

Navigating the U.S. Business Landscape after Election

November 10th, 2020



Swedish trade and business will be impacted by U.S. policies, presenting challenges and opportunities in both the short- and long-term

BACKGROUND

The results of the U.S. election are set to shape local, regional and global business. This webinar will explore the expected policy approach for the next four years and how it will define trade, market access, sustainability, protectionism, and implementation of technology across business and industry

Today's Speakers



Alan Stoga

Keynote speaker
Chairman, Tällberg Foundation &
President, Zemi, U.S.



Tobias Glitterstam

Vice President Region Americas
Business Sweden, New York



Abigail Richardson

Consultant
Business Sweden, San Francisco

Today's agenda

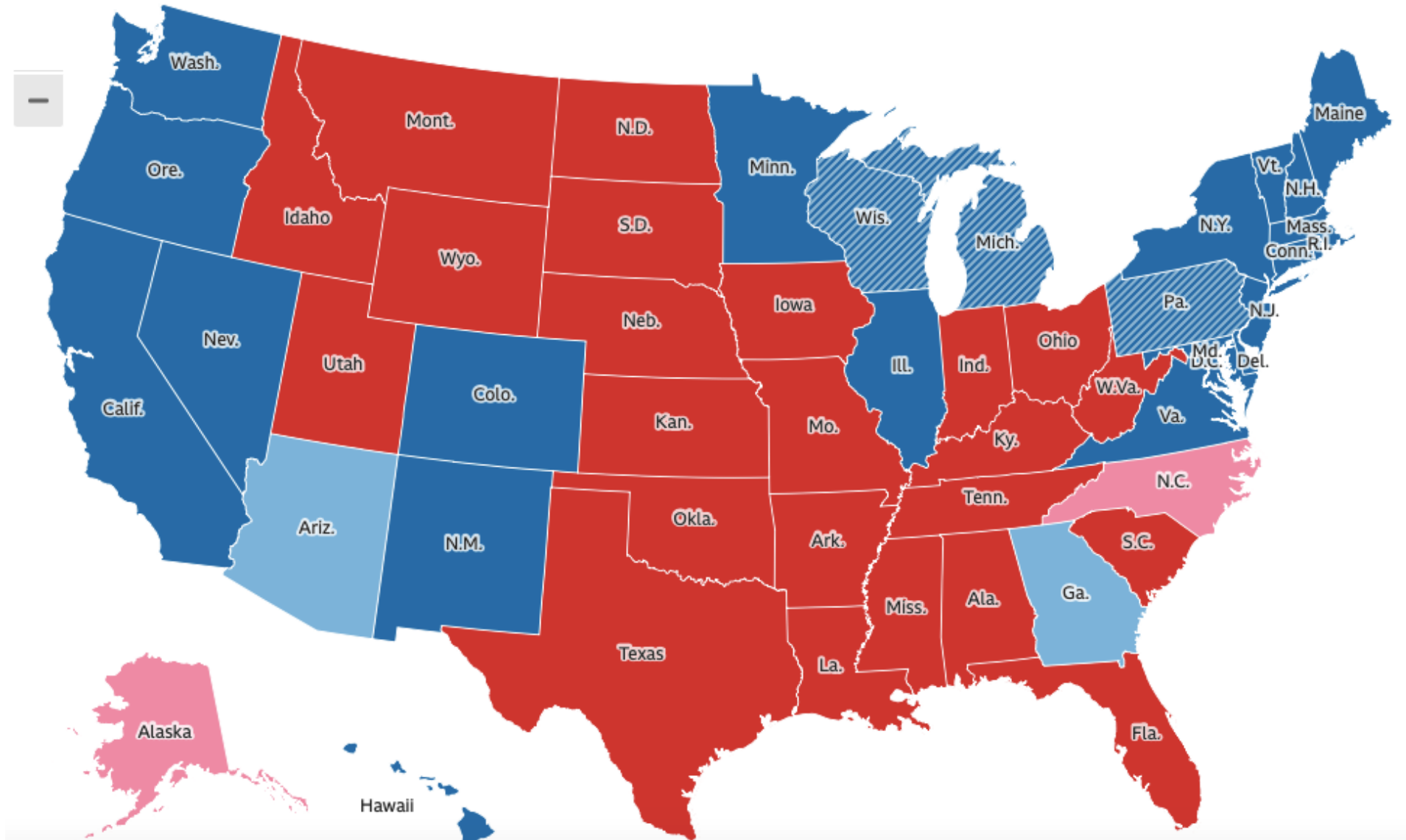
1	Keynote by Alan Stoga
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4	Questions and Answers

American Armageddon or American Salvation?



**Alan Stoga
November, 2020
Business Sweden**

Biden wins: 306 to 232!
(76 million to 72 million—and counting)



Where the polls as wrong as you think?

This is what it looked like three weeks ago:

Today's Polls

Biden
223

Trump
164

Swing States 151

If Biden wins +3's

Biden
305

Trump
233

Penn.	20	+4%
Florida	29	+2
Ohio	18	+1
Michigan	16	+7
Georgia	16	+1
N. Carolina	15	+3
Arizona	11	+3
Wisconsin	10	+6
Minnesota	10	+7
Iowa	6	+1

↑
EC
Votes

↑
Biden
Lead

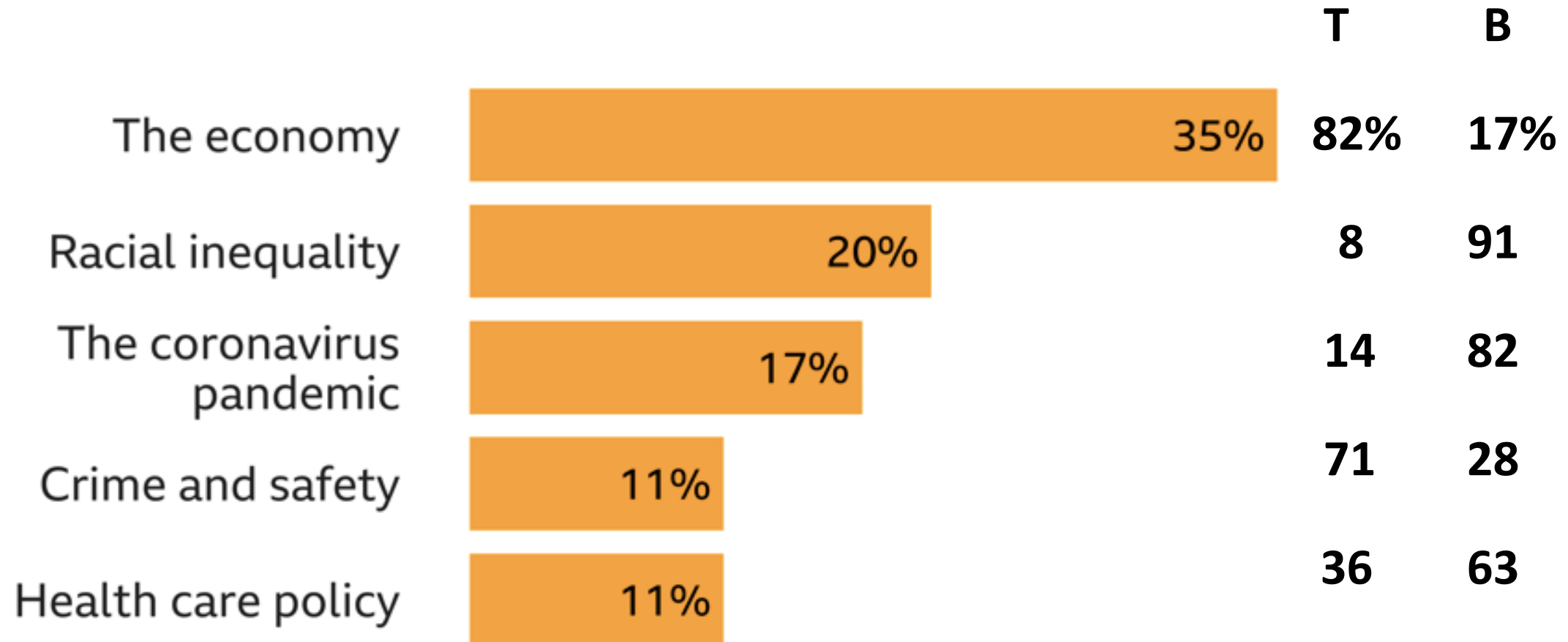
Huge turnout, close election, contested outcome

- **The good:** 160 million people voted, two-thirds of eligible voters: the most since 1900
- **The bad:** the nation is as deeply divided as anytime since the years before the Civil War
- **The ugly:** the slow count, dueling lawsuits and Presidential conspiracy allegations undermine institutional credibility and Biden's legitimacy

Election did not resolve fundamental conflicts that divide Americans

What mattered to the voters?

deciding now you voted for president?

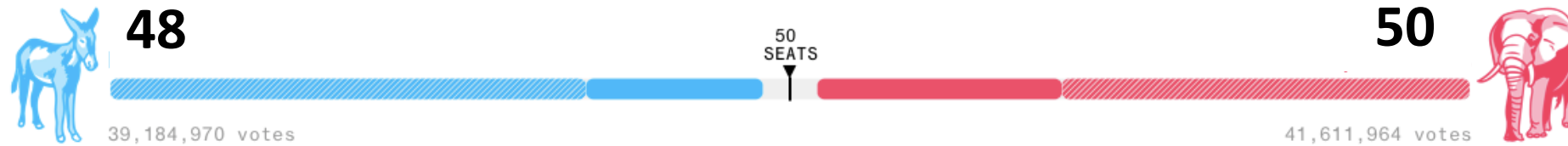


Election Day is done, but the election is not...

- Wisconsin and Georgia will recount ballots
- Legal challenges mostly focused on mail-in and early voting; each state has its own rules
- All ballots must be counted & certified by **Dec. 8**
- Electoral College votes on **Dec. 14**; certifies results by **Dec. 23**; confirms outcome on **January 6**
- New Congress sworn in on **January 3**
- Both Georgia senators will be selected in runoff elections in January
- Constitutionally mandated that new President is inaugurated on **January 20**

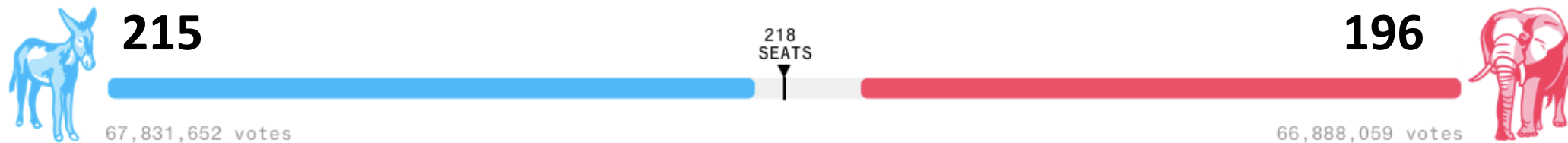
A divided nation chose a divided Congress

Senate



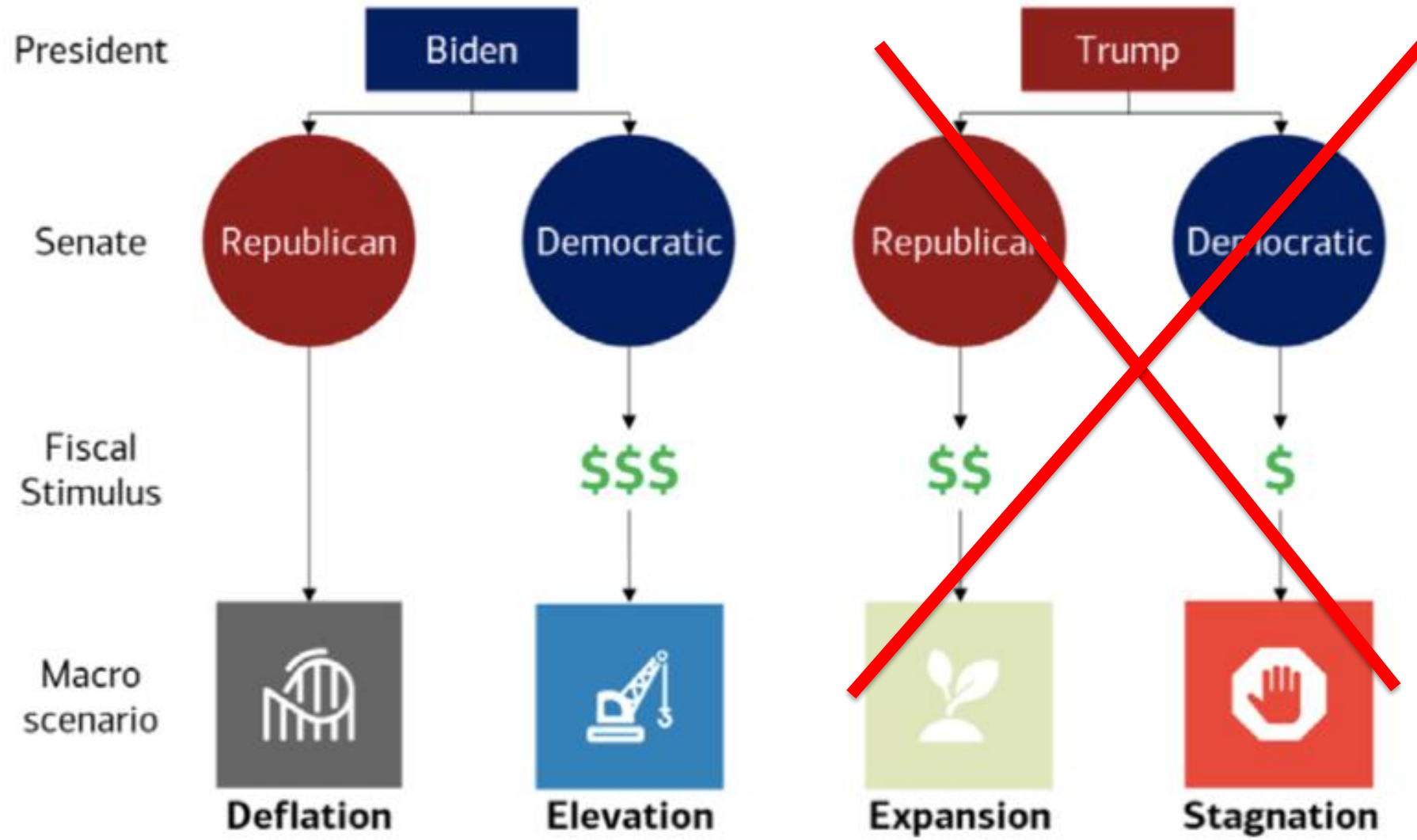
TBD: Georgia (2)

House of Representatives



With 24 seats to be decided, R's have gained 6

It matters who wins!





Key to Biden presidency will be struggle between progressives and moderates

- Progressives self-define by ideals
 - ✧ Green New Deal
 - ✧ Single payer health care
 - ✧ Radical police reform
- Moderates balance goals and practical effects
 - ✧ Sensitive to business, tech and agriculture
 - ✧ Progressive on abortion, LGBTQ, etc.
 - ✧ “Cautious” on economics, law and order

Biden, a life-long moderate, has moved left

Biden has little room to maneuver

- Big personal, capital gains and corporate tax increases unlikely
- No Green Deal, no infrastructure, no immigration reform
- Reliance on executive actions to rejoin TPP, reanimate WTO, negotiate UK & EU pacts
- Kinder, gentler anti-China on trade, investment, tech
- Made in America intensifies
- De-regulation reversed
- Bipartisan agreement on curtailing Big Tech
- Unions have a friend in the White House

Heavy handed Covid policy would reinforce partisanship

What does Biden do if this happens?

POLITICS | SEPT. 14, 2020

The People v. Donald J. Trump The criminal case against him is already in the works — and it could go to trial sooner than you think.



Will Biden even have a foreign policy?

- Basic thrust of his “bridge” presidency will be domestic, punctuated by key roll back of Trump headline actions (Paris, TPP, JCPOA)
- Foreign policy will focus on rebuilding ties to Europe, rebalancing Middle East, and reinvigorating “pivot” to Asia
- China relationship less transactional, more polite but unlikely to improve because of human rights issues
- Trade policy shifts back to multilateral impulse

More eloquent, but same theme: global retrenchment

People ARE policy!

➤ Treasury

✧ Lael Brainard, Larry Fink, Jared Bernstein, Richard, Roger Ferguson

➤ Defense

✧ Michelle Flournoy, Tammy Duckworth

➤ State

✧ Susan Rice, Tony Blinken, Mitt Romney

➤ Attorney General

✧ Jeh Johnson, Amy Klobuchar, Andrew Cuomo, Stacey Abrams, Preet Bharara

➤ Significant others

✧ Jake Sullivan, Tom Donilon, Pete Buttigieg, Jason Furnam, Sally Yates, Eric Garcetti





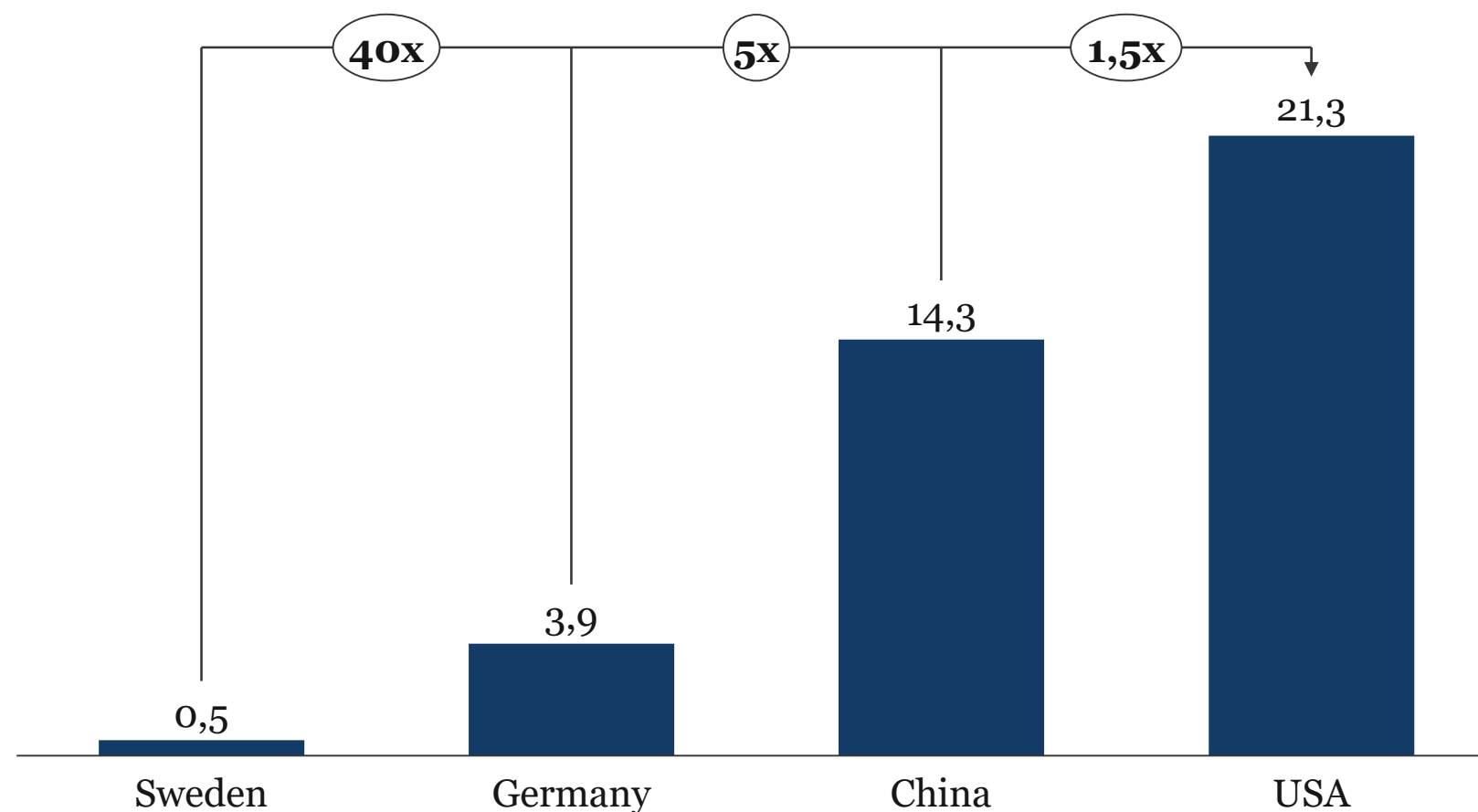
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The U.S. will remain the largest economy in the world for the foreseeable future

GDP of USA, China, Germany, and Sweden

Trillion USD, 2019

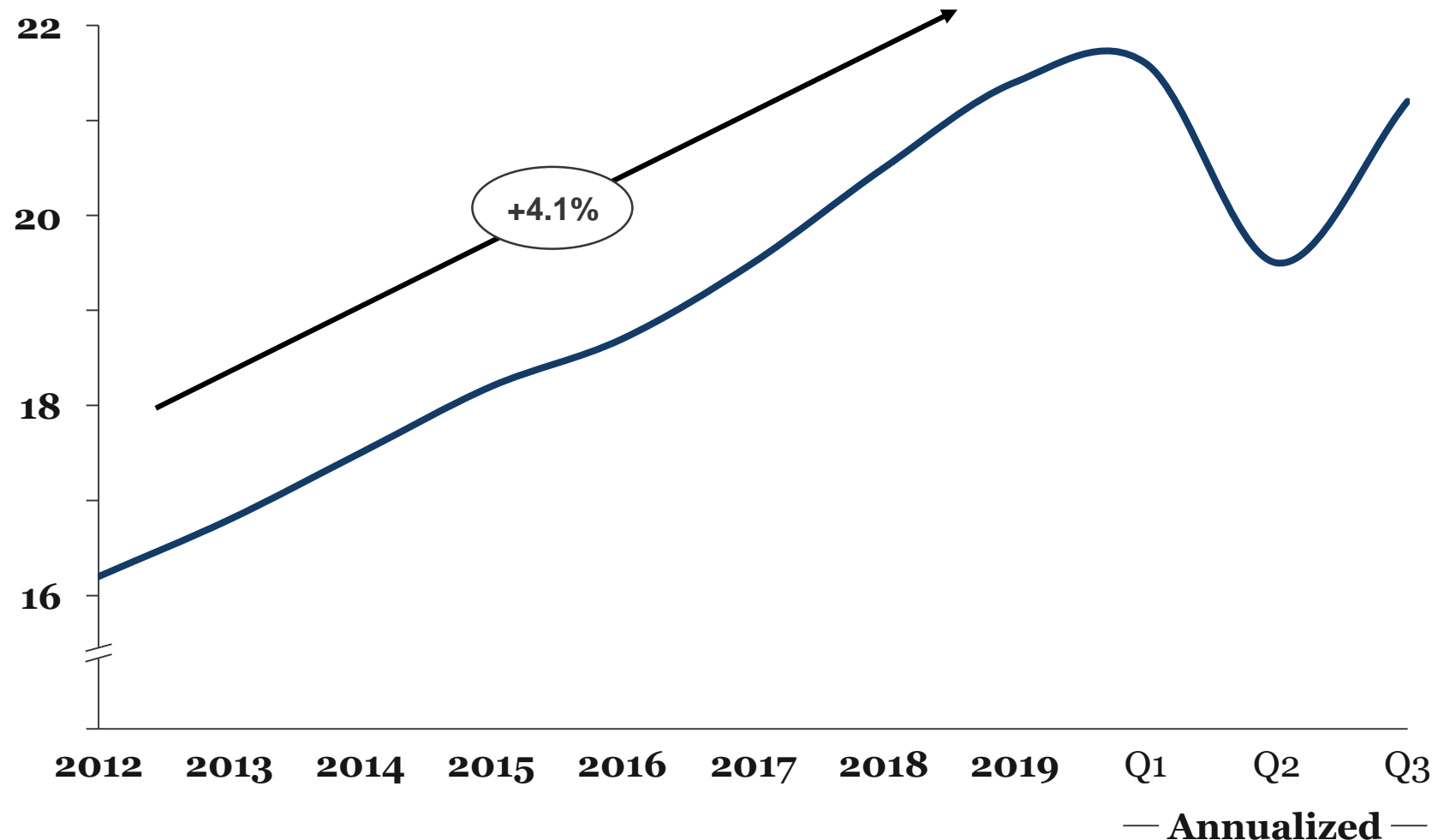


Observations and trends

- The U.S. has the largest GDP in the world at 21,3 trillion USD and accounts for a full 15% of world GDP
- The U.S. economy is 1,5x the size of China, 5,5 times the size of Germany and 40,2 times the size of Sweden
- China is expected to surpass the U.S. as the world's largest economy during 2030-2035

Despite the negative developments with increased spread of COVID-19 the U.S. economy recovered during the third quarter of 2020

U.S. GDP 2012-2020 Q3
Trillion USD

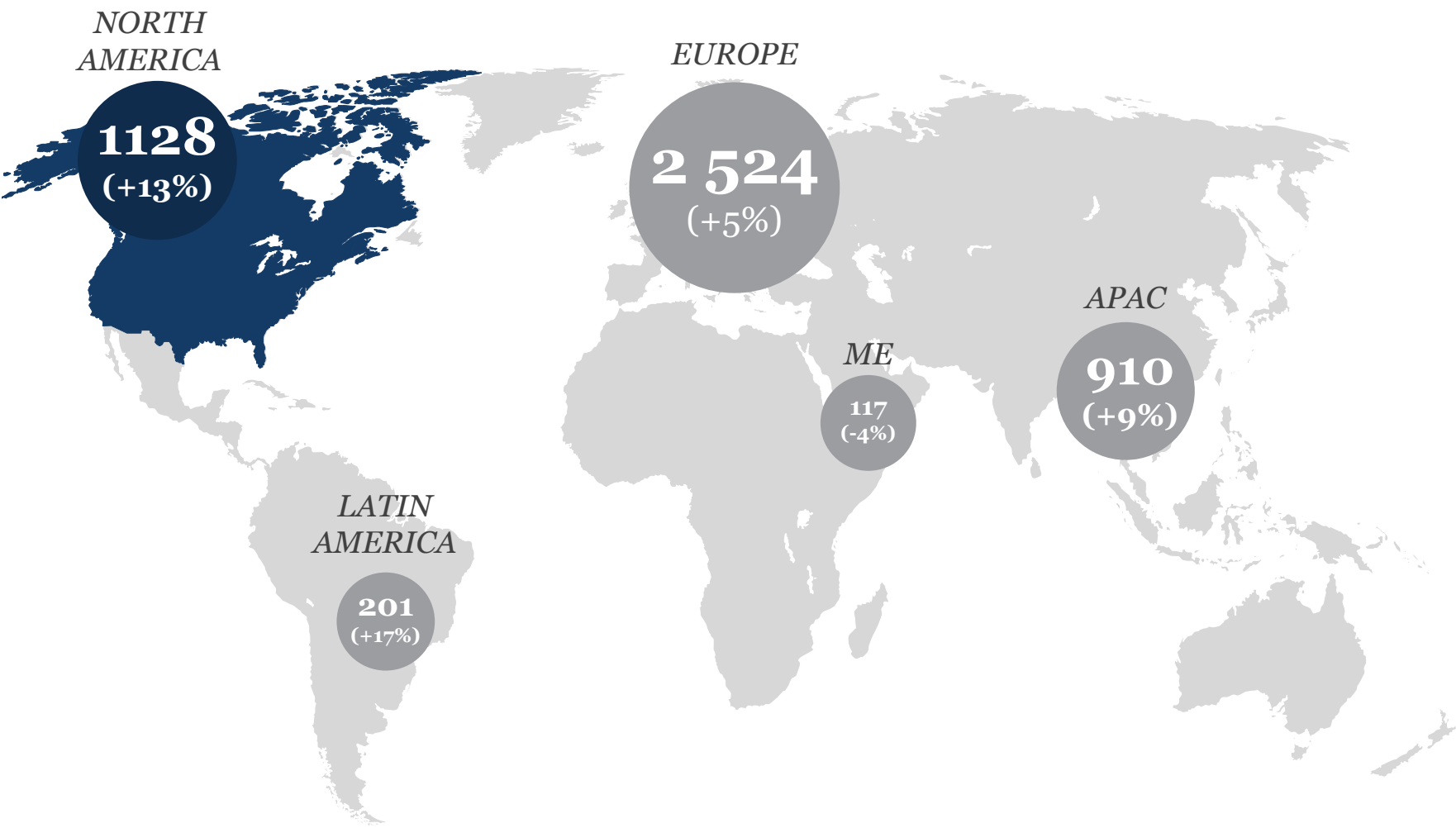


Observations and trends

- The U.S. has seen a stable GDP growth rate over the past decade. In 2019, the U.S. GDP was at 21.4 TUSD
- Q1 and Q2 in 2020 took a hit due to COVID-19 but has recovered with a 33% annualized growth rate in Q3 in comparison to Q2
- Due to the lack of a stimulus bill in Q4 and the uncertainty given the pandemic, economists are forecasting the annual GDP growth for 2020 to end up around -4%
- 2021 is still uncertain and a lot depends on new measures taken by the new administration and the eventual deployment of a vaccine

For Swedish companies the U.S. is the largest market and the fastest growing in absolute numbers

Revenue generated by Sweden’s 100 largest companies
Billion USD, 2019

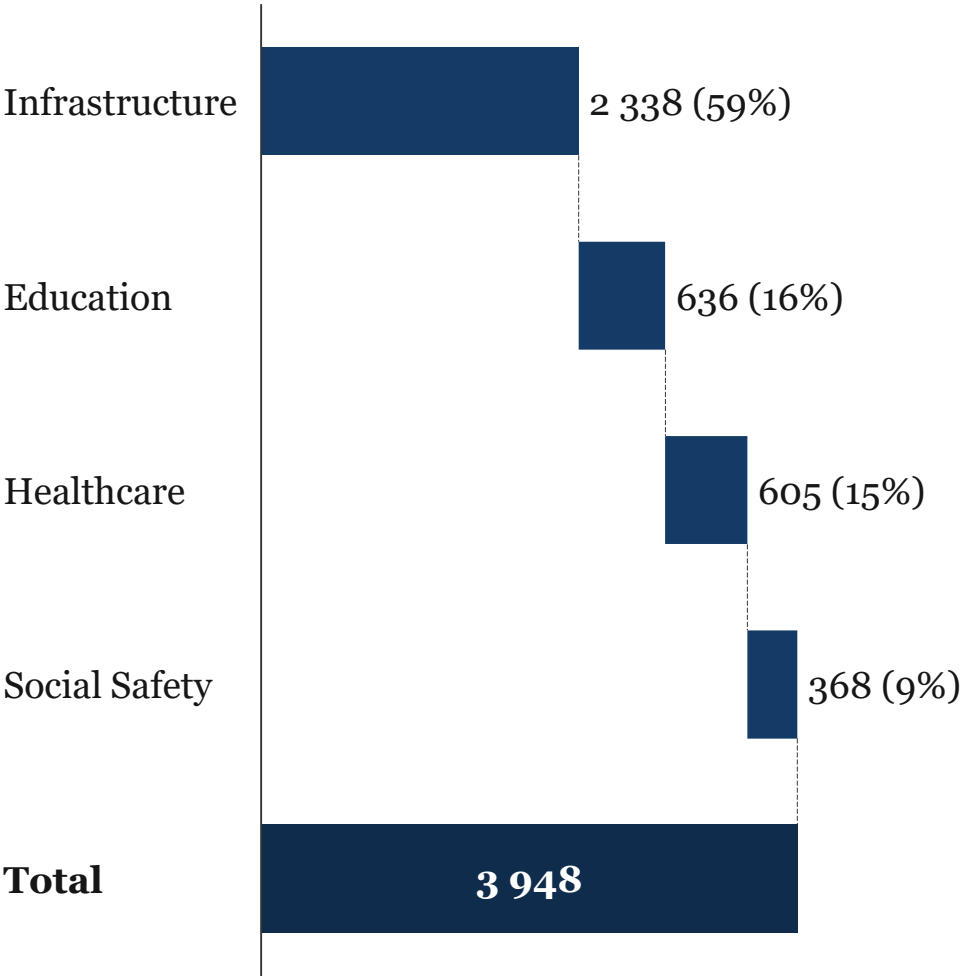


Growth for Swedish companies
in selected sectors
Annual growth in percent


	CAGR 2016-19
Resources & Raw Materials	+20%
Automotive & Transportation	+14%
Construction & Infrastructure	+10%
Industrials	+10%
Pharmaceuticals & Life Sciences	+5%
Consumer & Retail	+3%

The new administration has outlined initiatives that will affect the business landscape and offer business opportunities


TOTAL PROPOSED SPENDING BY CATEGORY
Billion USD (share of total), 2021 – 2024




KEY THEMES AFFECTING INTERNATIONAL COMPANIES



Increased focus on sustainability



Investments in infrastructure and technology



Continued Made in America

New business landscape

Corporate taxes

Unionization

Immigration policies

Benefits & Healthcare

Source: Moody's Analytics, Business Sweden Interviews, The Biden Campaign

Swedish companies can take an instrumental role when the economy transitions towards a greener and cleaner future

Key industries impacted:	Transportation	Construction	Renewable energy
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INITIATIVES

Electrification of the transport sector



- 500,000 charging stations
- EV tax credit for individuals
- 500,000 zero-emissions school buses

Carbon neutral power sector by 2035



- Massive roll out of solar and wind
- Upgrade transmission and distribution
- Battery technology investments for grid
- Tax incentives for carbon capture

Investments in sustainable buildings



- Tax breaks for energy efficiency in homes
- Upgrading 4 million buildings
- Construction of 1.5 million sustainable homes

EXAMPLE BUSINESS OPPORTUNITIES

Capture potential in green transportation

- Bring EV & Autonomous offering across the value chain to the U.S.
- Seek opportunities to co-create and innovate with U.S. automotive players

Seize green energy infrastructure opportunity

- Grab opportunity to co-develop offerings and secure entry to the U.S. across renewable energy value chain
- Explore duplication of Swedish eco system for green battery technology

Go after mega projects

- Seek partnerships with key EPCs to secure that Swedish solutions are considered early on
- Team up with Swedish peers to increase relevancy of combined offering

“

I see significant change with Biden. More green jobs, new energy vehicles and bringing back tax incentives. There will be a demand in green technology solutions sourced from Europe since U.S. does not have all the competence.

Professor Frank Dubois
American University, Washington

Source: The Biden Campaign, Moody's Analytics, Business Sweden Interviews

Furthermore, companies need to seek strong American partners to qualify in mega infrastructure investments

Key industries impacted:			
	Construction	ICT	Energy

INITIATIVES



USD 300 billion for domestic R&D

- Major investments in 5G, AI, advanced materials, biotechnology
- High-tech job creation across the nation



Investments in safer and smarter cities

- New technologies and increased focus on “sharing economy”
- Public safety and traffic safety e.g. “Make American roads the world’s safest”.



Innovation in rural America

- USD 20 billion for rural broadband rollouts
- Facilitating and funding formation of regional ecosystems of innovation

EXAMPLE BUSINESS OPPORTUNITIES

Plug into local eco-systems

- Lead with unique technology and proven solutions from home market
- Contribute to development of new technology together with US partners

Leverage European success cases

- Bring full suite of Swedish safety and smart city applications to the U.S.
- Revamp Vision Zero and related technological expertise

Evaluate geographic expansion

- Capture value pockets for capital equipment e.g. construction or industrial machinery
- Evaluate first mover innovation opportunities in new clusters

“

Investments in 5G are investments in national security. Applications and technology from basically any other country than China can benefit.

Ph.D & Associate
Professor in Political Science
Marvin King
University of Mississippi

Source: The Biden Campaign, Moody's Analytics, Business Sweden Interviews

Biden pushes the mantra ‘Made in America’ – requiring continued “localization” to effectively compete

Key industries impacted:	Automotive	Raw materials	Industrial automation	Pharmaceutical
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INITIATIVES



“Buy American” accelerated

- Local content requirement in most industry sectors
- Rebuilding domestic supply-chain of critical products



USD 400 billion in public procurement investments

- Federal purchase of American products
- Supporting SMEs with capital and tax credits

EXAMPLE BUSINESS OPPORTUNITIES

Americanize business to accelerate growth

- Increased importance of strong local presence and production
- Capture smart manufacturing Capex opportunities

Focused efforts to pursue mega deals

- Build local profile of business (sourcing, production, research etc.)
- Proactive Business-to-Government agenda to engage early and influence tenders
- Re-evalutate position in value chain (moving back / upstream)

“

As a Swedish and U.S. based steel producer, impact from public policy decisions such as trade and infrastructure investments have a major effect on our business environment.

Steel producer executive

Source: The Biden Campaign, Moody's Analytics, Business Sweden Interviews

In addition to the areas highlighted, the Biden administration will seek to introduce a number of new policies affecting companies across industries

New business landscape

A CORPORATE TAXES

- Desire to increase corporate taxes from 21% to 28%
- Desire to increase minimum tax on foreign profits from 10.5% to 21%

B UNIONIZATION

- Strengthening worker organizing, collective bargaining, and unions
- Protecting the Right to Organize Act

C IMMIGRATION POLICIES

- Aims to implement a modernized immigration system
- Reverse several immigration policies set by the Trump administration

C BENEFITS & HEALTHCARE

- Supports protection and development of the Affordable Care Act
- Build on the current system, providing more choice, reducing costs and complexity

Hopefully, the new administration will ease VISA restrictions. Trump harmed our access to a highly skilled workforce – we can't compete with huge tech brands to hire the few graduating engineers that are U.S. citizens.

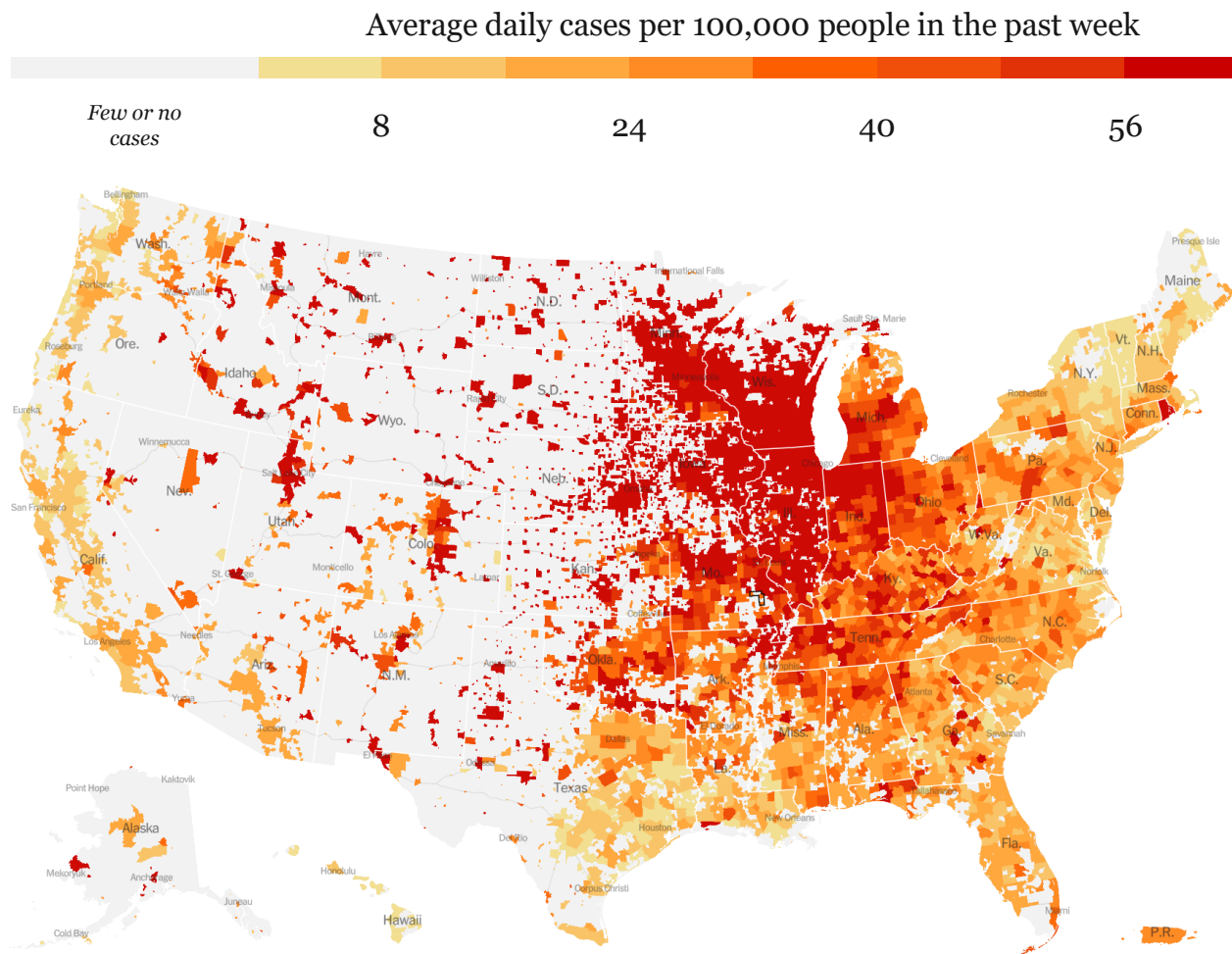
-CO-FOUNDER,
SWEDISH TECH SME WITH SUBSIDIARY IN THE U.S.

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As of the 8th of November, more than 10 million people in the United States have been infected with the coronavirus and at least 238,000 have died

Average daily cases per 100,000 people in past week



Observations and trends

- Over the past week, there has been an average of 111,000 cases per day, an increase of 59 percent from the average two weeks earlier.
- In 45 states new cases were higher last week and they had a daily average of at least 15 new cases per 100,000 people over the past week
- The early hot spots California and New York see rising case counts but still at lower than 15 new cases per 100,000 people

Throughout, Business Sweden has been in close contact with Swedish companies in the U.S. to understand the impact on their business

SWEDISH EXECUTIVES WERE SURVEYED TWICE



June 2020



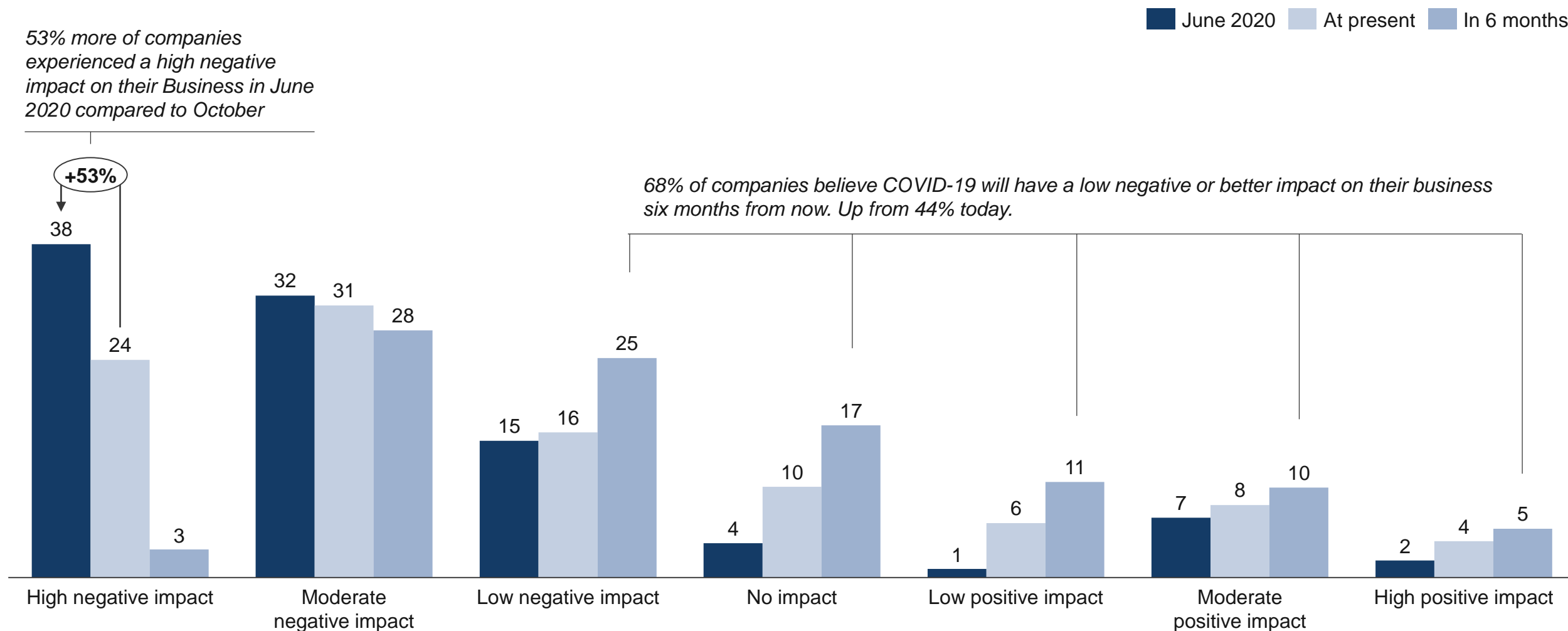
October 2020

Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations. Our World in Data

Swedish companies experience less negative impact from COVID-19 today than four months ago, and expectations on the next six months are hopeful

How much is COVID-19 impacting your U.S. Business?

Share of respondents, %

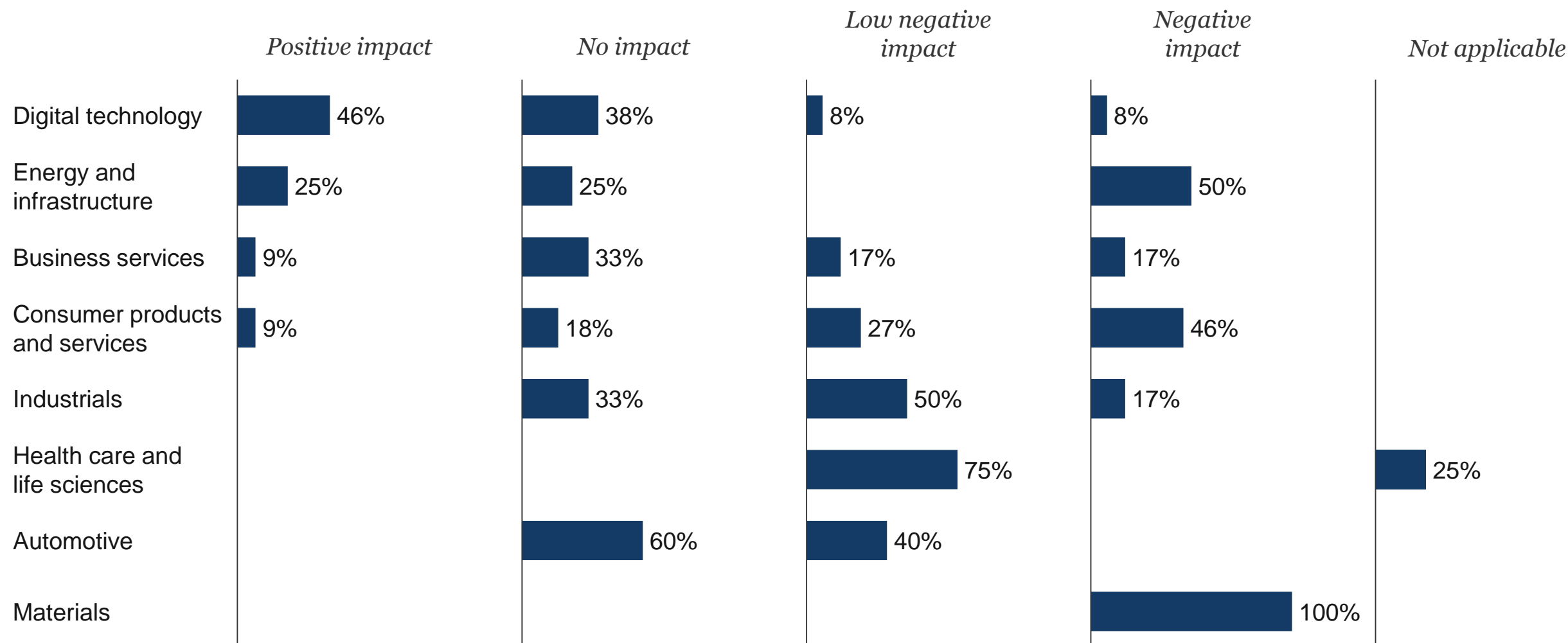


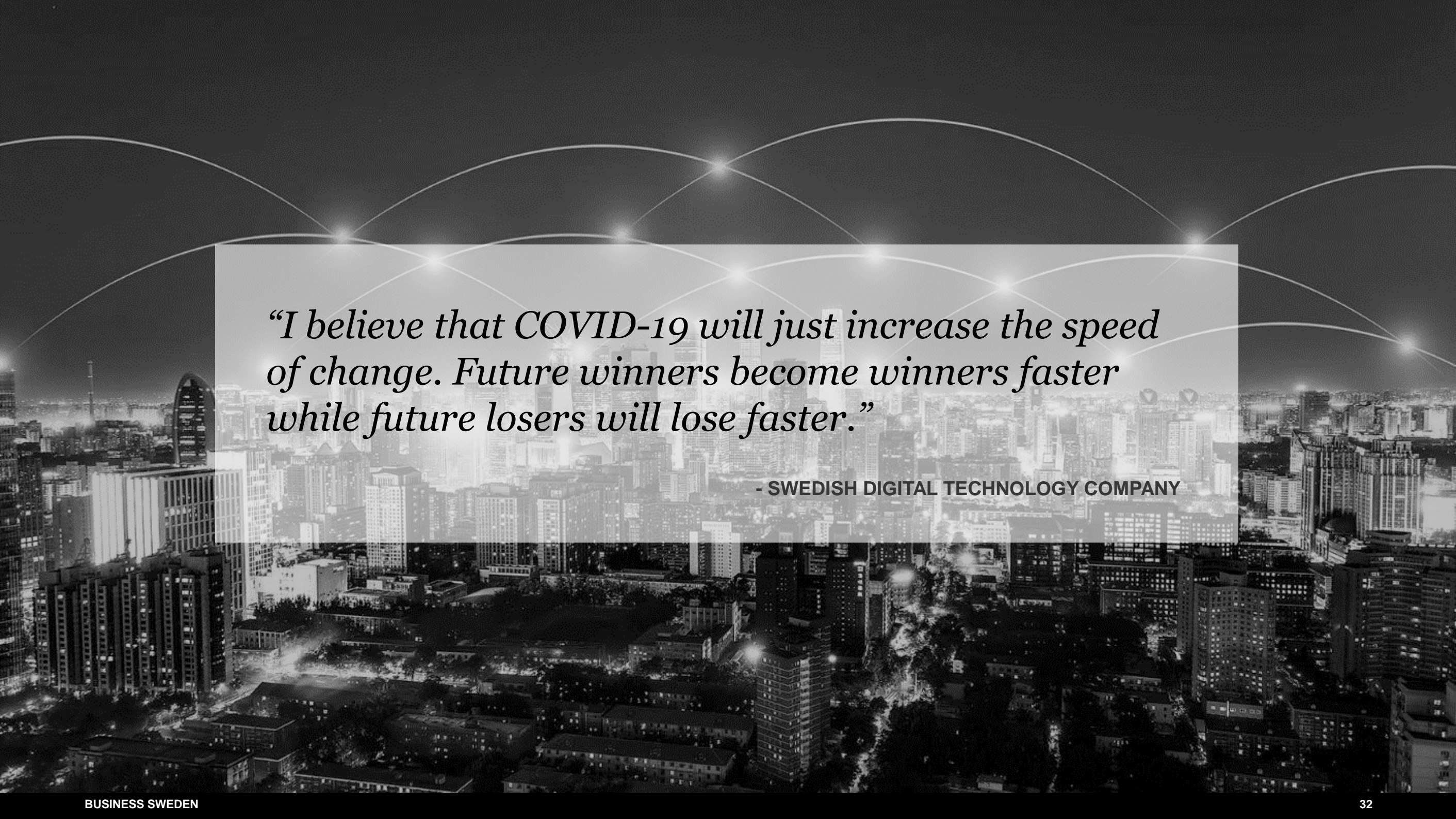
Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations

Companies in the Digital Technology sector are the most optimistic about the coming year – while companies in other sectors expect some negative impact

What is the impact of COVID-19 on your business in the U.S. over the next 12 months?

Share of respondents, %



An aerial night view of a city skyline, likely New York City, with numerous skyscrapers illuminated. Overlaid on the image are several white, glowing arcs and dots, suggesting a network or digital connectivity. A semi-transparent white rectangle is centered over the image, containing the main text.

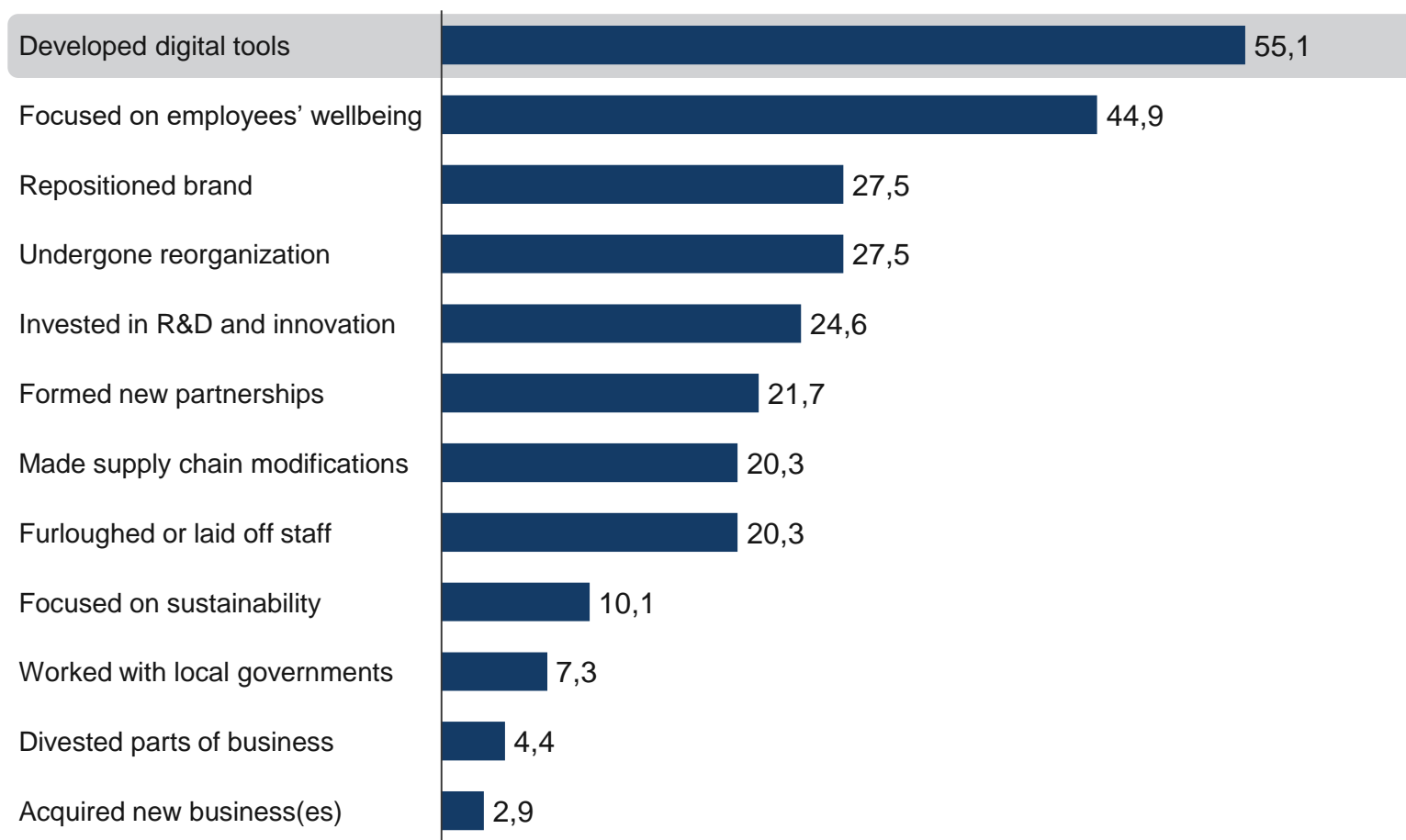
“I believe that COVID-19 will just increase the speed of change. Future winners become winners faster while future losers will lose faster.”

- SWEDISH DIGITAL TECHNOLOGY COMPANY

Companies have invested in digital tools and employee wellbeing to stay resilient during COVID-19

What strategies has your company implemented in order to stay resilient through the pandemic?

Share of respondents, %



Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations

“

Through digital technology, we managed to conduct virtual meetings and even perform work and installations with online tools and multiple cameras.

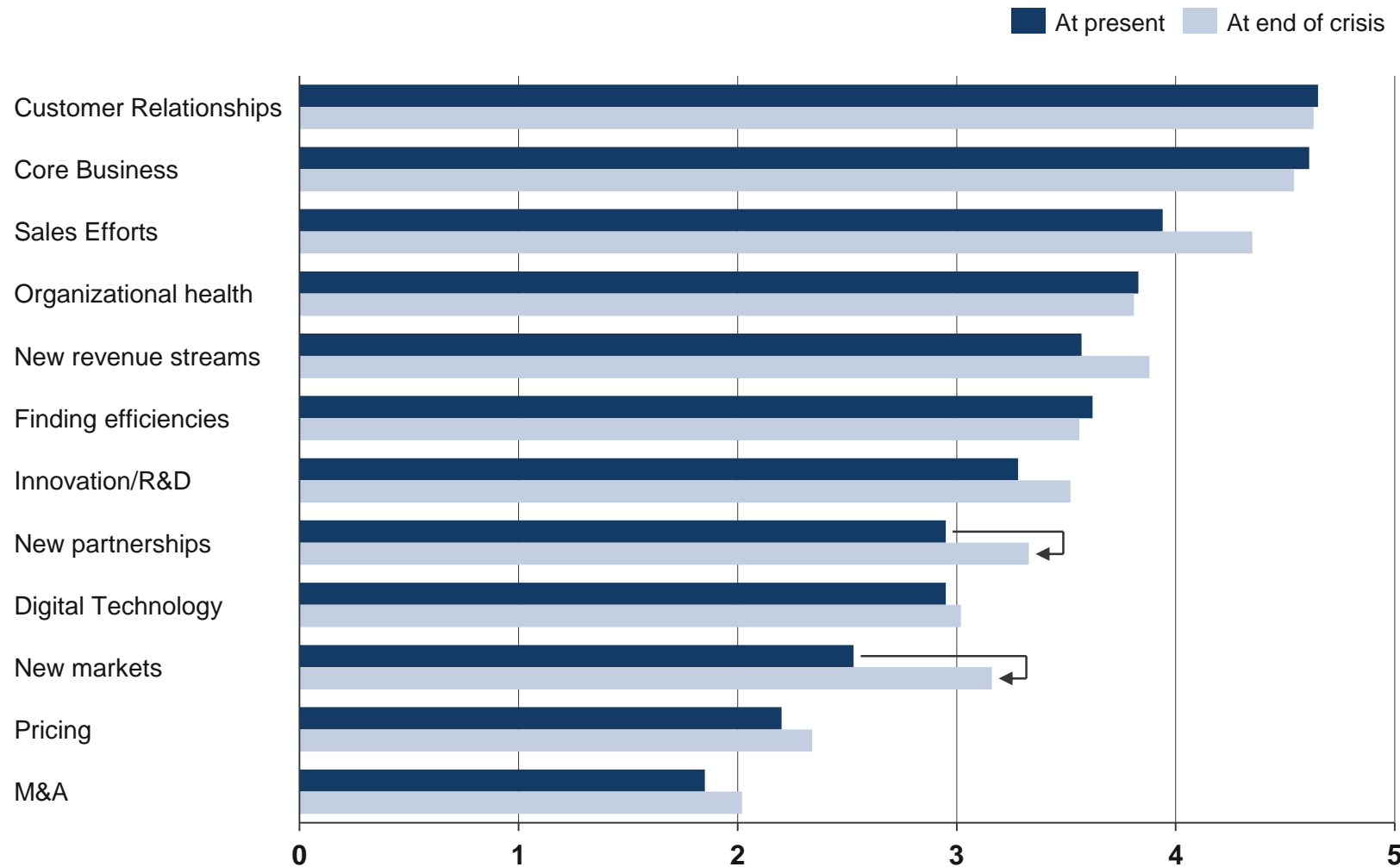
- SWEDISH ENERGY & INFRASTRUCTURE COMPANY

”

The core business and customer relationships are the only priorities unaffected by the pandemic

What are your top business priorities in the U.S.?

Average (1=not a priority, 5=high priority)



Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations

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Our relationship with customers has changed. There is more focus now on finding other, new solutions. We will continue to reach out to our target group, but with changed and relevant messaging and tone of voice.

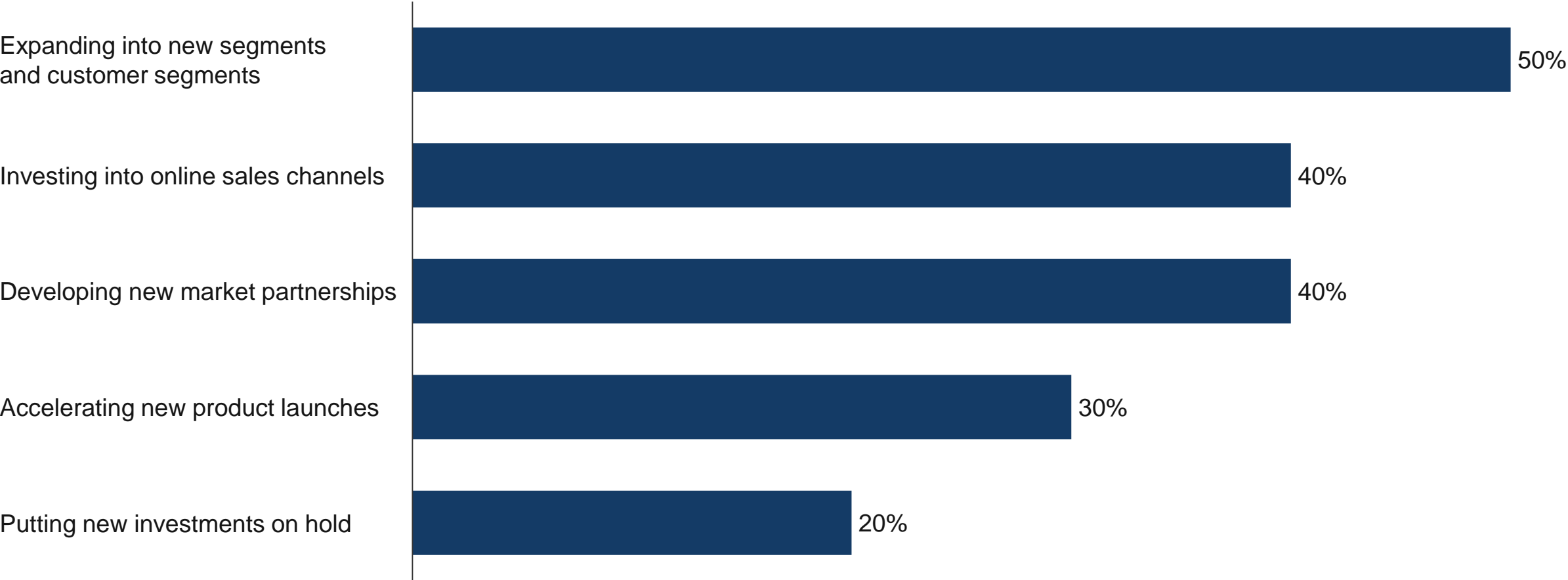
- SWEDISH BUSINESS SERVICES COMPANY

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Swedish companies with U.S. operations are taking a multifaceted approach to increase market share in the U.S.

What new initiatives and investments are you undertaking to increase market share in the U.S.?

Share of respondents, %

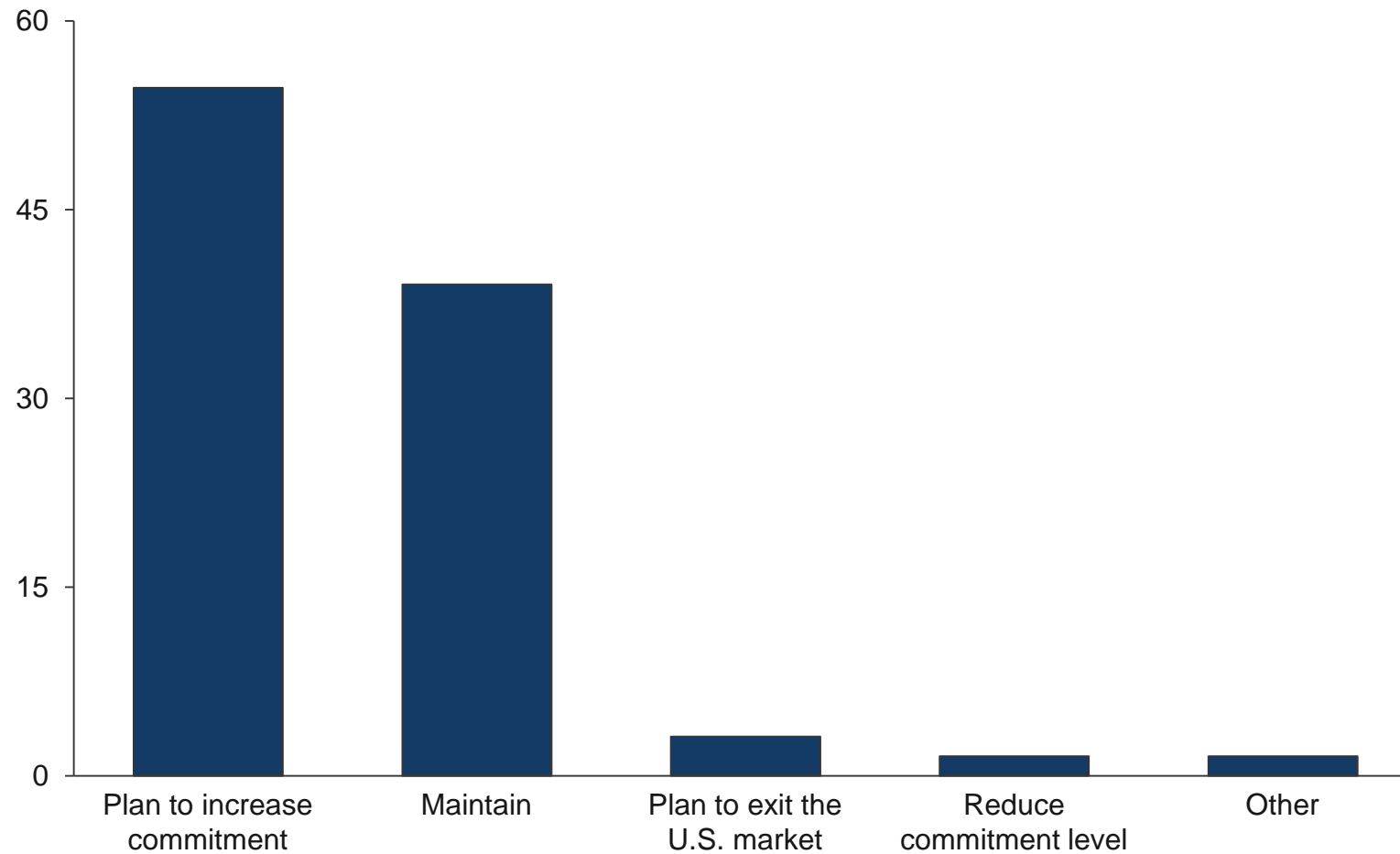


Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations

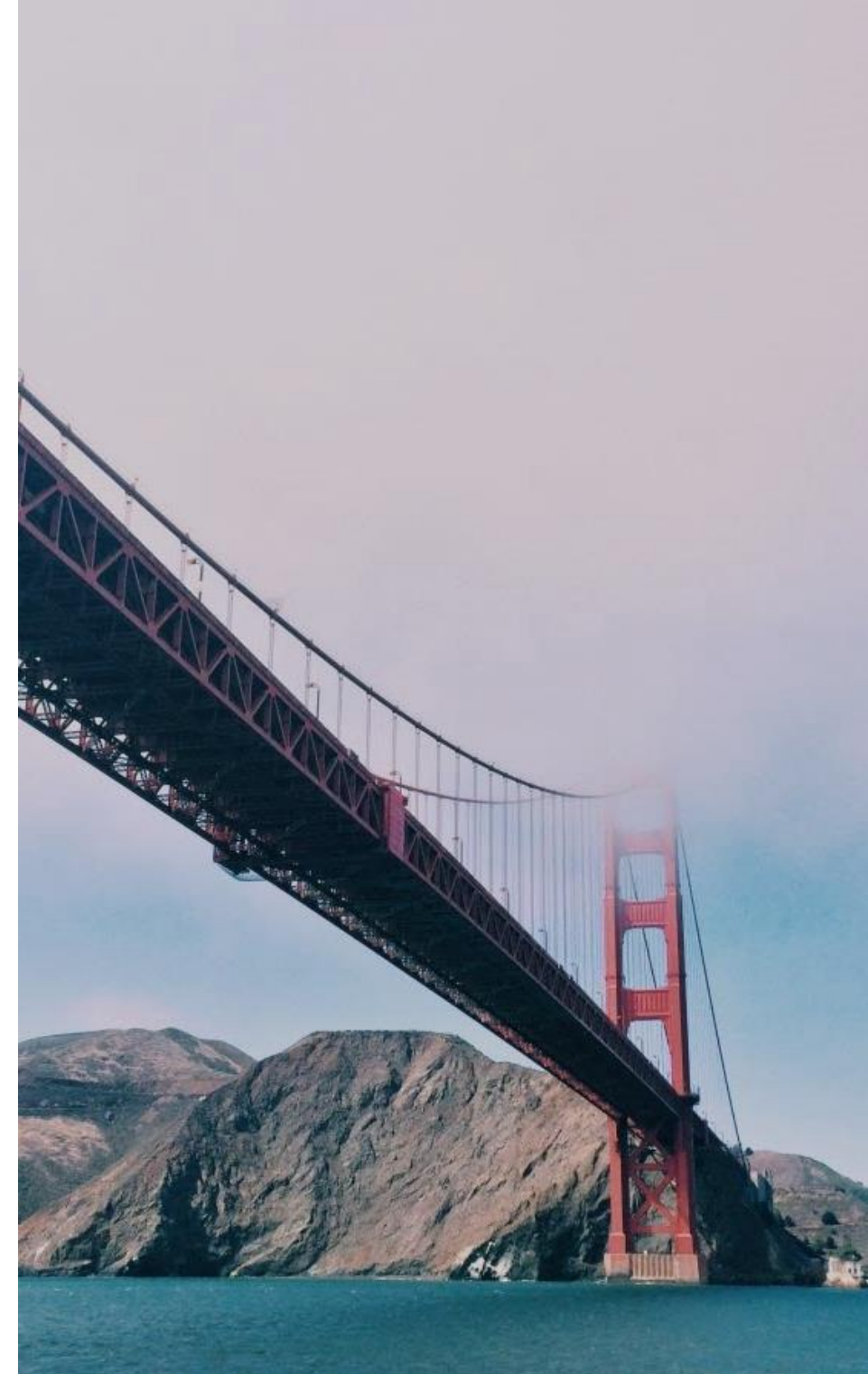
Most Swedish companies plan to maintain or increase U.S. commitment levels in the future

How do you see your company's commitment level in the U.S. changing in the future?

Share of respondents, %



Source: Business Sweden analysis, Business Sweden Survey: Impact and outlook on COVID-19 for Swedish companies with U.S. operations



Key takeaways



***The election is a done deal** but uncertainty over political landscape remains as republicans are likely to retain control of the Senate*



***Made in America here to stay**, but improvements in US-EU and other international relationships and commitments likely.*



***Biden-Harris has enormous economic plan** to strengthen U.S. infrastructure and aggressively expand the green agenda – but needs to get it through a possibly divided congress*



***The U.S. economy is recovering during Q3 and October** despite alarming development of the Pandemic. Swedish companies generally much more positive now than 6 months ago.*



***Significant opportunities to continue growing business in the U.S.** by leveraging leading position in Sustainability and accelerating localization*

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Questions?



*Contact us with any comments or questions.
Thank you!*

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