BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

PROGRESS BY TRADE

INVESTMENT FLOWS RISE WITH EUROPE

Cross-border direct investment in the global and Swedish economy

FOREWORD

Foreign direct investment (FDI) is a central part of the global economy. Through investments across national borders, companies gain access to new markets, skills, technologies and resources. At the same time, these investments contribute to capital formation, productivity and renewal in recipient countries. For several decades until the financial crisis erupted in 2008, FDI expanded rapidly in tandem with accelerating world trade and intensified integration of global value chains. Since then, the global playing field has changed, with growing elements of protectionism and geopolitical tensions.

Today, companies are reviewing their supplier networks, production is relocated closer to key markets, and governments are increasingly using trade policy, investment screening and industrial policy in the form of state support to strengthen the competitiveness and strategic independence of their own economies.

Despite persistent market uncertainty worldwide, global FDI rose by 6 per cent to USD 1,624 billion in 2025, a level that significantly exceeds the average of USD 1,532 billion for the past decade. But the global uptick obscures important regional differences.

SWEDEN TAKES THIRD PLACE IN EUROPE

Europe was the primary driver of the global uptick in FDI while Sweden demonstrated particularly strong performance. FDI into Sweden increased by 37 per cent to SEK 287 billion in 2025. This is the highest level seen since the record year of 2022 and considerably above the average for the past decade. Sweden thereby ranked as the third-largest recipient market for foreign direct investment in Europe and secured 14th place globally.

For Sweden, this development brings both opportunities and challenges. The strong result for 2025 shows that Sweden remains highly competitive in the international contest for capital and business establishments. However, in a world where countries are competing ever more fiercely for strategic investments, continuous efforts are needed to ensure attractive conditions for international companies.

CAPITAL FLOWS IN A CHANGING WORLD

Foreign direct investment is ultimately about companies' long-term confidence in any given market. The decisions made in boardrooms around the world today shape tomorrow's production, skills, technology and trade flows. That's why understanding how investment patterns are changing, and what drives corporate decisions, is increasingly important.

With this report, Business Sweden aims to help build that understanding and provide an overall picture of Sweden's position in a global investment landscape undergoing rapid change.

Lena Sellgren
Chief Economist

HIGHLIGHTS

- The global investment activity in 2025 was uneven and influenced by uncertain economic prospects resulting from US tariffs and geopolitical tensions that have risen sharply due to Russia's war of aggression in Ukraine, the crisis in the Middle East, and China's claims to power in Southeast Asia, particularly Taiwan.
- Foreign direct investment (FDI) increased globally by 6 per cent in 2025 compared with 2024, reaching USD 1,624 billion, exceeding the annual average of USD 1,532 billion over the past decade.
- The global uptick in FDI was driven by strong growth in Europe, the world's third-largest investment region, where FDI jumped by 38 per cent to USD 296 billion in 2025. In contrast, investments in both Asia and North America stagnated, with slight declines of 1 per cent, to USD 604 billion and USD 385 billion respectively.
- The smaller investment regions, which together attracted just over 20 per cent of global FDI in 2025, showed mixed developments, with significant increases of 15 per cent in South America and 29 per cent in the Middle East, and a decline of 26 per cent in Africa.
- FDI in Sweden followed the strong investment momentum in Europe and rose by 37 per cent to SEK 287 billion in 2025, the highest level since the record year 2022 and well above the annual average of SEK 210 billion for the past ten years. Sweden was Europe's third most attractive investment destination in 2025.
- In total, the FDI stock in Sweden amounted to SEK 4,701 billion in 2024, which in relation to GDP – approximately 70 per cent – is high by international comparison. European companies control 63 per cent of the assets in Sweden, but US companies hold a unique position as the largest investor group, accounting for 24 per cent of total FDI stock.
- Foreign-owned assets are distributed with 65 per cent in the services sector and 35 per cent in manufacturing. Since 2022, the gap has narrowed as manufacturing has increased its share by a few percentage points.
- The services sector primarily attracts foreign investment in finance and insurance, trade and logistics, and real estate. Manufacturing primarily attracts FDI in chemicals and pharmaceuticals, as well as the automotive industry.

Foreign direct investment (FDI) is cross-border financial transactions that companies carry out to establish or acquire business operations, or expand business via existing subsidiaries in countries outside of their home markets. They are largely undertaken by international companies listed and privately-owned, state-controlled enterprises, investment funds and private equity firms.

Data on FDI in Sweden and outward direct investment (ODI) by Swedish companies is collected by Statistics Sweden (Statistics Sweden) on behalf of the Riksbank (Sweden's central bank), as part of the compilation of balance of payments statistics. Statistics Sweden's quarterly and full-year reporting divides FDI into three categories: equity, group loans and reinvested earnings. The amounts give an indication of the activities of foreign companies in Sweden and the activities of Swedish companies abroad, but cannot be directly linked to companies' acquisitions of businesses or investments in buildings, facilities, machinery or equipment.

The figures for any current year are often adjusted in later revisions. To simplify the presentation in this report, FDI is interchangeably referred to as "cross-border investment" or simply "investments". All amounts and calculation data are in current prices.

GLOBAL CROSS-BORDER DIRECT INVESTMENT

The performance of FDI globally in 2025 was mixed and influenced by uncertain economic prospects in the wake of US tariffs and a sharp rise in geopolitical tensions driven by Russia's continued war of aggression in Ukraine, the crisis in the Middle East, and China's claims to power in Southeast Asia, particularly Taiwan.

Global FDI rose by 6 per cent in 2025 compared with 2024, to USD 1,624 billion which significantly exceeds the annual average of the past ten years.

EUROPE DRIVES THE UPTICK

FDI in Europe jumped by as much as 38 per cent in 2025 to USD 296 billion. The year was marked by strong interest in European markets, with FDI expanding in historically large recipient countries such as the United Kingdom and Germany, and with Sweden ranking as Europe's third most attractive investment destination.

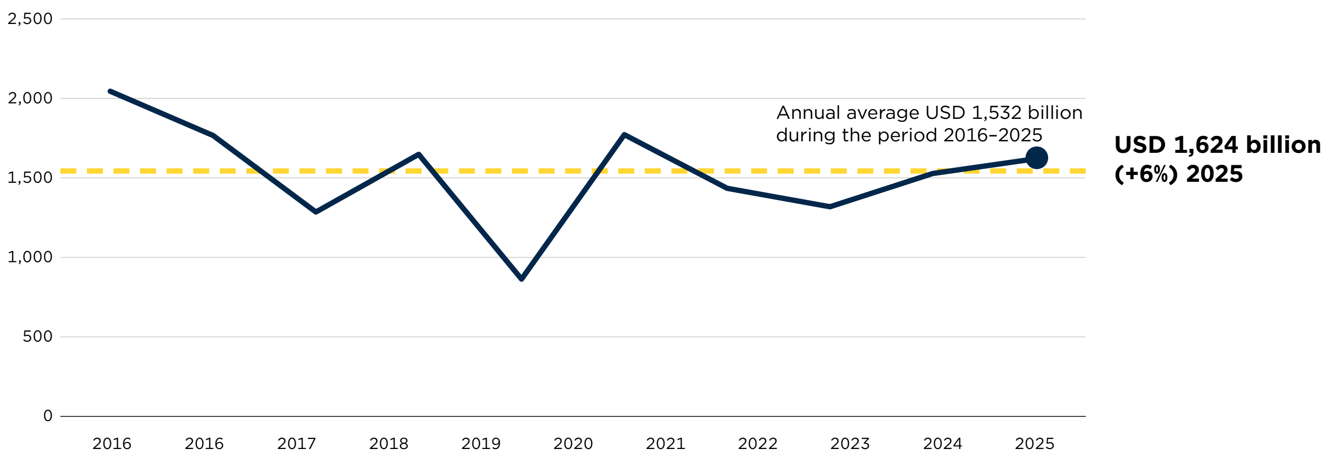
In the other two major investment regions, Asia and North America, FDI performance was largely unchanged from 2024. In Asia, FDI decreased by 1 per cent to USD 604 billion in 2025, a level that has remained consistently high and exceeded USD 600 billion during the past five years. Singapore tops the list as the region's leading investment destination for the first time since the 1990s, followed by Hong Kong, with mainland China in third place. Asia, which is the largest market for new direct investment, received almost 40 per cent of last year's foreign investment inflows.

In North America, which includes the United States, Canada and Mexico, FDI declined by 1 per cent to USD 385 billion in 2025. Approximately three-quarters of investments in the region were destined for the US market.

The smaller investment regions – which together attracted just over 20 per cent of global FDI last year – showed mixed developments. In South America, FDI rose by 15 per cent to USD 148 billion, while investments in the Middle East jumped by as much as 29 per cent to USD 121 billion. Conversely, in Africa, FDI fell by 26 per cent to USD 70 billion.

INTERNATIONAL INVESTMENTS ON THE RISE

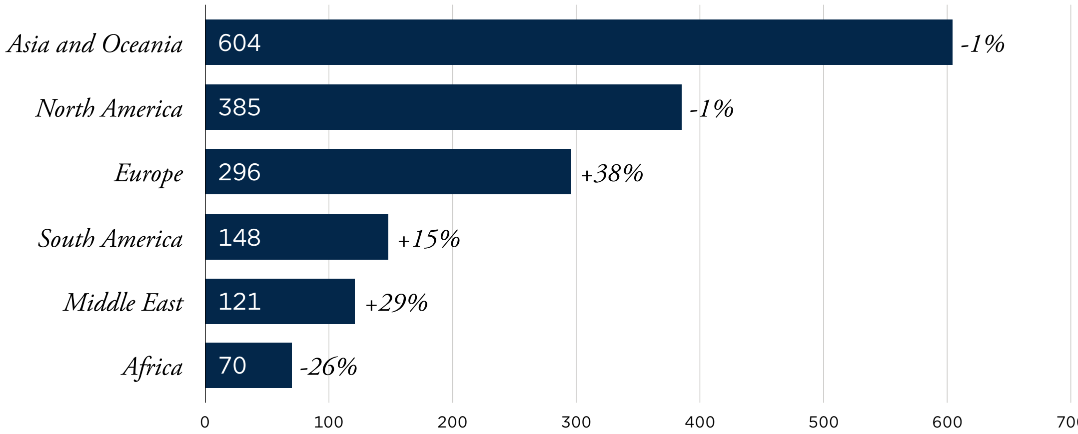
Foreign direct investment (FDI), all markets, annual inflows in USD billion, 2016–2025



Source: UNCTAD (2026)

ASIA THE LEADING RECIPIENT REGION FOR FDI

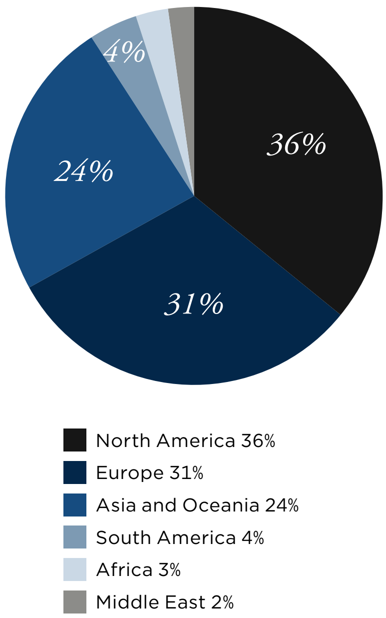
FDI by region, inflows in USD billion, 2025



Source: UNCTAD (2026)

NORTH AMERICA HOLDS LARGEST SHARE OF FOREIGN CAPITAL

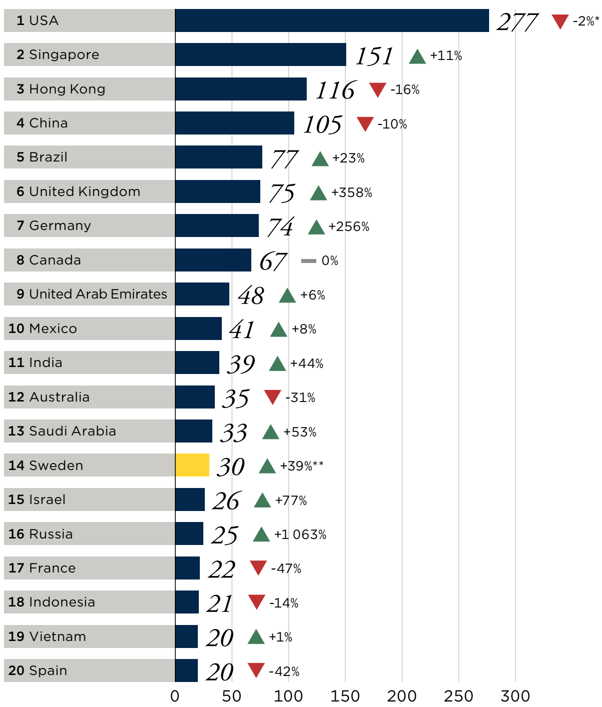
Share of FDI stock by region, per cent, 2025



Note: Global FDI stock amounted to USD 57,834 billion in 2025.
Source: UNCTAD (2026)

SINGAPORE TOP INVESTMENT DESTINATION IN ASIA

Top 20 recipient markets for FDI, inflows in USD billion, 2025



* Annual change in per cent between 2024 and 2025.
** In Statistics Sweden's data the increase amounts to 37 per cent calculated in SEK.
Source: UNCTAD (2026)

NORTH AMERICA LARGEST INVESTMENT REGION

While Asia has claimed the top spot as the largest FDI market in recent years, North America and Europe still account for the largest shares of accumulated FDI stock over time. North America has attracted 36 per cent of global FDI stock followed by Europe with a 31 per cent share and Asia with 24 per cent. The remaining regions have together attracted just 9 per cent of FDI stock.

The 20 largest recipients of FDI in 2025 included markets in every region of the world except Africa. The US was the clear winner followed by Singapore in second place, Hong Kong in third, China in fourth and Brazil in fifth place.

Notably, China has lost ground as an FDI destination in recent years after previously challenging the US for the leading position. FDI in China fell by 10 per cent in 2025 to USD 105 billion, in line with weaker prospects for the Chinese economy and a more challenging environment for foreign companies.

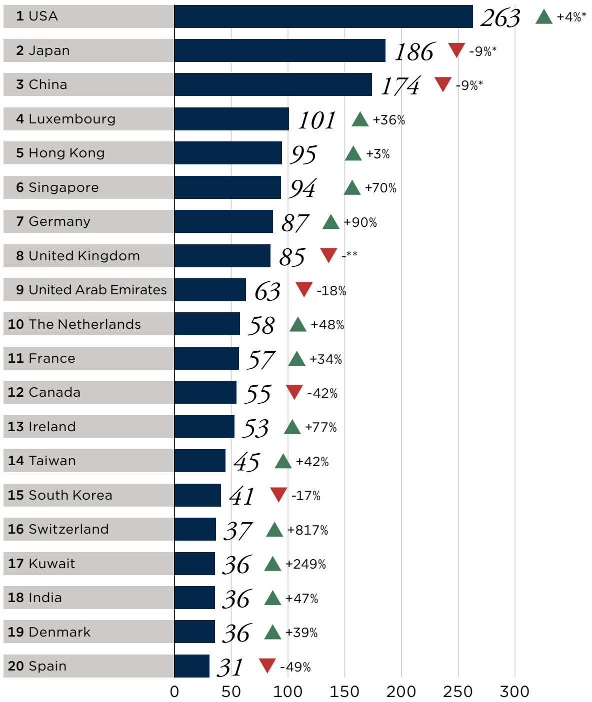
Sweden secured 14th place in the global ranking of the world's biggest investment destinations in 2025, advancing from 16th place in 2024, and was the third-largest recipient market for FDI in Europe after the United Kingdom and Germany.

CHINA A GROWING INVESTOR OVERSEAS

The ranking of the world's 20 largest source markets for FDI also reflects the wide geography of large investors. Besides the US, Japan and China, companies from Singapore, Germany, the United Arab Emirates, Taiwan and India were significant outward investors in 2025. Sweden usually has a prominent position here as well but came in 24th place globally in 2025, losing momentum from 21st place in 2024.

ASIAN COMPANIES IMPORTANT FOREIGN INVESTORS

Top 20 source markets for FDI, outflows in USD billion, 2025



* Annual change in per cent between 2024 and 2025.
** United Kingdom recorded a negative outflow of USD 43 billion in 2024.
Source: UNCTAD (2026)

The UN subsidiary organ UNCTAD, which compiles national statistics on foreign direct investment in its annual publication World Investment Report, adjusts the statistics to account for Offshore Financial Centres (OFCs), jurisdictions to which large volumes of capital are moved, often for tax reasons, but where real economic activity is limited. Examples of OFCs include Bermuda, the British Virgin Islands and the Cayman Islands. UNCTAD's adjustments mean that reported amounts of FDI in OFC markets are excluded from the calculation of global FDI.

In this report, Business Sweden presents FDI statistics as reproduced in the appendix to *World Investment Report 2026*, including the adjustments made by UNCTAD.

FOREIGN DIRECT INVESTMENT IN SWEDEN

SWEDEN IN EUROPE'S TOP LEAGUE

FDI in Sweden amounted to SEK 287 billion in 2025, representing a sharp increase of 37 per cent from 2024. This is the second highest level since the record year 2022 and it significantly exceeds the annual average of SEK 210 billion for the ten-year period 2016–2025. As noted above in the section Global Cross-Border Direct Investment, Sweden became the third-largest market in Europe for FDI last year and ranked 14th place globally.

At the time of publication of this report, the data required to establish the final amount of FDI in Sweden for 2025 were not yet complete. The present figure is partly based on Statistics Sweden's forecast of corporate reinvested earnings and may therefore be revised.

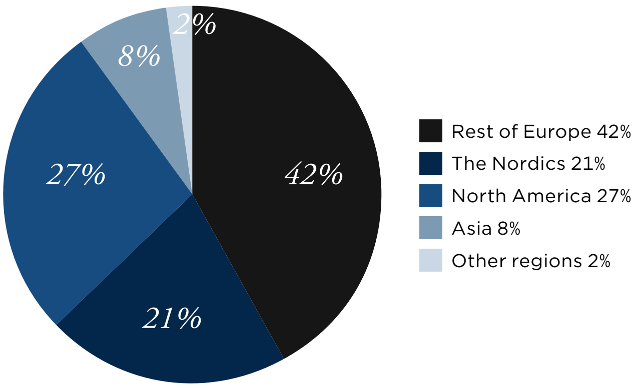
US COMPANIES UNIQUELY POSITIONED

FDI stock in Sweden amounted to SEK 4,701 billion in 2024, the latest year for which final figures are available. This amount corresponds to just over 70 per cent of Sweden's GDP, which is a high figure by international comparison.

The statistics, which are based primarily on information collected from companies, show that it is mainly companies domiciled in the Nordic neighbouring countries and other Western

US COMPANIES THE LARGEST INVESTOR GROUP

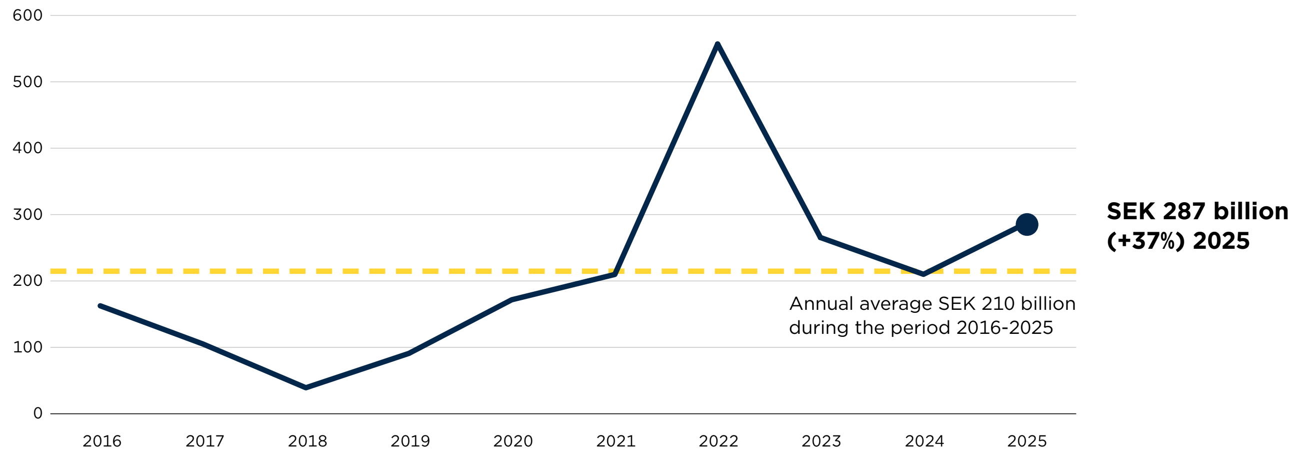
FDI stock in Sweden, distribution by controlling source market, per cent, 2024



Source: Statistics Sweden (2026)

SWEDEN RECORDS STRONG FDI LEVELS

FDI in Sweden, annual inflows in SEK billion, 2016–2025



Source: Statistics Sweden (2026)

European countries that are present in Sweden. In all, European companies accounted for 84 per cent of foreign-owned assets in 2024. The challenge is that many companies domiciled in countries that serve as important transit hubs for international capital, such as Luxembourg and the Netherlands, often have a controlling parent company located elsewhere, sometimes even in Sweden.

A recent analysis conducted by Statistics Sweden (Statistical News, 12 December 2025) for the purpose of identifying the location of controlling companies shows that US companies accounted for SEK 1,046 billion, or 24 per cent of FDI stock in Sweden in 2024. This can be compared with SEK 400 billion and 9 per cent according to conventional statistics, which apply the principle of first counterpart country.

As such, the analysis thus shows that US companies are the largest foreign investor group in Sweden. It also shows that SEK 406 billion, or 10 per cent of FDI stock, were controlled from Sweden. In addition, the findings show that the majority of foreign-owned assets, 63 per cent, were controlled by companies headquartered in the Nordic neighbouring countries and other Western European countries.

SERVICES SECTOR DOMINATES, BUT THE GAP IS NARROWING

The services sector accounts for 65 per cent of FDI stock in Sweden and manufacturing for 35 per cent. Over time, this distribution has tilted more towards services which has grown its share, but since 2022 the gap has narrowed somewhat as manufacturing has gained ground.

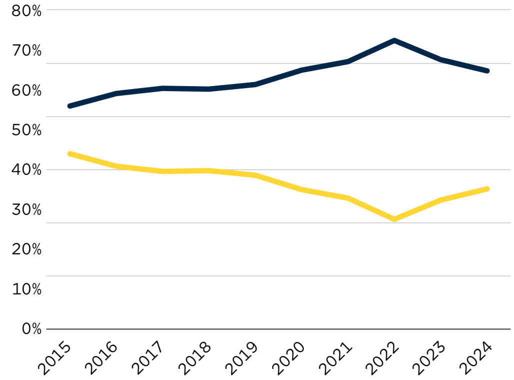
FDI stock in the services sector amounted to SEK 3,015 billion in 2024, while assets in manufacturing amounted to SEK 1,636 billion. The services sector has attracted large overseas investments primarily in Finance and insurance, Trade and logistics, and Real estate. The fastest growth of FDI in services during the three-year period 2022–2024 was seen in IT and telecom, showing an average annual increase of 27 per cent.

In manufacturing, foreign companies have made their biggest investments in Chemicals and pharmaceuticals, with a significant gap in investment volumes until the next largest industries follow suit – Automotive (which Statistics Sweden does not report separately for 2024 and is included under Other manufacturing), and Wood, pulp and paper.

The fastest growth rate of FDI in manufacturing during the period 2022–2024 was recorded in chemicals and pharmaceuticals, with an average annual increase of 23 per cent. In Mining and minerals, which is a separate category in Statistics Sweden's classification, FDI more than doubled from SEK 21 billion to SEK 51 billion during the period 2022–2024.

REBOUND FOR MANUFACTURING

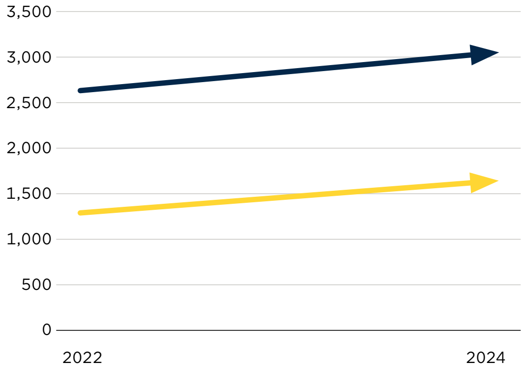
FDI stock in Sweden, distribution by sector, per cent, 2015–2024



Source: Statistics Sweden (2026)

STRONG FOCUS ON THE SERVICES SECTOR

FDI stock in Sweden, distribution by sector, SEK billion and annual average change in per cent, 2022–2024

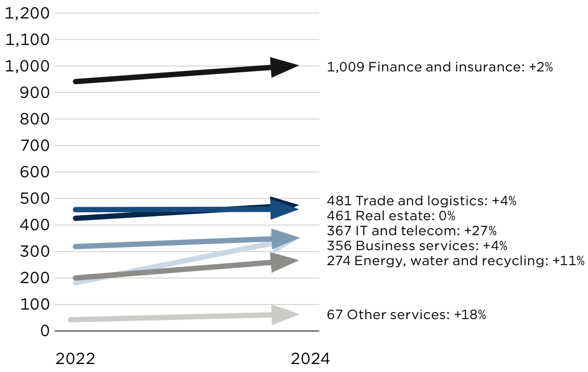


Source: Statistics Sweden (2026)

Note: Data for FDI stock in Sweden includes agriculture, forestry and fishery, mining and minerals processing as well as "unspecified assets", which are all excluded in the above compilation.

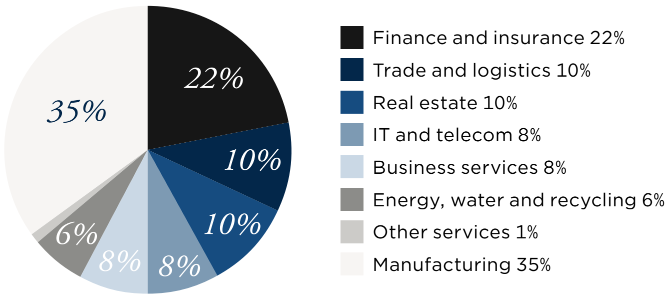
RAPID UPSWING IN IT AND TELECOM

FDI stock in Sweden, distribution by industry, SEK billion and average annual change in per cent, 2022–2024



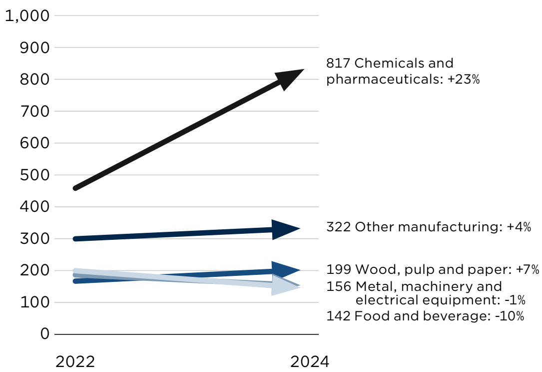
FINANCE AND INSURANCE IN THE TOP LEAGUE

FDI stock in Sweden, distribution by industry, per cent, 2024



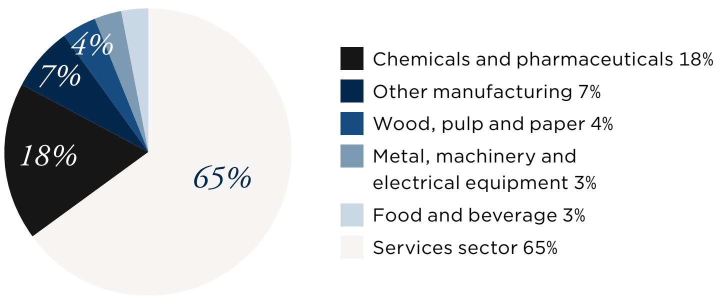
INVESTMENT BOOM FOR CHEMICALS AND PHARMACEUTICALS

FDI stock in Sweden, distribution by industry, SEK billion and average annual change in per cent, 2022–2024

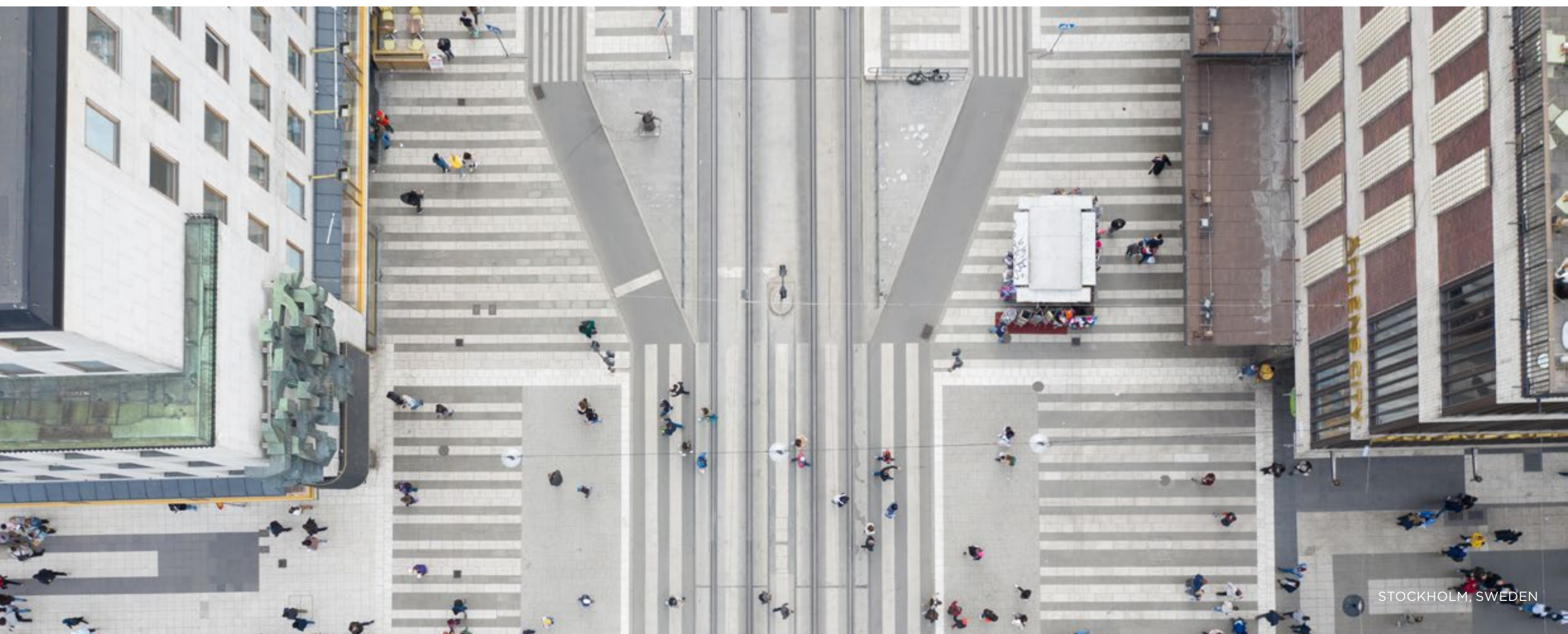


CHEMICALS AND PHARMACEUTICALS MOST ATTRACTIVE INDUSTRIAL SECTOR

FDI stock in Sweden, distribution by industry, per cent, 2024



Note: Data for FDI stock in Sweden includes agriculture, forestry and fishery, mining and minerals processing as well as "unspecified assets", which are all excluded in the above compilation.
Source: Statistics Sweden (2026)



INVESTMENT PROJECTS IN SWEDEN AND THE EU

In addition to central banks and national statistical agencies, there are a number of international consultancy firms that provide databases giving a somewhat incomplete but still business-related view of companies' overseas investments. Unlike national FDI statistics, which form part of the compilation of balance of payments, these databases identify individual companies and completed investments, and thereby have greater relevance for investment promotion agencies such as Business Sweden.

US COMPANIES THE LARGEST INVESTOR GROUP

A review of the data from the database fDi Markets, which has global coverage, shows that Sweden attracted a total of 299 FDI projects during the three-year period 2023–2025. This corresponds to just over 2 per cent of all projects for which the EU was the recipient market. Cross-border mergers and acquisitions are not included in the fDi Markets database.

Sweden's investment profile is similar to the rest of the EU, where US companies are major investors, but with Swiss companies occupying the top position and with a larger share of Nordic investors. Notably, Chinese companies no longer appear among the leading investor groups for FDI projects in Sweden, while they rank seventh in the EU. Conversely, Indian companies are present among the leading investor groups in Sweden but not in the EU. The share of investors from "Other markets" is significantly higher in the EU than in Sweden, 33 per cent and 23 per cent respectively.

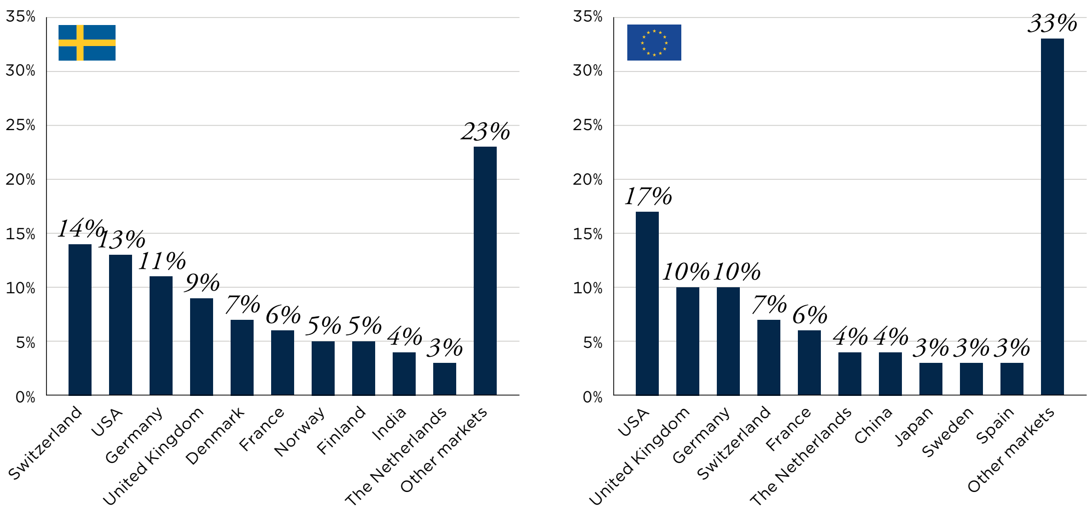
According to the fDi Markets database, Sweden has a somewhat smaller share of FDI projects in strategically significant operations such as manufacturing, research and development, and headquarters.

An industry comparison shows that both Sweden and the EU have large shares of FDI projects in IT, telecom and electronics, as well as Business services. Sweden has a stronger profile in Energy, while the EU attracts a larger share of projects in Mining, industry and construction.

The fDi Markets database shows that Denmark was the most successful Nordic country in attracting FDI projects during the period 2023–2025, with a total of 367 projects, followed by Finland with 308 projects and Sweden with 299 projects. Norway attracted a significantly lower number of projects than the other Nordic countries.

LEADING POSITION FOR US COMPANIES

Share of FDI projects in Sweden and the EU by source market, per cent, 2023–2025



Source: fDi Markets (2026)

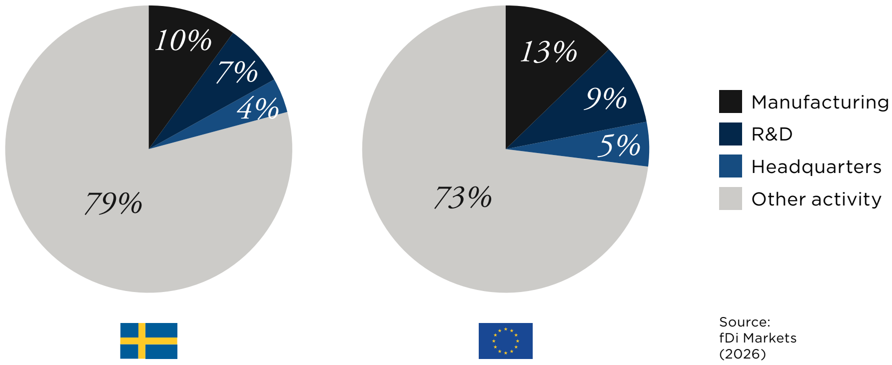
FDI PROJECTS IN SWEDEN AND THE EU

Number, 2023–2025

	Sweden	EU	Sweden's share
2023	103	4,960	2.1%
2024	111	4,808	2.3%
2025	85	4,129	2.1%
2023–2025	299	13,897	2.2%

UPSIDE FOR THE EU IN STRATEGIC OPERATIONS

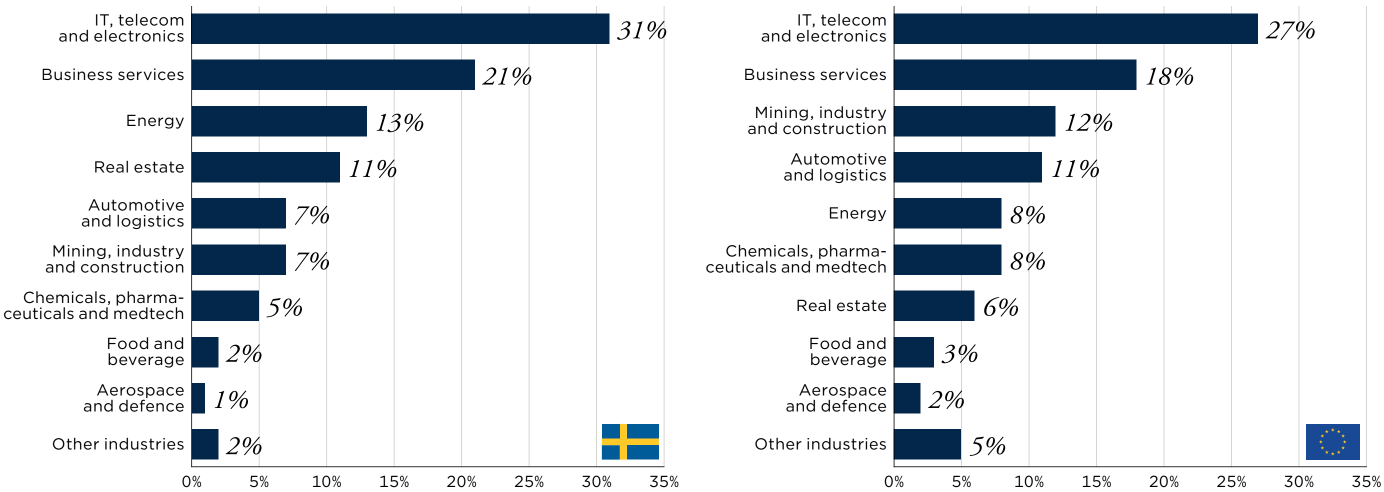
Share of FDI projects in Sweden and the EU by business activity, per cent, 2023–2025



Source:
fDi Markets
(2026)

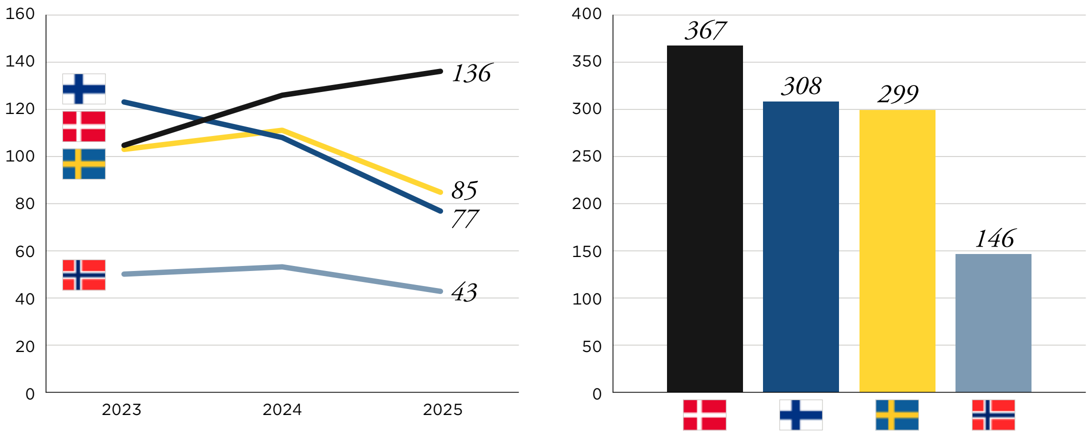
SWEDEN AND THE EU ATTRACTIVE FOR IT AND BUSINESS SERVICES

Share of FDI projects in Sweden and the EU by industry, per cent, 2023–2025



DENMARK LEADS THE WAY IN THE NORDICS

Number of FDI projects in Sweden and other Nordic countries, 2023–2025



Source: fDi Markets (2026)

FUTURE OUTLOOK

Business Sweden's forecast identifies four areas outlined below as key factors that are likely to influence global cross-border direct investment flows and FDI in Sweden in the years ahead.

GEOECONOMIC INSTRUMENTS

1 **Trade policy.** The US economic policy under the Trump administration, where the introduction of high tariffs against US trading partners plays a central role, has caused significant uncertainty around the conditions for international trade and, consequently, for cross-border direct investment. This has elevated the risk of trade wars. Following numerous revisions to US tariff rates and the ongoing reimbursement of certain tariff revenues, however, companies appear to have adapted to some extent, recognising the importance of regulatory compliance and the need to navigate an increasingly complex world market.

2 **Industrial policy.** The new industrial policy initiatives in Europe and the Trump administration's pressure on US companies to undertake extensive reshoring may contribute to companies prioritising operations in their home markets. Economic nationalism on both sides of the Atlantic may encourage companies to repatriate some production, thereby reducing their overseas presence. Meanwhile, China continues to build its own supply chains for prioritised sectors.

CLIMATE AND ENVIRONMENT

3 **Green transition.** Large investments will be required, not least in the energy sector, as industrial companies set their sights on increasing the use of clean energy and adopting net zero manufacturing practices. Coupled with comprehensive government support schemes and investments in climate adaptation and infrastructure upgrades, primarily in Europe, this could unlock new opportunities for international investors. The US administration under president Trump has slowed the pace of the country's climate transition, although significant efforts continue at the state level.

4 **Natural resources.** Rising global demand for critical raw materials and political ambitions in the US and Europe to break China's dominance – particularly in rare earth elements – requires investments in the mining and metal industries, opening up opportunities for cross-border direct investment.

REGIONALISATON AND SHIFT TOWARD SERVICES

5 **Customers and suppliers.** Customer and market relations, automation, risk management and increasing consideration of environmental impacts are driving the continued push toward regionalisation of manufacturing and trade, concentrated to the three large production regions Europe, Asia and North America. Companies are reviewing their supplier base to reduce their vulnerability in times of crisis.

6 **The services sector.** In tandem with increased industrial investments, the shift toward servicification of the business sector and global trade continues at pace. While investments in the services sector are not as capital-intensive, corporate deals involving highly valued service companies as acquisition targets could give cross-border direct investment a further boost.

THE NEW PLAYERS

7 **China.** Chinese companies are continuing to expand their presence overseas, primarily in emerging markets in what is today known as the Global South, but are being hampered by stricter national regulations and investment screening in foreign markets. New regulations open up the possibility for foreign companies to acquire Chinese companies – but large barriers to entry still exist. China's escalating conflict with the US and EU is prompting more and more international companies to rethink their market presence and focus on a wider spectrum of countries in Southeast Asia and other emerging markets.

8 **Global South.** The internationalisation of the business sectors in emerging markets continues, prompting the emergence of new foreign investors. However, weaker economic conditions in many domestic markets and deteriorating geopolitical prospects have dampened optimism in terms of seeing any rapid development.

APPENDIX

MULTIPLE REASONS FOR EXPANDING ABROAD

Most companies worldwide largely focus their operations and sales on domestic markets, but a growing share of companies also export goods and services abroad. At the same time, some companies feel that they are limited by export sales and see new business potential in establishing an overseas presence through subsidiaries that can perform various functions. These are usually multinational companies with large resources and roots in developed economies in the three major production regions of Europe, North America and Asia.

The companies' overarching motives for expanding abroad include new opportunities to increase revenue, reduce costs and improve risk management. By establishing a local sales entity, companies can strengthen their brand and deepen business relationships with international customers. Likewise, choosing to set up a local R&D centre can help companies tap into the research excellence of prominent universities. Having a local manufacturing facility can provide more accurate adaptation of the company's products to key markets. Moreover, overseas manufacturing can reduce lead times and transport costs, and secure access to renewable energy, raw materials and other commodities. Large acquisitions can help to expand product portfolios and give companies a headstart on the global playing field. Meanwhile, acquisition of smaller companies can provide access to important patents and innovations.

A combination of these drivers often comes into play when companies choose to establish operations abroad, but they carry different weight in different sectors and situations, see for example Business Sweden's report *Taking manufacturing to new frontiers* (2021).

WHEN THE STARS WERE ALIGNED

The 1990s ushered in a prosperous era for global trade and cross-border investment. The completion of the Uruguay Round in the newly formed WTO (World Trade Organization) resulted in a broad dismantling of trade barriers. The political and economic integration of the EU continued at pace. Following the end of the Cold War, there was almost global consensus on the importance of maintaining open markets and an attractive business climate. The financial sector was deregulated and expanded and the global market for goods and services developed rapidly.

New roads, railway connections, ports and airports put all the conditions in place for companies to transport their goods with ease and establish their business in emerging markets, where China and the Southeast Asian countries quickly became the protagonists. In addition, companies got the opportunity to consolidate their international operations through IT systems and telecommunications, and to raise funds for their investments in an increasingly internationalised financial market.

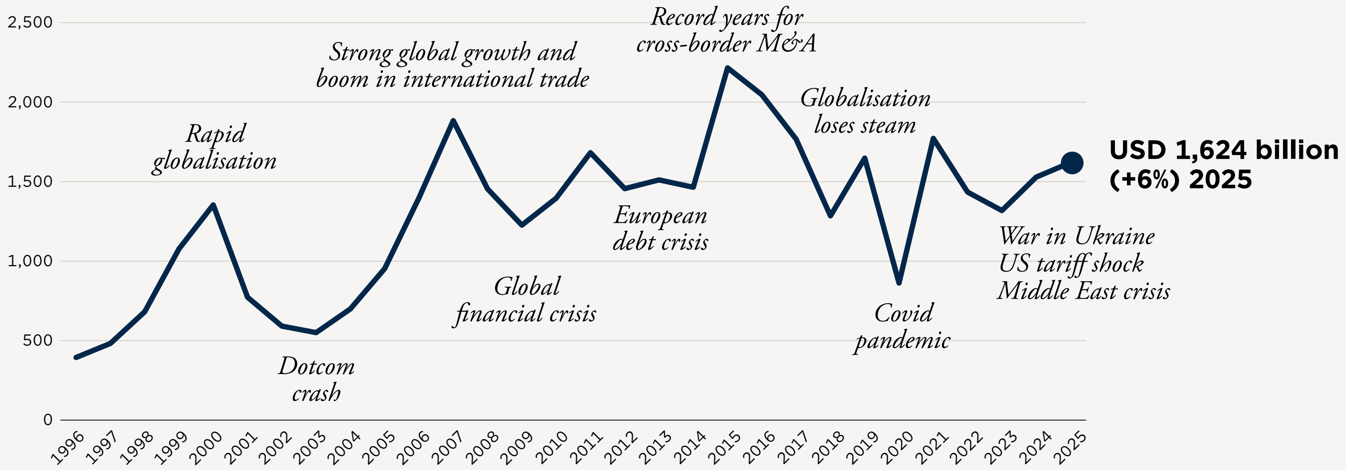
A first peak in the global evolution of FDI was reached in the year 2000. But in the following year the upswing was punctured by the Dotcom crash which led to a sharp downward revision of many companies' market value and contributed to a worsened economic situation, primarily in the US and Europe.

Already prior to China's membership in the WTO in 2001, the country had become a major destination for American and European business establishments, many of which sought to tap into the benefits of low-cost manufacturing of goods for export to Western markets. For another decade or so, low cost was the primary decision-making factor when global companies evaluated where to locate manufacturing facilities and supply networks. European companies discovered Eastern Europe while American companies went to Mexico.

The rapid growth in global trade throughout this period is to a great extent a reflection of how larger volumes of intermediate goods were gradually refined and finished at facilities in many different countries. The geographical fragmentation of manufacturing and a new wave of large corporate acquisitions paved the way for a new peak in cross-border investment in 2007. The global financial crisis plunged the world economy into dramatic decline. Companies were forced to re-evaluate their plans for international expansion. Securing financing became more difficult as banks and other financial institutions reoriented their activities and focused their attention on domestic markets. Planned company acquisitions were put on hold. Despite this, the decline in FDI was not too steep, but the next peak would not be reached

INTERNATIONAL FDI IN RECOVERY PHASE

Foreign direct investment (FDI), all markets, annual inflows in USD billion, 1996–2025



Source: UNCTAD (2026)

until 2015 when global cross-border investment hit a record level. In Europe, the financial crisis was a contributing factor to the subsequent European debt crisis which resulted in dampened growth and a pessimistic outlook for business.

DOWNTURN FOR OVERSEAS INVESTMENTS?

Statistics for the past decade show, aside from the dramatic collapse and recovery associated with the Covid pandemic, a gradual decline and levelling-off of foreign direct investment, while the market for mergers and acquisitions (M&A) has remained stable and growing. It remains to be seen whether the downturn has finally been reversed by the recovery seen during 2024–2025.

The downturn could be the partial result of an accelerating strategic shift towards near-market manufacturing among industrial companies, which reduces the extent of relocation and scattering of operations in different countries. A political upswing for economic nationalism worldwide coupled with aggressive industrial policies could also play a certain role, and the same applies to the increased geopolitical tensions not least between the US and China. The EU has introduced a screening process for FDI (which came into force in Sweden on 1 December 2023) and launched a new industrial policy roadmap which aims to facilitate industrial independence. American companies are encouraged to bring manufacturing back to the US, so-called reshoring. China is taking major steps to build its domestic supply chains and eliminate its dependence on foreign skills and competencies, for example in the manufacturing of advanced microchips.

Another factor to consider is that an increasing share of international companies are pure service companies. Their operations often take place locally and do not necessarily involve large investments. Overseas expansions may also have become more difficult to pinpoint in the statistics, for example due to the increasingly advanced financial arrangements related to company acquisitions. The internationalisation of capital markets has facilitated local financing, using loans and other transactions that are not registered as FDI. Various forms of business collaborations and partnerships have also emerged as attractive alternatives to capital investment.

FDI 2026 EN

BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

PROGRESS BY TRADE

We help Swedish companies grow global sales and international companies invest and expand in Sweden.

BUSINESS SWEDEN Box 240, SE-101 24 Stockholm, Sweden
World Trade Center, Klarabergsviadukten 70
T +46 8 588 660 00 info@business-sweden.se

BUSINESS-SWEDEN.COM