

WHY DO BUSINESS IN THE NORDIC COUNTRIES?

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Complied with contributions from Commercial Service offices in the Nordic Countries

The group of countries know as the Nordic region includes Denmark, Iceland, Norway, Sweden and Finland. This region is an attractive market for American companies seeking stability and diversity. Over 24 million consumers, many with strong family ties to the United States, constantly seek high-quality, reputable products from abroad. American companies already active in the region rarely encounter trade barriers or market access difficulties, which is one reason why increasing numbers of U.S. companies are entering the market. Each country boasts its own strengths, but as a whole, they are known for their technical expertise, successful traditional and “New Economy” industries, English-language skills and receptivity to new products and technologies.

All five countries represent a unified market, making it easier for American companies to market and sell their goods throughout the region. Norway and Iceland are not members of the European Union (EU), but they are joined to the EU market as members of the European Economic Area (EEA) agreement. The Nordic countries also serve as an entry port into a much broader market, including the three Baltic nations (Estonia, Latvia and Lithuania), northwest Russia, Poland and even northern Germany. The Nordic countries are proud of their highly developed infrastructures, transportation routes and transparent, investor-friendly economies.

There are many organizations that are eager to help you identify the best

opportunities for your business in this region. The Department of Commerce employs American and foreign Commercial Service specialists in U.S. embassies overseas who assist American companies in exploring concrete market opportunities in each country. American Chambers of Commerce (AmCham) are also active in Denmark, Sweden and Norway. Their specialists can help you better understand the local tax structure, investment policies, employment issues, cultural sensitivities and the general business/corporate atmosphere. The U.S. embassies and AmChams work very closely together. They have access to a wealth of information regarding the best prospects for your industry sector that will save your company valuable time and resources.

DENMARK

Denmark is the epicenter of a dynamic Northern European region of some 50 million people and boasts the world's second highest average income. There are more agents and distributors here than there are in any other country its size. The international airport in Copenhagen, Denmark's capital, is rated the world's best by the International Air Transport Association. The average international business executive speaks three foreign languages, including English. Leading industry sectors for American companies are telecommunications, biotech/medical equipment, computer software, pollution control equipment and electrical power systems and services. Since 1993, Denmark's distribution system has been ranked among the two best in the world by the highly regarded “World Competitiveness Yearbook.”

The area surrounding Copenhagen is becoming the spot for foreign and domestic companies to establish operations. This is mainly due to the development of “Medicon Valley”, a cross-border region encompassing Copenhagen, Denmark, Malmo and Skane, Sweden. Medicon Valley is home to a wide array of biotech, pharmaceutical and medical device and service companies (an industry whose R&D investment in Denmark is over \$500 million and whose exports are around \$3.5 billion). Nineteen of America's largest firms active in these industries are represented here and the majority are located in Denmark. The region is developing quickly thanks to cross-border train service and a newly constructed bridge that connects the outskirts of Copenhagen with Malmo, Sweden. Public and private sector entities from both countries work closely together to market the region and attract new investors.

FINLAND

Once viewed as a remote northern outpost, Finland has transformed itself into a strong magnet for international business. According to the *Global Competitiveness Report 2001*, Finland is the most competitive economy in the world. The country boasts a healthy, transparent economy that is fed by the shipbuilding, paper, telecommunications and, more recently, the biotech industry. Despite the global economic slowdown, Nokia, Finland's most famous company, is still a major force behind Finland's continued growth. The company continues to move ahead with developing new technologies for the next phase of the “mobile revolution.”

Finland is a member of the European Union and the only member to share a border with Russia. Many companies see Finland as a logical “springboard” for commercial activity in northwest Russia and the three Baltic nations. Prior to the fall of the Soviet Union in 1991, Finland was deeply dependent on its trade with the Soviet republics, specifically with Russia. The collapse of the Soviet Union led to a major economic recession in Finland, which put pressure on the country to join the EU in January 1995. Since then, Finland’s trade with Russia has rebounded and expanded dramatically with other countries of the world. Finnish companies are now interested in partnering with U.S. companies to undertake joint commercial ventures in Russia, especially in Russia’s highly populated and industrialized northwest region. This could benefit U.S. companies, because Finns have a long tradition of trading with Russia and better understand its rules of the game.

NORWAY

Norway is a modern, oil-rich nation where the per capita GDP is similar to that of the United States, but distributed more evenly. As a result, the average consumer in Norway is interested in and capable of, spending their disposable income on a wide range of consumer goods. Norway’s market, except for agricultural products and processed foods, is transparent and quite open. Few technical barriers to trade exist. Most Norwegian standards are harmonized with those of the EU. Although Norway is not a member of the EU, it is directly linked to the EU market through the European Economic Area agreement. Over 250 U.S. subsidiaries operate in Norway and some 2,000 Norwegian agents and distributors represent as estimated 4,000 American firms.

Oil and gas have fueled Norway’s recent economic performance, but other major industries are prospering as well. Many of the world’s major oil companies, including American ones,

are operating in Norway. Approximately \$4-5 billion is invested in this sector every year. The market is mature, but opportunities still abound for cutting edge and environmental technologies. Norway is one of the world’s foremost maritime countries, with extensive interests in shipping and shipbuilding. It is also a ravenous consumer of information and telecommunications technologies. These industries, together with health care, consumer goods and tourism, represent promising export markets for American businesses.

SWEDEN

Beginning with the early days of the Vikings, the importance of trade has been firmly ingrained in the country. Sweden boasts a highly skilled, well-educated, English-speaking work force that is a magnet for IT, telecommunications, biotech and pharmaceutical companies. Sweden’s central location makes it an attractive base for regional headquarters, test marketing and direct marketing activities. Swedish consumers, much like their neighbors in the other Nordic countries, are known as “early adopters.” They are open to new products and technologies and are quick to adopt them into their everyday lives. In fact, Sweden is known as a world center for the development and launch of wireless technology and mobile services.

Sweden ranks as one of the top recipients of foreign direct investment, much of it technology-based, as companies expand their operations and acquire Swedish assets. The country has not been immune from the global economic slowdown, but still maintains its strengths in metalworking, forest products, machinery and the growing biotechnology sector. Universities and medical institutes across Sweden are working together with biotech companies to develop cutting edge technologies that attract both foreign and domestic investors. The synergies developing between Sweden’s established IT sector and its emerging

biotech industry will enhance future growth prospects.

The Nordic countries share many economic and political similarities that make them particularly attractive to American investors. In each, the business climate is transparent and healthy; the number of market access issues with the United States is minimal; and the local workforce is educated, skilled and generally speaks English fluently. All of these countries can boast high rates of Internet penetration, home computer usage and acceptance of new technologies. Major industries across the board include IT, biotechnology, pharmaceuticals, shipping/distribution and tourism to the United States.

The U.S. Commercial Service (CS) in each country has its proverbial finger on the pulse of the local business community and shares this knowledge with interested American companies. CS staff work closely with other elements within the U.S. Government, the American Chambers of Commerce, local companies and public officials to develop a well-rounded understanding of the economic situation in their respective countries. This translates into concrete opportunities for those companies willing to invest in or export to the Nordic market. ■

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Or visit the U.S. Commercial Service web site (www.usatrade.gov) to locate an overseas office in the region.