

# Exporting to Scandinavia

An overview of the Scandinavian business environment  
For SMEs exploring new market opportunities



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# Who should be reading this...

Whether you are already exporting or just setting out, this ebook will help you discover more about Scandinavia – the essential facts and figures to help determine next steps and ideal routes to market.

## What is Scandinavia?



Scandinavia is a region in northern Europe that extends from above the Arctic Circle to the North and Baltic Seas. Traditionally, Scandinavia has been defined as the three kingdoms that share the Scandinavian Peninsula: Denmark, Norway, Sweden.

Today, most define Scandinavia as a region which also includes Finland and Iceland.

The Baltic countries are not traditionally included but should not be forgotten; Estonia, Latvia and Lithuania have regional similarities and geographical proximity.

The next page shows a detailed map of Scandinavia and the Baltics

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# Ease of doing business...

The World Bank has analyzed *Doing Business* data for 185 economies world wide. The Scandinavian and Baltic countries rank as follows: <http://www.doingbusiness.org/data>

## Denmark

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
5	5

## Norway

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
6	7

## Sweden

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
13	8

## Iceland

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
14	13

## Finland

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
11	10

## Estonia

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
21	19

## Latvia

DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
25	21

## Lithuania






DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK
27	26

# Scandinavia: Overview

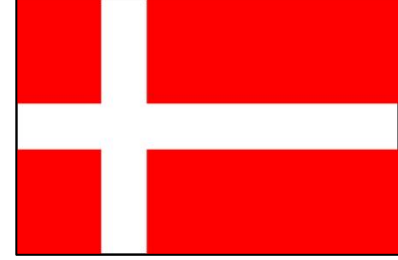
- When including Denmark, Finland, Iceland, Norway and Sweden; Scandinavia has a total population of over 24 million
- Scandinavia has one of the highest standards of living in the world
- Education is free from six years of age to university, and most health care and pension benefits are paid for by the employer and via social security charges and taxes
- Sweden, Finland and Denmark are part of the EU and of the European Free Trade Association (EFTA). Norway and Iceland are not EU members but are part of EFTA
- Scandinavia is considered the largest block of economic and cultural cohesiveness in Europe
- The region has a highly sophisticated internet infrastructure, due in part to the dynamic IT industry it hosts. Internet penetration levels in Scandinavia are the highest in Europe
- Scandinavian countries also top the ranking for gender equality with all 5 countries ranking in the top 7 in the World Economic Forum's Global Gender Gap Index
- Denmark, Finland, Norway and Sweden all have top ratings from the major credit rating agencies. These countries also enjoy status as safe havens in financial markets



# Scandinavia: Overview

	 DENMARK	 FINLAND	 ICELAND	 NORWAY	 SWEDEN
<b>Capital</b>	Copenhagen	Helsinki	Reykjavik	Oslo	Stockholm
<b>Population</b>	5,530,000	5,259,000	319,000	4,692,000	9,089,000
<b>Land area (km<sup>2</sup>)</b>	42,394	305,470	103,001	307,860	410,934
<b>Total GDP (US\$)</b>	\$310.4Bn	\$238.8Bn	\$14.03Bn	\$414.5Bn	\$458.0Bn
<b>Per capita GDP</b>	\$42,330	\$37,990	\$39,400	\$58,090	\$42,350
<b>Currency</b>	Danish Krone	Euro	Icelandic Krona	Norwegian Krone	Swedish Krona
<b>Government type</b>	Constitutional monarchy	Republic	Parliamentary republic	Constitutional monarchy	Constitutional monarchy
<b>Head of State</b>	Queen Margrethe II	President Sauli Niinisto	President Olafur Ragnar Grimsson	King Harald V	King Carl XVI Gustaf
<b>Head of Government</b>	Prime Minister Helle Thorning-Schmidt	Prime Minister Jyrki Katainen	Prime Minister Johanna Siguroardottir	Prime Minister Jens Stoltenberg	Prime Minister Fredrik Reinfeldt

# Denmark at a glance



## Politics

Denmark once controlled much of Scandinavia, before the rising power of Sweden confined the Danes to their present territory.

Helle Thorning-Schmidt became Denmark's first-ever female prime minister when she led her "Red Bloc" alliance to a narrow victory in September 2011's parliamentary elections.

## Economy

Denmark's economy is characterized by a large agricultural sector and numerous small businesses.

Manufacturing continues to grow in importance (led by the shipbuilding industry which is one of Europe's largest). High-tech industries such as IT and pharmaceuticals have developed rapidly in recent years.

## EU relations

Denmark joined the European Union in 1973, but rejected adopting the euro in a 2000 referendum.

Denmark was a strong supporter of the US-led war in Iraq (unlike many of its neighbors), and this raised tensions with other EU member states.

## Socio-economics

Denmark has some of Europe's lowest levels of wealth discrepancies

Another unique feature in Denmark is that half of the work force in the country works for small and medium enterprises. This is due to the lack of large national companies in Denmark and the large amount of entrepreneurs. Denmark is one of Europe's most proactive countries at promoting new businesses.



# Finland at a glance



## Politics

Finland was dominated by its Swedish and Russian neighbors for more than nine centuries before gaining its independence in 1917.

During the Second World War, Finland lost 10% of its territory to the Soviet Union. Finland has since strengthened its ties with the West and joined the EU in 1995.

## Economy

Finland's economy was once dominated by raw materials (particularly timber and metals), but it is now a leading player in the global telecommunications industry thanks to Nokia.

The overwhelming success of Nokia in recent years has led Finland to the forefront of the world's telecommunications industry.

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## EU relations

Finland is thus far the only Scandinavian country to have adopted the euro. As Finland exports more outside of the Eurozone than most other economies, it is greatly impacted by the euro's standing on currency markets.

Finland remains the most pro-European country in Scandinavia, with the EU constitution enjoying widespread support.

## Socio-economics

Finland has one of the most highly-skilled workforces in Europe although this has become much more expensive in recent years in comparison to many of Finland's neighbours.

Finland's wealth levels remain slightly below the average of its western neighbours, with more people falling into the lower-middle class than in the rest of Scandinavia.

# Iceland at a glance



## Politics

Social Democrat Johanna Sigurdardottir took over as head of a centre-left coalition in January 2009, after protests about Iceland's economic collapse brought down the government of Geir Haarde. Haarde's centre-right Independence Party had dominated Icelandic politics since full independence from Denmark in 1944.

## Economy

Before the global credit crunch, Icelandic banks had foreign assets worth about 10 times the country's GDP. The global financial crisis of 2008 exposed the Icelandic economy's dependence on the banking sector, and Iceland became the first western country to apply to the International Monetary Fund (IMF) for emergency financial aid since 1976.

Fishing is still one of Iceland's main industries - the second-largest fishery in Europe

## EU relations

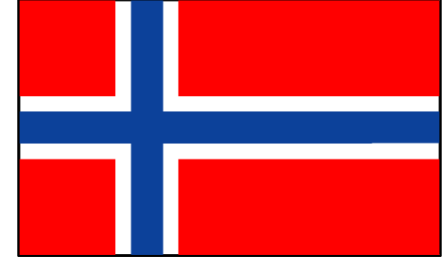
Icelanders have for a long time been resistant to the idea of joining the European Union, though the country is a member of the Schengen border-free travel zone and the European Free Trade Association (EFTA).

Attitudes towards the EU slowly softened, and in July 2009 the country formally applied for EU accession.

## Socio-economics

The Icelandic labour market has a high participation rate with 80% of 16-74 year olds in active employment - the highest in Europe.

# Norway at a glance



## Politics

Norway plays a significant role in world affairs as a member of NATO and as a major mediator in various world conflicts

Norway's chief concern with its neighbours is its relationship with Russia, with whom it shares a border along the Arctic Ocean coast.

## Economy

Norway's oil and gas exports have allowed the country to surpass all of its European neighbours in terms of wealth levels.

But outside of the oil and gas industry, Norway suffers from its remote location and lack of skilled workers. The shipping industry, along with fishing, are essential to the Norwegian economy.

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## EU relations

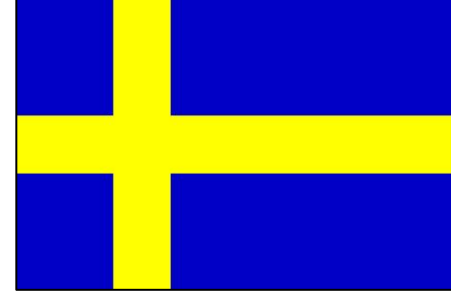
Norway is not a member of the European Union, having twice voted to reject membership in 1972 and 1994.

Recent opinion polls show that a majority of Norwegians continue to oppose membership in the European Union.

## Socio-economics

Norway has stricter immigration laws than its Scandinavian neighbours (although Denmark has tightened its laws in recent years). Nevertheless, immigration to Norway continues to increase.

# Sweden at a glance



## Politics

Sweden has some of the world's lowest political risk levels due to the country's unity and location

Sweden's public sector remains one of the world's largest and government expenditures still account for more than half of Sweden's GDP

## Economy

The Swedish economy is built on rich reserves of iron ore and timber and plentiful hydroelectric power. The country is among the world's 15 richest in terms of GDP per capita. Sweden is also one of the most technically advanced economies in the world with huge revenue coming from the technology sector. In fact, there are 12 million mobile phone subscriptions registered in Sweden – not bad for a country with just over 9 million residents...

## EU relations

Sweden joined the EU in 1995 but maintains its own currency; the krona. In 2003 Swedes voted in a referendum and chose not to join the euro. The country bounced back from the recent global financial crisis and subsequent recession more quickly and more strongly than many other industrialized nations

## Socio-economics

Sweden is consistently ranked as having one of the world's highest standards of living – due to lack of wealth disparity in the country and its extensive social welfare system

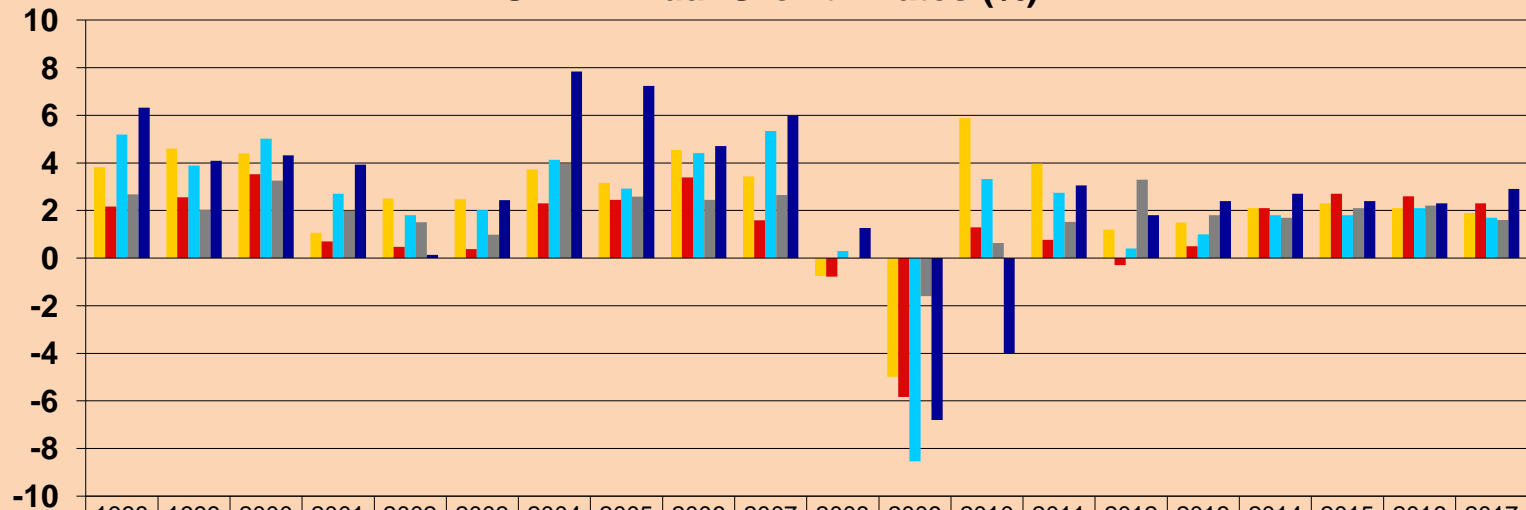
Sweden also has one of the most expensive work forces in the world – high taxes and social security costs make it an expensive proposition to employ workers in Sweden



# Economic growth

Scandinavian economic growth has fluctuated in recent years, with a sharp recession in 2009 and another slowdown in 2012. Sweden has outperformed most other European economies in recent years, thanks to its ability to export outside of recession-hit Europe.

**GDP Annual Growth Rates (%)**



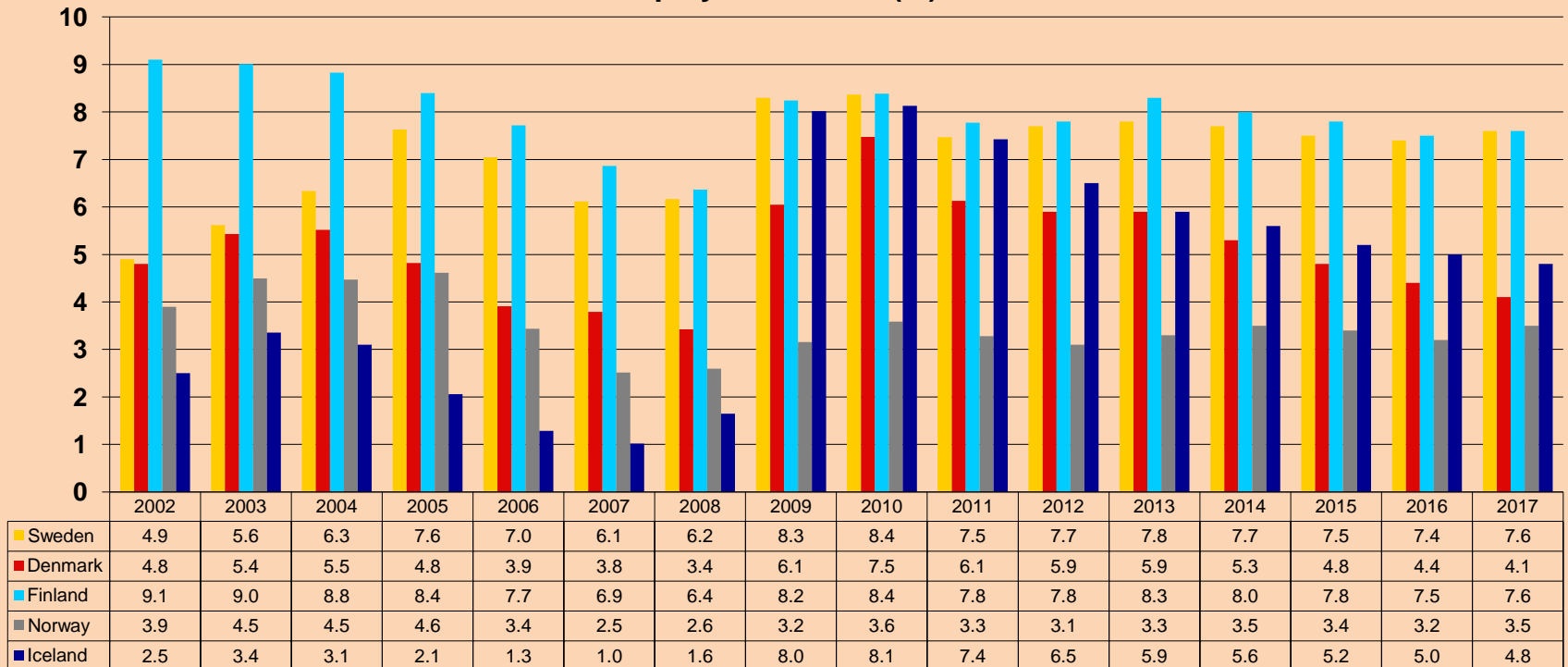
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sweden	3.8	4.6	4.4	1.1	2.5	2.5	3.7	3.2	4.5	3.4	-0.8	-5.0	5.9	4.0	1.2	1.5	2.1	2.3	2.1	1.9
Denmark	2.2	2.6	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.6	-0.8	-5.8	1.3	0.8	-0.3	0.5	2.1	2.7	2.6	2.3
Finland	5.2	3.9	5.0	2.7	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.3	2.7	0.4	1.0	1.8	1.8	2.1	1.7
Norway	2.7	2.0	3.3	2.0	1.5	1.0	4.0	2.6	2.4	2.7	0.0	-1.6	0.6	1.5	3.3	1.8	1.7	2.1	2.2	1.6
Iceland	6.3	4.1	4.3	3.9	0.1	2.4	7.8	7.2	4.7	6.0	1.3	-6.8	-4.0	3.1	1.8	2.4	2.7	2.4	2.3	2.9

Source: International Strategic Analysis (ISA) Economic Forecasts

# Unemployment

Unemployment rates rose sharply in recent years as companies cut staff as export growth slowed sharply. Thanks to economic diversity and the large number of small businesses starting in this region, unemployment rates will still remain below the European average.

Unemployment Rates (%)

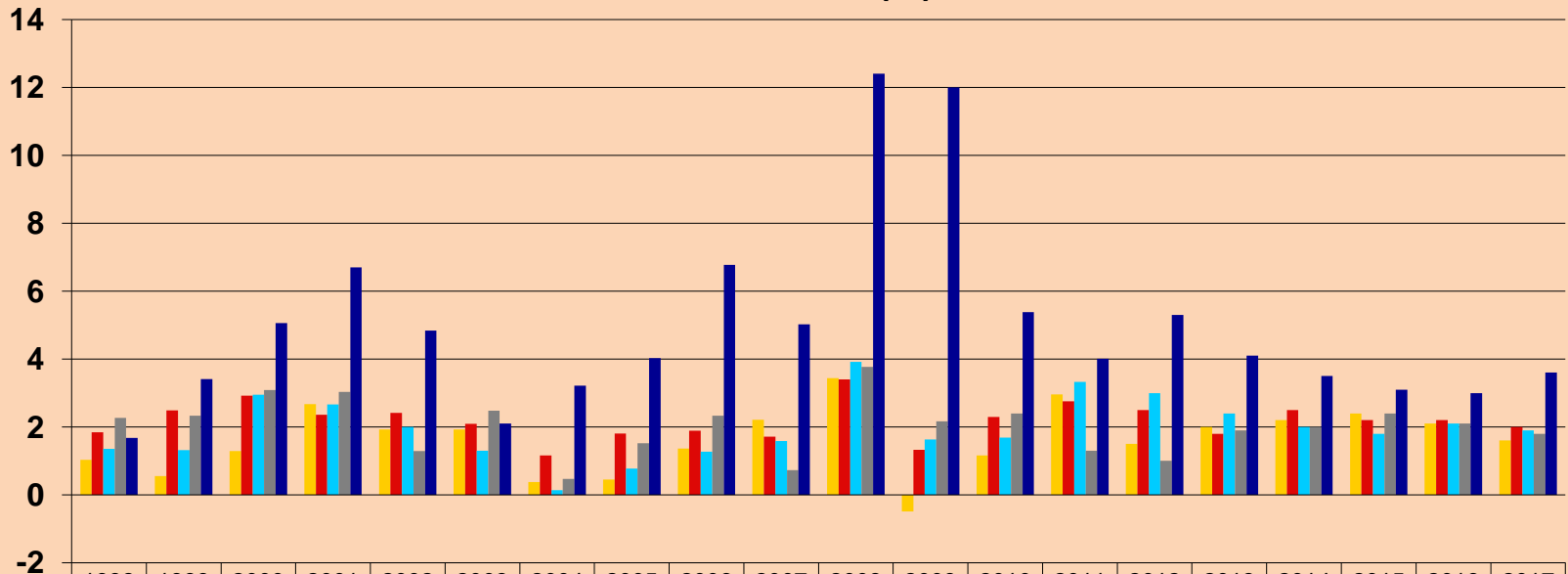


Source: International Strategic Analysis (ISA) Economic Forecasts

# Inflation

Inflation rates fluctuated across much of Scandinavia in recent years as energy prices rose sharply in both 2008 and 2011/2012.

**Inflation Rates (%)**



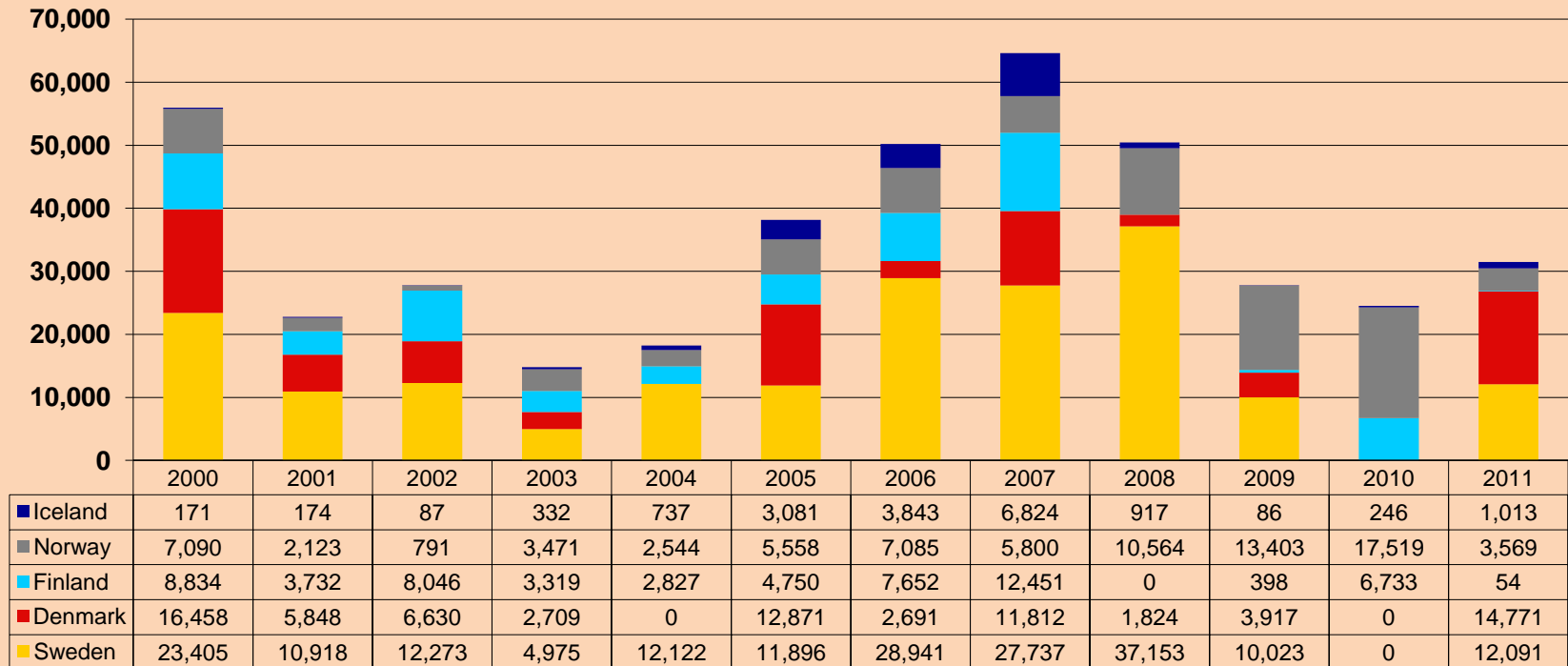
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Sweden	1.0	0.5	1.3	2.7	1.9	1.9	0.4	0.5	1.4	2.2	3.4	-0.5	1.2	3.0	1.5	2.0	2.2	2.4	2.1	1.6
■ Denmark	1.8	2.5	2.9	2.4	2.4	2.1	1.2	1.8	1.9	1.7	3.4	1.3	2.3	2.8	2.5	1.8	2.5	2.2	2.2	2.0
■ Finland	1.4	1.3	3.0	2.7	2.0	1.3	0.1	0.8	1.3	1.6	3.9	1.6	1.7	3.3	3.0	2.4	2.0	1.8	2.1	1.9
■ Norway	2.3	2.3	3.1	3.0	1.3	2.5	0.5	1.5	2.3	0.7	3.8	2.2	2.4	1.3	1.0	1.9	2.0	2.4	2.1	1.8
■ Iceland	1.7	3.4	5.1	6.7	4.8	2.1	3.2	4.0	6.8	5.0	12.4	12.0	5.4	4.0	5.3	4.1	3.5	3.1	3.0	3.6

Source: International Strategic Analysis (ISA) Economic Forecasts

# Foreign direct investment

As the center of Europe's IT and telecommunications industries, Scandinavia has been a major recipient of foreign investment in recent years. Sweden has received the bulk of this foreign investment but Finland is now placing a major emphasis on attracting new foreign investments with the government offering generous incentives to foreign investors.

**FDI Inflows (US\$ mil.)**



Source: International Strategic Analysis (ISA) Economic Forecasts

# Main sectors

## Aerospace industry

Turnover of the Swedish aerospace industry is just under €2.1Bn per year. The space sector accounts for approximately € 0.2Bn.

## Defence industry

About 30,000 people are employed by the Swedish defence industry. During the Second World War, Sweden was cut off from foreign imports, and the defence industry became entirely self-sufficient, and developed its current size and structure.

Norwegian exports of defence equipment and products are showing strong growth, increasing from NOK 2.9Bn in 2005 to about 4.8Bn in 2009. The high growth is due both to the fact that the Norwegian defence industry is highly competitive and to the constructive relationship that exists between the armed forces and industry.

## Fishing industry

Norway is the world's second largest seafood exporter and the equivalent of 35 million meals produced by Norway are consumed worldwide each day. Exports of fish and seafood reached a record-breaking NOK 53.7Bn last year – a 20.5 % increase from 2009. Of this, exports of farmed salmon amounted to NOK 31.4Bn.

## Forestry

More important to Finland than to any other western European country, the Finnish forest industry accounts for 24% of total net exports and on average over 80% of its production is exported.

The Swedish forest industry counts for about 12% of the industry's employment, turnover and value added. In 2007 forests-based products exports accounted for 12% of the total Swedish exports. The net export value of wood and wood industry products in 2007 was €110Bn.

# Main sectors

## IT Industry

Finland is ranked number 1 in Europe and number 2 in the world according to the IT industry competitiveness Index 2011. Finland is also ranked as the number 1 innovation hotspot in Europe and number 2 in global R&D.

Sweden is the birthplace of wireless technologies such as GSM, WCDMA, LTE and Bluetooth. Networks manufactured by Ericsson handle almost half of the world's mobile traffic.

## Oil & gas industry

Norway is the world's sixth largest supplier of crude oil and second largest exporter of natural gas. The Norwegian based service and supplier industry has grown its international sales by almost 25% from 2007 to 2009. International sales have reached a level of almost NOK 120Bn or about \$20Bn.

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## Cleantech

With 1100 Danish cleantech companies, 60,000 employees and a €12Bn export value, Denmark is one of the world's indisputable cleantech centres. Cleantech has been the fastest-growing sector of Danish exports in recent years, and exports are expected to quadruple in the next four to five years.

Finland is a global leader in energy efficiency, clean industrial processes and bio-energy. In Finland there are over 2000 enterprises active in various cleantech sectors. The overall turnover of the most prominent Finnish cleantech companies was 17.9 billion euros in 2010, with an annual growth rate of 5.6%.

Norway has used renewable and clean hydropower for more than one hundred years, resulting in a share of renewable energy in Norway's total energy consumption of about 60 %.

# Main sectors geographically

**KEY:**

Aerospace



Defence



Forestry



Fishing



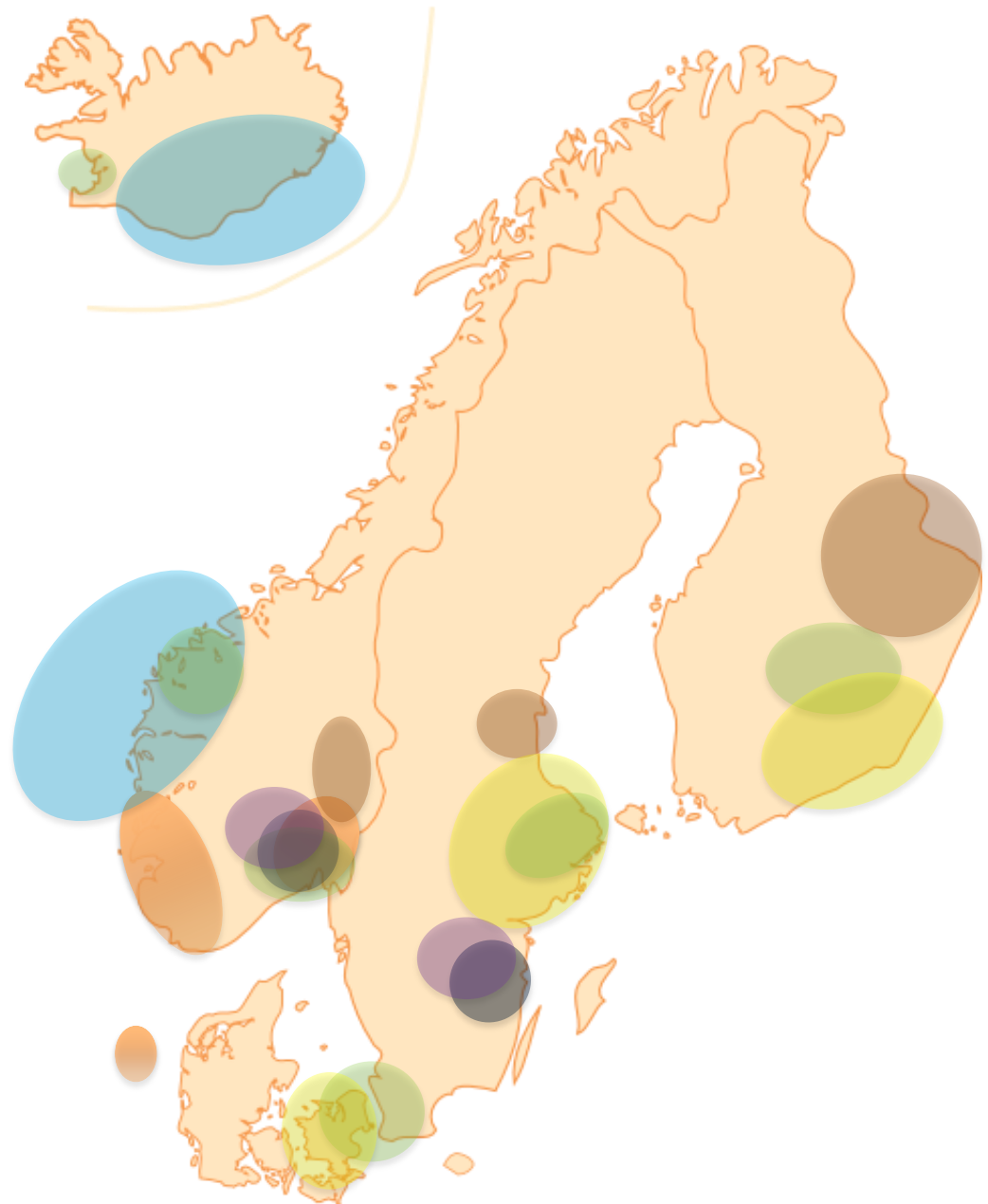
ICT



Oil & gas



Cleantech



# Main Scandinavian companies

Global surveys regularly put Scandinavian companies among the world leaders when it comes to corporate social responsibility (CSR) — taking issues such as climate change, equality, human rights and anti-corruption into account in their business activities.

## The Scandinavian management model

Management in most of Scandinavia is different from the rest of the world. The Scandinavian management model is characterized by flat hierarchies, greater participation and the delegation of responsibility. It creates more engaged, idea-rich and responsible employees than many other countries.

Below are the top 10 companies in Scandinavia ranked on account of sales, profits, assets and market value. The ranking is based on the most recent available annual reports, as of April 2012.

1. **Statoil**, Stavanger, Norway - Oil and gas
2. **A.P. Møller-Maersk**, Copenhagen, Denmark - Transportation
3. **Nokia**, Espoo, Finland - Technology
4. **Volvo**, Gothenburg, Sweden - Automotive
5. **Ericsson**, Stockholm, Sweden - Telecommunication
6. **Vattenfall**, Stockholm, Sweden - Diversified financial
7. **Neste Oil**, Espoo, Finland - Oil and gas
8. **Skanska**, Stockholm, Sweden - Construction
9. **H&M**, Stockholm, Sweden - Retail
10. **Electrolux**, Stockholm, Sweden - Appliances

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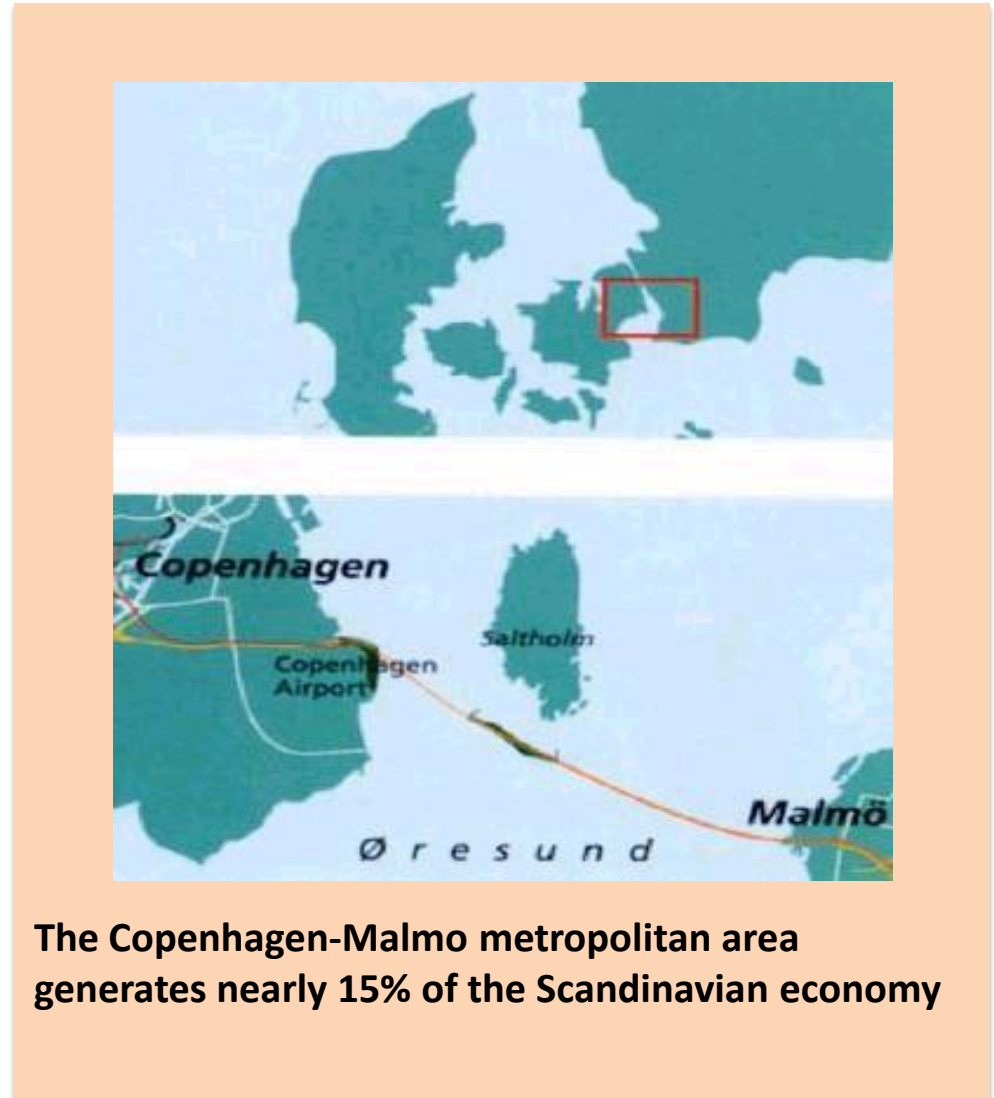
# Copenhagen-Malmo metropolitan area

The Copenhagen-Malmo (Sweden) metropolitan area is the largest in Scandinavia.

The Oresund Link connects the Danish capital, Copenhagen, with Malmo, the largest city in southern Sweden. The journey between the city now only takes 15 minutes by car or train.

Both cities hope to lure more investment to their region through closer regional integration and many Swedish companies are taking advantage of Denmark's more attractive taxation.

The area has become one of Europe's leading centres for the IT industry.



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# Imports

	DENMARK	FINLAND	ICELAND	NORWAY	SWEDEN
<b>Machinery &amp; equipment</b>	✓	✓	✓	✓	✓
<b>Metals</b>		✓		✓	✓
<b>Raw materials</b>	✓				
<b>Chemicals</b>	✓	✓		✓	✓
<b>Grain &amp; foodstuffs</b>	✓	✓	✓	✓	✓
<b>Consumer goods</b>	✓				
<b>Petroleum &amp; Petroleum products</b>		✓	✓		✓
<b>Transport equipment</b>		✓			
<b>Textile yarn &amp; fabrics/clothing</b>		✓	✓		✓
<b>Motor vehicles</b>					✓

Major import partners apart from each other include: Germany, Netherlands, UK, China, Russia, US, Canada

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# Import regulations

## Regulations

Sweden, Finland and Denmark are part of the EU and of the European Free Trade Association (EFTA) – this means that EU Directives must be met in addition to national regulations.

All commercial and shipping documents must be translated in the local languages. Packing lists are compulsory if the shipment contains more than one package and if the contents are not shown on the commercial invoice.

As members of the European Economic Area (EEA), Norway and Iceland are subject to the same regulations as EU member states. EU Directives will be incorporated and products approved in EU states will meet requirements in Norway and Iceland, with very few exceptions.

## Tariffs

A Common Customs Tariff (CCT) is applicable to goods from the US.

Most duties are ad valorem (%), based on GATT Valuation Codes, approximate cost, insurance and freight (CIF) value.

## Product certification

Products tested and certified in the US to American standards are likely to have to be retested and re-certified to EU requirements. This is a result of the EU's different approach to health and safety of consumers and the environment.

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# Labeling and marking requirements

For customer protection purposes, any product offered for retail sale is required to note:

- Country of origin
- Weight
- Dimension
- Chemical composition
- Appropriate hazard warnings

## CE Marking

To sell products in the EU, US exporters are required to apply CE Marking.

CE Marking is a declaration of conformity to EU Directives and with it products are allowed to circulate freely within the EU.

Norway and Iceland are not EU members but are part of the EEA so are subject to the same regulations as EU member states. The CE-Mark is now widely recognized in Norway and Iceland.

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## The Eco-label

A voluntary label which US exporters can display on products that meet high standards of environmental awareness.

Criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture and use to its disposal.

# Next steps

If you are involved in developing your company's international markets, the chances are you are involved in:

- Identifying
- Engaging
- Optimizing your distributors.

Europe is a particularly tricky environment with numerous countries, local markets, languages, currencies, preferences ..... So getting the right distributor to work well with you is a challenge we hope we can help with.

Checkout our whitepaper on [\*\*Finding Distributors for Export Markets\*\*](#) for guidelines on how you can identify the right distributor and - most importantly, how the right distributors can find you!

Download  
**Finding Distributors for  
Export Markets**



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# About IBT Partners

In 2002, we created IBT Partners with a vision to build a company that would make a substantial difference to our clients in helping them grow internationally – a vision based on the idea that international business and trade are vital engines of economic growth and an essential step in any company’s strategy.

Our staff, their enthusiasm and their skills are what makes the difference. Our offices in France, Germany, the UK and USA house teams that are all multi-cultural, multi-lingual trade experts with knowledge of new technologies.

We have worked with 100s of SMEs, helping them to identify new business opportunities and new potential clients in export markets.

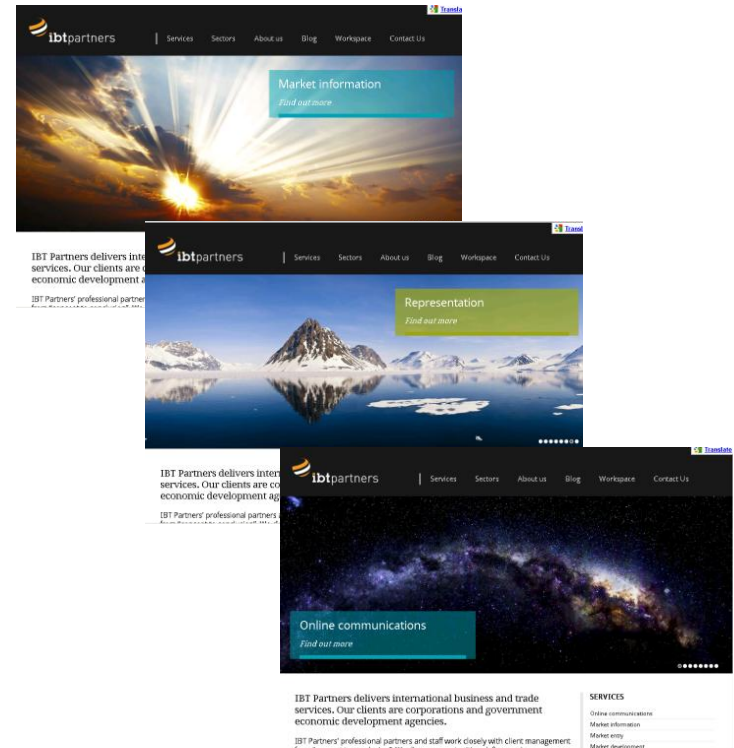
**We invite you to get to know us, our vision, our passion and our commitment to increasing international trade for our clients.**

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Exporting to Scandinavia



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# Useful links

Commission of the European Communities

[http://europa.eu/index\\_en.htm](http://europa.eu/index_en.htm)

EU statistics for member states

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

fDi Intelligence

<http://www.fdiintelligence.com/>

Invest in Denmark

<http://www.investindk.com/>

Invest in Finland

<http://www.investinfinland.fi/main.php>

International strategic analysis

<http://www.isa-world.com/>

Norway Trade and Investment agency

<http://www.nortrade.com/invest/>

Sweden Trade and Investment Office

<http://www.business-sweden.se/>

The Scandinavian Investment Network

<http://www.scandinavianinvestmentnetwork.com/home>

Travel guide to Scandinavia

<http://www.goscandinavia.com>

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