



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN MEXICO 2025

A REPORT FROM TEAM SWEDEN IN MEXICO

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FOREWORD

The general appeal of the Mexican economy lies, to a great extent, in its diverse and ever-expanding nature. Just as the Mexican people embody resilience, dedicated drive, and creative innovation, so does the country's position as a key player in the global market. At present, it remains the second largest economy in Latin America and is ranked in 13th place in the worldwide nominal GDP evaluation of the World Bank. Therefore, a developing country that nourishes opportunity in all its facets is inclined to be a home for opportunities in business and investment; a fact that is further evidenced by Mexico's inclusion among OECD countries.

Sweden and Mexico have partnered countless times in the 140-year-long relationship of historical connection. Their interaction has been highlighted by the practicalities of legitimate commerce and the development opportunities of industrialisation; factors that both countries have benefited from in a considerably successful manner. Mexico has been a landscape for Swedish growth in the Americas, and conversely, Sweden's innovative expertise in machinery, telecommunications, and infrastructure has been absorbed into the fabric of a country that is modernising so rapidly. This has established long-lasting ties between two nations whose relationship has, and continues to be, marked by cooperation, as well as shared visions of progress.

To the eyes of the rest of the world, Mexico has steadily become a preferred destination for international companies pursuing the optimisation of their manufacturing practices, seeking nearshoring incentives, providing green and sustainable transitions, and promoting technological expertise. Adding to its favourable geographic positioning in its closeness to the U.S. and as a central hub in America, the wide demographics of Mexico offer compelling opportunities for companies seeking to establish commercial ties in North America. The fact that it is also characterised by a skilled workforce with competitive costs of production, and an investment-friendly business climate has attracted numerous Swedish companies to pursue establishment in the country, strengthening the bonds that have for so long driven mutually beneficial economic growth.

This report provides a comprehensive overview of the current state of economic affairs between these two countries to further cultivate collaboration and solidify opportunities. It explores both the prospects and challenges faced by Swedish companies in Mexico at the present time, while highlighting and promoting the outcomes of economic cooperation. We believe that, by fostering a clear understanding of the business landscape and potential synergies, this business community will forge stronger partnerships, foster innovation, and continued progress in this thriving bilateral relationship.

We express our most sincere appreciation to all companies that contributed to the creation of this survey by sharing their valuable insights and experiences. This transparency has been fundamental to the preparation of this report, and we are confident that the findings and recommendations herein exposed will be of relevance to the inspiration of future dialogues of alliance, exploration, and cooperative initiatives amidst Mexican and Swedish companies for the years to come.

Sincerely,



Gunnar Aldén
Ambassador of
Sweden to Mexico



Helena Carlsson
Country Manager &
Trade Commissioner,
Business Sweden
Mexico

46 respondents in Mexico

Current business climate

Moderate optimism with growing caution about Mexico's business climate

Industry turnover

54%

of surveyed companies expect their industry turnover to increase

Future investments

46%

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

Globally valued success factors

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

Brand Sweden

74%

of surveyed companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Distributors
2. Suppliers
3. Service providers

Local conditions with least satisfaction

1. Licences, permits and approvals
2. Customs
3. Personal safety

Environmental considerations

54%

of respondents believe environmental considerations are a factor in their customers' purchasing decisions

Corruption

One in every six have reported facing corruption in public bodies

Human rights violations and labour rights abuse

Low incidence reporting, and high level of unawareness

ABOUT THE SURVEY

Business Climate Survey 2024

During Q1 2025, the fourteenth edition of the Business Climate Survey for Swedish companies operating in Mexico was conducted by Team Sweden Mexico, commissioned by the Swedish Embassy in Mexico and Business Sweden Mexico.

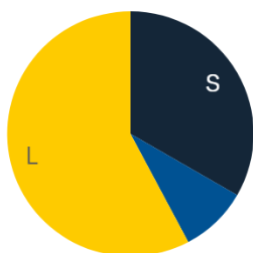
The Business Climate Survey offers insights into both the opportunities and the challenges encountered by Swedish firms in Mexico. This report presents key findings from the survey based on responses from Swedish companies operating in Mexico. It offers a unique business overview, notable economic forecasts, and relevant market factors for Swedish stakeholders.

Additionally, this survey provides an important reference for bilateral trade discussions between Mexico and Sweden, offering a better understanding of Swedish companies' activities and their views on the Mexican business environment.

The questionnaire for this year was sent to 109 Swedish companies operating in Mexico, with a response rate of 42 per cent, which, in numerical terms, amounts to a total of 46 participating companies, categorised into three groups based on the size, namely: 58 per cent were large companies, 33 per cent were small businesses, and nine per cent were medium-sized companies. In terms of industry: 59 per cent of the respondents operate in the industrial sector, 27 per cent were engaged in professional services, and 14 per cent in consumer goods. In terms of company maturity, 20 per cent were classified as mature (with established operations prior to 2003), 48 per cent as experienced (those established between 2004 and 2019), and 32 per cent as newcomers (established after 2019).

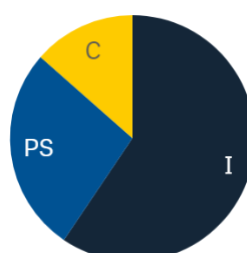
Finally, the report was purposefully divided into five sections. The first section provides an economic outlook based on an assessment of Swedish companies' annual performance and their expectations for the upcoming year. The second explores Swedish companies' perception of both the business climate and the market in Mexico, exploring conditions that positively or negatively impact business performance. The third section highlights key success factors for Swedish companies operating in Mexico. The fourth addresses sustainability aspects related to conducting business in Mexico. And lastly, the fifth section shows how the supply chain of Swedish companies in the Mexican market has reacted to external commercial pressures such as the tariff imposition threats by the United States, the armed conflicts in Eastern Europe and the market reactions to President Trump's political strategy.

SIZE OF COMPANIES



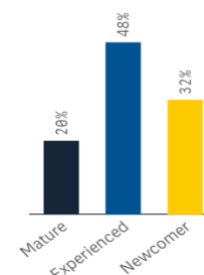
NOTE: Global employees.
Large >1000. Medium 250-1000.
Small 0-249

MAIN INDUSTRY



NOTE: Industrial 59%.
Professional services 27%.
Consumer 14%

AGE OF COMPANIES



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

ECONOMIC OUTLOOK

Most Swedish companies remained profitable in 2024

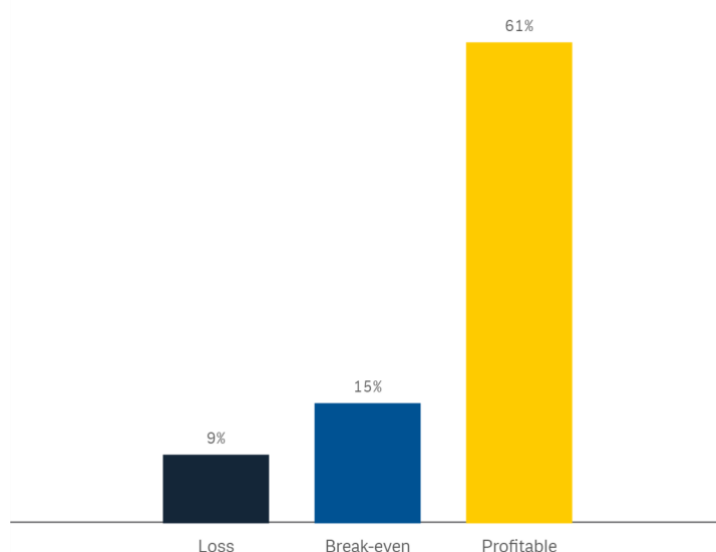
The Mexican economy grew by 1.5 per cent in GDP terms – a slowdown compared to previous years, yet largely in line with the forecast by Banxico, Mexico's central bank. This deceleration can be partially attributed to a fiscally conservative approach aimed at controlling debt levels, as well as weaker external demand. For example, GDP growth in the U.S. also declined to 1.6 per cent this year, significantly reducing trade demand with Mexico. As a result, the anticipated momentum from nearshoring did not fully materialise.

Nonetheless, it is noteworthy that Mexico has surpassed pre-pandemic growth levels. While primary and secondary sectors have decelerated, the tertiary sector – comprising commerce and services and accounting for the largest share of the Mexican economy– grew at an annual rate of 2.2 per cent.

Another compendium of negative growth factors includes Donald Trump's return to the presidency, for tariff threats were incurred, as well as a strengthening of commercial policy to enforce migration and security agendas. U.S. inflation was also higher for longer periods, with Banxico adopting the same strategy by maintaining rates of 11.25 per cent even as inflation fell. The Mexican government also cut public investment, and there was a high degree of political uncertainty due to election-year debates over radical constitutional reforms.

Despite moderate GDP growth, Mexico demonstrated notable macroeconomic resilience in 2024. Key drivers included the successful control of inflation, stable currency performance, robust remittances (\$65 billion USD), resilient domestic consumption, and steady formal job creation. Said stable outlook was also supported by fiscal discipline, with public debt below the Latin American average of 63 per cent. Towards the end of the year, Banxico initiated interest rate cuts, reinforcing optimism for 2025 despite existing structural challenges.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN MEXICO IN 2025?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Most Swedish companies remain cautiously optimistic, as Mexico's economy shows resilience despite global challenges

Vulnerabilities such as the underperformance of nearshoring, high energy costs, minimum wage hikes (20 per cent), and the external drivers of a slowing U.S. economy, are all shocks that affected the nation's performance.

For 2025, Banxico projects a GDP growth rate of 0.6–1.2 per cent. Despite these modest forecasts, Forbes asserts that Mexico has strategic sectors such as telecommunications, tourism, and construction, which have demonstrated a notable capacity for resilience. Such economic motors not only foster recovery, but function as adaptable actors amidst a complex global landscape.

JP Morgan estimates that the probability for a global recession now stands at 40 per cent for 2025, due to rising trade policy uncertainty, including potential U.S. tariff hikes that could drag global GDP by 0.5 percentage points. Key risks include weakened business sentiment, disruptions to North American trade and immigration, and limited Fed flexibility if inflation resurges. The U.S. itself, according to Goldman Sachs, is likely to expand in a slower manner than expected (1.7 per cent instead of 2.2 per cent).

Mexico enters 2025 facing the main challenges of an adverse international context from potential US-led global slowdown and domestic blockages like unrealised nearshoring potential and high energy costs. Nonetheless, macroeconomic stability provides a strong foundation for recovery. The country's nearshoring potential remains significant, with manufacturing investments still flowing despite current underperformance. If Mexico can address energy costs and streamline regulations, it stands to benefit from shifting global supply chains. With Banxico maintaining prudent policies and strategic sectors showing adaptability, Mexico is well-positioned to navigate global pressures and capitalise on growth opportunities in the coming year.

PROJECTED GDP GROWTH IN MEXICO



SOURCE: Oxford Economics, GDP, constant prices and exchange rate, US\$. Last update: 12 March 2025

Aligned with global perspectives, surveyed Swedish companies in Mexico maintain a positive, yet moderate outlook. The uncertainties brought by a year of political instability, and other challenges, have decreased the percentage of Swedish companies with optimistic expectations compared to previous years (lowest since 2021). Pessimistic outlooks reflect these concerns, as they have doubled from last year's projections.

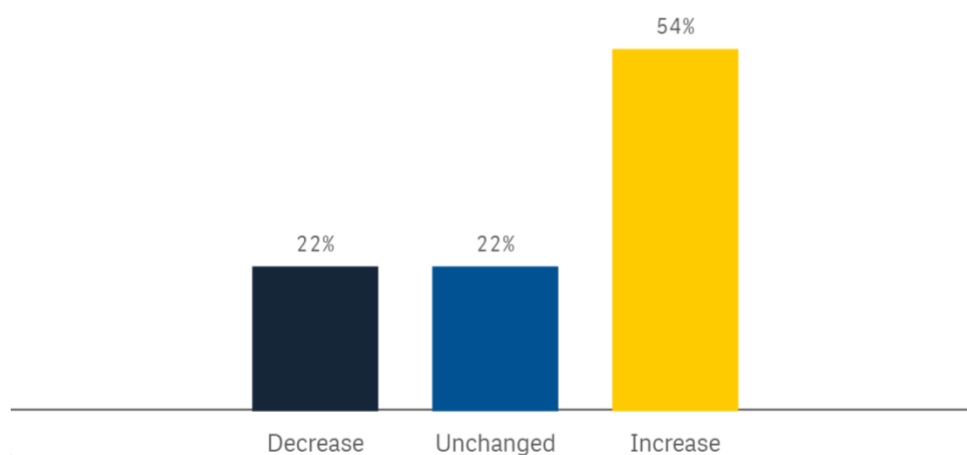
It is nonetheless notable that 61 per cent of respondent companies remained profitable, with only nine per cent incurring in loss. And while financial performance decreased by five percentual points

from last year, losses also decreased by seven per cent. In terms of scale, companies of various sizes report predominantly profitable financial performance, with loss percentages ranging between 0–12 per cent. Professional services and industrial lead the way in said performance, where a remarkable 90 per cent and 68 per cent of profitability was asserted, respectively. In terms of longevity, a considerable 78 per cent of mature companies reported profitability, closely followed by experienced companies, who reported 76 per cent. Surprisingly, newcomers were either profitable or broke even, with only seven per cent incurring losses. These numbers are favourable to gaze upon.

Furthermore, while industry expectations are mostly on the increasing end, they did diminish with regard to last year's. Despite this, industry turnover is expected to increase in all company sizes. This applies also to industry-specific expectations, where all considered industries report optimism, the consumer sector being highest by 80 per cent of companies expecting an increase. By seniority, industry turnover is most expected by newcomer companies, and least by mature ones. Yet, it should be noted that the expectations of mature companies for increases and decreases are split roughly by half.

In sum, it can be emphasised that even in global uncertainties and a relatively negative outlook compared to previous years, Swedish companies in Mexico continue to demonstrate resilience and adaptability. With most enterprises remaining profitable, key sectors like professional services and industrial being performance leaders, paired with optimistic turnover expectations, the Swedish business footprint in Mexico maintains vigour. Even as intense challenges persist at the national level, the overall financial health and forward-looking optimism across respondents of all sizes and seniority feature a foundation for sustained growth and opportunity in the Mexican market.

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



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Intentions to increase investment in Mexico have risen; large corporations are leading the way

During 2024, Mexico grew 2.2 per cent compared to 2023 in terms of Foreign Direct Investment (FDI), receiving \$36,872 billion USD in investment, according to the Secretary of Economy. This was the fourth consecutive year of growth since the Covid-19 pandemic, and the highest observed historical value. Mexico City was the most prominent recipient (46 per cent of the total), followed by Nuevo León (seven per cent), which was closely followed by Baja California (six per cent), then Estado de México (five per cent). Of the total FDI, 54 per cent was dedicated to manufacturing, 15 per cent to financial services, 10 per cent to mining, and eight per cent to transport. The U.S. constituted the principal source of FDI, representing 45 per cent of the total. Significant contributions also originated from Japan and Germany, amounting to \$4.28 billion USD and \$3.79 billion USD, respectively.

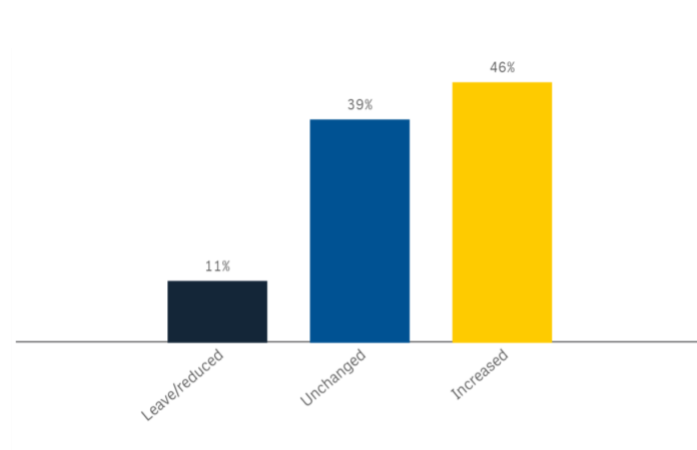
Meanwhile, surveyed Swedish companies expect, in the aggregate, to increase their investment in the coming year. The number decreased compared to last year's, yet it is still higher than that of 2023. With these figures, it is large companies who expect to increase their investments the most, and small companies who expect to retain them unchanged.

Regarding enterprise maturity and investment strategies, established corporations exhibit the strongest inclination towards augmenting their capital expenditure. Simultaneously, mature organisations demonstrate the highest propensity to maintain their existing levels of investment, indicating a strategy of preservation rather than significant expansion.

Sectors displaying the most pronounced propensity for increased capital allocation include professional services and the industrial sector, the latter demonstrating a similar likelihood of either augmenting or maintaining current investment levels. Conversely, the consumer sector displays the most cautious outlook regarding prospective investment expansion.

Thus, it is possible to state that Swedish enterprises continue to view capital deployment in Mexico as a strategic priority, with established and prominent entities leading this investment trend. Notably, the professional services and industrial sectors demonstrate a robust inclination for expansion, highlighting their inherent capacity for adaptation amidst prevailing global economic uncertainties. This sustained momentum positions Mexico as a prominent and competitive location for prolonged economic development despite challenges related to sub-national economic disparities and sporadic sectoral instability.

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



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025

THE MARKET

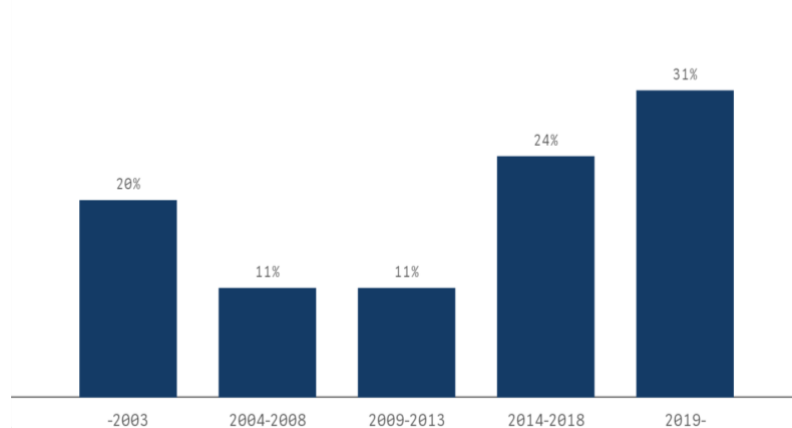
Over 30 per cent of surveyed Swedish companies in Mexico established operations in the last five years

Swedish companies have maintained a prominent presence in the Mexican territory for the span of long periods of timely cooperation. Noticeable names such as Astra Zeneca, ABB, and Tetra Pak are a compendium of business links to the local economy, their history spanning over six decades. However, there exist a few pioneering companies that established themselves for what now stands as more than a century ago, executing a role of highest significance in the furthering of multiple regional industrial sectors.

This historical impulse has continued its course by attracting even more Swedish companies to expand into Mexican land. The result being that, as of this day, 33 per cent of companies operating trace their presence back to 2019, remarking solid foundations for establishment. This is also indicative of local prosperity as a Latin American investment hub, and as a dynamic business landscape for innovation, technology, quality, environmental practices, reliability, and internationalism, all pinnacles of the Swedish brand. Which is, naturally, what these companies have exported into the Mexican nation, accelerating the competitiveness of its economy.

It is important, then, to underline the enduring legacy of Swedish corporate engagement in Mexico, characterised by veteran companies and by the recent surge of new entrants. All of them drawn by the nation's promising appeal as an investment and business nexus – a landscape that echoes the same trademarks of Sweden's identity – has evidently catalysed the enhanced competitiveness of the Mexican economy.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN MEXICO?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Furthermore, surveyed Swedish companies in Mexico have not only maintained stable presence through the events of time, but its latency has been of a considerably varied nature.

For starters, the automotive and healthcare & pharmaceutical industries continue to dominate market dynamics, as has been observed for the past three years, the difference being that automotive has now surpassed healthcare. Reasons that may explain this surge can be local macro trends, for Mexico has seen a surge as the seventh largest passenger vehicle manufacturer. The industry also represents 3.6 per cent of the total GDP, and it has an expected growth rate of 3–4 per cent in coming years due to increasing demand for electric vehicles, and proximity to the U.S. market. For similar

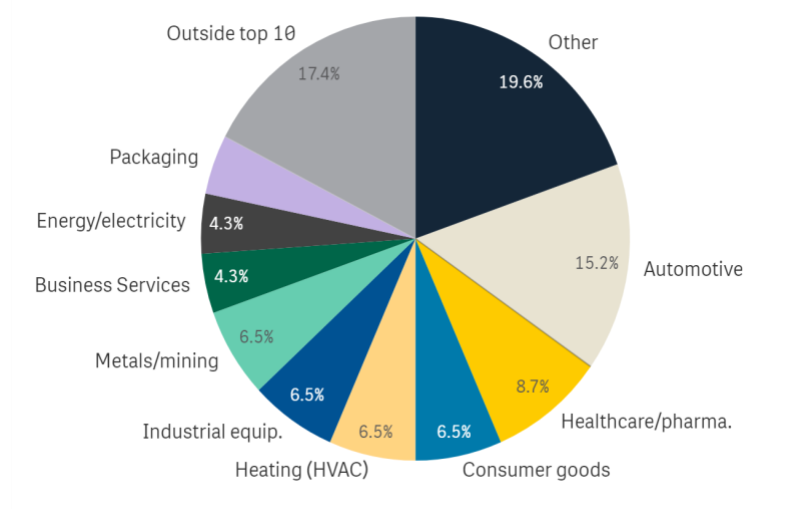
reasons, as of last year, Volvo Cars established electric vehicle (EX30, EX90) production in Tula, and increased electric truck and bus production for both the Mexican and U.S. markets.

Similarly, the importance of the healthcare and pharmaceutical sector is based upon Sweden's pre-eminence in global medical innovation combined with Mexico's flourishing healthcare market. Swedish entities leverage their proficiencies in pharmaceuticals, advanced medical devices, and digital health solutions to address escalating domestic demand propelled by universal healthcare initiatives, demographic shifts towards an ageing population, and the increasing prevalence of chronic conditions. Moreover, governmental incentives further stimulate capital allocation towards clinical investigation and advanced biomanufacturing.

Other pertinent industries include consumer goods, heating, industrial equipment, and metals & mining. Naturally, Sweden's globally competitive firms, renowned for high-tech engineering, sustainability, and niche specialisation, capitalise on Mexico's cost-competitive manufacturing base, USMCA access to North American markets, and growing domestic demand for advanced solutions.

The affordability of consumer sector products that nonetheless remain in a considerably high status of quality are of great appeal to the rising Mexican middle class, with the surging of e-commerce facilitating expansion. On the other hand, industrial solutions offer leading-edge machinery, automation, and technology, enhancing the productivity of Mexican companies, and the optimisation of both their operations and manufacturing processes. Swedish mining offers Mexico comparatively sustainable, safe, and ethical solutions of a pioneering essence. And finally, heating & energy induces in Mexican enterprises an advance towards more energy-efficient use.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN MEXICO?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

It is appropriate to highlight the size of Swedish companies in Mexican territory, so that interventions can be more targeted, sectorial strengths can be determined, and bilateral ties formed in a more organised manner. Given this, it is evident that small enterprises dominate, with their composition of 250 or fewer employees. Characterised by adaptability, speed of action, niche specialisation, and flexibility of operations, smaller companies achieve innovation, job creation, and localised supply chains that enrich productivity, industrial growth, export competitiveness and technological transfer.

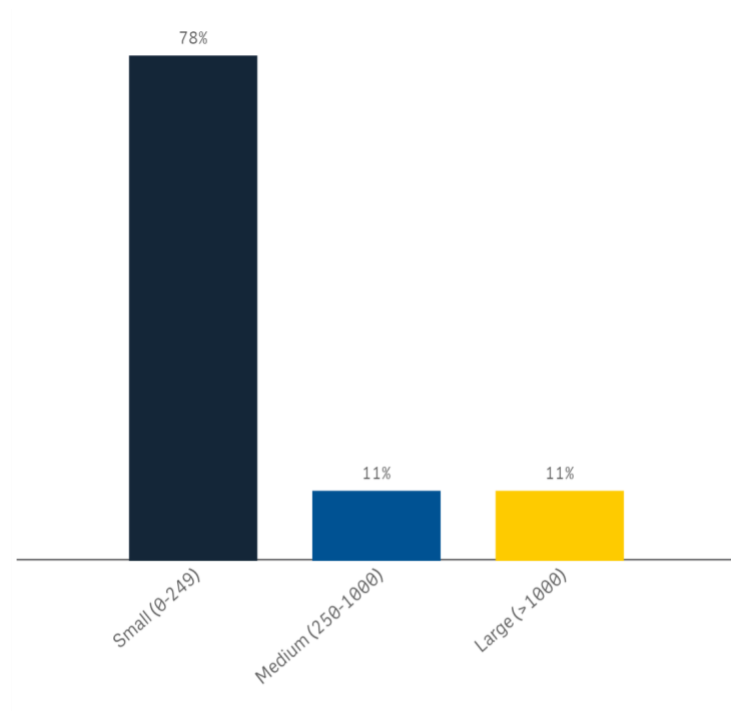
Medium-sized companies comprise 11 per cent of surveyed Swedish business presence in Mexico. Composed of around 250 to 1000 employees, their comparative advantage lies in a strategic balance between small firms' agility and large corporation resources, which leads to optimised

supply chains, larger-scale projects, innovation testing, export financing (with less corporate complications), and an expanded atmosphere of reliability. All of which contribute to Mexico's development of sectors, service specialisation, employment opportunities, and, consequently, economic diversification.

Large Swedish corporations, which in parallel account for 11 per cent of all companies in Mexico, are also significant participants in the Mexican market. As expected, they are comparatively fewer, for they employ people in larger numbers (more than 1,000). Their contribution is linked to scale, resources and systemic influence, as well as greater bargaining power, higher impact investment, policy engagement, and wider economic influence. Not only does this contribute quantitatively to the Mexican economy, but also in the qualitative manner of CSR drivers of the impactful social change granted by Swedish values.

Accordingly, the presence of all three company sizes demonstrates with sharpness the potentiality for Swedish companies to establish their grounds in Mexico, further proving it to be a country attractive to investment, opportunity, mutually beneficial (and long-lasting) partnerships, and ultimately, shared growth.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN MEXICO IN 2025



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Neutrality dominates in business climate prospections, yet medium-sized and experienced companies foster optimism amidst uncertainty

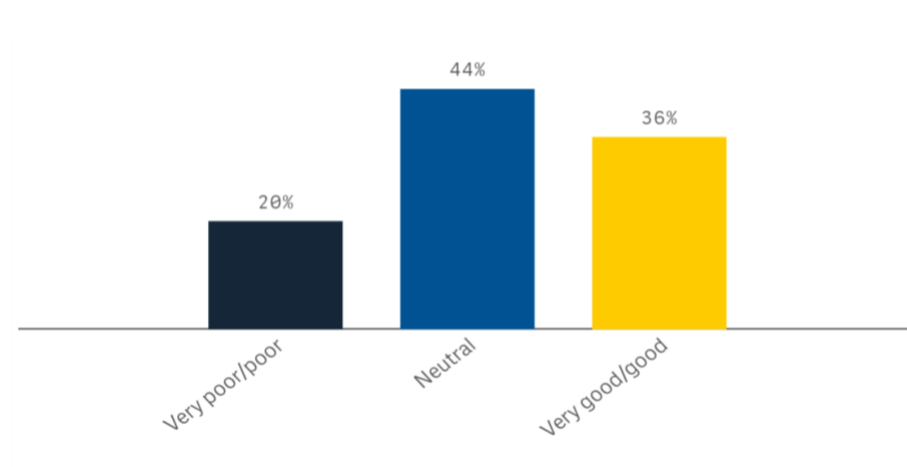
Swedish companies that participated in the survey's response this year collectively decreased their optimism with regards to the business climate in Mexico when compared to last year. Whilst in 2024, it was a prominently positive stance of 50 per cent, this year the proportion has decreased to only 36 per cent. Neutrality, as it happens, increased and led the consensus with a cautious 44 per cent.

It is notable that, despite this overall understanding, 67 per cent of medium-sized companies and 52 per cent of experienced ones perceive the business climate as most favourable (rating it "very good"). Hereby acknowledging the highest degree of optimism with respect to their counterparts. It appears from past trends that both experienced and medium-sized companies increased their positive outlook in the span of last year.

The industrial, consumer, and professional services sectors are rigorously neutral. This position is reasonable given that, on the one hand, professional services operate under relatively stable demand, driven by broader corporate investment trends and the domestic regulatory environment, often experiencing delayed revenue recognition due to the nature of contracted project timelines. On the other hand, the consumer sector's optimism, although fuelled by resilient remittances and wage growth, is outweighed by inflationary volatility and weaker U.S. demand, potentially impacting cross-border expenditure. Lastly, while pivotal to nearshoring, industrial firms face energy cost rises and supply chain constraints, thus moderating enthusiasm despite consistent FDI inflows.

In parallel, the mix of small, large, newcomer, and mature companies also fosters a strong bias towards neutrality. Contrasted to the adaptive capacities of medium-sized companies, small ventures encounter financing difficulties, newcomers adopt a "wait-and-see" posture amidst ongoing volatility, and large/mature firms prioritise operational stability over expansive initiatives. This duality emphasises a macro-trend in which, given the prevailing uncertainties, Mexico's business climate appears to favour agile yet well-established operators, those capable of leveraging macroeconomic stability while effectively managing structural impediments such as energy expenditure and regulatory ambiguity. The demonstrated resilience of medium-sized and experienced firms suggests latent growth potential, even as broader caution prevails.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN MEXICO?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Surveyed Swedish companies are mostly satisfied with the Mexican market conditions related to global trade

Operating within Mexico's industrial landscape offers Swedish companies access to a well-established and advantageous sector, though not without its challenges. Distinctive opportunities lie in relationships with distributors, suppliers, and service providers. Its grandest barriers are, however, related to bureaucratic procedures, transparency, and personal safety, all which relate to prevailing corruption and institutionalised inefficiency.

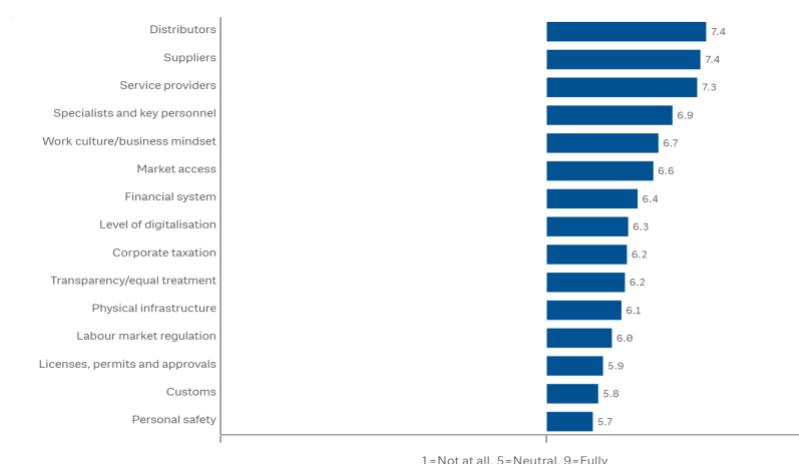
The survey results reveal a mixed perspective among surveyed Swedish companies operating in Mexico, highlighting both the country's competitive advantages and challenges that must be carefully regarded. Mexico's strongest assets (scoring between 7.4 and 6.6 on a 9-point scale) include its robust network of distributors, reliable suppliers, skilled service providers, and access to specialised personnel, all of which enforce stable grounds for business operations. The country's work culture, market access, and financial systems also received favourable ratings, reflecting Mexico's position as a strategic manufacturing and trade hub.

As previously stated, significant challenges remain, particularly in terms of bureaucratic efficiency (licenses/permits scoring just 5.7), transparency (5.9), and personal safety (5.8), which continue to pose operational challenges. Physical infrastructure (6.0) and digitalisation levels (6.2) present additional areas for improvement.

However, substantial challenges persist, notably concerning bureaucratic efficiency (as evidenced by the low ratings for licensing and permitting), transparency, and personal safety, which continue to present tangible operational friction. Deficiencies in physical infrastructure and digitalisation levels represent additional areas where progress is needed, although their relative current situation exceeds that of many developing economies.

These combined outcomes illustrate the reserved attitude of Swedish companies. While they can capitalise on Mexico's skilled labour offer and market potential, they are simultaneously compelled to navigate complex regulatory frameworks and infrastructural constraints. For Swedish entrepreneurs, this requires the cultivation of strategic local alliances and a profound cultural understanding, as to effectively leverage Mexico's inherent strengths while consciously mitigating its local administrative and logistical exigencies.

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



NOTE: The number of respondents for this question was 46.

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

Deficiencies in customs management persist despite Mexico's globalisation efforts

Mexico remains a country with a predominant inclination towards globalisation efforts set to foster trade and foreign investment. In this way, it has continued to foster economic growth largely through the entry into multiple trade agreements. Amongst them: UMSCA, EU-Mexico FTA, CPTPP, the Pacific Alliance, and EFTA, to name a few. This positions the country as a significant player in the grand scope of global trade, for they have contributed to reducing trade barriers. This is evident as the country's open-market policies have driven significant FDI inflows, reaching historical highs of \$36.9 billion USD in 2024.

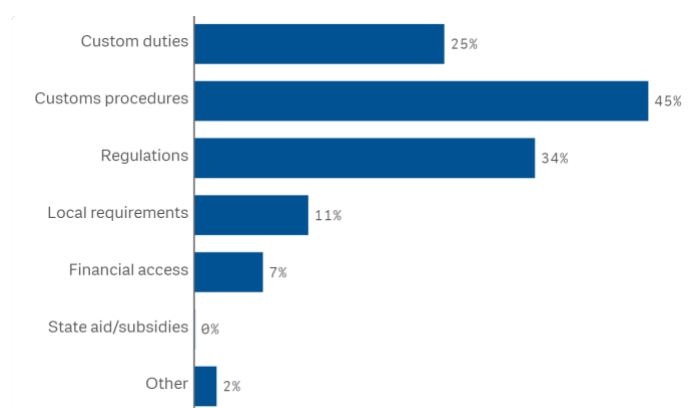
Nonetheless, despite Mexico's progress and advances in international trade compared to recent years and neighbouring countries, there are many regulatory inefficiencies that affect business operations on a daily basis.

Within the scope of the survey, 45 per cent of respondents report customs procedures as their most significant operational limitation, followed by regulatory obstacles (34 per cent) and customs duties (25 per cent). These findings align with general criticisms of Mexico's regulatory environment, where bureaucratic inefficiencies, such as inconsistent enforcement, inhibit the ease of doing business. Furthermore, while Mexico has reduced formal tariffs through its trade agreements, non-tariff barriers, including complex local requirements (cited by 11 per cent of firms), add hidden costs and disrupt supply chains.

The contrast between Mexico's progress in trade liberalisation and ongoing operations helps explain the sector's diverse performance. While USMCA advantages, an extensive FTA network, a strategic location, and specific efficient procedures exist, the increased time and cost of moving goods due to complex documentation requirements, inconsistent application of regulations, frequent inspections, and bureaucratic delays at Mexican ports and borders directly impact the profitability of companies supplying the domestic market.

To capitalise on its trade potential, Mexico should speed up customs automation, harmonise federal/state regulations, and expand transparency in licensing. As foreign investors, however, it is imperative to balance Mexico's strategic advantages with localised risk mitigation, such as partnering with customs brokers or leveraging trade agreement protections.

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



NOTE: The number of respondents for this question was 46.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

HOW SWEDISH COMPANIES SUCCEED IN MEXICO

Operations contracted as industrial companies arrive and newcomers establish themselves

Despite the containment of tariff threats, the operational diversity of surveyed Swedish companies has contracted significantly over the past year. From marketing to research and development, companies have generally reduced the scope of their operations.

The most affected area was after-sales and support services, which saw a sharp drop from 82 per cent of companies operating in this sphere last year, to just 41 per cent currently. Similarly, manufacturing and assembling operations decreased by 15 per cent.

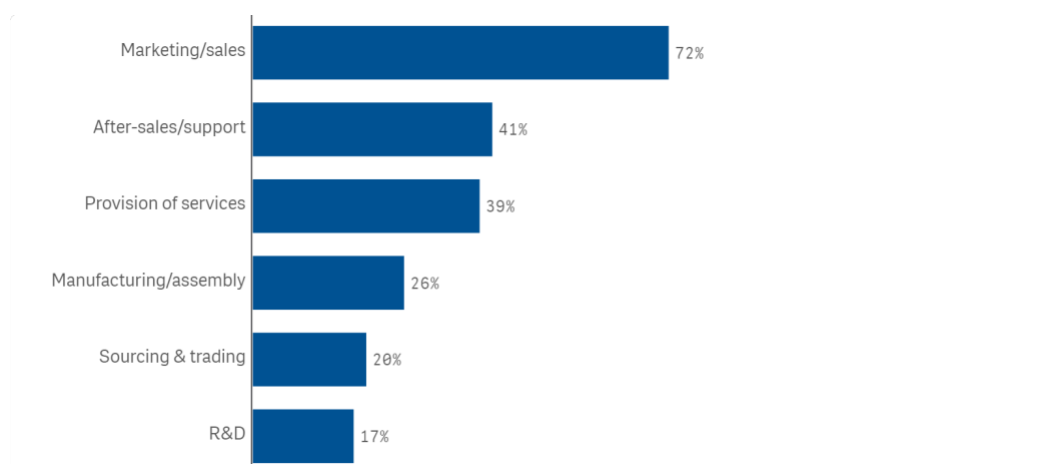
Interestingly, marketing and sales remained the leading area of activity, carried out by 72 per cent of companies. This reflects a continued strong commitment by Swedish firms to build and maintain solid relationships with customers despite the currently challenging climate.

As indicated in the *About the Survey* section, the percentage of newcomer companies more than doubled, rising from 14 per cent to 32 per cent, while the proportion of mature companies dropped by half. This shift suggests that the overall reduction in operational diversity is largely due to the newcomers' limited economic and logistical capacity to sustain broader operations.

Research & development stood out as the most stable activity, with only a slight decrease of a single percentage point compared to last year. This stability implies that larger, more established companies with the capability to conduct R&D abroad have maintained their investment in innovation despite market changes.

Overall, while sales and marketing remain strong, the contraction in other operational areas highlights the structural shift taking place as newer entrants reshape the Swedish business landscape in Mexico.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Sales competence, staff development, and brand awareness kept Swedish companies competitive

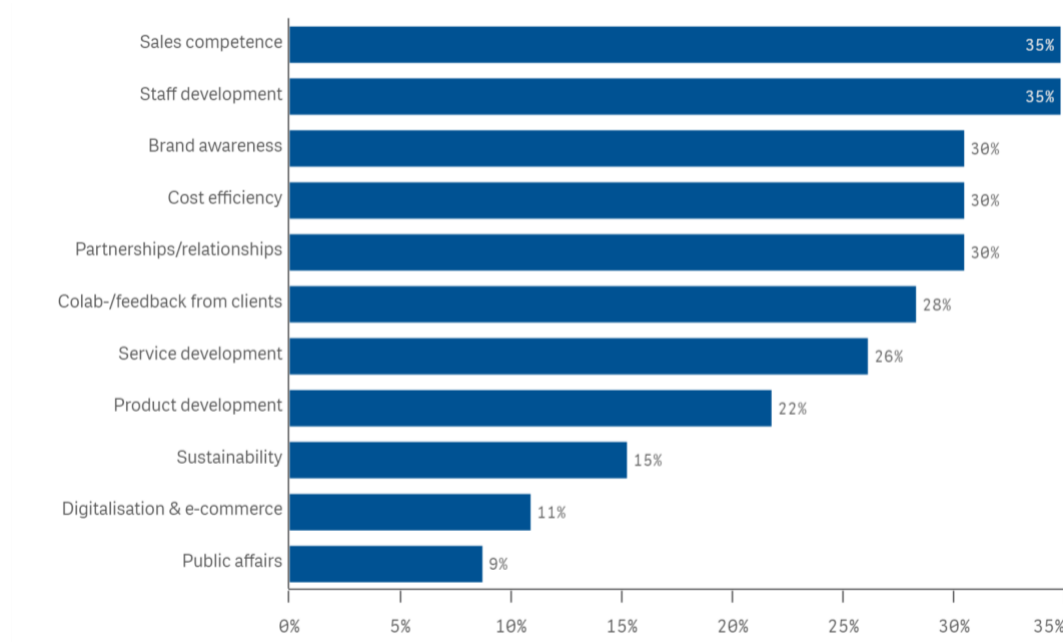
Over the past year, Swedish companies in Mexico have maintained their competitiveness by relying heavily on their staff development and sales competence.

Staff development experienced the most significant growth, with an eight per cent increase over last year and moving from sixth to first place among key success factors. This shift highlights the increasing demand for skilled labour to support Mexico's expanding industrial sector and underlines the strategic importance of investing in human capital.

Sales competence continued to play a central role, supporting companies in reaching customers and growing market share, while brand awareness remained as important as the previous year. This stability reflects the continued value Swedish companies place on building a strong reputation and standing out as reliable providers of high-quality goods and services.

The remaining effects of the nearshoring trend are evident, with one-third of surveyed Swedish companies still identifying cost efficiency as a key success factor. Moreover, the growing relevance of public affairs signals heightened concern over political instability. This suggests that companies are increasingly interested in forming connections with the government and other institutions to gain stability and mitigate risk.

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



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

The Swedish brand boosts the success of 75 per cent of surveyed Swedish companies

The Swedish brand continues to play a major role in the success of surveyed Swedish companies operating in Mexico. In fact, 75 per cent of the companies surveyed reported that the brand contributes to their success. While this represents a notable decrease from the brand's peak appreciation of 93 per cent in 2022, consistently followed by 86 per cent in two consecutive years, it still highlights the strong influence of national branding.

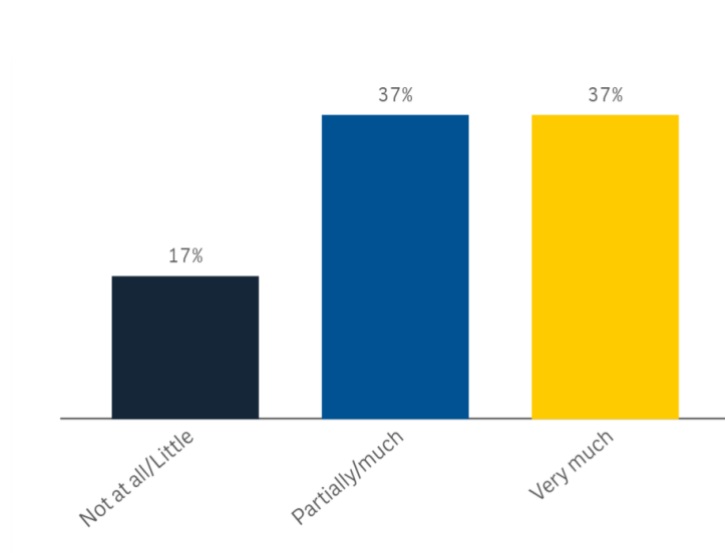
Interestingly, even as the overall appreciation of the Swedish brand declined, the perception of it being very important remarkably increased by 14 percentage points. This suggests a growing sense of identity among Swedish companies, and the consolidation of a shared image under a "Swedish umbrella" that signals trust, quality, and innovation.

On the other hand, it's important to recognise that a lower appreciation for the Swedish brand does not imply business underperformance. Companies that reported the brand as having little or no relevance still demonstrate positive business expectations. Many of them:

- Plan to maintain or expand their investment strategies next year
- Perceive the business climate as neutral or positive
- Expect an increase in turnover in the coming year

This indicates that while the Swedish brand is a powerful asset for many, success in Mexico is also driven by company-specific strategies and adaptability, especially among newcomers and early experienced ones, and those operating with small teams composed of fewer than nine employees.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE "SWEDISH BRAND" CONTRIBUTES TO YOUR BUSINESS IN MEXICO?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

ACTING SUSTAINABLY

Swedish companies have a strong interest in environmental development in Mexico

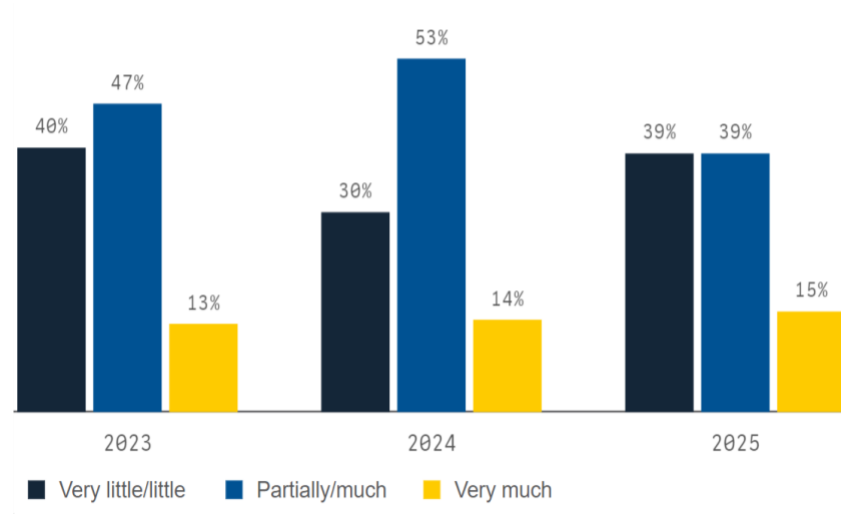
Among the companies surveyed, those whose customers show a high level of environmental awareness tend to align closely with the Swedish brand. Notably, six out of seven companies with environmentally highly conscious clients also believe that the Swedish image strongly contributes to their business in Mexico. This suggests a clear correlation between Sweden's global reputation for sustainability and the value it brings in markets where environmental responsibility is a competitive advantage.

At the same time, companies indicating a lack of clarity regarding their customer's environmental concerns tend to share specific characteristics. Most are newcomers – having entered the Mexican market within the last three years – and operate with fewer than nine employees. These companies often lack sufficient data or experience to estimate customer priorities around sustainability.

Despite the different levels of external engagement, the internal perspective of surveyed Swedish companies is consistent: there is significant work to be done in the environmental field in Mexico. This is reflected in the diverse feedback companies receive from their customers.

One company serving environmentally engaged customers reflected that: "Water scarcity goes hand in hand with deforestation, and renewable energy competes with Mexico's dependence on oil". In contrast, another company with less engaged clients noted, "Fossil fuel production increasing pollution levels in Mexico City needs to be changed to renewable energy". These insights underline that respondents are ready and willing to push for more sustainable practices in Mexico.

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



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Corruption gradually decreases, while small Swedish companies are still the most affected

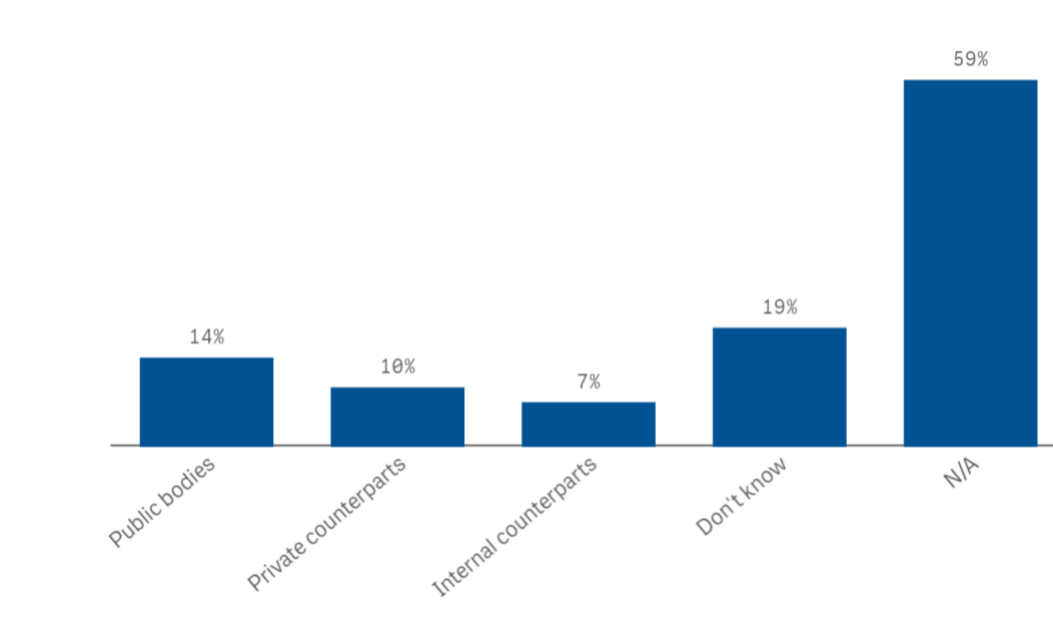
The incidence of corruption among respondents is showing signs of decline. Reports of corruption involving public bodies decreased by a third, and cases involving internal counterparts dropped by six per cent. Moreover, companies that previously reported a lack of awareness of corruption issues also declined, leading to a 14 per cent increase in companies reporting no corruption incidents over the past year. This reflects positively on Swedish companies' efforts to monitor, report, and prevent unethical behaviour in their operations and partnerships.

However, despite this positive trend, corruption continues to disproportionately affect smaller firms. Of the companies that reported experiencing corruption, 62 per cent are small enterprises with fewer than nine employees. Smaller firms may face greater vulnerability due to limited resources and experience in navigating complex regulatory or informal systems.

One notable case involved a company in the retail and wholesale sector, which was the only surveyed company to report corruption from all public authorities, private business partners, and internal counterparts, exposing how sector-specific exposure can amplify risks.

It is important to note, however, that among the companies that reported corruption, only one of them plans to reduce investment in the coming year. This shows that while corruption remains a concern, surveyed Swedish companies are committed to staying and contributing to a more ethical and transparent business environment in Mexico.

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



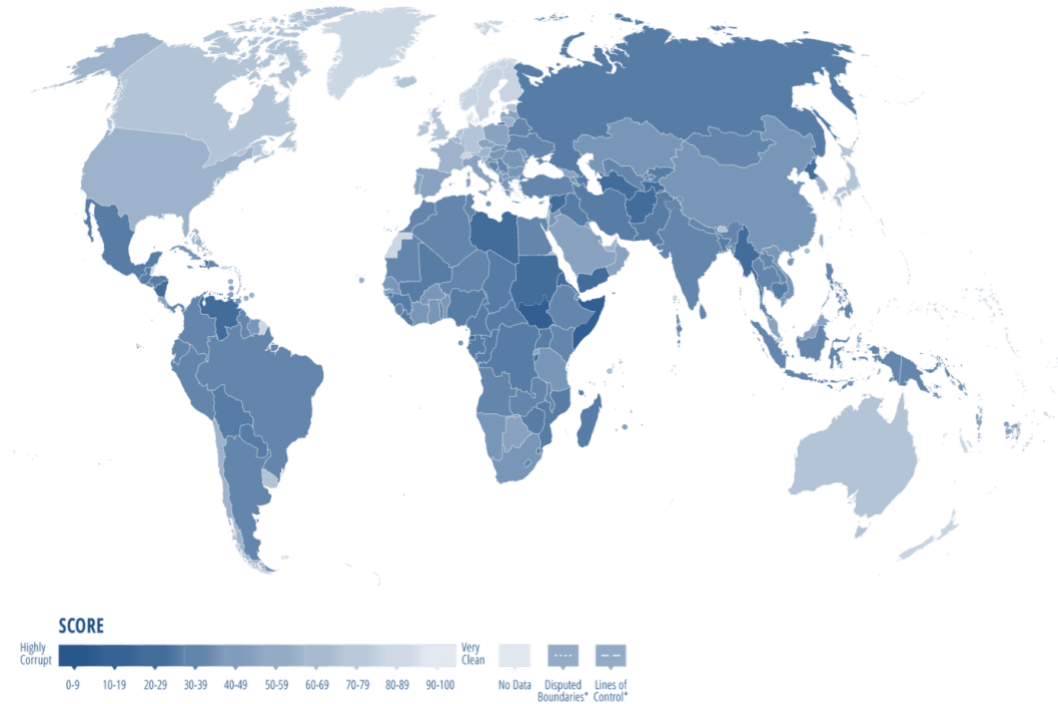
NOTE: The number of respondents for this question was 46.
SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

Surveyed Swedish companies operating in Mexico continue to face corruption-related challenges, particularly in settings where transparency and ethical standards are inconsistent. While Sweden's strong global reputation for integrity and anti-corruption practices serves as a solid foundation, adapting to local risks remains essential for maintaining business integrity and operational security.

Recent data from Transparency International shows that Mexico scores 26 out of 100 on the Corruption Perceptions Index, ranking 140th out of 180 countries. This reflects persistent systemic issues despite years of national efforts. However, as previously stated, improvements have been perceptible by respondents.

To mitigate corruption risks, companies should implement strong compliance policies, conduct due diligence on partners, and uphold ethical, transparent practices. These efforts support Swedish firms in maintaining the decline in corruption exposure while contributing to a more transparent business environment in Mexico.

CORRUPTION PERCEPTION INDEX 2024



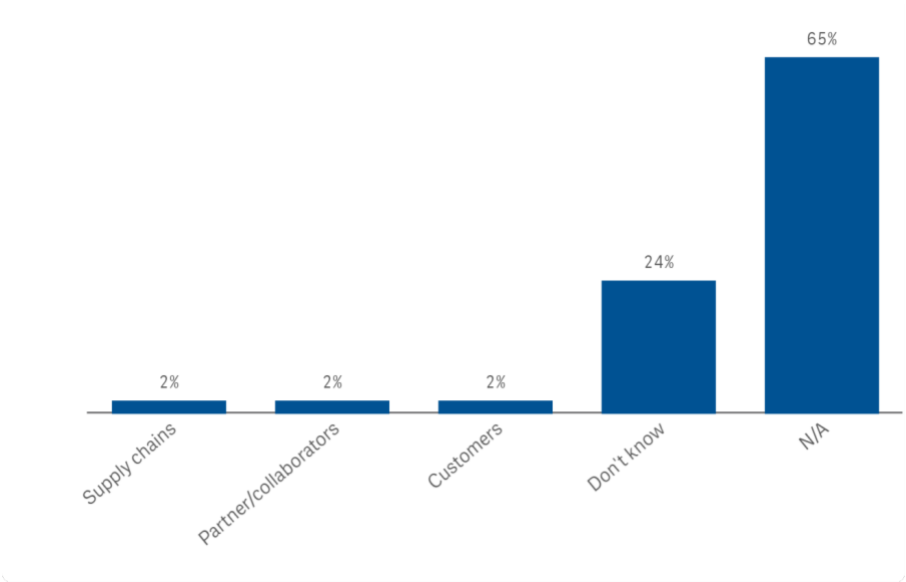
SOURCE: Transparency International.

Only two small companies reported labour rights issues, linking them to weak government enforcement and higher vulnerability

In the current business climate, human rights violations within the scope of labour rights abuses have only been reported by two respondents operating in Mexico, both of which are small, employing fewer than 50 people. One of these companies highlighted issues within its supply chain and with customers, stressing the need for stronger government enforcement and incentives to encourage responsible corporate behaviour. The other company reported facing these challenges through its partners and collaborators.

It should be noted that both companies that reported these negative experiences are also among the few that explicitly identified the government as a barrier to business development in Mexico. This suggests that smaller companies may be more vulnerable to challenges in both labour rights enforcement and governmental malpractices, particularly when operating in environments where institutional support and regulatory enforcement are perceived as lacking.

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



NOTE: The number of respondents for this question was 46.
SOURCE: Business Climate Survey for Swedish Companies in Mexico 2025.

U.S. CURRENT POLICIES IMPACT ON LOCAL INVESTMENT

Nearshoring expectations under the new U.S. administration vary significantly across industries and company sizes

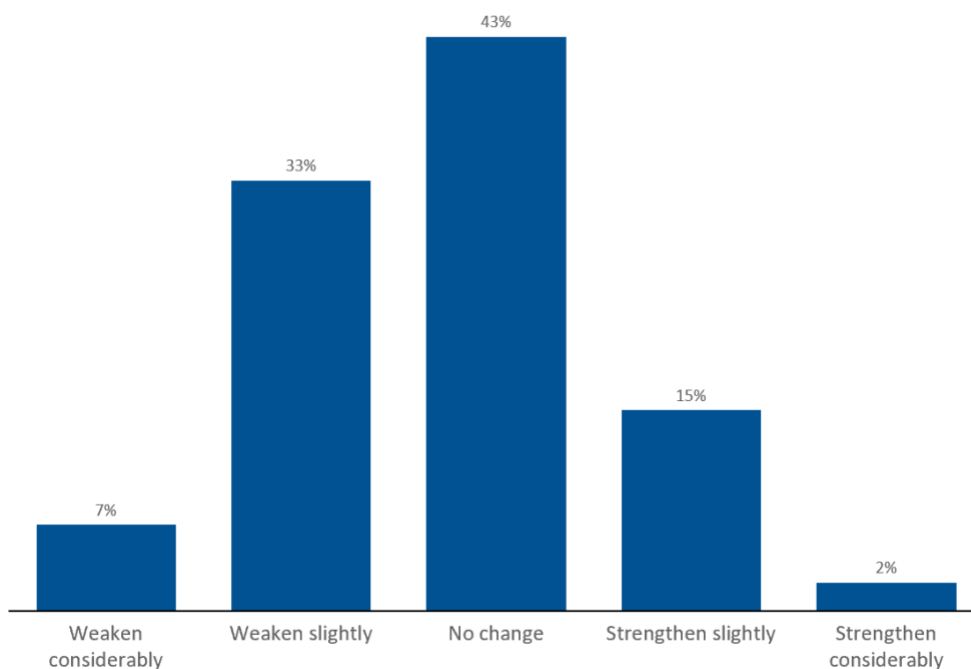
In the automotive sector – traditionally one of the most affected by nearshoring – the outlook is cautious: six out of seven companies expect a slowdown. In contrast, no firms in the metals & mining industry foresee a decline in nearshoring activity, highlighting how sector-specific characteristics strongly influence expectations. Notably, the only company forecasting a significant increase in nearshoring operates within the industrial equipment sector.

Notably, most companies that expect no change in nearshoring trends are small-sized; of the 20 companies that predicted stability for this year, 17 are small enterprises.

By contrast, the only medium-sized automotive company expects nearshoring activity to drop significantly, which can be explained by the lack of treatments or contracts with consolidated manufacturers, and the inflexibility that medium-sized enterprises have in contrast with small organisations.

Overall, only globally large companies (with over 1,000 employees) forecast growth, suggesting that scale and global presence may be key factors in capturing nearshoring benefits.

DO YOU EXPECT NEARSHORING TO MEXICO TO STRENGTHEN OR WEAKEN UNDER THE NEW U.S. ADMINISTRATION?



NOTE: The number of respondents for this question was 46.
SOURCE: Business Climate Survey for Swedish Companies in Mexico 2025.

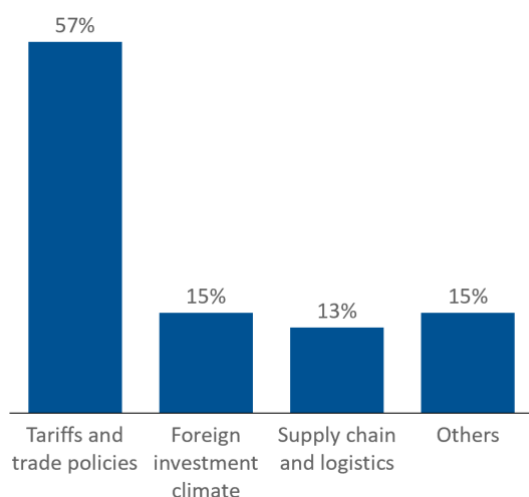
Among the newly effectuated U.S. plans, tariffs and trade policies are the top concern for surveyed Swedish companies in Mexico, where 57 per cent of surveyed enterprises agree on it being a cause for concern. It is notable that these initiatives mainly affect short and medium-term strategic planning, particularly for companies managing operations across borders. These policies are seen as a challenge to business continuity and adaptability, but they have yet to translate into plans to reduce investment.

In contrast, uneasiness about the foreign investment climate, supply chain & logistics, and other factors average in terms of concern around 13-15 per cent, numbers that are significantly less prevalent and primarily voiced by small-sized enterprises. Notably, none of the companies raising these concerns indicated intentions to scale back their operations or investment in Mexico, underlining that while trade policies shape perceptions, they have not yet discouraged concrete business commitments.

The nearshoring phenomenon remains a significant trend among surveyed Swedish companies operating in Mexico, with some firms highlighting that “up to 95 per cent of their locally manufactured products are destined for the U.S. market”. This reflects how deeply integrated Swedish operations in Mexico have become with the North American supply chain. However, this strong dependence also introduces vulnerabilities. A major concern is that “US customers, facing increasing tariffs, may begin to seek alternative sourcing options, potentially leading to a reduction in business or even the loss of entire contracts”, thereby limiting opportunities for Swedish companies’ expansion and stability in the region.

Beyond tariffs, compliance burdens and complex administrative procedures imposed by the U.S. government, some emphasise local governmental limitations, such as insufficient public investment and restrictive customs policies by Mexican authorities. One large, well-established Swedish company noted that “the Mexican government has increased the level of complexity of the Legal/Customs Compliance”, suggesting that local governance issues, combined with U.S. trade barriers, create friction for companies trying to scale or optimise operations in Mexico.

IN WHICH AREAS DO YOU FORESEE THE MOST SIGNIFICANT IMPACT ON YOUR INDUSTRY DUE TO THE U.S. ELECTIONS?



NOTE: The number of respondents for this question was 46.

SOURCE: Business Climate Survey for Swedish companies in Mexico 2025.

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