



BUSINESS CLIMATE SURVEY FRANCE 2025

A REPORT FROM TEAM SWEDEN IN FRANCE

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FOREWORD

With a population exceeding 68 million, France remains the second-largest economy in the European Union and the seventh-largest in the world. It continues to be a key trade partner for Sweden, and the commercial ties between our countries remain strong. France is currently Sweden's eighth-largest export market and 10th-largest import source, underlining the importance of this partnership in a shifting global landscape.

Despite a downward trend in FDI projects in Europe in 2023 and 2024, France managed to maintain its attractiveness among investors and retained its position as the leading destination for foreign direct investment (FDI) in Europe for the sixth consecutive year. In 2024, France attracted 1 025 FDI projects, surpassing the United Kingdom (853 projects) and Germany (608 projects), creating 29,000 jobs. Approximately 450 Swedish companies have established local operations in France, employing over 95,000 people. This underscores France's significance as a key European market for Swedish trade and investments. According to *Business France* and figures for 2024, there is a clear upswing in Swedish-French businesses. With 43 Swedish investment projects in France, an increase of 59 per cent compared to 2023, this represents the highest level since 2017.

Key findings of the Business Climate Survey 2025 include that profitability has seen a slight decline but that confidence at large remains strong among Swedish companies in France. Sixty per cent of the respondents had a neutral to very good perception of the business climate in France, and 72 per cent of Swedish companies reported a profitable financial performance in this year's report. In total, 80 per cent of the Swedish companies in France plan to maintain or increase their local investments. Sustainability continues to be highlighted as an important aspect in this year's survey, in which a great majority of the respondents expressed that their customers attach value to environmental aspects. In line with previous year's Business Climate Surveys, this could offer opportunities for Swedish companies that are pioneers in green solutions and new smart technologies.

Swedish-French collaborations for sustainable businesses are also encouraged through the Strategic Innovation Partnership Agreement, entered by Sweden and France in 2017 and reinforced in an updated version, signed during the French State Visit to Sweden in January 2024 by Swedish Prime Minister Ulf Kristersson and French President Emmanuel Macron.

This report is part of Team Sweden's global series of Business Climate Survey reports, conducted yearly by Business Sweden and Swedish Chambers International. This year's report covers 40 markets worldwide. The survey provides insights into how Swedish companies view their local market environments, and this French edition specifically sheds light on the views, performance, and outlook of Swedish firms operating in France. It also contributes to ongoing dialogues on bilateral trade and cooperation between Sweden and France.

We would like to sincerely thank all companies and partners who contributed to this year's report. We remain committed to supporting Swedish companies' continued success in France and promoting the trade and business development between Sweden and France.



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EXECUTIVE SUMMARY

The Business Climate Survey in France is part of the global Business Climate Survey conducted in 40 markets in the world and aims to increase the understanding of the French business climate from the perspective of Swedish companies and their subsidiaries in France. This year's survey collected answers from 85 local executives representing Swedish companies in France.

During 2024, the French market showed relative resilience in a time of economic uncertainty. Sixty-one per cent of the respondents believe that the turnover in their industry will increase in the coming year, and 72 per cent of the respondents described their financial performance as profitable in 2024. Eighty per cent plan to increase or maintain their investments in the upcoming 12 months, showing continued engagement from Swedish companies in the French market. Swedish companies have a stable presence in France, and the survey results indicate a slight downturn in the confidence in the market, yet remaining largely positive or neutral in the face of global economic uncertainty.

A minority of Swedish companies in France encounter trade barriers in France with a negative impact on their operations, where corporate taxation was mentioned as the most challenging factor. Swedish companies are continually satisfied with the overall business environment with all factors being rated as positive. Market conditions for safe and efficient operations and access to critical players in the value chain score particularly high ratings. For the fifth year in a row, a vast majority (76 per cent) of the respondents indicate that they are involved in marketing and sales activities. In line with this finding, sales competence is ranked as the most important factor in maintaining competitiveness.

The Swedish brand continues to enjoy a strong reputation in France, with 75 per cent of participating companies reporting that it positively impacts their business. France shares many similarities with Sweden in terms of the importance of sustainable business conduct. The companies surveyed report that environmental aspects remain an important consideration in customers' purchasing decisions: 71 per cent of the respondents expressed that their customers attach value to environmental aspects. France also enjoys a good reputation for its low level of corruption, human rights abuse, and human rights violations, with almost no reported cases.

“France remains an attractive base because we are still very much into innovation and driving new business, it's important if you want to remain competitive globally.

Jean-Baptiste Corona

Regional General Manager Epiroc South Europe North Africa.

85 respondents in France

Current business climate

Continuously positive but an increasingly neutral view on the French business climate

Industry turnover

61%

of Swedish companies expect their industry turnover to increase

Future investments

26%

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

Globally valued success factors

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

Brand Sweden

75%

of Swedish companies in France consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Physical infrastructure
2. Personal safety
3. Service providers

Local conditions with least satisfaction

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

Environmental considerations

71%

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

Corruption

Very low risk in France.

Human rights violations and labour rights abuse

Very low risk in France.

ABOUT THE SURVEY

A Team Sweden Collaboration

The Business Climate Survey is a Team Sweden project based upon a partnership created by Business Sweden and Swedish Chambers International in 2019. This year's survey has been conducted among Swedish companies in 40 markets worldwide. It is an important tool to map opportunities and challenges that Swedish companies face when doing business abroad. Since 2020, the survey has been organised on a yearly basis to track and analyse market conditions and the performance of Swedish companies abroad. This report presents the results from a French market perspective.

By providing key facts on the French economic outlook as well as insights on Swedish companies and their success factors in the French market, Team Sweden hopes to assist and support institutions, investors and other relevant stakeholders in the development of Swedish investments and business activities in France. The survey provides insights into how Swedish companies view their local market environments, and this French edition specifically sheds light on the experiences, performance, and outlook of Swedish firms operating in France. It also contributes to the ongoing dialogue on bilateral trade and cooperation between Sweden and France.

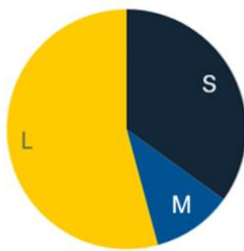
This year, the survey was sent out to a sample of 350 local executives representing Swedish companies in France, 85 of which provided answers. Statistical significance is calculated at a 95 per cent confidence interval with a margin of error at 9 per cent.

The report is divided into the following sections: Economic Outlook, The Market, How Swedish Companies Succeed in France, and Acting Sustainably.

The answers were collected between February 10th and March 7th, 2025. Interviews were conducted later with selected companies to gain a deeper understanding of the factors behind their survey responses. The report does not take into account any impact or added uncertainty following President Donald Trump's "Liberation Day" announcement on April 2nd, 2025, of tariffs on imports from China and the European Union, marking a significant escalation in trade tensions.

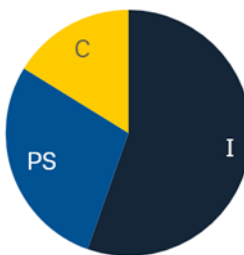
Fifty-four per cent of the survey respondents represented large companies, 11 per cent were medium-sized companies, and 35 per cent were small companies. Fifty-five per cent of the respondents were from the industrial sector, 28 per cent were from the professional services sector, and 16 per cent were from the consumer product sector. A large majority (62 per cent) of the participants were mature companies having operated in France for more than twenty years. Nine per cent were newcomers with only a few years of experience in the French market.

SIZE OF COMPANIES



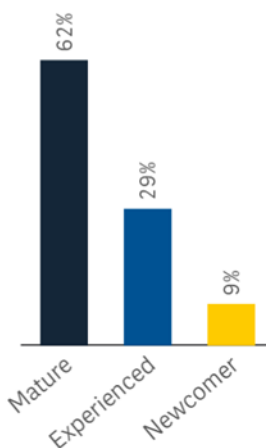
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 55 per cent. Professional services 28 per cent. Consumer 16 per cent

AGE OF COMPANIES



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

ECONOMIC OUTLOOK

France's economic recovery expected to accelerate from 2025 onwards

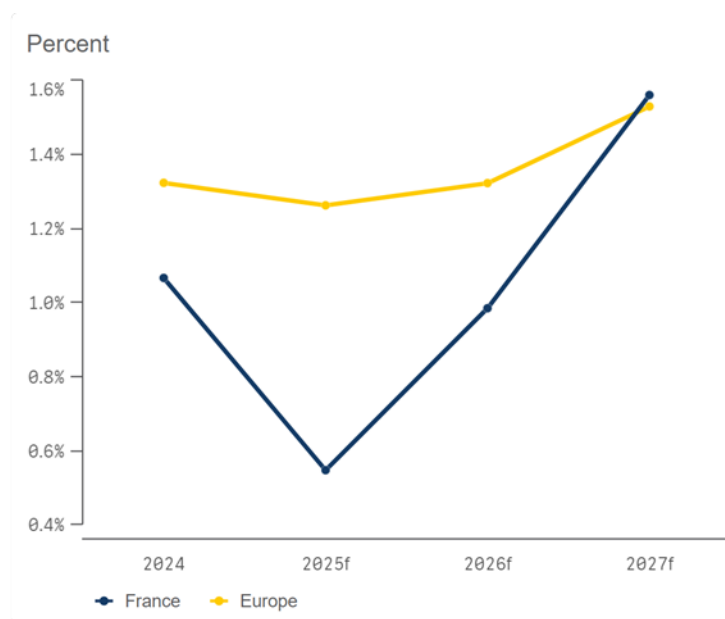
The French economy saw limited growth in 2024, with a GDP increase of 1.1 per cent. This is to be compared with a GDP increase of 0.9 per cent in the Euro area and by 1.3 per cent in Europe. As predicted, the effects of geopolitical instability and surging energy prices affect the French economy in 2024.

In 2025, France's GDP growth is forecast to dip further to approximately 0.5 per cent, a low compared to several notable European peers, with, for example, the GDP growth prognosis for Spain at 2.3 per cent, the United Kingdom at 1.2 per cent, and Sweden at 1.4 per cent. The economic outlook for the two other of the three economic powerhouses of the EU, however, is gloomier: Germany's GDP growth is projected to land at 0.1 per cent, Italy's at 0.4 per cent. After the economic turbulence of recent years, the French market has seen a controlled inflation hovering around or under the two per cent target since Q2 2024 while continuing to face persistent challenges in employment and investment. The French administration is still struggling to balance the national budget deficit and public debt, which is not in line with the Stability and Growth Pact level in the EU. However, from 2026 onwards, the outlook becomes more positive. Growth is expected to rebound, aligning with or potentially even surpassing the European average by 2027, driven by stabilising inflation, easing interest rates, and a gradual return of business confidence.

Despite a most uncertain and changing global geopolitical situation, France still demonstrated resilience and attractiveness to foreign investors. Although slightly down on the previous year, the latest annual report from Business France on foreign direct investments indicates that results are still higher than in pre-Covid years. Amid slowing global economic growth and rising geopolitical tensions, the number of investment projects declined by seven per cent. Meanwhile, according to the United Nations Conference on Trade and Development (UNCTAD), new investments dropped by 13 per cent globally and by 23 per cent in Europe.

Sources: Oxford Economics, OECD, UNCTAD, INSEE, IMF

PROJECTED GDP GROWTH IN FRANCE



NOTE: Constant prices.

SOURCE: Oxford Economics 14 March 2025

“What I would say is that we are in a transition year altogether as a country. We had a more challenging year in 2024, but 2025 remains positive.

Jean-Baptiste Corona

Regional General Manager Epiroc South Europe North Africa.

A majority of Swedish companies in France remain profitable despite a slight drop from 2023

In 2024, 72 per cent of Swedish companies operating in France reported a profitable financial performance, marking a decrease from 82 per cent in 2023, yet still higher than the 64 per cent reported in 2022. Meanwhile, 15 per cent of respondents broke even, and nine per cent reported a financial loss. These figures indicate continued financial resilience despite a modest dip in overall profitability compared to the previous year.

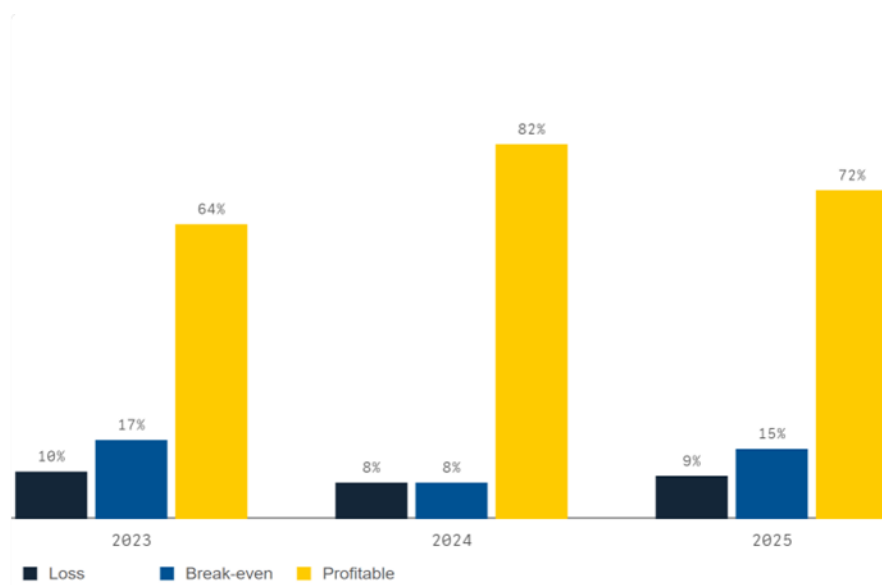
Company size appears to influence financial outcomes, with profitable performance most prevalent among large companies (84 per cent), followed by medium-sized (67 per cent) and small firms (59 per cent). Losses were most commonly reported among small businesses (14 per cent), while large firms reported the lowest incidence of losses (four per cent).

In terms of sector, companies in the industrial sector dominated, with 78 per cent of respondents describing their performance as profitable, followed by consumer goods (75 per cent) and professional services (57 per cent). Notably, professional services also showed the highest proportion of break-even outcomes (29 per cent). This is in line with broader composite PMI data for French services and manufacturing, indicating that it is primarily a low-performing services sector rather than the manufacturing sector that has driven a contraction in private sector output in Q1 2025. At the same time, Swedish services exports to France have grown significantly over the last few years, increasing by 15 per cent year on year in 2024.

Maturity in the French market also continues to correlate with profitability. While 74 per cent of experienced companies and 69 per cent of mature companies reported profits, only 57 per cent of newcomers did the same. At the same time, 14 per cent of newcomers reported losses, higher than any other group, indicating that early-stage operations in France may still carry elevated financial risk.

Sources: Reuters, S&P Global

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



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Optimism returns as most Swedish companies expect turnover growth in their industry

Expectations for industry turnover among Swedish companies in France have improved notably this year. A clear majority, 61 per cent, expect turnover to increase over the next 12 months in their industry. This marks a recovery from last year's more cautious outlook when just under half of the respondents (49 per cent) anticipated growth. At the same time, the share of companies expecting a decrease has dropped from 30 per cent to 24 per cent, while 14 per cent foresee no significant change.

Expectations vary across company sizes. Large companies are the most optimistic, with 64 per cent predicting growth. Among medium and small firms, 56 per cent and 55 per cent, respectively, expect an increase in turnover. However, small companies also report the highest level of concern, with nearly a third (31 per cent) anticipating a decline, compared to 22 per cent of medium-sized companies and 20 per cent of large ones.

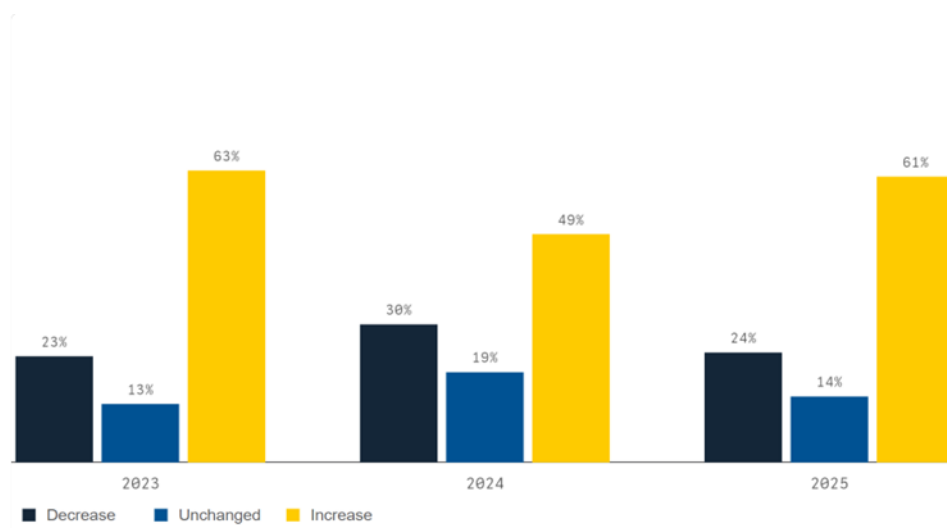
From a sectoral perspective, consumer-focused businesses are the most confident: 83 per cent anticipate an increased turnover, followed by professional services (76 per cent). While still

optimistic, the industrial sector takes a more cautious stance, with 49 per cent expecting growth and 34 per cent expecting a decline, indicating a more polarised outlook.

Experience in the French market also seems to influence confidence levels. Newcomers are the most optimistic group, with 71 per cent forecasting growth and 43 per cent of them expecting it to be significant. Among experienced companies, 74 per cent expect an increase, compared to 60 per cent of mature firms.

Overall, this shift in sentiment regarding industry turnover suggests that Swedish companies in France are regaining confidence after a more uncertain year, with growing optimism about market conditions in the year ahead.

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



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Unchanged investment plans for the majority of Swedish companies in the French market in 2025

This year's results show a clear shift toward cautious stability in investment planning. A majority of Swedish companies in France, 54 per cent, plan to keep their investment levels unchanged over the next 12 months. Meanwhile, 26 per cent of respondents intend to increase investments, and 19 per cent expect to reduce them.

The proportion of companies planning to expand their investments has dropped significantly to 26 per cent in 2025, compared to 43 per cent in 2024 and 40 per cent in 2023, reflecting a more measured approach amidst persistent economic uncertainty. However, the share planning to reduce investments has remained stable at 19 per cent, suggesting a prevailing optimistic, albeit cautious, sentiment.

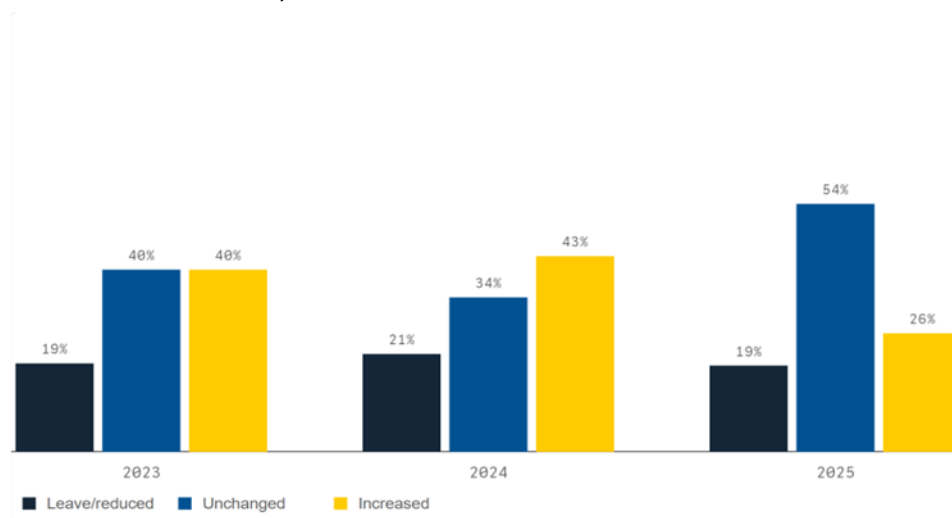
Looking at company size, medium and large firms show a greater preference for maintaining the status quo, with 67 per cent and 60 per cent, respectively, reporting unchanged investment plans. Among small companies, a larger share (28 per cent) expects to reduce investments, while 31 per cent plan to increase them, suggesting a slightly more divided view in this group.

Across industries, companies offering consumer goods are the most likely to invest more, with 67 per cent indicating an intention to increase spending. In contrast, only 15 per cent of industrial companies plan to do the same, while 32 per cent anticipate reducing their investment, making the industrial sector the most cautious this year.

While intentions to grow investments have softened, the high proportion of companies choosing to maintain their current levels, combined with a stable interest in the French market, continues to reflect long-term confidence despite short-term hesitation. During 2024, France went through a period of domestic political uncertainty. The outcome of our survey of softened intentions on growing investment plans from Swedish investors on the French market could most probably be a consequence of a political situation that has driven companies to postpone investment plans.

However, in 2024, Swedish investments in France reached their highest level since 2017, with 43 projects recorded - a 59 per cent increase compared to 2023 - creating or preserving 851 jobs. Sweden was still the Nordic leader in industrial investments in France. In 2024, 58 per cent of Swedish investments in France were directed toward production and manufacturing, underscoring the country's continued appeal as an industrial hub. A notable example is Essity, Sweden's leading hygiene and health company, which has invested €125 million over the past five years to expand its production capacity in France. According to EY, France maintained its position in 2024 as Europe's top destination for industrial investments, with 415 projects. This attractiveness for foreign direct investments is supported by France's highly developed transport infrastructure, a high-skilled labour force, and a low-carbon energy mix, primarily powered by nuclear energy.

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



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in France 2025

“With a presence in France since 1908, We are committed to this market with seven sites and continuous year-on-year investments in France. We continue to strengthen our local footprint with a combination of manufacturing sites, innovation centres, as well as sales offices. France has been an important hub for our research and development, particularly in the aerospace, automotive, defence, high-speed, and energy industries.

Mahdi Sebti

CEO SKF France and Director Industrial Sales West Europe and Africa.

THE MARKET

Stable presence of Swedish companies in France

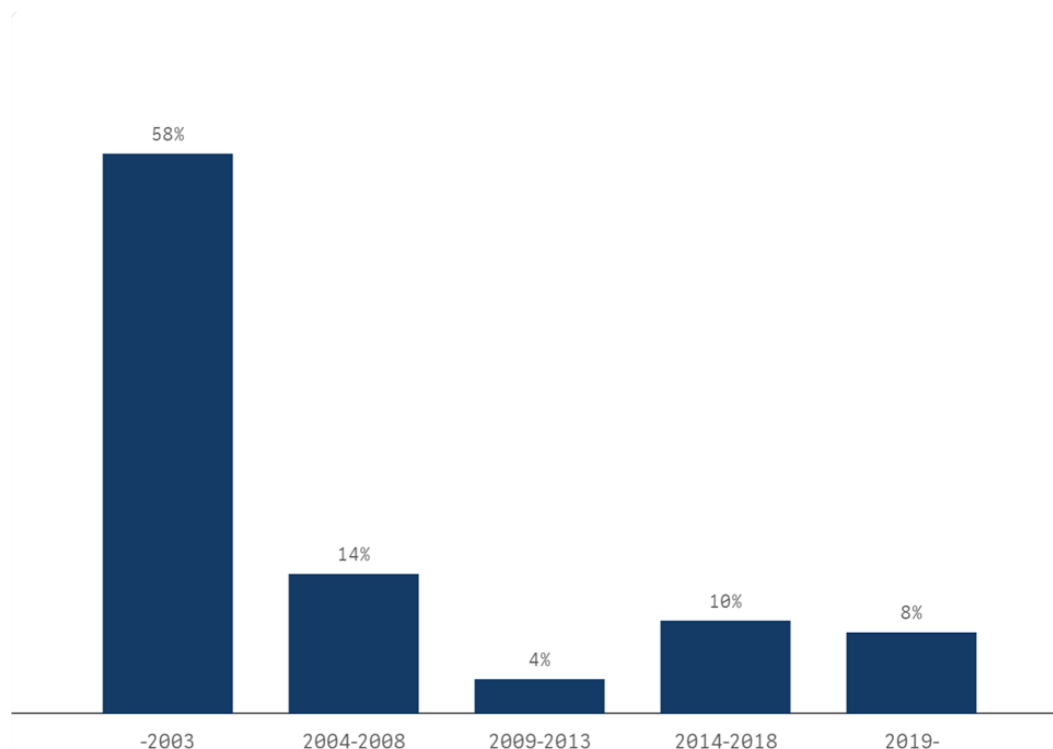
With 68 million inhabitants, France is the second-largest economy in the EU in terms of GDP and the seventh-largest economy in the world. The French market continues to be a stronghold for large corporations, with France now hosting 24 companies on the Fortune Global 500 list, ranking fifth globally. The Paris region boasts the highest concentration of Fortune 500 corporate headquarters in Europe, solidifying its position as a key business hub. From a labour-market perspective, France offers a strong supply of skilled labour, with workers possessing high-level qualifications, ranking higher than the EU-27 average across most high-skilled occupations.

This robust talent pool, combined with France's highly developed infrastructure and ongoing structural reforms to promote domestic industry, economic growth and labour market efficiency, makes the country an attractive destination for foreign investors. Trade relations between Sweden and France have shown continuous growth. In 2023, France was Sweden's eighth-largest trading partner in terms of exports and tenth in terms of imports. Total bilateral trade amounted to SEK 253.5 billion, continuing an upward trend since 2020. The service sector has seen a notable increase and displayed more resilience against the regional European economic downturn, supply chain disruptions and trade tariffs. Swedish-French service trade surpassed SEK 100 billion for the first time in 2024, reaching SEK 109.2 billion, up from SEK 96.3 billion in 2023 and more than double the number from 2020 (SEK 46.5 billion). Breaking the numbers down, France has a service trade deficit of approximately SEK 11 billion, as Swedish service exports to France equalled 60 billion SEK and imports totalled 49 billion SEK. The total trade in goods between Sweden and France amounts to SEK 253.5 billion. Sweden has a positive trade balance with France, with a trade surplus of SEK 20.7 billion, exporting goods worth SEK 91.5 billion to France while importing goods worth SEK 70.9 billion. From 2018 to 2023, bilateral trade in goods increased by 25 per cent. The main sectors involved in this trade are automotive products and equipment, mechanical, electrical, and electronic machinery and equipment, and chemical products.

In the first quarter of 2023, Swedish exports to France increased by 27 per cent in nominal terms compared to the same period in 2022, while French imports to Sweden grew by 19 per cent. Beyond trade, Swedish business establishment and activity in France remains strong. More than 450 Swedish companies have established operations in the country, with the majority having been active since the last century. Over the past 20 years, there has been a steady influx of new Swedish companies, though a slower expansion was observed between 2009 and 2013, most likely due to the global financial crisis. Among surveyed companies, 36 per cent have set up operations in France from 2004 onwards, and eight per cent entered the market from 2019.

Sources: *Cedefop, EY Barometer and Attractiveness Survey 2024, Fortune 500, INSEE, Investopedia, L'Institut Paris Region, Business France, SCB, SER, Statista, CCI Paris, French Government, World Bank*

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN FRANCE?



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

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

France's industrial landscape is notably diverse, with key sectors including aerospace, automotive, and nuclear energy. The country is the European leader in nuclear power production.

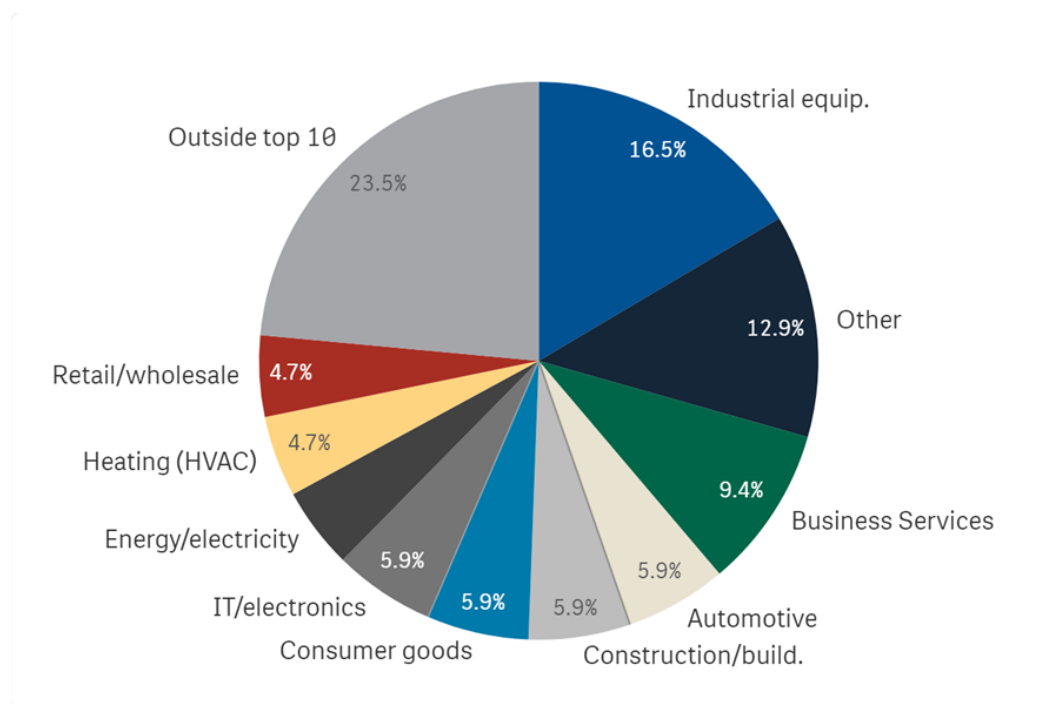
In 2024, France maintained its position as a top destination for foreign investment in Europe, with 1,025 projects identified, surpassing the United Kingdom (853 projects) and Germany (608 projects). Notably, a significant part of these projects were in sectors prioritised by the "France 2030" investment plan, such as healthcare, energy, automotive, and aerospace. The investment plan, with a budget of €54 billion, aims to drive innovation and growth in strategic areas. €21 billion has already been committed, supporting over 4,300 projects nationwide. This initiative presents significant opportunities for Swedish companies across various sectors.

Additionally, France's defence sector is experiencing renewed investment eagerness. For instance, during the French State Visit to Sweden in January 2024, Saab and the French missile manufacturer MBDA signed Letters of Intent to deepen their cooperation on anti-tank and air defence systems. Saab has positioned its GlobalEye surveillance system as a candidate to replace France's aging AWACS fleet. Both Sweden and France host strong and advanced defence industries, constituting a sector of growing mutual business opportunities.

AI and deep tech are gaining momentum in the French market. In 2024, 43 investment decisions related to the field of AI were made in France, compared to 28 in 2023. In February 2025, 23 Swedish companies participated in the high-level international Summit for Action on Artificial Intelligence in Paris, organised by French President Emmanuel Macron. Sixty-two countries, including Sweden, signed the Global Declaration for Inclusive and Sustainable Artificial Intelligence, and national and international investment commitments were made of up to €109 billion. For instance, the Swedish startup Evroc announced its construction of an "AI factory" consisting of a 96 MW data centre in Mougins, conceived for hyperscale cloud and AI workloads. France's fundraising for deep tech soared from €1,5 billion in 2019 to €4,1 billion in 2023, making the hexagon the top country for deep-tech investments in the EU and fourth globally after the US, China, and the UK. The main sectors of application supported by the French Tech 2030 program are health, AI, agri-tech and green tech.

Sources: *Business France “2024 Report on Foreign Investment in France”, Eurostat, EY Barometer and Attractiveness Survey 2023, French Government*

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN FRANCE?



NOTE: The number of respondents for this question was 85. “Don’t know/Not applicable” responses are included but not shown in this figure.

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

“Traditionally, infrastructure has driven our business in mature countries like France and Italy. But now, mining is coming back to life, with major new projects identified in France.

Jean-Baptiste Corona

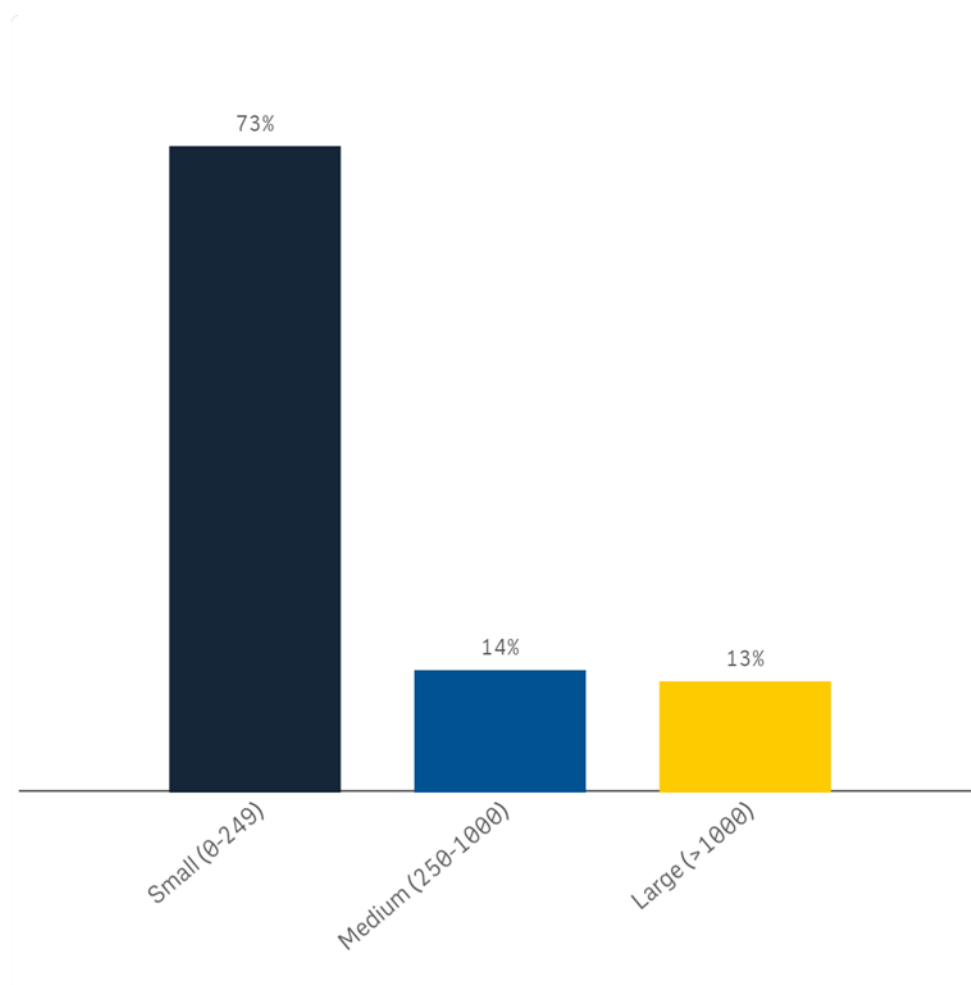
Regional General Manager Epiroc South Europe North Africa.

The analysis of sector tendencies for the current year reveals a continuation of patterns observed in the previous years. Industrial equipment, business services, and the automotive sector remain dominant, consistently occupying top positions in the sectoral distribution of Swedish companies established in France.

There has been a notable increase in the share of Swedish companies established in France that offer business services (+2,5 percentage points) and Heating (HVAC), also increasing by 2,5 percentage points. Additionally, the construction and building sector has emerged as a notable expanding sector, going from three per cent to almost six per cent. Conversely, the share of Swedish companies within the sectors of Transportation and Chemicals have experienced a decline (-1,5 percentage points and -2 percentage points, respectively).

Out of the companies that participated in the survey, a large majority (73 per cent) of the subsidiaries in France are small in terms of workforce, employing <250 local employees. Companies that have a local workforce of more than 1,000 employees represent 13 per cent, and 14 per cent of the companies in this year’s sample have between 250 and 1,000 local employees.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN FRANCE IN 2025



NOTE: The number of respondents for this question was 79. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Confidence in the French market remains largely neutral; pessimism is likely influenced by political instability and global supply chain disruptions

In total, 60 per cent of the respondents have a neutral or good/very good perception of the business climate in France. While Swedish companies' view on the business climate in France is still largely neutral, this share of good/very good perceptions has declined from 26 per cent to 14 per cent. At the same time, an increasing number of respondents perceive the business climate as poor/very poor. The pessimistic perceptions have increased from 18 per cent to 36 per cent. The relative shift from a positive to a neutral or poor/very poor perception should be interpreted in light of the overall changes in the economy and the lower GDP growth. In 2024, France's GDP experienced modest growth, with an overall annual increase of 1.1 per cent, mirroring the previous year's performance. The year was marked by fluctuations: a 0.2 per cent growth in the second quarter, an acceleration to 0.4 per cent in the third quarter – bolstered by the Paris Olympic and Paralympic Games – and a slight contraction of 0.1 per cent in the fourth quarter as the temporary Olympic boost waned. Projections for the coming years remain modest in the short term, while the economy is expected to regain growth as of 2026 and 2027 (1.2 per cent and 1.3 per cent growth rate forecast, respectively). The Global Business Climate Survey, aggregating results from all local surveys, will provide better clarity on how Swedish companies' confidence in the French market is holding up

compared to other markets. However, one should exercise caution when comparing these business confidence indicators across markets as they correlate with actual growth to varying extents depending on the market and culture of respondents. As an example, the French Ministry of Finance has previously found that German and French respondents of PMI surveys generally express lower confidence in the market than Italian respondents for the same actual growth.

These economic variations, alongside the results from the survey, align relatively well with the French Business Climate Indicator, published by the French statistics institution INSEE and compiling business managers' opinions on the market as well as quantitative variables related to workforce trends, production capacity and investments. The indicator has been slightly below its long-term average of 100 since October 2023. In April 2025, the indicator stood at 96, indicating a subdued business sentiment, although a gradual return towards its normal average is expected.

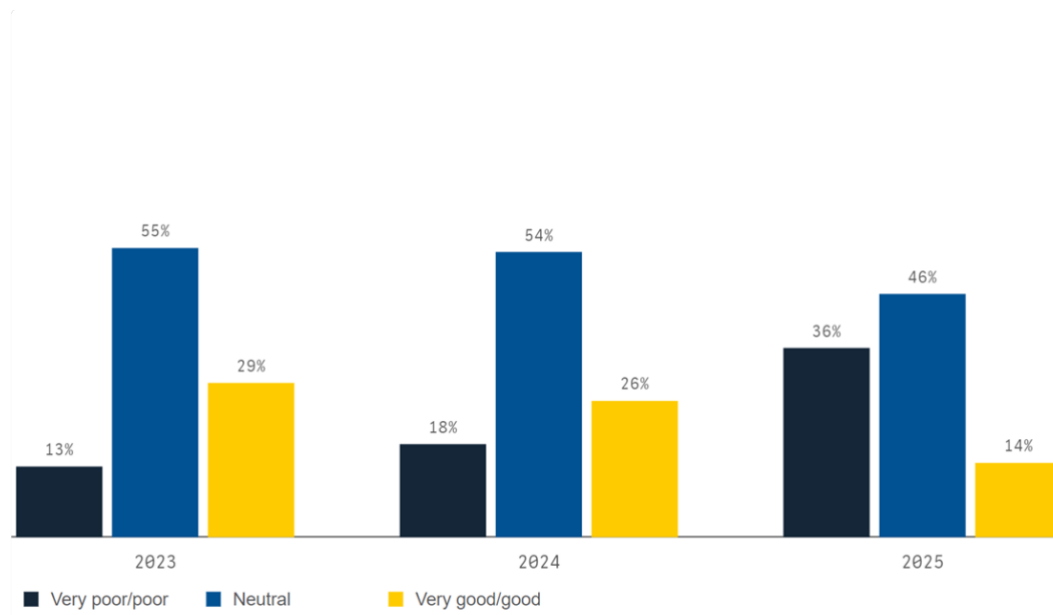
France maintained its position as the leading European destination for foreign direct investments (FDIs) in 2024, securing the highest number of FDI projects for the sixth consecutive year, followed by the UK and Germany. However, political instability in France and geopolitical factors affecting global trade and supply chains have raised short-term concerns among investors, with the snap parliamentary elections in June 2024 and temporarily rising unemployment rates. Foreign investment and expansion projects in France declined by 14 per cent in 2024, mirroring similar trends in the UK and Germany. Job creation from these projects also fell sharply, down 27 per cent compared to 2023, highlighting investor caution amid rising costs and implementation delays. Despite these challenges, France continues to be seen as an attractive investment destination, with business leaders – surveyed by EY in March 2025 – citing market size, innovation, skilled workforce, infrastructure, and quality of life as key strengths. However, they also expressed short-term concerns around profitability, stability, energy supply, and funding for the green transition. In the energy sector, 70 foreign companies chose to invest in France in 2024, with several contributing to the country's energy transition. France is also solidifying its position as a major European hub for foreign investment in artificial intelligence, even before the €109 billion in funding announced at the Paris AI Summit. The agri-food sector remains a strategic focus for international companies operating in France despite evolving consumption patterns and complex retail dynamics. While R&D project numbers dropped by 15 per cent, France maintained its leadership position in Europe, ahead of the UK, which is actively seeking to regain ground in this domain. Notably, 75 per cent of foreign investment projects were established outside the Île-de-France region, underscoring the growing appeal of France's regions beyond the traditional metropolitan hubs.

Breaking down the Business Climate Survey results by sector reveals that the increasing poor/very poor and neutral perception is mainly concentrated among respondents from the industrial and consumer-goods segments. While both industrial and consumer-goods companies perform relatively well in terms of turnover, and consumer-goods companies declare an ambitious investment agenda moving forward, their relatively poor perception of the business climate can seem somewhat surprising. However, these segments are likely to be hit hard by energy price fluctuations, customs duties and supply chain disruptions, which might affect their business climate view. It is also possible that exposure to these risks incentivise higher levels of reactive investments, for example in automatisisation and diversification of supply chains. The professional services segment, on the other hand, reports a substantial increase in positive perceptions of the business climate compared to 2024, with 37 per cent having a very good/good perception compared to 30 per cent in 2024.

When analysing the responses by company maturity, we can establish that a large share of the newcomers onto the French market perceive the business climate as good/very good (43 per cent), an increase of 23 percentage points compared to 2024. This can be partially explained by the strong innovative business climate and governmental fiscal and financial incentives to attract new businesses and startups to France. Two-thirds of the experienced companies perceive the business climate to be neutral or good/very good, while the share of mature companies who have poor/very poor confidence in the market increased from 24 per cent to 39 per cent, bearing in mind that a lot of the mature companies are active within the industrial or consumer goods sectors.

Sources: Business France, Banque de France, BNP Paribas, Financial Times, INSEE, EY Barometer and Attractiveness Survey 2025, French Ministry of Finance

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN FRANCE?



NOTE: The number of respondents for this question was 78. "Don't know/Not applicable" responses are included but not shown in this figure.

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

“Regarding the general market development, we perceive a slowdown in activity, characterised by a form of inertia where everyone seems to be in a state of anticipation. Although we have the impression that decisions are indeed being made, uncertainty regarding the outcomes leads to further waiting and delayed action. It is unclear what exactly companies are waiting for, but the prevailing sentiment is one of waiting. The lack of a confirmed vision of the future energy strategy, because of internal political turmoil, can be one of the explanations.

Florence Simonet

Managing Director, Vattenfall Éolien France

“We’re transitioning from a crisis or post-crisis year into a new cycle. It’s not the greatest year, but it’s certainly not a bad one, there’s a positive shift underway.

Jean-Baptiste Corona

Regional General Manager Epiroc South Europe North Africa.

Swedish companies express overall satisfaction with the local business environment

Several factors influence the conduciveness of a market's business environment to success. We surveyed Swedish companies to evaluate the extent to which selected market conditions in France meet their requirements and wish lists. All the factors examined received above-average ratings, leading to the conclusion that France offers business-enabling market conditions for Swedish companies. Apart from minor changes, the results largely mirror previous years, suggesting reliable data and stable conditions over time.

Among the conditions studied, factors that facilitate safe and efficient operations, such as physical infrastructure and personal safety, received high ratings of 7.5 out of ten. Other high-performing market conditions include the availability and accessibility of critical value chain players. Swedish companies reported that France's supply of service providers, distributors and suppliers meets their demands to a significant extent, with these conditions rated at 7.4, 7.3, and 7.2, respectively.

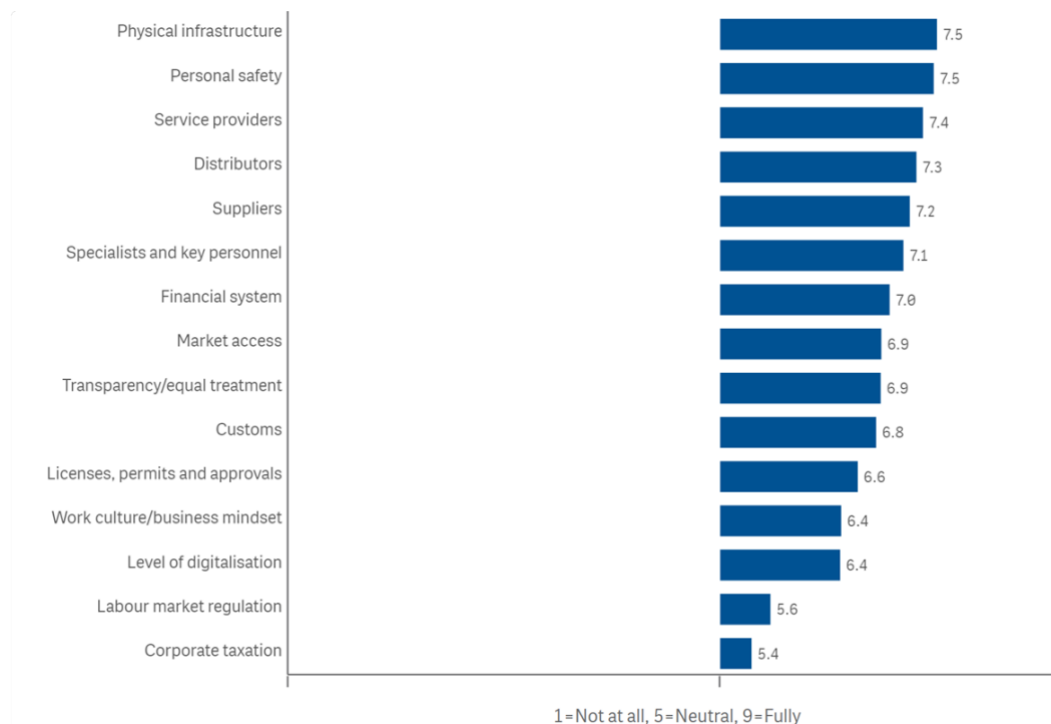
While still performing above average, the lowest scores were attributed to corporate taxation and French labour market regulation, with ratings of 5.4 and 5.6, respectively. Although the French corporate income tax rate of 25 per cent meets the needs of the average respondent, it is still perceived as a hindrance. Despite a progressive decrease from 28 per cent in 2020, it remains several percentage points higher than Sweden's corporate income tax rate of 20.6 per cent.

Similar to previous years, France's level of digitalisation received a moderate satisfaction rating of 6.4. Given Sweden's strong global position in digitalisation, Swedish companies are well-positioned to use and provide digital solutions in less-digitised sectors. These findings are consistent with the IMD World Digital Competitiveness Ranking, where Sweden climbed two positions to fifth place in 2024. France also climbed by seven places to reach 20th place out of 67 countries.

Lower scores were also assigned to the French work culture and business mindset (6.4), as well as conditions related to licences, permits, and approvals (6.6), although the latter has improved from 6.2 in 2024. These ratings nevertheless suggest that Swedish companies perceive a slight administrative burden in conducting business in France.

Sources: IMD World Digital Competitiveness Ranking 2024, Business France

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



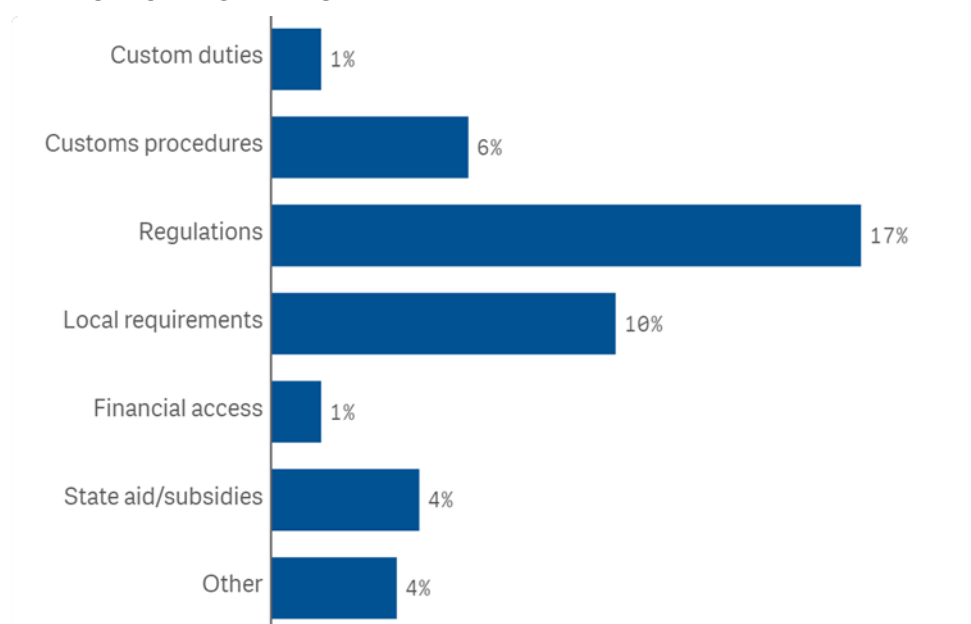
NOTE: The number of respondents for this question was 85.

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

Swedish companies seldom encounter trade barriers, but regulatory and uncertainty-related challenges subsist

In accordance with the generally positive perception of France's business-conducive conditions, most Swedish companies operating in France do not encounter trade barriers that negatively impact their operations. The primary trade barrier faced by Swedish companies over the past year, pertaining to regulations, has seen a decrease in its share from 24 per cent in 2024 to 17 per cent of the respondents in 2025.

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



NOTE: The number of respondents for this question was 85.

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

Swedish businesses operating in France have encountered several challenges in recent years, notably concerning price inflation, administrative procedures, labour regulations, and uncertainties stemming from geopolitical events such as Russia's invasion of Ukraine, the war in Gaza or the tensions with the Houthis around the Suez Canal. In 2022, 92 per cent of respondents identified price inflation as a challenging or very challenging factor for their operations. This figure improved in 2023, with 80 per cent expressing similar concerns. As inflation has come down to regular levels, this is less of a concern to companies now.

Factors perceived as less challenging include exchange rate developments, bank relations, and payment processing. The depreciation of the Swedish Krona (SEK) has led to a weak exchange rate against the Euro for years, favouring the competitiveness of Swedish exports by making them more affordable in the Eurozone market. However, with an increased appreciation of the SEK at the beginning of 2025, this might lower costs for Swedish companies importing goods or services but disadvantage exports.

Sources: World Bank, Trading Economics, European Commission, EKN

When prompted to elaborate on the key factors shaping their perception of the French business climate, many respondents emphasised the attractiveness of France as a large and dynamic market, offering substantial business opportunities – particularly in strategic sectors such as defence, aerospace, transport, railway infrastructure, and energy. These industries continue to benefit from strong public and private investment, supported in part by France's commitment to innovation and strategic autonomy within the EU framework. Macroeconomic fundamentals, while still subject to volatility, have also shown signs of stabilisation. Interest rates remain at historically manageable levels, particularly in light of the recent moderation of inflation. After surging during 2022-2023, inflation in France has declined and now hovers close to the European Central Bank's two per cent target, restoring a measure of predictability to the economic environment.

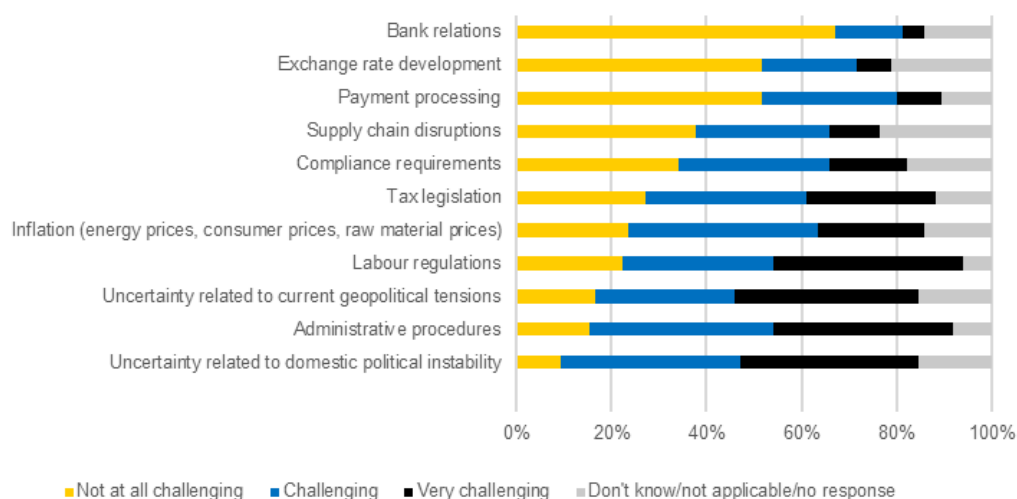
France's infrastructure is consistently praised for its quality. The country boasts over a well-integrated transportation network, including extensive high-speed rail services (TGV), modernised

roadways, and advanced logistics platforms. These systems contribute to the continued resilience of domestic supply chains, which – despite global disruptions – remain functional and relatively efficient. Banking relations and financial operations are also generally perceived as robust. Companies report a high quality of service in banking, with reliable payment systems and few operational challenges in financial processing.

However, several barriers persist. A major challenge is the complexity and rigidity of administrative and regulatory procedures. Bureaucracy and compliance requirements are often cited as time-consuming and burdensome, particularly for foreign companies. Additionally, chief among the challenges is the general uncertainty, weighing heavily on business sentiment. Political instability, including the lead-up to upcoming elections and shifts in fiscal and social policy, has led many companies to delay investment decisions into late 2025 or beyond, pending greater clarity on legislative and economic direction. On top of that, geopolitical tensions – particularly those related to the Ukraine conflict, trade dynamics and tariffs with the US and China, and broader instability in the Middle East – further exacerbate uncertainty. While these issues are not specific to France, they contribute to an overall climate of caution and have a ripple effect on global supply chains and trade flows.

Labour regulations continue to be perceived as a major structural challenge. The French labour market, while highly skilled, is also characterised by relatively rigid rules, including complex hiring and dismissal procedures. Industrial action remains frequent, with transport and public sector strikes disrupting operations. These factors can complicate workforce planning and increase operational risk. Although inflation has moderated, the residual effects of past energy price spikes and elevated costs of consumer goods and raw materials remain a concern. Although a recovery in profitability and investment seems to be underway, it appears to be lagging behind due to ongoing global economic uncertainty. Companies continue to express a guarded optimism, seeing potential on the horizon but mindful of the headwinds that may delay a more decisive recovery.

WHAT DO YOU CONSIDER PARTICULARLY CHALLENGING FOR YOUR BUSINESS IN FRANCE TODAY?



NOTE: The number of respondents for this question was 85.

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

“ Sustainability is important for the French State, but for many suppliers, environmental concerns are often seen as secondary, with social aspects of sustainability, such as local and fair job creation, often occupying a more central position. However, environmental aspects and positive impact on biodiversity are often taken into account in tenders and supported by governmental subsidies.

Florence Simonet

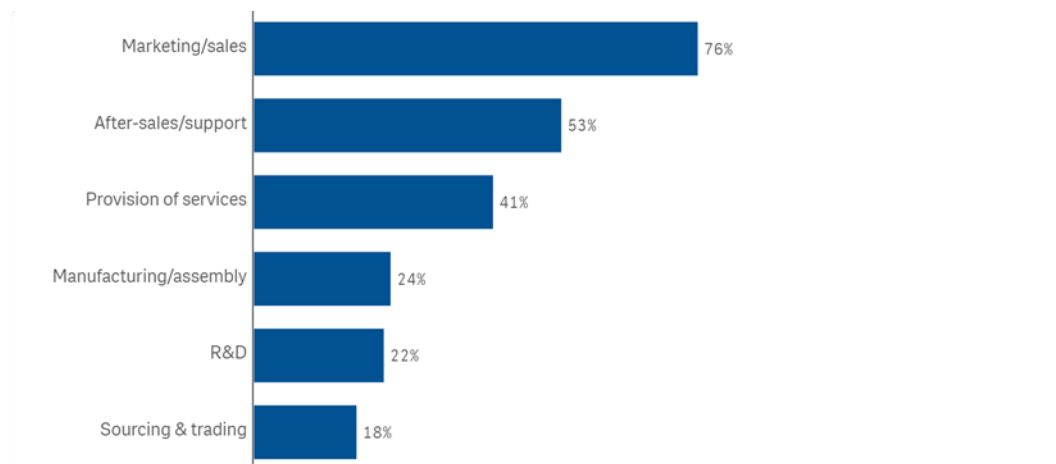
Managing Director, Vattenfall Éolien France

HOW SWEDISH COMPANIES SUCCEED IN FRANCE

Marketing and sales activities dominate the local operations

For the sixth year in a row, a vast majority (76 per cent) of companies active in the French market indicate that they are involved in marketing and sales activities. Fifty-three per cent operate in aftersales and support activities, 41 per cent of companies in our sample provide services, 24 per cent undertake manufacturing or assembling activities in France, 22 per cent perform R&D activities, and 18 per cent operate within sourcing and trading.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



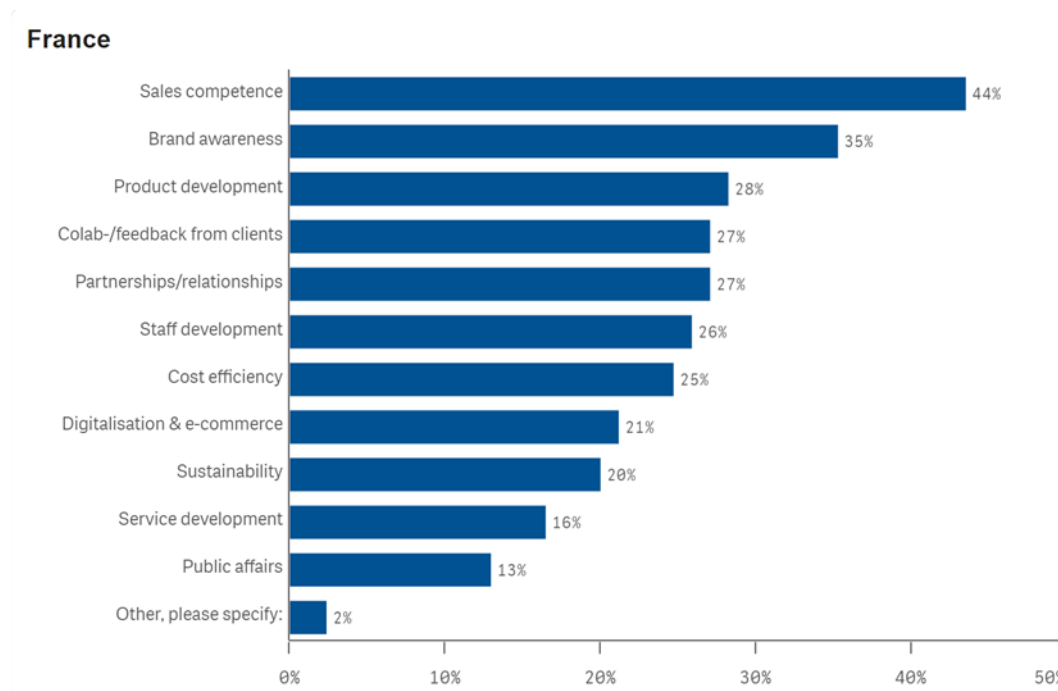
NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

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

Competitiveness is driven by sales competence

Several factors contribute to strengthening Swedish companies' competitiveness in the French market. Consistent with previous research, a substantial number of Swedish companies engage in marketing and/or sales operations in France, ranking marketing/sales competence as the most crucial element for sustaining competitiveness. Another area that has been consistently considered important is brand awareness (35 per cent). In comparison with last year's survey, product development (28 per cent) has now emerged as the third most important area. Service development, together with sustainability and public affairs, were rated the lowest.

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



NOTE: The number of respondents for this question was 85. Respondents could choose a maximum of three areas, "Don't know/Not applicable" responses are included but not shown in this figure.

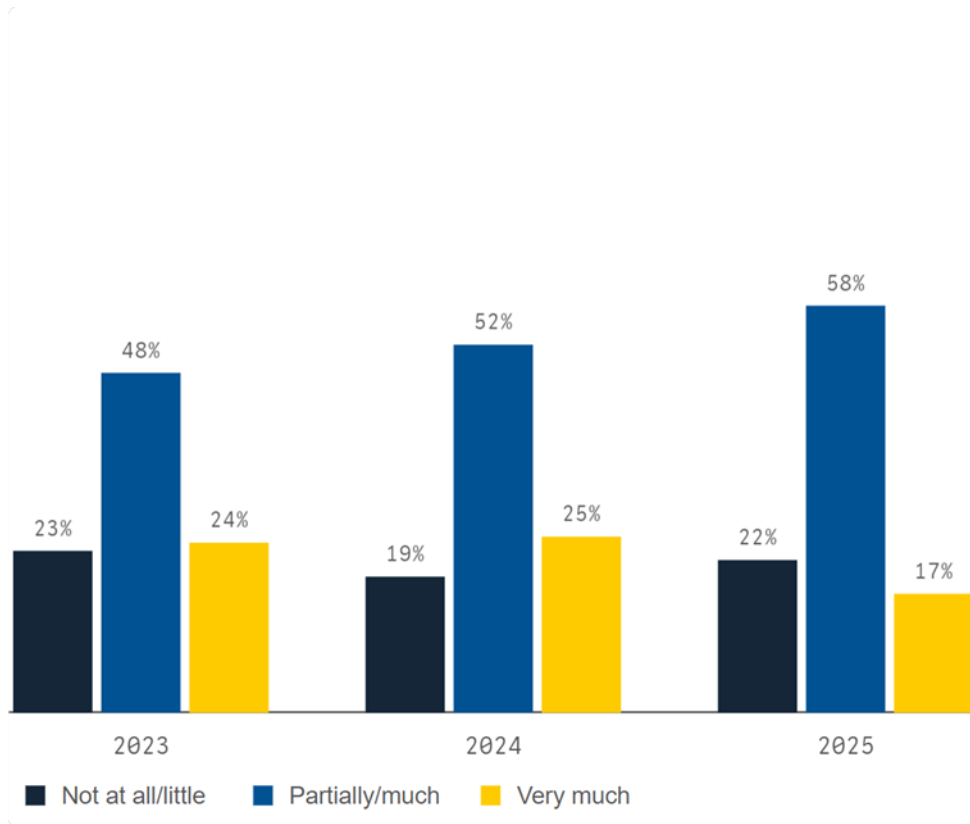
SOURCE: Business Climate Survey for Swedish Companies in France 2025.

Continuous positive associations with the Swedish brand

The French have a very positive view of Sweden and strongly associate the country with high quality in terms of services, management, goods, technical know-how, innovation, and sustainability. Sweden's reputation in France has been positive for a long time, and it goes hand in hand with the overall high degree of trust placed in the Nordic countries. The survey confirms this trend, with 75 per cent of the participating companies considering that the Swedish brand contributes positively to their businesses. Seventeen per cent of Swedish companies operating in France consider that it contributes "very much" to their business in France.

Results indicate that the Swedish brand contributes to business to a higher extent for industrial and professional services companies, as opposed to consumer goods companies. Forty-two per cent of consumer goods companies express that the Swedish brand contributes "not at all/little". A possible explanation for this finding is that procurement of industrial products and professional services, unlike individual-consumer purchases, may be more influenced by country-of-origin information since these purchases typically involve long-term investments and carry higher risks. These tendencies may be exacerbated by uncertain market conditions.

SOURCES: THE SWEDISH INSTITUTE, GLOBAL BUSINESS CLIMATE SURVEYS
TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE SWEDISH BRAND CONTRIBUTES TO YOUR BUSINESS IN FRANCE?



NOTE: The number of respondents for this question was 83. "Don't know/Not applicable" responses are included but not shown in this figure.
 SOURCE: Business Climate Survey for Swedish Companies in France 2025.

“The Swedish brand helps us enormously in doing business in France. We are regarded as being seriously engaged in favour of high environmental and social standards.

Florence Simonet

Managing Director, Vattenfall Éolien France

“Being Swedish does benefit us whilst we have local identities as we have been operating in many countries around the world for more than a century. Our Swedish and SKF company heritage are permitting us to continue being an innovative, reliable, and sustainable industrial company addressing the important topic of re-imagining rotation for a better tomorrow.

Mahdi Sebti

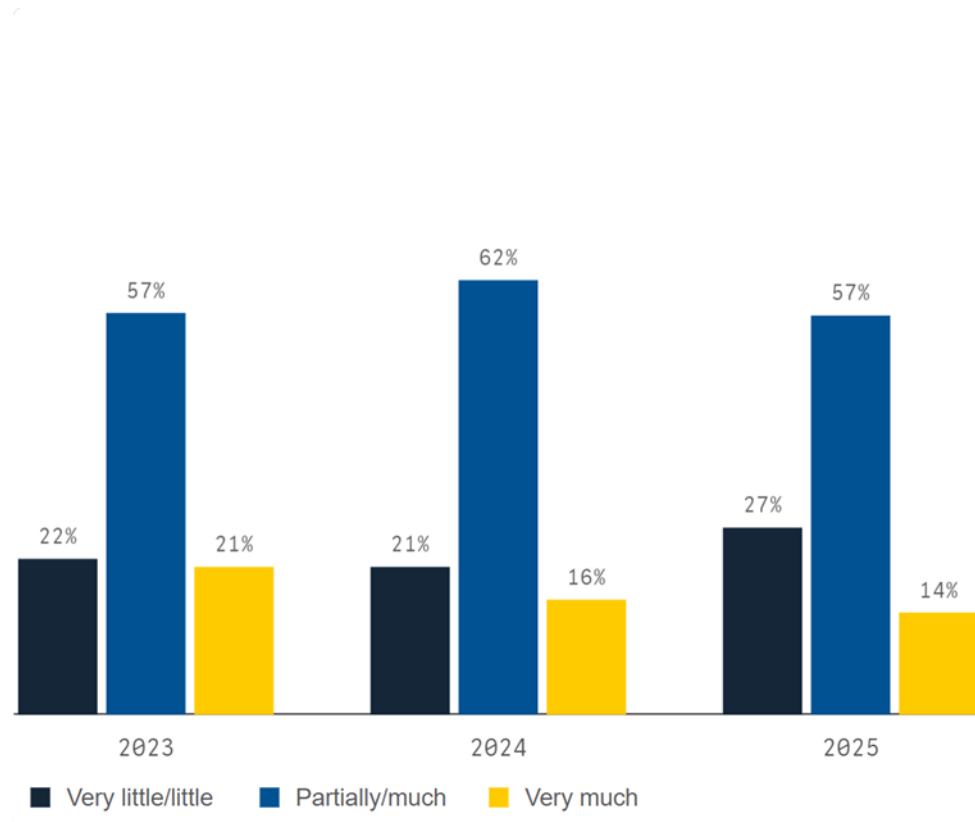
CEO SKF France and Director Industrial Sales West Europe and Africa.

ACTING SUSTAINABLY

Environmental aspects are continuously considered in customers' purchasing decisions

Sustainability continues to be a significant consideration for customers of Swedish companies operating in France. In both 2023 and 2024, 78 per cent of respondents indicated that their customers value environmental aspects in their purchasing decisions. In 2025, this number added up to 71 per cent, indicating that, despite high inflation of increased price sensitivity, customers seem to maintain their awareness of sustainable production and consumption. Although a slight increase in the share of respondents indicating less prioritisation of sustainability aspects in their purchasing decision can be observed (21 per cent in 2024 to 27 per cent in 2025), France can still be considered a market where sustainability performance is important for customer relations and business development. Also, regulatory developments are increasingly influencing the French sustainability landscape. For instance, in February 2025, France implemented a ban on per- and polyfluoroalkyl substances (PFAS) used in various consumer products, including textiles and cosmetics.

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



NOTE: The number of respondents for this question was 83. "Don't know/Not applicable" responses are included but not shown in this figure.

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



The sustainability commitments outlined in the tender documents, including recyclability and local employment, are crucial and highly regarded.

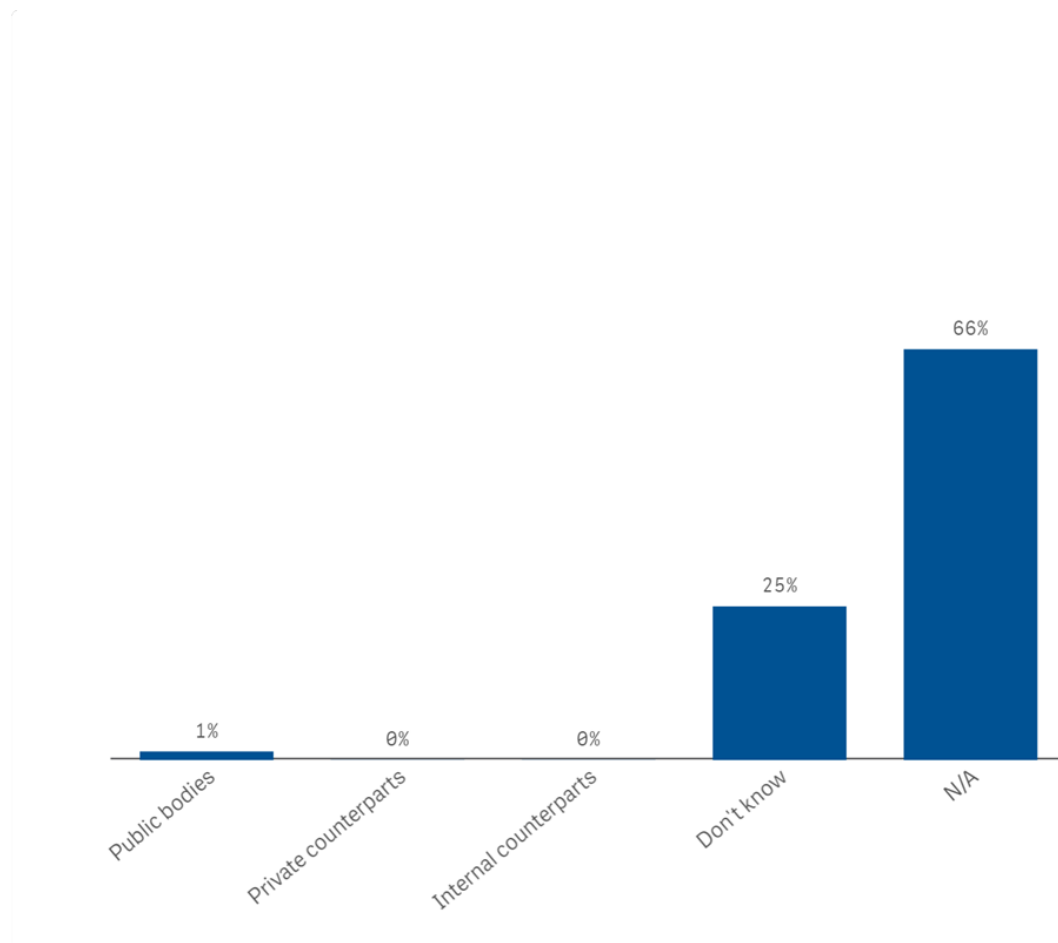
Florence Simonet

Managing Director, Vattenfall Éolien France

Corruption levels in France are very low compared to most markets

When asked whether their companies had been exposed to any instances of corruption, such as attempts of bribery or fraud, very few respondents indicated this as an issue for their businesses in France. Only one per cent of the Swedish companies in our sample experienced instances of corruption. The low level of corruption is consistent across company size and industry, with no cases reported by respondents from the professional services or consumer segments. Among the very few respondents from the medium-sized industrial segment who were exposed, corruption in public bodies was the occurrence.

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

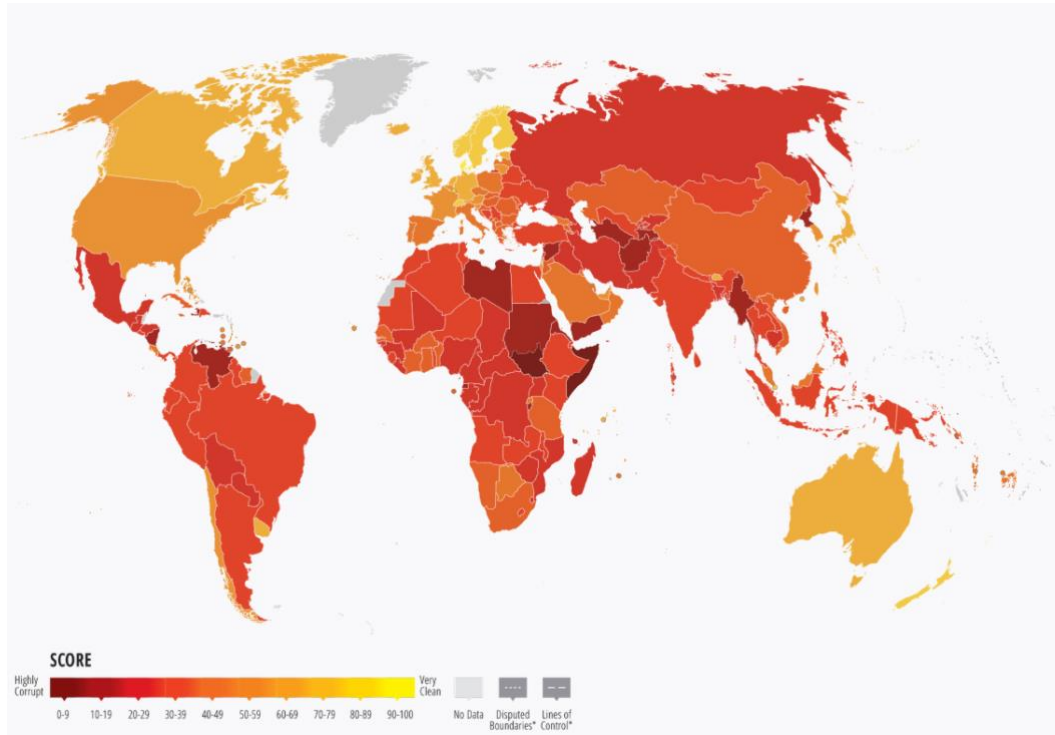


NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in this figure.

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

The low level of corruption perceived by Swedish companies in France can be compared to the global Corruption Perception Index (CPI), which ranks 180 countries on a scale from zero to 100 based on the perceived level of corruption in their public sector. France exhibits a relatively low level of corruption, ranking 25th out of the 180 countries assessed.

CORRUPTION PERCEPTION INDEX 2024



NOTE: The designated territories illustrated in the map do not imply any opinion regarding the legal status of any state or country.

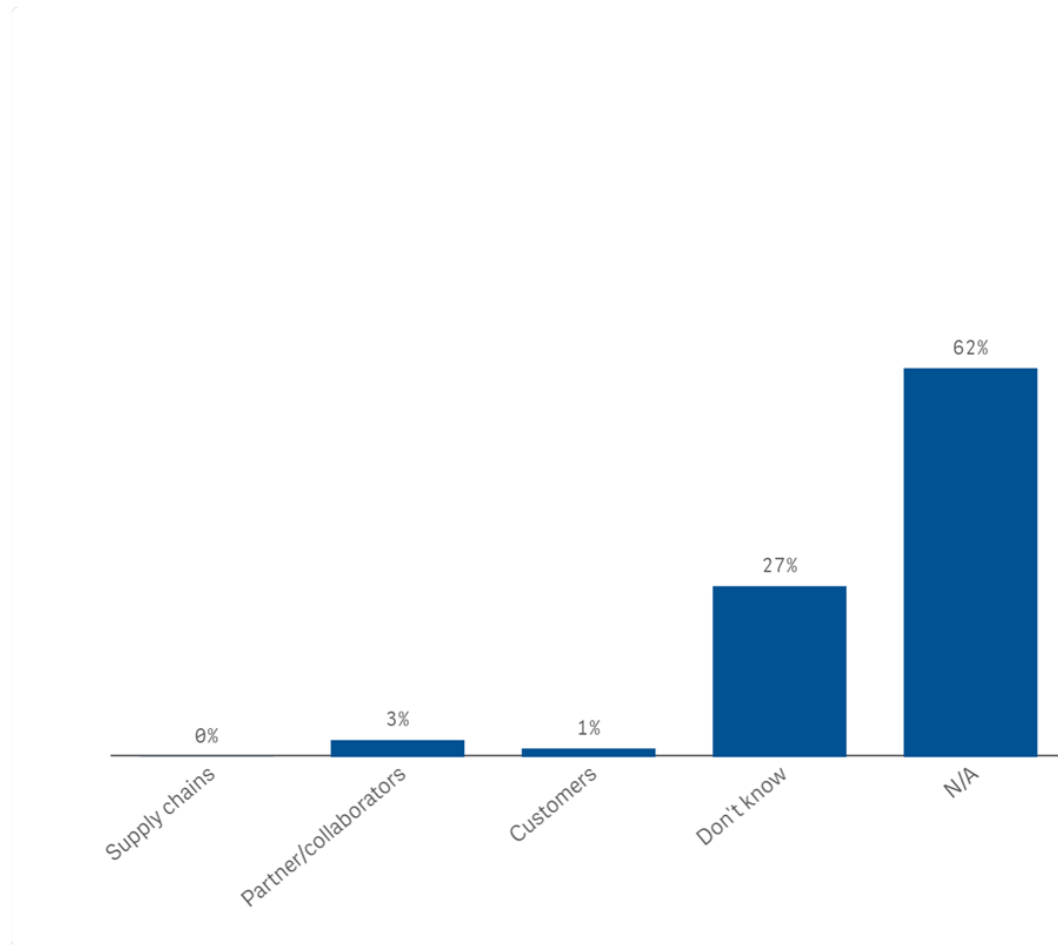
SOURCE: Transparency International.

Swedish companies in France encounter very few instances of human rights or labour rights abuse

Similar to the findings indicating low levels of corruption in France, the survey revealed that Swedish companies encounter minimal instances of human rights or labour rights abuses in France. Only four per cent of the Swedish companies surveyed reported such issues within their operations related to partners, collaborators or customers. This low incidence of human or labour rights abuse is consistent across various company sizes and industry segments. In the few cases where abuse was reported, it was solely the consumer goods segment which was reportedly exposed.

However, the limited number of responses indicating human or labour rights abuses makes it challenging to draw statistically significant conclusions. Overall, the survey results suggest that France maintains a strong reputation for low corruption and minimal human and labour rights violations.

IN THE PAST YEAR, HAS YOUR COMPANY IN FRANCE ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 85. Don't know/Not applicable" responses are included but not shown in this figure.

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

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