BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

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INSIDE THE GREEN POLICY LANDSCAPE

Exploring how green transition policies in the EU, US and China provide a springboard to global growth

EXECUTIVE SUMMARY

CAPTURING THE OPPORTUNITY OF GREEN POLICIES

The European Union, the United States and China all have unique market dynamics driven by the interplay of stick and carrot policies, global economic integration, and geopolitical forces. This report aims to equip Swedish companies with knowledge to navigate global green transition policies so they can seize new opportunities to expand their international business presence.

As EU legislation raises costs for high-emission manufacturing, a new horizon of opportunity has opened up for green alternatives that now benefit from a competitive edge. At the same time, EU green funding supports the development of state-of-the-art technologies and scaling of mature green technologies. Meanwhile, new strategic sectors are growing fast in the US which creates vast opportunities for Swedish suppliers. Established companies that expand local manufacturing can access financial incentives that support localisation. Further afield, China's priorities for technology demos and scaling unlock major opportunities in green sectors. China's innovation dominance also allows Swedish companies to benefit by establishing a presence or partnering with domestic firms.

But the road ahead is not without challenges. The EU's focus on a level playing field over subsidies may slow the scaling of green initiatives. And interpretations of EU directives by member states may hamper implementation across the single market. Similarly, industrial supply chain policies and domestic content requirements in the US may put Swedish companies at a disadvantage. The gap between strong political rhetoric and likely post-election policy changes impedes long-term strategic decisions.

In China, climate and environmental regulations are becoming more complex which makes compliance more challenging than ever. Geopolitical market complexities have also intensified as China ramps up its focus on national security and self-sufficiency.

In all, this means that navigating green policies calls for three distinct approaches in the EU, the US and China: the EU requires a strategic public affairs approach, the US operational presence, and China emphasises collaboration with government authorities. While the US incentives system can be challenging, particularly for smaller companies, the EU offers a more streamlined – albeit complex – process. Taking a proactive, process-driven and strategic approach is crucial in all regions to effectively access funding and secure incentives.

For Swedish companies aiming to scale production and optimise their global footprint, leveraging regional incentives is now key. To strengthen their competitive advantage, companies can tap into strong R&D support in the EU, funding access in the US and domestic partnerships in China. New policies are currently facilitating market access and a wide range of new opportunities – now is the time to seize the momentum.

BRIEF OVERVIEW OF POLICY LANDSCAPES PER MARKET

			
Approach	Regulatory	Incentive-based	Strategic Planning
Key mechanisms	European Emissions Trading Scheme (ETS) and Carbon Border Adjustment Mechanisms (CBAM), amongst others.	Infrastructure Investment and jobs Act (IIJA) and Inflation Reduction Act (IRA) and state-level regulations.	14th Five-Year Plans and local governments' "1+X" implementation plans.
Focus	Regulating carbon costs for both domestic and imported goods to create a level playing field.	Driving investments in renewable energy and manufacturing through tax credits and grants for novel technologies.	Achieving carbon neutrality through improved energy efficiency and managing total energy consumption.

Source: Business Sweden analysis

ABOUT THE STUDY

The European Union, the United States and China are three vast global markets with unique strengths and criteria for accelerating the green transition. Implementation is driven individually in each market where key initiatives and access to funding will vary between Member States (EU), states (US) and provinces (China), all depending on available support from institutions.

Given the scope of this report, the analysis does not cover the unique nuances between local regional governments and their implementation capacity. The complexity of the markets' policy landscapes should not be underestimated which is why comparisons between countries have been omitted. Instead, the purpose of this report is to highlight available market mechanisms and opportunities that arise from green policies and funding.

SPOTLIGHT ON GREEN OPPORTUNITIES

This Executive Global Insight builds on our previous report "Unlocking the global green transition" (Business Sweden, 2023) which identified five pivotal sectors where Swedish companies can make a major contribution to the global green transition: *renewable energy, energy efficiency and recovery, e-mobility, bioeconomy and circularity.*

The aim of the report is to help Swedish decision makers evaluate how policy changes will impact their strategies for international growth, and how they can tap into market mechanisms and funding opportunities.

The insights were developed with valuable contributions from the following interviewed companies: Alfa Laval, CTEK, Nibe Energy Systems, Ragn-Sells, SeaTwirl, Skanska, SSAB and Svea Solar, as well as anonymous contributions.

KEY TAKEAWAYS

Three approaches adapted to each region

1. A strategic public affairs approach

2. Operational presence and proactive engagement

3. Engagement with government authorities to effectively navigate policy impact

HOW POLICYMAKING UNLOCKS THE GLOBAL GREEN TRANSITION

The recent introduction of key policy initiatives in the EU, US and China aimed at accelerating the green transition is spurred by a combination of domestic events, political developments and international commitments.

Europe has emerged as a global leader in transitioning to a low-carbon economy, setting ambitious goals after the successful signing of the Paris Agreement in 2015. In the US, increasing climate-related disasters have driven public demand for emissions mitigation and resilience policies, resulting in ambitious federal and state-level actions.

Meanwhile, China is working to shift from a high-emission growth model to a sustainable one, emphasising efficient consumption and renewable energy to enhance energy security and reduce reliance on imported fossil fuels. China is maintaining its strong position as a green technology R&D investment leader, building on its legacy of pioneering the EV and solar power sectors.

SWEDISH COMPANIES HIGHLIGHT FOUR KEY THEMES

Our interviews with Swedish companies revealed four recurring drivers that are adding momentum beyond the traditional national targets and objectives being set.

- Investor demands for higher sustainability focus
- Sustainability requirements in procurement processes
- Protectionist policies to encourage growth of domestic economies
- Incentives spurring advanced technological innovation

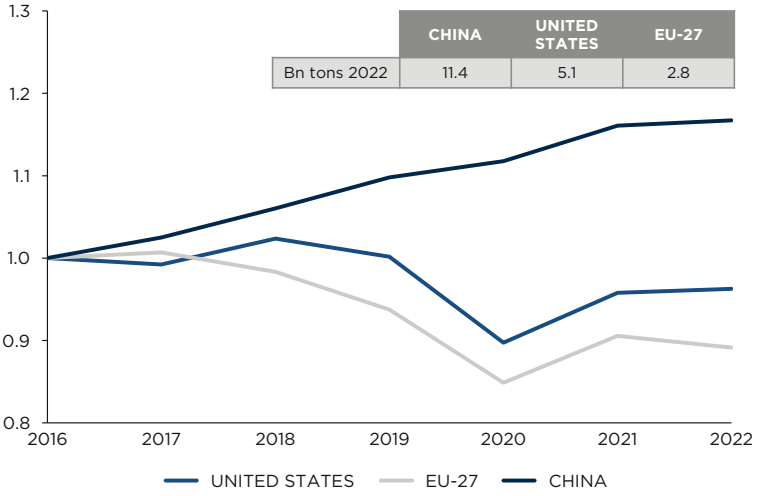
Being a supplier in sectors that benefit from policy shifts is a major growth opportunity. This view is echoed by both Swedish SMEs and large corporations. The green transition brings new opportunities in the form of increased customer demand, need for novel products and market penetration in new segments across the globe – propelled by policy developments in leading nations.

COMMON GOALS

The EU, the US and China have their own unique drivers for climate transition, yet all converge on the goal of transitioning towards a low-carbon future through a combination of systemic policies and support for technological innovation. This transition creates opportunities for economic growth, innovation in clean technologies, and enhanced global competitiveness in the emerging green economy. Navigating these developments and sustainability initiatives is crucial for business leaders when trying to seize emerging opportunities in the markets.

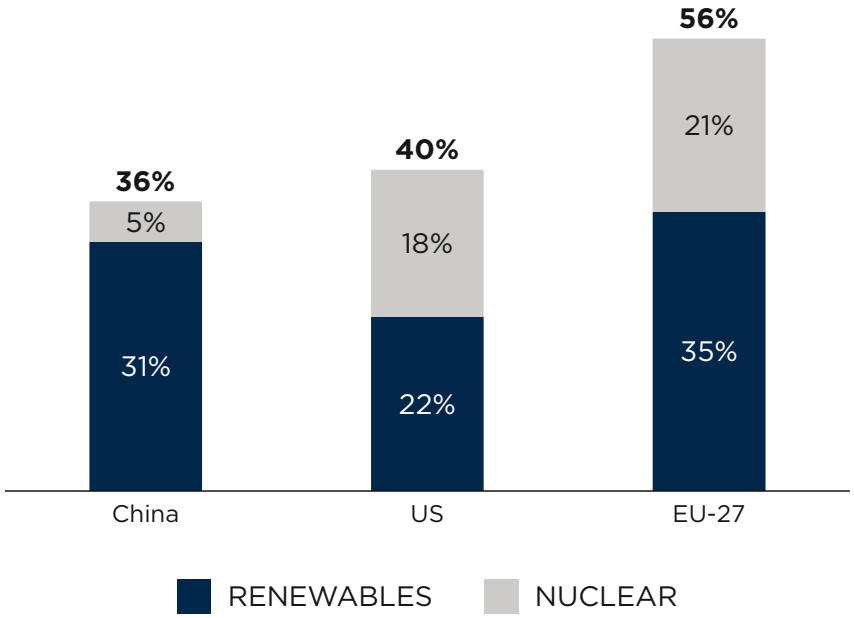
CO_2 EMISSIONS IN GLOBAL MARKETS, 2016–2022

	CHINA	UNITED STATES	EU-27
Bn tons 2022	11.4	5.1	2.8

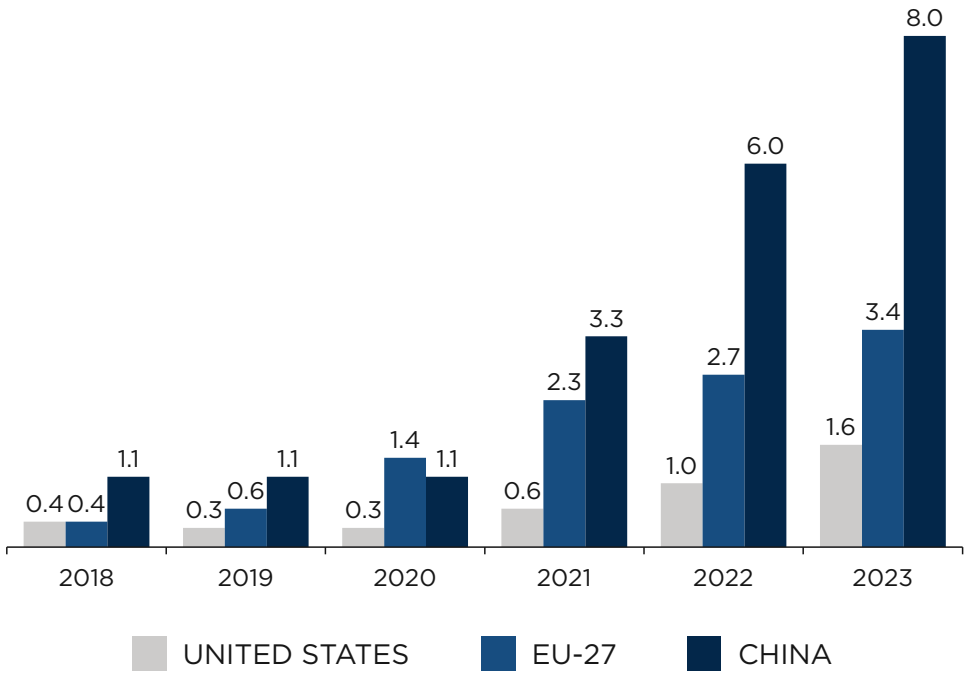


Source: Our World in Data (2024)

NON-FOSSIL FUEL SHARE OF ELECTRICITY MIX, PERCENTAGE, 2022



ELECTRIC CAR SALES IN GLOBAL MARKETS, 2016–2023 (MILLION USD)



Source: EIA, Eurostat, IEA (electrity in China), IEA (electric vehicles)

A NEW POLICY LANDSCAPE TAKES SHAPE

Both the EU and the US face pivotal election years in 2024, setting the stage for significant impacts on transatlantic relations and global climate policy. The newly elected European Parliament will shape EU climate policy and leadership until 2029, crucial for passing ambitious climate initiatives and addressing energy security amid geopolitical tensions.

At the same time, a potential shift in US leadership could lead to another withdrawal from the Paris Agreement, increased support for fossil fuels, and reduced incentives for low-carbon technologies. This uncertainty in policy landscapes could affect the global green transition and influence Swedish companies with a presence across all three markets. They could potentially face new tariffs and trade barriers, which underscores the broader implications of current elections in global markets and on climate efforts.

EUROPEAN UNION

OVERVIEW OF GREEN POLICIES

The EU has positioned itself as a global leader in the green transition, making significant efforts in this regard. In 2015, the UN Climate Conference, also known as COP, took place in France and resulted in the landmark Paris Agreement. This agreement saw countries committing to emissions reductions to achieve the ambitious target of 1.5 degree warming. Building on this momentum, the European Commission was given a clear mandate from European citizens to drive the climate transition. This led to the formation of the European Green Deal (EGD) in 2020, and a comprehensive set of policy initiatives aimed at making the EU climate neutral by 2050.

Given the EU's structure as a membership organisation comprising 27 different countries, its policies can be quite complex. The implementation of EU rules is carried out through a range of treaties where regulations and directives are the primary instruments.

Regulations are binding legislative acts that apply directly in all Member States where they need to be implemented in national law, ensuring consistency across the EU. Conversely, directives establish common goals for all EU countries while allowing flexibility for each country to adopt its own laws to achieve these goals, usually within a three-year timeframe. This flexibility can result in variations in policy implementation. It is important to note that green policies differ from financial support policies, as they have been developed separately.

The European Green Deal primarily serves as a strategic document setting ambition level for Europe's climate goals, but it does not provide concrete policy initiatives. In line with the EGD ambitions, other strategies have been adopted, most notably the "Fit for 55" package. This is a series of policy measures designed to reduce Europe's greenhouse gas emissions by 55% by 2030 and achieve climate neutrality by 2050. Measures have included policies targeting transportation, renewable energy sources, land use and forestry, alternative fuels, energy efficiency, and introduction of a tariff for high-carbon imports among others.[1]

The Fit for 55 package encompasses a wide range of legislative changes aimed at creating a balanced framework to address climate change. Notably, it includes revisions to the European Emission Trading Scheme (EU ETS) and introduces the Carbon Border Adjustment Mechanism (CBAM). Under the Fit for 55 Package, the EU ETS, which operates on a 'cap-and-trade' principle, has been strengthened with more ambitious emission reduction goals and an expanded scope that now includes additional sectors such as maritime transportation.

The CBAM ensures fair competition by requiring goods produced with high carbon intensity to purchase carbon certificates under the ETS when imported into the EU. This effectively increases the cost of fossil-based imports and levels the playing field, safeguarding the market share of EU companies, particularly those investing in green initiatives.

[1] European Commission (The European Green Deal)

POLICIES DRIVING EUROPE'S GREEN TRANSITION (NON-EXHAUSTIVE)

POLICY	TOOL TYPE	DESCRIPTION	AFFECTED SECTORS
Carbon Border Adjustment Mechanism (CBAM)	Tax credits, Grants	Going into effect 2026, the CBAM will require importers of carbon-intensive products to purchase ETS credits.	Aluminum, cement, electricity, fertilizers, hydrogen, iron, steel
Emission Trading System (ETS)	Carbon trading credits	Companies or investors can purchase permits during monthly auctions. Companies are mandated to hold sufficient permits to cover their emissions.	Power and heat generation, energy intensive-industries, aviation, nitrous oxide, perfluorocarbons, maritime
European Climate Law	Mandate	The binding target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, and reaching net-zero by 2050.	Not sector specific
Temporary Crisis and Transition Framework	Legal framework	The framework was initially introduced to allow state aid to counter challenges from Russia's invasion of Ukraine. It was extended as a response to the Inflation Reduction Act.	Renewable energy, industrial processes, and sectors strategic for the net-zero transition.

"The CBAM is shaking up global trade. At the same time, it is something that has been implemented very consciously to create a level playing field between companies within the EU and outside of the EU."

VLEVA [2]

In addition, the EU introduced the EU taxonomy for sustainable activities, also known as the 'green taxonomy'. This classification system defines sustainable activities based on established environmental objectives, providing clarity for investors and companies seeking to align with sustainability criteria. This, in turn, enhances their access to funding opportunities in Europe.

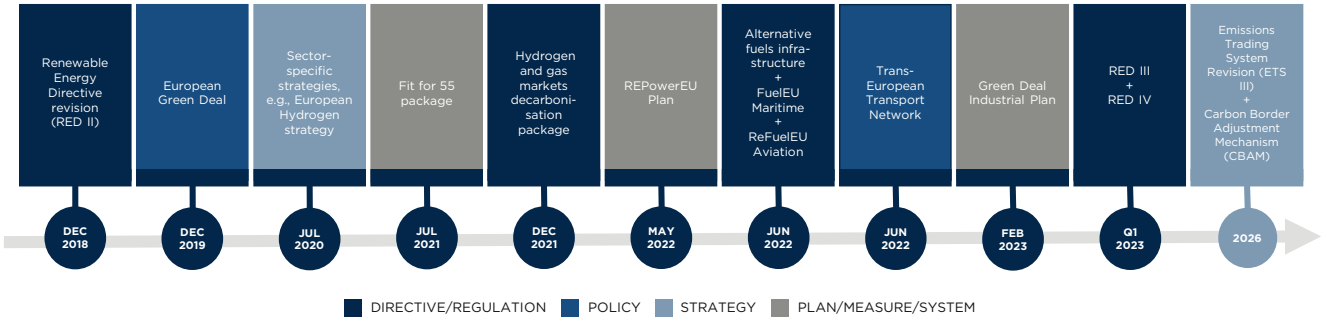
The Fit for 55 package also includes revisions to various directives and regulations such as the Renewable Energy Directive (RED II) and the Energy Efficiency Directive (EED), demonstrating a comprehensive approach to achieving climate objectives. Alongside revisions to existing regulations, the package includes new regulations such as the Alternative Fuels Infrastructure Regulation (AFIR), which aims to establish a framework for the development of a comprehensive and accessible network of non-fossil fuel infrastructure across the European Union.

Besides the Fit for 55 Package, the EU has implemented various other policies to speed up the green transition. One example is the Temporary Crisis and Transition Framework (TCTF), which was first introduced in response to the energy price surge following Russia's invasion of Ukraine. This framework allows states to provide aid to companies during exceptional circumstances while also supporting their transition to sustainable business models. The TCTF was extended and updated through the Green Industrial Deal, which is widely regarded as the EU's response to the US's Inflation Reduction Act. Through this framework, states can provide investment aid to various sectors, including battery factories. But there is concern about imbalance in some EU nations where financial resources differ, which could prompt them to "out-subsidise" each other [3].

[2] Welkom bij VLEVA - Jouw brug tussen Vlaanderen en Europa

[3] EU Emissions Trading System (EU ETS), Carbon Border Adjustment Mechanism, EU taxonomy for sustainable activities, Renewable Energy Directive, Energy Efficiency Directive, Alternative Fuels Infrastructure, Temporary Crisis and Transition Framework

EUROPEAN UNION POLICY TIMELINE



"When it comes to financing within the EU, my feeling is that the new GBER is a bit more generous and giving than the previous one. It allows more different kinds of projects to be financed compared to the previous one."

Government agency

The General Block Exemption Regulation (GBER)[4] is a fundamental EU policy that provides guidance on the permissible level of government support, known as state aid, without harming competition in the internal market. The GBER was also revised with the aim of simplifying and expediting aid efforts that support Europe's green transition. These policies collectively establish a robust framework for advancing the green agenda in the EU, fostering sustainable growth and innovation.

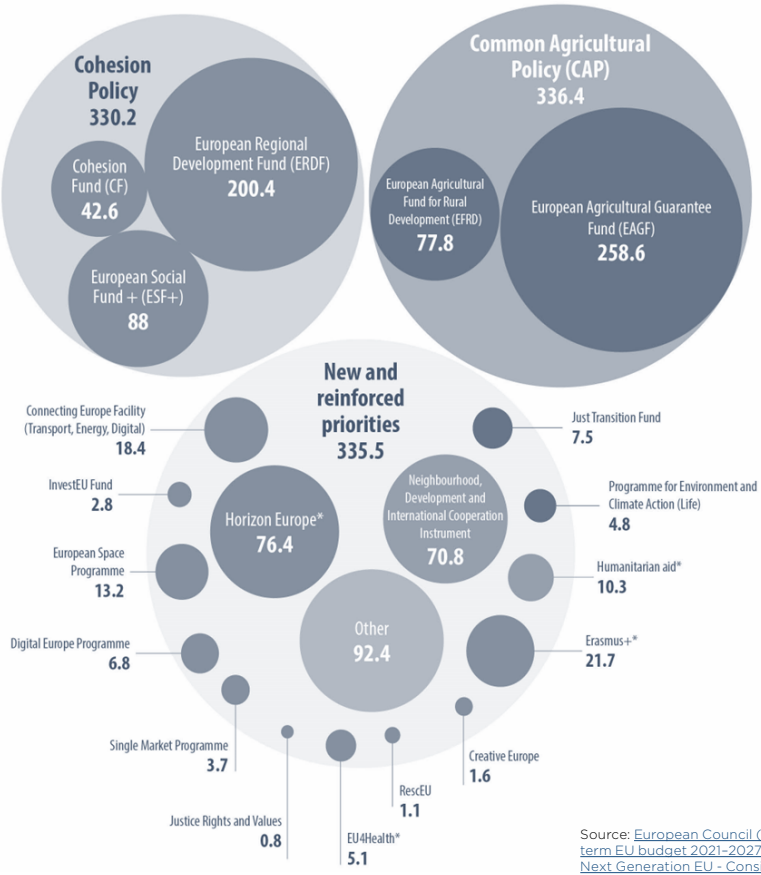
Separate funding streams are primarily facilitated through local commercial or public banks whose financial products can be backed by EU guarantees, such as InvestEU guarantees. While EU funding opportunities often prioritise SMEs and sectors with sustainable activities, they are accessible to companies of all sizes and sectors. This provides avenues for growth and innovation supporting the green transition[5].

KEY STAKEHOLDERS AND GOVERNING BODIES

In the EU, various stakeholders including the European Commission, European Investment Bank (EIB), and European Investment Fund (EIF), play crucial roles in funding and legislative processes. The Commission proposes the EU budget and manages funding programmes, while the EIB and EIF provide financing for large corporations and SMEs.

Funding distribution takes place at national or regional levels through managing authorities. In the legislative process, the Commission drafts proposals, which the European Parliament and Council review and amend. The European Parliament serves as the EU's directly elected legislative body, while the Council consists of ministers representing each member country. National governments contribute input within the Council and once legislation is adopted, they are responsible for its implementation. The European Court of Justice monitors this process to ensure effective governance and transparency within the EU framework[6].

MAIN PROGRAMMES AND FUNDING IN EU BUDGET 2022–2027, BILLION EUR



Source: European Council (Long term EU budget 2021–2027 and Next Generation EU - Consilium)

[4] European Commission (Regulations)
[5] InvestEU Fund – European Union
[6] European Commission – In budget and funding

IMPLICATIONS FOR SWEDISH COMPANIES

Swedish companies can benefit from two key opportunities in the EU. Firstly, Swedish companies with a green profile can get a competitive edge while taking advantage of the level playing field created by stricter policies in the EU. Secondly, funding processes are more transparent and permissive which helps support R&D and less mature technologies. Swedish companies should take note of the improved taxonomy and relaxed state aid restrictions, which make it possible to secure considerable financial support. However, these opportunities also come with challenges such as regulatory complexity.

OPPORTUNITIES

1 EU legislation raises costs for high-emission manufacturing, giving green alternatives an early mover advantage.

This approach differs from the US and focuses on making carbon-neutral production cheaper through mechanisms like the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM). Swedish companies that have invested in renewable energy sources and adopted energy-efficient practices may gain a competitive edge over counterparts in countries without similar carbon pricing systems. As the cost of emitting greenhouse gases rises, fossil fuel-based products become relatively more expensive compared to carbon free products, unlocking new growth opportunities for early movers in Sweden.

A representative from SSAB highlights the importance of the CBAM in preventing unfair competition from non-EU companies exempt from the ETS. This mechanism strengthens the competitive position of green initiatives and safeguards market share.

"We are transitioning our sites to fossil-free steel production, and we need enabling policy frameworks. Here, EU legislation, such as the Green Deal and similar policies set the baseline. The revision of the EU ETS (emission trading system) and the introduction of the Carbon Border Adjustment Mechanism (CBAM) will provide a clear carbon price and create a level playing field within the EU internal market, meaning that EU produced and imported steel will have the same carbon costs."

Representative, SSAB

2 EU green funding supports the development of state-of-the-art technologies and the scaling of mature green technologies.

The EU Taxonomy clarifies sustainable activities and helps investors and companies align with the EU's sustainability criteria to qualify for EU funds. The revised General Block Exemption Regulation (GBER) allows member states to provide state aid for environmental protection, energy efficiency and green technology innovation without prior notification to the European Commission. As a result, Swedish companies can consider expanding into other European markets instead of in competing localisation markets such as the US, particularly for larger plant investments or as sub-suppliers to other large projects.

The Temporary Crisis and Transition Framework (TCTF) expedites investment in cleantech projects by simplifying aid conditions for both small and large projects with less mature technologies, eliminating the need for competitive bidding processes. This has allowed EU member states to provide state aid to several projects. For example, Northvolt received a $980m grant from the German government to build an electric vehicle battery production plant in northern Germany. As the EU's competition chief Margrethe Vestager said in the announcement, it is the first time the block has used the "matching aid" rule.

"Matching aid is a new feature that we are using (...) in order to make sure that if companies are offered aids in other jurisdictions, then if a member state is willing, they can match the aid in order for the investment to take place in Europe, for the technology to be developed in Europe, for the jobs to be situated in Europe." [7]

Margrethe Vestager, European Commissioner for Competition

[7] Euronews

CHALLENGES

1 The EU's focus on a level playing field over subsidies may slow the scaling of green initiatives.

While state aid rules are crucial for fair competition within the internal market, they may limit Member States' ability to offer targeted support or incentives for projects aimed at promoting green initiatives, potentially slowing the transition to a greener economy. Additionally, the EU's emphasis on increasing costs for fossil-based production rather than making carbon-neutral initiatives cheaper may result in higher investment gaps, leading to competitive disadvantages for businesses adopting green practices and technologies.

The recent relaxation of state aid regulations in the EU is a step towards retaining green investments within the EU and levelling the playing field with the US. Historically, the EU has taken a strong stance to avoid a subsidy race to the bottom and underscores that industrial policies are interconnected worldwide.

"There needs to be a level-playing field related to state aid as well. With the US' extensive incentive packages, the EU has seen a need to respond, and EU state aid regulations have been made more flexible. This is a risk, since different Member States use state aid differently, and that could lead to an uneven playing field within the EU as well."

Representative, SSAB

2 Higher costs for energy-intensive companies make it harder to compete with regions where environmental policies are less stringent.

The revised Emissions Trading System (ETS), which aims to achieve a 62% reduction in emissions by 2030 compared to 2005 levels, poses difficulties for energy-intensive industries that are exposed to international trade. These industries face the dual challenge of meeting reduction targets while remaining competitive.

Despite some mitigating measures such as limited free emission rights and the Social Climate fund, the ETS places a significant burden on these industries, potentially prompting them to relocate to regions with less stringent climate policies due to factors like high energy and labour costs. This negative impact can have broader consequences for the EU market, including loss of jobs, economic activity and investments. However, the CBAM partially counteracts this by protecting EU players from more polluting manufacturers outside the EU when selling steel and other carbon-intensive products within the EU.

3 Regulatory variations within the EU pose challenges for expanding across the single market.

EU legislation encompasses both binding regulations and non-binding directives, which provide guidelines subject to interpretation by individual member countries. As a result, directives can be implemented differently across the EU. This regulatory divergence creates difficulties for companies looking to expand in EU markets.

Despite uniform EU regulations, enforcement practices can vary, resulting in a complex regulatory landscape. This means that businesses must allocate resources to understand and comply with diverse regulatory frameworks in each market, which can be a barrier to entry for companies with limited resources. CTEK, a Swedish charging infrastructure provider, highlights the consequences of incorrect interpretation of EU standards on product development.

"Our EV charger products must meet diverse standards across different markets. The EU, through its AFIR directive, has set forth rigorous requirements, such as the mandate that by 2027 all EV charging boxes must support vehicle-to-grid technology. These regulations play a crucial role in shaping our product development strategies, although interpreting these complex legislations continues to be a challenge."

Stefan Gustafsson, Product Manager, CTEK

UNITED STATES

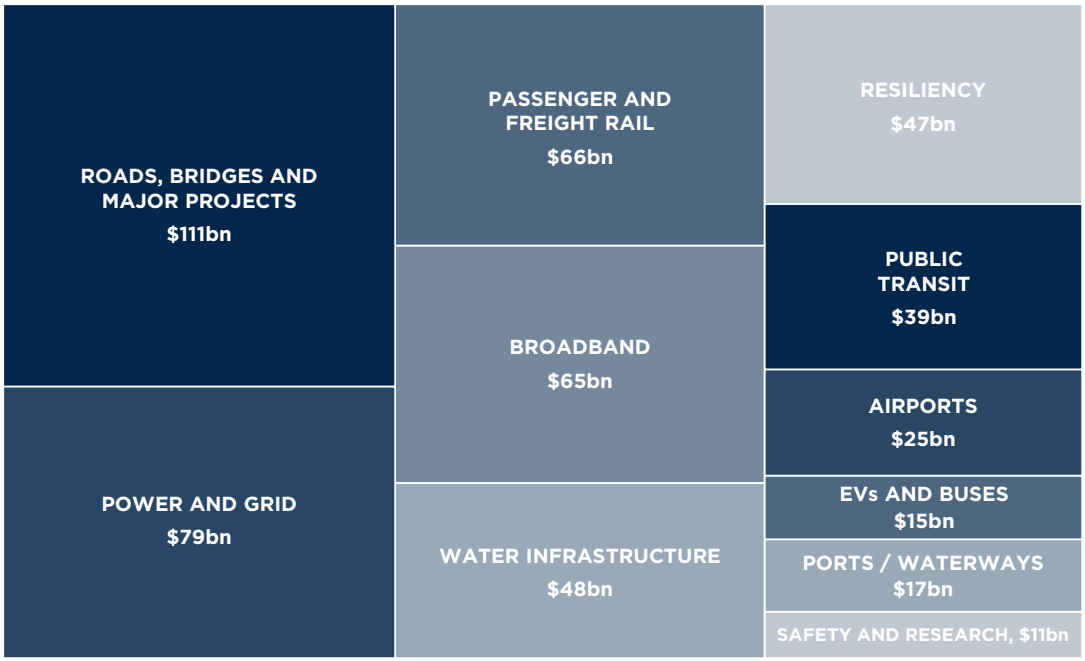
OVERVIEW OF GREEN POLICIES

The United States is undergoing a transformative shift towards sustainability, supported by robust policy initiatives aimed at combating climate change and promoting a greener economy. Key examples of these policies include the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), which drive substantial investments and regulatory measures to advance sustainability goals. Forward-thinking states are also implementing regulations to enforce stricter air emissions standards for vehicles and industry, such as the California Air Resources Board (CARB) emission standards for vehicles.

LIST OF US POLICIES AND INCENTIVE PROGRAMMES (NON-EXHAUSTIVE)

	INFLATION REDUCTION ACT	INFRASTRUCTURE INVESTMENTS AND JOBS ACT	CALIFORNIA AIR RESOURCES BOARD (CARB) VEHICLE REGULATIONS
Policy type	Tax credits, Grants.	Grants, Loans, Loan guarantees.	Mandate.
Description	Primarily offers tax credits for deployment of sustainable project and manufacturing of related products.	Primarily focused on strengthening the road transportation network. On the climate, offers grants for demonstration projects and loans for deployment stage technologies.	CARB has four regulations for light-duty vehicles and three for heavy-duty. These aim to limit pollutants, GHG emissions, and increase the prevalence of electric vehicles.
Affected sector	Clean energy, Electric Vehicles, Batteries, Equipment manufacturing, Electric Vehicles.	Direct Air Capture of carbon, Hydrogen, Power grid.	Light-duty and heavy-duty vehicles
State/ federal	Federal.	Federal.	State (rules set by CA but adopted by 17 states to different extents).
Budget	$739bn (of which $369bn for climate investments).	$1.2tn (of which $550bn new funding, $110bn for energy/climate investment).	Not applicable.

OVERVIEW OF NEW FUNDING ALLOCATED UNDER THE IIJA, TOTAL USD 550BN



Source: EY – Infrastructure bill

The Infrastructure Investment and Jobs Act (IIJA), introduced in 2021 with $550bn in funding, allocates substantial funds towards expanding charging infrastructure, electrifying transportation, and modernising the electric grid to accommodate renewable energy sources over the next eight years. The act also supports the development of early-stage technologies through grants, including carbon capture, utilisation and storage (CCUS), geothermal, hydrogen infrastructure, and grid modernisation.

The Inflation Reduction Act (IRA), passed in 2022, provides substantial tax credits for clean energy technologies and grant funding for industrial decarbonisation, among other initiatives. Eligible projects for tax credits include battery manufacturing and solar deployment. Originally projected at $369 bn, the IRA's uncapped tax credits have gained popularity, which is why leading banks are now expecting a much larger budget of around $800 bn.

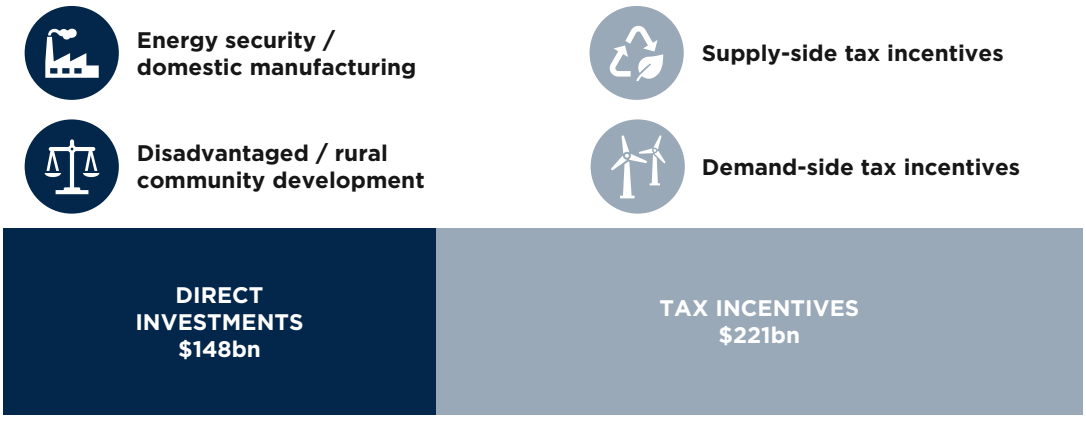
The IRA includes various funding components for clean energy technologies, including tax credits for new introductions, modifications and extensions.

The IRA also prioritises industrial decarbonisation, with $6bn earmarked for 33 projects across 20 states as of March 2024.

The Justice 40 initiative aims to ensure that 40% of federal climate and clean energy investments benefit disadvantaged communities, leading to a shift in the geographical distribution of funds. This is particularly evident in energy communities following the passage of the IRA[8].

In addition to federal funding programmes, other policies and mandates play a crucial role in

INITIAL IRA CLIMATE BUDGET



Sources: Environmental Defense Fund, The American Jobs Plan

[8] The White House – Justice 40 Initiative

OVERVIEW OF KEY IRA TAX CREDITS

PROJECT TYPE	TECHNOLOGY	TAX CREDITS	FY2023 – FY2027 BUDGET
Deployment	Energy investment	48	$90bn
	Clean electricity investment (technology neutral)	48E	$15bn
	Energy production credit	45	$39bn
	Clean electricity production (technology neutral)	45Y	De minimis
	Carbon capture + utilization or storage	45Q	$5bn
	Nuclear power	45U	$10bn
Manufacturing/ production	Clean hydrogen production	45V	$5bn
	Industrial equipment for manufacturing green products	48C	$10bn
	Sustainable Aviation Fuel	40B	De minimis
	Clean fuel production	45Z	$7bn
	Biodiesel and renewable diesel used as fuel	40A	$6bn
	Batteries, solar components, wind components, critical minerals	45X	$73bn
EVs	Private EVs	30D	$19bn
	Previously owned EV	25E	De minimis
	Commercial EVs	45W	$15bn
Residential	Residential clean energy investment	25D	$13bn
	Residential energy efficiency improvement	25C	$12bn

Enacted through the IRA

Modified/extended through the IRA

Note: De minimis means that the total expected tax revenue loss is less than $250m.

Source: Congressional Research Service

the US transition to a greener future. For example, states have a significant impact on driving the adoption of electric vehicles, with the California Air Resources Board (CARB) setting rules that require car manufacturers to meet a certain percentage of sales from electric vehicles (ZEV mandate). CARB also sets low-emission vehicle standards for passenger cars and light trucks. Currently, 17 states have adopted CARB regulations to varying extents, covering approximately 40% of light-duty vehicle registrations in the US.

KEY STAKEHOLDERS AND GOVERNING BODIES

The US climate transition involves multiple governmental stakeholders at both the state and federal levels. Congress passes key acts, such as the IRA in 2022, while tax credits are administered by the Internal Revenue Service (IRS) and grants are by the relevant federal agencies. For instance, the Department of Energy (DoE) administers most energy-related grants, and the Department of Transportation (DoT) administers transportation grants. Companies can engage in dialogue with the relevant federal agency to learn more about available grants.

States also play a significant role by establishing their own rules (such as CARB), offering incentives (e.g. for heat pumps), managing procurements (e.g. offshore wind) and overseeing permitting processes (e.g. grid infrastructure, critical minerals) In addition, a portion of funding from acts like the IIJA is allocated to state governments who then decide how to best utilise the funds for areas such as transit and roadways[9]. The investments encouraged by federal and state agencies are vital for accelerating the transition to clean energy sources, reducing emissions, and promoting innovation and sustainability in the US.[10]

[9] California Air Resources Board

[10] Shifting Gears : Office of the New York City Comptroller Brad Lander

IMPLICATIONS FOR SWEDISH COMPANIES

Swedish companies can leverage the incentives and policies introduced in the US in several ways. For example, Swedish companies with an established presence in the US can directly benefit from incentives by utilising tax credits for domestic production and grants for R&D efforts. In addition, companies further down the value chain that may not be eligible for incentives can still benefit from a trickle-down in demand as end-customers tap into the incentives. While challenges such as domestic content requirements and potential changes to the IRA persist, most deployment incentives are available without fulfilling domestic content requirements, expect for EVs.

OPPORTUNITIES

1 Growth in new strategic sectors creates market opportunities for Swedish companies as suppliers, even without direct incentives.

The federal acts IIJA and IRA have triggered significant investments in sectors such as battery manufacturing, solar and storage, hydrogen applications and carbon capture. These sectors have received grant funding to drive technology development to a critical scale. Companies across the entire value chain, whether directly eligible for tax credits and grants or not, can experience a significant uptick in demand by targeting sectors that benefit from incentives.

In addition, forward-thinking cities in the US are accelerating the transition in traditional polluting sectors – further propelling demand for sustainable products and materials. For example, Skanska highlights how specific cities in the US are setting the precedent for transition in the built environment sector. To identify additional potential customer groups where demand is likely to increase, it is a good idea to assess the transition of adjacent sectors.

"New York City has decided that, through Local Law 97, most buildings over 25,000 square feet are required to meet new energy efficiency and greenhouse gas emissions limits as of 2024, with stricter limits coming into effect in 2030. This is a game-changer for us and for a city the size of NYC. It will affect both public and private property owners and puts the precedent for accelerating the use of greener materials."

Jacob Birkeland, Group Head of Public Affairs, Skanska

2 Established companies expanding local manufacturing can access financial incentives to support localisation.

There are more ways in which Swedish companies in the US, or who are considering establishing a local manufacturing plant, can benefit from the IRA and IIJA. By establishing green technology or manufacturing facilities, companies can leverage production tax credits (PTCs) and investment tax credits (ITCs). For example, ITCs can cover up to 70% of the investment amount if all bonus criteria are met. Manufacturing of cleantech products, such as batteries, can receive tax credits based on output. In addition, the DoE Loan Programs Office (LPO) offers loan funding for mature clean projects, providing substantial financing support, albeit with rigorous due diligence requirements.

3 US grants offer opportunities to develop new technologies and collaborate.

The US Department of Energy (DoE) has announced significant funding allocations for pre-commercial technology projects, which means that Swedish companies can unlock grant funding opportunities. Key examples include the recent Industrial Demonstration Program ($6.3bn) and technology-specific hubs. Several funding initiatives are designed to establish ecosystem hubs for novel technologies, such as hydrogen ($7bn) and Direct Air Capture ($3.5bn) [11]. These hubs facilitate collaboration and innovation among companies in the same fields.

Swedish companies can access DoE funds by developing a pilot in the US to demonstrate technologies. Funding opportunities can be specific, targeting specific technologies in geothermal drilling for example, or more general such as "industrial decarbonisation". Monitoring the websites of relevant federal agencies such as the Department of Energy or the USDA can help identify available grants. Additionally, partnering with larger domestic players in the US is another avenue to benefit from grants.

[11] US Department of Energy

CHALLENGES

1 US supply chain policies with domestic content requirements may disadvantage Swedish companies.

Reshoring and prioritising domestic supply chains have become focal points of US policies, influencing the strategies Swedish companies must adopt. The Buy American federal acquisition regulation was amended in 2023 with the domestic content requirement set to rise to 75% by 2029.[12] Most US industrial policies include domestic content requirements to varying extent which could create barriers for Swedish companies or impact the size of available incentives.

As part of the IIJA, the Build America, Buy America Act (BABA) was introduced which means that infrastructure projects receiving federal assistance must comply with domestic content requirements. This policy approach seeks to protect domestic jobs and investments and establish greater control over supply chains for strategic products such as batteries, semiconductors and critical minerals. Compliance with domestic content requirements is paramount to be eligible for EV tax credits and bonus credits for other products. In addition, the Biden administration recently took action to expand the 301 tariffs which means that a 100% tariff (previously 25%) is now levied on imports of electric vehicles from China.[13]

2 The gap between strong political rhetoric and potential post-election policy changes creates confusion for Swedish companies.

While many of the domestic content requirements have bipartisan support, the adoption of specific green technologies varies across the political spectrum. Depending on shifts in political leadership, certain incentives such as EV and clean power tax credits may be dismantled in the years ahead.

Understanding the broader rhetoric related to the IRA and the IIJA, as well as the potential impact on trading partner relationships, adds uncertainty for Swedish companies considering plant localisation strategies. Svea Solar, a Swedish solar park developer, explains how the greatest uncertainty lies in the potential unravelling and replacement of the IRA.

"While laws like the IRA, lasting for 10 years, are quite predictable, the greatest uncertainty lies in what – if anything – will replace it. Additionally, some incentives are phased out too steeply, for example from 20% to 0% overnight, making it more challenging to adapt business to the policy landscape."

Erik Martinson, CEO, Svea Solar

Changes to the IRA may pose financial risks for Swedish companies, including irrecoverable costs incurred from extensive due diligence for clean power projects that may lose legislative support. Nonetheless, a full unraveling of the IRA is not likely as it has been signed into law and would require a unified government

[12] US Department of Energy
[13] The White House

CHINA

OVERVIEW OF GREEN POLICIES

China's Five-Year Plans (FYP) are comprehensive national economic and social development blueprints released every five years, outlining the country's goals and top-level strategies for progress across various sectors. The current 14th FYP, passed in March 2021, focuses on achieving carbon neutrality goals. Key initiatives include implementing the 2030 Nationally Determined Contribution to Climate Change, reaching peak carbon emissions by 2030 and neutrality by 2060, and controlling fossil energy consumption.

Additionally, the plan promotes a dual-control system for energy consumption and intensity, with emphasis on carbon intensity control and support for regions, industries and enterprises to take the lead in reducing carbon emissions[14].

In tandem with the 14th FYP, China has introduced policies such as the 14th FYP for Industrial Green Development, which focuses on various

OVERVIEW OF CHINA'S STRATEGY FOR CARBON NEUTRALITY

Source: ESG30

[14] The State Council of P.R. China

aspects of sustainability and green transition. This plan includes initiatives such as industrial carbon peak, key regional green transformation, energy and water efficiency, clean production, green technology promotion and resource utilisation.

Provinces in China are aligning their local policies with national goals, with carbon neutrality as a key focus. Many provinces have adopted a "1+X" structure for local carbon neutral policies, consisting of a masterplan and several implementation plans, supported by policies related to power supply, fiscal support and financing tools. This concerted effort at both national and provincial levels underscores China's commitment to achieving carbon peak and carbon neutrality targets. For example, Zhejiang is looking to develop government procurement standards for green building and materials in construction[15] whereas Shanghai Xuhui District offers a 20% subsidy of total investments for low carbon technologies[16].

China's commitment to carbon reduction is underscored by its 14th Five-Year Plans on Modern Energy System (2021–2025) and Renewable Energy Development (2021–2025), which prioritise accelerated renewable energy growth. The Modern Energy System plan aligns climate commitments with energy transition and security, shifting focus from air pollution control. Meanwhile, the Renewable Energy Development plan targets a 50% increase in renewable electricity generation by 2025, potentially reducing carbon emissions by 2.6 gigatons annually.

China has outlined comprehensive plans for the development of its transportation sector and the promotion of green mobility. The Outline for Building China's Strength in Transport (2020–2050) and other initiatives set long-term visions for transportation infrastructure enhancement and the promotion of electric and alternative fuel vehicles. The 14th Five-Year Plan for Green Transportation System (2021–2025) also prioritises sustainability in transportation infrastructure and operations[17].

China implements sustainability policies through standardisation, incentives, emission trading markets, and green financing. Its national carbon emissions trading market, initiated in 2021, targets eight key industries where over 2,000 power generation enterprises have been included to date. New regulations aim to provide a legal framework for oversight by the State Council's ecological and environmental departments. China's Emissions Trading Scheme (ETS) and voluntary carbon market, the China Certified Emission Reduction (CCER) scheme, facilitate broader participation in carbon trading[18].

Furthermore, renewable energy subsidies are administered through power grid companies, with State Grid transferring over $14 bn in subsidies in 2023[19]. However, national policies are gradually phasing out subsidies for increasingly mature technologies to promote market competitiveness and efficiency. Novel technologies, such as CCUS and hydrogen, continue to see significant investments.

KEY STAKEHOLDERS AND GOVERNING BODIES

Various government bodies play pivotal roles in China's green transition including the Ministry of Ecology and Environment, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Science and Technology, and the National Energy Administration. While national entities set policies, local governments implement and finance pilot projects. Associations and research institutes in sectors such as transport, new energy and manufacturing serve as think tanks which aid standard-setting procedures. State-owned enterprises (SOEs) in the energy sector often spearhead projects and test emerging technologies while private suppliers offer technological solutions.

[15] Zhejiang Provincial Department of Finance
[16] Shanghai Municipal Government
[17] Ministry of Transport of P. R. China
[18] Ministry of Ecology and Environment of P. R. China
[19] People.cn

IMPLICATIONS FOR SWEDISH COMPANIES

OPPORTUNITIES

1 The Administration's priorities for demos and scaling create vast growth opportunities in selected green sectors.

China's National Energy Administration has launched numerous pilot demonstration projects in sectors such as energy storage and marine[20]. With an emphasis on diverse technical routes and low-carbon technology development, there has been rapid growth in these sectors. Alternative fuels and diverse energy storage solutions offer many short-term opportunities for Swedish industrial suppliers.

It is crucial to closely monitor related announcements as the Chinese government has direct control over the growth prospects in specific sectors such as power generation and grid optimisation. Alfa Laval highlights the importance of energy efficiency objectives and system-scale implementation.

"In China, the government has big influence on how the market develops. We follow their plans thoroughly. When China emphasizes the system-scale of implementation of energy efficiency, we are proud to deliver solutions at scale."
Anna Hall, Head of Public Affairs Division, Alfa Laval

2 A stronger green supply chain in China and new incentives improve green sourcing and factory establishment for Swedish companies.

China's green transition in manufacturing and transportation has expanded the availability of environmentally friendly suppliers and innovative green products. As of March 2023, the Ministry of Ecology and Environment (MEE) reported the establishment of 3,616 national-level green factories, 267 green industrial parks and 403 green supply chain enterprises in China.[21]

This development has facilitated the promotion and distribution of nearly 30,000 green products, further enhancing opportunities for sustainable sourcing and production. In addition, there are incentives available for Swedish companies looking to establish climate-certified or net-zero carbon plants in China. Sectors such as Energy Storage Systems and renewable energy have long value chains and cultivation of players as developers want to collaborate with the most sustainable and advanced suppliers. This gives Swedish companies with a green and innovative profile an additional opportunity to capture market share.

"China remains a vital part of our production strategy, particularly due to its advanced capabilities in environmental declarations and electrification. Our local team of approximately 30 specialists in sourcing and production plays a crucial role in maintaining our competitive edge in this technologically progressive environment."
Stefan Gabrielsson, Product Manager CTEK

3 China's innovation dominance allows Swedish companies to benefit by localising or partnering with domestic firms.

Innovation is pivotal to shaping the clean energy landscape, where China has emerged as a dominant player – not only monopolising the photovoltaic industry but also controlling significant shares in global lithium-ion battery production and wind turbine manufacturing. This dominance is further underscored by China's substantial contribution to global green and low-carbon technology invention patents. Between 2016 and 2022, Chinese patentees accounted for nearly one-third of these authorisations, showcasing a robust average annual growth rate.

Moreover, China's vibrant innovation ecosystem, bolstered by green financing mechanisms, has fostered a conducive environment for small and medium-sized enterprises (SMEs) to thrive. Larger established Swedish companies can leverage China's expansive market and collaborative opportunities within academia, supply chains and end-user networks to accelerate the iterative refinement of new zero-emission energy technologies.

For example, Swedish manufacturer SWEP established a strategic partnership with Zhongfang Urban Energy Technology Co., Ltd. to formulate technical standards and an R&D relationship covering areas such as intelligent information systems and optimised applications for heating units in buildings[22]. Another example of cross-border collaboration is the Swedish manufacturer Metacon who recently announced plans to build electrolysers for the Chinese market in Europe in collaboration with Beijing-based Peric. The objective is to leverage subsidies for a gigafactory producing pressurised alkaline machines, further illustrating the opportunities for Swedish companies to tap into China's innovative ecosystems and expand their footprint to markets outside of China[23].

[20] Shanghai Securities News
[21] Ministry of Ecology and Environment of P.R. China
[22] Swep.cn
[23] Hydrogen Insight

CHALLENGES

1 China's climate and environmental regulations are becoming more complex, making compliance challenging.

Swedish companies may struggle to keep pace with policy and standards developments in China, particularly in the energy and industrial sectors. During 2022 and the first nine months of 2023, more than 120 dual-carbon policies were issued at national level [24]. China's focus on supporting renewable energy development adds complexity for Swedish firms trying to navigate regulations.

Moreover, inconsistencies in standards between China and other markets add complexity and require additional resources to ensure compliance across diverse markets and align with global climate goals. For instance, Swedish companies purchasing green electricity and obtaining green certificates in China may face rejection in the EU for carbon offsetting purposes, highlighting the need for alignment across regulatory frameworks.

2 Smaller Swedish companies in China face IPR risks and limited budgets as the sheer size of the market requires vast resources.

Registering know-how in China is complex compared to patents, trademarks or copyrights, making preventive measures difficult. Particularly smaller Swedish companies with a very narrow or niched green product portfolio have highlighted concerns about entering the Chinese market with new technologies due to lack of resources to evaluate the risk of IPR infringements. However, Chinese companies are very interested in collaborating through JVs or similar arrangements to bring technologies to a larger scale, but local resources are necessary to closely monitor the market dynamic, oversee the collaboration and to be able respond quickly.

"China is almost like its own universe and you have to be careful how you engage with that market as a small company. We may produce some components in China, but we are aware of the IP and technology protection risk. It is very resource demanding to take on the Chinese market, even from a customer perspective. At this time we do not have the resources to do that."

Johan Sandberg, CEO, SeaTwirl

3 Increased geopolitical dynamics to consider given China's focus on national security and self-sufficiency.

Escalating geopolitical tensions can lead to supply chain disruptions or sanctions, impacting Swedish companies operating in sensitive sectors. Market access for certain green technology segments may be challenging due to domestic competition and lower barriers to entry for domestic players.

Foreign companies might be excluded in certain tenders or bidding processes, particularly when state-owned enterprises are involved given the domestic procurement process. Local content requirements may become more pervasive going forward. In addition, market access for certain green technology segments such as charging infrastructure may also be difficult for foreign players.

Besides this, although there are extensive environmental laws, Environmental, Social, and Governance (ESG) data in China sometimes lacks transparency and traceability. This presents a significant challenge for Swedish companies in terms of identifying, evaluating and performing ESG due diligence on potential partners.

[24] Xinhua News

CONCLUSIONS

ADOPT A GLOBAL STRATEGY TO MAXIMISE YOUR POTENTIAL

Tapping into the rapidly evolving green policy landscape is a major opportunity for Swedish companies that want to expand internationally. But formulating a global strategy is paramount to capture all of the potential benefits. This is why the following two strategic recommendations should be carefully considered.

1 Be local in engagements and operations to increase the chances of benefitting from policy impacts in all global markets.

In the EU, adopting a proactive public affairs strategy is essential for understanding policy developments and shaping legislation that aligns with your company's interests. Given the EU's complex legal setup with 27 member states – such a strategy is also needed to determine whether efforts should be directed towards Brussels or member states. This is crucial as decisions are made at both levels. Other important steps include:

- Influencing national governments' interpretation and implementation of EU directives
- Engaging with the European Commission during early stages of policy development
- Building long-term relationships with key policymakers
- Positioning your company as a thought leader in your industry (through regular engagement in policy discussions)

To leverage financial incentives in the United States, companies should have a legal and operational presence, closely monitor deadlines and invest in facilities to qualify for government incentives such as ITCs and PTCs. Incorporating in the US is also necessary as grant applications and eligibility for US tax credits explicitly require companies to establish a legal presence in the country.

Monitoring federal and state procurement opportunities is crucial as federal incentives often drive state initiatives. Larger companies with more resources sometimes have an advantage in securing incentives, as the process can be complex. At the state-level, incentives vary considerably and are often negotiated on a case-by-case basis. Having resources to engage at a state and city level is crucial to grow your company´s presence in the US.

As a next step, China should definitely not be overlooked when developing your global climate strategy. China's pursuit of dual carbon goals unlocks major business opportunities for providers of green solutions. Despite China's policy complexity, the frameworks often provide clear guidelines, enabling companies to identify key industries, technologies and stakeholders to engage.

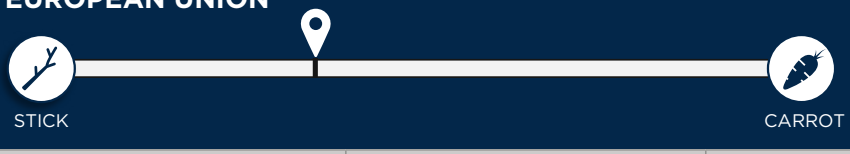
Engagement and communication with local Chinese stakeholders is crucial to access resources within energy supply chains and enhance global competitiveness through innovation.

"Directives only guide the legislation in the member states, where there is certain flexibility of interpretation of the wording. Sometimes, a country may misinterpret certain details in the directives which would affect certain product categories or technologies, for example in the heat pump sector in Ireland. This led to a complete stop of a certain technology, where we had to contact and educate the group."

Martin Forsén, Manager International Affairs, Nibe Energy Systems

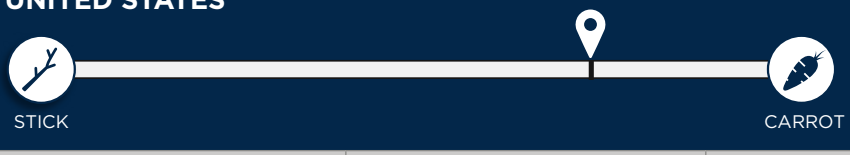
HIGH LEVEL COMPARISON OF POLICIES

EUROPEAN UNION



KEY POLICIES	TRADE CONCERNS	FUNDING
The EU deploys **a variety of policy tools** to fight climate change, such as the CBAM and the ETS.	**In response to the US IRA**, the EU launched the **Green Deal Industrial Plan**, which relaxes state aid regulations.	Across its **normal budget and the covid-relief funding**, the EU is expected to spend c. **$655bn*** on the climate (2021–2027 budget).

UNITED STATES



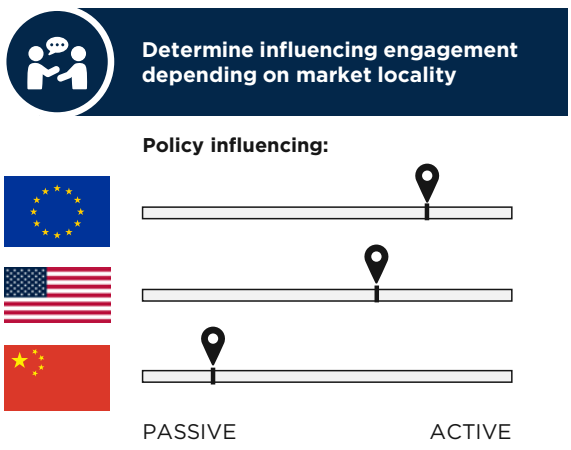
KEY POLICIES	TRADE CONCERNS	FUNDING
The key policy tool in the US is currently **tax credits**, followed by grants and loans. These were introduced under the IRA + IIJA.	With the IRA, the US enhanced its **domestic content requirements** and bonuses, sparking protectionist complaints and redrawing the policy landscape.	Across the **IRA and the IIJA**, climate spending is expected to **exceed $900bn**** (tax credits effective up until 2032)

CHINA

KEY POLICIES	TRADE CONCERNS	FUNDING
China leverages **a mix of stick and carrot policies**, incl. incentives, emission trading, and green financing.	Following concerns with **unfair trade practices and technology transfers**, China is levied with significant tariffs.	Climate spending budget not specifically defined. China is expected to spend **$690bn** on equipment renewal in key industries 2024–2027.

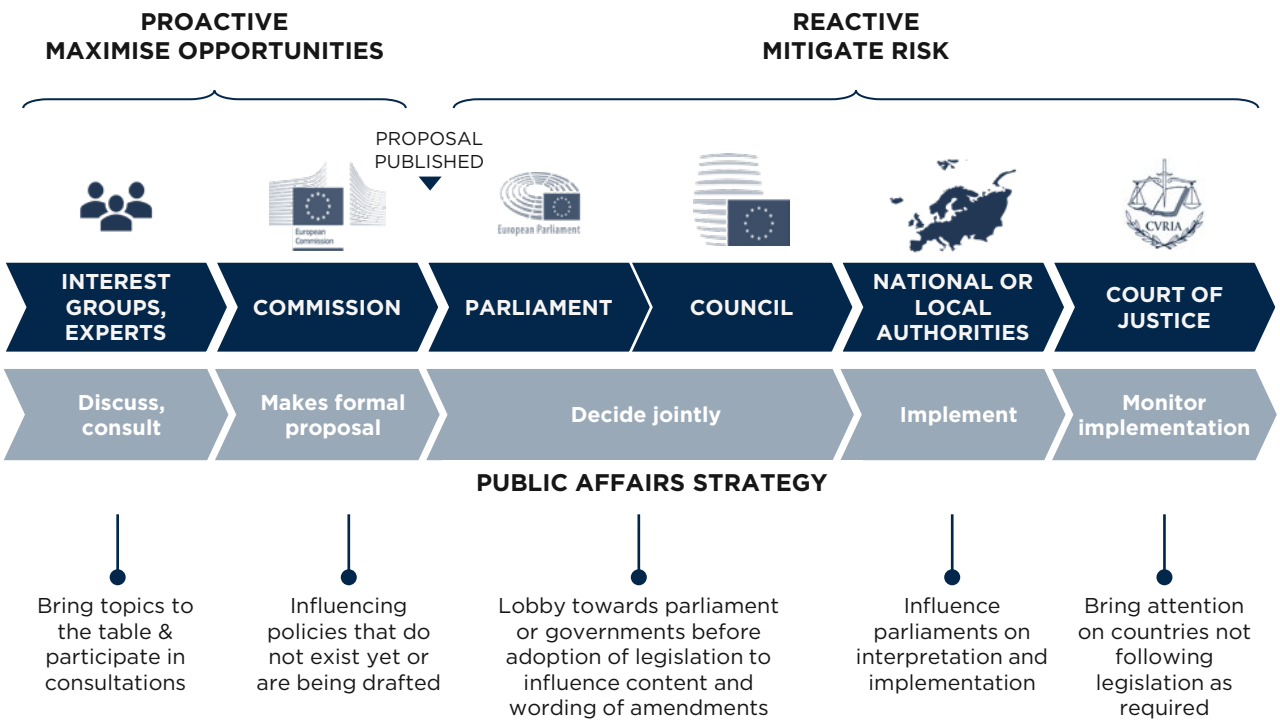
Sources: Business Sweden Interviews & Analysis, European Commission

POLICY INFLUENCING IN SELECTED MARKETS



Sources: Business Sweden Interviews & Analysis

OVERVIEW OF EU PUBLIC AFFAIRS POLICY



Sources: European Council (The ordinary legislative procedure - Consilium)

2 When seeking funding, be proactive and aware of short deadlines and complexity of funding landscapes, particularly in the EU and US.

As in the US, the EU funding landscape can be difficult to understand and thereby access. Aligning business ideas with EU policy objectives, understanding the EU budget process, identifying opportunities, and tailoring proposals to meet specific call criteria and requirements are all crucial steps.

But that's not all. The following measures should also be taken to maximise your chances of success:

- Carefully evaluate all the details of calls for proposals
- Form strategic partnerships or consortia to strengthen your applications
- Emphasise emission reduction, innovation and deployment of state-of-the-art technologies

Given the competitive nature of EU funding, investing extra time and effort in proposal refinement can significantly enhance your competitive edge and increase the likelihood of securing funding for innovative projects and initiatives. As one Swedish electromobility company explains, utilising consultants and supporting stakeholders is recommended where possible.

"We have not yet applied for EU funding since the process is so complex and costly. We would probably even need a consultant to help us navigate the complexity of the applications."

Swedish electromobility company

Securing tax credits and grants in the United States is a complex and costly process, often favouring larger companies with more resources. Grants require companies to closely monitor announcements, submit extensive applications and be at the technological forefront. Tax credits, while available, offer limited support if companies cannot finance projects upfront, and converting them to financial benefit can be challenging since they must be matched by tax liabilities.

In China, proactive communication with local authorities and industry associations facilitates access to green electricity, participation in carbon trading pilots, and engagement in green technology funding. But timing is crucial. In the early stages of pilot and demo projects there is always more resources and support available.

In all, while the US incentives system presents significant challenges, particularly for smaller companies, the EU offers a more streamlined process. Being proactive, process-driven and strategic is essential in both cases to successfully tap into funding opportunities and secure incentives.

COMPARATIVE OVERVIEW OF POLICY MECHANISMS ALIGNED TO GROWTH OBJECTIVES

			
SCALE PRODUCTION & OPTIMIZE GLOBAL FOOTPRINT	■ Leverage regulatory incentives supporting diversifying and local sourcing for efficient footprint ■ Localize to ensure compliance with regulations and control emissions across value chain for lowest carbon footprint	■ Expand production capabilities in the US by utilizing IRA's tax credits to capture North American customers ■ Integrate into the new green supply chain hubs catering towards mega-plants	■ Seize opportunities of the policies trying to boost foreign investment with incentives for zero-emission or low-carbon plant / operations ■ Access green sourcing and bolstering supply chain
STRENGTHEN COMPETITIVE ADVANTAGE	■ Tap into abundant R&D and innovation support to develop next-gen technologies ■ Partner across value chain to scale funding and development due to cross-border consortia eligibility of funding	■ Access various grants and funding programs for R&D and early-stage demoing and scaling through IIJA and IRA ■ Partner with local stakeholders in leading green states to utilize public-private partnerships	■ Materialize and test innovative ideas for green technologies in collaboration with partners and suppliers for demo and scaling ■ Leverage early adoption of novel technologies, e.g., vehicle-to-grid and hydrogen
CAPTURE MARKET & CUSTOMER GROWTH	■ Increase relevance of offerings and find new customers as a first-mover under incentives ■ Leverage potential nearshoring trend to build economies of scale as EU become more competitive	■ Capture customer and market growth in novel sectors heavily publicly and privately invested in, e.g., semiconductor, hydrogen, batteries ■ Use incentives to improve sales pitch towards end-customers	■ Scale within the unique pockets of key sectors, including smart grid, battery, renewables value chain ■ Evaluate and utilize partnerships and joint ventures with large Chinese players to enter market as a small/ medium company

Sources: Business Sweden Interviews & Analysis

For Swedish companies looking to scale production and optimise their global footprint, it is crucial to leverage policies related to local sourcing, compliance for emission control and carbon footprint, and investment incentives. In the EU, companies can tap into regulatory policies and funding such as the Carbon Border Adjustment Mechanism (CBAM) to support these objectives. This allows you to optimise your global footprint while ensuring compliance with regulations and reducing carbon footprint.

THE BENEFITS ARE MULTIFOLD

By tapping into available funding and investment aid, Swedish companies can scale their production sites or establish a green supply chain. Besides this, companies can consider expanding their production capabilities in the US and take advantage of tax credits offered by the IRA to capture the growing market of more content-restricted North American customers. Integrating into the newly established green supply chain hubs in the US can further support your growth objectives.

In China, companies can explore opportunities emerging from policies aimed at boosting foreign investment. Incentives for zero-emission or low-carbon operations, along with access to green sourcing, can help you bolster your supply chain and effectively scale production.

Leveraging key initiatives in these markets is also important to propel product development and scale new technologies, which will strengthen your competitive advantage. In the EU, abundant R&D and innovation support can be tapped into to develop state-of-the-art technologies. Cross-border consortia eligibility for funding and partnerships across the value chain can also facilitate scaling and development.

In the US, access to grants and funding programmes for R&D, early-stage demonstration, and scaling through the Infrastructure Investment and Jobs Act (IIJA) and the ITC can significantly enhance competitiveness. Partnering with local stakeholders in leading green states can help companies effectively tap into public-private partnerships.

In China, Swedish companies can collaborate with partners and suppliers to test innovative ideas for green technologies, leveraging early adoption of novel technologies such as Vehicle-to-Grid (V2G) and hydrogen to further boost their competitiveness.

By capitalising on the different policies and incentives in EU, the US, and China, Swedish companies can access new market and customer growth opportunities. In the EU, companies can take advantage of incentives to increase the relevance of their offerings and find new customers as first-movers. The nearshoring trend can also be leveraged to build economies of scale as the EU becomes more competitive in the new green energy sectors.

In the US, Swedish companies can tap into heavily invested novel sectors such as semiconductors, hydrogen, and batteries, benefiting from both public and private investments.

Using incentives to enhance sales pitches towards end-customers can further boost growth. In China, Swedish companies can scale in niche areas of key sectors, including smart grids, batteries and renewables. Evaluating and utilising partnerships and joint ventures (JVs) with large Chinese players can effectively facilitate market entry for SMEs.

"Legislation is number one where we are dependent on the bilateral relationships around the world."

Pär Larshans, Chief Sustainability Officer, Ragn-Sells Group

TEAMING UP WITH TEAM SWEDEN

Business Sweden's teams across the world are working closely with Swedish companies to evaluate the impact and vast potential that green policies bring to sectors such as industrials, automotive, materials and manufacturing.

Specific local initiatives in selected markets through the overarching Team Sweden framework – where Business Sweden collaborates with local embassies, agencies and industry associations – can help you navigate the green policy landscape. The US-Sweden Green Transition Initiative [25] with its local base in Washington D.C is just one example. The proximity to policymakers can help you get access to key stakeholders influencing the future of your sector.

In addition, Business Sweden's EU team can provide advice on how to navigate the EU's policy landscape. Meanwhile, Team Sweden in China offers valuable support and a platform for Swedish companies to collaborate, exchange learnings and engage with local stakeholders to advance green transition initiatives.

"Team Sweden in China has provided great support and good platform for Swedish companies to learn from each other and engage and impact local stakeholders though joint efforts within the green transition areas."

Member company of the Pioneer the Possible platform, China

[25] Sweden-US Green Transition Initiative

BUSINESS SWEDEN CAN SUPPORT YOU

Business Sweden's green policy experts stand ready to help you tap into global opportunities. By teaming up with us, you will get dedicated support to successfully monitor and navigate the latest developments.

As your extended arm worldwide, we can help you map green transition opportunities, develop scenario planning, build business cases for localisation, and provide strong sales buy-in for your customers based on incentives.

With a unique mandate from the Swedish government and the business sector, our global team offers strategic advice and practical support in more than 40 markets worldwide.

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