

# Strategy for Sweden's trade, investment and global competitiveness







Cover: Esrange Space Center forty kilometers outside Kiruna. Photo: Thomas Utsi.

Image on this page: Sara Kulturhuset in Skellefteå. One of the tallest wooden buildings in the world. Source: White Arkitekter.



## Strategy for Sweden's trade, investment and global competitiveness

Annex to II:1 at Government meeting of 30 November 2023 (UD2023/01758)

### Table of contents

Introduction	5
Objectives and implementation	6
A new holistic approach	7
The approach of Swedish trade and investment promotion	8
<b>1. Objective: Strengthening Sweden's competitiveness and improving conditions for trade, investments and innovation</b>	<b>11</b>
1.1 A competitive EU and a well-functioning Single Market	12
1.2 Free, sustainable and rules-based world trade with fewer trade barriers	13
1.3 Improved conditions for innovative businesses to grow in Sweden and through internationalisation	14
1.4 Better conditions to attract international skills	17
1.5 Improved business climate for investments	18
<b>2. Objective: Increasing exports and presence of Swedish businesses in international markets</b>	<b>21</b>
2.1 More effective support for exports and internationalisation of small and medium-sized enterprises.	22
2.2 Focus on support to Ukraine	24
2.3 A new and long-term promotion initiative in Asia	25
2.4 Improved Team Sweden cooperation for greater impact	26
2.5 More effective use of delegation visits and incoming visits	27
2.6 Development of promotion activities at missions abroad	28
2.7 Enhanced support for risk management and regulatory compliance	28
2.8 Export financing as a strategic tool in export promotion	29
<b>3. Objective: Strengthening Sweden's position globally as a prioritised partner for green and digital transition</b>	<b>31</b>
3.1 An image of Sweden that communicates partnership	32
3.2 Increased coordination and better synergies between trade policy, trade promotion and development cooperation	34
3.3 Better prospects for Swedish businesses to utilise funds from the EU and other international institutions	36
<b>4. Implementation, results reporting, monitoring and evaluation</b>	<b>37</b>

“Sweden’s prosperity is based largely on foreign trade, the Swedish business sector’s strong position internationally and Sweden’s standing as an innovative leader and attractive destination for foreign direct investment. However, global challenges and a rapidly changing world place greater demands on politics and the business sector, government agencies and higher education institutions to protect and strengthen Sweden’s long-term competitiveness.

With this strategy, the Government is making a concerted effort to provide Swedish businesses with the best possible conditions to manage new challenges while also benefitting from the significant business opportunities that arise through the green and digital transition taking place at an accelerating pace worldwide.

The new strategy has been developed in close consultation with the business sector, industry representatives, government agencies, regions, chambers of commerce and other trade and promotion stakeholders. We look forward to continuing our joint and productive cooperation with all Team Sweden actors to strengthen Swedish competitiveness, increase our international trade and contribute to achieving the goals of the 2030 Agenda and the Paris Agreement”.

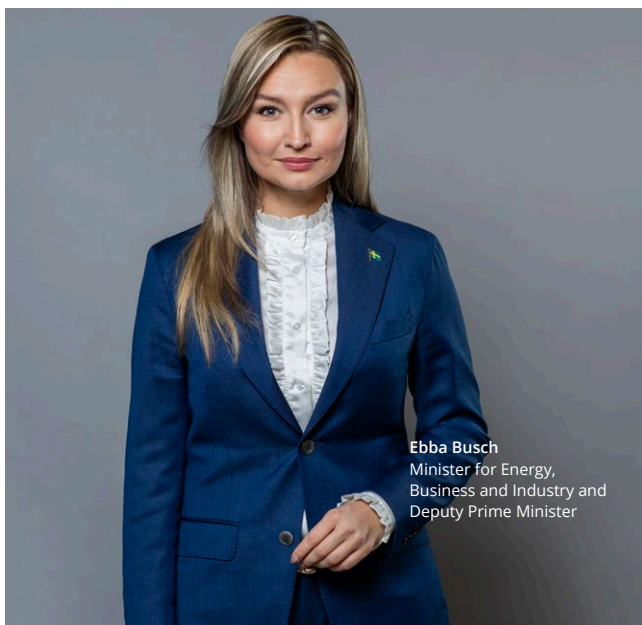


Image: Kristian Pohl/The Government Offices.



# Introduction

Global challenges and a changing world place greater demands on politics, the business sector, government agencies and higher education institutions to strengthen long-term competitiveness, green transition, employment and prosperity throughout Sweden. The Government is therefore presenting this strategy for Sweden's trade, investment and global competitiveness (the trade strategy).

*The fundamental preconditions are good.* Sweden's prosperity is based largely on international trade and the Swedish business sector's strong position internationally. The value of exports is equivalent to 50 per cent of Sweden's gross domestic product (GDP), and foreign-owned companies account for half of this value. Through imports, businesses gain greater access to competitive intermediate goods, and businesses and consumers pay lower prices. Strategic international cooperation within research and development results in new innovations and technological solutions, which in turn contribute to competitive industrial production, increased productivity and greater export capacity. Rapid technological development has resulted in a surge in cross-border trade in services, where the Swedish business sector has demonstrated its competitiveness. Foreign direct investments in Sweden contribute to employment and growth throughout the country.

Swedish businesses are well-positioned to benefit from the possibilities that arise through the green and digital transition, which is currently taking place globally at a rapidly accelerating pace and which is necessary to achieve the goals of both the 2030 Agenda and the Paris Agreement. The Swedish business sector's innovative capacity generates products and solutions that provide global climate benefits by reducing emissions and environmental impact. Therefore, a changing world and the climate challenges also create new business opportunities.

*However, Sweden and the Swedish business sector also face significant challenges.* The long-term competitiveness of Sweden and the EU is being challenged by declining productivity and intensifying international competition. The pace of growth is higher in other parts of the world,

including in many countries in Asia, Latin America, the Middle East and Africa.

Businesses must also take account of a changing world. Political, economic and technological competition between the major powers and other countries that are making headway has increased at the expense of multilateral solutions and contributed to fiercer competition and growing protectionism. A country's technological capacity is both an economic and a security policy issue. Many countries are relying increasingly on their own research, capabilities and resilience, and a more active industrial policy. These are leading to increasing protectionism and trade conflicts at the expense of international cooperation.

Russia's war of aggression against Ukraine in violation of international law has caused a dramatic deterioration of the security situation in Sweden's neighbourhood and increasing global economic insecurity. Vulnerabilities in global value chains and imports of raw materials and intermediate goods during the COVID-19 pandemic highlighted the links between businesses' production capacity and Swedish preparedness and security of supply chains. Moreover, climate change threatens production facilities and transport systems. Businesses are increasingly using regional value chains to mitigate risks by securing access to intermediate goods and by producing closer to customers. The historically positive image of Sweden abroad, which Swedish businesses see as a competitive advantage, is being challenged increasingly often. This is partly a result of malign information influence activities and disinformation.

To meet these challenges and to strengthen Sweden's competitiveness, the investment climate and enabling environment for the Swedish business sector must be world-class. Effective trade flows are becoming all the more important, and so too is access to technology, skills and international contact networks. Open trade with well-functioning logistics, infrastructure and transport systems safeguards imports of raw materials and intermediate goods, which is a prerequisite for exports and maintaining and strengthening Swedish competitiveness.

## Objectives and implementation

To create the best possible conditions for Swedish businesses to engage in trade, boost competitiveness and to offer an attractive environment in which to establish businesses and invest in Sweden are key parts of the Government's overall work to strengthen Sweden's long-term growth capacity, climate transition, productivity, resilience, skills supply and job creation. The Government's trade strategy aims to clarify and strengthen work to achieve the objectives adopted by the Riksdag for industrial policy, trade, and exports and investment promotion (Budget bill for 2023/2024:1, Expenditure area 24).

This strategy outlines three overarching objectives aimed at clarifying the policy direction of the areas that the Government considers essential to achieving the objectives adopted by the Riksdag.

Sweden's strategy for trade, investment and global competitiveness is aimed at achieving three overarching objectives:

1. **Strengthening Sweden's competitiveness and improving conditions for trade, investments and innovation.**
2. **Increasing exports and presence of Swedish businesses in international markets; and**
3. **Strengthening Sweden's position as a prioritised partner for green and digital transition.**

The overarching objectives are further specified by interim objectives to enable continuous monitoring and evaluation. Concrete measures and mandates to government agencies will contribute to implementing the interim objectives. The Government's ambition is to achieve the overarching objectives by 2030. Implementation of the strategy will be an ongoing effort that will continue for the rest of the electoral period. An evaluation will be carried out in 2026 to determine the status of the objectives and interim objectives and what remains to be done.

Including objectives to strengthen Sweden's competitiveness and conditions for trade, investments and innovation broadens the strategy and its objectives significantly in comparison with the previous export and investment strategies adopted by the Government in 2015 and 2019.

The trade strategy outlines the framework for governance of relevant government agencies and promotion stakeholders in this area. In addition, Sweden's missions abroad, Business Sweden and its offices abroad, and the innovation, development and sales capabilities of Swedish businesses themselves will play a key role in achieving the objectives outlined in the strategy.



The goals and targets of Agenda 2030 are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social, and environmental.

## A new holistic approach

With this strategy, the Government is taking a new and holistic approach to Sweden's trade, investment and global competitiveness. The purpose is to offer effective support to Swedish businesses so that they can manage emerging challenges and benefit from new opportunities as they arise. The strategy is also providing guidance to government authorities and other state-funded promotion stakeholders, the business sector, industry organisations, regions and municipalities, and higher education institutions.

Policies and measures taken within different areas should reinforce and complement each other. A gender equality perspective will be taken into account in all facets of the implementation of this strategy. Moreover, close dialogue and cooperation will be necessary within Team Sweden as well as with the Swedish business sector, the labour market partners, the regions, cultural life and other relevant stakeholders.

The strategy is a central element of the Government's overall work in several areas to strengthen Sweden's and the Swedish business sector's competitiveness and ability to continue to attract investments and skills. These measures comprise, inter alia:

- a productivity commission that will conduct an analysis and make proposals on strengthening productivity in the business sector and the public sector,
- initiatives adopted by the Government to reduce the regulatory burden on businesses,
- the Act on the Direction of Energy Policy and the climate action plan, which will improve conditions for the green transition,
- the forthcoming strategy for northern Sweden and the announced updated industrial strategy,
- the forthcoming research and innovation policy bill for Swedish research and innovation to maintain high quality and remain competitive in a global arena,
- an update of the national strategy for life sciences will be carried out. The strategy's aim, for Sweden to be a leading life sciences nation, has a bearing on innovation, investments and competitiveness within the sector,
- the Swedish Migration Agency has been tasked with promoting immigration of highly skilled labour,
- the Government's forthcoming mineral strategy, which is aimed at strengthening Sweden's position as a leading industry and innovation nation,
- a national food strategy 2.0, which is aimed at boosting competitiveness in the Swedish food production chain,
- the planning process for Sweden's transport infrastructure which has been initiated in an infrastructure bill for a new plan period.

Other government agency mandates also have bearing on the objectives of the trade strategy, such as the mandate to support the green transition within the automotive industry and battery sector. The Government also plans to draft a national strategy to promote businesses in the cultural and creative industries with the aim of fostering better conditions for increased exports within these rapidly growing sectors.

## The approach of Swedish trade and investment promotion

The trade strategy focuses on creating an *enabling business environment* and *promotion*.

An *enabling business environment* refers not only to the conditions for enterprise and investments in Sweden, but also the advocacy measures the Government takes to influence EU policy or the work in the World Trade Organization (WTO), the International Labour Organization (ILO) and the Organisation for Economic Co-Operation and Development (OECD) to establish a level playing field for international trade and provide competitive conditions for Swedish businesses. This can involve simplification of trade procedures, removal of trade barriers, reduced regulatory burden for businesses, facilitating cross-border trade, application of regulations on state aid or conclusion of international agreements. Ensuring competitive regulatory frameworks concerning, for example, sustainability requirements in public procurement, permit processes, environmental protection and labour law are also important. Cooperation with likeminded EU Member States is particularly important for improving conditions for trade.

*Trade and investment promotion* involves helping to facilitate exports or internationalisation by Swedish businesses, attracting foreign investments and increasing awareness of, and interest in, Sweden abroad. Sweden's missions abroad are tasked to promote Swedish businesses and trade, assist in attracting foreign investments to Sweden and more generally to support Swedish businesses and the representatives of the Swedish business sector. This is also the primary tasks of Business Sweden, which is mandated by the Government to provide general support to Swedish businesses as well as fee-based consulting services financed by the business sector. General promotion of Sweden should be integrated to a greater extent with trade and investment promotion to further Sweden's economic interests.

Promotion also involves the government agencies and other stakeholders financed by central government that, based on their respective mandates, contribute to Sweden's trade and investment promotion within the scope of the Team Sweden collaboration. In addition to the Government Offices, this collaboration includes Business Sweden, Almi AB, the Swedish Export Credit Agency, the Swedish Energy Agency, the National Board of Trade, the Research Institutes of Sweden, the Swedish Export Credit Corporation,

Swedfund International AB, the Swedish Institute, the Swedish Agency for Economic and Regional Growth, and the Swedish Governmental Agency for Innovation Systems. Other government agencies and stakeholders can participate in this work, such as the Swedish International Development Cooperation Agency, the Swedish Intellectual Property Office, ILV Swedish Environmental Research Institute, the Swedish Environmental Protection Agency, Swecare, the Swedish Board for Accreditation and Conformity Assessment, the Swedish Agency for Growth Policy Analysis and Visit Sweden AB. Other important stakeholders are businesses, chambers of commerce in Sweden and abroad, and higher education institutions.

*The guiding principles* for Sweden's trade and investment promotion stipulate that it should be business-related, demand-driven and developed in close consultation with the business sector. Promotion should focus on the areas where the public sector can create added value and where market actors do not meet businesses' needs. The public funds that are invested must be used cost-effectively and where they provide the greatest benefit. Investment promotion should also contribute to the implementation of regional development strategies in Sweden. Awareness of the needs and experiences of the regions and businesses should permeate the work.

State-funded promotion of exports and internationalisation of Swedish businesses should, within the framework of EU state aid rules, remedy market imperfections surrounding international trade, such as lack of information. This includes raising awareness of business opportunities in certain international markets, providing support and advice on risks, and informing businesses about the export financing system. Initiatives to provide businesses with opportunities to build networks, business relationships and innovative partnerships are important elements of promotion, as is opening doors to decision-makers and potential business partners. Important tools for such work include official state visits, delegation visits with business sector representatives under the leadership of the Government, missions abroad and Business Sweden's international offices.



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Global challenges and a changing world place greater demands on politics, the business sector, government agencies and higher education institutions to strengthen long-term competitiveness, green transition, employment and prosperity throughout Sweden.



ABB is one of the companies manufacturing industrial robots in "Robotdalen" in the city of Västerås. Photo: Simon Paulin. Source: Sharing Sweden.





Objective: Strengthening Sweden's competitiveness and improving conditions for trade, investments and innovation



A dynamic environment for research and an effective innovation support system are key prerequisites for Sweden's and Swedish businesses' global competitiveness.

Sweden is characterised by internationally successful businesses and entrepreneurs that have been able to grow and develop thanks in part to a competitive enabling environment. In general, Sweden is ranked high in renowned international comparisons and indices that measure competitiveness, innovation, green transition and digital maturity. However, the Swedish exports industry is facing significant challenges in maintaining and increasing its market shares in an international

context of increased geopolitical tensions and fierce competition. This places greater demands on Swedish businesses and other stakeholders within the Swedish business sector, as well as on Swedish policymaking. Conditions for small and medium-sized enterprises should be strengthened by improving access for these companies to international trade, investments, research cooperation and innovation collaborations.

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## 1.1 A competitive EU and a well-functioning Single Market

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The basic preconditions for Sweden's trade are established through the EU. The Single Market is the world's largest border-free economic cooperation area and Sweden's home market. Approximately two thirds of Swedish goods exports are destined to countries in the Single Market, and 80 per cent of goods imported into Sweden originate from the EU.

Free movement of goods, services, capital and people in the Single Market is one of the cornerstones of the EU's – and thus Sweden's – competitiveness. Sweden is therefore a proponent of a better-functioning Single Market, an open trade policy towards the rest of the world, increased access to private capital, eCommerce and digitalisation, research and innovation, climate transition, simplification of rules and reduced administrative burden, and an agenda promoting stronger skills. A deepened Single Market, including for both capital and trade in services, should be one of the EU's main priorities, as the Single Market is a powerful engine for jobs, enterprise and sustainable growth.

The services sector in the EU Single Market is lagging behind, with many disproportionate trade barriers that are unfair to businesses with a home market in the EU, and in particular small and medium-sized companies. Trade in services comprises cross-border services in sectors such as IT, technical and other consulting, tourism, transport, health care and education. As services are becoming much more intertwined with manufacturing of goods (servicification), and as services are horizontal in character and strongly tied to the free movement of professionals, the services sector has great potential for increased cross-border trade in both the single market and globally.

The Single Market's regulatory framework needs to be better adapted to global conditions and should be coordinated to a greater extent with international trade policy. An open trade and investment policy towards countries outside the EU strengthens both the EU's and Sweden's competitiveness. Sometimes there are reasons and needs to protect strategic interests within the EU

and nationally, but this must be done in a way that limits the negative effects on the Single Market and the global trading system as far as possible. A discussion is under way within the EU on how this development can be reflected in the Union's collective security, foreign and trade policies. Sweden's standpoint is that a well-functioning international system helps to improve the EU's resilience.

### *Interim objectives:*

- The EU's long-term competitiveness should be strengthened, and the Single Market deepened. The EU should make a renewed political commitment with a long-term vision for the Single Market as a strong and durable engine for jobs, enterprise and sustainable growth for the coming decade.
- Common rules in the Single Market must be respected, the free movement of goods and capital facilitated, and the number of trade barriers reduced, including for eCommerce.
- Rules should be simplified and administrative costs reduced, both in Sweden and at EU level.
- Effective implementation of the European Green Deal will contribute to strengthening the EU's competitiveness.
- The Nordic region must eliminate remaining border barriers and realise the vision of being the world's most sustainable and integrated region by 2030.



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## 1.2 Free, sustainable and rules-based world trade with fewer trade barriers

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Free, sustainable and rules-based international trade and globally accepted standards benefit Sweden and Swedish businesses.

The relatively favourable international climate in recent decades has now transformed into one characterised by tougher competition with growing geopolitical rivalry. This has consequences for trade and investment flows and Swedish businesses' international operations. Many countries are pursuing a more active industrial policy with new trade barriers, export restrictions and other initiatives. Economic security is often cited as justification for this, but protectionism is often the underlying reason. For businesses to be able to rely on access to intermediate goods and for countries to be able to maintain food supplies and sustainable and resilient health systems, it is essential that the international trade system functions efficiently. These challenges are expected to persist, and Sweden must adapt accordingly, including through the objectives and interim objectives set out in this strategy.

Due to technical developments, not least digitalisation, trade in services has grown at a faster pace than trade in goods in recent decades. In Sweden, trade in services accounts for approximately 30 per cent of total export value. This development has also led to a major increase in cross-border transactions and made it possible for more and smaller businesses to trade internationally, for example through digital marketplaces. The WTO predicts that trade in services will continue to increase, as this type of trade is being facilitated.

Sweden defends common rules and a level playing field in the WTO, in EU free trade agreements with third countries and in multilateral export regimes, and underscores the necessity that all parties comply with these rules.

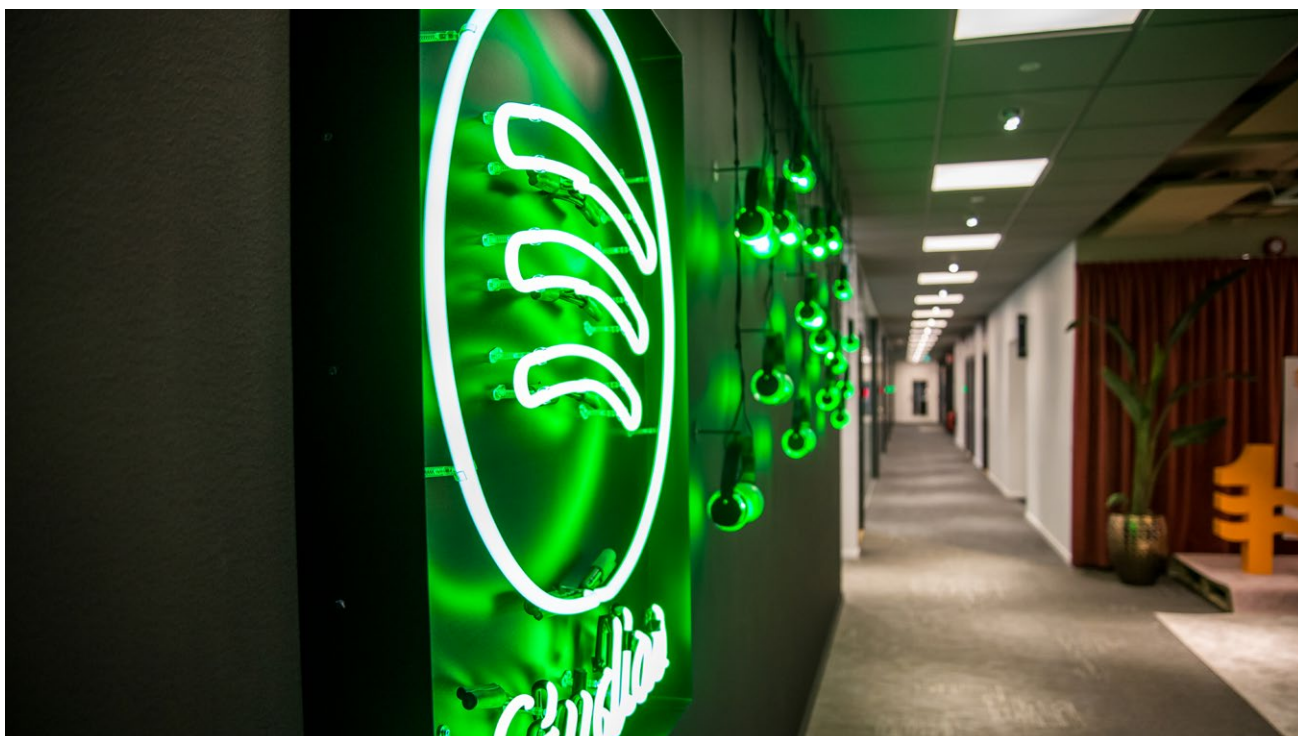
Fewer trade barriers and simplified trade procedures give businesses better prospects for importing intermediate goods and circulating their goods and services. This boosts competition and productivity and reduces global value chain vulnerabilities. Systematic work at Sweden's missions abroad and collaboration with EU delegations

and the European Commission aimed at reducing trade barriers and supporting Swedish business in this regard are very important.

Enhanced investment protection, including promotion and protection of Swedish investments abroad, is becoming an integral part of the Government's work to promote a free, open, sustainable and rules-based international trade system. Multilateral work on investment protection and modernising Sweden's bilateral investment agreements therefore remain prioritised issues. Such investment protection agreements should, if possible, include a reference to the Arbitration Institute of the Stockholm Chamber of Commerce for settlement of international trade disputes, an important services market.

### *Interim objectives:*

- The rules-based trade system, with the WTO as a foundation, must be protected and improved. Major economies must comply with the common rules in the WTO. A fully functioning dispute settlement system should be restored. Countries that aim to reach further on specific issues, e.g. modern e-commerce rules at global level, should conclude agreements with each other. The WTO regulatory framework should be ambitious regarding climate and sustainability aspects.
- New free trade agreements, particularly with strategic partner countries but also with developing countries, should be negotiated by the EU, and it must be ensured that already concluded free trade agreements are ratified and implemented. EU free trade agreements should be ambitious regarding market access in a broad sense (including public procurement) and especially for products with low climate impact and positive sustainability aspects.
- Swedish bilateral investment protection agreements should be reviewed and updated as necessary so as to strengthen conditions for investments globally and in Sweden for the long term.
- Sweden should push for simplification, improved efficiency and digitalisation of customs procedures and fewer trade barriers in the form of regulatory frameworks and import customs/tariffs on intermediate goods, particularly with respect to products with low climate impact and positive sustainability aspects.



Spotify Office Center in Stockholm. Source: Spotify.

### 1.3 Improved conditions for innovative businesses to grow in Sweden and through internationalisation

A dynamic environment for research and an effective innovation support system are key prerequisites for Sweden's and Swedish businesses' global competitiveness. Sweden has a strong foundation from which to operate. More than three per cent of GDP is invested in research and innovation in Sweden, which is high by international standards. The business sector accounts for just over two thirds of R&D investments. Highly specialised and research-intensive businesses in several different sectors provide high added value to exports and make Sweden a leading innovation nation. Prominent research and R&D environments are also key factors for attracting foreign investments. This applies not least in strategically important technological areas that strengthen Swedish capabilities and resilience. Emerging technologies and innovations are also important to achieve the Government's goals for green and digital transition.

Industrial, research and security policy has also become increasingly closely interwoven against the backdrop of geopolitical developments. International competition for technological supremacy is intensifying, and security policy considerations concerning research collaborations

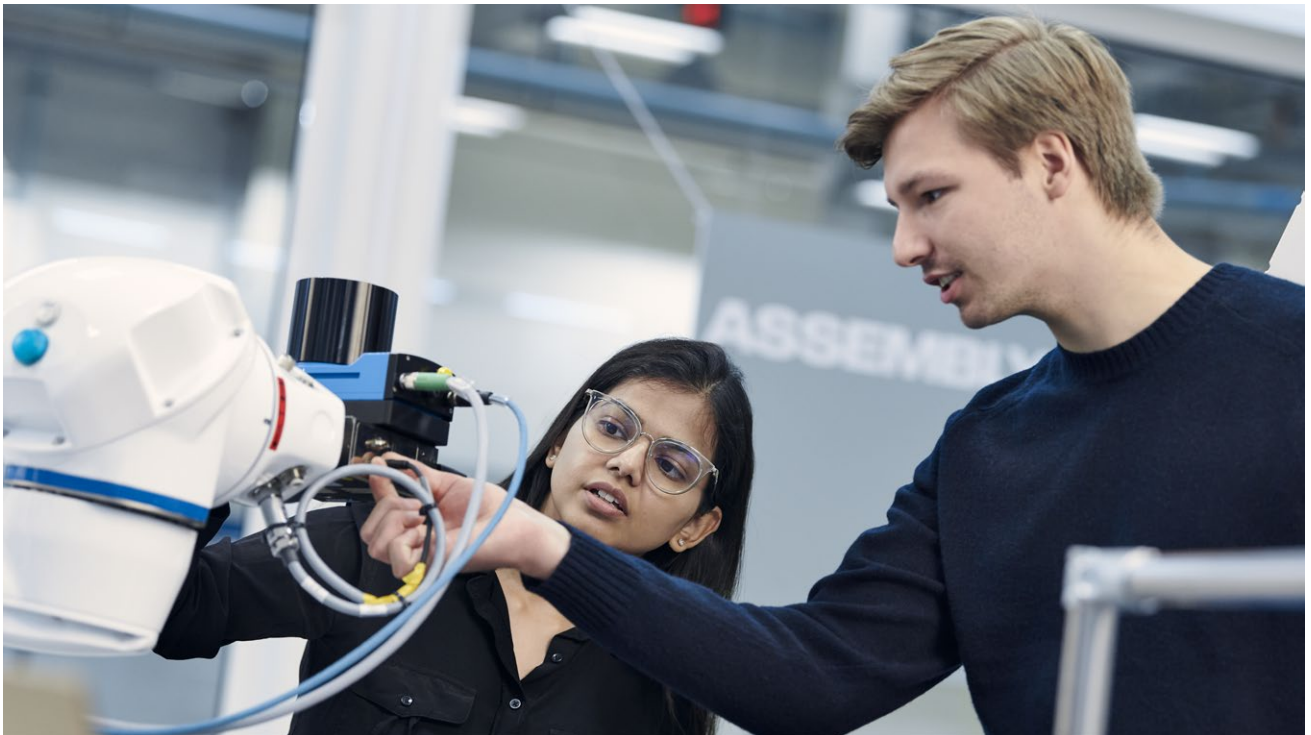
and technological development increasingly influence investment flows and exchange of information.

Well-functioning systems for investment screening, international standards and the ability to ensure access to strategic raw materials for Sweden's green transition are examples of areas that will be critical for the conditions for innovation and growth in Sweden.

Research and innovation is one of nine key areas in the European Commission communication on Long-term competitiveness of the EU, which creates new opportunities for innovative Swedish businesses. The Government's goals are to coordinate initiatives in various areas with the aim of preserving and strengthening conditions for research, development and innovation in Sweden and to make sure that Swedish companies benefit from new business opportunities.

Businesses in general, and innovative businesses in particular, need greater knowledge and awareness of potential risks associated with internationalisation, including in relation to the handling of intellectual property rights in international cooperation on research and innovation. This concerns which information can and should be protected, and in what way.





Digitalization and IT are important tools in the transition to more sustainable transport systems. Source: Scania.

## Strategic international collaborations

For Sweden and the Swedish business sector to be able to benefit from major international investments in research and development, Swedish research and Swedish businesses must have the ability to participate in European and global innovation and knowledge initiatives where tomorrow's leading technologies are being developed. For this reason, Sweden needs to develop wide contact networks and strategic collaborations with important partners. In this context, long-term presence and contact networks are essential, as is utilising the expertise of both women and men. Key requirements for this are good opportunities for co-financing of research collaborations and strong confidence in Swedish counterparts. Strategic partners must trust Sweden's ability to provide secure research environments, conduct effective and credible investment screening, and to safeguard sensitive technologies and digital solutions.

The Offices of Science and Innovation at some of Sweden's Embassies participate actively in Team Sweden and are important for establishing and deepening long-term and strategic relationships in research, innovation and higher education, which can also result in stronger trade and investment relationships.

Sweden's NATO membership will entail a new Swedish foreign and security policy identity and opens up significant opportunities for Swedish businesses to increase their market shares in the area of defence materiel and dual-use products. Sweden will then be better positioned to participate in technological development and the work to formulate new standards for new technologies, both civil and military, including 5G and 6G, semiconductors, artificial intelligence, cyber security and space and quantum technologies.

The Swedish defence industry has extensive technological know-how and provides technology for civilian products and dual-use products. Exports of dual-use products take place within the scope of special regulatory frameworks. A great deal of technological development today takes place outside the traditional defence industry, which bring new opportunities and challenges. When civilian products are used for defence purposes, great demands are placed on collaboration and compliance with export control regulations for dual-use products.

## A coherent approach to Swedish innovation capacity

Businesses that are knowledge-intensive, digital, innovative and design-driven, including start-ups and scale-ups, will play an important role in shaping the future economy, competitiveness and the labour market. A concerted effort is needed to provide innovative Swedish businesses proper conditions to grow and become competitive from the research stage to commercialisation and export. Research-based and knowledge-intensive businesses often have expertise that is strategically important for the transition of industry and society. Many businesses have built their operations on fundamental research or advanced technologies that have entailed long, complex and capital-intensive development processes, and that require compliance with export controls. They frequently have the ambition of scaling up and entering international markets at an early stage of their development. It is important that these businesses can receive support from Team Sweden in pursuit of their ambition of internationalisation, including the possibility of benefiting from EU funding. At the same time, these businesses should be given the prospects to continue to grow and reach their full potential with Sweden as a base.

Improving the conditions for Swedish testbeds and demonstration environments is important for the business sector's research and development. This is a competitive advantage for Sweden in investment promotion and can also improve Swedish businesses' ability to develop their products, services and international networks.

### *Interim objectives:*

- The policy conditions for businesses in Sweden should be improved in areas with deficiencies or which are lagging behind competitor countries.
- A number of prioritised research and innovation collaborations, including within new growing technological areas, with strategic partner countries should be established or advanced through cooperation with the business sector and Team Sweden by 2026.
- Innovation and research collaborations with countries where the Government's science and innovation counsellors are posted should be intensified. Synergies with trade promotion should be sought.
- Through the EU and at global level, Sweden should work to gain traction for Swedish priorities in the formulation of future green and digital standards.
- Sweden should strengthen its position as an attractive international test market for new sustainable and design-driven solutions.
- The defence research innovation initiative should lead to increased collaboration between the civil sector and the traditional defence sector, and increase Sweden's participation in international innovation collaborations, such as the European Defence Fund and the NATO Defence Innovation Accelerator for the North Atlantic (DIANA).
- The Government's investments in innovation should to a greater extent link up with, and be able to expand through, European initiatives to strengthen innovation.



The high-voltage direct current (HVDC) conversion station in Emden, Germany, transmits electricity for up to one million households from offshore wind power in the North Sea. Source: Hitachi Energy, Ludvika.



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## 1.4 Better conditions to attract international skills

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In many sectors, insufficient access to the right skills is one of the greatest obstacles to Swedish businesses' capacity to grow, develop and attract foreign investments. High-quality education and research are essential to businesses' skills supply and Sweden's prosperity. Green innovations and world-leading education and research create conditions for the new jobs of the future and strengthened competitiveness in the business sector. Swedish businesses' ability to compete for the foreign expertise that is necessary to remain at the leading edge of global innovation is a prerequisite for Swedish growth potential. This also improves conditions for Sweden's leadership in green and digital transition and is needed so that Sweden remains an attractive country for major business start-ups and expansions. In some regions in Sweden, the demand for skilled labour exceeds local supply.

Sweden should therefore have an effective and efficient system for attracting and retaining qualified labour from Sweden, the EU and third countries, thus enabling businesses to easily recruit skills that strengthen Swedish competitiveness. Strong skills supply is also essential for sustainable development of Sweden's regions and the ability to attract investments throughout Sweden. An important part of improved skills supply is Sweden's ability to offer attractive work, study and research opportunities. International cooperation within higher education and in research are in many cases decisive for world-class research and innovation. High-quality research environments and competitive research infrastructures can attract international talent and contribute expertise and key skills in Sweden. Through relationship-building and communication, promotion of Sweden contributes to enhancing Sweden's attractiveness.

To attract and retain foreign labour having in-demand skills, it is also important that it is easy to move to, and settle down in, Sweden. This necessitates competitive conditions in areas such as taxation and efficient

processing of work permits. It also involves practical issues such as access to jobs or studies on various levels for accompanying family members, housing, bank accounts and cultural and leisure activities. The need for swift validation of foreign individuals' skills and professional licences are becoming more important for businesses to be able to attract the right skills. Good cooperation between government agencies, at both national and regional level, is a prerequisite for clearing administrative obstacles to attracting and establishing foreign labour and their families.

### *Interim objectives:*

- Processes for the promotion of recruitment of qualified labour and for the establishment of foreign labour in the Swedish society should become more effective. Services for businesses and jobseekers, processing times for work permits and validation of foreign individuals' skills and professional licences should be competitive and at least on par with similar processes in competitor countries.
- Greater focus should be placed on building prominent research and innovation environments around the areas of strength of Swedish research so that higher education can compete with the world's leading research and innovation environments and attract the best talent.
- The conditions for foreign doctoral students and researchers to work in higher education institutions in Sweden and gain employment in the business sector should be improved.
- Sweden should rise in the rankings as an attractive destination for foreign qualified labour.
- Regional and national work to attract foreign skills should be developed to make Sweden more attractive as a career destination and a good place to work and live for the target group of individuals with qualified skills.

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## 1.5

### Improved business climate for investments

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Foreign direct investments contribute to the Swedish business sector's development, employment and international competitiveness. Sweden has good prospects for attracting strategically important investments that are high in the value chains. Global competition for these investments has increased in recent years, partly due to new forms of state aid in certain countries. The Government needs to continuously monitor and analyse the investment climate in Sweden to identify challenges and ensure that Sweden offers competitive conditions for both Swedish and foreign businesses throughout Sweden.

Important factors for a favourable investment climate may comprise both quality and cost factors such as access to skills, digital and physical infrastructure, sustainability leadership, tax levels and labour costs. For foreign direct investments, also other important interests need to be considered, such as national security and civil preparedness. To improve Sweden's attractiveness and investment climate good collaboration and coordination are also needed between national, regional and municipal levels, and with the business sector and other relevant stakeholders. Bilateral tax agreements with other countries aimed at avoiding double taxation and tax evasion help to encourage investments between the states that are party to the agreements. Double taxation agreements with more countries should be pursued.

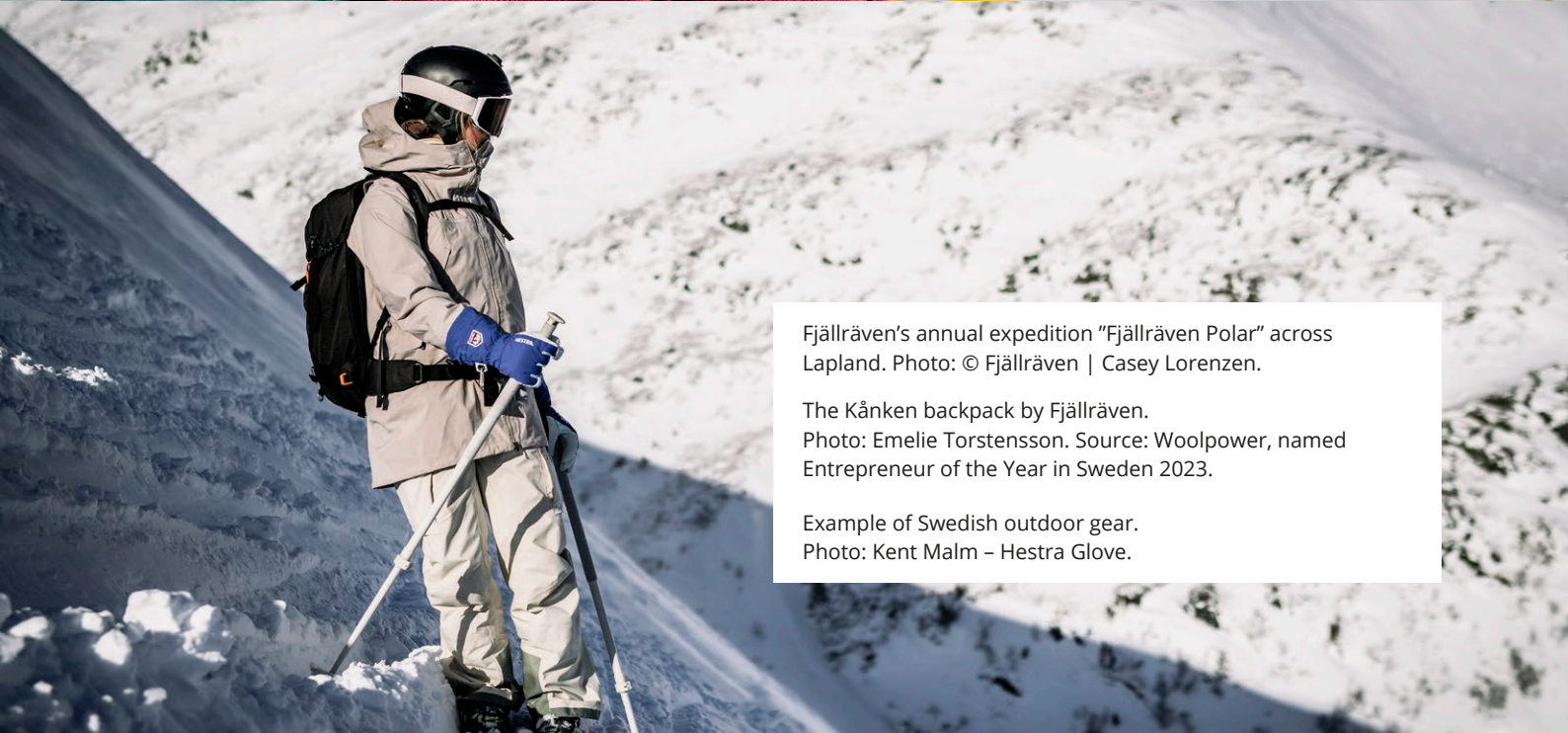
Business Sweden is commissioned by the Government to conduct state-funded investment promotion in close collaboration with Sweden's regions and municipalities and Sweden's missions abroad. State-funded investment promotion should be based on Swedish areas of strength. Promotion activities should be effective and geared towards the sectors and countries with businesses that can create the greatest added value for the Swedish economy in the form of employment, capital, know-how, expertise, innovation and market development. Foreign direct investments by small and knowledge-intensive businesses that can provide key skills to regional development in Sweden can also be strategically important. They can also contribute to Nordic economic integration and sustainable value chains.

Swedish businesses' awareness of intellectual property rights and protection of intellectual property need to increase – not only to enable their growth and business development, but also to protect Swedish interests. Strategic acquisitions are one of the ways that other countries gain access to know-how and intellectual property. In Sweden and other countries, investment screening systems are being introduced or fine-tuned. This enables screening, approval, and setting of conditions for, or limiting, foreign direct investments as necessary, based on security aspects. It should be easy for businesses to identify, assess and manage risks associated with investments and protection of their intellectual property.

#### *Interim objectives:*

- The investment climate for both Swedish and foreign businesses throughout Sweden should be attractive and competitive.
- The capability of relevant agencies, regions and other stakeholders to identify and overcome obstacles to investment and establishment of businesses should improve.
- Sweden should, to a greater extent, be able to present an attractive and cohesive investment offer for potential investing businesses. This requires increased cooperation between all Swedish stakeholders throughout the chain of the investment and establishment process.
- Investment promotion should be streamlined, made more strategic and reach more relevant potential investors.
- Foreign direct investments in Sweden should increase in terms of number, size and strategic relevance.
- Swedish government agencies need to assist the European Commission effectively in cases falling under the new EU Regulation on foreign subsidies distorting the internal market. The purpose is to ensure a level playing field in the single market. The handling of reviews should not lead to a greater administrative burden than necessary for the businesses concerned. The EU should return to a restrictive stance and application of the common state aid rules as soon as possible to avoid unsound competition for investments.
- Proactive follow-up of investments already made by foreign-owned businesses in Sweden should be developed to promote further expansions.





Fjällräven's annual expedition "Fjällräven Polar" across Lapland. Photo: © Fjällräven | Casey Lorenzen.

The Kånken backpack by Fjällräven.  
Photo: Emelie Torstensson. Source: Woolpower, named Entrepreneur of the Year in Sweden 2023.

Example of Swedish outdoor gear.  
Photo: Kent Malm – Hestra Glove.





Heart Aerospace electric aircraft. Illustration of their ES-30 aircraft model.  
Source: Heart Aerospace.



## 2

Objective: Increasing exports and presence of Swedish businesses in international markets

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Successful trade promotion requires goal-oriented support provided through all the stakeholders that are part of the Team Sweden collaboration.

Sweden's openness to the world should be maintained with consideration given to our interests, values and our security. Trade promotion in our own region, the EU and North America, where Sweden and Swedish industry has long had a strong presence, should be maintained and further developed. A long-term initiative is also being introduced to support Swedish businesses' participation in the reconstruction of Ukraine, starting with consolidating Business Sweden's presence in Kyiv. Sweden's official presence globally is also important for its ability to support Swedish businesses, not least small and medium-sized enterprises, in taking advantage of the available opportunities in rapidly growing markets outside our region. A new and long-term promotion initiative is therefore being introduced in Asia. Within this context, Sweden will take part in World Expo 2025 in Osaka.

Successful trade promotion requires goal-oriented support provided through all the stakeholders that are part of the Team Sweden collaboration. Successful business promotion also requires sector-specific expertise both in the promotion system and at missions abroad.

This collaboration will be advanced in consultation with the business sector and will more actively pursue business opportunities and position Swedish solutions within strategically important areas, such as green and digital transition. This also applies to work on major strategic business deals (so called HPOs, High Potential Opportunities).

Businesses operating in more challenging markets have the greatest need of support from the state. Small and medium-sized enterprises in particular find that barriers to exports are more complicated outside the EU than in the single market. In this context, the state can play a role in providing businesses with support and advice, helping with contacts, securing market access and helping to lower thresholds and mitigate risks associated with trading in countries beyond our own region, including with regard to sustainability issues. If entering into a memorandum of understanding or cooperation agreement with another country is necessary to pave the way for business development, the Government will be open to doing so.

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## 2.1 More effective support for exports and internationalisation of small and medium-sized enterprises.

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For stronger long-term sustainable growth, not least during periods of economic downturn, more small and medium-sized enterprises need to participate in international trade. More Swedish suppliers and subcontractors need to become part of global and regional value chains. Geopolitical developments and extensive changes brought by digitalisation, sustainability requirements and the focus on transition entail continual changes to businesses' need for advice and support regarding exports, imports, investments and internationalisation. The needs and demands of businesses should be at the core of state-funded exports promotion.

Many organisations are involved in supporting the internationalisation of small and medium-sized enterprises, resulting in a system that may be perceived as complicated and difficult to grasp. Very close cooperation within Team Sweden based on the needs of businesses should be guiding the support provided by various entities. Industry representatives and chambers of commerce can be utilised more strategically in exports promotion.

Synergies between promotion and sustainable regional development in Sweden should be strengthened, also with respect to strategies for smart specialisation and other initiatives taken by regions in Sweden. Effective coordination with the regions and with municipalities on business promotion is an important part of this.

Medium-sized enterprises in Sweden seem to have more difficulty growing through exports than the same type of businesses in other countries. There is need for an increased understanding of the causes of this and an analysis of which support measures could come into consideration to facilitate the internationalisation of medium-sized enterprises. Promotion of Swedish services exports should be improved by better adapting promotion support to this category of companies. For example, suitable export financing models for services exports should be considered and developed

where relevant. Swedish businesses must also be better informed about intellectual property rights and protection of intellectual property to strengthen their competitive advantages and protect Swedish interests.

High-quality support to businesses within the cultural and creative sectors – e.g. gaming, music, design and content production – contributes to both increased Swedish exports and spreading awareness of Sweden as a country and as a brand. The value of Swedish exports within cultural and creative industries is increasing, and this sector also creates many jobs in Sweden.

### *Interim objectives:*

- There should be a clear and central point of contact for businesses seeking advice, financing and support for their internationalisation processes.
- Cooperation should be furthered between Business Sweden, Almi Företagspartner AB, the Swedish Export Credit Corporation, the Swedish Export Credit Agency, the Swedish Agency for Economic and Regional Growth, the regions and other concerned stakeholders such as the Enterprise Europe Network. The expertise and networks of chambers of commerce should be utilised to a greater extent.
- Industry expertise should be utilised in Team Sweden's promotion work and thereby improve support to businesses. Synergy effects with the regions in their work on smart specialisation strategies or similar approaches should be realised.
- Service providers and businesses operating in entirely digital environments should receive more effective support for exports and internationalisation.
- Small and medium-sized enterprises should be able to easily receive information about business opportunities offered by EU free trade agreements.
- More small and medium-sized enterprises should be given opportunities to take part in exports initiatives linked to large strategic export contracts.
- Swedish businesses should gain greater knowledge and awareness of intellectual property rights and protection of intellectual property. The Swedish Intellectual Property Office, Business Sweden and the National Board of Trade can contribute to this.

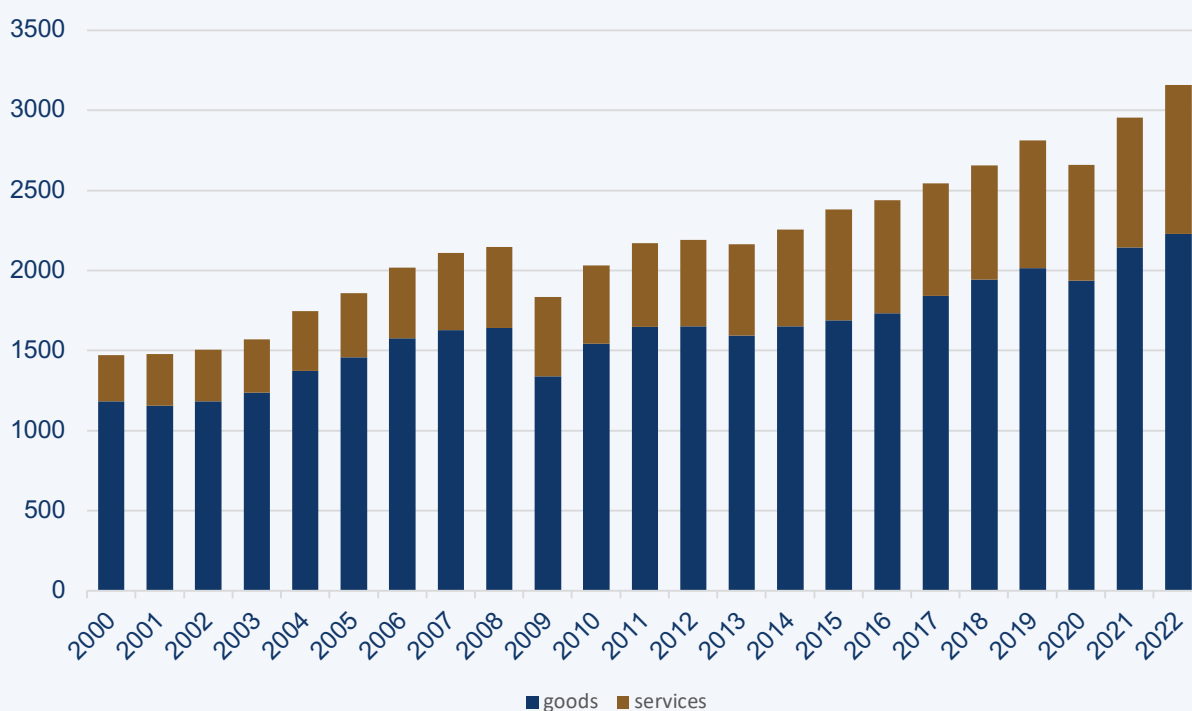


## About Swedish exports

The top three Swedish export goods in 2022 were motor vehicles (252 billion SEK), machines (227 bn SEK) and metals (151 bn SEK). The most important services exports were business services (267 bn SEK), data and information services (212 bn SEK) and transportation services (121 bn SEK).

## Swedish exports over time

Swedish exports in billion SEK, constant prices (2022), Source: SCB, national accounts



## Top ten Swedish export markets in 2022

Exports in billion SEK, current prices, Source: SCB, international trade statistics

	Goods	Services	Total exports
Norway	217	92	309
USA	185	122	307
Germany	204	65	269
Denmark	149	62	212
Finland	147	54	201
UK	111	84	195
Netherlands	97	35	132
France	80	40	120
China	71	29	100
Poland	81	13	94

## Top ten Swedish sources of imports in 2022

Imports in billion SEK, current prices, Source: SCB, international trade statistics

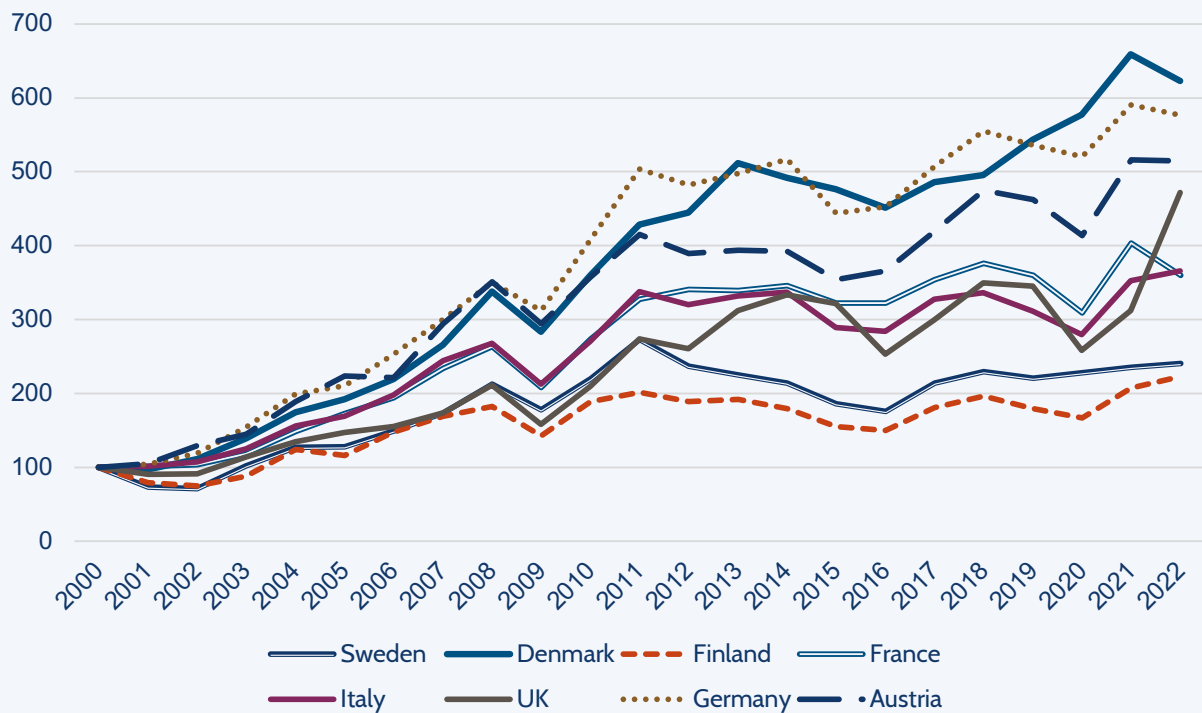
	Goods	Services	Total imports
Germany	313	89	402
Norway	254	45	299
Netherlands	219	56	275
UK	84	133	217
USA	76	141	217
Denmark	130	65	195
China	121	25	146
Finland	94	52	146
Belgium	98	26	125
Poland	88	24	112

### The fastest growing markets are middle income countries

The OECD expects that roughly 70 percent of GDP growth from today until 2040 will occur outside of the OECD economies. Particularly middle income countries such as China, India, Indonesia, Türkiye, and Brazil are expected to contribute a large share of global growth. Swedish goods exports to the ten middle income countries that are expected to grow the most have increased slower than those of comparable European countries (except Finland). It should however be noted that Swedish companies maintain a significant local presence (>20 000 local employees) in China, India, Mexico, Türkiye and Brazil.

### Goods exports to growth markets

Index (2000=100), USD, Source: IMF Direction of Trade Statistics



## 2.2 Focus on support to Ukraine

Sweden will provide support to Ukraine for as long as it takes. The Government has adopted a strategy for Sweden’s reconstruction and reform cooperation with Ukraine. At the same time, major business opportunities are emerging in the reconstruction work. Engaging the entire Swedish resource base through the Team Sweden collaboration is a top priority. This should be facilitated with all available means, including by collaborating with the Swedish business sector and highlighting Swedish partners’ added value. Business sector engagement is a key element in the efforts to assist Ukraine in its reconstruction. The Government has tasked Business Sweden with providing assistance through initiatives on the ground for Swedish business to participate in Ukraine’s reconstruction work.

#### Interim objectives:

- A Team Sweden collaboration on Ukraine should help identify opportunities for Swedish businesses to contribute to Ukraine’s reconstruction and economic development.
- There should be good conditions for the Swedish business sector’s engagement in Ukraine.





Join Sweden Summit 2022. Source: Business Sweden.

## 2.3 A new and long-term promotion initiative in Asia

Asia and the Pacific Region is expected to be the world's fastest-growing region. A new and long-term promotion initiative is being introduced to further trade and investment relations and other forms of cooperation with several countries in the region. This is partly aimed at strengthening partnerships with a focus on exports to third countries. The initiative will focus on innovation and digital and green transition in strategically important growth, export and investment markets.

Another aim of the initiative is to reduce vulnerabilities in Swedish businesses' value chains. Promotion will be intensified with the aim of cooperating with technologically leading countries to deepen and broaden the Swedish innovation exchange. Relevant Swedish government agencies and organisations within Team Sweden will be involved, and Business Sweden's presence in Asia will be enhanced. Delegation visits to Asian countries are a central element of the initiative.

Swedish businesses will also be given good prospects to benefit fully from the opportunities provided through the free trade agreements that the EU has negotiated with Japan, South Korea, Singapore, Viet Nam and New Zealand. Other potential export markets where negotiations on free trade agreements are under way should also be highlighted. These include Australia, India, Indonesia and Thailand, as well as countries

where negotiations may be initiated or resumed, such as Malaysia and the Philippines.

China remains a major and important economic actor in the region. India's huge market potential as the world's most populous country with a young population and the world's fifth-largest economy should be highlighted. Sweden should further strengthen its good cooperation within innovation, digitalisation and green transition with South Korea and other advanced economies in Asia. There are also potential synergies between development cooperation, promotion of exports and investment, and trade policy in several low and middle-income countries in the region.

The participation of Sweden, Swedish government agencies and the Swedish business sector in the Nordic Pavilion and EXPO 2025 in Osaka will be an important part of this initiative, in line with the ambition of deepening the strategic cooperation with Japan.

### *Interim objectives:*

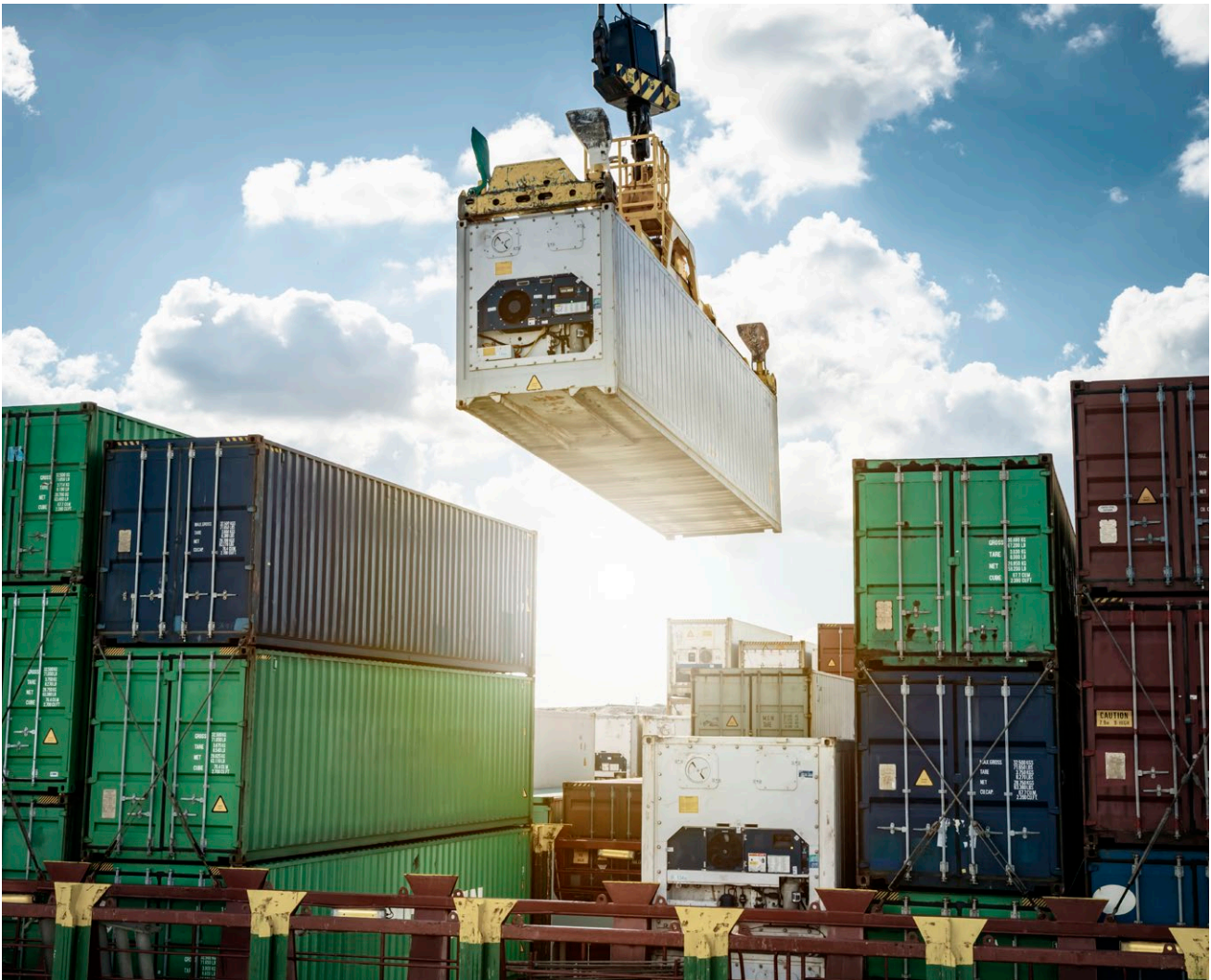
- Swedish businesses should increase their share of exports and their presence in Asia and the Pacific Region.
- Sweden's participation in World Expo 2025 in Osaka should help strengthen the Swedish business sector's competitiveness in Japan and the region.
- Investment promotion should be developed and result in greater interest in Sweden as an investment destination for businesses in the region.

## 2.4 Improved Team Sweden cooperation for greater impact

Sweden's strength in promotion of both trade and incoming investments builds on collaboration. Team Sweden is a flexible form of collaboration to coordinate Swedish actors' activities in a country or within a sector aimed at positioning Sweden and Swedish solutions. When missions abroad, other government agencies, higher education institutions and Business Sweden cooperate successfully, the impact of promotion activities is maximized. Within the framework of Team Sweden, government agencies can collaborate with the business sector to harness business opportunities. Team Sweden collaborates both in Sweden and abroad.

### *Interim objectives:*

- A more cohesive and effective governance structure should improve coordination and prioritisation of the work within Team Sweden.
- The working methods within Team Sweden should be developed with a clearer strategy of harnessing new business opportunities and identifying common priorities for individual countries and thematic areas.
- Team Sweden collaboration should strengthen sector-specific expertise in promotion and at missions abroad.
- Team Sweden collaboration should be made more effective and generate a larger number of major export contracts of strategic importance to Sweden. The direction and scope of Team Sweden's collaboration at country level should be clearly guided by the Swedish business interests, which should be matched with each country's plans and priorities for green and digital transition. Business Sweden will continue to have a role as project manager.



Refrigerated container being loaded. Source: Getty Images.





Ice hotel, built annually in the northern Swedish village of Jukkasjärvi. Photo: Asaf Klinger.

## 2.5 More effective use of delegation visits and incoming visits

Delegation visits are a sought-after and effective form of business promotion for, among other things, the networking and contact-creating opportunities that they offer. By gathering Swedish know-how and solutions in a single delegation, the impact can be even greater, not least in remote markets. Business sector representatives have identified significant room for improvement and have advocated for greater involvement of the business sector early on in decision-making processes regarding i.a. which countries to visit and the selection of themes for major promotion activities. Such a demand-driven and targeted approach would increase both the precision and business outcomes of delegation visits.

### *Interim objectives:*

- Planning and implementation of both outgoing delegation visits and incoming high-level and corporate visits to Sweden should become more effective, strategic and tailored to the interests and priorities of Swedish export businesses. Aspects related to both import and investment promotion should also be included, and the interests of the Swedish cultural and creative sectors should be taken into account as well.
- The Government has overall responsibility for business promotion within the various policy areas. The Government will lead more business promotion delegations and receive important trade delegations visiting Sweden.
- The proportion of small and medium-sized enterprises participating in delegation visits should increase, and a more equal gender representation should be pursued.



Visit to the Falcondo mine outside Santo Domingo, Dominican Republic. Photo: Jesper Bernhardsson.

## 2.6 Development of promotion activities at missions abroad

Promoting business and promoting Sweden are core tasks for the Swedish Foreign Service. Swedish economic interests should carry great weight in the activities of missions abroad. Embassies and consulates-general should have good knowledge of which Swedish businesses have a presence in their country of posting and regularly invite them to engage in dialogue. The same also applies to important decision-makers within the business sector in the country of posting. It is very important that the missions abroad learn which challenges and opportunities Swedish businesses encounter in the relevant country to understand how to best assist them. Presenting a facts-based and positive image of Sweden and Swedish solutions for societal and industrial challenges, such as gender equality, climate, and health is a central activity in support of Swedish economic interests. So is maintaining a dialogue and developing forms of cooperation and contact networks between countries, businesses, research, and cultural actors. The official ambassadorial residences should be used proactively in efforts to promote Swedish business interests, Swedish artistic and creative expression, as well as Swedish foods and beverages.

Missions abroad are responsible for planning and implementation of local promotion initiatives, in close consultation with Business Sweden and other organisations and government agencies within Team Sweden. Matching of Swedish skills, goods and services with major investment plans that entail business opportunities in the country of posting is an important joint task for missions abroad and Business Sweden. Missions abroad can also contribute to resolving trade barriers through dialogue with the relevant government agencies in the country.

### *Interim objectives:*

- Missions abroad should focus on integrated trade, investment, and innovation promotion in accordance with this strategy.
- Trade and investment promotion at the missions abroad should be business-oriented, demand-driven and developed in close coordination with the business sector, Business Sweden and other government agencies and stakeholders within Team Sweden.
- Missions abroad should have in-depth knowledge about important business sectors in the country of posting, as well as of the Swedish industry's areas of strength.
- Use of official residences by the missions abroad for promotion purposes should include showcasing Swedish artistic and creative expression, works, articles for everyday use, and foods and beverages.

## 2.7 Enhanced support for risk management and regulatory compliance

Uncertainty and risk in growth markets associated with businesses' reputational risk, access to financing and greater unpredictability in political and economic developments can be perceived as obstacles for businesses considering establishing a presence in emerging markets. Swedish businesses are expected to follow the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and act responsibly, not least by combating corruption.



Sustainability requirements may entail increased expectations on Swedish businesses in relation to their value chains. The driver is Swedish, EU and international legislation, which is forcing a shift in a number of areas that may affect trade. Responsible business conduct, regulatory compliance and zero tolerance for corruption are assets and competitive advantages for Swedish businesses with well-functioning internal processes and control systems. Demanding environmental requirements have contributed to innovation and competitiveness for Swedish businesses.

Swedish businesses should be able to operate in complex markets and may then need support to manage risks and due diligence requirements as regards social and environmental sustainability and corruption. To facilitate coordination, relevant Swedish government agencies should have compatible sustainability criteria.

The Government aims to ensure that Swedish businesses will be given the same opportunities to receive support in managing financial and commercial risk in complex markets as businesses from comparable OECD Member countries.

*Interim objectives:*

- The dialogue between public promotion agencies and the business sector on geopolitical developments should be more systematic. Possibilities for business to request advice and support on topics such as value chain diversification should be improved.
- The processes for assessing market risks in challenging contexts should be improved through enhanced cooperation between the stakeholders in Team Sweden. Swedish businesses will be given effective and appropriate support in navigating due diligence legislation in the same way as in comparable OECD countries.
- All relevant Swedish government agencies and institutions should, where possible, apply compatible sustainability criteria.
- Support to producers and government agencies in growth countries for quality assurance of goods and services and to meet sustainability requirements should also benefit the value chains of Swedish businesses.

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## 2.8 Export financing as a strategic tool in export promotion

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The ability to offer attractive financing solutions in export contracts is essential in promoting Swedish business sector interests and often a precondition for Swedish companies to be awarded contracts.

As financing is a clear competitive tool, the OECD has long sought to establish a level playing field and equal conditions for the use of export credits and guarantees. Cooperation within the OECD Arrangement on Officially Supported Export Credits plays an important role in developing the regulatory framework. The EU and its institutions are also becoming increasingly aware of the importance of financing and closer collaboration between the business sector and international development cooperation to meet global competition.

A more strategic and well-coordinated policy for export financing and internationalisation contributes to improved possibilities for Swedish businesses to utilise financing within the framework of the EU, multilateral development banks and international organisations.

*Interim objectives:*

- Better coordination and a deeper understanding of issues related to export financing among Swedish government agencies is necessary to promote Swedish goods and services exports more effectively. Opportunities for accessing financing via Global Gateway, multilateral development banks and other sources of financing should be fully utilised, including through the assistance and advice of Business Sweden.
- Prospects for appropriate support to Swedish businesses to do business and manage risks associated with the reconstruction of Ukraine and in growth markets outside the EU should be improved.
- Sweden will advocate for the EU and the OECD export financing regulatory frameworks to be amended to better promote sustainable development and low life-cycle costs.





Source: Getty Images



### ▶ 3

Objective: Strengthening Sweden's position globally as a prioritised partner for green and digital transition

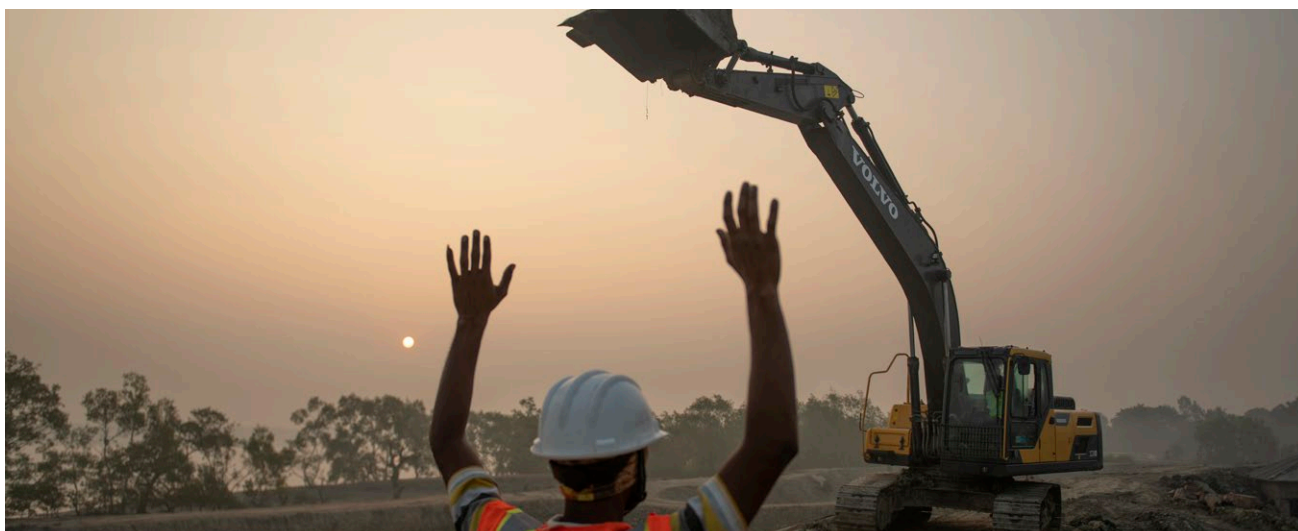
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The prospects for enhanced synergies between international development cooperation, trade promotion and trade policy are particularly good with respect to green and digital transition.

Transitioning to a fossil-free and climate-neutral society requires major investments worldwide. When heavily populated countries such as the US, India, Indonesia, Nigeria, Egypt, Brazil and Mexico invest substantially in the transition of their industries and societies, major export opportunities are created for Swedish products, services and sustainable solutions. At the same time, new product legislation and international targets for reduced climate and environmental impacts means that Swedish companies must be able to meet new and stricter requirements to remain competitive in the global market. Swedish businesses are at the forefront of recycling capacity and offer circular and resource-efficient business models in a number of industries. Swedish know-how is in demand in areas such as energy transition, fossil-free steel, manufacturing, sustainable transport solutions, smart and sustainable cities, battery production, semiconductors, sustainable mining, health

and life sciences, green industries, and raw and new materials. The prospects of continuing to attract green investments to Sweden are therefore good.

The green and digital transition creates business opportunities worldwide, both in Sweden's established export markets and in low and middle-income countries. The Government's work to strengthen trade, investments and competitiveness continues to play an important role in the EU's single market, but when growth is generally higher in markets outside Europe, there is a potential to increase the bilateral exchange with those countries as well. Many such growth economies are also high-emissions countries, and therefore very important for international climate action. Sweden pursues an active climate diplomacy and enjoys a high level of confidence as a major donor to the global environment and climate funds.



New protective embankments and dams along the coast of the Sundarbans region of India. Source: Volvo.

### 3.1 An image of Sweden that communicates partnership

Great awareness and a facts-based and positive image of Sweden abroad are important for Swedish competitiveness and benefit the business sector. In international comparisons of various countries' attractiveness, Sweden stands out for its high credibility as regards green and digital transition (Nation Brands Index).

Promotion of Sweden abroad and public diplomacy aim to gain traction for Swedish interests, strengthen the competitiveness of Swedish businesses and increase resilience to disinformation and malign information influence. Emphasis should be on positioning Sweden as a global knowledge nation and innovation leader, and a partner for economic and democratic development, green transition and digitalisation. Sweden should be an interesting country to visit, attractive for investments and a desirable place to work in for international talent. The Swedish corporate culture is distinguished by flexibility, willingness to collaborate and decentralised decision-making structures based on our society's values of gender equality, transparency, and co-determination at the workplace, and this a major advantage in international competition for international labour.

The Swedish Institute plays a central role in sharing information and increasing the awareness about Sweden, promoting Swedish interests internationally and contributing to long-term relations between Sweden and other countries. The Swedish Institute contributes by providing background material, analyses

and communications support to government agencies, embassies, businesses, Swedish regions and stakeholder organisations. Visit Sweden AB also contributes to promoting the image of Sweden in its marketing. The more actors we have sharing facts-based and positive information about Sweden and Swedish solutions, the greater the impact for Sweden globally. In addition to contributing to major export value, businesses in the cultural and creative industries can also function as important bearers and ambassadors of Swedish ideas, knowledge and culture.

A major green industrial transition is under way in Norrbotten and Västerbotten Counties. This is an example of Swedish leadership in the green and digital transition of industrial sectors that can showcase Sweden's strengths internationally.

#### *Interim objectives:*

- Sweden should be clearly positioned as a leading cooperation partner in green and digital transition efforts in countries with major market potential for Swedish exports.
- Sweden should retain its top-ten position in the Nation Brands Index.
- Communication about Swedish solutions and Sweden as an innovation, trade, investment and knowledge nation, such as the Swedish Institute's Pioneer the Possible, should be developed and expanded in consultation with the business sector. Developments in Norrbotten and Västerbotten Counties should be highlighted.
- Team Sweden's joint efforts to create interest and confidence in Sweden abroad and counter disinformation should be strengthened.

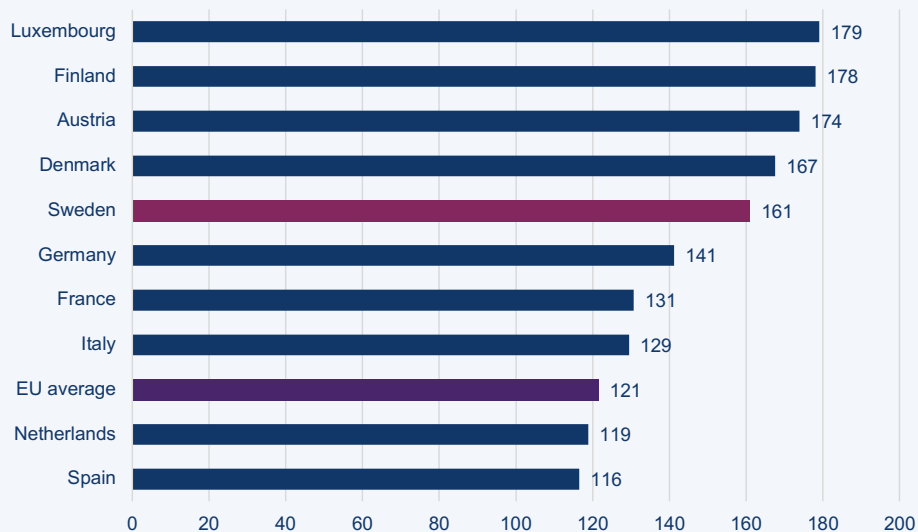


## Green and digital transitions set to drive investment

Clean energy is estimated to account for more than 60 percent of global energy investment in 2023, a share that is likely to increase further. Outside of the energy sector, sustainability is set to play an increased role in corporate and public sector investment decisions. The Swedish economy is well-positioned to take advantage of these developments, as illustrated by rankings such as the European Commission's Eco-Innovation Scoreboard where Sweden ranks well above the EU average. International rankings also show Sweden to be well-prepared for the digital transition. According to the Digital Economy and Society Index (DESI), Sweden has strong IT skills among corporations and the general population, as well as a well-developed digital infrastructure. Some areas are in need of improvement, however, particularly 5G coverage.

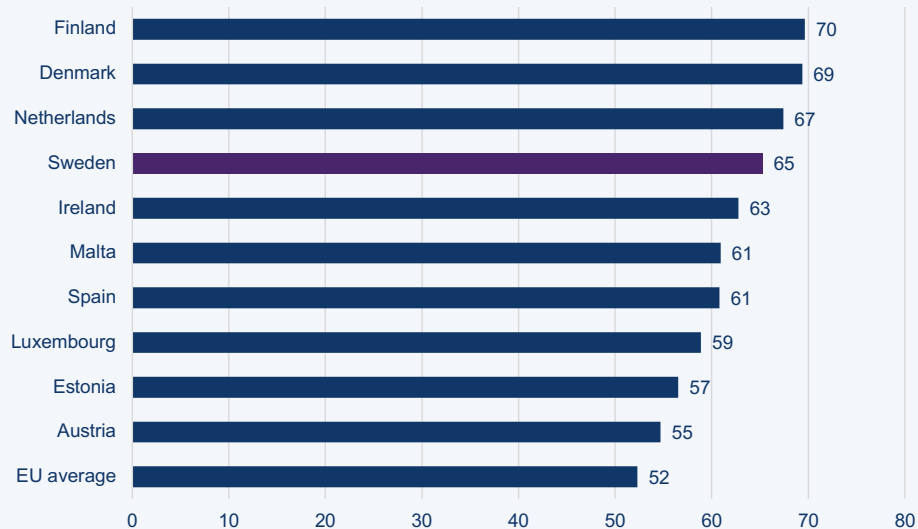
### Sweden is well positioned in sustainability and green innovation

Eco-innovation Scoreboard 2022, overall index, Source: European Commission



### Sweden displays high levels of digital maturity

Digital Economy and Society Index 2022, overall index, Source: European Commission



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## 3.2

### Increased coordination and better synergies between trade policy, trade promotion and development cooperation

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Better interplay between development cooperation, export and investment promotion, and trade policy can improve the prospects for sustainable development in developing countries through increased trade. At the same time, Swedish businesses should be able to benefit from development assistance and promotion initiatives in low- and middle-income countries with major potential for future Swedish exports or in sectors where Swedish businesses' know-how, trade and outbound investments can contribute to good development results and increased climate benefits. The Government aims to thereby strengthen Sweden's overall contribution to achieving the Sustainable Development Goals of the 2030 Agenda and the climate goals of the Paris Agreement. Sweden should promote sustainable enterprise and sustainable value chains that contribute to development for people and the environment.

As far as initiatives financed by development assistance come into question, they should clearly contribute to Sweden's development assistance policy objectives and be in accordance with the OECD Development Assistance Committee (DAC) reporting directives. It is important to mobilise private investments, research, innovation and new system solutions to achieve these objectives. Collaboration between the public sector and the private business sector is required to take advantage of all relevant knowledge and capacity, and to achieve the volumes of financing for development necessary to meet the needs in the world. Swedish businesses'

strong engagement for the Sustainable Development Goals, sustainability, gender equality and corporate social responsibility make many of them important cooperation partners and at the same time contribute to their competitiveness.

The COVID-19 pandemic caused the largest increase in poverty in several decades, and its consequences for health, economies and societies around the world are still tangible. Effective health and medical care and prevention of future health crises are a prerequisite for economic development locally and globally.

Against the backdrop of the Swedish business sector's areas of strength and Sweden's public resource base, the prospects for enhanced synergies between international development cooperation, trade promotion and trade policy are particularly good with respect to green and digital transition, and for sustainable infrastructure projects. Swedish businesses can contribute to higher productivity, sustainable economic development and increased trade and employment in low- and middle-income countries. This in turn creates ways out of poverty.

New financing solutions to support the reconstruction of Ukraine and other development and climate investments in low- and middle-income countries should be considered and developed where applicable. In doing so, competitive export financing and proactive trade promotion can contribute both to good development results and better conditions for Swedish businesses to participate in the global business opportunities created in areas such as green and digital transition.



*Interim objectives:*

- The role of the private business sector in implementing the 2030 Agenda and the Paris Agreement should increase, with a particular focus on digital and green transition. Small and medium-sized enterprises in particular should be considered.
- Export financing to low- and middle-income countries should be developed with the aim of improving Swedish businesses' opportunities to compete on a level playing field for projects in green and digital transition.
- Explore the possibility and appropriateness, based on the Government's strategies and priorities, to establish a pilot programme for export financing supported by development assistance with the aim of providing long-term sustainable solutions in countries eligible for official development assistance according to the OECD DAC guidelines.
- Technical feasibility studies and initiatives to support projects should be developed with the aim of increasing the number of sustainable projects eligible for financing.
- Coordination between all relevant government agencies and other partners in Team Sweden on major strategic projects should be streamlined with Business Sweden as responsible coordinator.
- Business Sweden's mandate and presence should be expanded with the aim of improving the conditions for Swedish companies to contribute to the objectives of development assistance and to green and digital transition in low- and middle-income countries.
- Swedish project exports to low- and middle-income countries should increase, with a focus on green and digital transition.
- The contribution by Swedish exports to global climate benefits should increase.
- Low- and middle-income countries' capacity to participate in rules-based global trade should be promoted by Sweden. This would allow businesses in partner countries to participate more fully in their respective national and regional economies, as well as in the global market.
- Sweden should continue to push for promotion of gender equality, women's economic empowerment and women's entrepreneurship.



Manufacturing of sponge iron through direct reduction using hydrogen. Photo: Åsa Bäcklin. Source: HYBRIT



Installation of Ericsson's 5G radio masts at Telstra's innovation Centre in Australia. Source: Ericsson

### 3.3 Better prospects for Swedish businesses to utilise funds from the EU and other international institutions

The 2021–2027 long-term EU budget and Next Generation EU include a number of different funds and financing mechanisms. Some of these aim to contribute to green transition and digitalisation. The financial market plays a clear role in supplying capital to activities that enable green and digital transition. Substantial opportunities for project financing are available to Swedish businesses within the scope of major programmes such as Horizon Europe, the Digital Europe Programme, the European Green Deal and Global Gateway, as well as in investments and procurements financed by multilateral development banks and international climate funds. The same applies to the opportunities of businesses to benefit from targeted initiatives such as the European Chips Act.

Moreover, Sweden is a major donor to the work of the EU, UN, multilateral development banks and climate funds to support sustainable economic development, including green and digital transition. The multilateral system generates international public procurement within a number of areas where the Swedish resource base is strong. In spite of this, Sweden's shares of procurements are generally very low. As it is difficult and cost-intensive for Swedish companies to identify potential financing solutions at national, EU and global levels, concrete support should be provided to assist companies in matching such potential financing with the relevant company's business model, development phase and size.

#### *Interim objectives:*

- Sweden will advocate for simplification of processes and reduced fragmentation within the EU's various financing instruments to reduce transaction costs for Swedish businesses to use those instruments.
- The prospects for Swedish businesses to compete in international public procurements should be improved through strict implementation of both existing and new sustainability criteria and life-cycle cost analysis in the evaluation of tenders. This applies particularly in international procurements financed by public funds through the EU, UN and multilateral development banks and climate funds.
- Swedish businesses should have access to comprehensive information and better support to be awarded contracts in international public procurements of, and/or financed by, the EU, the UN, multilateral development banks and multilateral climate funds.
- Swedish businesses should be able to utilise business opportunities that arise within the framework of the European Commission's Global Gateway connectivity strategy, strategic alliance-building and investment initiatives related to the major emissions countries.
- With increased presence in strategically important low- and middle-income countries, Business Sweden should help Swedish businesses benefit from future public procurements, with a focus on green and digital transition.
- Sweden should continue to push for integration of climate considerations and other sustainability aspects within the EU capital markets union.



## 4

### Implementation, results reporting, monitoring and evaluation

The Government's ambition is to achieve this strategy's overarching objectives by 2030. Implementation of the strategy will be an ongoing effort that will continue for the rest of the electoral period. An evaluation will be carried out in 2026 to determine the status of the objectives and interim objectives and what remains to be done. Effective and results-oriented implementation of this strategy will be ensured through increased focus on coordination, monitoring and results reporting. A structure is being created for ongoing coordination, with the aim of ensuring the strategy's implementation in practice, ultimately leading to concrete results.

Synergy effects and cost-effectiveness should be achieved through measures within various areas that are well-coordinated and mutually reinforcing to achieve the objectives of this strategy. Implementing the strategy will take time, resilience and results-oriented collaboration between all stakeholders involved.

#### *Measures/tools:*

- Responsibility for the implementation and monitoring of work on the strategy and collaboration between the Government, government agencies and relevant stakeholders will be clarified.
- An annual follow-up should review how Swedish businesses and sector organisations view the implementation of the strategy by the Government and government agencies, including what effects and added value the various initiatives have produced. Feedback from the business sector should contribute to ensuring continuous learning for all partners within Team Sweden and can serve as a basis for fine-tuning the implementation of initiatives to achieve the greatest possible impact.
- An independent evaluation of results will be carried out in 2026. The purpose of the evaluation is to determine the extent to which expected results have been achieved, whether the implementation has been carried out appropriately and cost-effectively, and if the governance and financing arrangements have been adequate.

**Government Offices of Sweden**

Switchboard: 08-405 10 00

Tegelbacken 2

Stockholm