



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN BRAZIL 2025

A REPORT FROM TEAM SWEDEN IN BRAZIL

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FOREWORD

Team Sweden in Brazil



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Swedish companies have been present in Brazil for more than a hundred years. Even though Brazil can be a challenging market, new Swedish companies keep on setting up operations in the country while long-established corporations continue to invest. Employing ~40 000 people, they are active in sectors such as telecom, transport, machinery, defence, healthcare, services, mining and more.

This year's report is the sixth edition within the global collaboration between the Swedish Chambers International (SCI) and Business Sweden. A collaboration that in 2025 facilitates a global comparison of 40 markets from all continents, this in addition to the local market results among Swedish enterprises in Brazil.

The objective of these reports is to provide a better understanding and some good insights into how the current business climate and development around the world is perceived by leading Swedish companies. The reports serve as a comparison tool for Swedish companies with plans to further invest in their current business or expand into new markets.

This year, the Business Climate Survey collected answers from 48 Swedish companies in Brazil across various sizes and industries, which is comparable to the number of responses collected in previous years.

The survey was performed between the 11th of February and the 11th of March.

Team Sweden in Brazil, consisting of the Embassy and Consulates, Business Sweden and Swedcham, works to promote Sweden, the Swedish industry and Swedish economic interests in Brazil. The commitment and close cooperation between the Team Sweden partners help to better position and grow Sweden in Brazil through various activities and programs, out of which the annual Business Climate Survey is a good example of a joint activity.

48 respondents in Brazil

Current business climate

30% perceive the current business climate as “good/very good”

Industry turnover

69%

of Swedish companies expect their industry turnover to increase

Future investments

46%

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

Globally valued success factors

1. Cost efficiency
2. Product development and adaptation
3. Staff development

Brand Sweden

95%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Access to distributors
2. Access to service providers
3. Access to suppliers

Local conditions with least satisfaction

1. Corporate taxation
2. Customs
3. Labour market regulation

Environmental considerations

74%

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

Corruption

6 out of 48 companies have been exposed to some kind of corruption risk in 2024

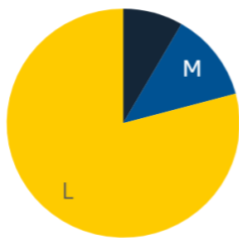
Human rights violation and labour rights abuse

Companies have not identified human rights violations in Brazil during 2024

ABOUT THE SURVEY

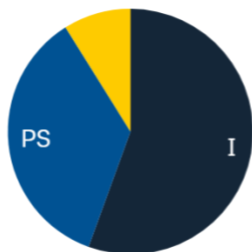
Large and industrial companies were the main respondents of the BCS Brazil 2025

SIZE OF COMPANIES



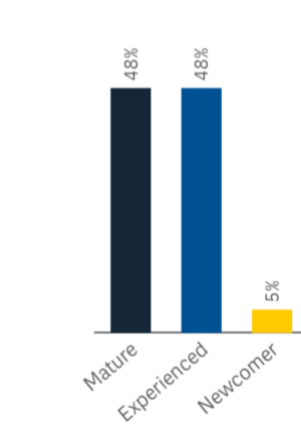
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 56%. Professional services 9%. Consumer 36%.

AGE OF COMPANIES



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

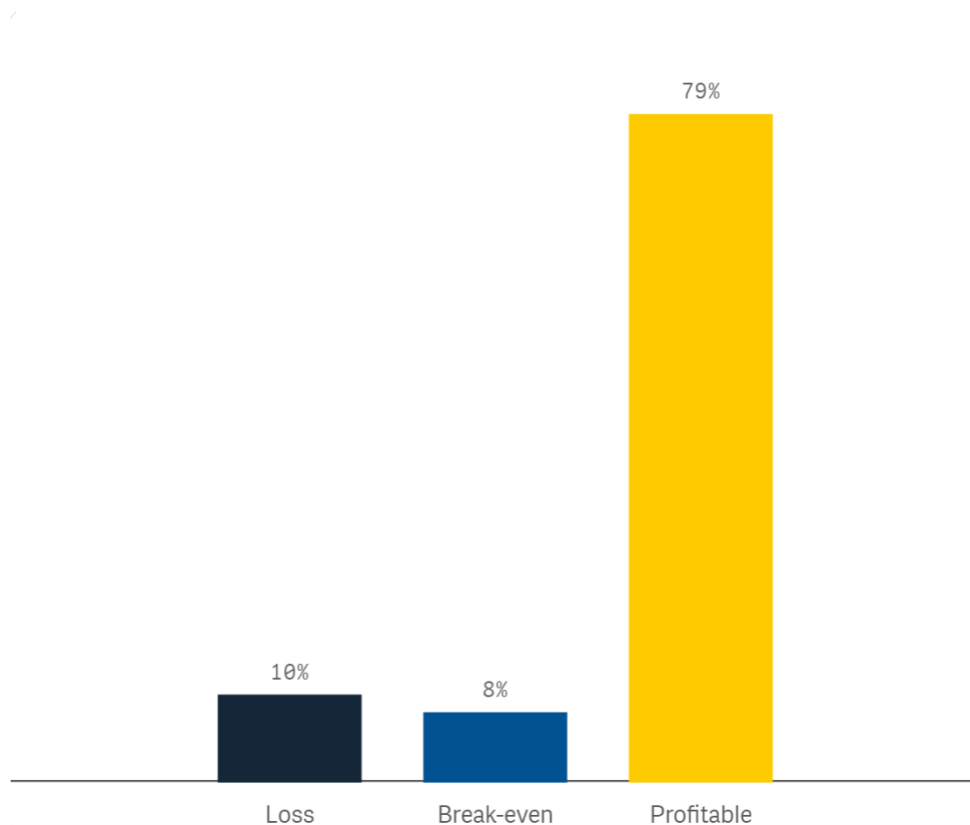
ECONOMIC OUTLOOK

Swedish companies continue to be profitable in Brazil

79 per cent of companies stated that they were profitable during 2024, while only 10 per cent presented losses. This year's results are according to results from previous assessments; according to last year's survey, 81 per cent of companies made a profit.

Once again, larger industrial companies which are present in the country for a longer period tended to present better results, indicating that a longer-term commitment may be necessary for foreign companies to be successful in Brazil. Smaller and newer companies in the market presented rather mixed results.

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



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

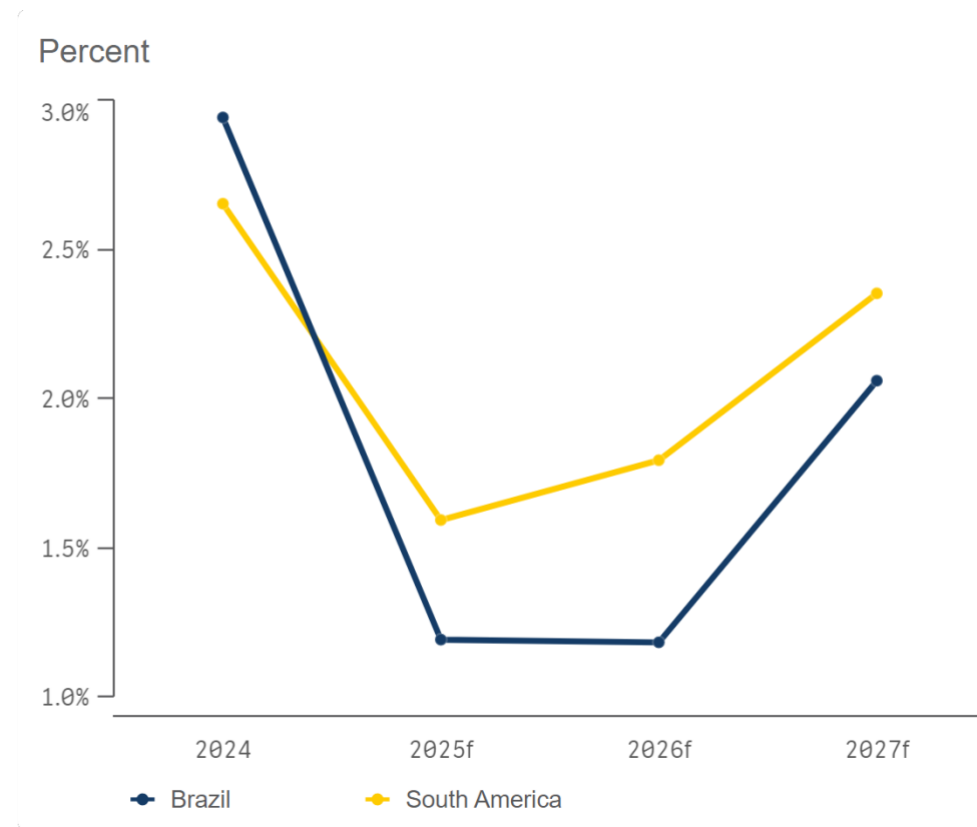
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

Brazil's growth forecast in 2025 was reduced to 2.0% due to inflation pressures

Most companies are concerned about the rise of inflation and its direct impact on the SELIC rate – Brazil's basic interest rate – and its definition by the Brazilian Central Bank, limiting economic growth in the short term. As of May, IPCA expectations for 2025 reach 5.6 per cent, while SELIC should be raised to 15 per cent. IPCA represents Brazil's basic inflation index

The current devaluation of the Brazilian currency also has a direct impact over the acquisition power of Brazilian importers. This affects Brazilian customers of Swedish exports as well as Swedish manufacturers in Brazil, which operate within global supply chains.

PROJECTED GDP GROWTH IN BRAZIL



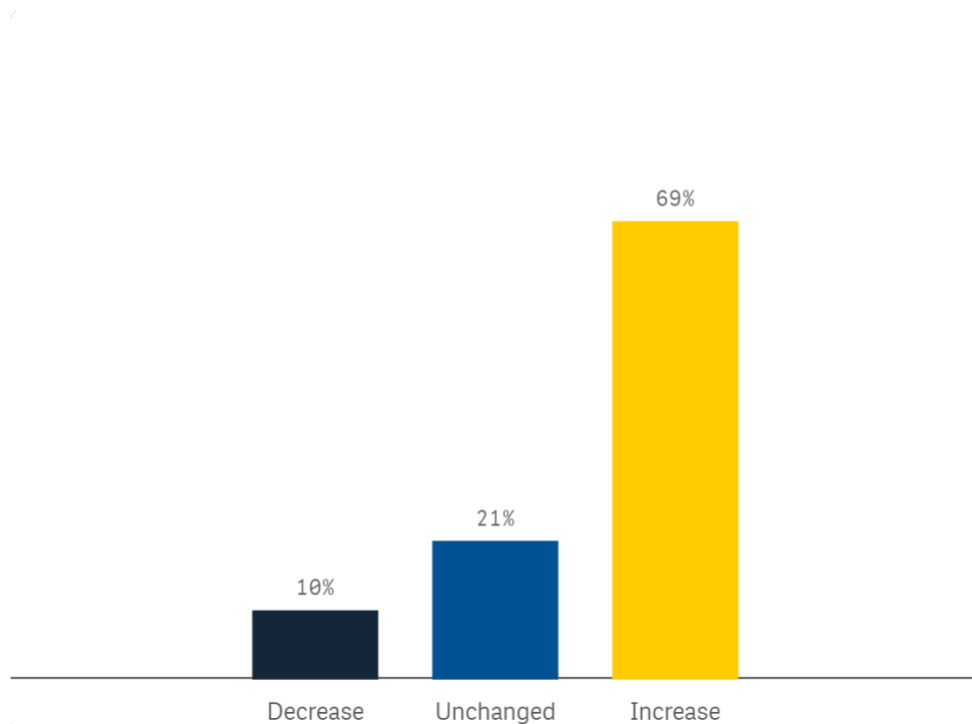
NOTE: Constant prices.

SOURCE: Oxford Economics 11 March 2025.

Still, even with challenges created by increased inflation, 69 per cent of Swedish companies in Brazil expect to grow revenue during the next 12 months. That is nine percentage points less than in 2024, but seven percentage points more than 2023. At the same time, 10 per cent of respondents say that they will probably face a decrease in sales during the next months.

Companies selling consumer goods and smaller businesses are all more optimistic about sales growth in the next 12 months in Brazil, despite the impact of inflation on consumers.

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



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

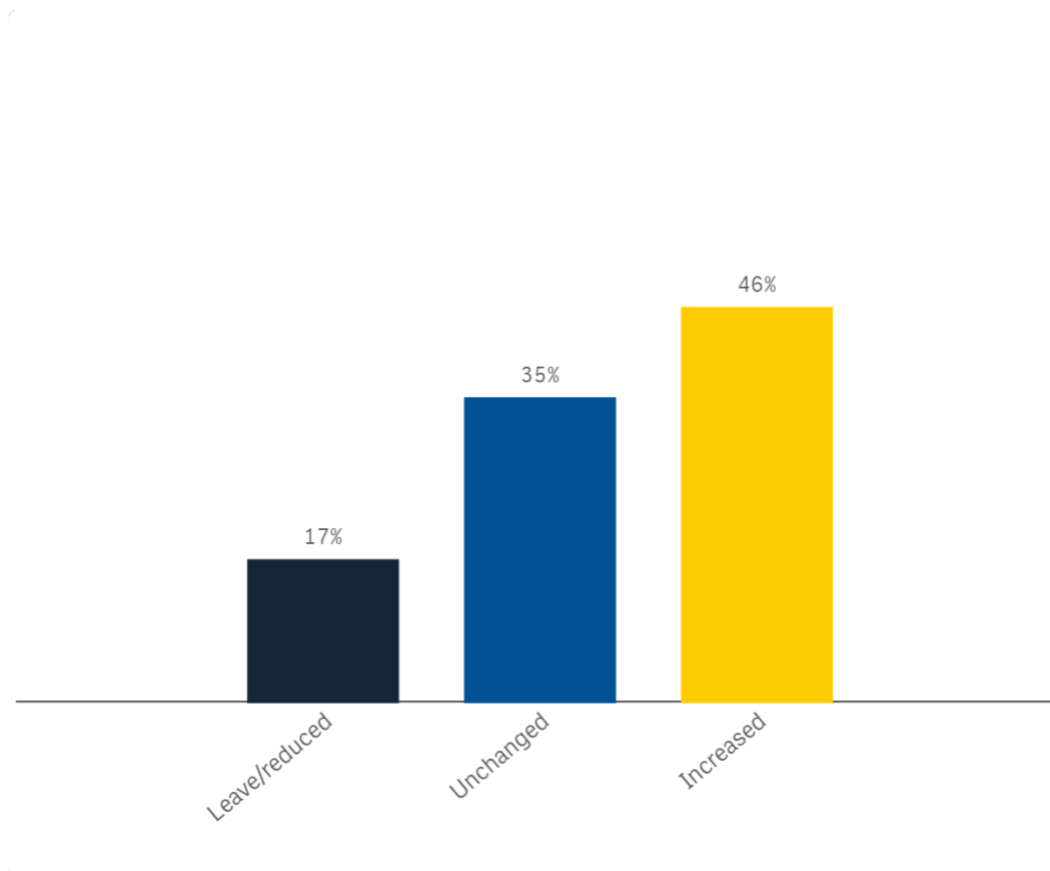
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

Fewer companies will increase investments, the lowest level since 2020

Forty-six per cent of companies stated that they would increase investments during the next months, against 59 per cent in 2024 and 62 per cent in 2023. These results are the lowest since 2020 with the breakdown of the Covid-19 pandemic.

Some large companies, as well as newcomers in the market, plan to reduce investments in the next months, representing 10 per cent of all responses. Yet, no company replied that they plan to leave the Brazilian market.

In an additional question, the survey asked in which areas the Swedish companies would be investing in Brazil if they would be investing at all. The three areas which will receive more investments are, in order: personnel & trainings, new products & services, and sales structure & campaigns. Furthermore, 29 per cent of companies said that they are planning to invest in M&As, joint ventures and startup equity. In fact, between April 2024 and April 2025, the Brazilian currency devaluated 13.7 per cent against the dollar, from 4.99 BRL/USD to 5.78. Companies may be planning to grow inorganically by acquiring assets in Brazil, which is now cheaper.

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

NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

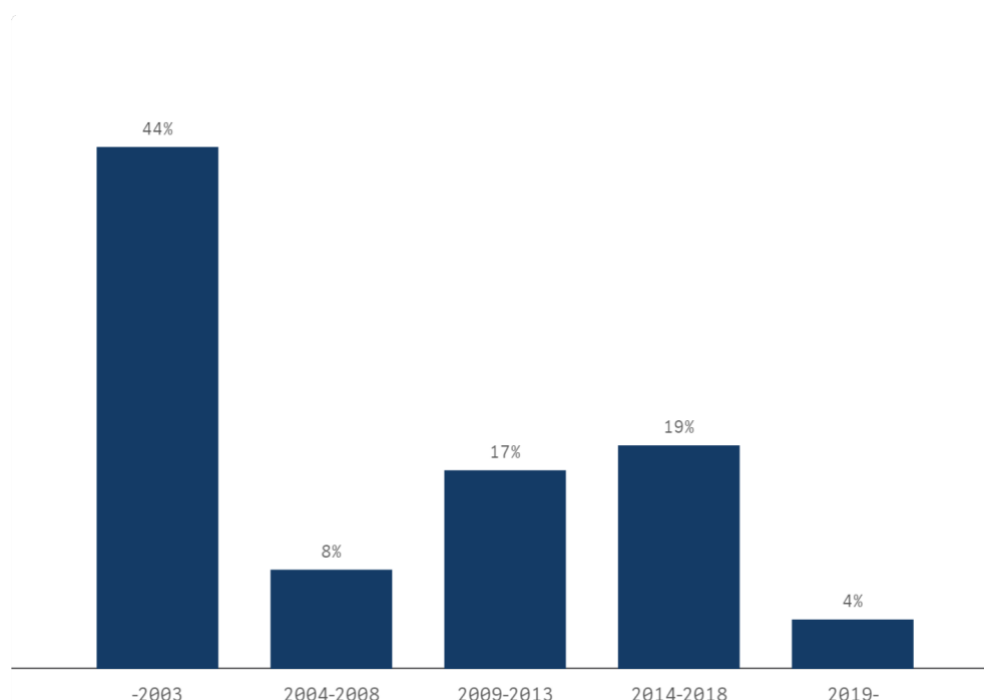
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025

THE MARKET

Nearly half of the survey's respondents have been present in Brazil for more than 20 years

Swedish businesses have operated in Brazil since the XIX century, and since then, more than 100 companies have established a local entity. Many of those entered the Brazilian market between 1940 and 2000, a period of intensive industrialisation focusing on the automotive and mechanical machinery sectors. Such companies still compose the backbone of Swedish business in Brazil.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN BRAZIL?



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

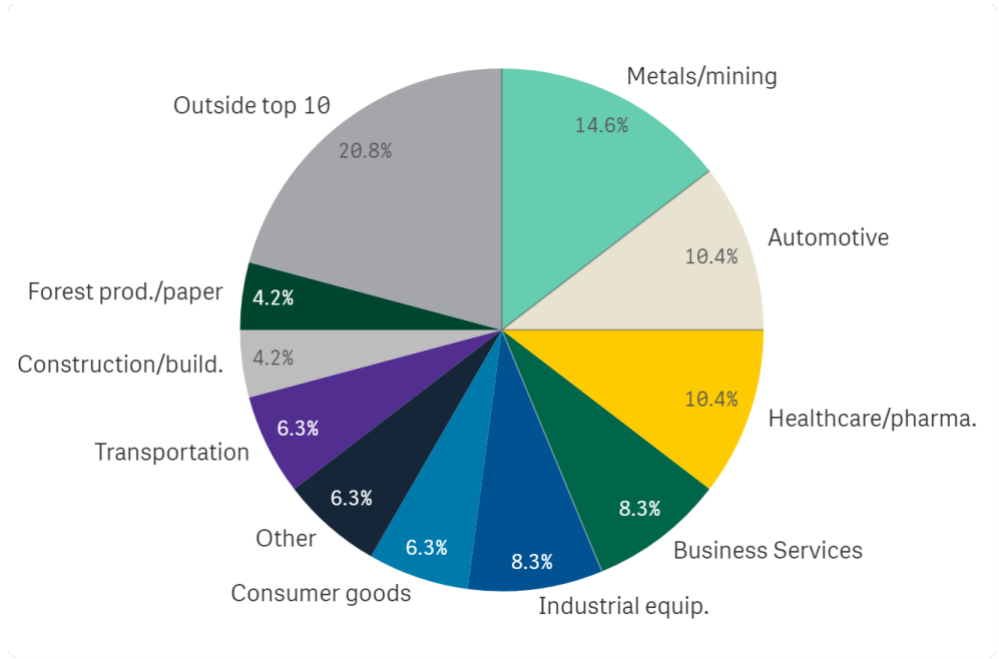
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

Fifty-six per cent of the respondents to this survey belong to pure industrial segments, including mainly automotive, metals & mining and industrial equipment. Swedish service providers have become more relevant in the new century, with a focus on business services and digital companies. Healthcare and consumer goods companies also represent an important share of Swedish business in Brazil.

Overall, the Swedish business footprint in Brazil is very diverse, while manufacturing units are located in the states of São Paulo and Paraná mainly.

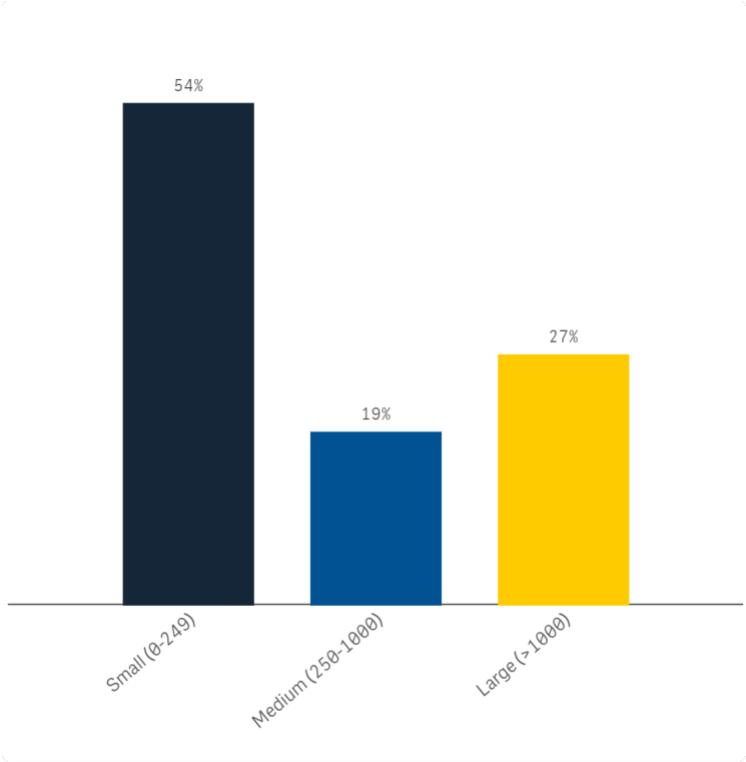
Eighty per cent of the Swedish companies participating in this survey have more than 1,000 employees globally. Thirty-five per cent of respondents have 500 or more employees in Brazil, including industrial companies and providers of specialised services. However, two respondents have, at the same time, less than 50 employees globally and in Brazil.

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN BRAZIL?



NOTE: The number of respondents for this question was 48. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

SWEDISH FIRMS’ LOCAL NUMBER OF EMPLOYEES IN BRAZIL IN 2025



NOTE: The number of respondents for this question was 48. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

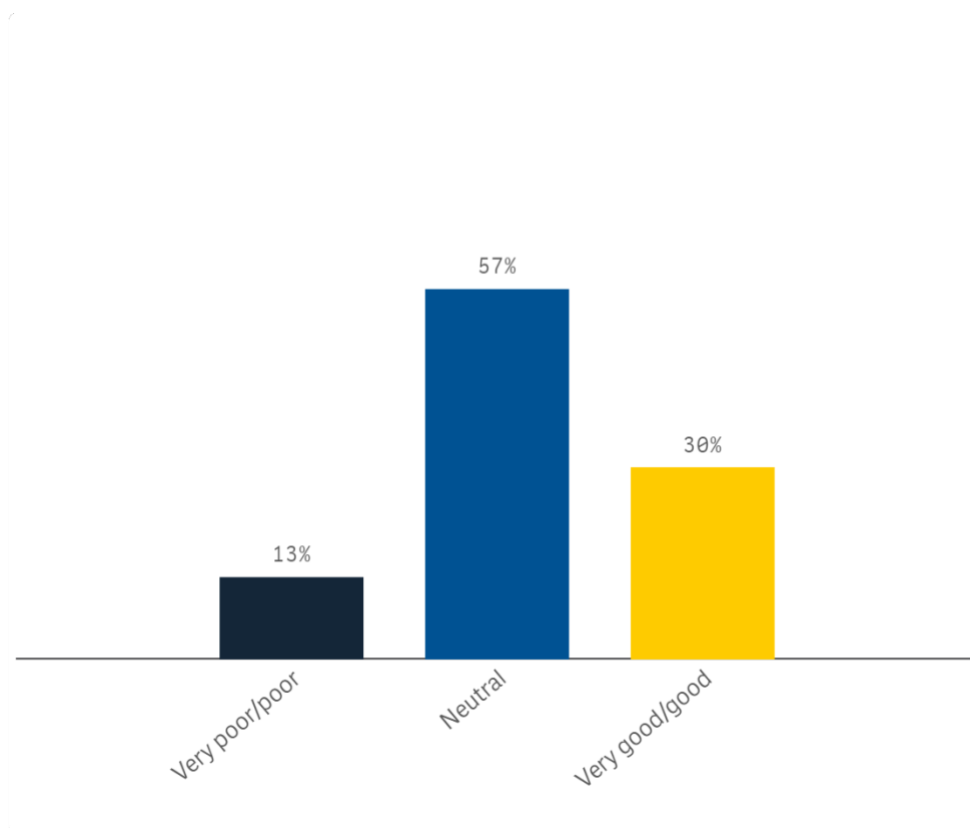
30% of companies still see a positive outlook for Brazil, but the majority see a rather lukewarm business climate

Thirty per cent of Swedish companies feel positive about the business scenario in Brazil, which represents a 9-pp decrease compared to 2024. Yet, the respondents perceiving a more negative scenario for business remain a few, representing only 13 per cent.

This year's result is similar to the ones back in 2023 when the majority of respondents perceived a rather regular business climate. Interestingly, once again no company attributed the best score nor the worst score to Brazil, on a scale of one to five. Smaller and newer companies in the market were the most positive about the business climate.

A separate question asked about threats to business growth in the short term, impacting the overall business climate. According to Swedish companies, exchange rate volatility, higher interest rates and accelerated inflation are the largest threats to business in Brazil currently. At the time of the survey, the new US tariff policy has not yet been imposed.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN BRAZIL?



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

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

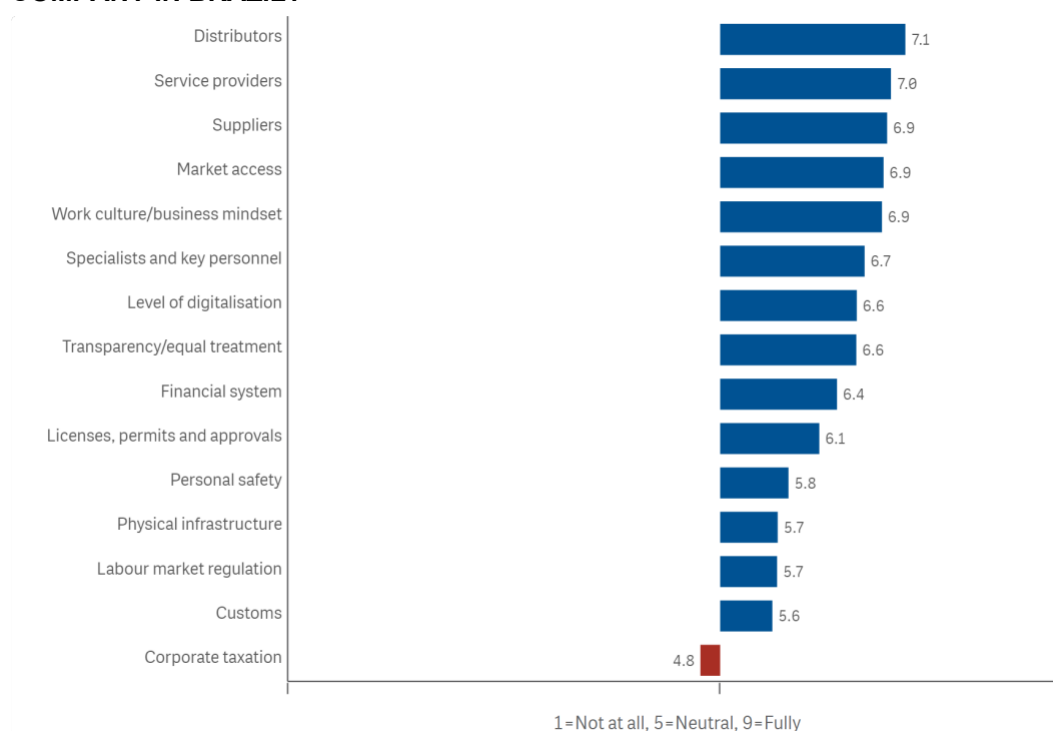
Results indicate that Brazil has a vibrant business scenario, but market conditions need to improve

“Access” categories represent the best conditions of the business scenario in Brazil, obtaining the highest scores – 7.0 on average. These include access to distributors, suppliers and service providers in general. “Market” conditions, which include financial system, transparency, and digitalisation, for the second year in a row, got intermediary scores between 6.0 and 7.0.

“Operations” conditions usually receive the worst scoring since the beginning of the Business Climate Survey application in Brazil. These conditions include taxes, bureaucracy, infrastructure and personal safety. Corporate taxation received the lowest score, the only one below 5.0, the middle benchmark. Indeed, Brazil has one of the highest statutory corporate tax rates in the world – 34 per cent maximum.

These results hint at a business scenario with concrete opportunities given the potential access to many market players but still in need of tax and bureaucratic reforms, besides investments in infrastructure and security.

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



NOTE: The number of respondents for this question was 48.

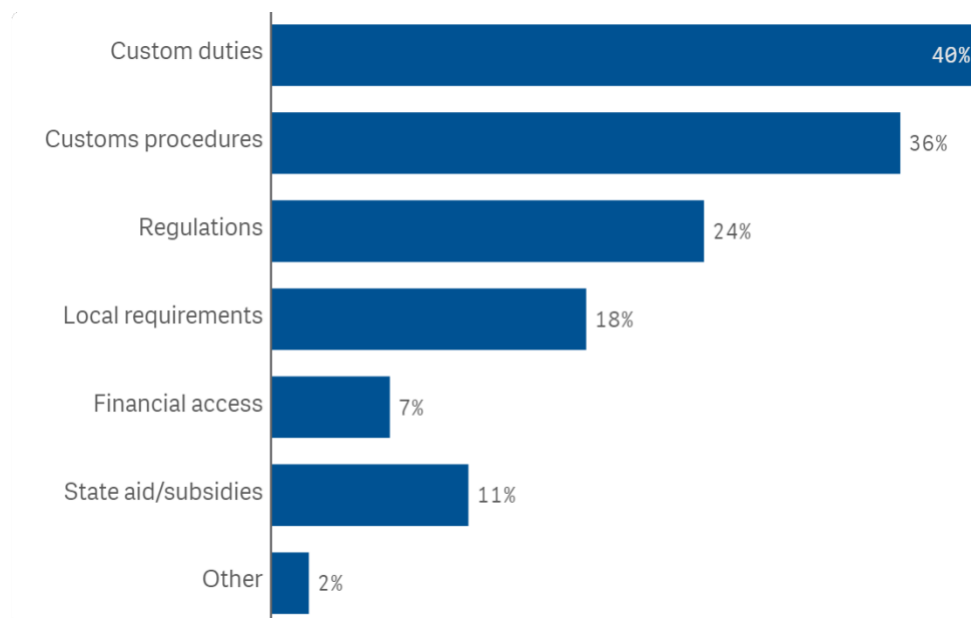
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

During a global scenario threatened by protectionism, Swedish companies identify relevant trade barriers in Brazil

In this year's assessment, the number of companies encountering trade barriers in Brazil decreased in all areas except for local content requirements, which grew seven p.p., and restrictions on financing, which remained at seven per cent. Customs duties and customs

procedures are still at the top of the list as the main trade barriers in Brazil, although dropping 14 p.p. and 16 p.p., respectively, this year. This may reflect a slightly easier year for imports in Brazil.

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



NOTE: The number of respondents for this question was 48.

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

Due to the new tariff war threats headed by the United States, Brazil passed in April a law authorizing tariff retaliation as a protective measure. This may impact trade relations with other countries in the future, making trade agreements even more necessary.

According to another question from this survey, 64 per cent of Swedish companies agree that market players should start preparing for the effects of a signed free trade agreement between the European Union and Mercosur – the trade bloc composed of Argentina, Brazil, Paraguay and Uruguay. However, only seven per cent said they will be taking action already this year. This means that while companies are preparing for change, this should only happen in the medium to long term, as is the opinion of 36 per cent of respondents.

Among the opportunities created with the EU-Mercosur agreement, half of Swedish companies see they will have a chance to increase exports to Brazil. Another half will also increase sourcing from Europe since many Swedish companies in Brazil maintain manufacturing operations. Additionally, 17 per cent of respondents believe that they will increase investments in Brazil under this new scenario.

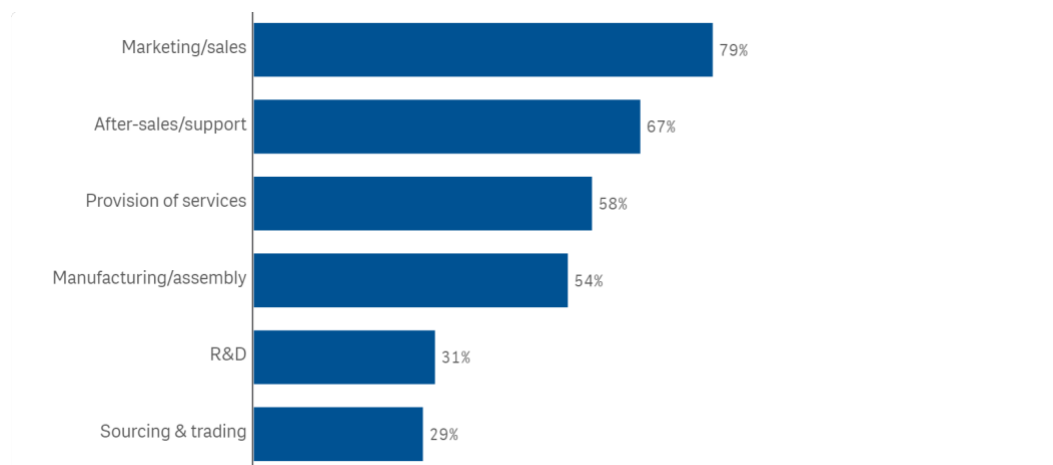
HOW SWEDISH COMPANIES SUCCEED IN BRAZIL

Almost a third of surveyed companies conduct R&D activities in Brazil

This year's results for the question below are aligned with responses in previous years. The most relevant change was R&D, surpassing Sourcing as a focus operation carried out by Swedish companies in Brazil. 54 per cent of respondents have manufacturing or assembly operations in Brazil, while 31 per cent perform R&D activities. That indicates that a high share of Swedish manufacturers is also conducting research domestically.

Two-thirds of respondents are dedicated to after-sales and support, proving the importance of such a strategy for Swedish companies in the Brazilian market.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

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

Cost efficiency and local product development are the key strategies for maintaining competitiveness in Brazil

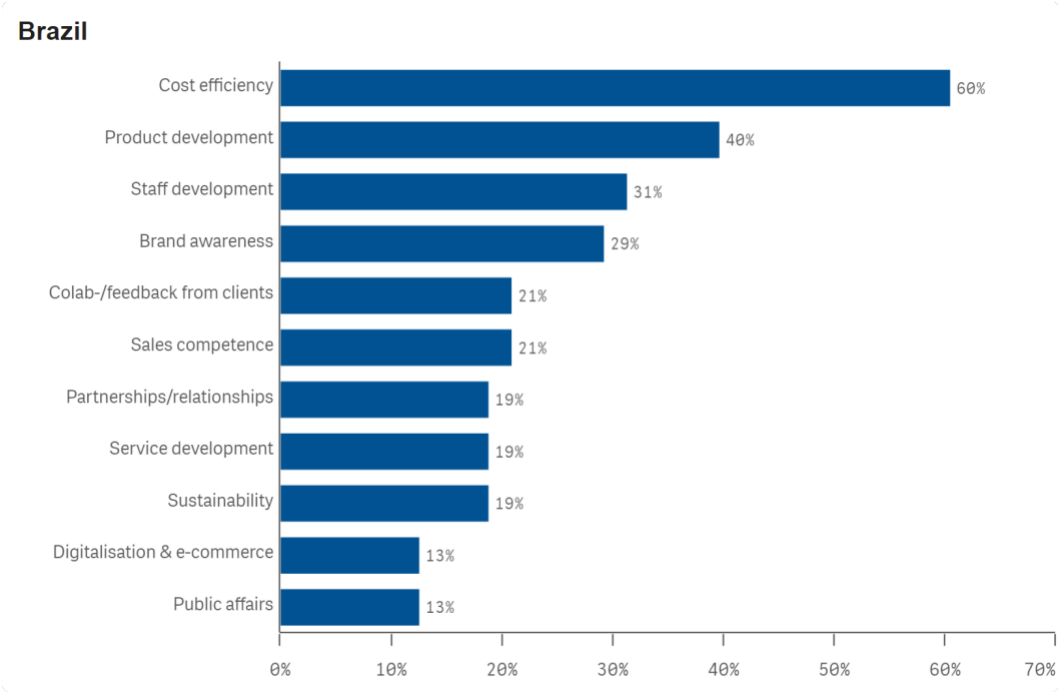
Cost efficiency is a major competitiveness factor for 60 per cent of Swedish companies. In fact, Brazil is perceived by respondents as a price-sensitive market as indicated in Question 16, so cost efficiency seems key as it has a direct impact on final product prices.

Local product development and/or adaptation is important for 40 per cent, proving that a "tropicalisation" of the portfolio (as called in Brazil) is a good strategy to win the domestic market. This is in alignment with the relevant share of companies driving R&D in Brazil, according to the previous question.

Sales competence continues to drop positions, going from 48 per cent in 2023 to 21 per cent this year. Still, this does not seem to have impacted the growth or profitability of Swedish companies, as seen in previous questions.

Despite sustainability being important for sales to Brazilian clients for around 30 per cent of respondents (see next section), it is relevant for maintaining competitiveness for only 19 per cent. Additionally, for the third year, digitalisation and public affairs appear at the bottom of the list as less relevant factors for local competitiveness.

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



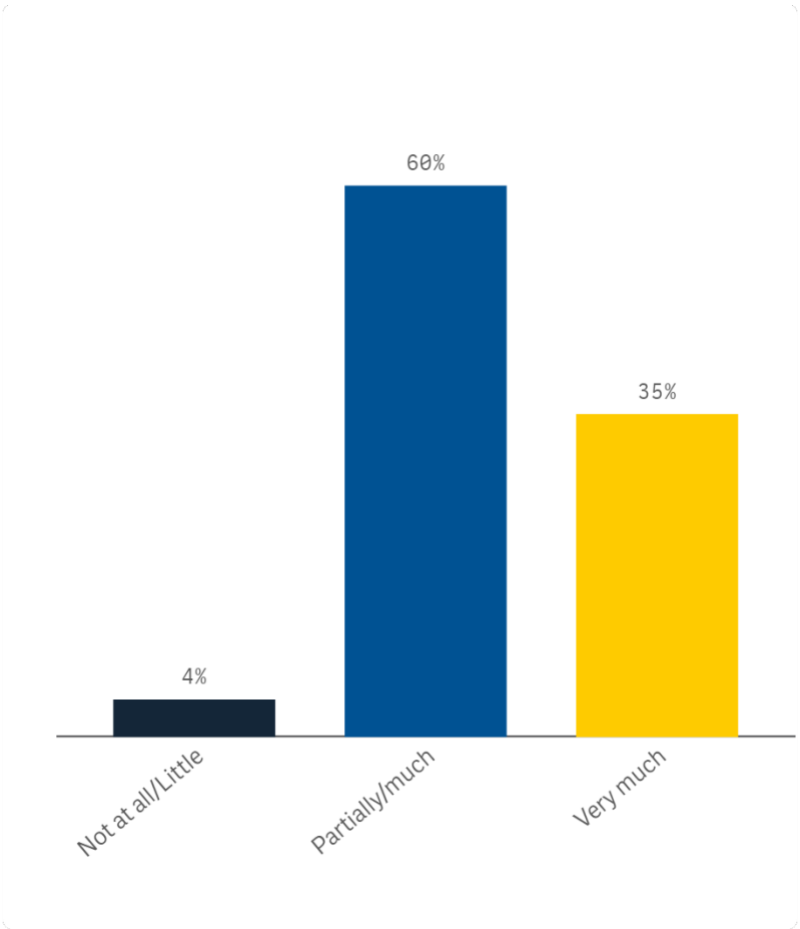
NOTE: The number of respondents for this question was [xx]. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish Companies in [Country] [year].

95% of companies benefit from being branded as Swedish at least partially

For around a third of respondents, being identified as a Swedish brand contributes to business in Brazil a lot. At the same time, for 60 per cent, it contributes much or partially. This result is similar to the one identified in 2024 but higher compared to levels identified in 2023 and prior. For the first time in the series, one company replied that being identified as Swedish does not help with business in Brazil at all.

Surprisingly, B2C companies answered that Swedish branding is positive only partially or to an extent, but not to a great extent in Brazil.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN BRAZIL?



NOTE: The number of respondents for this question was 48. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish Companies in Brazil 2025.

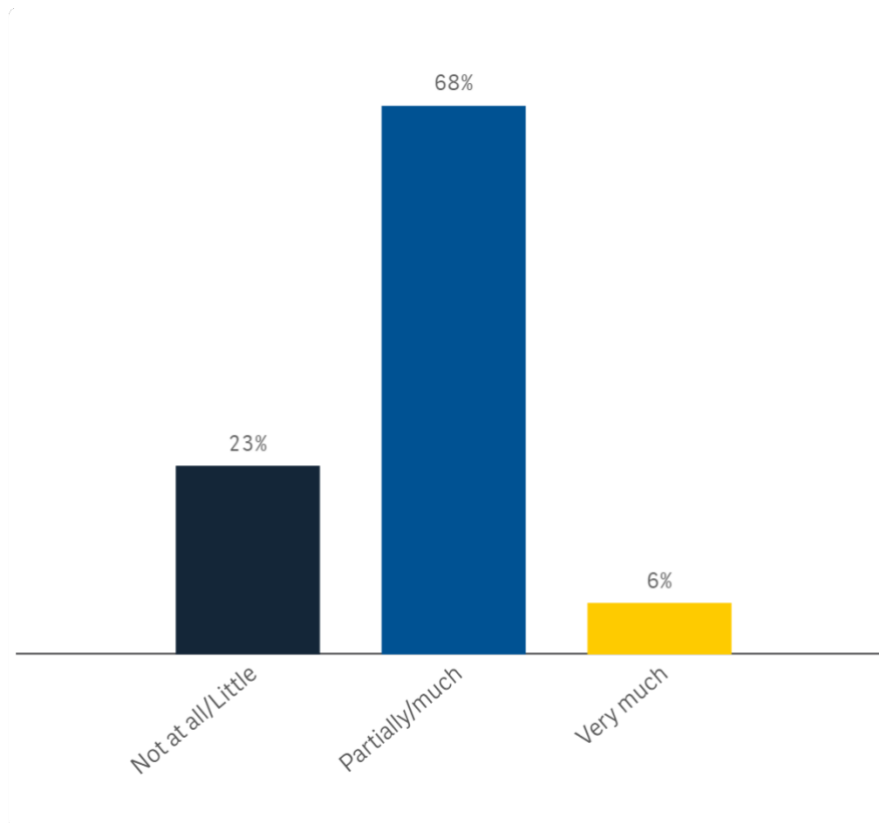
ACTING SUSTAINABLY

30% of companies say Brazilian clients consider sustainability aspects much or very much

Compared to the 2024 Business Climate Survey, the rate of companies answering that Brazilian customers highly consider environmental aspects during the purchase decision dropped from 39 per cent to 30 per cent. Yet, the rate of companies answering that Brazilian customers barely consider such aspects grew only two p.p., remaining at a low level compared to previous years.

The deterioration of this perception of sustainability attention by customers may be connected to factors identified in previous questions, such as a strong cost sensitivity by Brazilian customers and a more challenging economic scenario in Brazil. Medium and large Swedish respondents were the ones identifying a stronger environmental commitment by their clients in Brazil.

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



NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

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

On an additional question, the survey asked about the extent to which local climate-friendly investments have impacted the operations of Swedish companies in Brazil. For 69 per cent, such investments contributed to a positive company branding. For 29 per cent, it also supported an increase in sales of goods and services, although also increasing production costs (33 per cent).

On the verge of COP30, to be held in November in the city of Belém, Swedish companies in Brazil are looking out for opportunities related to the green transition developments in Brazil. Many have

identified opportunities in sectors such as renewable energy, including solar, wind and biofuels, which today compose more than 30 per cent of Brazil's current generation matrix.

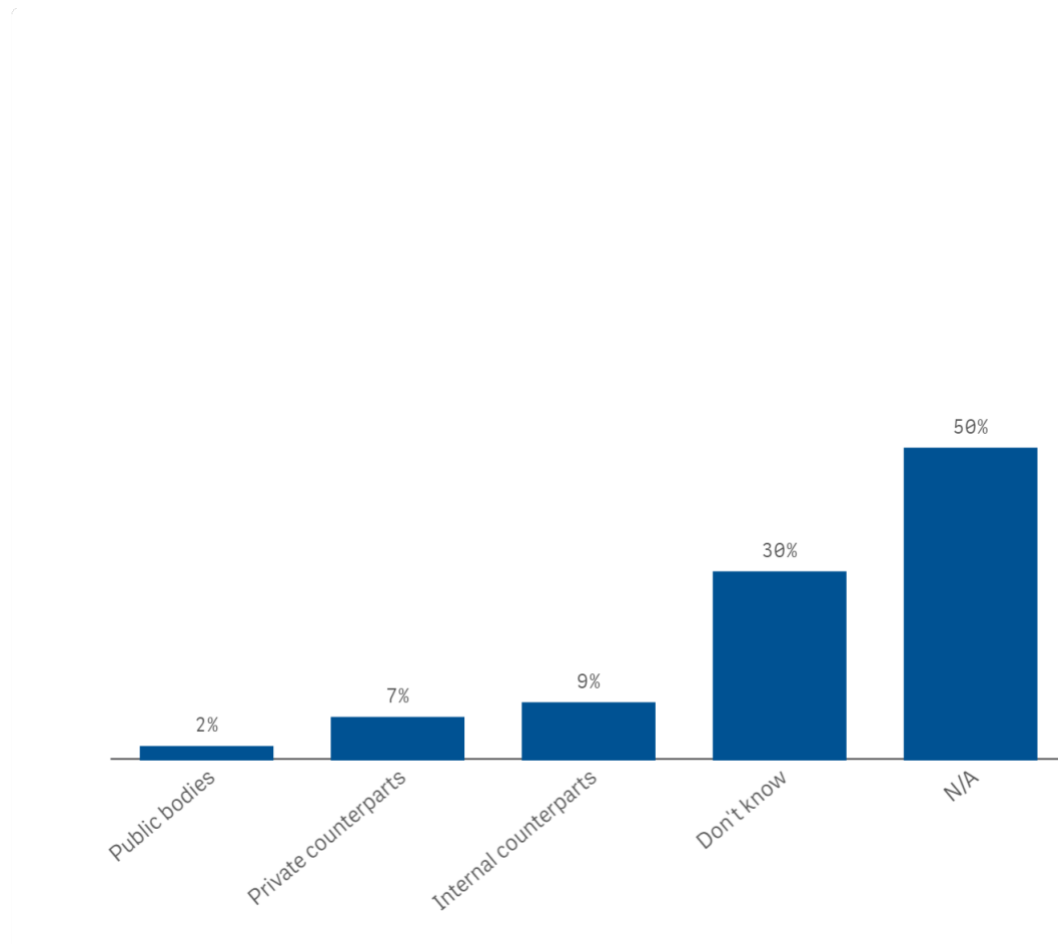
Six companies identified corruption risks during 2024

The identification of corruption was stronger among internal counterparts compared to the other categories. That was the case of four companies. Three companies identified corruption among external private counterparts, while one company faced corruption when dealing with public entities. Two companies identified risks across more than one category, which explains the total number of six unique companies.

Brazil ranked 107th in the 2024 Corruption Perceptions Index (CPI) by Transparency International. That represents a drop in positions compared to 2023, catalysed by a lack of transparency in public budget amendments defined by the Brazilian Congress. Overall, Brazil is perceived as a market with considerable corruption risks, being behind countries like Chile and India in CPI but ahead of others like Mexico or Russia.

Yet, the number of companies reporting no exposure to corruption during the last year is quite high, indicating that it is possible to operate in Brazil while maintaining high compliance standards.

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



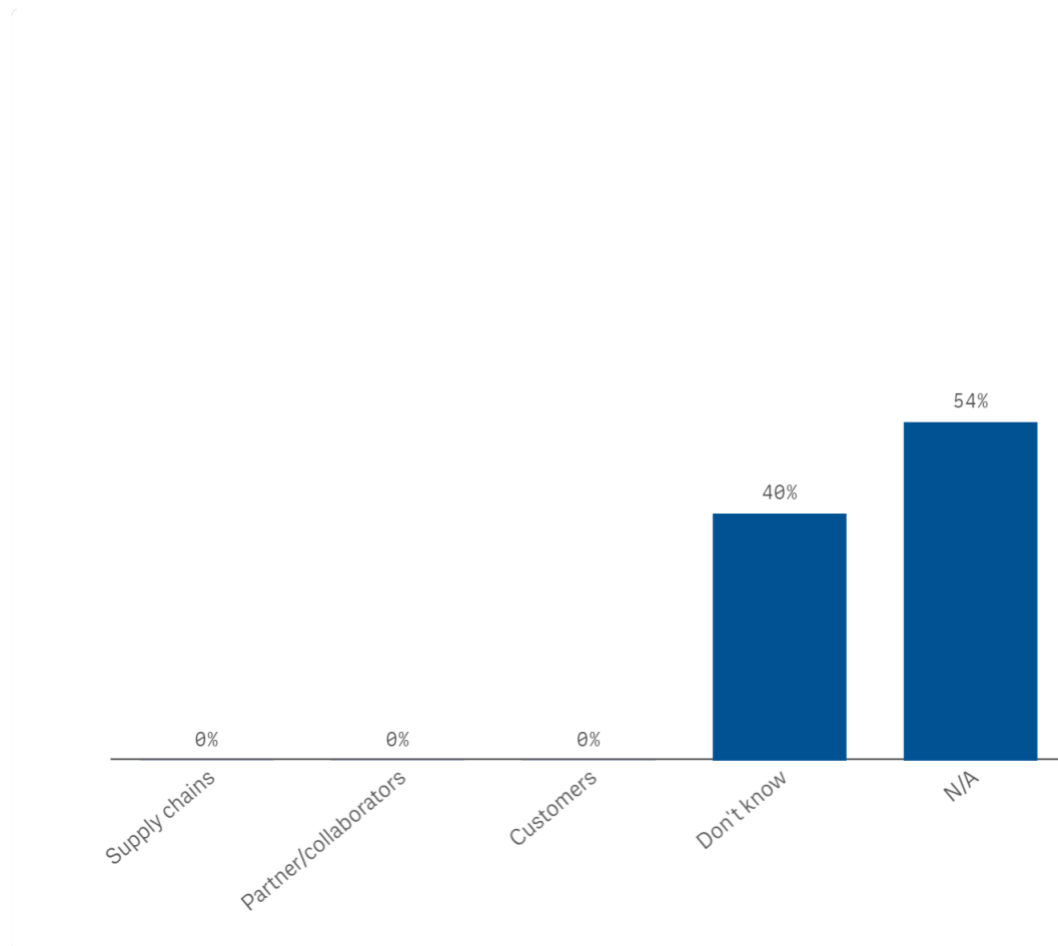
NOTE: The number of respondents for this question was 48. "Don't know/Not applicable" responses are included but not shown in the figure.

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

Companies have not identified human rights violations in Brazil during 2024

Once more no human rights violation was reported by Swedish companies in Brazil. The fact that they operate in the most developed areas of the country – namely São Paulo and Paraná – may be reflecting these results.

HAS YOUR COMPANY IN BRAZIL 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 48. Don't know/Not applicable" responses are included but not shown in the figure.

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

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