

BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN CANADA 2022

A REPORT FROM BUSINESS SWEDEN, THE EMBASSY OF SWEDEN
AND THE SWEDISH-CANADIAN CHAMBER COMMERCE IN CANADA.

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Published by: Business Sweden in Canada, Swedish-Canadian Chamber of Commerce, Embassy of Sweden in Canada.

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Graphic design: Victoria Wikström, SCCC.
Photos: Unsplash, (page 1, 5, 14, 18).

INTRODUCTION

WELCOME TO THIS YEAR'S EDITION OF THE BUSINESS CLIMATE SURVEY FOR CANADA. Created by Team Sweden. In 2022, thirty-five Swedish subsidiaries participated in this survey providing insights on the overall business climate and general market trends in Canada. Our mission is to provide Swedish firms with valuable guidance to set up, support, expand, or just learn about the local market and opportunities. We hope you will find the results enlightening, whether you have been established here for a century or are yet to consider the market.

Despite two challenging years, Canada can present some good news for businesses. Canadian economic recovery is well documented, resilient and future-focused on sustainable enterprise. Investment into digital technologies, advanced manufacturing, artificial intelligence, sustainable food production and others provide ample opportunity for Swedish solutions to be applied to the Canadian landscape. In Canada, Swedish companies can find bright minds, abundant resources, and ample support for all kinds of business.

While some Swedish firms have been in Canada since the early 20th century, others found market success just last year. As resource-abundant, developed countries with an educated populace, Sweden and Canada enjoy the free flow of information, goods, and services represented in a wide scope of industries and locations. From the trade of heavy manufacturing equipment to exotic delicacies our relationship contributes to the wealth and happiness of both nations.

As the world changes, the need for strong partnerships becomes more apparent. Swedish-Canadian relations grow stronger year after year as we seek allies with shared values and reliability in both commerce and government. Under the Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union, Canadians and Swedes can enjoy simplified trade processes, removal of many tariffs, and opportunities for bilateral growth for more, easier, and better trade.

Naturally, we would like to thank those companies who participated in this survey. We encourage anyone interested in the Canadian market to reach out to Team Sweden for more information and support.



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SUMMARY

The 2022 Business Climate Survey has demonstrated the resilience of the Canadian market and highlighted a hopeful future for a wide variety of Swedish companies present in Canada. Canadian-Swedish trade relations grow stronger as the impact of Covid-19 subsides and investors look for stable, safe, and growing markets to continue to expand.

KEY TAKEAWAYS

73%

of Swedish businesses expect to increase investment in Canada in the coming 12 months.



Swedish firms value Canadian work culture, access to legal security, and ample personal safety.



The vast majority of Swedish firms perceived no corruption or rights violations in Canada.

1 in 5 Swedish firms do not know enough about CETA, Canada's most important trade agreement with the European Union.

69%



of Swedish companies viewed the Canadian market favourably.



4 in 5 Swedish businesses say access to the United States of America is important for their business in Canada.

4 in 5 of Swedish companies in Canada report that elements of the Swedish brand partially or significantly contribute to their business in 2022.

88%

of Swedish firms state Canadian consumers consider environmental aspects at least partially in their purchase decisions. (Second place globally after France)



BUSINESS CLIMATE SURVEY 2022

KEY FINDINGS

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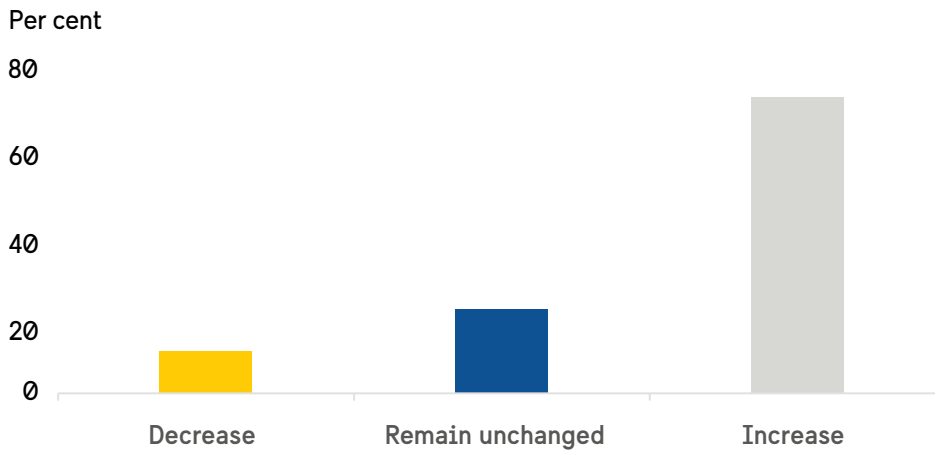
EVEN MORE POSITIVE ECONOMIC OUTLOOK

Swedish companies are now reinvesting into the Canadian market at rates comparable to pre-pandemic levels. In 2022 the intended investment level of 73 per cent is the highest for the business climate survey. This value is slightly higher than the 2021 levels of 69 per cent and the historic low of 27 per cent in 2020. The previous high of 71 per cent in 2018 has also now been surpassed, marking a new wave of Swedish investment into Canada.

According to the OECD, Canada was the third-largest recipient of foreign direct investment (FDI) worldwide in 2021, after the United States and China. Canada received \$60 bn USD in FDI inflows, a 15-year high. Sectors of significant investment include transportation, mining, and renewable energies.¹

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

INVESTMENTS WILL ...



NOTE: The number of respondents for this question was 35. "Don't know/Not applicable" responses are included but not shown in figure.

1. Reference source: <https://www.thesudburystar.com/opinion/columnists/column-canadas-economic-strategy-pays-off-in-the-form-of-electric-vehicles>

KEY FINDINGS

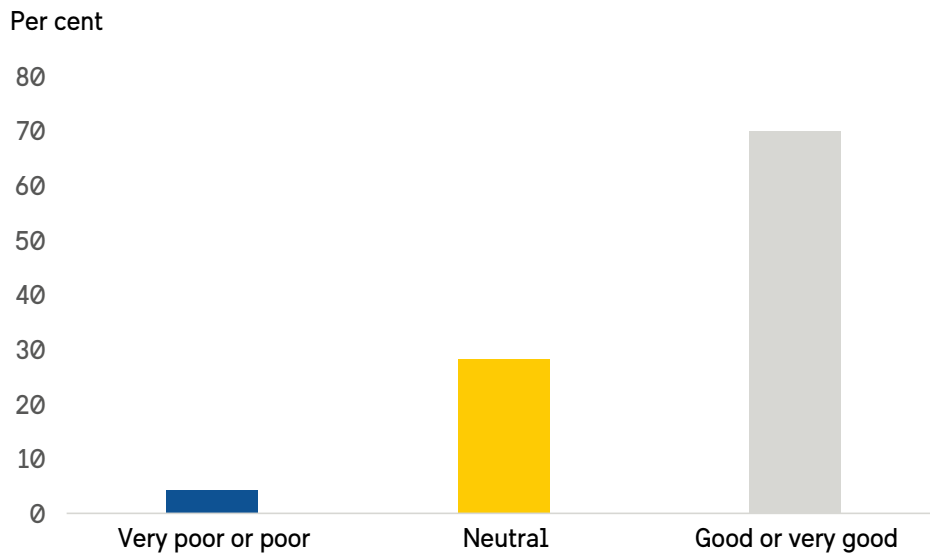
CONTINUOUS IMPROVEMENT IN BUSINESS CLIMATE

The overall business climate of Canada has continued to improve as the country has opened its commerce sectors and lifted Covid-19 restrictions. In 2022, 69 per cent of Swedish companies viewed the market favourably. This rate is elevated from the 2021 response of 45 per cent and the 2020 response of 30 per cent.

In parallel, the amount of companies that negatively viewed the business climate in Canada has significantly decreased. In 2022 the number of firms who viewed the market unfavourably drastically reduced to two per cent. This rate is dramatically lower than the 17 per cent and 30 per cent figures experienced in 2021 and 2020.

The Canadian market is viewed as a stable market for business expansion due to the overall welcoming business climate. The steady political landscape paired with high disposable incomes typically leads European firms to consider Canada for North American development. If the current commercial environment persists, continued investment in Canada should remain constant over the coming business cycles.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN CANADA?



NOTE: The number of respondents for this question was 35.

KEY FINDINGS

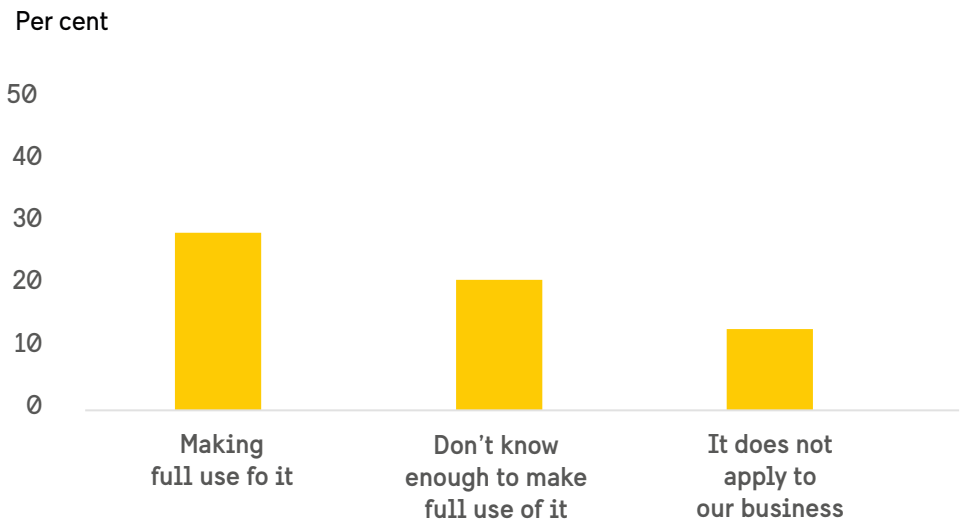
SWEDISH COMPANIES WANT CETA SUPPORT

In 2017, the Canada-European Union Comprehensive Economic and Trade Agreement, otherwise known as CETA, came into effect. Easing trade restrictions and eliminating tariffs on 98 per cent of goods traded between the European Union and Canada, it was expected to introduce a series of trade reforms benefitting both Canadian and E.U. businesses.

According to the 2022 Business Climate Survey, only 27 per cent of Swedish firms in Canada actively engage with and benefit from CETA. 13 per cent of firms report CETA being unapplicable to their business type, while 40 per cent were either not sure of the impact of CETA or did not find it applicable.

One in five firms (20 per cent) report lacking knowledge to take full advantage of CETA. This represents a gap in legislative changes and adoption by firms despite five years of regulatory overhaul. Team Sweden is ready to help businesses learn about trade relations and how best to benefit from CETA opportunities.

WHAT EFFECT DOES THE CETA FREE-TRADE AGREEMENT HAVE ON YOUR BUSINESS?



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.

KEY FINDINGS

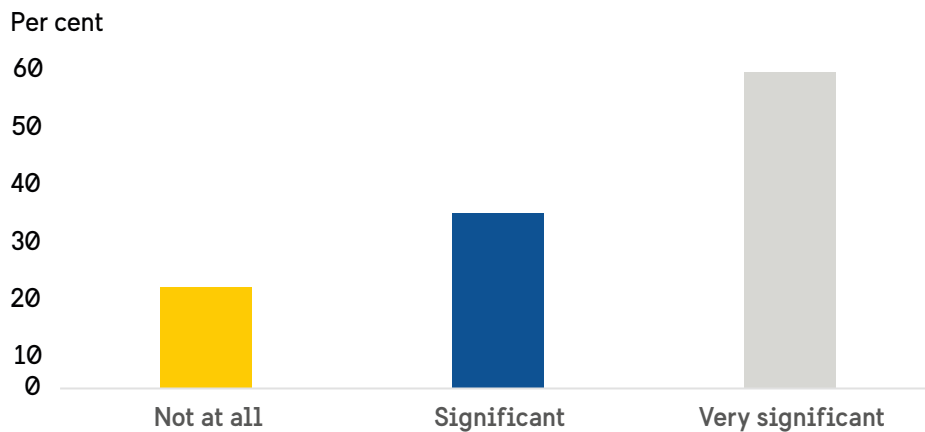
THE SWEDISH BRAND IS STRONG AND GAINING MOMENTUM

Being Swedish remains an important element of business in Canada. Four in five Swedish companies in Canada report that elements of the Swedish brand partially or significantly contribute to their business in 2022. This represents yet another upswing – in 2021, 71 per cent of companies stated this actively contributed to their brand, increasing from 63 per cent 2020.

Inherent cultural traits – innovation, trustworthiness, and creativity rank among the most beloved aspects of “Swedishness”. Trustworthiness and transparency were noted as common traits among Canadians and Swedes.

Outward marketing elements – Swedish flag, letters ÅÄÖ, were noted as less vital to the overall Swedish brand, though companies continue to use them.

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



NOTE: The number of respondents for this question was 35

KEY FINDINGS

STRENGTH IN SUSTAINABILITY

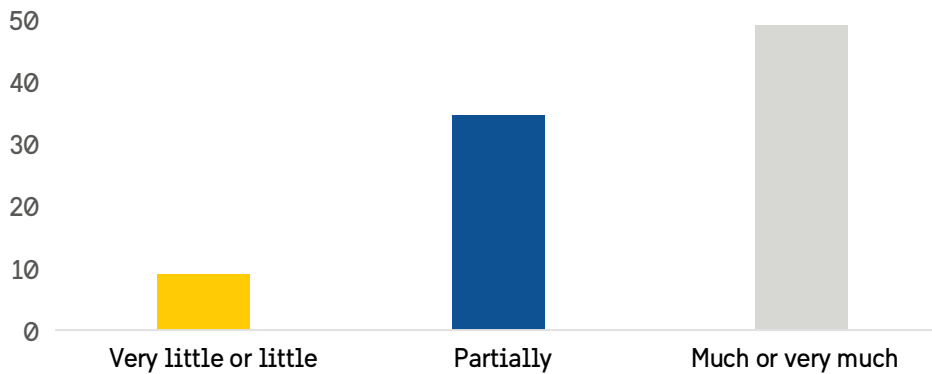
Home to extensive protected natural lands, numerous vital natural resources and associated industries and a highly developed outdoor lifestyle, Canadians are proud to care for their environment. Fundamentally more than a trend in Canada, sustainability is an influential factor in both consumer behaviour and business practice as 69 per cent of Canadian consumers expect businesses to take the lead on sustainability, presenting opportunities for Swedish businesses with strong environmental standards.

As of 2022, 88 per cent of Swedish firms state Canadian consumers consider environmental aspects at least partially in their purchase decision. Over half (51 per cent) believe Canadian considered sustainability much or very much, a steady growth from 2021 (45 per cent) and 2020 (37per cent).

Furthermore, sustainability ranked in the top three areas of importance for maintaining competitiveness for Swedish businesses in Canada. Among all countries surveyed, Canada scored second in consumer sustainability rating importance - following France.

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

Per cent



NOTE: The number of respondents for this question was 35. "Don't know/Not applicable" responses are included but not shown in figure.

KEY FINDINGS

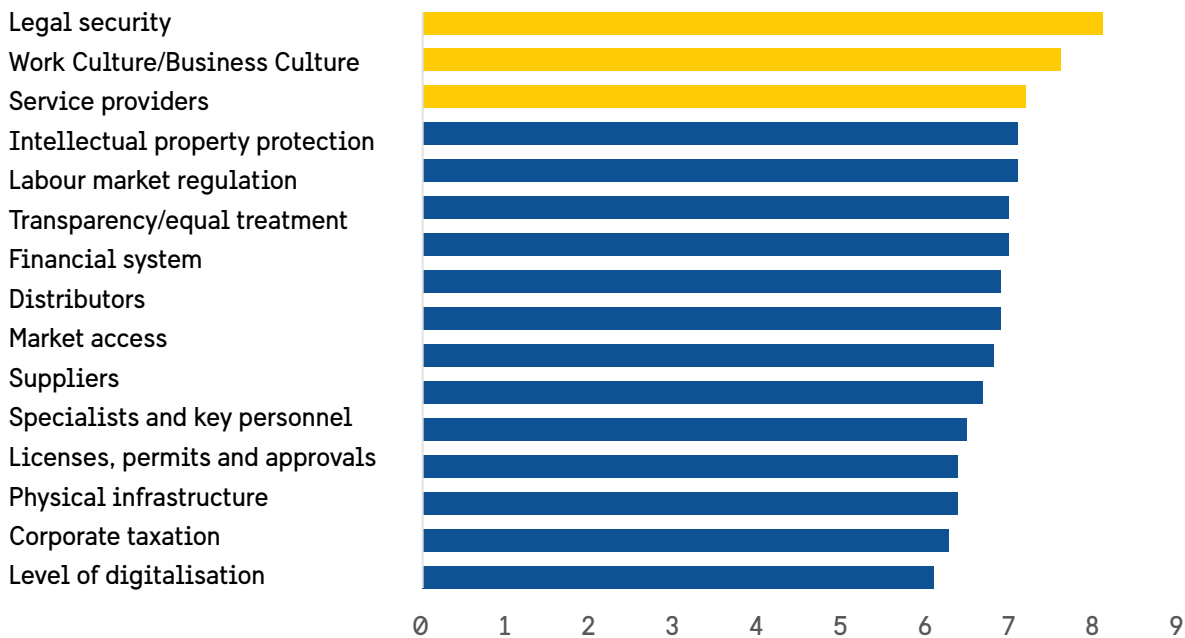
CANADA'S RECIPE FOR SUCCESS

Canada has long been known as an international bastion of civility and security. Swedish firms noted great work culture, legal security, and personal safety among top reasons why they enjoy doing business in Canada.

Canada ranks 10th worldwide according to the Global Peace Index (GPI), which tracks internal conflict, societal safety, and political stability. Canadians perceive low levels of criminality organised crime. A high level of democratic freedom ensures peaceful settlement of conflict.

As a rich, developed nation with a high quality of life, Canada's business environment was also generally held in very high regard by Swedish firms. On a scale of 1-9, all listed Canadian business climate conditions were favourably rated (6.1 or higher).

ON A SCALE OF 1-9, HOW DO THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY'S BUSINESS IN CANADA?



NOTE: The number of respondents for this question was 35. "Don't know/Not applicable" responses are included but not shown in figure.

KEY FINDINGS

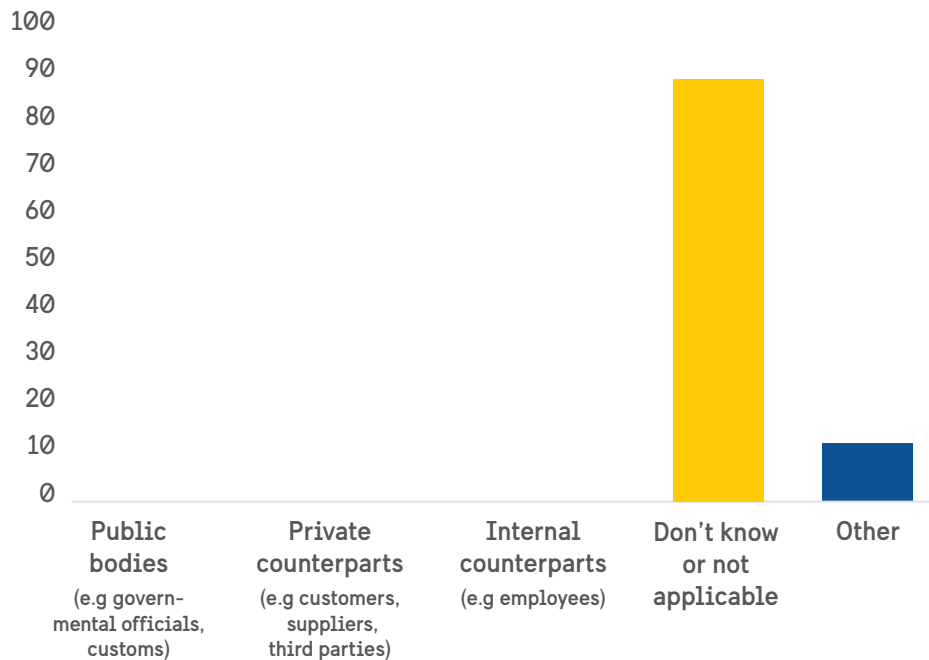
CORRUPTION AND RIGHTS VIOLATIONS REMAIN LOW

Canada remains a highly trustworthy country for business ventures. Consistent with previous year survey results, most Swedish firms believe Canada to be transparent and fair – in line with international standards on human rights and corruption. 87 per cent of firms surveyed did not perceive exposure to corruption and 83per cent encountered no human or labour rights abuse in the course of business (Appendix).

A stable and safe country with strong legal institutions encourages investment and entrepreneurship. Swedish firms can depend on Canadian suppliers, officials, and employees to act ethically and consistently enjoy the same legal protections as their Canadian peers. Protection of intellectual rights, equal rights, and transparency were noted as particularly positive attributes of the market.

IN THE PAST YEAR, HAS YOUR COMPANY IN CANADA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH...

Per cent



NOTE: The number of respondents for this question was 35.

KEY FINDINGS

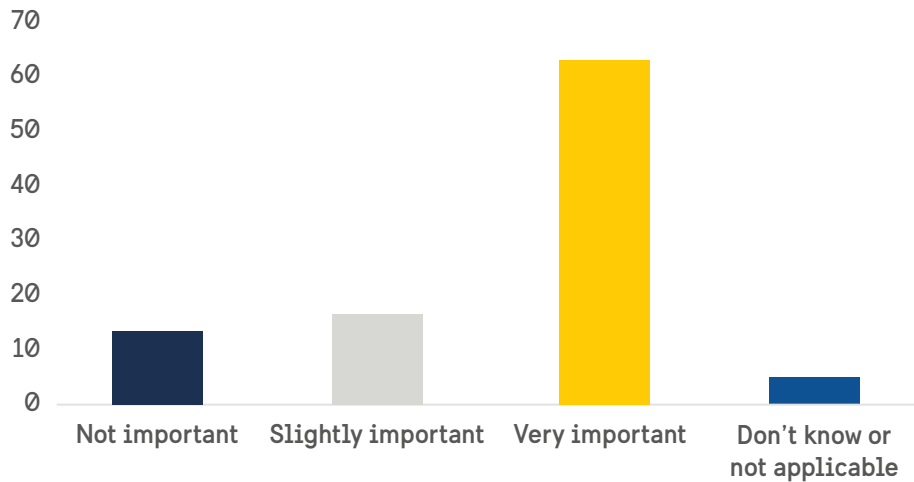
ACCESS TO U.S. MARKET IS EXTREMELY IMPORTANT

Swedish firms overwhelmingly identified access to the United States as important to their business operations in Canada, with over 80 per cent answering affirmatively. Many Swedish companies use Canada as an entry point for business development in North America. Recent companies launched operations in Canada and used the country as a base to sell their products and services to the United States.

Canada and the United States (U.S.) enjoy a unique relationship. The Canada-U.S. partnership is forged by shared geography, similar values, common interests, deep personal connections and robust, multi-layered economic ties. Canada and the U.S. share one of the most significant trading relationships globally, with over \$1 trillion in bilateral trade in goods and services in 2021. Canada-U.S. trade is built on long-standing bi-national supply chains, whereby roughly 79 per cent of Canadian goods exports to the U.S. are incorporated into U.S. supply chains.²

HOW IMPORTANT IS ACCESS TO THE UNITED STATES MARKET TO YOUR BUSINESS MODEL IN CANADA?

Per cent



NOTE: The number of respondents for this question was 35.

2. Statistics Canada, Government of Canada <https://www.international.gc.ca/country-pays/us-eu/relations.aspx?lang=eng>



BUSINESS CLIMATE SURVEY 2022

STORIES OF DOING BUSINESS IN CANADA



GROWING IN A COMPLEX AND EVOLVING THREAT LANDSCAPE

Secure State Cyber is a Swedish company providing professional cybersecurity services since 2005 in Sweden. The company experienced rising customer demands of being able to provide services over more time zones.

THE COMPANY STARTED INVESTIGATING THE CANADIAN market in 2017, thanks to the CETA agreement, and in 2018 they started their first international office in Halifax, Nova Scotia. The Canadian team started small but was immediately able to provide services to both sides of the Atlantic.

“We started in Atlantic Canada since the geolocation makes it a good spot to serve both European and North American customers, and we are now seeing a steady growth all over Canada,” says Ulrika Nilsson, CEO of Secure State Cyber.

The business plan execution was slowed down due to Covid. Still, since the beginning of 2021, the Canadian incorporation has shown high growth with quadrupled revenue and a growing team of cyber specialists. A new office has been established in Toronto, and the customer base has expanded all the way to Alberta.

“The Swedish-Canadian Chamber of Commerce, the Swedish Embassy and Business Sweden have all been key partners to our success. Their business network and door opening capabilities are very appreciated”, says Ulrika Nilsson.

Secure State Cyber provides professional services in cybersecurity management, penetration testing, user awareness, data privacy and cyber threat intelligence.



ATLAS COPCO COMPRESSORS CANADA – LEADING CARBON CAPTURE SOLUTIONS

In a world that is increasingly environmentally conscious, consumers look for products that will reduce their environmental footprint and overall energy consumption. Now more than ever sustainability is a major selling point and having an energy efficient system is a top priority.

EVERYONE IS COLLECTIVELY WORKING TOWARDS ACHIEVING CANADA'S GOAL in becoming carbon neutral by 2050. This is why carbon capture is growing in popularity. This technology not only prevents CO2 from being released into the atmosphere – and allows businesses to do their part to protect the environment – it is also a financially attractive option.

The release of carbon dioxide into the atmosphere is increasingly punished by governments trying to curb the effects of climate change, e.g. in the form of taxes and fines, however carbon capture technologies are often incentivised. Also, in many cases, the entire return on investment in carbon capture equipment comes from lower taxes. In addition, any CO2 that is not reused can either be stored or sold.





The potential for carbon capture and utilisation is huge as carbon dioxide is used in many different industries such as food and beverage, manufacturing, oil & gas, material building, etc. In the food & beverage industry for example, breweries need CO₂ during beverage production.

Atlas Copco compressors Canada has recognised carbon capture as a vital step in achieving lower greenhouse gas emissions and has therefore ensured to have the right technology to help further develop this industry.

Whether it's a low pressure or high-pressure requirement, the necessary products are available to complete a carbon capture system and ensure its smooth operation. Atlas Copco is collaborating with technology providers, end users and engineering firms to help grow the carbon capture market and increase the number of projects in Canada.

Together with you, we move towards an eco-friendly future. We know responsibility lies in our hands.

“ Atlas Copco compressors Canada has recognised carbon capture as a vital step in achieving lower greenhouse gas emissions and has therefore ensured to have the right technology to help further develop this industry.”

Atlas Copco Canada



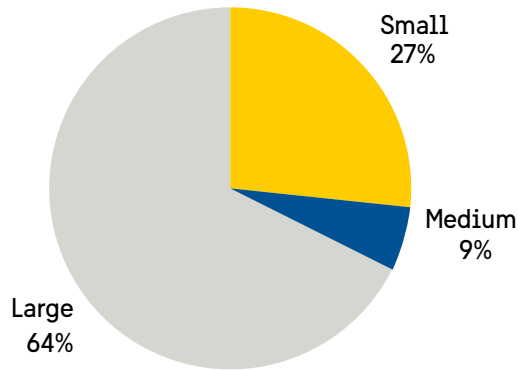
BUSINESS CLIMATE SURVEY 2022

APPENDIX

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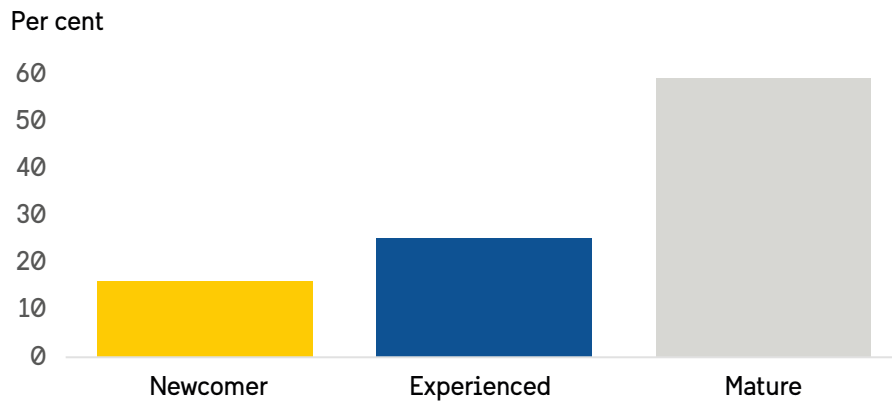
ABOUT THE RESPONDENTS

SIZE OF COMPANIES THAT RESPONDED



NOTE: The number of respondents for this question was 35. "Don't know/Not applicable" responses are included but not shown in figure.

AGE OF COMPANIES THAT RESPONDED

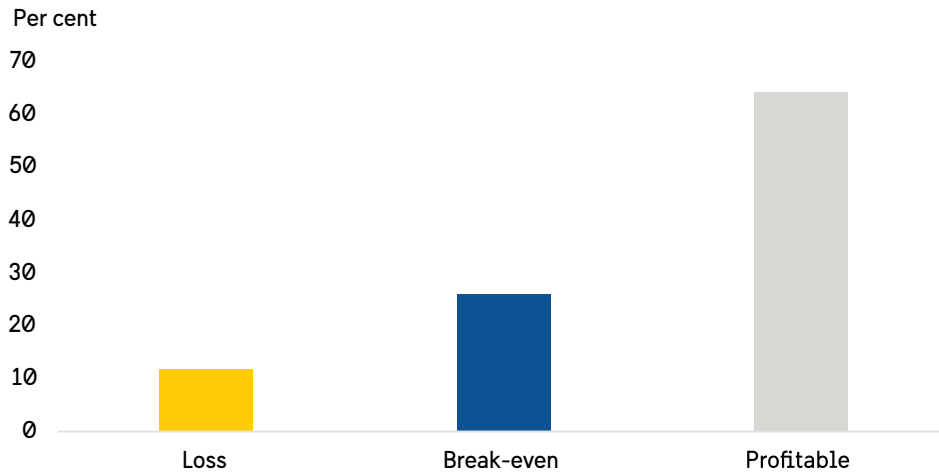


NOTE: The number of respondents for this question was 34. "Don't know/Not applicable" responses are included but not shown in figure.

APPENDIX

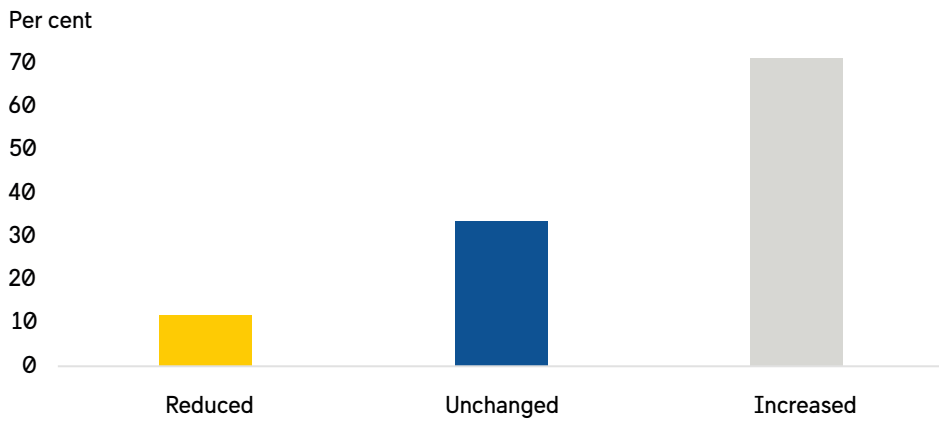
OTHER SURVEY QUESTIONS

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN CANADA IN 2022?



NOTE: The number of respondents for this question was 35. "Don't know/Not applicable" responses are included but not shown in figure.

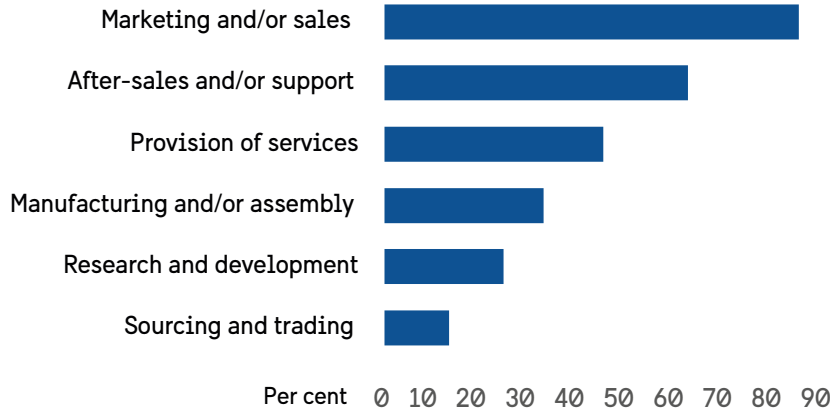
WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN CANADA, COMPARED TO THE PAST 12 MONTHS? INVESTMENTS WILL BE...



NOTE: The number of respondents for this question was 34.

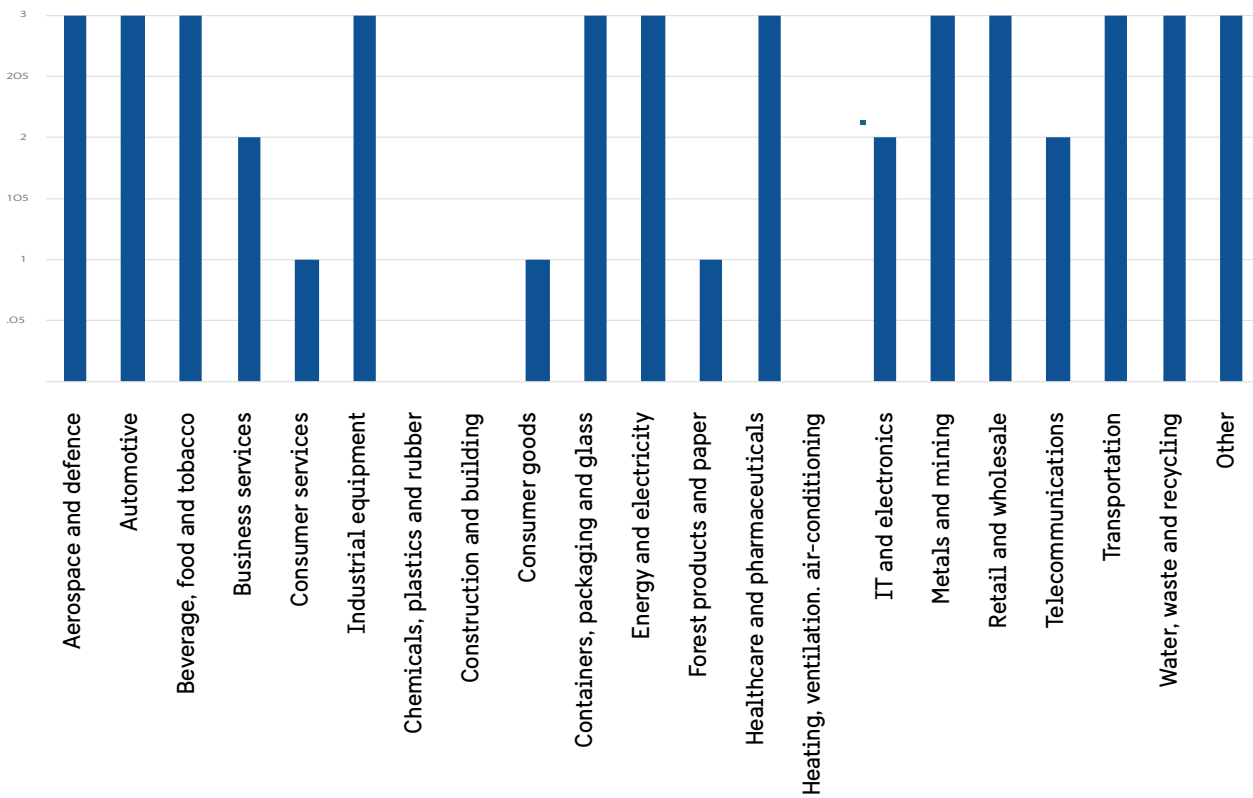
APPENDIX

WHAT OPERATIONS DO YOU CARRY OUT IN CANADA?



NOTE: The number of respondents for this question was 35.

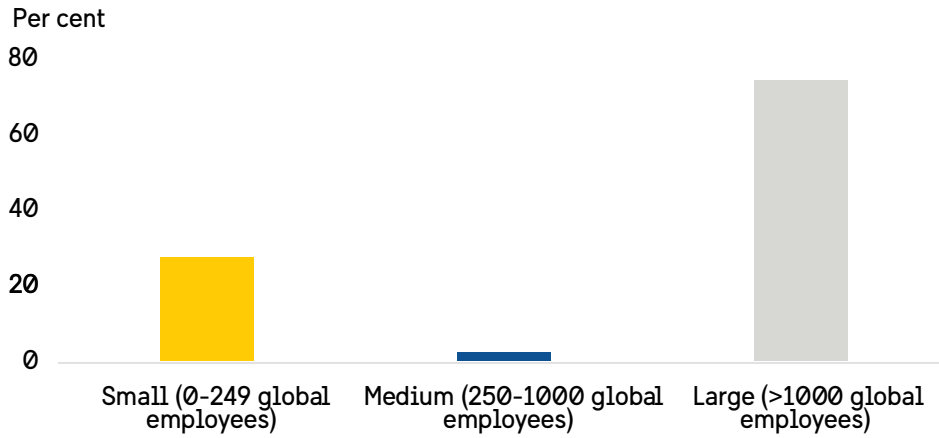
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN CANADA?



NOTE: The number of respondents for this question was 35.

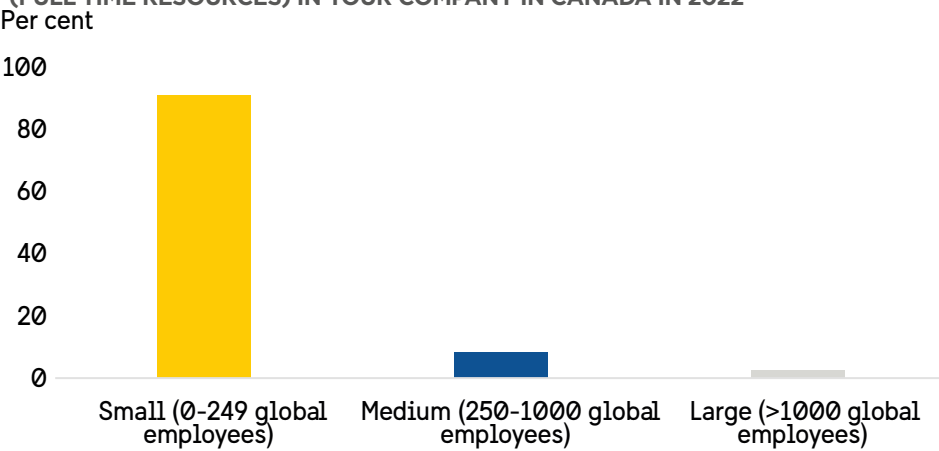
APPENDIX

PLEASE ESTIMATE: THE GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



NOTE: The number of respondents for this question was 35.

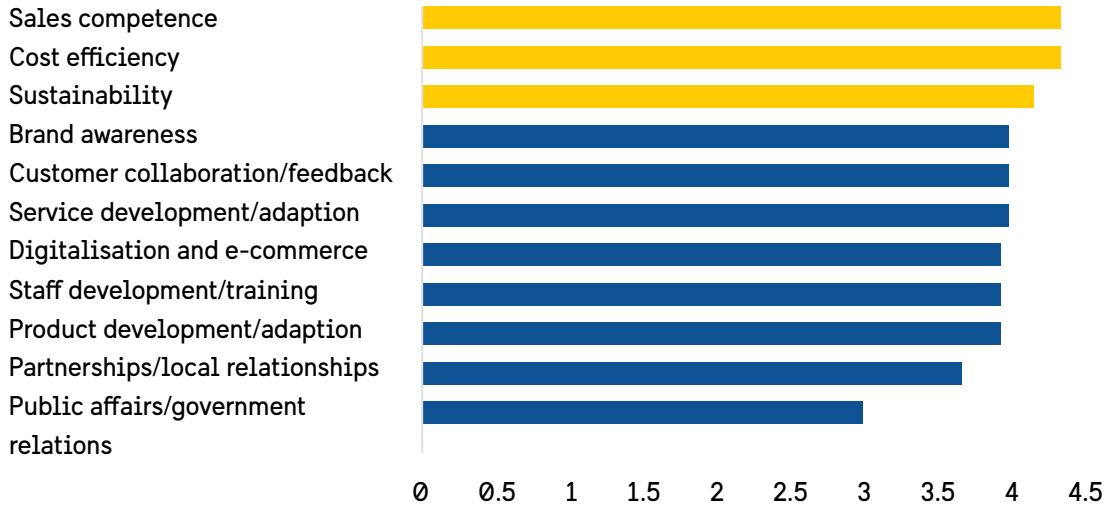
PLEASE ESTIMATE: THE LOCAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN CANADA IN 2022



NOTE: The number of respondents for this question was 35.

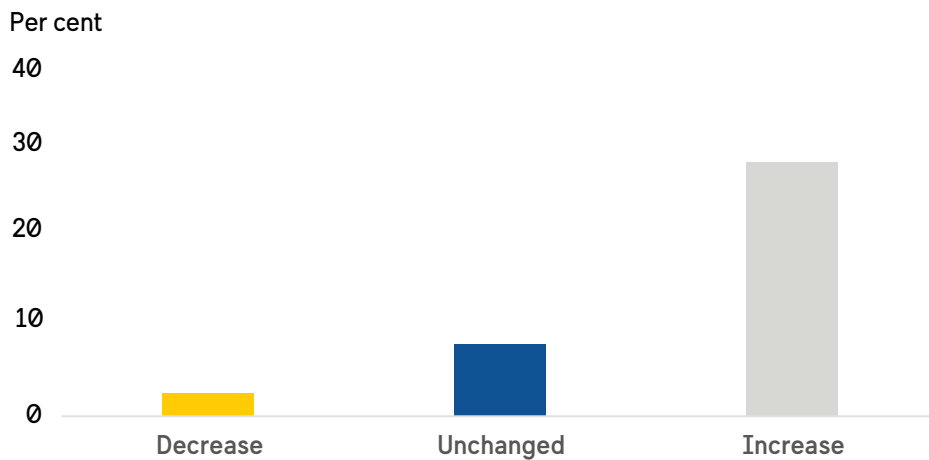
APPENDIX

ON A SCALE OF 1-5, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN CANADA?



NOTE: The number of respondents for this question was 35.

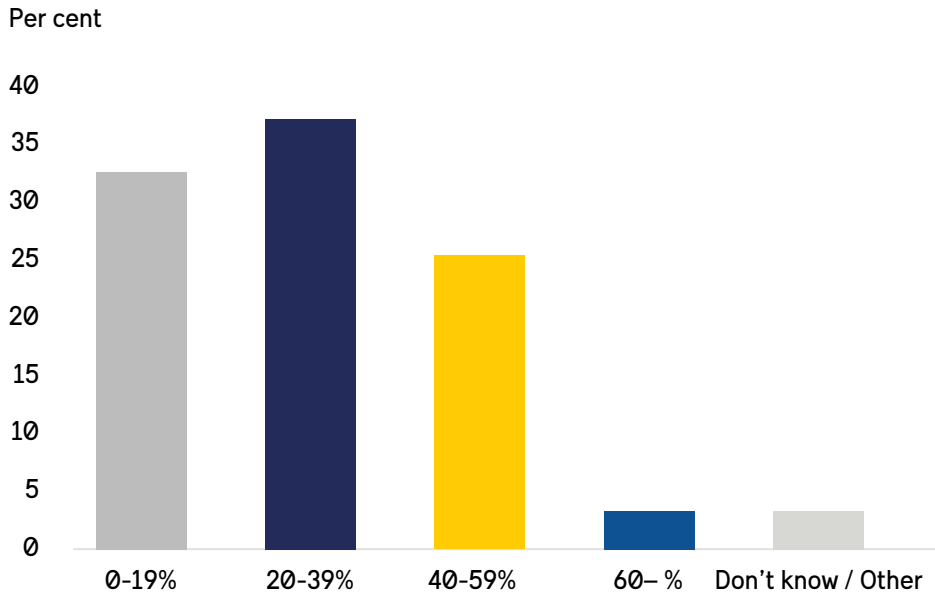
COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN CANADA REGARDING TURNOVER?



NOTE: The number of respondents for this question was 35.

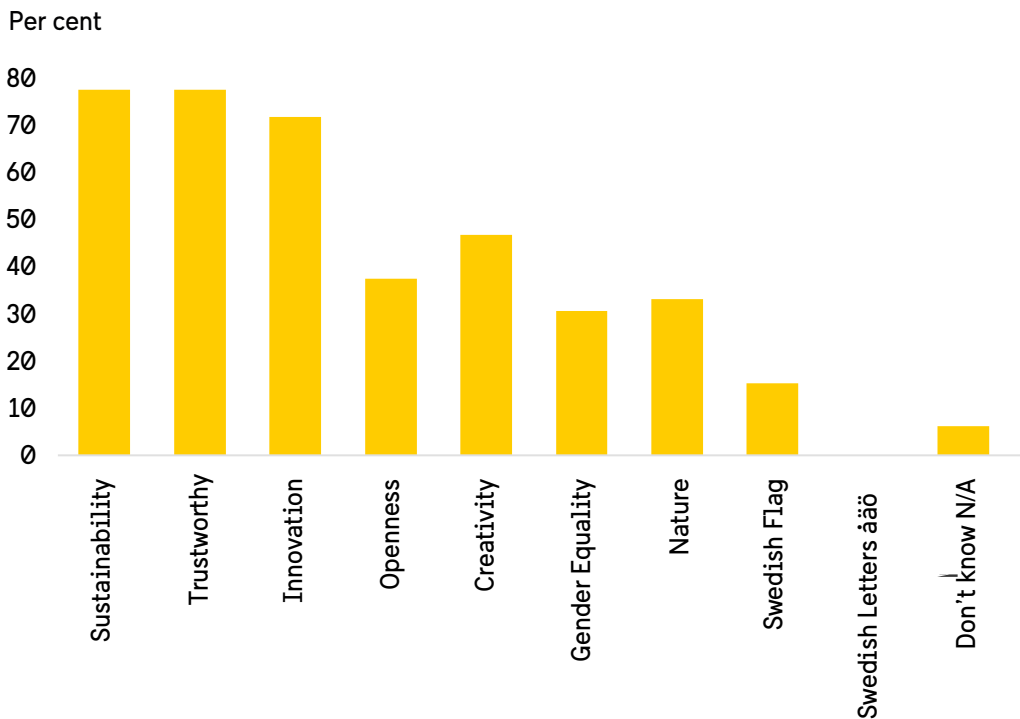
APPENDIX

WHAT PERCENTAGE OF YOUR MANAGEMENT TEAM IN CANADA ARE WOMEN?



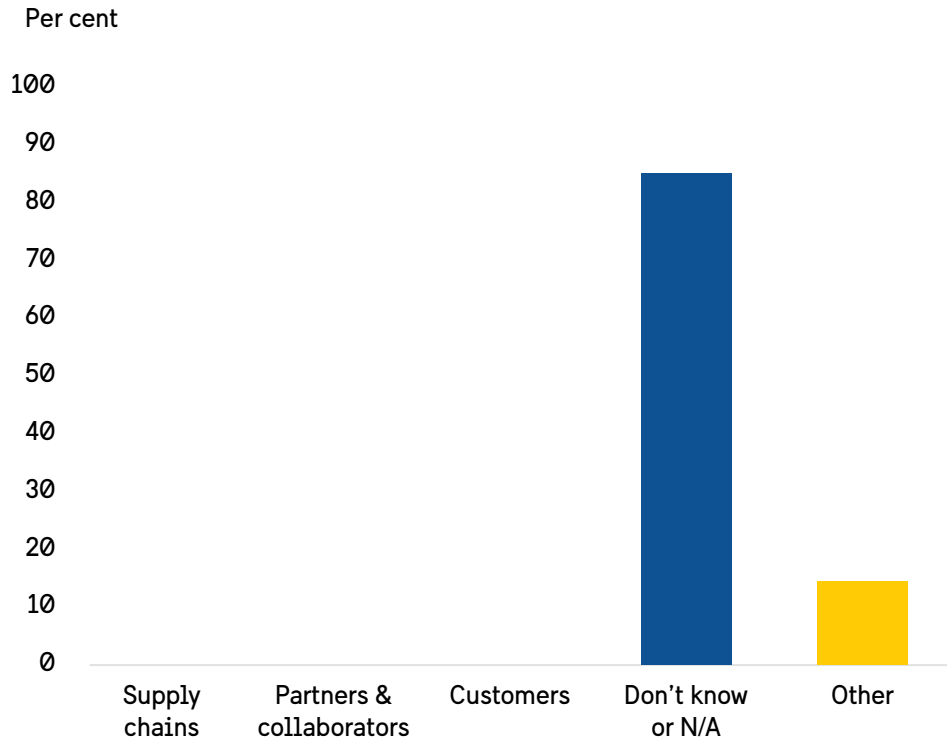
NOTE: The number of respondents for this question was 35.

WHICH ELEMENTS OF THE SWEDISH BRAND AND VALUES ARE IMPORTANT TO YOUR MARKETING?



APPENDIX

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



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