



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN CHINA 2024

A REPORT FROM TEAM SWEDEN IN CHINA

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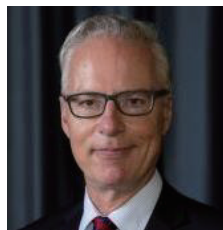
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FOREWORD



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In 2023, the market expected a post-pandemic rebound after China ended its zero-Covid restrictions and opened up. Hopes were indeed high during the start of the year, but the economy has struggled to get back on its feet. Among several structural macro-economic issues, consumption in China was lower than expected, and the property crisis added to spending caution. High debt levels limited investment potential, and uncertainty deterred foreign investment inflows. Exports were impacted by economic slowdown in Western markets. The relative importance of China's trade with developing economies and close partners such as Russia continued to increase. Concerns about Chinese subsidies of certain product categories also increased. In fact, all components of the GDP equation were facing several red flags.

Not only have the economic conditions been tough, but the rapid increase in competition in the local market also made it more challenging for Western firms to gain or maintain market share. Many business leaders who returned to the market after several years of pandemic closure commented on the quick and impressive emergence of strong domestic brands within their respective sectors. These brands are not only gaining traction in the Chinese market, but they expand abroad and become competitors in Western companies' home markets. Many respondents in this year's survey comment on unequal treatment of foreign companies, and the impact of 'buy domestic' policies on their businesses. The strong focus on developing local firms is taking its toll on foreign companies.

Added to long-standing challenges, such as market access and regulatory barriers, unequal treatment and burdensome administrative requirements, new worries about the Chinese and global economic slowdown are among the factors that has brought an increase in risk management and building resilience by companies. The survey shows that most Swedish companies use a range of methods to de-risk with regards to China. Some companies increase their engagement in China – for example by localizing production and IT to ensure an independent functioning of their business in China and avoid possible issues with Chinese data and cyber security laws as well as other regulation. Other companies decrease or move investments to other markets, or alter supply chains to ensure resilience, with the same underlying motivation. Companies' costs for compliance and due diligence will continue to increase, especially as it has become more challenging to access information on Chinese market conditions. In turn, Team Sweden in Mainland China will strengthen our efforts to provide advice and support to Swedish companies navigating this terrain.

The perceived business climate among Swedish firms in China is now at the lowest level since the measurements started over a decade ago. This perception corresponds to the results of the Business Confidence Survey 2024 conducted by the European Chamber of Commerce in China for European companies. Swedish companies' revenue projections as well as investment plans are lower than previous years, and they also expect the sectors in which they operate to grow slower than before. On the other hand, they still see China as an important market with its sheer size and relatively strong growth as opportunity drivers. Many large Swedish firms have a significant share of their global sales in China, and China is Sweden's largest trading partner in Asia. This will not change in the foreseeable future, and Swedish companies need to actively review their China ambitions and business models to remain relevant and resilient. The ability of Swedish companies in China to continue to operate and thrive in the market will also require that China makes progress in several fields. The era of easy double-digit growth is over, but there are still pockets of growth where Swedish firms can succeed.

The Business Climate Survey is the result of responses from Swedish companies in the Chinese market across different sectors and sizes. The survey has been carried out for more than two decades and is supplemented with in-depth interviews to get qualitative insights explaining the data. Team Sweden is grateful to all companies who have contributed with their valuable time and opinions in the survey and interviews. We hope that you find the report helpful, and do not hesitate to reach out to anyone of us, should you wish to discuss your situation in the Chinese market further.

91 respondents in China

Current business climate

2.9 /5

Industry turnover

47%

of respondents expect their industry turnover to increase

Future investments

38%

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

Valued success factors in China

1. Cost efficiency
2. Sales competence
3. Product development/adaptation

Brand Sweden

81%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Suppliers
3. Physical infrastructure

Local conditions with least satisfaction

1. Financial system
2. Transparency and equal treatment
3. Intellectual property protection

Environmental considerations

65%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

37%

of respondents have been exposed to corruption

Human rights violations or labour rights abuse

2%

are aware of exposure to human or labour rights violations

EXECUTIVE SUMMARY

In 2024, the business climate for Swedish companies operating in China is the worst in at least a decade. This year's business climate index is 2.9 out of 5, a decrease from last year's 3.1. Companies continue to be polarized in their outlook for the years ahead: 35 per cent of respondents think the business climate will improve over the next three years, while 42 per cent think it will worsen.

Financial performance is recovering, and most Swedish companies were still profitable in 2023. Of the respondents, 61 per cent reported a profitable business for the year, same as the previous year. Over the past year, 16 per cent of companies reported a loss, down from 20 per cent in 2022.

Revenue and profit forecasts are less optimistic in 2024. In the coming year, 54 per cent of respondents expect an increase in revenue, down from 65 per cent last year. Of the respondents, 55 per cent expect an increase in profit, down slightly from 56 per cent last year. Less than half of respondents (47 per cent) expect the turnover of their industries to increase in 2024, dropping significantly from 73 per cent last year.

Most Swedish companies localise their business in China, most commonly in staff on both working and leadership level as well as in supply chains. Industrial companies localise their supply chains to a greater extent. Professional services companies have a higher need to localise R&D and IT infrastructure. Consumer companies are the least localised.

Nearly one-third (29 per cent) of Swedish companies have been negatively impacted by “buy domestic” requirements, slightly fewer compared to the year before. Impact varies significantly between sectors, with 41 per cent of professional services companies saying they have experienced negative effects, but only 23 per cent of consumer companies and industrial companies saying the same.

Economic slowdown in China, global geopolitical risk and global economic slowdown are topping the list of the most challenging factors for businesses in China. Companies report that low household demand, regulatory restrictions and geopolitical tensions lead to decreasing revenue, increasing costs, and more hesitancy toward investments.

Around a third of Swedish companies face challenges in their environmental efforts in China. The most common challenges are ensuring transparency in supply chains and access to green energy.

Challenges aside, Swedish companies remain interested in the Chinese market, albeit in fewer numbers than last year. Respondents see market size, growth potential, and cost advantages as the key external drivers of business opportunities in the country. Of Swedish companies in China, 38 per cent are looking to increase their investments in the coming 12 months, down from 47 per cent the year before.

Overall, the perceived value of the Swedish brand has decreased for Swedish businesses in China but remains strong in the consumer sector. The overall rating of the Swedish brand decreased from 3.6 to 3.1. In 2024, however, consumer companies rate the impact of brand Sweden at 4.1, significantly higher than their industrial (3.1) and professional services (3.0) peers.

BUSINESS PERFORMANCE

Most Swedish companies are profitable and fewer companies are making a loss

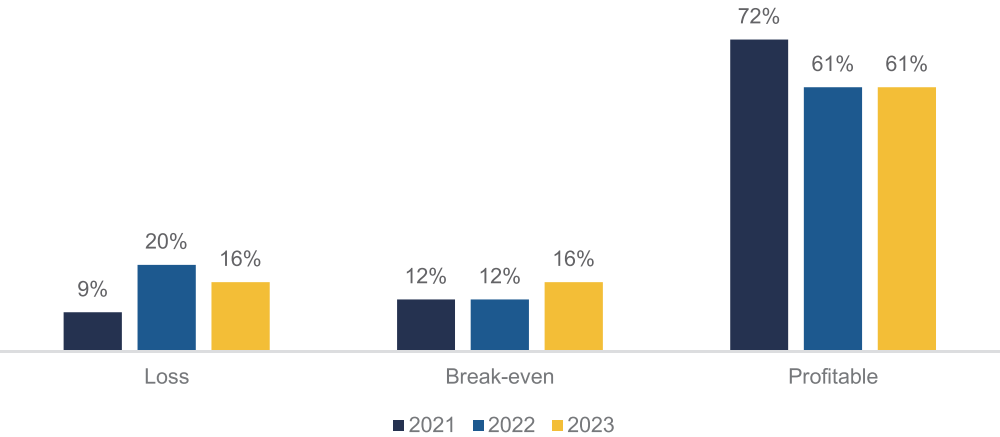
2023 was a profitable year for most Swedish companies in Mainland China. Of all respondents, 61 per cent reported a profitable business, same as last year. The survey shows a recovering trend from 2022, the worst year of financial performance by Swedish companies in Mainland China. Some companies are still profitable despite revenues having decreased. Margins are higher due to cheaper raw materials and higher selling prices.

Of the respondents, 16 per cent reported that they broke even, up from 12 per cent in 2022, and 16 per cent of respondents suffered losses, down from 20 per cent the previous year.

With regard to company size, small companies were the most profitable, with 66 per cent of respondents reporting they were profitable, followed by 63 per cent of medium-sized companies, which were the most profitable group last year.

When comparing across sectors, industrial companies remained the most profitable, with 67 per cent making a profit, down from 68 per cent. In professional services, 56 per cent of companies were profitable, down from 58 per cent. For consumer companies, profitability rebounded to 54 per cent in 2023, up from 46 per cent.

HOW WOULD YOU DESCRIBE YOUR COMPANY’S FINANCIAL PERFORMANCE IN CHINA IN 2023?



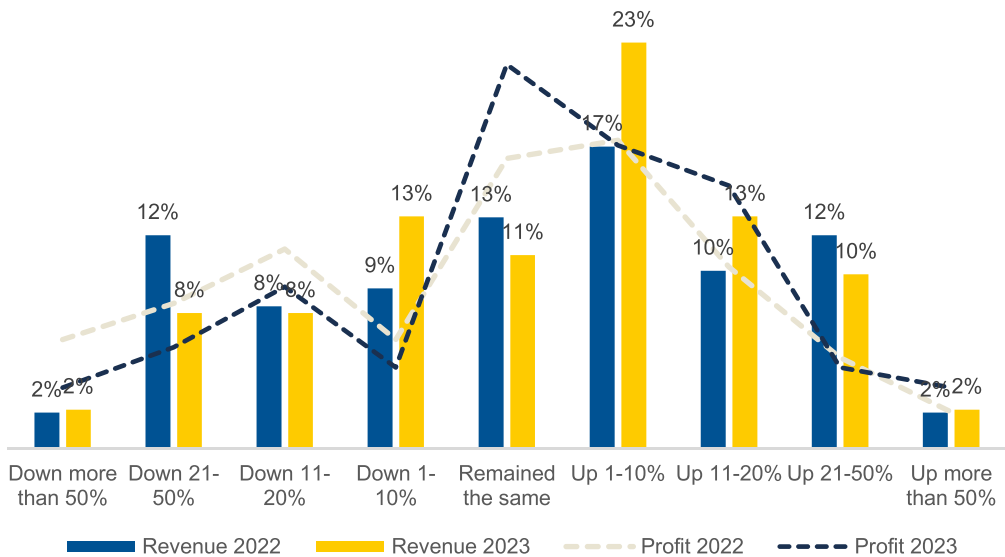
NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in China 2024.

Revenue and profit growth started to pick up in 2023

In 2023, companies showed stronger financial performance with both improved revenue and profit growth, even though performance has not recovered to pre-pandemic levels. Among all companies, 48 per cent and 40 per cent saw an increase in revenue and profit, respectively, up from 41 per cent and 35 per cent in 2022.

By company size, small companies went from reporting the largest drop in revenue and profit growth in 2022 to being the most profitable group, with 58 per cent and 53 per cent seeing growing revenue and profit in 2023, respectively. Of large companies, 38 per cent reported negative growth of revenue in 2023. Breaking results down by industry, professional services companies fared better than other industries, with 56 per cent and 46 per cent of professional services companies recording a positive revenue and profit growth, respectively, in 2023. This was followed by industrial companies at 52 per cent and 43 per cent and consumer companies at 31 per cent and 25 per cent.

HOW WAS YOUR REVENUE AND PROFIT IN MAINLAND CHINA 2023 COMPARED WITH 2022?

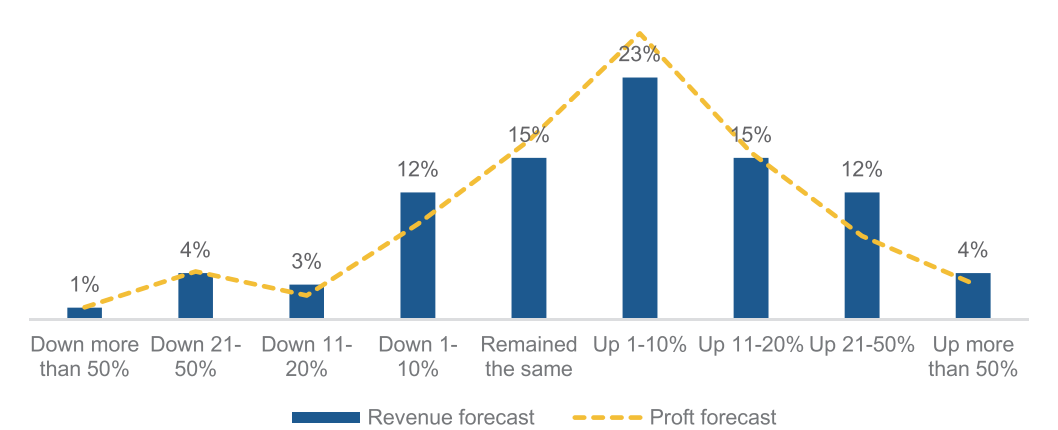


NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in China 2024.

More than half of Swedish companies remain optimistic about revenue and profit, but more are pessimistic about industry turnover for 2024

For the coming year, there is a significant decline in the percentage of respondents forecasting increasing revenue for their operations in Mainland China, from 65 per cent last year to 54 per cent this year. More than a third of all respondents (35 per cent) foresee stagnant or even decreasing revenue, up from roughly a quarter of companies (26 per cent) in the previous year. However, the ratio of respondents expecting an increasing profit for 2024 remains at 55 per cent, almost at the same level as last year's 56 per cent.

WHAT IS THE REVENUE AND PROFIT FORECAST OF YOUR OPERATIONS IN MAINLAND CHINA FOR 2024 COMPARED WITH 2023?

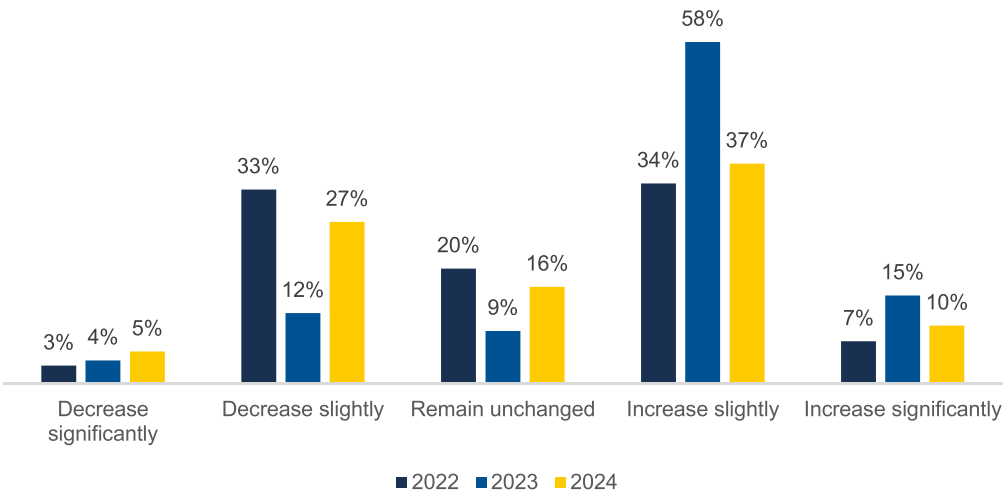


NOTE: The number of respondents for this question was 91-88. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

On an industry level, fewer than half (47 per cent) of all respondents expect the turnover within their industry to increase in the coming year, in contrast to 73 per cent last year. Industrial companies are the most optimistic, with 77 per cent expecting an increasing turnover, up from 59 per cent. Professional services companies are more cautious in predicting a positive industry outlook than the year before, with 63 per cent believing in a positive industry turnover growth in the coming 12 months, down from 87 per cent in the previous survey. Consumer companies once again remain the least optimistic industry group, with 60 per cent of respondents expecting increased industry turnover in 2024, down from 69 per cent.

Comparing forecasts of company revenue for 2024 across sectors, professional services and consumer companies believe that their revenue will be higher in the coming year than their industry average. Industrial companies are less positive regarding their revenue forecast compared to the industry revenue forecast.

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



NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024

BUSINESS CLIMATE

The business climate continues to deteriorate and polarise in 2024, with less respondents having a positive outlook

The business climate represents the core of this survey, and each respondent is asked to assess the current climate from very poor to very good. The assessment is by nature subjective and can be impacted by several factors – many of them explored through other questions throughout the survey. Even so, the business climate assessment provides a valuable indication of how the perceived business climate is developing over time.

This year, the climate index is 2.9 out of 5, a further decline marking the new worst from last year's score of 3.1. Consumer companies experience a better business climate compared to other sectors, with an index of 3.2, compared with industrial and professional services companies, both at 2.9. Small and medium-sized companies are less pessimistic, with an index of 3.0, than large companies at 2.8.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN MAINLAND CHINA?



NOTE: The number of respondents for this question was 91.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

“Companies should adapt expectations and methods on how to make profit in the new reality.”

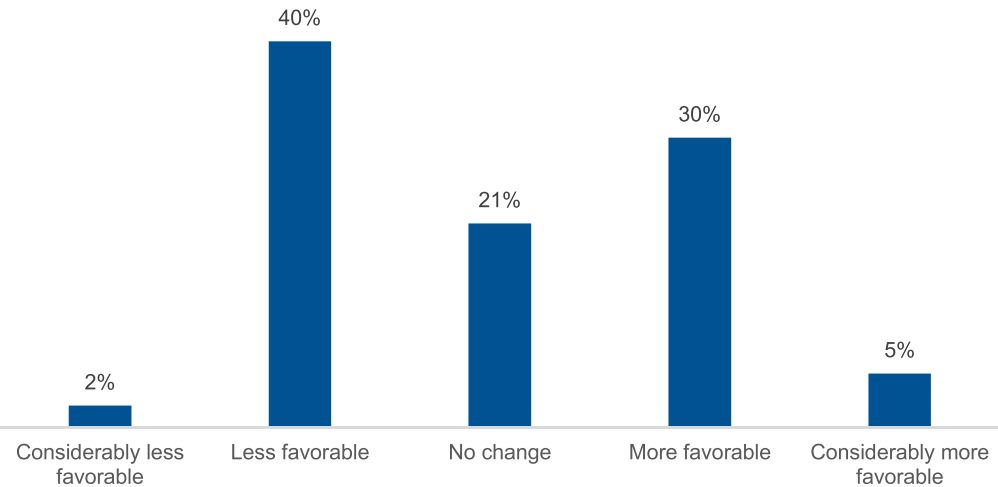
As in 2023, Swedish companies' views of the future business climate vary, but last year's overall negative trend continues. More respondents think the business climate will be less favourable or considerably less favourable than those who are positive about the outlook.

Industrial company

Slightly more than a third (35 per cent) of respondents think the business climate will be more favourable or considerably more favourable, down from 46 per cent last year. At the same time, 42 per cent of respondents think the business climate will be less favourable or considerably less favourable, up from 33 per cent last year.

Larger companies tend to have less favourable expectations of the future business climate compared with small companies. Consumer companies have the most optimistic outlook, with 46 per cent of respondents expecting the business climate to improve in the coming three years.

HOW DO YOU PREDICT THE FUTURE BUSINESS CLIMATE IN MAINLAND CHINA THE COMING THREE YEARS?



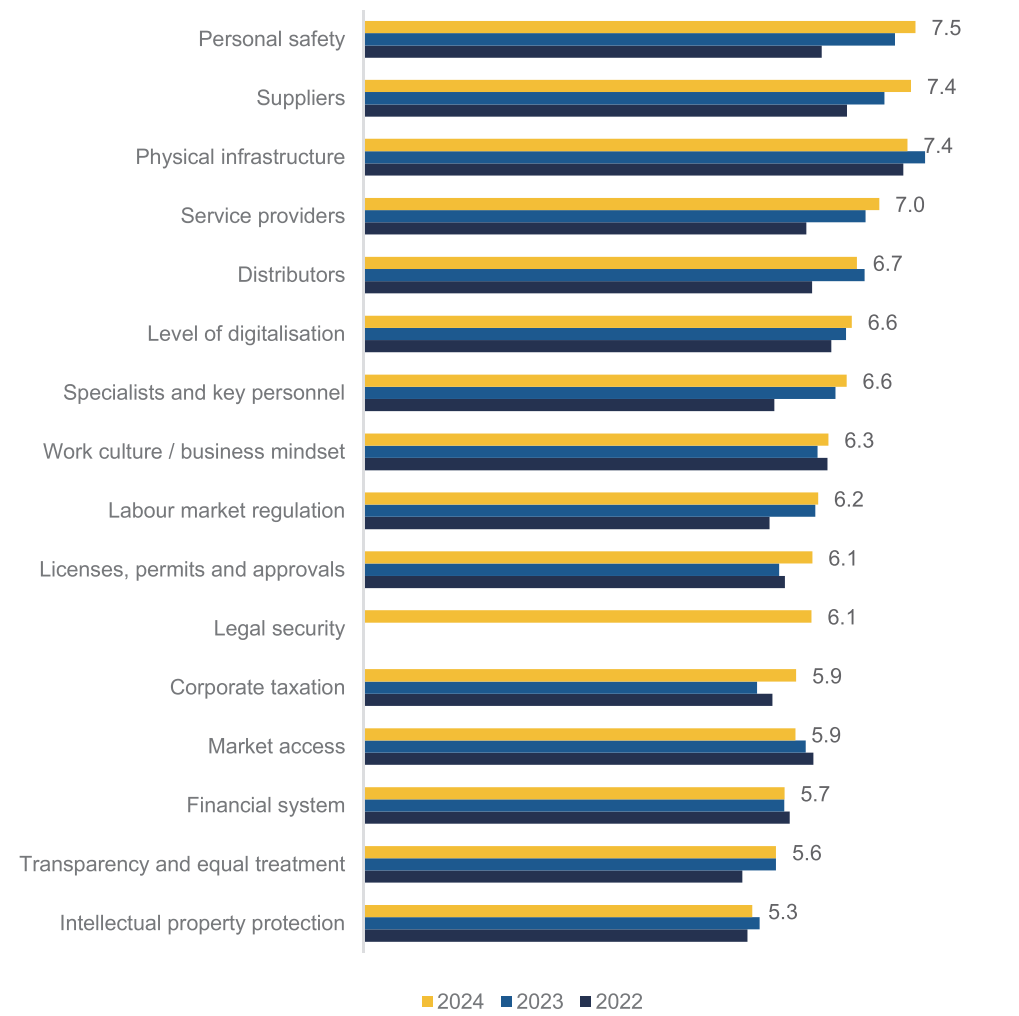
NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Improved satisfaction with most market conditions in Mainland China compared to last year

In 2024, market conditions in Mainland China continue to be viewed favourably by Swedish companies. Around half of the examined dimensions have improved compared with last year, while the other half received slightly lower scores.

Among all dimensions, personal safety, access to suppliers, and physical infrastructure are rated the highest, the same as in 2023. The financial system, transparency and equal treatment and intellectual property protection remain at the bottom – in line with the past two years' results. Business administration-related dimensions such as licenses, permits and approvals, and corporate taxation have improved in the past year.

PLEASE RATE FROM 1-9 HOW THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY'S BUSINESS IN MAINLAND CHINA



NOTE: The number of respondents for this question was 90-91.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Economic slowdown in China, global geopolitical risk and global economic slowdown are the most challenging factors for companies

In 2024, the top three challenging external factors for Swedish businesses in Mainland China are economic slowdown in China, global geopolitical risk and global economic slowdown. Low household demand, regulatory restrictions and geopolitical tensions have led to decreasing revenue, increasing costs, and more hesitancy in investment.

The economic slowdown in China was rated as the top challenge for Swedish companies, with 66 per cent of respondents considering it the main challenge. This could be explained by the headwinds in China's economy over the past year, including well-known structural and demographic challenges. International observers, including IMF¹, have lowered their estimates of China's economic growth for

¹ Reuters, IMF sees slow, steady 2024 global growth; China, war escalation pose risks, <https://www.reuters.com/world/imf-sees-slow-steady-2024-global-growth-china-inflation-pose-risks-2024-04-16/>

Economic downturn in both China and the globe makes people less willing to spend and invest.

Professional service company

the coming year but are still more or less in line with the GDP growth target of 5 per cent set by the Chinese government in March 2024. For this year, the central government continues to emphasise cultivating new drivers for future economic growth and stimulating consumption. Many companies say that their clients' spending on products and services is negatively impacted by weak household demand.

Global geopolitical risk and global economic slowdown ranked as the second most challenging factors, both chosen by 30 per cent of respondents. Part of these effects are wider than China – the global economic slowdown impacts many markets worldwide – but China's central role in global supply chains and manufacturing means that geopolitical tensions involving China will, to a greater extent, impact Swedish companies present in Mainland China. Some companies report being impacted by anti-dumping tariffs for products made in Mainland China due to the US-China trade conflict. Others are concerned with the increasing level of tension between China and the EU. One company exemplifies the impacts of growing geopolitical risk with the longer shipping times and higher costs when shipping from East Asia to the EU due to the Red Sea Crisis. Other companies refer to news reporting on China negatively impacting the perspective of their headquarters even if changes have yet to be made to the overall China strategy.

WHICH EXTERNAL FACTORS DO YOU CONSIDER MOST CHALLENGING FOR YOUR BUSINESS IN MAINLAND CHINA



Even if our customers are making money, they do not dare to spend, and the consumption level has been declining since our best year in 2022.

Industrial company

NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Recruitment of foreign talent overall improved compared to last year, but attracting expatriates to Mainland China remains challenging

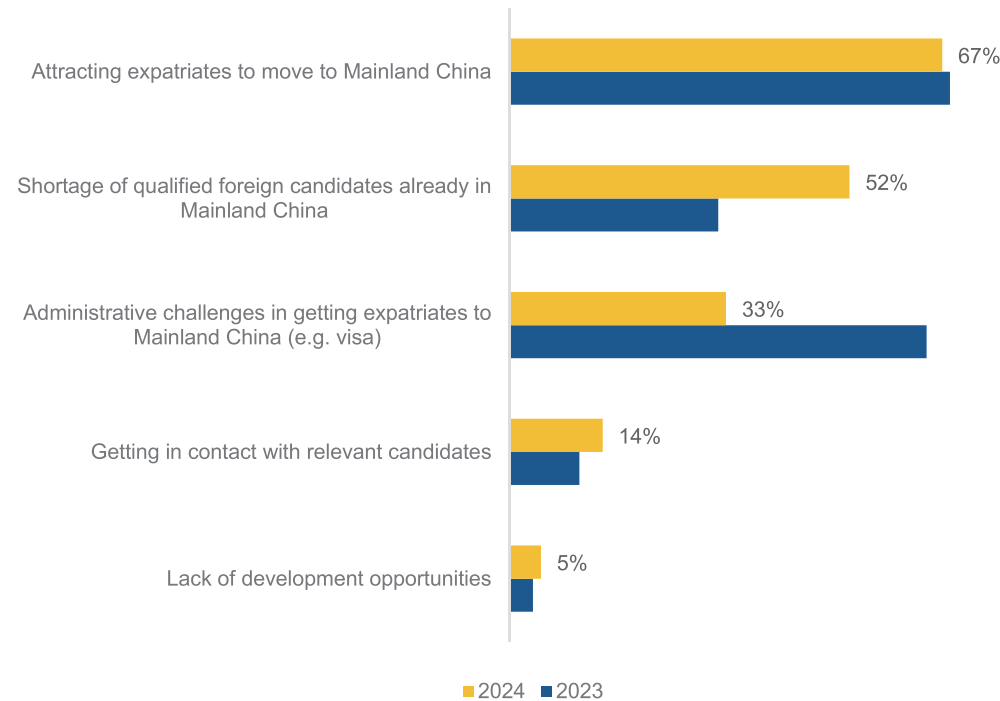
As reported further down in this survey, 1.1 per cent of staff in Swedish companies in Mainland China are foreign nationals. Compared to the very challenging years during China’s zero-covid policy, in 2024, slightly fewer companies report challenges in employing foreign staff to work in China, with less than a quarter of respondents (23 per cent) facing issues in their efforts to employ foreign staff, down from 28 per cent last year.

For the companies still impacted, the biggest challenge remains the attractiveness of Mainland China for expatriates: 67 per cent of respondents report challenges in attracting expatriates to move to Mainland China, a decrease of only 1 per cent from 2023. The second most reported challenge (connected to the first) is a shortage of qualified foreign candidates already in Mainland China. This is selected by 52 per cent of respondents, a sharp increase from 32 per cent last year.

A third of respondents (33 per cent) report still struggling with administrative challenges in employing expatriates in Mainland China, a clear improvement from 64 per cent in 2023. This result is also in line with the ranking of challenging external factors to Swedish businesses in Mainland China, where reported challenges connected to visas, work permits, and labour regulations have decreased.

Looking at different sectors, professional services companies struggle the most with the shortage of qualified foreign candidates already in Mainland China, while industrial companies find attracting expatriates to move to Mainland China the most difficult. Only two consumer companies (out of 21 in the survey) experienced challenges with foreign staffing.

WHAT ARE THE MAIN CHALLENGES YOU EXPERIENCE SENDING EXPATRIATES AND / OR HIRING FOREIGNERS TO YOUR OPERATIONS IN MAINLAND CHINA?



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

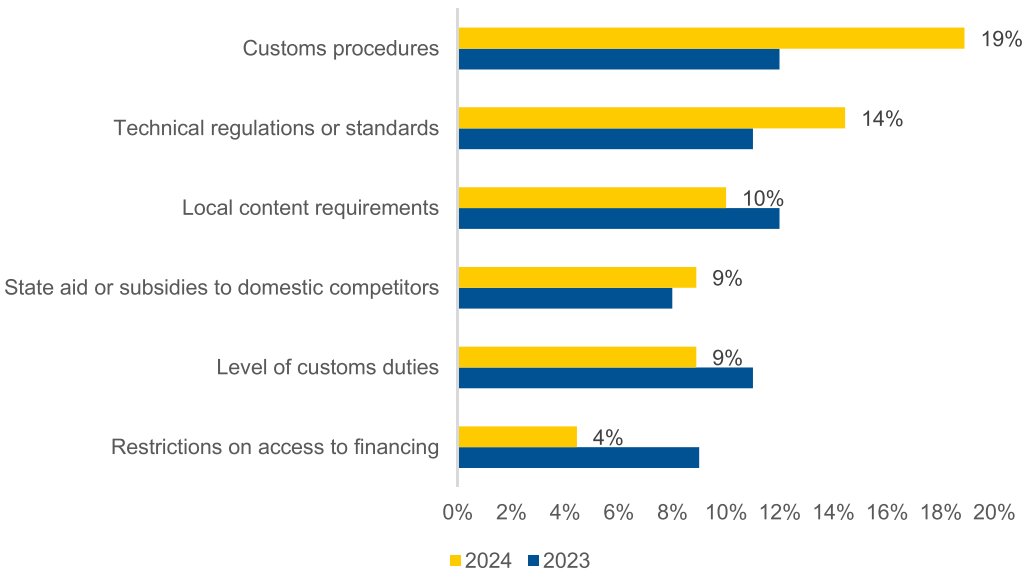
Fewer companies than last year face trade barriers, but customs procedures remain challenging

Over the past year, 42 per cent of respondents reported facing trade barriers in Mainland China, but the situation has improved from last year's result of 50 per cent. Customs procedures are the most common obstacle (19 per cent), followed by technical standards and regulations (14 per cent).

In addition, reported issues with local content requirements, level of customs duties and restrictions on access to financing have eased. For example, only four per cent of responders reported issues with restrictions to access financing compared to nine per cent last year.

Barriers to trade vary across industries. Of the respondents, 62 per cent in the consumer segment report a significant impact from trade barriers, with customs procedures as the top concern (38 per cent of respondents). Out of the 48 per cent of industrial companies that report facing trade barriers, 16 per cent report that technical regulations or standards are an obstacle to their business.

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



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure. "Export controls and / or sanctions" option was removed in this year's survey.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

29 per cent of Swedish companies are negatively impacted by “buy domestic” requirements; professional services companies are most affected

Over the past year, slightly fewer than a third (29 per cent) of Swedish companies have been impacted negatively by “buy domestic” requirements, down from 33 per cent in the previous survey. The impact over sectors has shifted significantly compared with last year. Professional services, not

industrial companies, are now the most affected, with 41 per cent of respondents saying that their companies have faced issues with “buy domestic” requirements. Of industrial and consumer companies, 23 per cent each face the same issues.

Chinese government procurements (including state-owned companies and other public entities) have increasingly been reported to include requirements for purchasing only products and services from Chinese companies. This issue seems to be more prevalent in sectors deemed strategic and in need of greater Chinese self-sufficiency by the Chinese government. Swedish industrial companies to a greater extent compete in government procurements or have government-connected clients, which explains why they are more affected by this type of requirement.

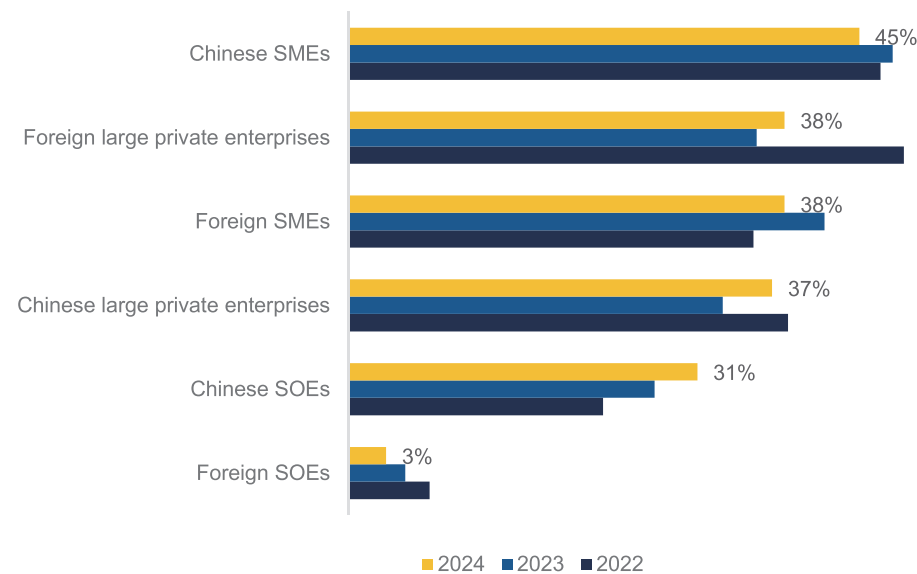
Chinese SMEs are the toughest competitors for Swedish companies in Mainland China, with price being the most important factor

In 2024, Swedish companies in Mainland China face a wide range of competitors. Chinese small and medium-sized enterprises (SMEs) are seen as the top competitors to Swedish companies (45 per cent, down from 48 per cent from last year). Of the respondents, 38 per cent view large foreign private enterprises and foreign SMEs respectively as their biggest competitors.

A similar share of respondents (37 per cent) sees Chinese large private enterprises as the main competitors, up from 33 per cent in 2023. The percentage of respondents that view Chinese state-owned enterprises (SOEs) as their main competitors has been increasing continuously in the past three years to 31 per cent in 2024. This could be an effect of the increasing importance placed on the role of SOEs in China’s political and economic policy.

Unsurprisingly, Swedish companies tend to face larger competition with companies within the same size category. Small Swedish companies compete more with Chinese SMEs. Medium-sized Swedish companies compete more with foreign SMEs. Large Swedish companies face more competition with large Chinese private enterprises.

WHO ARE YOUR MAIN COMPETITORS IN MAINLAND CHINA?



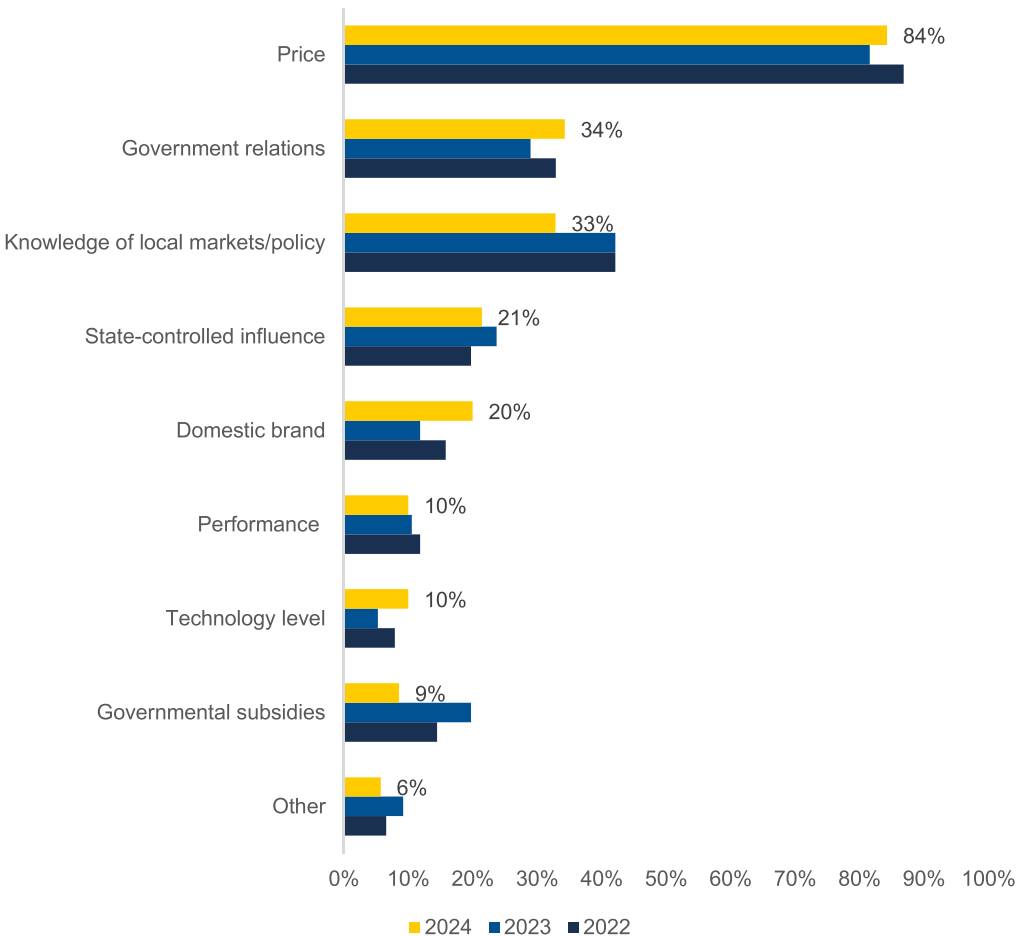
NOTE: The number of respondents for this question was 91. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Price continues to be the most important factor in how Chinese competitors stand out in the market, with 84 per cent of respondents identifying it as one of the top three factors. Several Swedish companies note that fast responses and better services provided locally by Chinese competitors add value aside from the price advantage. Unsurprisingly, smaller companies, are more impacted by price/cost factors than larger ones.

As in previous years, government relations and knowledge of local markets/policies remain the other top-ranked factors. These factors are more important to industrial and professional services companies than consumer companies. This is likely a natural effect of industrial and professional services companies more often being active in strategic sectors of government concern, as well as more often having government as a customer. In the consumer sector, almost a quarter of companies (23 per cent) report domestic brand advantages as the second most important factor when competing with Chinese competitors, with the first being price and knowledge of local market/policy factors.

Companies report that government subsidies are playing a less important role in terms of creating competition for Swedish companies. Of the respondents in 2024, nine per cent still cite it as an obstacle, down from 20 per cent last year. Impacted respondents from the industrial sector (10 per cent of total responding industrial companies) report that government subsidies are one of the main factors their Chinese competitors take advantage of.

WHAT MAIN FACTORS MAKE CHINESE COMPETITORS STAND OUT WHEN IT COMES TO COMPETITION?



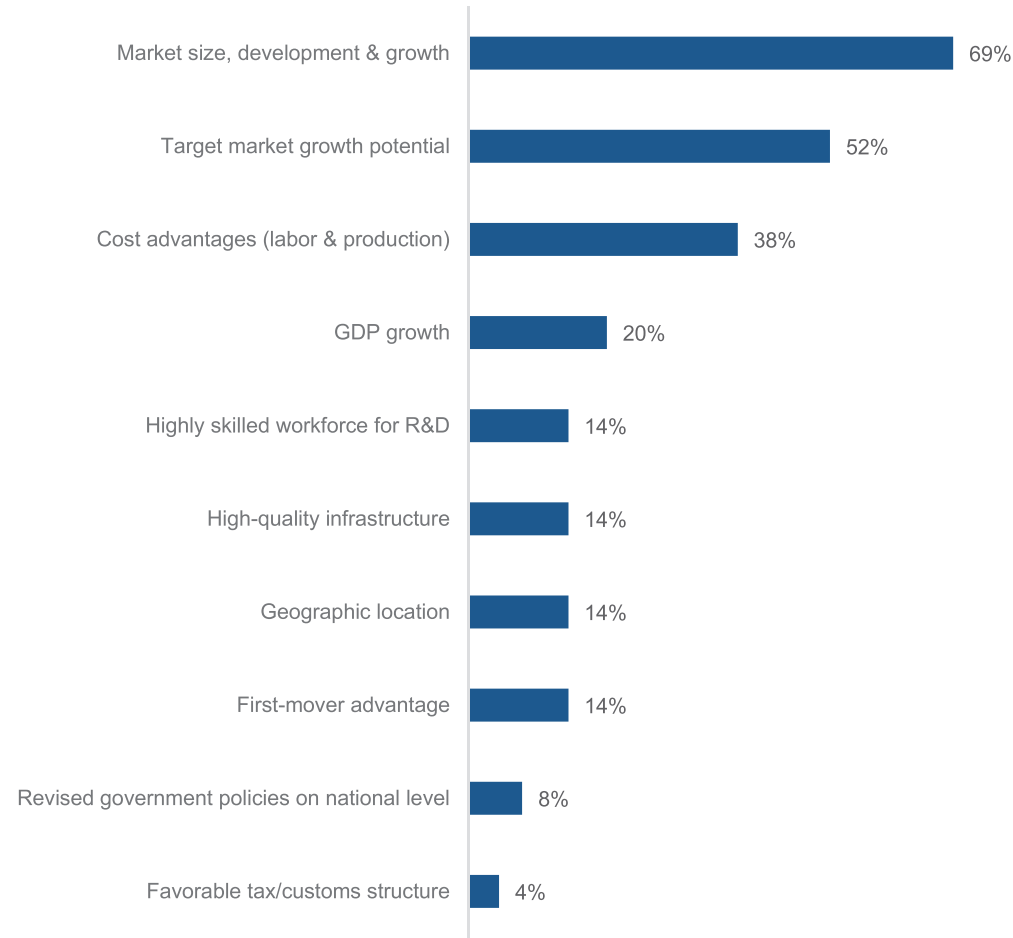
NOTE: The number of respondents for this question was 70. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Key drivers of business opportunities in China are market size, growth potential, and cost advantages (labour & production)

In the short term, most Swedish companies in China expect opportunities to arise from the size and growth of the Chinese market as well as cost advantages (labour & production). Whereas in the last two years, companies have highlighted China's GDP growth as an opportunity, respondents now instead see cost advantages (labour & production) as one of the top three key drivers of business opportunities respondents identified. The finding holds true for companies of all sizes and sectors. This change is also in line with the economic slowdown in China, topping the list of challenges for Swedish companies in Mainland China.

WHAT ARE THE KEY EXTERNAL FACTORS CONTRIBUTING TO OPPORTUNITIES FOR YOUR COMPANY IN MAINLAND CHINA IN THE SHORT TERM?



“
China is still
our No.1
strategic
market.”

Industrial company

NOTE: The number of respondents for this question was 91. "Don't know/Not applicable", "Other" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

MARKET OUTLOOK

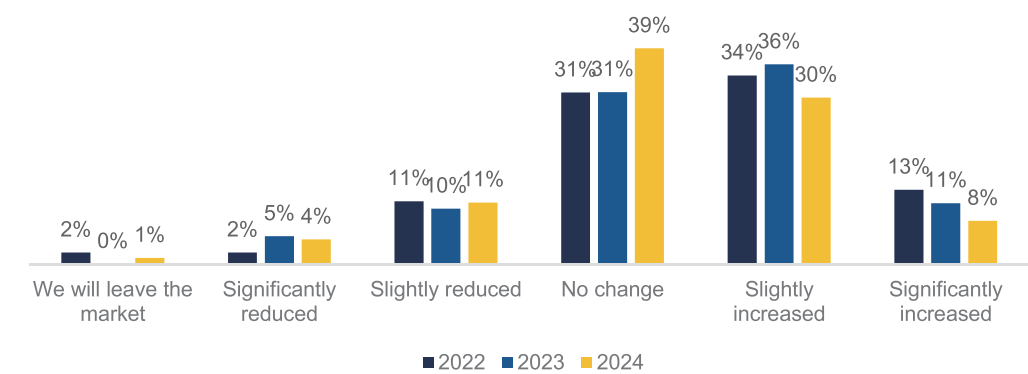
38 per cent of Swedish companies plan to increase investments in Mainland China

Entering the second year of China’s reopening after the pandemic, 38 per cent of Swedish companies in China are looking to increase their investments in the coming 12 months compared to the last 12 months, a nine percentage point drop from the previous two years. The number of companies maintaining the same level of investment as the previous year has increased (39 per cent, compared to 31 per cent in 2023). Of the surveyed companies, 16 per cent say they will reduce investments over the coming 12 months, up slightly from 15 per cent last year. Out of respondents who report planning to reduce investments, one large professional services company has decided to leave the market.

Smaller companies are more willing to increase investment in the coming 12 months than larger ones. Of the respondents from small companies, 42 per cent note that they will increase investments.

When comparing cross sectors, more industrial and professional services companies are planning to increase investments (37 per cent respectively) than consumer companies. Compared to 2023, industrial companies are more positive about increasing investments, whereas, for professional services companies, the opposite is true.

WHAT ARE YOUR COMPANY’S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN MAINLAND CHINA, COMPARED TO THE PAST 12 MONTHS? INVESTMENTS WILL BE...



NOTE: The number of respondents for this question was 90. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

In 2023, Swedish companies are primarily looking to invest in improved cost competitiveness through efficiency, the same as last year. This trend is driven mainly by medium-sized companies, of which 54 per cent chose this option as one of the top three areas for increased investments, compared with 38 per cent overall. By sector, improving cost competitiveness via efficiency matters the most to industrial companies (45 per cent).

Investments to improve production capabilities rank as the second priority for Swedish investments in China at 25 per cent, up from 21 per cent in 2023. This type of investment is unsurprisingly the most important to industrial companies.

“Some large multinational Swedish companies are investing more in localising R&D, production and supply chain in China to neutralise the risks caused by the complicated geopolitics.

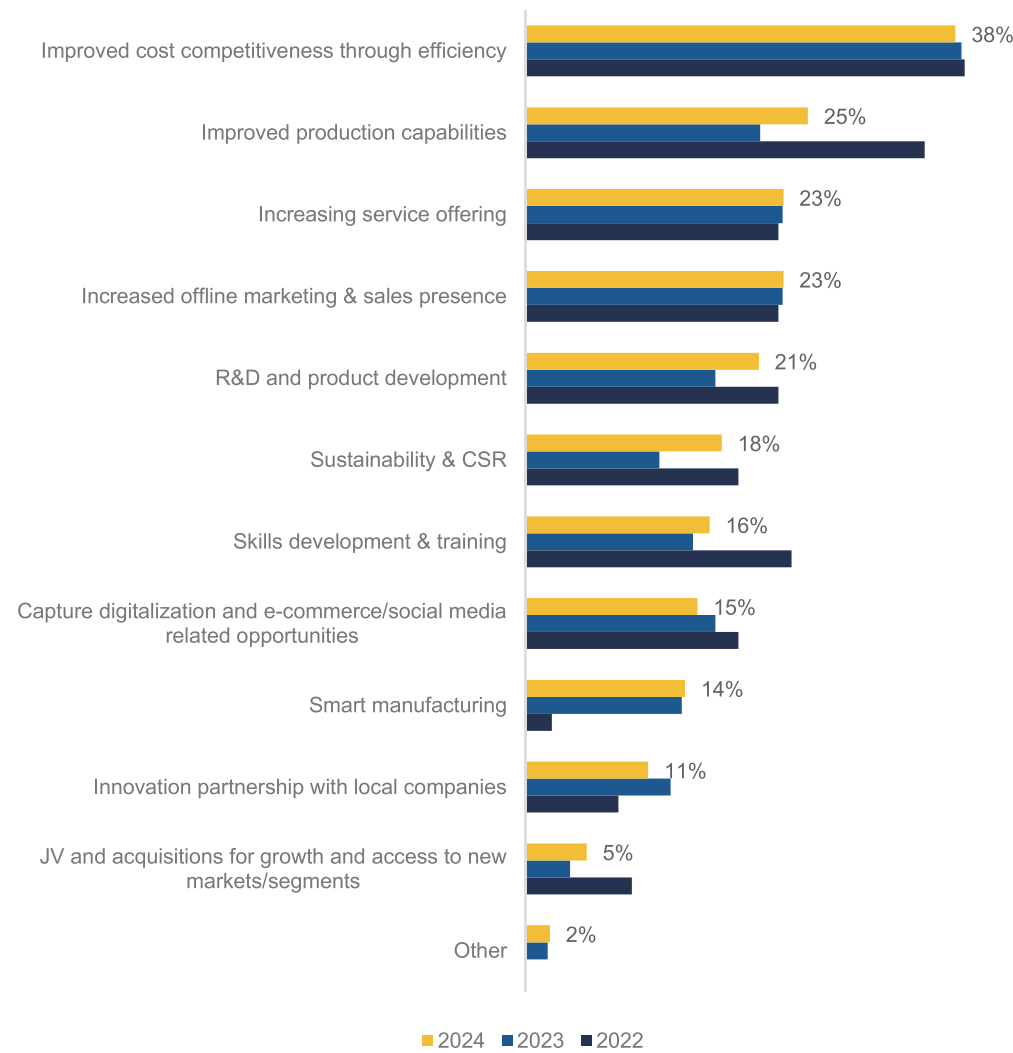
Professional services company

At third place, equal prioritisation is given to investments to increase service offerings and offline marketing and sales approaches (23 per cent respectively, same as last year). For natural reasons this type of investment is most important to consumer companies. Almost half of consumer companies (46 per cent) emphasise the importance of investments in offline marketing and sales approaches more than other sectors. More than a third of professional services companies (37 per cent) focus on increasing service offerings to stay competitive.

Compared to the past two years, there is an increase in investments focused on sustainability and corporate social responsibility (CSR) at 18 per cent, up from 12 per cent in 2023. The larger the size of the company, the higher the share of respondents who selected CSR as one of the top investment priorities. Of respondents from large Swedish companies, 21 per cent plan to invest more in CSR. Almost a third of respondents from consumer companies (31 per cent) prioritised CSR, close to triple the number of the other two sectors.

Finally, JVs and acquisitions for growth and access to new markets/segments remain at the bottom of this year's ranking at five per cent, up from four per cent in 2023.

WHICH ARE THE AREAS WHERE YOU PLAN TO INCREASE YOUR INVESTMENTS THE MOST?



“ We will invest in software and R&D to keep our biggest asset, employees, working more efficiently.

Professional services company

NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure. Maximum 3 alternatives.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

A majority of Swedish companies are unaware of any forms of decoupling between their headquarters and Mainland China in the past two years

Of the respondents, 90 per cent say that they either have not experienced any forms of decoupling between their headquarters and Mainland China in the past two years or that the question is not applicable to their situation. Several respondents refer to company management still being committed to the strategic importance of the Chinese market in the long-term. Companies report that senior executives keep themselves up to date about developments in China by visiting regularly after the travel restrictions were lifted last year. Respondents overall report that headquarters and the China division are aligned on the strategic level.

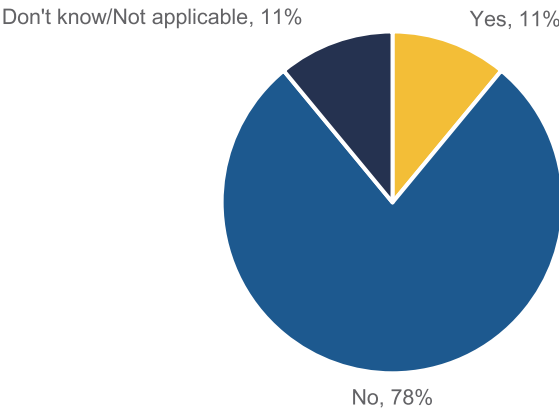
Among the 11 per cent of companies that have experienced some form of decoupling, 70 per cent are large Swedish companies. Several representatives assess that the long-term effects of the Covid-19 pandemic, geopolitical tensions, and a more negative perception of China in the world have created a gap between headquarters' (more negative) and the China teams' (more positive) view of China. This is not unique to Sweden, as a changing and increasingly assertive China on the world stage has changed global perceptions of the country. The long-term effects of Covid travel restrictions and the requirement of visa application for China also cause reluctance or inconvenience when travelling from Sweden to China. Some companies have transferred more business functions from China back to Europe to optimise cost or to lower risk exposure. Other companies have decided to transfer more independent decision-making ability to their China team.

While a large majority of companies do not report experiencing “de-coupling”, as shown by responses below to questions about localisation and supply chains, most companies do use some forms of “de-risking” strategy with regard to China, although approaches vary considerably.

The political and media environment in Sweden is very negative about China. For companies that have not yet entered the Chinese market, they are more discouraged to decide on entering China.

Professional services company

HAVE YOU EXPERIENCED ANY FORM OF DECOUPLING BETWEEN YOUR COMPANY’S HQ AND CHINA IN THE PAST TWO YEARS?



NOTE: The number of respondents for this question was 91.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

The most localised areas for Swedish companies in Mainland China are staff at working level, in leadership and in supply chain

Most respondents (96 per cent) say that they localise their business across five asked-for dimensions to some extent in Mainland China. Personnel at the working level is largely localised, with 75 per cent of respondents giving ratings of four or five. Localisation also commonly takes place among staff at the leadership level. Of the respondents, 61 per cent largely localise the leadership staff. This pattern holds true across all sizes and sectors of companies. Large Swedish companies, in general, have a higher level of localisation in staff at both levels than smaller-sized companies. From a sector perspective, consumer companies show the lowest need to localise in Mainland China.

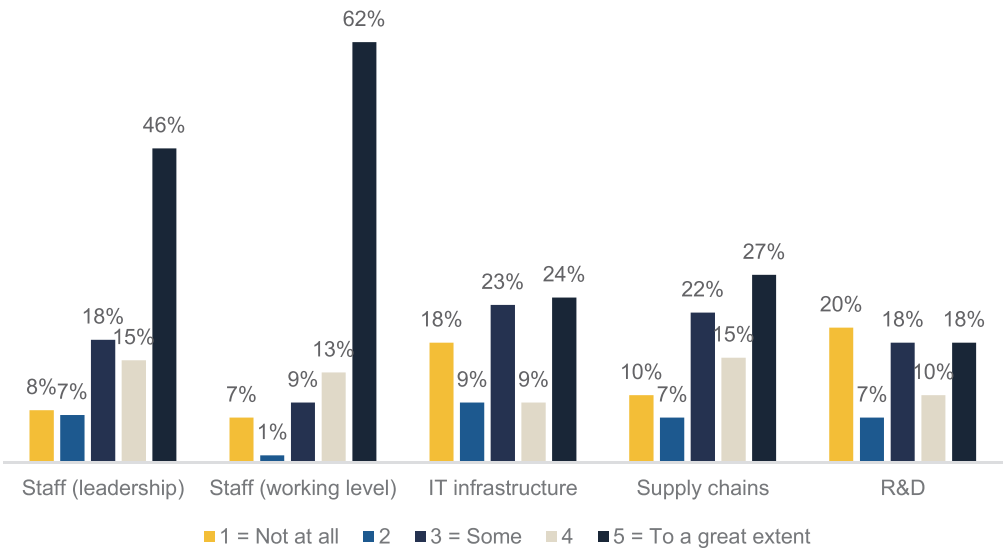
Apart from staff, localised areas are sector-dependent. Supply chains are localised to a great extent for 42 per cent of Swedish companies, especially for industrial and consumer companies. More than half of the industrial companies (53 per cent) have localised their supply chain in China to a large extent. Their China presence is commonly still serving global, regional and local markets. Many Swedish companies see advantages in sourcing and production efficiency in China. Some respondents also mentioned the increasing need to de-risk by localising their supply chain in China to ensure supply in a time of geopolitical uncertainty.

Professional service companies have a greater need to localise R&D (52 per cent) and IT infrastructure (44 per cent) than the other two sectors. China's emerging framework for cyber and data security has increased the compliance burden for companies, as well as complicated cross-border data transfers. Some companies choose to manage this by localising IT systems and adapting to the Chinese tech ecosystem. Some large Swedish companies invest more in R&D in China to meet local requirements, such as a condition to participate in government procurement or to receive certain subsidies. Others report increasing investments in R&D to take advantage of innovation and technological advancement in China.

“We involve ourselves in the technology ecosystem in China to be compatible for serving the local demand.”

Industrial company

PLEASE INDICATE THE EXTENT OF LOCALISATION THAT HAS TAKEN PLACE IN YOUR CHINA OPERATIONS IN THE FOLLOWING AREAS IN THE PAST FIVE YEARS



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

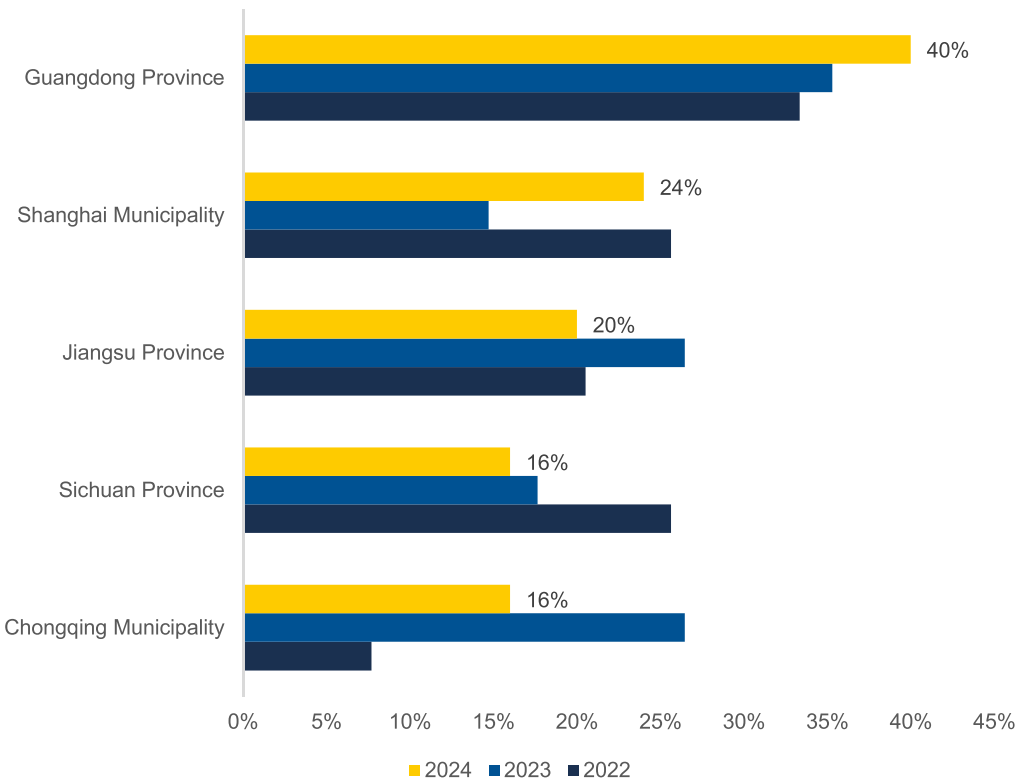
28 per cent of Swedish companies plan near-term expansion in China, most to Guangdong, Shanghai, and Jiangsu

Over the next three years, 28 per cent of Swedish companies say they plan to expand their business to other parts of China from where they are currently located – down from 37 per cent last year. Among the different sectors, consumer companies show a larger appetite for expanding their geographic footprint (38 per cent) compared with their industrial (27 per cent) and professional services (22 per cent) peers. Small companies (42 per cent) are naturally more inclined to consider expanding their geographic footprint, compared with large companies (21 per cent) and medium-sized companies (17 per cent). Larger companies may already have expanded to several geographical locations in China.

Swedish companies are broadly considering the same regions for potential expansion as last year, apart from Shanghai being one of the top five destinations instead of Beijing. Guangdong continuously tops the list at 40 per cent, up from last year (35 per cent), followed by Shanghai (24 per cent), Jiangsu (20 per cent), Sichuan and Chongqing (both 16 per cent respectively).

Half of the medium-sized companies chose possible expansion to Guangdong as their top alternative this year. Industrial and professional services companies are also considering expanding to Guangdong. Consumer companies prefer the largest Chinese cities: Shanghai as the first prioritised expansion focus, Beijing as the second.

EXPANSION PLANS FOR SWEDISH COMPANIES IN CHINA – TOP 5 REGIONS



NOTE: The number of respondents for this question was 25.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

21 per cent of Swedish companies have altered supply chain strategies in Mainland China, mainly due to cost considerations, supply chain resilience, and to shorten lead times

In the past two years, 72 per cent of Swedish companies in Mainland China have reviewed their supply chain strategies. Among those companies, 46 per cent do not plan to change their supply chain strategies significantly. Of the respondents, 27 per cent say they are planning to make supply chain alterations, and 21 per cent have plans to make changes to their supply chain strategies, which impact operations in China. These results indicate that, as far as management in China is aware, China will remain an important part of business operations and supply for many Swedish companies.

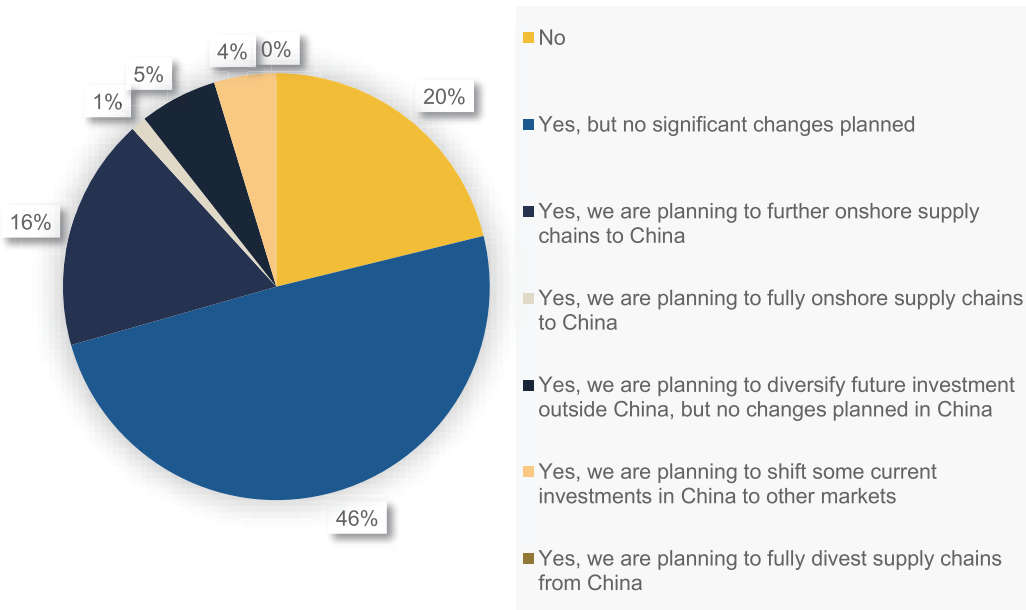
For those that have made significant changes to their supply chain strategies in the past two years, 64 per cent of the respondents say they are planning to further or fully onshore supply chains to Mainland China. Of the respondents, 20 per cent note that their supply chain investments in China are not affected, while their companies are diversifying investments in other markets and 16 per cent of respondents are shifting their current supply chain investments out from China to other markets.

Swedish SMEs have the tendency to further onshore supply chains to China. Large Swedish companies tend to diversify supply chain risks by shifting some current investments out of China. This shows the variety of company responses and strategies to a perceived increase in risk relating to business in China, in line with what recent surveys from the EU Chamber of Commerce in China have shown: Some companies “de-risk” by increasing reliance on China, while others decrease the importance of China in their supply chain with the same reasoning.

“China still outperforms other supply chain alternatives after companies’ evaluations.

Professional services company

HAS YOUR COMPANY REVIEWED ITS SUPPLY CHAIN STRATEGIES IN THE PAST TWO YEARS?



NOTE: The number of respondents for this question was 91. “Other” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

The top three reasons for companies that have reviewed their supply chain strategies are cost considerations (73 per cent), strengthening supply chain resilience (54 per cent) and shortening lead times (42 per cent).

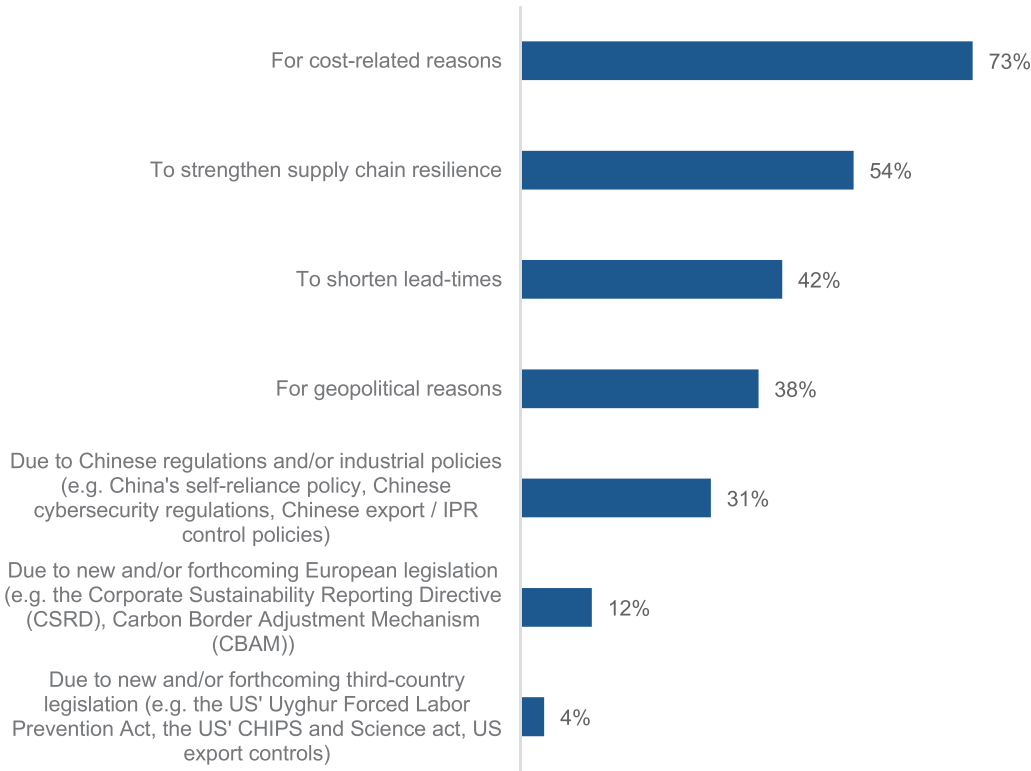
From a company size perspective, cost-related issues are at the top of the list of reasons for Swedish SMEs to review supply chain strategies. More than 80 percent of respondents from small (83 per cent) and medium-sized companies (90 per cent) review their supply chain strategies for cost-related reasons. For small companies, 67 per cent of respondents evaluate their supply chain strategies for shortening lead times. For large companies, the number one concern is strengthening supply chain resilience (89 per cent). Geopolitical reasons (78 per cent) are the second most important motivation for large Swedish companies to evaluate their supply chain, followed by cost-related reasons and Chinese regulations/policies in cybersecurity, export and intellectual property rights (both 56 per cent).

Across sectors, cost-related issues are the most important reasons for consumer companies (100 per cent) and industrial companies (83 per cent) to review their supply chain strategies. Supply chain resilience and lead-time efficiency appear to be the second most important factors for both industrial and consumer companies. Company needs and motivations vary: while 25 per cent of respondents say their presence in China aims to serve the Chinese market, 70 per cent of respondents use their China presence to serve regional or global markets. Many Swedish companies see advantages in centralising sourcing and production in China. To ensure timely supply, some respondents also mentioned the increasing need to localise their supply chain in China as a form of de-risking due to geopolitical uncertainties. Of professional services companies, 67 per cent are increasing their focus on following developments in Chinese policies and regulations that may potentially affect the scope of business for both themselves and their clients.

“We review our supply chain strategy annually to be efficient, resilient, and agile. Multi-locations and more vendor endorsement actions are taken to reduce supply chain risks.

Industrial company

WHY HAS YOUR COMPANY REVIEWED ITS SUPPLY CHAIN STRATEGIES?



NOTE: The number of respondents for this question was 31. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

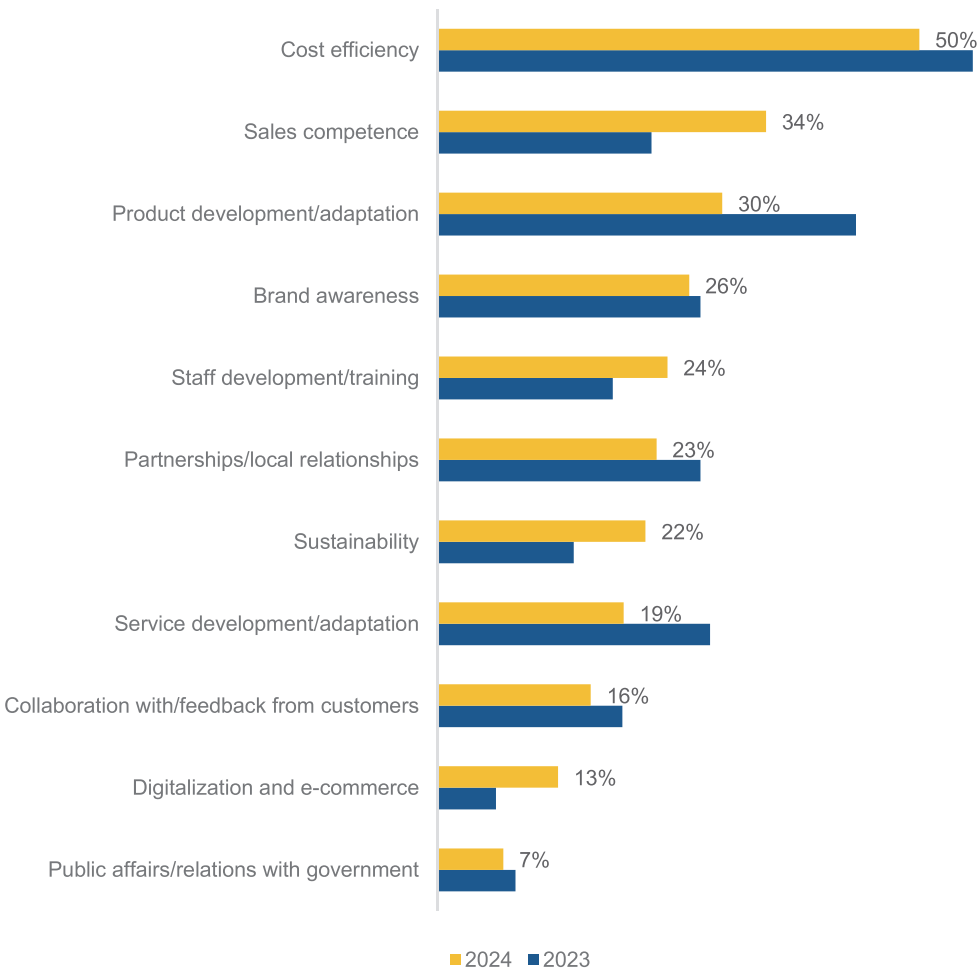
Cost efficiency continues to be the most important factor for maintaining competitiveness in Mainland China

In 2024, Swedish companies continue to see cost efficiency (50 per cent) as one of the most important factors for maintaining competitiveness in the Chinese market. The overall ranking looks similar to last year's, apart from service development/adaptation decreasing in importance.

Sales competence climbs up to the second place in the rank, with 34 per cent of respondents saying it is one of the top three important factors for Swedish companies to remain competitive in Mainland China. Product development and adaptation remains one of the top three important factors, as last year, with 30 per cent of respondents choosing this option.

Swedish companies are aware of both their Chinese and foreign competitors in the market and make great efforts to be competitive at pricing while maximising the value of their product and service offerings to the clients. Differentiation and value-adding are crucial for succeeding in such a complex and competitive market.

WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT FOR YOUR COMPANY IN MAINTAINING COMPETITIVENESS IN MAINLAND CHINA?



“ We are offering more tailor-made solutions and improve service quality to stand out and avoid price battles.

Professional services company

NOTE: The number of respondents for this question was 88. “Don't know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

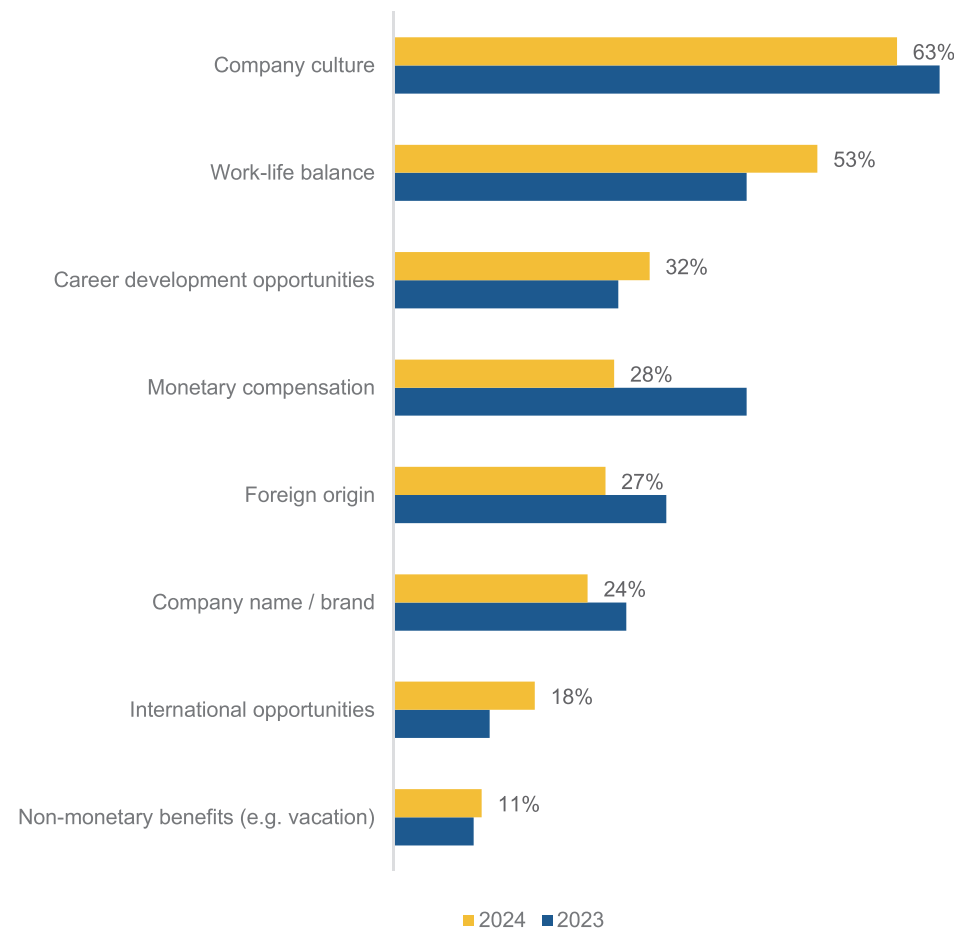
Company culture and work-life balance are important for attracting and retaining talent in China, but so are career development opportunities

Swedish companies in China see company culture (63 per cent) and work-life balance (53 per cent) as the top two most important factors for both attracting and retaining talented staff.

The importance of these factors is not surprising, as a lack of work-life balance at Chinese companies has been a long-standing problem. In contrast, the Swedish working culture offers flexibility and an agile working environment as central pillars. Several companies emphasise these two factors as being more critical to more senior and experienced talents than junior talents.

Meanwhile, there has been a substantial uptick in the relative importance of career development opportunities, which take over the place of monetary compensation and will be the third most important factor in 2024. However, same as last year, respondents from Swedish companies still stress that monetary compensation is key for attracting and retaining talent, especially for junior staff.

COMPARED TO COMPETITORS IN THE MARKET, WHICH OF THE FOLLOWING FACTORS ARE MOST IMPORTANT FOR YOUR COMPANY WHEN IT COMES TO ATTRACTING AND RETAINING THE RIGHT TALENT FOR YOUR OPERATIONS IN MAINLAND CHINA?



Young people value more work-life balance. Swedish companies have the advantage of offering this mentality when competing with other recruiters.

Professional services company

NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

ACTING SUSTAINABLY

Of Swedish companies, 27 per cent have been exposed to corruption in Mainland China

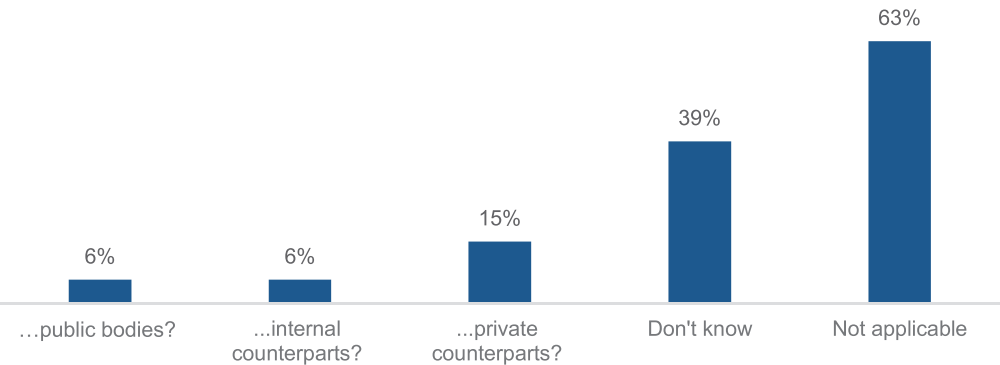
Campaigns against corruption have been high on the Chinese government’s agenda during the past decade, and the results of the Business Climate Survey have, over the years, indicated that the overall situation has improved. In 2024, more than half (63 per cent) of respondents say that they are unaffected by corruption.

However, 27 per cent of responding companies have been exposed to corruption in dealings with private counterparts, internal counterparts, or public bodies, up from 25 per cent last year. This is in line with China’s 42nd rank on Transparency International’s Corruption Perceptions Index in 2023².

“Our competitors in China should play a fairer game.”

Industrial company

IN THE PAST YEAR, HAS YOUR COMPANY IN MAINLAND CHINA BEEN EXPOSED TO CORRUPTION WITH...



NOTE: The number of respondents for this question was 88.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

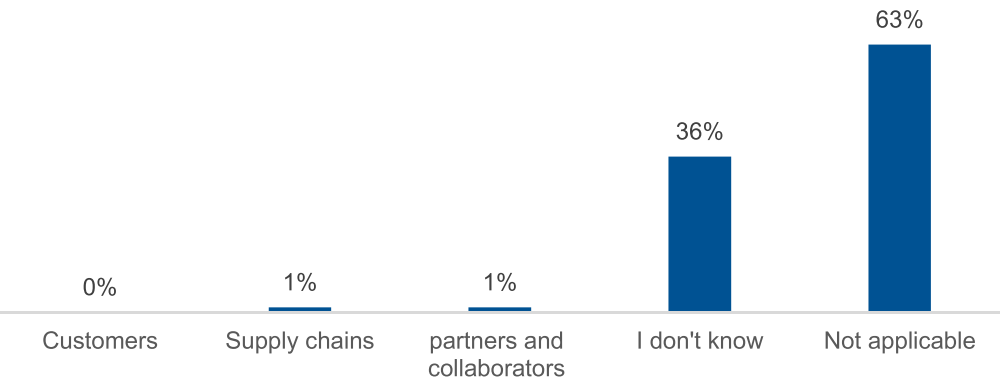
Only two per cent of Swedish companies are aware of exposure to human or labour rights violations in their China operations

Similar to 2023, in response to this year’s survey question on issues regarding human rights violations and/or labour rights abuse, an overwhelming majority of respondents (98 per cent) said that they have not encountered or do not know about any such issues. Among all participants to the survey, only one company reported encountering human rights violations and/or labour rights abuse in the past year.

²Transparency International: Corruption Perception Index 2023. <https://images.transparencycdn.org/images/CPI-2023-Report.pdf>

Despite the optimistic survey responses, it is important to note that many foreign governments, civil society groups, as well as United Nations officials have for several years expressed growing concern over the Chinese government’s record when it comes to human rights issues.

IN THE PAST YEAR, HAS YOUR COMPANY IN MAINLAND CHINA ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN/ WITH YOUR...



NOTE: The number of respondents for this question was 88.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Around a third of Swedish companies face challenges in their environmental efforts in China, ensuring supply chain transparency is the biggest challenge

With China trying to achieve carbon peak by 2030 and carbon neutrality by 2060, the government has launched climate-related implementation plans in energy, industrial, transportation and other sectors in the past year. By the end of 2023, the share of installed power generators with non-fossil fuels exceeded 50 per cent in China. At the same time, China is also formalising the aim of establishing a Coal Capacity Reserve System to ensure a stable energy supply.

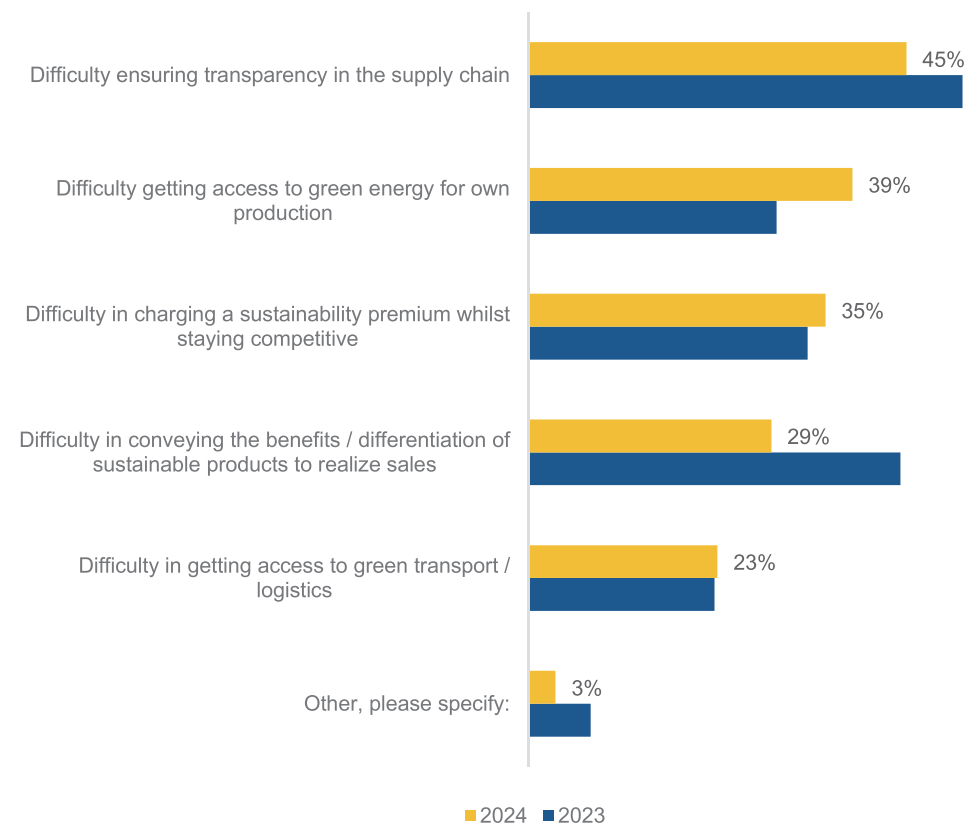
Despite the political prioritisation of the issue in China, around a third of Swedish companies (34 per cent) in China still face challenges in their environmental efforts in China, up from 27 per cent in 2023. This result is reflective of the negative trend of the past three years. Large companies (41 per cent) face more environmental challenges than smaller companies in China. Industrial companies (42 per cent) face more challenges in this regard compared to professional services and consumer companies.

As last year, the most common challenge for Swedish companies in China remains the difficulty to ensure transparency in the supply chain. This survey notes a slight improvement with less than half (45 per cent) of respondents reporting it as a problem in 2024, down from 52 per cent in 2023.

Having access to green energy for production became the second biggest challenge for 39 per cent of the companies, up from 30 per cent last year. Difficulty in conveying the benefits and differentiation of sustainable products for increasing sales used to be the second biggest challenge for Swedish companies in China in 2023, but it is less of a challenge this year, perhaps due to increasing environmental awareness of customers in the Chinese market. More demand for renewable energy consumption is required, as peer companies' competing to gain access to green energy supply might have made this a bigger challenge for Swedish companies.

Even if consumer awareness of environmental issues has increased, 35 per cent of companies report difficulties in charging a premium price on sustainability while staying competitive. Customers are seemingly not yet inclined to pay a premium for sustainability.

WHAT CHALLENGES DO YOU EXPERIENCE IN YOUR ENVIRONMENTAL EFFORTS IN MAINLAND CHINA?



“
Swedish companies can find more sales opportunities in the booming sustainability market in China

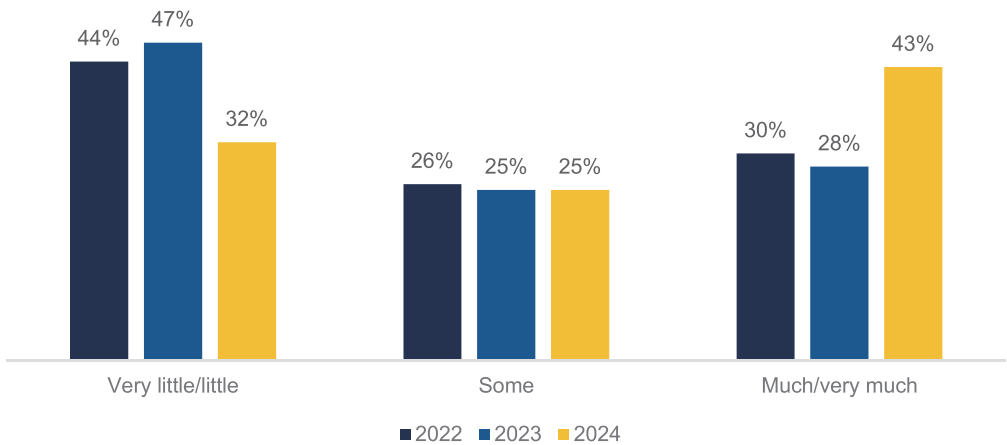
Professional services company

NOTE: The number of respondents for this question was 91.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Consumer awareness of environmental and climate aspects seems to have increased over the past three years. With a significant increase from 28 per cent last year, 43 per cent of Swedish companies say that the customers in their industry care much or very much about environmental aspects in their purchasing decisions.

Consumer awareness of sustainability has increased in China, both among business and individuals, in the past year. Across industries, consumer companies' (64 per cent) customers appear to care the most about the environment in their purchasing decisions. Industrial companies had a higher customer awareness in the last year's survey.

TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN MAINLAND CHINA CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



“
The sustainability awareness of our clients in China is increasing, especially for larger companies.

Industrial company

NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

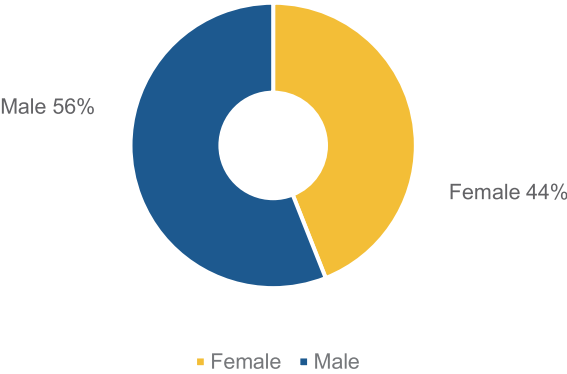
SWEDISH COMPANIES' FOOTPRINT IN CHINA

Women make up 44 per cent of the workforce at Swedish companies in China, expat share is 1.1 per cent

According to this year's survey, Swedish companies' workforce is getting more gender balanced. Women make up about 44 per cent of the workforce at Swedish companies in China. The share of the female workforce has increased significantly from 35 per cent in 2023.

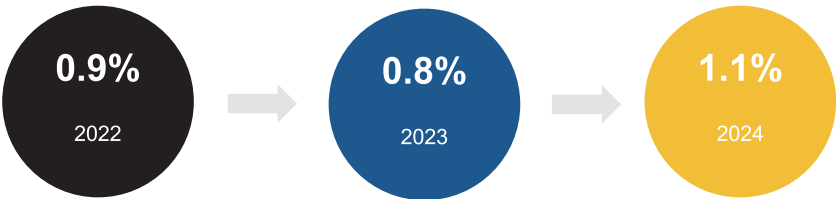
Consumer companies are the most equal employers, with a 50/50 split between men and women, while industrial companies are the most unequal, with a 61/39 split.

SWEDISH COMPANIES' EMPLOYEE DEMOGRAPHICS IN MAINLAND CHINA



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

The share of staff in Swedish companies who are foreign nationals increased slightly to 1.1 per cent in 2024. The expatriate share of Swedish company staff in China declined continuously from 2021 until 2023, from 2.7 per cent to a historic low of 0.8 per cent in 2023.



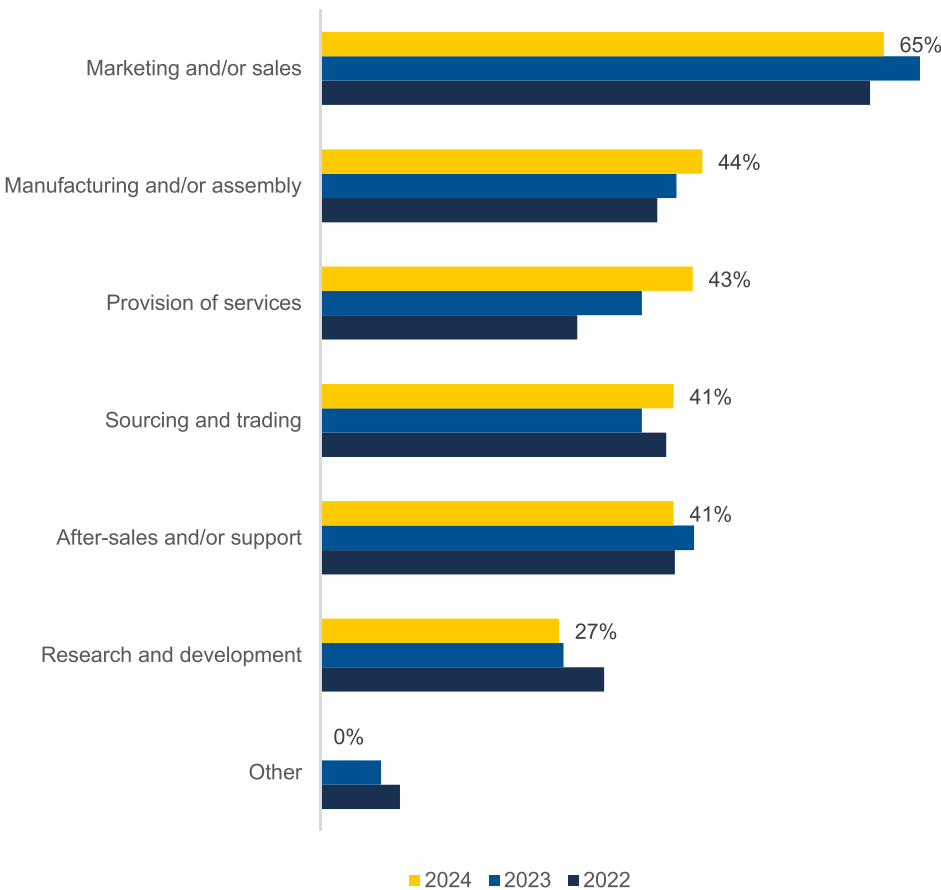
NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Marketing/sales is the main focus area for Swedish companies in Mainland China

China is an important market for many Swedish and global companies, both because of the large Chinese domestic market and its geographically strategic position in the region. The operational focus of Swedish companies in China has changed from 2023 to 2024.

In line with last year's findings, marketing and/or sales remain Swedish companies' most frequently used functions in China, at 65 per cent. More Swedish companies position China as a hub for manufacturing and/or assembly (44 per cent) and provision of services (43 per cent). This number echoes the previous finding of Swedish companies planning on increasing investments to further onshore their supply chains in China. After-sales and/or support is no longer the top two focus areas for Swedish companies in China in 2024.

OPERATIONS OF SWEDISH COMPANIES IN THE MARKET

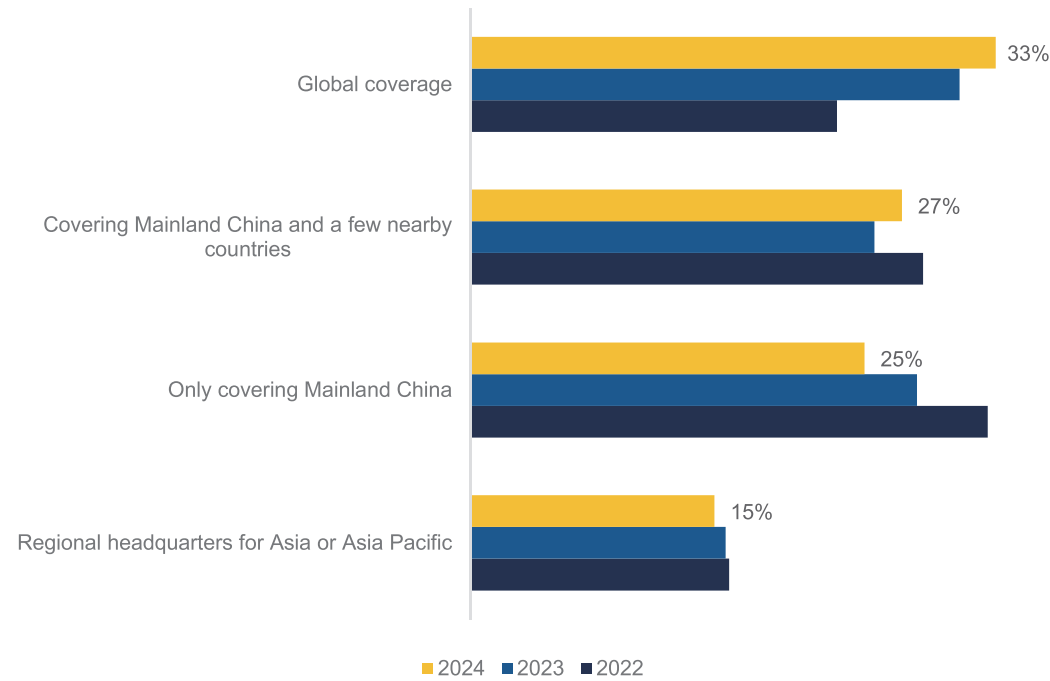


NOTE: The number of respondents for this question was 91. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

Roughly a third of Swedish companies operate in China to attain global coverage for production/sourcing and/or R&D

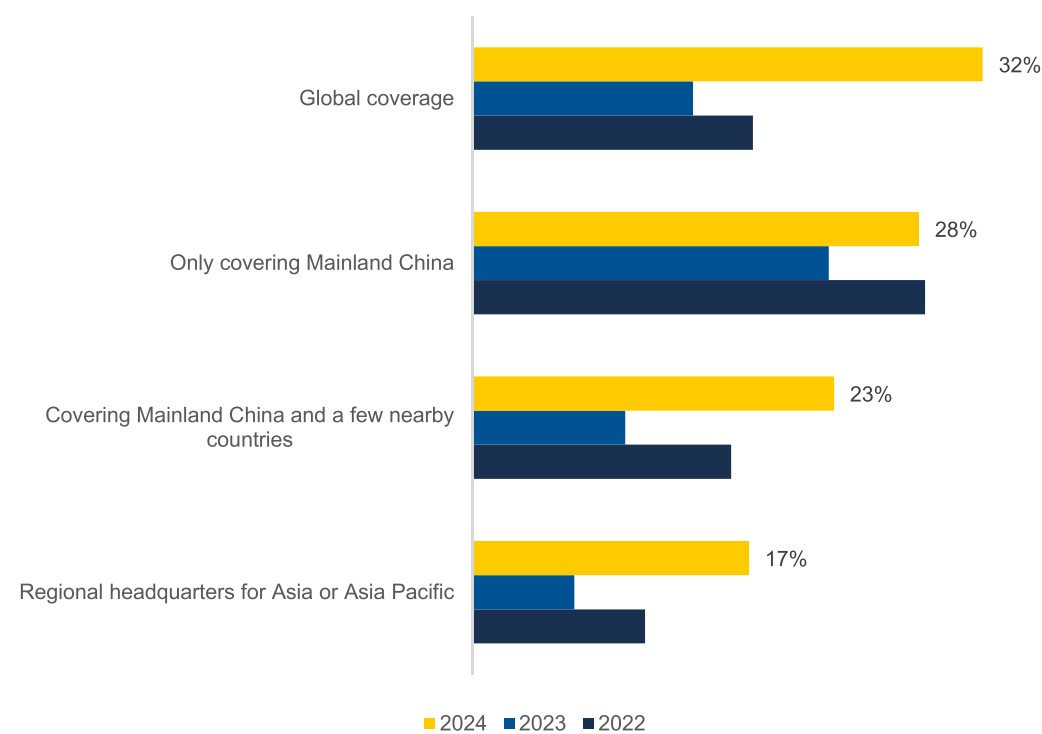
The number of companies reporting that they use operations in China to cover global production/sourcing and R&D needs has increased in the past three years. Almost a third of Swedish companies still use China as a global hub for production/sourcing (33 per cent) and R&D (32 per cent), while a quarter of Swedish companies adopt the strategy of “In China, only for China” in their production or sourcing.

MAINLAND CHINA’S ROLE FOR YOUR COMPANY’S PRODUCTION/SOURCING



NOTE: The number of respondents for this question was 85.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

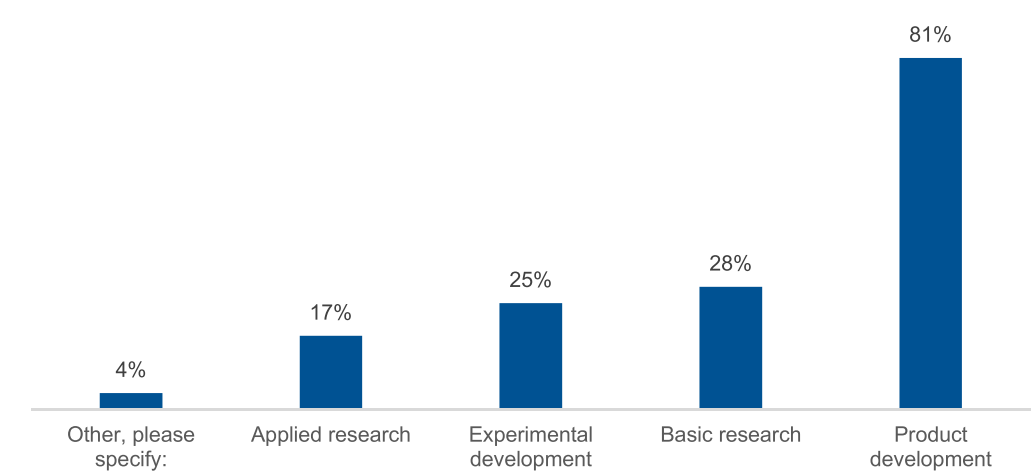
MAINLAND CHINA'S ROLE FOR YOUR COMPANY'S R&D



NOTE: The number of respondents for this question was 75.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

The focus areas of Swedish companies' R&D and innovation efforts in China are mainly in product development. For the ones that have an R&D and innovation setup in China, the majority (81 per cent) focuses on product development on an application level rather than experimental or research level.

WHAT TYPE OF R&D AND INNOVATION EFFORTS DOES YOUR COMPANY FOCUS ON IN CHINA?



NOTE: The number of respondents for this question was 91.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.

The value of brand Sweden has decreased for Swedish businesses in China, but is still strong in the consumer sector

Leveraging the country of origin continues to be a valid strategy for Swedish companies in China. In 2024, respondents say that the businesses benefited from leveraging the converted values of the Swedish brand, known for being reliable, offering good quality, being sustainable, and lightly luxurious. The average score decreased to 3.1 out of 5 from 3.6. The result varies significantly across sectors, with consumer companies rating the impact of brand Sweden at 4.1, significantly higher than their industrial (3.1) and professional services (3.0) peers.

Several companies claim that the state of the bilateral relationship between Sweden and China has a direct effect on their business. Some respondents say that the gloomy economy worldwide makes the value of brand a less important factor in comparison to the core value from product and service offerings.



We still benefit from brand Sweden especially for hiring talents.

Professional services company

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



NOTE: The number of respondents for this question was 91. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Mainland China 2024.



Clients are more cautious in spending and investing in such harsh situation now. No matter if you are Swedish or not.

Professional services company

ABOUT THE SURVEY

The survey aims at understanding Swedish companies' performance in designated markets

The Business Climate Survey for Swedish companies in China 2024 is a joint initiative by Team Sweden in China: Business Sweden, the Swedish Chamber of Commerce, the Embassy of Sweden in Beijing, and the Consulate General of Sweden in Shanghai.

The Business Climate Survey is carried out in China annually as part of a global initiative, with reports published regularly in several markets around the world. The aim of the survey is to improve understanding of the performance of Swedish companies, their perception towards market conditions, opportunities, and challenges, as well as their outlook in the Chinese market.

The companies that participated in this survey either have headquarters in Sweden, have Swedish shareholders or owners, are part of a Swedish conglomerate, or have other significant affiliations to Sweden. With the participation of high-level representatives from 91 Swedish companies in China, the survey gives a comprehensive perspective on how Swedish companies view the business climate and their own performance in China; a key player in the world economy, trade, and manufacturing.

Most of the questions in this year's survey are similar to previous surveys to allow for comparison over time. However, some questions have been added or removed to account for changing interests, and some alterations have been made to questions and response options to follow the evolving market conditions. The survey has also been synchronised with the Business Climate Surveys carried out by Team Sweden in other markets around the world to enable comparison where relevant.

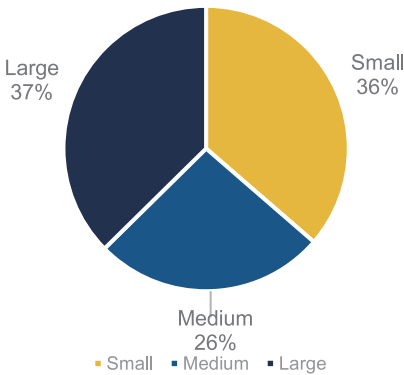
The survey reflects a diverse set of companies in size, industry, and market experience

The 2024 survey was conducted between 9 February and 11 March 2024. The response rate was 52 per cent. 91 out of 175 SwedCham members in China responded to the survey. 37 per cent of the respondents represented large companies, and 36 per cent are small companies. The remaining 26 per cent are medium-sized companies.

The range of business areas represented in this report was grouped into three general categories: professional services, consumer, and industrial companies. Industrial companies made up the largest share of respondents at 44 per cent, followed by professional services of 38 percent and consumer companies of 18 per cent respectively.

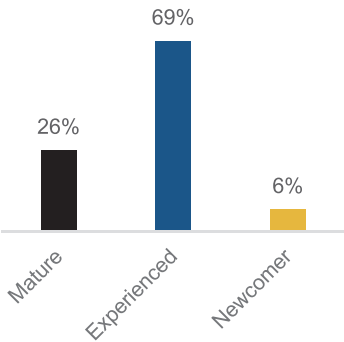
The vast majority of responding companies, 95 per cent, are experienced in the Chinese market since 2015 or earlier, while 26 per cent of these companies were established in China before 2000. Newcomers to this market made up 6 per cent of all respondents.

SIZE OF COMPANIES



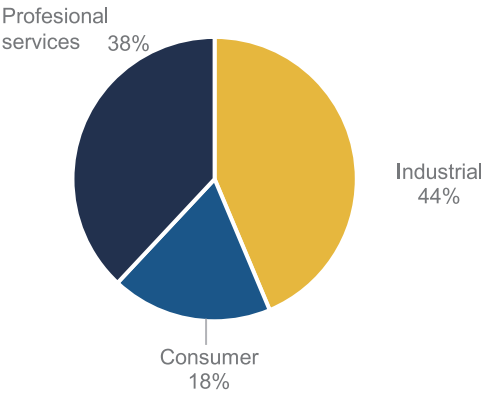
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249
SOURCE: Business Climate Survey for Swedish Companies in China 2024.

AGE OF COMPANIES



NOTE: Mature (< 2000). Experienced (2001-2015). Newcomer (2016)
SOURCE: Business Climate Survey for Swedish Companies in China 2024.

MAIN INDUSTRY



NOTE: Industrial 44%. Professional services 38% . Consumer 18%
SOURCE: Business Climate Survey for Swedish Companies in China 2024.

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