

BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN TAIWAN 2025

A REPORT FROM TEAM SWEDEN IN TAIWAN

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FOREWORD

The year 2025 is yet another milestone for Taiwan, continuing to solidify its strategic role in the international economic and technological landscape. Following a year of renewed growth, Taiwan's economy is poised to maintain momentum thanks to the strong performance of its main export sectors and domestic demand. Despite continuing uncertainties surrounding geopolitical tensions and global supply chain reconfigurations, Taiwan has demonstrated a remarkable ability to adapt. Global de-risking and diversification of supply chains, especially in the context of partial USA-China decoupling, further enhance Taiwan's strategic importance as the global centre of semiconductor manufacturing. Strategic sectors such as renewable energy, AI-based technologies, electric vehicles, and intelligent health align closely with Sweden's industrial and innovation-driven economy.

At the same time, Swedish businesses in Taiwan continue to face challenges. As in previous years, companies continue to highlight issues such as regulatory opacity and the pace of digital transformation. Encouragingly, we are seeing growing dialogue around institutional reforms and digital policy enhancements, and many Swedish companies are responding by proactively partnering with local stakeholders, engaging in policy advocacy, and investing in talent development to help close the gap.

Overall, Swedish companies remain resilient and positive about the outlook. Most of the respondents reported profitability in 2024 and expect turnover to increase in the coming year, marking a return to market confidence. Over half of SMEs plan to increase their investments in 2025, reflecting their adaptability as well as expansionary ambitions.

Success in Taiwan remains based on building relationships and strategic partnerships. The results of this year's study once again highlight the importance of strong local networks, product innovation, and the attractiveness of the Swedish brand. This report is intended to provide Swedish business leaders, decision-makers, and stakeholders with a comprehensive reference for navigating the Taiwanese market and enhancing bilateral commercial relations. By looking at current trends and areas of significant growth, it aims to inform strategy and inspire collaboration. The business relationship between Sweden and Taiwan, after all, is one based on common values.



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42 respondents in Taiwan

Current business climate

3.4

Of 5

Industry turnover

64%

of Swedish companies expect their industry turnover to increase

Future investments

41%

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

Globally valued success factors

1. Partnerships and relationships
2. Product development
3. Brand awareness

Brand Sweden

83%

of Swedish companies in Taiwan consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Physical infrastructure
3. Market access

Local conditions with least satisfaction

1. Customs
2. Service providers
3. Corporate taxation

Environmental considerations

57%

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

Corruption

Taiwan is ranked 28th in Transparency International's global Corruption Perceptions Index (CPI)

Human rights violations and labour rights abuse

3% of respondents encountered human rights violations or labour rights abuse.

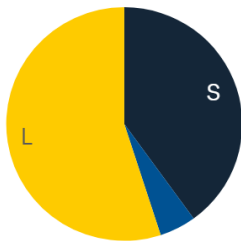
ABOUT THE SURVEY

Team Sweden introduces the 2025 Business Climate Survey for Taiwan

The 2025 Business Climate Survey for Taiwan was carried out between February and March through a joint effort by Team Sweden in Taiwan. Responses were gathered by both the Swedish Chamber of Commerce and Business Sweden, while Business Sweden handled data analysis and writing the report. The aim of this annual survey is to capture the perspectives of Swedish companies on the ground, offering a snapshot of current market conditions and tracking how sentiments and challenges evolve over time. It also highlights where Swedish companies see opportunities for growth and identifies areas that may require closer attention.

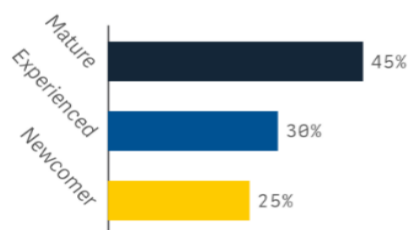
The report opens with an assessment of the financial performance of Swedish businesses in Taiwan over the past year and their expectations going forward. It then explores overall market dynamics, local operating conditions, and evolving business trends. Focus is given to brand perception, key competitiveness drivers, and investment outlooks. The final sections cover themes such as sustainability and the geopolitical context in which companies operate.

SIZE OF COMPANIES



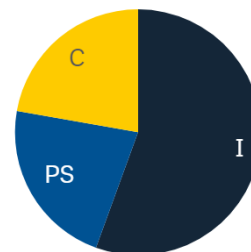
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

AGE OF COMPANIES




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

MAIN INDUSTRY



NOTE: Industrial 56%. Professional services 22%. Consumer 22%

In addition to the core survey questions, we incorporated Taiwan-specific questions developed locally to reflect emerging strategic concerns, particularly around geopolitical uncertainty and sustainability challenges. For a deeper dive, see the section 'Navigating strategic uncertainty in geopolitical tensions'. Certain parts of the report have further drawn upon cluster-based analysis to explore nuanced geopolitical dynamics, which is indicated in sections featuring this icon: .

Technical note on methodology:

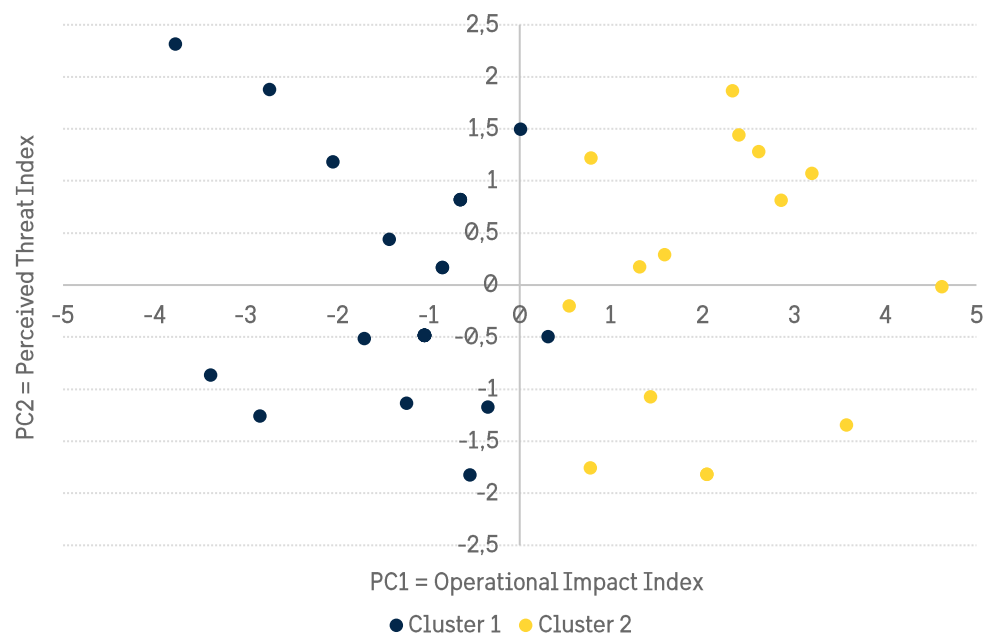
Out of the 73 companies identified to participate, 42 responded, yielding a response rate of 58% and a margin of error of 9.8% at a 95% confidence level. It is worth noting that the survey was conducted before the announcement of new US tariff measures in April 2025 and therefore does not reflect potential shifts in sentiment resulting from this development.

The responses to the geopolitical questions were pre-processed by principal component analysis (PCA) to reduce dimensionality. This approach yielded two composite principal components (PC1 and PC2), together explaining 60% of total variance.

Responses were then clustered using k-means clustering, and the strongest silhouette scores were observed for 2 and 6 clusters. The good silhouette score at K=6 was replicated in hierarchical clustering, indicating that there are finer dynamics at play. However, more data would be needed for this configuration to be usable with confidence.

Technical note on methodology (continued):

SCATTER PLOT OF RESPONDENT COMPANIES BY PRINCIPAL COMPONENT VALUE (GEOPOLITICAL INDEX)



NOTE: Some data points overlap.

To guarantee robust statistical significance, the two-cluster configuration (K=2) was retained for analysis. The exact loadings for each principal component can be found below and based on these, the components can be qualitatively conceptualized as the composite 'Operational Impact Index' (PC1) and 'Perceived Threat Index' (PC2).

Higher values in both cases correlate with higher reported impact and perceived threat, respectively. Based on both indexes, Cluster 2 can be described as the 'high-impact' or 'geo-sensitive' company cluster whereas Cluster 1 is consistent with a 'low-impact' situation.

It is worthwhile noting that, as evidenced by the scatter plot of companies above, *there is no apparent correlation between the Operational Impact and the Perceived Threat Indexes*. Furthermore, in a two-cluster scenario, the Operational Impact Index alone is enough to discriminate between both clusters, legitimizing a high/low-impact dichotomy.

| Question | PC1 Loading | PC2 Loading |
|-----------------------------------|-------------|-------------|
| q19_geo_tensions_business_outlook | 0.22 | 0.72 |
| q20_geo_operational_costs | -0.35 | 0.40 |
| q20_geo_revenue | -0.40 | -0.02 |
| q20_geo_market_share_access | -0.36 | 0.20 |
| q20_geo_investment_climate | -0.37 | 0.37 |
| q20_geo_supply_chain_disruption | -0.39 | -0.19 |
| q20_geo_regulatory_changes | -0.31 | -0.32 |
| q20_geo_employee_safety_morale | -0.39 | -0.04 |
| variance explained | 45% | 15% |

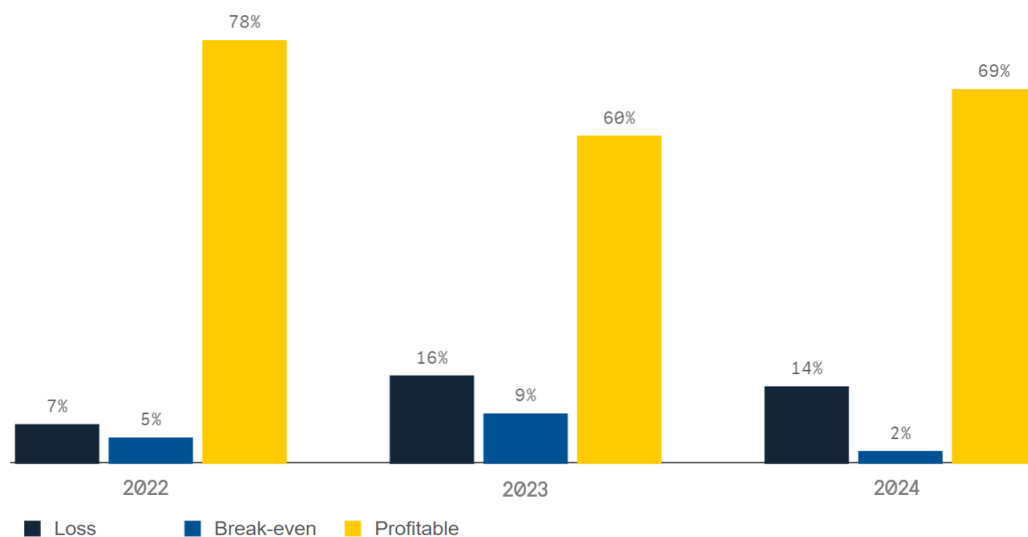
NOTE: Principal component loadings. Question 19 is "Perceived impact on business outlook" (rating 1-5) and Question 20 is "Observed operational impact" with all sub-questions (-1, 0, 1). PC1 draws moderately from Q19, providing a measure of the felt intensity, and shows a consistent and strong negative correlation with all operational impact questions i.e. a strongly positive PC1 means strongly negative operational impacts. It has therefore been theorized as the 'Operational Impact Index'. PC2 draws very heavily and positively from Q19, so that a greater PC2 means greater perceived impact on outlook, and weakly and inconsistently from the operational-related questions, hence its conceptualisation as the 'Perceived Threat Index'.

ECONOMIC OUTLOOK

Profitability remains strong, led by large industrial firms

Following a year of mixed global developments, Swedish companies in Taiwan maintained overall healthy financial performance in 2024. Sixty-eight per cent of the 42 respondents reported profitability in Taiwan. Notably, companies in the industrial equipment sector stood out in terms of profitability, with nearly 80 per cent of firms in this category reporting positive financial outcomes. Companies reporting losses remain a minority, and these are evenly distributed across industry categories. The data reflects a cautious but steady business environment in which Swedish companies are managing to sustain performance despite fluctuations in demand and cost pressures.

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



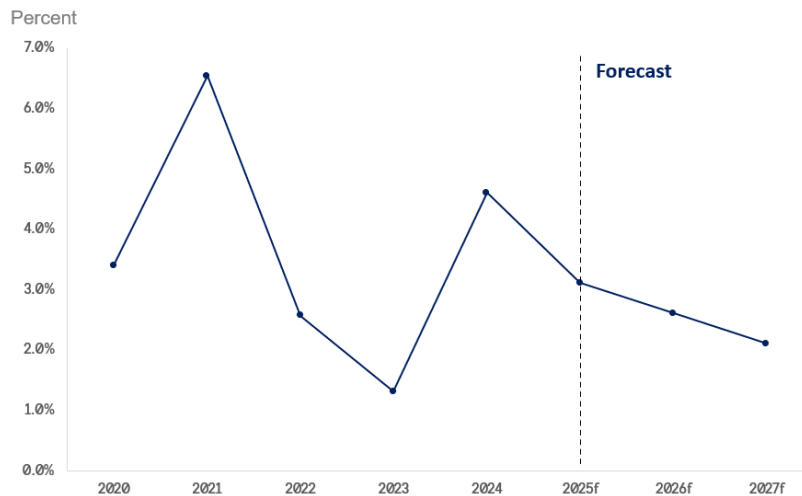
NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

Growth expectations rebound, reflecting renewed confidence

Looking ahead, optimism has notably increased. Seventy-four per cent of respondents expect their industry turnover in Taiwan to grow over the next 12 months, representing a clear improvement over 2024 (63 per cent). This is the highest level of industry turnover optimism recorded in the past three years.

Expectations are trending positively despite a more subdued macroeconomic backdrop. Taiwan's GDP growth is forecasted to slow from 4.6 per cent in 2024 to 3.1 per cent in 2025. Aside from tariff-related uncertainty, the slowdown also reflects base effects from the 2024 rebound, normalising export momentum, persistently high global interest rates, and lingering geopolitical tensions.

PROJECTED GDP GROWTH IN TAIWAN



NOTE: Constant prices.

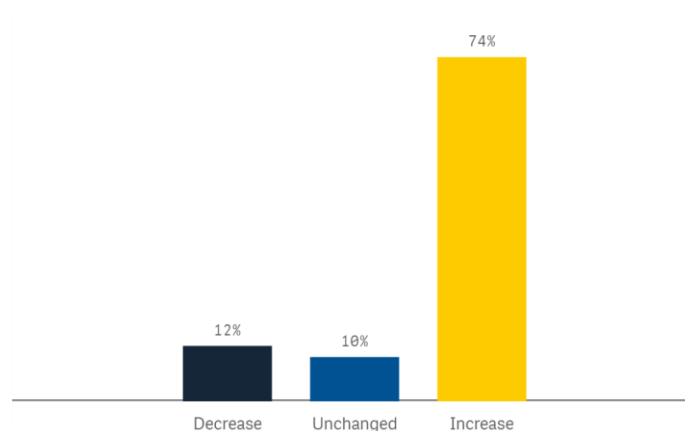
SOURCE: Oxford Economics 2025

This divergence between macroeconomic projections and company-level sentiment reflects the strength of Taiwan's industrial core and the strategic role it plays in the regional supply chains, particularly in semiconductors, electronics, and clean energy.

Among all sectors, companies in the industrial equipment industry reported the strongest growth expectations, with more than half anticipating a noticeable increase in turnover over the next 12 months. Consumer goods, IT and electronics, and healthcare sectors are other sectors in which most respondents express confidence in turnover growth.

At the other end of the spectrum, more cautious expectations were observed among companies in the automotive and other services-related sectors, where respondents were more likely to report neutral or even negative turnover outlooks. While not indicative of a severe downturn, this highlights areas where global demand, cost sensitivity, or structural transition may be contributing to a more sober market view.

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



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown.

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

SMEs show greater investment momentum compared to larger firms

The 2025 survey indicates that 43 per cent of Swedish companies in Taiwan plan to increase investments over the next 12 months. This reflects a resumed willingness to commit resources toward expansion, innovation, and long-term capability-building.

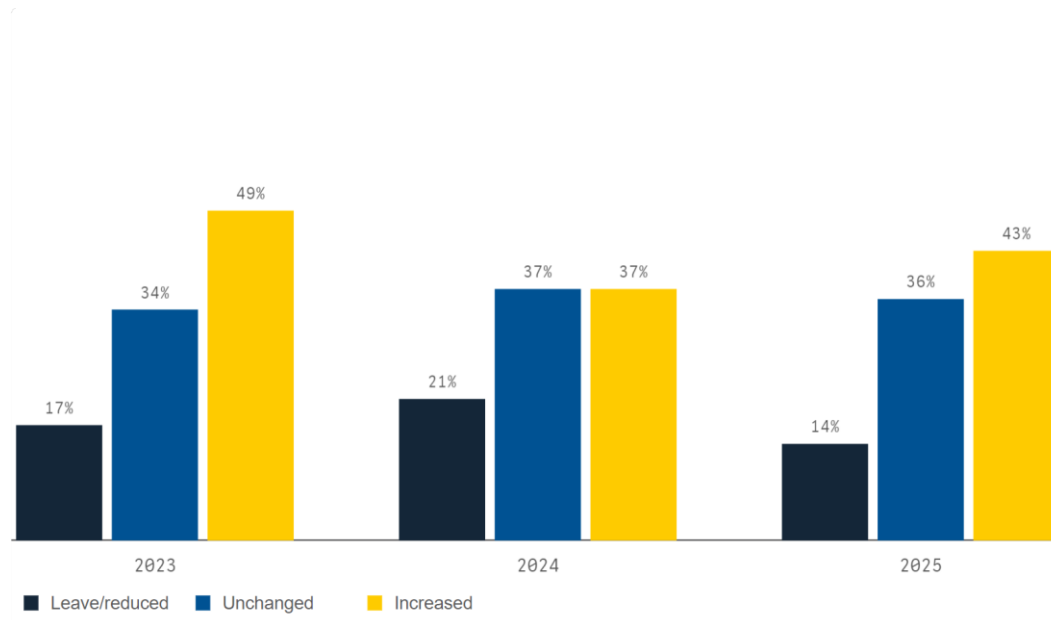
A closer look at company size reveals that SMEs are more likely to plan increased investments. Among small and medium-sized respondents, over half indicated investment expansion. In contrast, larger corporations were more likely to maintain current levels or take a cautious stance.

This suggests that SMEs are seizing market opportunities with greater agility and are actively positioning themselves for growth in Taiwan. Their confidence appears rooted in ongoing demand for specialised solutions, growing localisation needs, and their ability to adapt quickly to changes in customer expectations and policy environments.

At the industry level, companies in the industrial equipment and consumer goods sectors demonstrate the highest inclination to increase investment. This aligns with earlier findings on profitability and turnover expectations, suggesting a coherent outlook on where companies perform strongly and – unsurprisingly – also those most inclined to expand.

In contrast, firms in the automotive and certain business services categories show more conservative plans, suggesting a more measured approach considering broader cost sensitivities and evolving global conditions.

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



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025



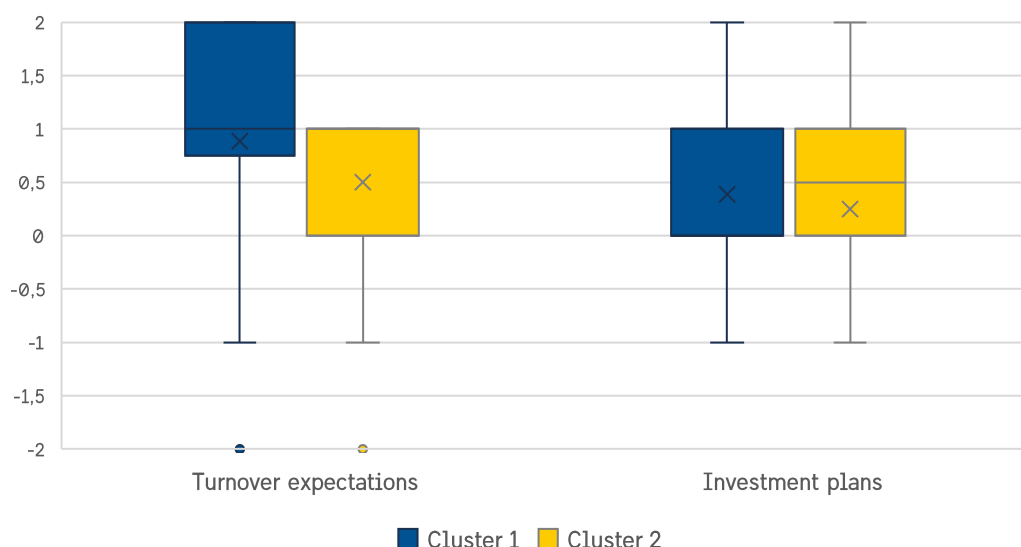
A disconnect between geopolitical impact and investment plans

This section draws on cluster-based analysis of the survey dataset to examine discrepancies between expected revenue growth and investment plans across the geopolitical impact spectrum. As can be expected, companies more impacted by geopolitical factors (Cluster 2) report less enthusiasm about their prospective turnover compared to the companies in the lower-impact Cluster 1. This view is generally consistent with interviews conducted, meaning that most companies facing increased geopolitical pressure also expect a negative short-term top-line impact, while less-affected companies are more optimistic¹.

More surprisingly, investment sentiment doesn't seem to correlate with cluster association, meaning that companies reporting higher and lower impact from geopolitical tensions both display a relatively low willingness to invest. This would indicate that, despite being less affected and expecting a higher relative turnover, companies in Cluster 1 behave like those in Cluster 2 when it comes to investment plans, either because they do not need to invest or due to non-operational factors. This latter hypothesis is corroborated by the interviews conducted, which paint the picture of investment decisions being largely made outside of the market and more affected by the perceived threat than the actual impact.

A natural recommendation based on this analysis would be for companies to properly assess the actual effect of geopolitical shifts on their operations when considering investment decisions. While some companies do indeed face pressure, failure to accurately account for impacts may result in a failure to capture potential market share despite a positive local assessment due to a biased situational analysis. Conversely, companies with a complete and accurate view of their particular impact scenario are better placed to either mitigate risks or seize on the potential upside, while competitors do not.

MISMATCH BETWEEN REVENUE OPTIMISM AND INVESTMENT COMMITMENT ACROSS GEOPOLITICAL IMPACT CLUSTERS



NOTE: The charts show the distribution of revenue expectations and investment plans across two company groups identified through clustering based on their responses to Taiwan-specific geopolitical questions.

X-axis: Cluster 1 = Low-Impact, Cluster 2 = High-Impact

Y-axis: -2 = "Significantly decrease"; -1 = "Slightly decrease"; 0 = "Unchanged"; 1 = "Slightly increase"; 2 = "Significantly increase"

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025

¹ It should however be noted that some companies do report a positive effect on revenue under geopolitical pressure, when the industry-specific dynamics mean increased demand for their products or services. See 'Navigating Strategic Uncertainty in Geopolitical Tensions'.

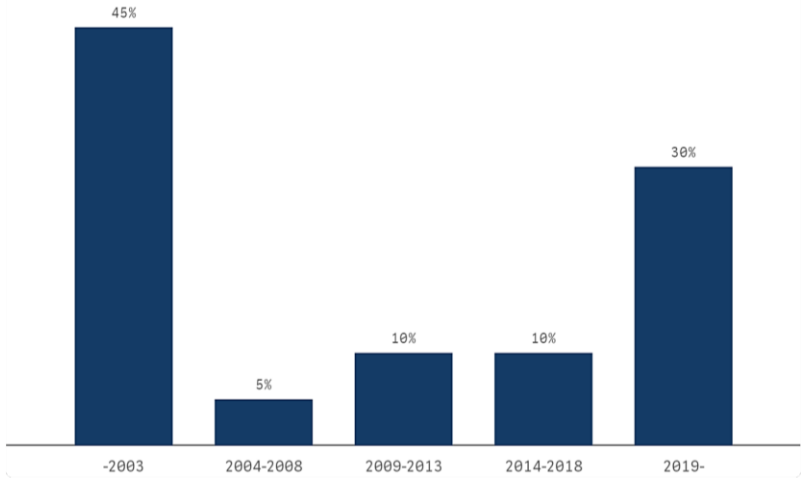
THE MARKET

A broad cross-section of Swedish businesses participated in the survey

The 2025 survey shows that roughly 45 per cent of participating companies have been active in the market since before 2003, while another 30 per cent entered after 2019, highlighting both continuity and recent growth. In terms of industry representation, industrial equipment accounts for the largest share of respondents (23.8 per cent), followed by consumer goods (11.9 per cent), IT and electronics (9.5 per cent), and retail and wholesale (9.5 per cent).

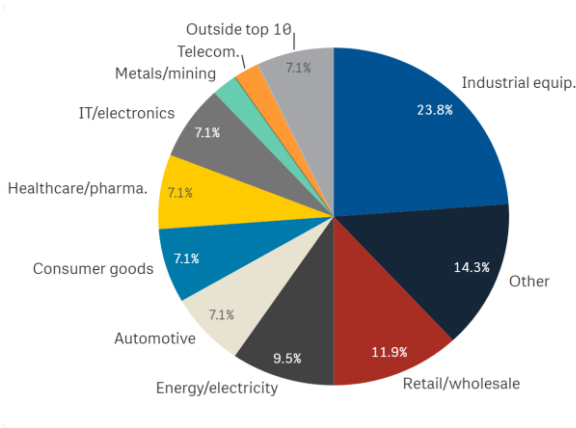
Most Swedish companies in Taiwan operate with relatively small teams: 38 per cent report having two to 49 employees locally. Many perform key business functions beyond sales, including after-sales services, procurement, and regional coordination. Few companies with a local presence report engaging in sourcing, but experience shows that sourcing is still happening to a moderate extent.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN TAIWAN?



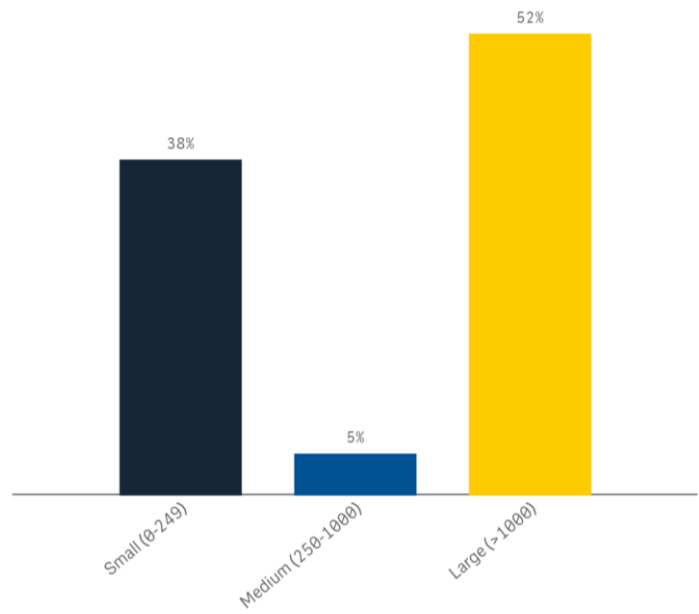
NOTE: The number of respondents for this question was 42. “Don’t know/Not applicable” responses are included but not shown.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN TAIWAN?



NOTE: The number of respondents for this question was 42. “Don’t know/Not applicable” responses are included but not shown.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2024.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN TAIWAN IN 2025



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

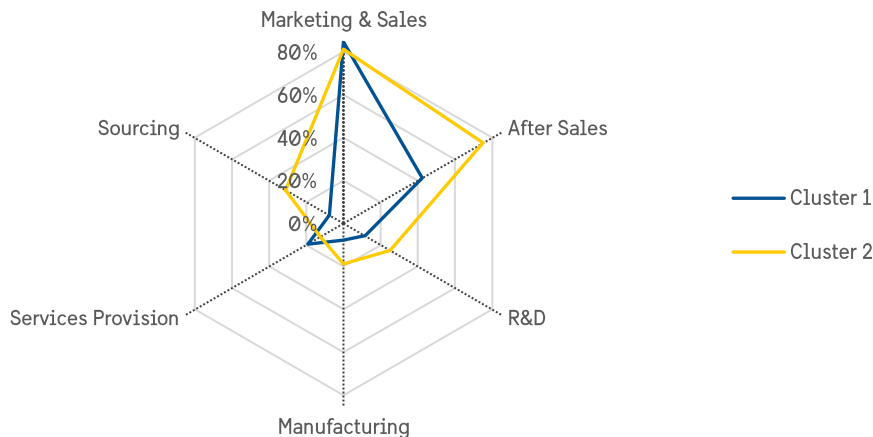


Different footprints across geopolitical clusters

Companies in each of the geopolitical impact clusters have different local footprints and activities. This descriptive data either points to dissimilarities in how geopolitical tensions affect certain operational areas or to a greater vulnerability on the part of companies with certain characteristics. Although ascertaining causation is difficult, and even less so its directionality, it is noteworthy that cluster association correlates with different operational characteristics.

In the less-impacted Cluster 1, companies tend to have been in the market for a shorter period of time, with 2010 as the median establishment year compared to 1998 in the high-impact Cluster 2. While there is no difference in the global employee count distribution, the distribution of local employee count is slightly skewed towards smaller firms in Cluster 2. Industry-based differences would be valuable indicators, but are below the threshold for statistical significance.

PERCENTAGE OF RESPONDENTS BY ACTIVITY PER GEOPOLITICAL CLUSTER



NOTE: Cluster 1 = Low impact, Cluster 2 = High impact
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.



A more relevant distinction lies in their operational footprint. While both clusters maintain similar levels of marketing and sales activity, Cluster 2, which is more impacted, shows a more diversified presence in Taiwan, including more after-sales and R&D, reflecting deeper market integration. This suggests that companies with an earlier establishment and larger local operations are more exposed to geopolitical tensions. This, in turn, may be due to their broader exposure or, conversely, because the newer, more agile firms in Cluster 1 are better positioned to adapt and mitigate such pressures.

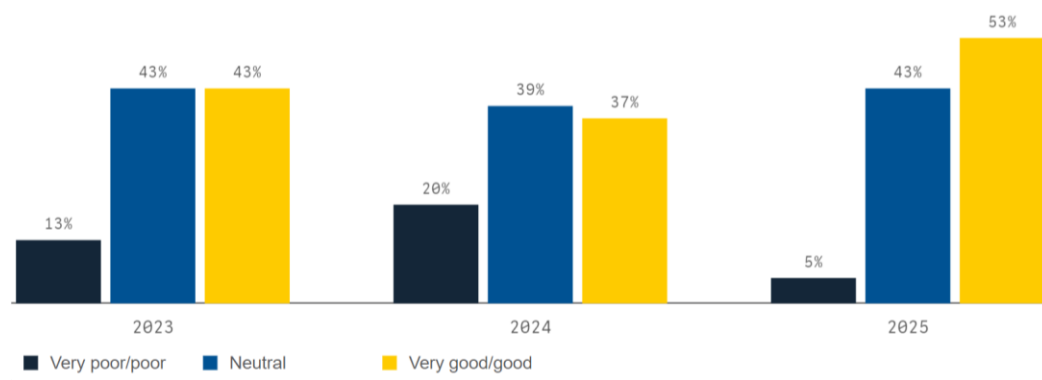
Positive sentiment reaches three-year high



Perceptions of Taiwan's overall business climate improved significantly in 2025. Over half of the respondents (53 per cent) rated conditions as either good or very good, which is the highest level of business confidence in the past three years. This marks a clear rebound from the dip in 2024 when only 37 per cent held a positive view. Meanwhile, negative sentiment has declined sharply: only five per cent rated the climate as poor or very poor, compared to 20 per cent the year prior.

Renewed optimism mostly stems from the GDP growth rebound but also, to some extent, from policy clarity and regulatory stability. It may also reflect a stronger outlook among Swedish companies already benefiting from profitability and turnover momentum, as noted in the previous section.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN TAIWAN?



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown in this figure.

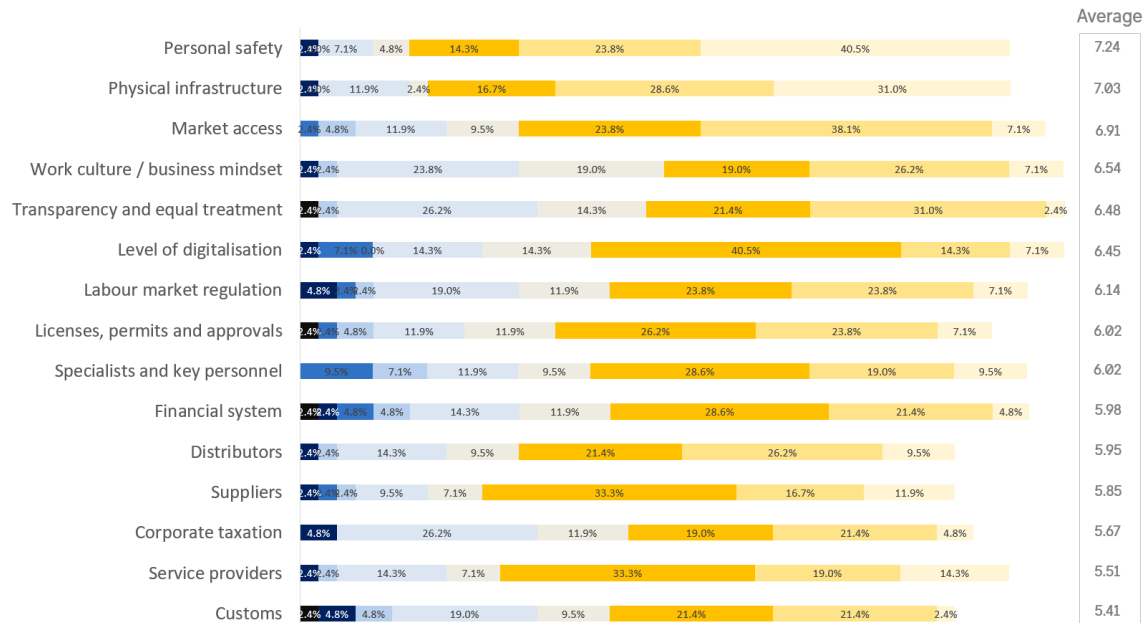
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

Companies most satisfied with safety and infrastructure, while customs and finance remain challenging

Swedish companies continue to rate Taiwan's personal safety and physical infrastructure as the most supportive local conditions, with average scores of 7.2 and 7.0, respectively. These results are consistent with past years and reinforce Taiwan's reputation as a stable and secure environment for foreign business operations.

Meanwhile, conditions related to customs (5.4), the Service Provider (5.5), and corporate taxation (5.7) received the lowest average scores. These results suggest persistent bottlenecks in administrative or structural areas that Swedish firms continue to navigate.

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



NOTE: 1= "Not at all" – 9 = "Fully meets the needs"; The number of respondents for this question was 42.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

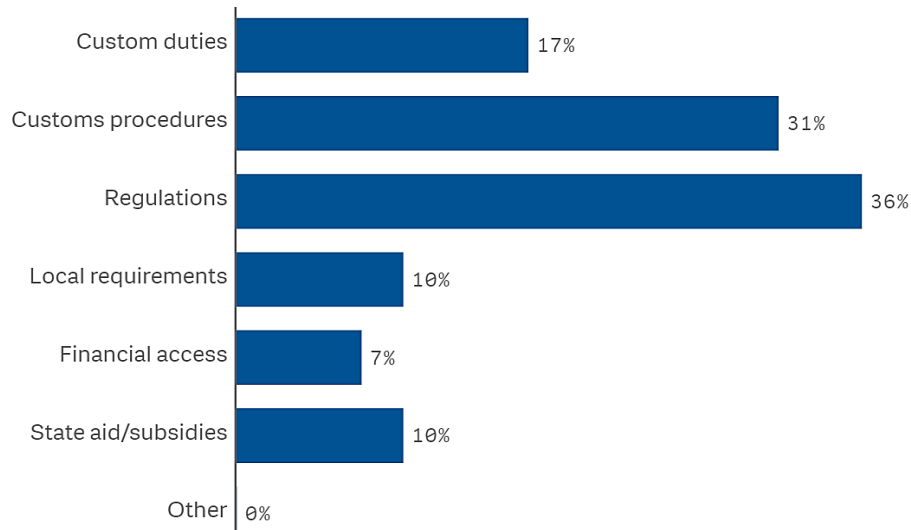
Regulatory and customs hurdles still affect one-third of Swedish firms



Despite the positive overall sentiment, nearly one-third of Swedish companies reported encountering trade-related obstacles in the past year. Regulations (36 per cent) and customs procedures (31 per cent) were the most cited challenges. These figures reflect a notable increase compared to 2024 when only 24 per cent of companies cited regulations and 18 per cent cited customs procedures as significant barriers. The year-on-year rise suggests that businesses may have experienced heightened administrative friction or increased sensitivity to compliance-related disruptions in the past year.

The increase highlights the importance of maintaining regulatory predictability, especially as companies look to deepen their regional commitments and scale up investments. Beyond headline figures, Swedish firms vary greatly in how they perceive Taiwan's regulatory environment. Cluster-level analysis indicates that newer market entrants and firms in regulated sectors (e.g., healthcare, green energy) report greater friction around permits, market access, and compliance procedures. Meanwhile, well-established industrial companies show greater ease in navigating local frameworks. Tailored engagement toward high-friction groups can help unlock their full market potential.

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



NOTE: The number of respondents for this question was 42.

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.



Regulations and customs procedures pressure geo-sensitive companies

The average responses to questions about market conditions, access, operations, and trade barriers were compared across the two geopolitical clusters. While Cluster 2, identified as being more operationally affected, shows a lower overall mean rating (6.4) than Cluster 1 (6.7), this difference falls within the margin of error for these questions (± 0.49). Most aspects that would not be expected to correlate with geopolitical factors indeed show little to no variation between the clusters, helping to validate the underlying clustering.

Some differences do exceed the threshold of statistical significance and are worth noting. One of the most prominent gaps appears in perceptions of Market Access, where Cluster 2 gives an average rating of 6.4 compared to 7.2 in Cluster 1. A similar pattern emerges for Transparency and Equal Treatment, which is rated significantly lower by Cluster 2 (6.1) than by Cluster 1 (6.7). As shown below, companies in Cluster 2 are also more likely to report trade barriers, particularly in areas such as technical regulations and customs procedures.

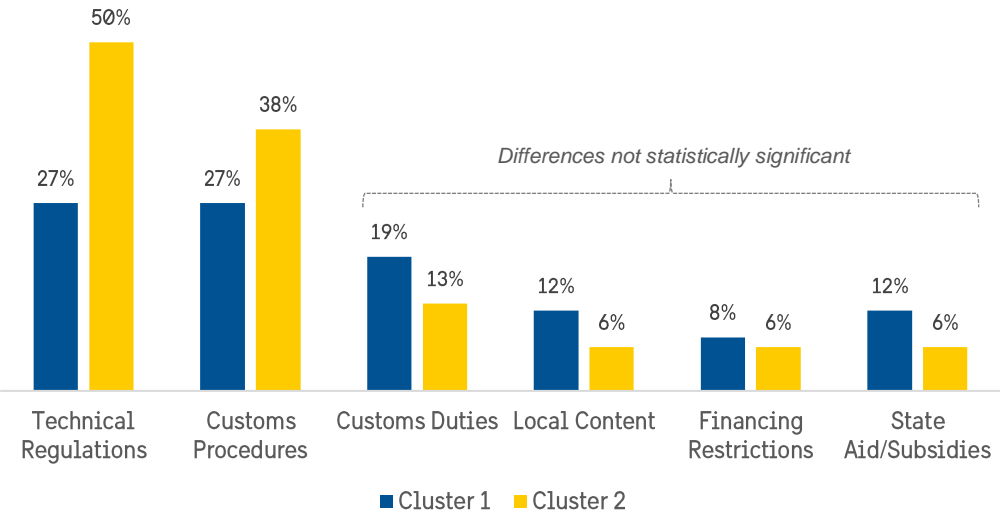
Interestingly, although Cluster 2 mostly follows the same pattern as Cluster 1, it also rates specific structural factors lower. Most strikingly, Cluster 2 companies report more difficulty accessing Specialists and Key Personnel, with an average score of 5.8 compared to 6.7 in Cluster 1. They also give lower ratings for the Level of Digitalisation (6.0 vs. 6.7) and the Financial System (5.9 vs. 6.4) compared to their less geopolitically impacted counterparts.



Regulations, unequal treatment and lack of transparency are hurdles for geo-sensitive Swedish firms. They also struggle to access the right talents and are more vulnerable to the deficiencies of the digital and financial infrastructure. To strengthen trade resilience in the face of rising geopolitical tensions, Taiwanese officials should engage with foreign-invested firms on ways of improving market access while accelerating digital infrastructure and streamlining access to skilled talent. At the same time, companies should consider proactive engagement with the authorities to shape and anticipate regulatory changes.

Further strategies will be discussed in the next section: How Swedish companies succeed in Taiwan.

HAS YOUR COMPANY ENCOUNTERED TRADE BARRIERS IN TAIWAN WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS? (% PER CLUSTER)




NOTE: Cluster 1 = Low-Impact, Cluster 2 = High-Impact
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

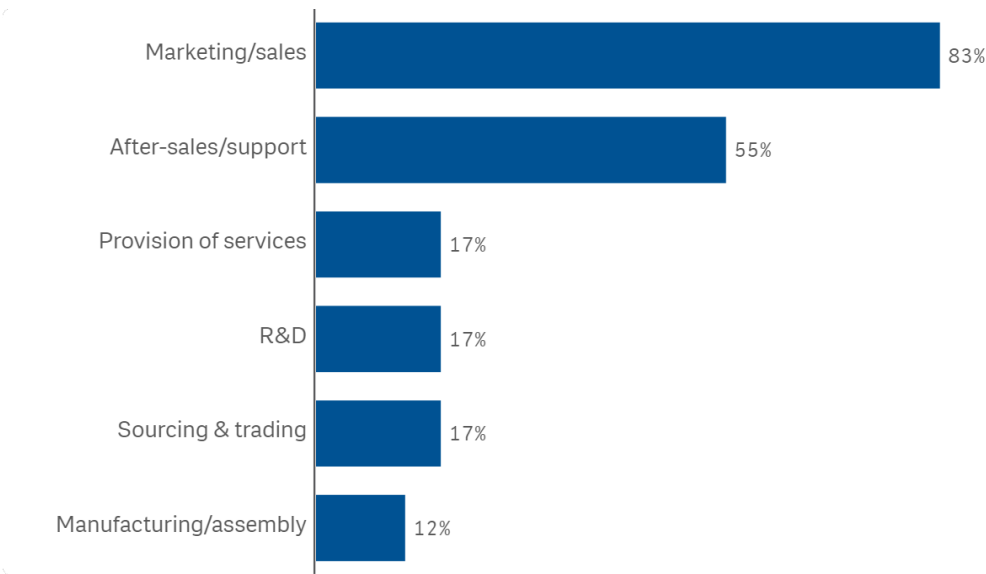
HOW SWEDISH COMPANIES SUCCEED IN TAIWAN

Sales and support functions remain at the core of Swedish operations in Taiwan

Building on the understanding of Taiwan’s market environment, this section explores the factors that drive Swedish companies’ success.


 In Taiwan, Swedish firms do not just sell. They also stay close to the customer. Sales and support remain the heart of their local presence. According to the 2025 survey, 83 per cent of respondents reported engaging in marketing and sales, making it by far the most common local function. This is followed by after-sales support, cited by 55 per cent of companies, underscoring the importance of post-purchase service in maintaining customer satisfaction and competitiveness.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 42. “Don’t know/Not applicable” responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

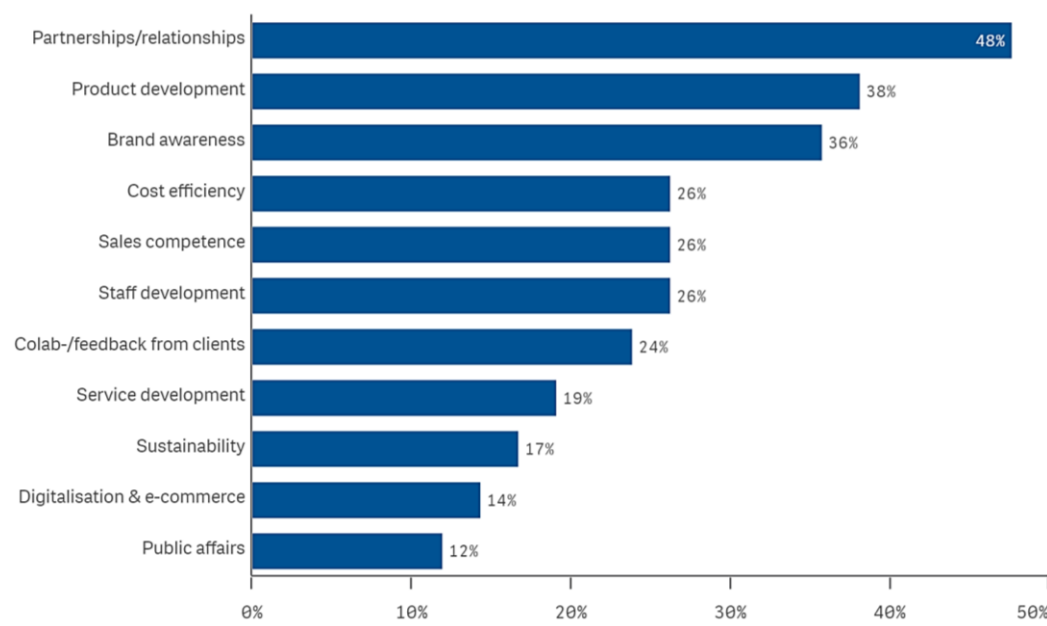
Local partnerships and product development key to competitiveness

 When identifying the factors that have been most critical in maintaining competitiveness in Taiwan, nearly half (48 per cent) of respondents pointed to partnerships and relationships, reaffirming the value of strong local networks. This was followed by product development (38 per cent) and brand awareness (36 per cent), indicating that innovation and reputation continue to play a vital role in winning customer trust and adapting to market-specific needs.

Traditional strengths such as cost efficiency, sales competence, and staff development have either held steady or slightly declined compared to 2024. This suggests that while operational capabilities and talent remain important, they may be relatively less emphasised than in previous years as companies shift toward more relationship- and innovation-driven strategies.

Interestingly, while topics like sustainability (17 per cent) and digitalisation and e-commerce (14 per cent) have been emphasised in previous editions of the survey as long-term priorities, they remain less frequently selected in 2025. This could reflect a persistent focus on immediate commercial outcomes, especially for firms concentrated in B2B segments.

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



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

The survey results also show that companies highlighting product development or local partnerships often cite brand awareness and sales competence as complementary strengths. This suggests that Swedish firms succeed through trust-based networks, local market adaptation, and the credibility of the Swedish brand.



Geo-resilient companies focus on outward-facing strategic posture

Overlaying the geopolitical clustering of the companies' strategies for competitiveness paints a picture of two groups with different approaches. Cluster 2, being more impacted by geopolitical tensions, focuses on inward adaptation and resilience with more emphasis on staff training, cost efficiency and brand awareness. Cluster 1, reporting less impact from tensions, is prioritising outward growth with more weight given to local partnerships, customer collaboration and product development.

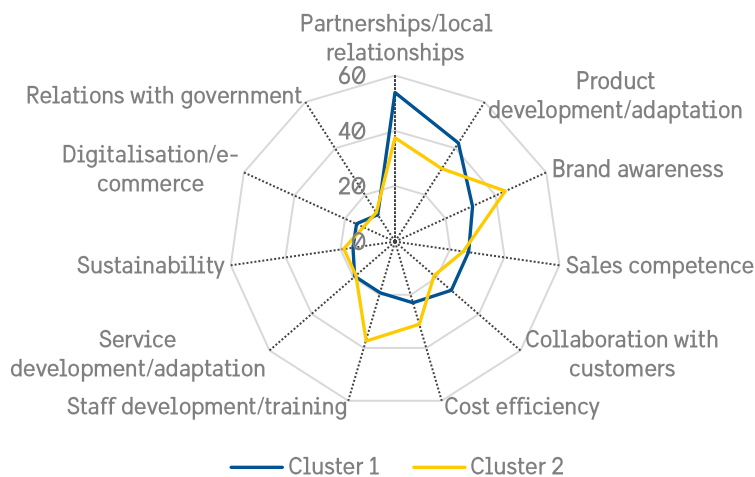
This, of course, again begs the question of whether a link of causality can be established and, if so, in which direction. That is, are companies in Cluster 1 less impacted precisely because they engage in proactive outward-facing strategies, or are they able to focus on these because they are spared from the impact of tensions? Are Cluster 2 companies forced to prioritise internal resilience as a reaction to outside pressure, or is the internal focus a factor contributing to more impact?



Some answers could be found in the relations between the strategies chosen and either historical performance (reactive) or expected turnover (proactive). However, given the small numbers involved in sub-questions, most correlations are weak. On an exploratory note, local partnerships, product development and brand awareness, coincidentally the three most prioritised strategies in Cluster 1 (geo-resilient), all show the clearest negative correlation overall with reported financial performance in the past year, meaning that a lower historical performance correlates with higher focus on these outward-facing strategies. This would support their use as a risk-mitigation strategy by Cluster 1, although more data would be needed for this conclusion to be beyond a reasonable doubt.

It is also noteworthy in this context that although market access, equal treatment, technical regulations and customs procedures are the most negatively rated by Cluster 2 companies, they do not engage with the authorities as a strategic competitiveness area. In fact, both Cluster 1 and 2 have it as the least frequently included priority. It could be argued that, given the nature of their challenges, Cluster 2 companies would benefit from more proactive engagement.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN TAIWAN? (% PER CLUSTER)



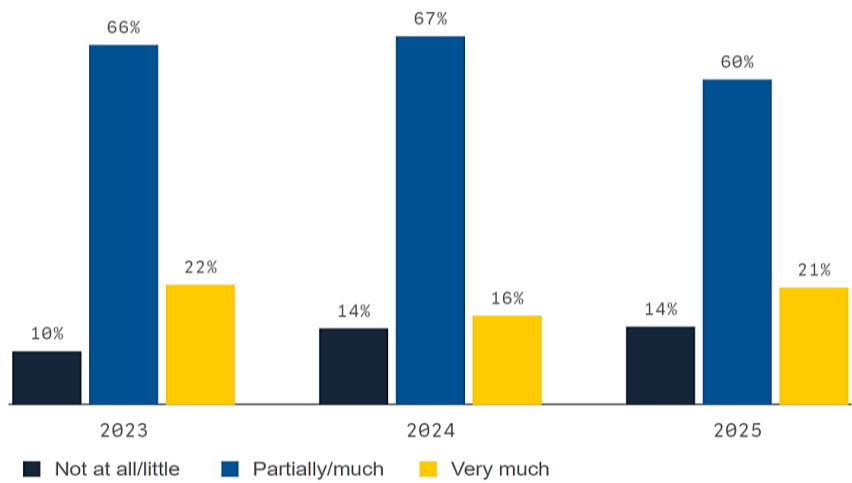
NOTE: Cluster 1 = Low-Impact, Cluster 2 = High-Impact
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

Perception of the ‘Swedish brand’ remains a strong asset

The perception of the Swedish brand continues to be a competitive asset for companies operating in Taiwan. In 2025, 80 per cent of respondents stated that the Swedish brand contributes partially or much to their business, and 21 per cent indicated that it contributes very much. While this marks a slight decline from 2023 and 2024, the overall feedback remains consistently strong.

Notably, the share of companies stating that the brand contributes “very much” has rebounded from 16 per cent in 2024 to 21 per cent in 2025, suggesting that among certain firms, the brand continues to be highly valued. A closer look at industry-level responses reveals how Swedish brand contributes differently depending on the sector. Companies in industrial equipment gave the most favourable ratings, highlighting the brand’s alignment with core purchasing criteria such as quality, durability, and engineering precision.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE ‘SWEDISH BRAND’ CONTRIBUTES TO YOUR BUSINESS IN TAIWAN?



NOTE: The number of respondents for this question was 42. “Don’t know/Not applicable” responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

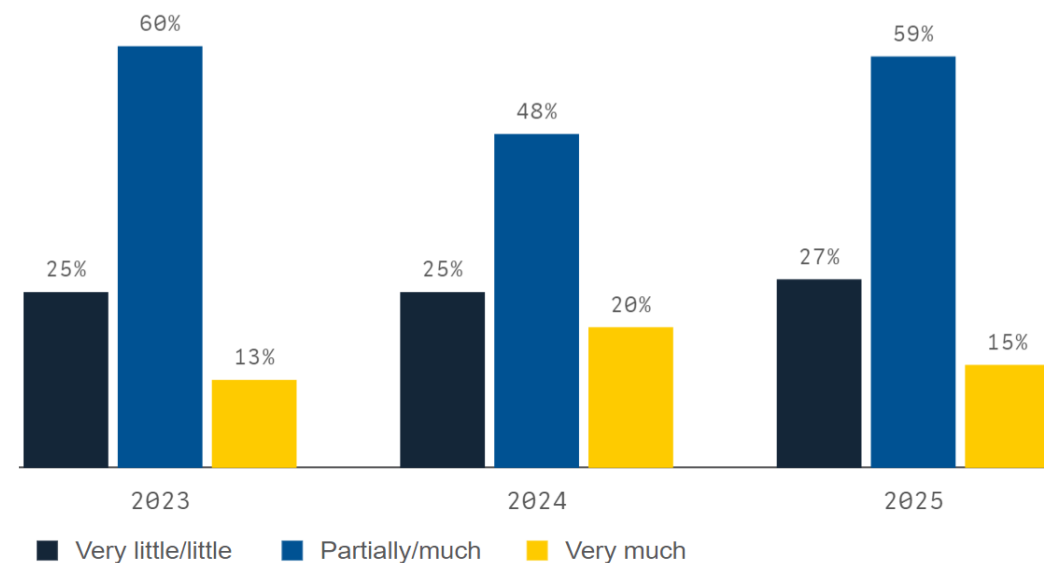
ACTING SUSTAINABLY

Environmental considerations in purchasing remain relevant, but not decisive

Sustainability continues to play a role in purchasing decisions, though it is not always a primary driver. In 2025, 74 per cent of respondents said their customers consider environmental aspects to some extent when making purchasing decisions. This indicates a steady level of awareness, yet one that often places sustainability alongside other factors such as price and performance.

Notably, retail and wholesale companies reported the highest levels of customer interest in environmental factors, a result that stands out given that these sectors are often perceived as being driven by price. This may signal an emerging shift in consumer awareness within Taiwan's B2C landscape.

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



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

Regulatory barriers continue to challenge energy efficiency and emissions reduction

"The government has the right direction on net-zero policy, but implementation lags due to overlapping regulations and insufficient coordination", noted one company in the renewable energy sector. Another put it more bluntly: "There are currently no regulations that pressure companies to become more sustainable."

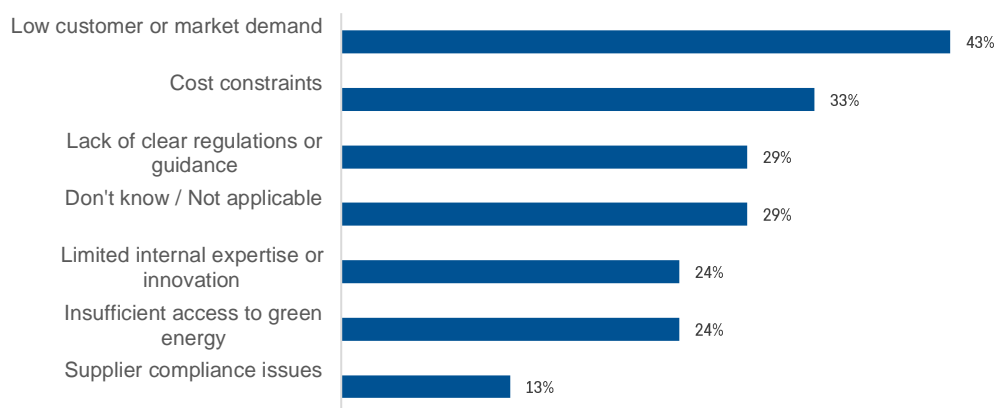
This highlights the fact that while Taiwan's ambitions are well-defined, gaps remain in policy execution. For green energy production, the lack of regulatory clarity and operational coordination

results in uncertain tariff classification, complex land use approvals, and reliance on imported components facing customs and certification hurdles. While energy sources are in focus, much of Taiwan's ambitions when it comes to reducing greenhouse gas emissions lie in energy savings. There, as well, the lack of regulatory pressure means that energy efficiency, which comes at a higher initial cost, often comes second to other considerations: "Consumers and customers claim sustainability is important [...]. However, when making purchase decisions, they aren't willing to pay premium prices to reward these brands".



Achieving green goals takes more than demand or official ambitions. It needs clear, supportive regulations. Strengthening cross-agency coordination, simplifying import and licensing procedures, and increasing dialogue with international industry players to provide both incentives and selective regulatory pressure will be key to translating climate ambition into scalable, investable outcomes.

TOP CHALLENGES IN IMPLEMENTING SUSTAINABLE OPERATIONS IN TAIWAN, BY NUMBER OF COMPANIES



NOTE: The number of respondents for this question was 42.

SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

Sustainability leaders also face systemic hurdles

While many Swedish companies regard sustainability as a long-standing strategy, implementation challenges remain. One company pointed out that while sustainability has been embedded in their operations for decades, "the real challenge lies in data." The demand for externally verified reporting across the value chain is rising, especially considering Taiwan's planned legal requirement for third-party verification by 2027. This places pressure on firms operating in complex systems like security and telecoms, where sustainability-proof points must be traceable across every lifecycle stage.

These insights reinforce the broader trend seen in this year's survey: while companies acknowledge the relevance of sustainability, many are still navigating practical barriers to demonstrate it in a measurable, compliant, and cost-efficient manner. This gap between ambition and execution will likely become more prominent as new EU and Taiwanese ESG policies come into force.

Many companies recognise the growing importance of sustainability for brand value and stakeholder expectations. However, the path from awareness to implementation remains uneven. Our analysis reveals a divergence between firms that integrate ESG as a core strategy versus those treating it as reputational hygiene. Additionally, regulatory fragmentation between the EU and Taiwan presents a challenge for companies handling sensitive data, products, or imports. More structured support or harmonisation guidance could accelerate corporate alignment with global sustainability norms.



Navigating strategic uncertainty in geopolitical tensions

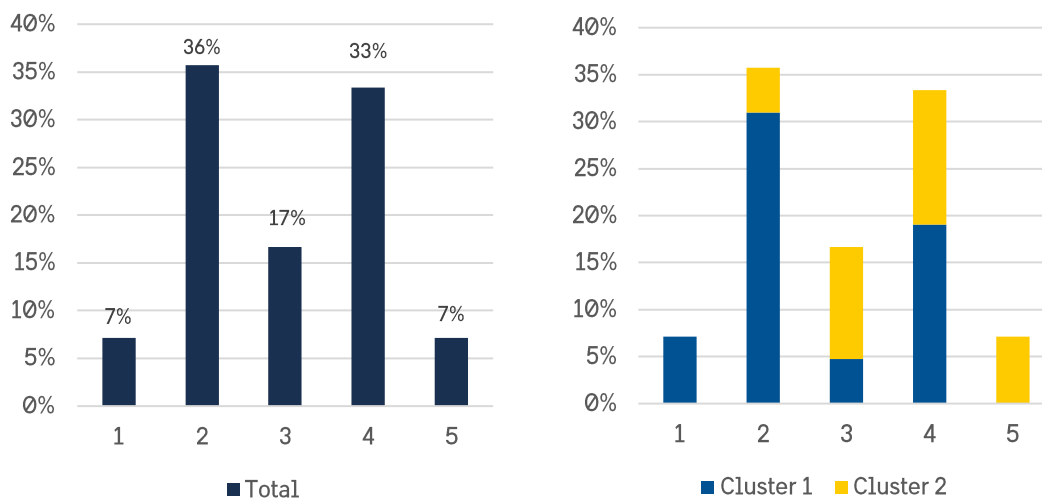
Although the overall sentiment toward Taiwan's business climate remains cautiously optimistic, geopolitical tensions, particularly cross-strait relations, continue to shape strategic decision-making across sectors. This section is based on additional questions to explore how companies perceive, prepare for, and respond to geopolitical risks. The analysis provides a more nuanced view of how such risks affect operational priorities and strategic outlooks across different industries.

While geopolitical tensions affect most Swedish companies in Taiwan, they do so in different ways and to varying degrees. According to the 2025 survey, 40 per cent of the companies rated the impact of geopolitical tensions on their outlook as moderate to high (answer choices 4 and 5). Compared to 2024, this is a five-percentage point drop, suggesting a modest softening in overall perceived risk. This difference is within the margin of error.



Throughout this report, evidence has been provided for two broadly different clusters: one for which the operational impact is less directly felt and another where it is more acute. An important insight is that, irrespective of impact, threat perception and actual effects aren't correlated. The investment climate, for instance, has previously been shown to be independent of how companies assess their operational impact and future turnover, meaning that underinvestment is a risk. Neither cluster engages markedly with the authorities as a competitive priority despite most challenges for geo-sensitive companies being driven by policy.

TO WHAT EXTENT DO GEOPOLITICAL TENSIONS (INCLUDING CROSS STRAIT RELATIONS) IMPACT YOUR BUSINESS OUTLOOK IN TAIWAN?



NOTE: 1: "Not at all" – 5: "To a great extent". On the left, total percentages. On the right, percentage in each cluster (stacked). The appearance of what seems like a bimodal distribution in the left side histogram is what prompted the initial hypothesis that they may contain different clusters:

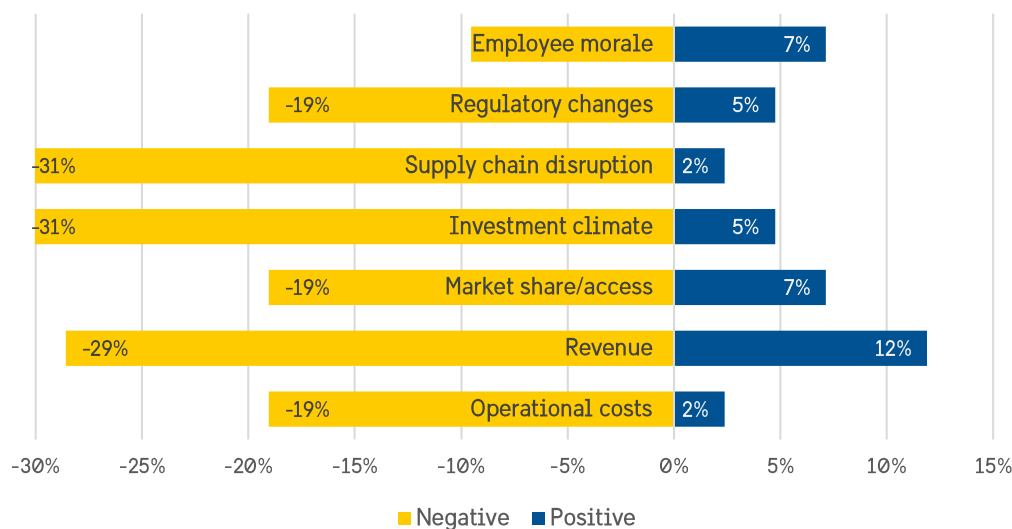
The distribution of concern also varies notably across industries. For instance, 14 per cent of industrial companies expressed concern. In contrast, respondents from consumer-facing sectors such as retail and healthcare expressed little to no strategic concern, with most reporting neutral or positive sentiment.

When asked about specific aspects of their operations, relatively few reported strong negative effects. The areas most frequently cited as negatively affected were revenue (29 per cent), supply chain disruptions (31 per cent), and the investment climate (31 per cent). Some companies do report a positive impact in certain areas, the largest being increased revenue.

The more geo-resilient Cluster 1 has a shorter presence in the market and a less expansive local footprint. It is less likely to report trade barriers and regulatory hurdles and is more outward-facing in its strategy, prioritising initiatives such as product development, partnerships, and brand awareness.

Cluster 2, in contrast, is made up of more deeply rooted companies that tend to be under increased pressure from the regulatory environment and supply chain disruptions. These companies also rate their satisfaction with some key structural enablers, such as digital and financial infrastructure, lower. They engage more heavily in internal resilience activities such as staff training and cost efficiency as strategic competitiveness measures.

SHARE OF COMPANIES REPORTING NEGATIVE OR POSITIVE IMPACT FROM GEOPOLITICAL TENSIONS ON DIFFERENT OPERATIONAL ASPECTS

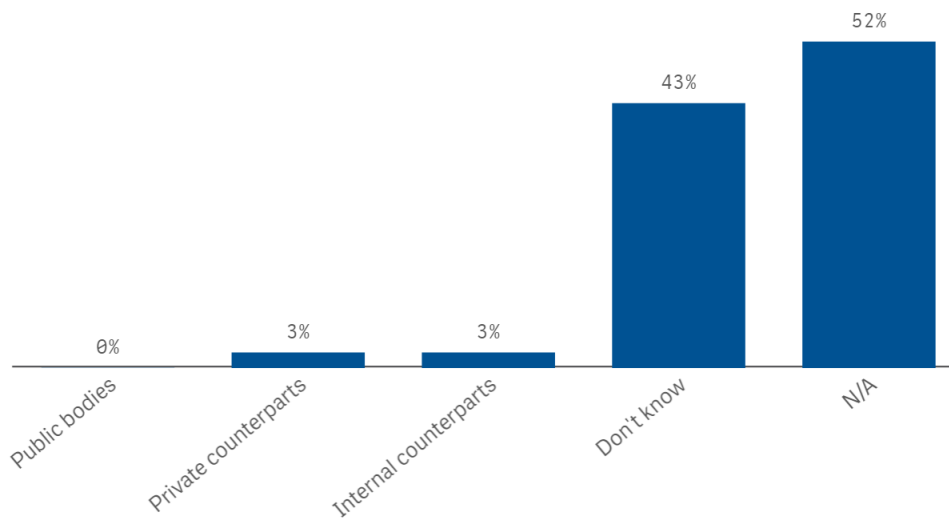


NOTE: The number of respondents for this question was 42. "Neutral" answers are not shown. Negative percentages = percentage of companies answering "negative impact", positive percentages = percentage of companies answering "positive impact".

Low exposure to corruption reflects a stable operating environment

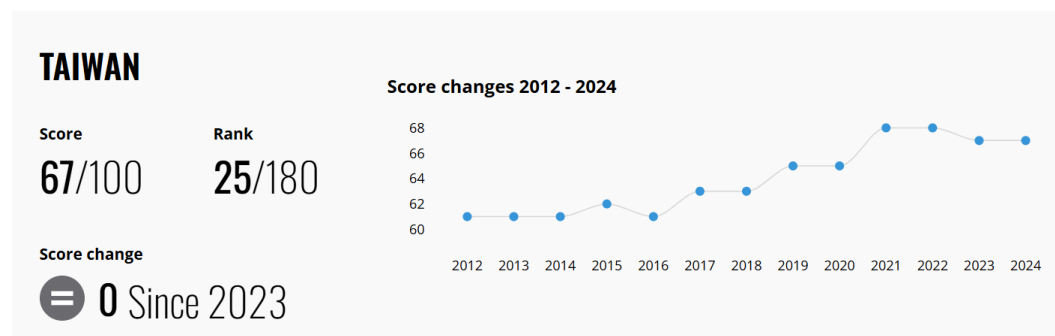
In 2025, almost all respondents indicated no direct exposure to corruption in dealings with public institutions. One case involving internal counterparts and one involving a private counterpart were noted, but these are largely isolated observations. This aligns with Taiwan's relatively strong global standing in anti-corruption efforts – ranked 25th out of 180 countries in Transparency International's 2024 Corruption Index, with a score of 67/100, unchanged from the previous year but improving in rank from 28th to 25th, reflecting relative gains compared to other economies.

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



NOTE: The number of respondents for this question was 42. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in Taiwan 2025.

CORRUPTION PERCEPTION INDEX 2024



NOTE: Scoring 180 countries, the Corruption Perceptions Index is the leading global indicator of public sector corruption. SOURCE: Transparency International.

Human and labour rights violations exposure remains low

Like the low exposure to corruption, Swedish companies in Taiwan report minimal experience with human rights violations or labour rights abuse. None of the respondents indicated having encountered such issues across supply chains, business partners, or customers.

These results are broadly consistent with the past two years and affirm Taiwan's reputation as a business environment generally aligned with international labour standards. For Swedish companies, this reduces reputational risk while supporting broader sustainability and ESG commitments.

The comparatively large share of companies that answered "Don't know", however, seems to indicate room for increased monitoring of the value chain and labour rights standards and strengthening of companies' human rights due diligence.

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