companies that scale usually fall into one of four broad archetypes.



**The first archetype is industrial infrastructure embedding**, where Swedish products, systems or components become part of Japanese industrial operations. Their products, systems or components are built into production lines, industrial processes, infrastructure or OEM supply chains, and once accepted, they are hard to replace, since a supplier change could create technical, operational or customer risk. This type of position often takes many years to build, because the customer needs to test the solution, trust the supplier and understand how it fits with existing systems, engineering requirements and long-term development plans.

The value for the Japanese customer is practical rather than abstract: higher uptime, better precision, safer operations, lower energy use, stronger quality control or performance that is difficult to secure from existing suppliers. Companies in this archetype often need local engineering, service capacity, manufacturing, R&D or a technically strong partner network, because the customer is not only buying a product. They are buying confidence that the supplier can support a critical part of their operation over time. This helps explain why these companies may still describe Japan as slow or demanding, even after building large, profitable businesses there.

**The second archetype is the clinical or regulatory moat**, most visible in the healthcare and life sciences sectors. Companies in this group build their position through approvals, clinical evidence, hospital relationships, workflow integration and application support. They do not always need very large local teams because the strength of the position lies in the clinical or institutional setting, but they do need evidence, trust and partners who can help the customer feel safe using the solution in Japan.

Once a product is approved, trusted and built into a workflow, replacing it can become difficult. That creates a durable position, but the route in is usually slow, documentation-heavy and dependent on local credibility. Strong technology is not enough. The company needs to show that the solution works in the Japanese clinical context, that support is available, that documentation is reliable, and that the partner or local team can help hospitals, physicians, or technical users apply the solution in practice. For Swedish

healthcare and life-science companies, the most attractive opportunities are often found where clinical value, workflow improvement and partner credibility converge.

**The third archetype is category ownership.** These companies have built such a clear position in a product category that customers understand what they stand for and why their offerings are difficult to replace. This can happen in consumer-facing markets, packaging, specialised systems or other areas where a company has created a category position that domestic competitors have not fully matched. The advantage is not only brand recognition, but the fact that the company has become the reference point for a certain product, format or way of solving a problem.

Category ownership can generate very large revenues, but it usually requires sustained investment, local adaptation and a deep understanding of Japanese customer expectations. Companies in this archetype often need to adjust the offer to Japanese preferences, build reliable service or distribution structures, and maintain quality over many years. Brand Sweden may help in some cases, particularly when it supports associations with design, quality, safety or responsible business, but the real advantage is category credibility. The customer knows what the company does, understands why it is different, and has fewer reasons to search for a local substitute.

**The fourth archetype is the narrow industrial niche.** These companies may be smaller, but they sell something Japanese customers cannot easily find elsewhere. Their business in Japan may depend on a limited number of customers, distributors or technical applications, yet it can still be profitable if the product solves a clear problem and the support model is credible. This archetype is especially relevant for mid-sized Swedish companies, since it does not require them to become mass-market players in Japan.

The narrow niche model does require discipline. The company needs to know exactly where it fits, which customers have the problem, why local alternatives are not enough, and how the customer will be supported after adoption. A good distributor can be important, but the Swedish company usually cannot disappear behind the distributor. It still needs to explain the technology, listen to customer feedback, provide documentation, and demonstrate its commitment to Japan. In this archetype, success often depends less on the size of the local office and more on the sharpness of the niche, the quality of the partner and the customer's sense that the product would be difficult to replace.

The four archetypes differ in scale, investment needs and risk, but they share one feature: they are specific. Companies that build scale in Japan rarely sell a broad "Swedish solution" to a general market need. They solve a defined customer problem in a defined setting, with sufficient evidence and local support to reduce the buyer's risk. Large companies often scale by becoming embedded in systems and supply chains, while smaller companies succeed when they own a niche that Japanese customers recognise as difficult to replace.

The model can be read not as four separate boxes, but as four answers to the same question: why should a Japanese customer change? In the first archetype, the answer is operational reliability. In the second, it is clinical or regulatory confidence. In the third, it is category credibility. In the fourth, it is a specialised capability that the customer cannot easily source elsewhere. That is the commercial lesson from the 2024 sales analysis. Japan is not only difficult because sales cycles are long, but also because customers need a strong reason to take the risk of change, and the companies that scale are the ones that can make that reason credible.

## Five factors for success in Japan

The archetypes describe the types of positions that can create scale. The five factors below describe how companies usually build those positions in practice.



**First, they need a clear reason for the customer to change.** In Japan, a foreign supplier is rarely chosen only because it is foreign, Swedish or innovative in general. The offer needs to solve a specific customer problem, improve competitiveness or provide something that is difficult to find locally.

**Second, companies need to build trust with the right people early.** This often means working not only with procurement, but also with R&D teams, technical users, service teams and senior decision-makers. In several sectors, the formal decision may sit with procurement, while the actual confidence in the solution is built through technical dialogue and repeated interaction with the users.

**Third, the offer needs to be adapted to local expectations.** This can include documentation, standards, product specifications, service models, language, response times and proof of reliability. Japanese customers often want to know not only whether the solution works, but whether it works in their own operating environment.

**Fourth, local support must be credible.** Customers may hesitate if support is seen as too distant, too dependent on headquarters or too difficult to access in Japanese. For technical products, local support is often part of the product itself, especially when failures, maintenance or legal accountability pose a risk to the customer.

**Fifth, companies need patience and a long-term commercial logic.** In some cases, the first sale or tender may not be the main source of profitability. The business case may depend on service, calibration, spare parts, upgrades or follow-on business over many years. This requires headquarters and the local organisation to share the same understanding of how value is created in Japan.

## Brand awareness remains important, but competitiveness is becoming more execution-led

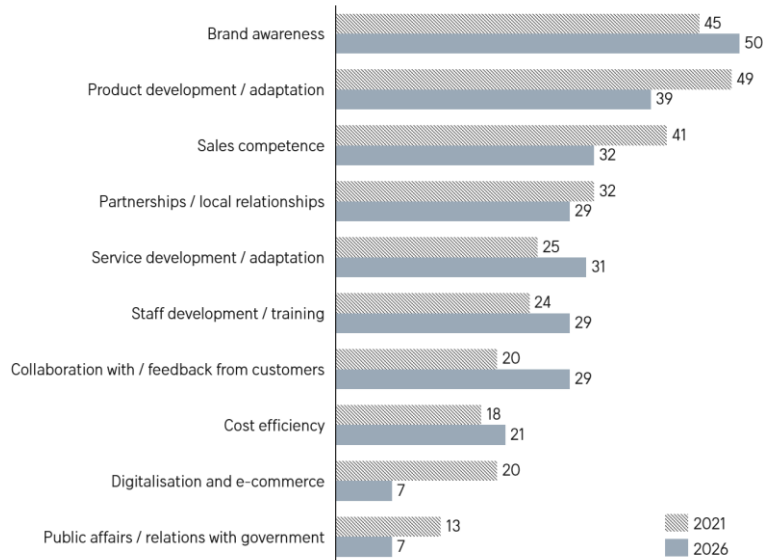
The 2026 survey shows that brand awareness remains the most selected factor for maintaining competitiveness in Japan, chosen by 49 per cent of respondents. Product development and adaptation follow at 38 per cent, while sales competence is selected by 32 per cent. Several factors sit close behind: service development, customer collaboration, staff development and partnerships are all selected by around three in ten respondents.

The ranking should be read together with the growth-barrier findings. Companies identify slow purchasing processes, difficulty reaching decision-makers and local service expectations as key barriers to growth. This suggests that competitiveness in Japan is not only about having a strong brand or a strong product. Companies need to translate those strengths into customer access, local fit, technical explanation, service capacity and long-term trust.

The longer comparison with 2021 adds another layer. Brand awareness remains high, while customer collaboration, service development and staff development have gained ground. Digitalisation and e-commerce, product adaptation and sales competence are selected less often than in 2021. A more likely

interpretation is that companies increasingly see competitiveness in Japan as depending on how well capabilities are applied in the customer relationship. The shift is from “what the company offers” toward “how the company works with the customer”.

### What factors are important for competitiveness in Japan?



Note: Respondents could select multiple options. 2026 (n=73). The unit is the share of respondents selecting each factor. Sustainability is shown separately because it was not included as a response option in 2021.  
Source: Business Climate Survey for Swedish companies in Japan 2021 and 2026.

“**Sales cycles are long, requiring significant investment in go-to-market strategy and patience. On the other hand, loyal customers are focused on quality, not price.**”

Country manager  
Swedish telecommunications company

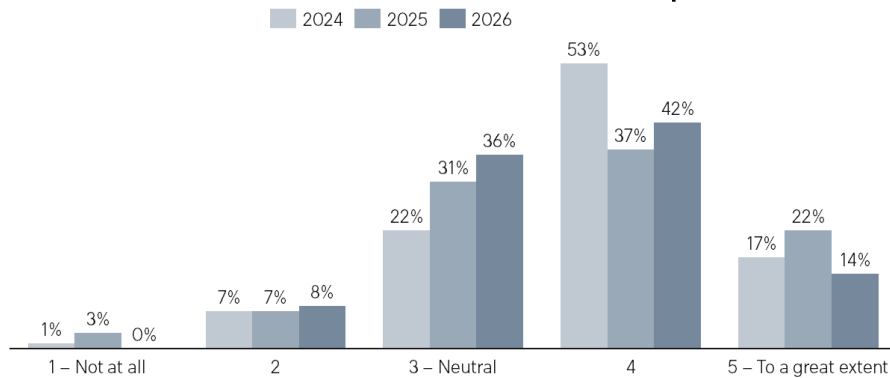
The quote captures a central feature of the Japanese market. The early stages can be slow and resource-intensive, especially before the company has built recognition and trust. Once a supplier has been accepted, however, the same careful evaluation process can work in its favour. Customers who take the time to qualify a supplier may stay with that supplier, provided quality, reliability and support remain strong.

One example raised in the in-depth company roundtables was that a Japanese customer may question a price that appears too low if it raises doubts about quality, service capacity or supplier stability. Price remains relevant, especially in cost-sensitive sectors, but a low price is not always enough to win business. In many cases, customers want reassurance that the supplier is financially stable, able to support the product over time and committed to maintaining the relationship.

“**A very low price can sometimes create doubt rather than trust. Customers want to know that the supplier is healthy enough to deliver quality, service and support over time.**”

Country manager in Japan  
Swedish mobility technology company

## To what extent does Brand Sweden benefit business in Japan?



Note: Percentages are calculated from valid responses. n=64.  
Source: Business Climate Survey for Swedish companies in Japan 2026.

Sweden is associated positively in Japan, particularly with quality, sustainability, safety, design, trust and responsible business. However, the Swedish Institute's Brand Sweden Report 2025 highlights an important caveat: while Sweden has a strong international reputation, awareness of Sweden remains low in several key markets, including those where Sweden is not always clearly differentiated from other Nordic or European countries. This is relevant in Japan, where Sweden may be viewed positively by those who know the country, but is not necessarily top of mind for many customers.

For Swedish companies, Brand Sweden can help start a conversation, but it rarely closes the sale on its own. In business-to-business markets, Swedish origin can signal engineering quality, reliability, sustainability and technical credibility, while in consumer-facing markets it can support associations with Nordic design, lifestyle, wellbeing and simplicity. These associations are useful only when they are made concrete through local references, product performance, service capacity, documentation and long-term commitment.

Swedish companies should not assume that customers already understand what Sweden stands for. The brand needs to be explained in customer terms: sustainability through lower energy use or lower lifecycle costs, innovation through greater efficiency, safety or quality, and trust through local support and consistency over time. In Japan, Brand Sweden is strongest when it becomes evidence, not only identity.

### A local presence is often needed because the sales order is only the first step

The operations data presented earlier in the report show that Japan remains primarily a sales and service market for Swedish companies, with 90 per cent of respondents conducting marketing and sales activities and 55 per cent providing after-sales and support services. These figures help explain why local presence is not only about market entry but also about what happens after the first sale.

A Japanese strategy focused only on initial sales can become too thin. Customers may need local documentation, training, spare parts, technical explanations, rapid response times, and a partner or local team that can support them in Japanese. This is especially relevant for advanced products, industrial systems, healthcare solutions, software and technical equipment, where customers need confidence that the supplier can support them throughout the product lifecycle.

The in-depth company roundtables reinforced this point. Several participants stressed that Swedish companies cannot rely solely on a distributor and expect the relationship to develop on its own. A distributor may provide access, but the Swedish company often still needs to spend time with the end customer, explain the technology, listen to feedback and show commitment to Japan. When the product is complex, regulated or new to the market, the customer is not only buying the product but also buying confidence that the supplier will be present when support is needed.

“**For technical products in Japan, local support is part of the product. Customers need to know who will respond when something goes wrong.**

Country manager  
Swedish safety technology company

### Partnerships as a route to trust

Partnerships can be a route into markets where direct access is difficult. In healthcare, industrial systems and other specialised sectors, Swedish companies may depend on Japanese partners for more than sales, including service engineering, application support, customer credibility and access to professional networks. The strongest partnerships are not simple distribution arrangements; they are part of how the Swedish company becomes locally understandable and trusted.

One example discussed during the company roundtable was a Swedish healthcare software company whose solution is sold in Japan alongside major Japanese equipment and technology partners. The Swedish company has a relatively small local team, but through its Japanese partners, it can reach hospitals, provide application support and connect its software to a broader clinical and technical offering. In this type of model, the Japanese partner helps reduce customer risk by adding local service capacity, clinical access and credibility in a highly regulated market.

“**In specialised sectors, partners are not only a route to sales. They provide service capacity, technical credibility and access to customer networks that are difficult to build on one's own.**

Senior representative  
Swedish healthcare technology company

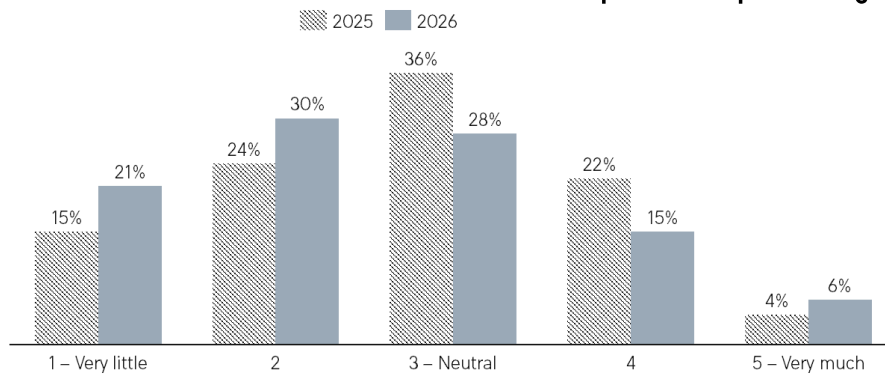
The automotive roundtable showed how this plays out in practice. Supplier relationships in Japan often move on two tracks. Engineers first need to see how the solution fits existing platforms, future development plans and internal technical priorities. Procurement then looks at a different set of risks: whether the supplier can deliver consistently, stay financially stable and provide support over time. One participant described a case in which a major Japanese automotive customer questioned an unusually low offer not because the price was unattractive, but because it raised doubts about whether the supplier would be strong enough to sustain the relationship in the long run.

## Sustainability is becoming part of Japan's industrial transition

Japan's climate agenda is moving, but the buying signal is more pragmatic than political. The country has committed to cut greenhouse gas emissions by 60 per cent by fiscal year 2035 and 73 per cent by fiscal year 2040, compared with 2013 levels. Its Seventh Strategic Energy Plan calls for more renewables by 2040 while keeping nuclear and thermal power in the system. That mix reflects Japan's real constraint: decarbonisation must happen alongside energy security, industrial competitiveness and high dependence on imported fuel.

For Swedish companies, the sustainability case therefore needs to be commercial before it is environmental. Lower energy use, lower material use, compliance readiness, fewer disruptions or better lifecycle economics are more persuasive than climate language on its own. The 2026 survey reflects this tension: only 21 per cent of respondents say customers consider environmental aspects to a high or very high extent in purchasing decisions, while 51 per cent say they carry little weight. Sustainability is present, but it tends to influence procurement only when it solves a cost, risk or performance issue.

### How much do customers consider environmental aspects when purchasing?



Note: Percentages are calculated from valid responses. 2025 n=55, 2026 n=67.  
Source: Business Climate Survey for Swedish companies in Japan 2025–2026.

The shift from neutral or positive responses toward lower ratings should be interpreted carefully. It does not necessarily mean that sustainability has become less relevant in Japan. This may be because environmental considerations are often secondary to price, reliability, quality, safety and operational performance in actual procurement decisions. Many Japanese customers may be interested in sustainability, especially at the corporate strategy level, but purchasing teams often still need a clear financial or operational reason to prioritise it.

This is especially important for Swedish companies because Sweden’s reputation for sustainability is strong, yet Japanese customers usually expect a concrete business case. A solution that reduces emissions may become more attractive when it lowers energy costs, improves productivity, reduces waste, supports compliance or strengthens supply-chain resilience. The commercial opportunity is therefore strongest where sustainability and operational value meet.

“As a global operator and a Scandinavian-listed entity, we need to comply with the highest regulatory standards, which apply to a lesser degree to our Japanese competitors. We aim to turn industry leadership in sustainability into a competitive advantage.

Country manager  
Swedish transportation company

### Swedish companies can turn sustainability into competitiveness when it is linked to Japan’s transition needs

The survey result should be read against Japan’s wider transition challenges. Japan has limited domestic energy resources, an ageing industrial base in some sectors, high dependence on imported fuels and a strong need to improve productivity as the working-age population declines. Sustainability is therefore closely connected to energy security, industrial renewal and long-term competitiveness.

Japanese customers are not always looking for sustainability as a standalone feature. They are often looking for solutions that reduce energy costs, improve efficiency, meet customer requirements, prepare for future regulation or make operations more resilient. When environmental benefits are connected to these business needs, they become easier to justify internally and more relevant in purchasing decisions.

This fits Swedish strengths, although it requires careful positioning. Japan’s green transformation is not moving evenly across all sectors, and customer readiness can vary significantly between industries and company types. Large industrial customers, multinational groups and companies exposed to export markets may move faster because they face stricter reporting requirements, investor pressure or customer expectations, while smaller domestic customers may be more cautious unless the financial case is clear. Swedish companies need to identify where sustainability is already a buying factor and where it first needs to be translated into cost, quality, resilience or compliance benefits.

# Sectors in focus

## Where Japan's priorities and Swedish strengths overlap

The survey results show that Japan remains a stable but demanding market, where growth is rarely driven by the wider economy alone. The strongest opportunities are concentrated in areas where Japan is under pressure to adapt, such as energy security, industrial resilience, digital infrastructure, advanced manufacturing, healthcare, mobility and technologies linked to economic security. These areas are becoming more central to Japan's policy agenda. That gives them added weight, as public priorities often shape corporate investment, procurement decisions, partnerships and the direction of domestic competition.

The following sections do not attempt to cover every attractive sector for Swedish companies. Rather, they highlight areas where Japan's structural needs, policy direction and Swedish capabilities appear especially relevant in the coming years.

The sector analysis should be read with some caution. The Business Climate Survey Japan respondent base is broad, but some sectors include very different types of companies under the same label. Automotive, for example, includes both long-established actors deeply embedded in OEM supply chains and newer mobility technology companies still working through pilot projects and adoption cycles. Healthcare includes both clinically integrated technologies and companies more dependent on distributor access, reimbursement conditions and hospital purchasing capacity. This means that sector averages can hide important differences in business model, maturity and route to market.

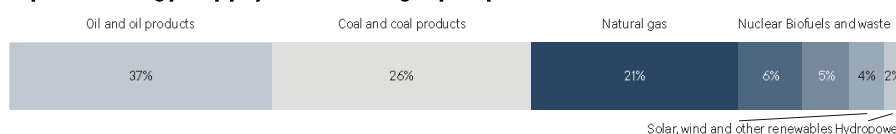
For that reason, the sections below focus less on whether a sector is simply "good" or "bad" and more on where the opportunity lies, what makes the route to market difficult, and what Swedish companies need to prove to scale.

The 2024 sales analysis supports the same reading. Some sectors have large numbers of respondents, while others have higher sales intensity per company. Automotive, packaging, metals and mining, and telecom stand out as sectors where individual Swedish companies can generate high revenue in Japan, although the paths to profitability differ. Automotive illustrates the tension most clearly: the sector can generate large sales through OEM and mobility value chains, but volume does not automatically translate into easy margins. Packaging, metals and telecom, by contrast, point to narrower but more defensible positions, in which Swedish companies serve specific needs that domestic alternatives do not fully meet.

## Sector 1: Energy security and green fuels

Japan's energy-security challenge becomes clearer when looking beyond electricity generation to the country's overall energy mix. Oil, coal and natural gas together account for around 84 per cent of Japan's total energy supply, while nuclear, hydropower, biofuels and other renewables together account for only around 16 per cent. This high dependence on imported fossil fuels makes Japan particularly exposed to global energy price volatility, geopolitical disruptions and exchange rate movements, especially when the yen is weak.

### Japan's energy supply remains highly dependent on fossil fuels











Source: International Energy Agency, 2024.

This is why Japan's green transition is an energy-security strategy. Expanding renewables, restarting nuclear capacity, improving energy efficiency, developing green fuels and reducing fossil-fuel dependence are not only climate priorities; they are central to lowering import exposure and strengthening industrial resilience.

For Swedish companies, this is important because energy-related opportunities in Japan are often easier to position when framed around resilience, cost reduction and decarbonisation. Japanese customers may support climate goals, but purchasing decisions still often depend on reliability, lifecycle cost, operational risk and regulatory readiness. Solutions that reduce energy use, improve uptime, strengthen backup capacity or make industrial processes less exposed to imported fuel prices may have a clearer commercial case than solutions presented only as environmental improvements.

The commercial implication is that Japan will need more than just renewable generation. Grid balancing, storage, industrial electrification, hydrogen and ammonia value chains, heat recovery, carbon capture, maritime decarbonisation and energy management systems all become relevant as Japan seeks to reduce emissions without weakening energy security. The commercial case is strongest where green solutions reduce costs or operational risk. A sustainability message on its own may not be enough in Japan's procurement environment, whereas a solution that reduces energy use, improves uptime, lowers lifecycle costs or prepares a customer for future regulation has a stronger path to purchasing decisions.

 JAPAN NEED	 SWEDISH FIT	 WHY IT MATTERS
 Lower dependence on imported fossil fuels	Energy efficiency, bioenergy, storage, industrial electrification	Energy shocks quickly affect inflation, corporate costs and household spending
 Higher renewable integration	Grid technology, balancing, digital energy management, storage	Renewables are targeted to reach 40-50% of electricity generation by 2040
 Industrial decarbonisation	Green fuels, hydrogen systems, heat recovery, process optimisation	Heavy industry needs solutions beyond standard electrification
 Maritime and transport decarbonisation	Green fuels, charging systems, efficiency technologies	Japan is a major shipping, logistics and manufacturing economy
 Resilient energy infrastructure	Distributed energy, monitoring, predictive maintenance, backup systems	Earthquakes, ageing infrastructure and import exposure increase resilience needs









## Sector 2: Dual-use technology and resilience

Japan's economic-security agenda has moved closer to industrial policy, with public attention and funding increasingly directed toward semiconductors, critical infrastructure, cybersecurity, space, defence-adjacent technologies, and supply-chain resilience. This is not only a defence story. It is about protecting the civilian systems that Japan increasingly sees as strategically important: energy infrastructure, logistics, data networks, manufacturing capacity, ports, transport systems and advanced technology supply chains.

The survey data points in the same direction. State aid or subsidies to domestic competitors were cited by 10 per cent of respondents in 2026, up from 2 per cent in 2025, suggesting that Japan's more active industrial policy is becoming visible to Swedish companies. In parallel, 11 per cent of respondents said they had strengthened compliance, documentation or traceability in response to geopolitical pressures, while 14 per cent had diversified suppliers to reduce dependence on China. These are still minority responses, yet they show how geopolitical risk is moving from background concern into operational planning.

For Swedish companies, the opening sits in areas where technology supports resilience. Sensors, secure connectivity, cybersecurity, advanced manufacturing, aerospace, space systems, energy resilience, logistics technology and automation can all have both civilian and security relevance, depending on the customer and use case. The route to market will often involve more stakeholders than in ordinary commercial sectors, since credibility depends on trusted relationships, regulatory understanding, export-control awareness and alignment with Japan's policy priorities.

This is an area where Team Sweden can add value. Individual companies may struggle to engage the right public stakeholders on their own, while Swedish government-backed dialogue can help position Swedish capabilities as part of a trusted-partner agenda.

 JAPAN NEED	 SWEDISH FIT	 WHY IT MATTERS
 Critical infrastructure resilience	Monitoring, automation, cyber security and energy resilience	Stronger focus on continuity, redundancy and protection of essential systems
 Defence-adjacent technologies	Sensors, communications, aerospace, mobility and advanced materials	Higher attention to capabilities with both civilian and security applications
 Space and satellite systems	Space technology, data services, components and ground systems	Space is increasingly linked to security, communications and disaster response
 Cyber and secure connectivity	Cyber security, secure networks, identity solutions and data protection	Digital infrastructure is increasingly treated as strategic infrastructure
 Supply-chain resilience	Industrial software, traceability, logistics and quality assurance	Companies need more traceability, redundancy and trusted suppliers

## Sector 3: Connectivity and AI

Japan's digital transformation remains uneven. The survey shows that "level of digitalisation" is one of the lowest-rated local conditions, which is consistent with a broader market reality: Japan has world-class technology companies and advanced industrial users, yet many administrative, commercial and operational processes remain slower and less digital than in comparable advanced economies. This creates frustration for companies operating in Japan, while also creating demand for solutions that can improve productivity, automation, data use and service delivery.

The survey data shows why this opportunity should be read carefully. Digitalisation is one area where Japan has improved over time, but it remains among the lowest-rated local conditions in 2026. Companies can see progress, but many still experience digital processes as slower, less integrated or less efficient than in Sweden and other advanced markets. The gap is especially visible for IT and electronics companies, which tend to judge Japan against higher digital standards because they work directly with software, data, integration and enterprise systems.

This creates a real, although demanding, opening for Swedish companies. The market need certainly exists, but customers may still move slowly from interest to implementation. Procurement processes, legacy systems, data governance, integration with existing enterprise platforms and internal decision-making can all slow adoption. Digitalisation in Japan depends as much on organisational culture, workplace habits, and decision-making structures as on the technology itself.

Connectivity and AI are becoming more important in this context. Japan faces a shrinking working-age population, labour shortages, ageing infrastructure and a need to raise productivity across both manufacturing and services. AI, automation, industrial software, connected devices, cyber security, digital health, smart mobility, robotics, telecom infrastructure and data-driven maintenance all speak directly to these pressures. The question is not whether Japan is interested in digitalisation; the question is how quickly customers can move from interest to implementation.

Japan's Integrated Innovation Strategy 2025 and the work toward the Seventh Science, Technology and Innovation Basic Plan from FY2026 underline that science, technology and innovation are becoming more central to Japan's growth and security agenda. The strategy highlights intensifying international competition in advanced technologies and the need to strengthen Japan's innovation system, which makes AI, digital infrastructure, semiconductors, quantum, biotechnology, space and related fields part of a broader national competitiveness agenda.

For Swedish companies, the commercial opportunity is strongest where digitalisation solves a concrete operational problem. AI, software or connectivity as broad themes may be too abstract. Solutions that reduce inspection time, improve maintenance, support clinical workflows, optimise energy use, strengthen cyber security or help companies manage labour shortages are easier to position because they speak directly to Japanese customer needs. For Swedish companies, AI will resonate more strongly in Japan when it is framed around concrete business needs such as productivity, safety, quality, resilience, and service efficiency.

	🇯🇵 DEMAND DRIVER	🇸🇪 SWEDISH FIT	🎯 WHY IT MATTERS
🔄	Labour shortages	Automation, AI tools, robotics, digital workflows	Companies need to do more with fewer people
🏗️	Ageing infrastructure	Sensors, predictive maintenance, digital twins	Maintenance needs are rising across transport, energy and buildings
🏭	Industrial productivity	Industrial software, connected equipment, AI-enabled optimisation	Manufacturers need higher efficiency and quality control
🏥	Healthcare pressure	Digital health, remote monitoring, medtech software	Ageing population increases demand for efficient care delivery
🔒	Cyber and data security	Cyber security, secure connectivity, identity solutions	Digitalisation increases exposure to cyber risk

## Additional sectors to watch

### Automotive and mobility: a high-potential sector with mixed company outcomes

Japan remains one of the world's most important automotive markets, but the sector is entering a more contested and complex phase. Domestic manufacturers still dominate, while electrification, software-defined vehicles, battery supply chains, autonomous functions and new mobility services are changing what the industry needs from partners. The pace of electrification in Japan has been slower than in China and parts of Europe, where electric vehicles represented a much larger share of new car sales in 2024. Globally, electric cars accounted for more than 20 per cent of new car sales in 2024, while China was close to one in two, showing how quickly competitive benchmarks are shifting outside Japan.

The Business Climate Survey results show that automotive and mobility should be read as a sector with several different realities inside it. Over seven years of company-level data, the automotive sector has been among the most volatile in the Japan dataset. The sector's profitability rate has ranged from 57 per cent in its weakest year to 86 per cent in its strongest year, a spread of 29 percentage points. This is not necessarily because the underlying automotive market changed that dramatically from year to year. Rather, the variation is strongly affected by which types of automotive companies are represented in the respondent base each year.

The core pattern is that larger, long-established automotive suppliers tend to be much more stable than the sector average would suggest. Across the multi-year panel, the main established automotive respondents were profitable or break-even in 15 of 17 observed appearances. These companies are typically deeply embedded in Japanese and global vehicle manufacturing ecosystems, with long-term contracts, strong technical integration and established relationships with both Japanese OEMs and global customers. Their operations in Japan may still face demanding conditions, but they are not as exposed to short-term project timing or early-stage market development risks.

By contrast, smaller or newer automotive and mobility companies can experience Japan very differently. Companies selling into emerging areas such as connected mobility, driver monitoring, hydrogen-related components, software, specialised equipment or new mobility services may face longer pilot-to-rollout cycles, uncertain adoption timing, regulatory complexity and shifting OEM priorities. These companies can have strong technology and still face a slower path to commercial scale. This explains why the automotive category can show wide variation in business climate ratings and profitability, even when the broader sector remains strategically important.

The automotive opportunity in Japan should be read by use case rather than as a single broad sector. It spans established safety systems, commercial and premium vehicles, connected services, software, batteries, charging, hydrogen, testing, sensors, fleet solutions, production efficiency and logistics. These areas differ in how customers buy, how solutions are qualified and how quickly new technology is adopted. A sector average can therefore hide more than it explains, especially when it mixes long-established suppliers with newer companies still moving from pilots to broader rollout.

The market spans established safety systems, commercial and premium vehicles, connected services, software, batteries, charging, hydrogen, testing, sensors, fleet solutions, production efficiency and logistics. These areas differ in how customers buy, how solutions are qualified and how quickly new technology is adopted. A sector average can hide more than it explains, especially when it combines long-established suppliers with newer companies still moving from pilots to wider rollout.

Japan's automotive ecosystem is built around relationships, technical credibility and step-by-step qualification. Suppliers often need to work closely with engineering teams, procurement functions and

local partners before initial interest turns into wider adoption. For newer entrants, this makes the market demanding and time-consuming, while companies that gain acceptance can build deep and lasting customer positions.

For Swedish companies, the best openings are likely to be in areas where their solutions help customers respond to concrete transition pressures, including labour shortages, driver shortages, safety requirements, software-defined vehicles, energy transition, connected fleets and more efficient logistics. The opportunity is less about short-term vehicle sales; it is about the enabling technologies, systems and supplier capabilities that help Japanese manufacturers and mobility companies adapt.

### **Life science and healthcare: strong structural demand, but difficult commercial conversion**

Japan's ageing society makes life science structurally important. According to Japan's Statistics Bureau, people aged 65 and above accounted for 29.3 per cent of the population as of October 2024, meaning that almost one-third of the population is already in older age groups. This creates long-term demand for pharmaceuticals, medical devices, diagnostics, digital health, elderly care, remote monitoring and workflow technologies that can reduce pressure on healthcare staff.

Healthcare is one of the clearest examples of how structural demand does not automatically translate into easy market growth. Japan is a high-quality and highly regulated healthcare market where approvals, reimbursement, clinical evidence, local documentation and distributor capability matter greatly. Hospitals and care providers can have recognised needs, but still face budget limitations, reimbursement constraints and cautious procurement processes. During the in-depth company roundtable, one participant noted that many Japanese hospitals have been under pressure from rising operating costs, while increases in public reimbursement remain limited, making it harder for providers to absorb higher prices even when the need for new solutions is clear.

The survey and multi-year company analysis suggest that healthcare outcomes differ significantly across business models. Companies with products that are clinically differentiated, technically integrated or supported through strong local partners appear better positioned than companies that rely mainly on standard distribution channels. In healthcare, a local partner is often not only a sales route. It can provide access to hospitals, service engineering, application support, regulatory familiarity and credibility with clinical users.

For Swedish companies, the strongest opportunities are in areas where the value can be clearly demonstrated: better patient outcomes, shorter workflows, faster or more accurate diagnostics, less pressure on hospitals, stronger elderly care or more efficient delivery of specialised treatment. As healthcare demand rises and labour shortages continue, technologies that improve both quality and productivity will become more attractive. Even so, scaling in Japan will usually require patience. Companies should expect a process built around detailed documentation, clinical evidence, local support and strong partners, not just the strength of the technology itself.

### **Semiconductors and advanced manufacturing: policy-driven demand, but specialised entry points**

Semiconductors have become one of Japan's most strategic industrial priorities. Public investment, regional cluster development and efforts to rebuild advanced manufacturing capacity are creating demand across the supplier ecosystem, not only among chipmakers themselves. The relevant opportunity areas include equipment, components, cleanroom technologies, filtration, automation, sensors, testing, energy efficiency, water treatment, materials handling and specialised engineering services.

The survey results indirectly support this opportunity. Industrial equipment, components and automation are the largest Swedish sector in the respondent base, and several Swedish companies in Japan are active in areas that can support advanced manufacturing. The survey shows that technical standards, local requirements and subsidies to domestic competitors are becoming more visible issues. This is highly relevant for semiconductors, where public policy can create new demand while strengthening domestic ecosystems and preferred local partners.

For Swedish companies, the most realistic opportunity is often to enter as a specialised supplier rather than trying to compete across the full semiconductor value chain. Japan's semiconductor push requires precision, reliability, sustainability and strong technical support, which fits several Swedish niches if companies can navigate long sales cycles and local partnership requirements. As noted by a participant in the in-depth company roundtable, Japan is open to foreign collaboration when the solution helps Japanese customers strengthen their competitiveness, but there must be a clear reason to choose an external supplier over what already exists locally.

Success will therefore depend on focus. Swedish companies should identify where their technology solves a specific bottleneck in the value chain, whether that is yield, energy use, automation, safety, quality control, water use, material handling or production uptime. In a strategic sector like

semiconductors, general interest in Sweden is unlikely to be enough. The opportunity is strongest where Swedish solutions can help Japanese customers move faster, produce more reliably or differentiate from regional competitors.

### What the sector focuses on

In summary, these sectors reinforce the broader message of the report. Japan is not a market where growth is usually broad or automatic. The strongest openings are concentrated in areas where structural pressures are driving change: energy security, resilience, digitalisation, healthcare capacity, mobility transition and strategic manufacturing. These are areas where Japanese customers will usually expect proof, reliability, local support and commitment over time before making major changes.

That makes the opportunity attractive, but selective. Swedish companies that can connect their offerings to concrete Japanese problems, support customers locally and align with Japan's policy direction will be better positioned than those relying solely on general market potential.

## Team Sweden can help Swedish companies navigate Japan's complexity

The 2026 Business Climate Survey shows that Japan remains a stable and commercially important market for Swedish companies, while confirming that growth often depends on more than just market demand. Many of the barriers identified in this year's survey are practical and market-specific: lengthy customer purchase processes, difficulty reaching the right decision-makers, local standards and certification requirements, high expectations for service and support, and the need to build trust over time.

This is where local insight and structured support can make a meaningful difference. Team Sweden in Japan, consisting of Business Sweden, the Embassy of Sweden in Japan, and the Swedish Chamber of Commerce and Industry in Japan, works to help Swedish companies understand the market, identify relevant opportunities, and strengthen their position with Japanese customers, partners and public stakeholders.

Business Sweden is the main provider of advisory and promotional services within Team Sweden. Its support covers different stages of a company's Japan journey, from initial market assessment and entry strategy to expansion, partner identification, customer access, regulatory navigation and public-sector engagement. For companies already present in Japan, support may focus on accelerating growth, local positioning, sales and partner structures, or identifying new segments where Swedish solutions align with Japanese priorities.

The survey findings show where this type of support is needed. Formal trade barriers are relatively limited, but companies often encounter behind-the-border complexity once they start operating in Japan: Japan-specific standards, documentation requirements, procurement processes, customer expectations and the need to reach the right stakeholders early. In these situations, local interpretation and structured partner or customer dialogue can help companies avoid delays and make better decisions earlier.

Team Sweden has a role in which business opportunities are linked to Japan's policy agenda, including the energy transition, industrial resilience, digital transformation, economic security, healthcare, advanced manufacturing and dual-use technologies. These areas often involve complex stakeholder landscapes and public-private coordination, making it useful to understand how commercial opportunities connect to national priorities.

Promotional platforms and network-building activities remain another important part of Team Sweden's role. Sector-focused delegations, executive roundtables, policy dialogues, business missions and Nordic or Swedish platforms can help companies increase visibility, build credibility and position themselves in conversations that are difficult to access individually. In Japan, where trust and recognition are built gradually, these platforms can be especially valuable for companies that need to demonstrate long-term commitment and relevance.

**“It’s very important to become a trusted partner to the Japanese government, especially as the importance of economic security increases. This is an area where individual companies need the support of the Swedish government to continue the dialogue.**

Senior representative  
Major technology company

As Japan intensifies its focus on resilience, energy security, digitalisation and strategic technologies, Swedish companies will need to combine strong offerings with careful local execution. Team Sweden’s role is to help companies navigate that environment, reduce uncertainty, and turn Swedish strengths into concrete business opportunities in Japan.

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