



Scandinavia Agri-Food Regional Profile Statistical Overview

January 2005

Forward

This available piece is provided as an overview of the statistical and market information on Scandinavia made up by Denmark, Finland, Norway and Sweden. A regional profile was deemed necessary due to the development of Scandinavia's importance to the Canadian export market.

Background

Bordering the heart of Europe, Scandinavia has a close proximity to major European markets and with Denmark, Sweden, and Finland being members of the European Union (EU); they also enjoy unrestricted access to one of the world's richest trade groups. Only Sweden and Finland are members of the European Monetary Union (EMU).

Denmark is a peninsula reaching out from continental Europe.

Scandinavia's population is generally concentrated in the Southern regions and more temperate zones. While agricultural land is at a premium, the Scandinavian Peninsula is rich in timber and minerals. The best farmland in this region is found in Southern Sweden.

Basic Information	
Total Land Area	1,257,308 km sq
Total Population	24.48 Million
Members	Denmark, Finland, Norway and Sweden
Capitals	Copenhagen (Denmark), Helsinki (Finland), Oslo (Norway), Stockholm (Sweden)

Population and Area by Country		
Country	Population (Millions)	Area (km sq)
Sweden	8,986,400	449,964
Denmark	5,413,392	43,094
Finland	5,214,512	337,030
Norway	4,574,560	324,220

Geography

Lying just north of the European mainland, this vast region is surrounded by the Arctic and Atlantic Oceans, and the North and Baltic Sea's. The geography of the region varies widely; from mountainous regions and marine coasts in the West, to sub-arctic regions in the North. Norway, Sweden and northern Finland form the Scandinavian peninsula which stretches over 2,000 km in length.

Sweden is the largest of the Scandinavian countries in terms of both area and population. Denmark possesses the least amount of land but as it is part of mainland Europe, enjoys a greater ease of trade over the other Scandinavian countries.

Regional Economies

Scandinavia is a growing economy largely dependent on foreign trade which is supported by its flourishing agriculture, oil and fishery sectors. With regional GDP of roughly US\$990 billion this region has a large and powerful economy disproportionate in size to its overall population.

Most Scandinavian economies are heavily reliant on trade. Regional exports were valued at US\$245 billion in 2004 while imports were valued at US\$184 billion. The region trades heavily with large markets such as Germany and the United States maintaining a positive trade balance of more than US\$60 billion.

DENMARK

Economy

As Scandinavia's key European link, Denmark is an active market economy which is reliant on foreign trade. The Danish economy is supported by an efficient private sector, modern agriculture sector and a profitable energy sector. In 2004, Denmark's GDP of US\$165 billion accounted for roughly 23% of the total Scandinavian GDP.

Current Situation

Due to Denmark's reliance on trade, the country experienced a minor recession in 2003. An overall sluggish international economy and the depreciation of the US dollar hampered the country's exports. Denmark's GDP growth of 0.4% was its lowest in 10 years. However, quick action by the government and the overall strength of the economy resulted in a fourth quarter recovery and a 2% GDP growth rate in 2004. In order to avoid a repetition of 2003 economic performance, the government introduced an aggressive stimulus package. With the use of tax cuts, bureaucratic improvements and privatization, the government moved to increase employment levels, consumer spending, and investments. Currently, growth in unemployment has been halted, inflation has fallen below 2%, and disposable income is up.

Forecast

An anticipated return to power for the current government coalition should allow for the maintenance of the current fiscal policy which is forecasted to help the GDP grow by 2.5% in 2005, and 2.2% in 2006. However, there are questions relating to high import demand and growing consumer spending which may lower expected forecasted growth.

FINLAND

Economy

Finland's evolution from a natural resource-dependent market towards a highly modern industrialized economy has made the country a renowned competitor with a thriving business environment. As a result, Finland has flourished with strong economic growth in recent years. Finland is active within the EU community, and enjoys a high level of trade with other member states. Almost half of Finland's GDP is generated through foreign trade.

Current Situation

Although Finland experienced an economic slump due to the lack of global demand in information and communications technology in 2000, GDP and economic growth continues to show steady growth. GDP is currently US\$180 billion, while GDP per capita is US\$34,000. Inflation has been steadily decreasing. Factors causing this low inflation rate have been falling prices on manufactured goods which have offset increases in import costs. Finland continues to struggle with high unemployment; however, the government has cut income tax in an effort to stimulate the labour market. This decision should help decrease the current unemployment rate of 8.9%.

Forecasts

Expected restructuring of the labour market is anticipated to boost GDP growth rates from 2.5% to 3% for 2005. Both overall GDP and GDP per capita are anticipated to increase steadily in future years due to further economic restructuring, job growth and consumer spending. Forecasted increases in consumer prices in 2005 are expected to raise current near-zero inflation levels to 2%.

SWEDEN

Economy

As Scandinavia's top generator of GDP, Sweden is renowned for its well developed industrial sector, modern distribution system and its natural resources. Possessing a remarkably skilled labour force, Sweden continues to move towards a highly technological economy while generating excellent standards of living.

Current Situation

Like Denmark, Sweden is heavily reliant on foreign trade, and depends on its natural resources of timber, hydropower and iron for its exports which account for 47% of GDP. Half of all Swedish exports go to EU members, and approximately 60% of its imports come from the EU.

Despite rising unemployment as a result of poor job creation, and the economic downturn that stunted GDP growth in 2002, the Swedish economy has recovered successfully posting a growth rate of 2.8% in 2004 and an overall GDP of US\$343.3 billion.

Future Forecasts

Sweden's fiscal and monetary policies are striving to achieve a 2% budget surplus over the coming economic

cycle. GDP is forecasted to expand by 2.8% in 2005 and 2.9% in 2006. Key to Sweden's economic recovery will be cuts to government debt, controlled inflation and interest rates in addition lower unemployment rates.

NORWAY

Economy

Norway not only has the highest standards of living in the world, but boasts exceptionally low unemployment level. Norway has the second highest GDP in the region at US\$224 billion, and the GDP per capita of US\$49,322 is the highest of all Scandinavian countries as well as being one of the highest in the world. This is in large part due to its prosperous gas and oil industry. Norway is the world's third largest exporter of oil and the fourth largest exporter of natural gas.

Current Situation

World demand and oil prices have a large impact on Norway's economy. Norway's trade dependence revolves around oil exports which make up 44% of total Norwegian exports. Currently, Norway supplies over 10% of Europe's gas, a figure that is expected to rise to 30% due to its rapid growth in the national oil industry. In order to maintain economic stability, the Government Petroleum Fund is used to absorb changes in oil prices which are constantly in a state of flux.

Future Forecast

The Norwegian government is implementing monetary policies to maintain inflation levels of 2.5% as a means of stabilizing the economy and exchange rates. Inflation rates for 2005 and 2006 are expected to be 2% and 2.5% respectively. Private consumption is expected to grow by 5% in 2005 due to increases in both

public consumption and business investments. GDP growth rates are projected to be 2.9% in 2005 and 2.5% in 2006. Unemployment rates are expected to decrease to 4% and 3.8% for 2005 and 2006 respectively.

Scandinavian Trade

Sweden and Denmark dominate inter-regional trading within Scandinavia. Germany is a key market for all Scandinavian countries but acts as an entry point and transshipment area for the rest of Europe. Most countries have strong relationships with the UK, United States and Germany. Scandinavia's common export items included petroleum, machinery and equipment, and fish, while Scandinavian countries generally import foodstuff and chemicals.

Although not all of Scandinavia's countries are EU members, EU members remain important to this region. Scandinavia's three EU members, Denmark, Sweden and Finland exports roughly 55% of their total exports to the EU and source 65% of their total imports from the EU.

Scandinavia's total exports in 2004 valued at US\$290.89 billion, while imports amounted to \$217.87 billion. Scandinavia is currently experiencing a positive account balance of US\$73 billion largely in part due to its expansion in the European energy sector.

DENMARK

Denmark's exports totaled US\$54 billion in 2004. Exports are projected to grow by roughly 2% in 2005 and grow steadily over the next three years. Denmark's trade is heavily centered in Europe with 61% of exports going to and 68% of its total imports coming from the EU. Its key trading partner's include Germany

which accounts for 18.7% of total exports followed by Sweden with 12.6%, and the UK, U.S, Norway, with 8.5%, 6.2% and 5.7%, respectively. Denmark's major export commodities include machinery and instruments, meat and dairy products, fish, chemicals, furniture, ships and windmills. Denmark imports approximately US\$54.5 billion resulting in a relatively even trade balance. Imports include machinery and equipment, raw materials and semi-manufactures for industry, chemicals, grains and foodstuffs, and consumer goods. Denmark receives 23% of its imports from Germany and 13% from Sweden. Denmark's other significant import sources include the UK, Netherlands, France, and Norway which provide 7%, 6.9%, 4.9% and 4.5% of imports, respectively.

FINLAND

Trade is heavily relied upon in Finland. Exports of US\$54.28 billion amounted to one third of GDP. Finland had a positive trade balance of US\$17 billion in 2004. Finland's electronic and electrical sector serves as the country's largest export industry and continues to increase its presence in the export sector. Export items include machinery and equipment, chemicals, metals, timber, paper and pulp. Germany and Sweden are Finland's largest export partners, and handle 12% and 10% of total exports. The US, UK, and Russia are also major markets, each contributing roughly 8%.

Finland's imports brought in roughly US\$37.4 billion in 2003. Import commodities include: foodstuffs, petroleum, chemicals, transport equipment, iron and steel, machinery and textile yarn, fabrics and grains. Germany, Sweden and Russia are Finland's top three import partners, and represented a combined 42% of Finland's imports in 2003.

Scandinavian neighbour, Denmark supplies approximately 6%, the UK provides 5.3% and France contributes 4.3% of Finland's import needs.

SWEDEN

Sweden leads Scandinavia with the highest value in both exports and imports. Exports and imports account for roughly 47% and 42% of GDP, with half of all exports going to EU members, and approximately 60% of imports coming from the EU. Total exports amounted to approximately US\$102.8 billion in 2004, while imports accumulated to around US\$83.27 billion creating almost a US\$20 billion positive national trade balance.

The United States, Germany and Norway are Sweden's top three export markets with 11.5%, 10% and 8.4% respectively. The UK, Denmark, Finland, Netherlands, France and Belgium are also key markets, each accounting for between 5 to 8% of total exports.

Germany controls 18.7% of Sweden's total imports, followed by Denmark with 8% and both Norway and the UK with 8% each. The Netherlands, Finland, France, and Belgium follow with 6.8%, 5.6%, 5.5% and 4.2%, respectively. Import commodities include machinery, petroleum, chemicals, motor vehicles, iron and steel, foodstuffs, and clothing. Of Sweden's foodstuff imports, over 40% are made up of products such as wine, vegetables, fruits and juices, rice and Soya bean, coffee, tea, cocoa and seafood.

NORWAY

Norway's trade benefits from an abundance of natural resources and enjoys a positive trade balance of almost US\$30 billion. Norway's energy sector is a key contributor to

export values. Norway's exports were valued at US\$67 billion in 2004 while imports were valued at US\$40 billion.

The UK, Germany and the Netherlands are Norway's major export markets, supplying a total of almost 44% of total exports. The US, France and Sweden are also major export markets, accounting for an even share of 24% of Norway's total exports. Key exports in 2004 included: petroleum, machinery and equipment, metals, chemicals, ships and fish with an emphasis in the IT industry and telecommunications.

Norway's major import partners are Sweden, Germany and Denmark which account for roughly 40% of the Norwegian import market.

Other import sources are the UK, US, Netherlands, China, France and Italy which each contribute between 4% and 7% to the import market. Key imports consist of machinery and equipment, chemicals, metals and foodstuffs.

Trade Agreements

The special relationship and co-operation between Scandinavian countries- Sweden, Norway, Finland and Denmark- is a significant factor in the region's foreign policy. Scandinavian cooperation has long included passport unions and tight integration, and now includes a joint embassy in Berlin.

There is no specific trade agreement to Scandinavia, however all countries with the exception of Norway are members of the EU. Excellent relations still exists between Norway and the EU despite the lack of membership. Despite the lack of a trade agreement, the countries enjoy an excellent interdependent trade relationship.

Currently, Norway is a member of the European Free Trade Area (EFTA). EFTA was developed to remove barriers to trade among members, but with each nation maintaining its own policy implemented towards countries outside the group.

All four Scandinavian countries are members of the World Trade Organization (WTO).

Agriculture & Agri-Food Overview

Scandinavian agricultural production is basically the same throughout the region with products such as barley, wheat, sugar beets, cattle or beef, dairy products, potatoes and fish, common to most national sectors.

Finland is more dependent on the agricultural industry than other Scandinavian countries. As a part of Finland's economic development there has been an increase in agribusiness and the food-industry nationally. Agriculture now comprises 4.3% of GDP, and employs 8% of its labour force. The sale of consumer products is driving the growth of this sector and this trend has eased the introduction of imports.

Norway's agricultural profile fits the standard Scandinavian country. The country's geography limits agricultural production; however, there are key agricultural sectors which contribute greatly to the country's economy. With fish being a large natural resource, it is considered, along with wine, as the country's major agricultural exports. Agriculture employs roughly 3.1% of the labour force and currently contributes 2.5% towards the country's GDP. Norway imports a considerable amount of veal, cheese and curd.

Sweden's agricultural sector plays a minimal role in the country's economy combined with the country's

geography make agricultural products a key and necessary import. Agriculture makes up 2% of Sweden's GDP and employs 2% of their labour force.

Sweden possesses one of the highest food safety standards in Europe, with regulations even more strict than EU requirements. Sweden's major agricultural markets imports are in wines, dried fruit, nuts, grapefruit, apples and pears. In addition, an increase in seafood consumption, coupled with strict EU quotas, Sweden has seen an increase in demand for reliable seafood suppliers.

Due to Denmark's small geographic size and relatively high population, agriculture production is severely limited. Agriculture accounts for 2% of GDP and labour employment in Denmark. Denmark is a large agricultural importer. Key imports include raw tobacco, nuts and almonds, in addition to all organic products such as tea, coffee, meat, and condiments to meet the country's increased demand. Denmark is constantly in need of wine exporters who can supply approximately 250,000 liters per year to meet the needs of its ever-accelerating wine market.

In terms of trade restrictions, each country has their own system of regulating trade and food safety among imports. Since Denmark, Sweden and Finland are EU members, they are restricted by the same regulations and licenses that are used throughout the EU community. This may include licensing, restrictive quotas, import taxes, and prohibiting certain food stuffs, such as colouring, animal products, plants, seed and grains. As a result, there are strict requirements for products entering the market and very high food safety standards.

Consumer Market

Scandinavian citizens are distinguished as skilled, knowledgeable workers, with a keen awareness of information technology due to widespread national accessibility.

Scandinavians enjoy some of the highest standards of living in the world and because they are fairly affluent and educated, this serves as a good marketplace to introduce premium priced products.

All five countries have remarkably high life expectancies coupled with low birth rates, therefore Scandinavia as a whole is experiencing issues initiated by the aging population. The post-war baby-boom generation is on the verge of retiring, which brings about a flooding of demand for pension plans and health care. With roughly 66% of its population between the ages 15-64, this is a good market to target in terms of fine foods, health conscious products, natural foods, and modern products such as nutraceuticals.

Regional Demographics	
Population Growth	0.28%
0-14 yrs	18.4%
15-64 yrs	65.9%
65 + yrs	15.7%
Median Age	39.5 yrs
Life Expectancy	
Total	78.8 yrs
Males	76.1 yrs
Females	81.6 yrs

Scandinavian consumers share a number of similar traits; however, there are differences on a country by country basis.

Sweden has the largest food market in Scandinavia, estimated to be worth

\$35 billion. Swedish citizens are health conscious with a large concern for the environment, which has translated into a significant demand for organic food and health foods. Swedish shoppers are willing to pay a premium price to get products they believe to be healthy, making products with low fat and sugar content fairly popular. Swedish consumers spend 18% of their income on food from retail and catering outlets. Meat is the single-largest group of food consumed, which accounts for 22% of total food consumption a total which is predicted to grow in the coming years. Sweden is currently experiencing rapid development in sectors such as functional foods, organic production and convenience foods, providing a good opportunity to introduce new goods and products to meet Swedish citizen's high demand and limited spare time.

Danish consumers reside in a modern society and enjoy a comfortable living situation. One fifth of the entire population lives in the Greater Copenhagen area, and can be easily and conveniently targeted. In addition, the widespread use of English makes Denmark an ideal starter market for small or medium sized Canadian firms. Denmark also yields the second highest GDP per capita within the Scandinavian countries, of US\$31,100.

With more internet connections than any other country in the world, and 75% of its population carrying mobile phones, it is no surprised that Finland is world renowned for its modern economy. Finish citizens are well-educated and well traveled, particularly the upper middle class citizens between 45-64 years of age. Finland's younger population and families with small children seem to favour fast food while young adults place more interest in trendy cafes, bars and restaurants.

Consumer food services in Finland have been growing at a modest pace in past years.

With the highest GDP per capita in Scandinavia of US\$37,800, Norwegian citizens enjoy living in the third wealthiest country in the world. With a low unemployment rate, Norwegians are known to be well educated. Private consumption generates 60% of GDP making this an excellent market to target.

Scandinavia- Canada Bilateral Trade

Scandinavia enjoys an excellent relationship with Canada both politically and in commerce. Both share a strong relationship underlined by vigorous cooperation and collaboration and are heavily active within the foreign trade market.

Canada-Scandinavia Bilateral Trade (\$ millions)			
	Export	Import	Trade Balance
Can-Scan Agri-Food	1,919	8,226	(6,307)
Can-Scan	38.58	134.13	(95.55)

Norway is Canada's top Scandinavian export market and 5th largest trading partner in all of Europe. Norway enjoys a healthy trade surplus with Canada of more than \$3 billion. Exports valued at \$979 million and imports of \$4.3 billion were exchanged in 2003.

Finland is Canada's second largest Scandinavian trade partner, with exports of \$350 million and imports of roughly \$926 million in 2003.

Sweden's trade volume continues to grow in Canada, as investments in Canada have increased 250% in the past 10 years. Canadian exports to Sweden were approximately \$317

million, while imports exceeded \$2 billion in 2003.

Canada exports approximately \$273 million worth of goods to Denmark, while imports were valued at \$1 billion resulting in a sizeable negative trade balance. Denmark nonetheless acts as Canada's largest agricultural export destination.

Agriculture plays a central role in both the Canadian and Scandinavian economies. Trade agreements have grown in importance as they have joined these markets through similar interests and shared goals, assisting Scandinavia and Canada in working towards mutually favorable trade agreements. Such relationships include the Northwest Atlantic Fisheries Organization (NAFO) that Canada and Norway are members of. Norway and Canada are also involved in TECA, and Canada works closely with Sweden and Norway within the Arctic Council.

Canada's imports from each Scandinavian country differ, however seafood is the major agricultural commodity that most Scandinavian countries supply. Finland and Denmark supply a variety of fish and seafood while Sweden and Norway's exports to Canada consist of grain-based products.

General agricultural trade between Scandinavia and Canada was valued at \$172.7 million in 2004. Exports to Scandinavia reached \$38.6 million while imports reached \$134 million in 2004 resulting in negative trade balance of \$96 million. Both Canada's exports to Scandinavia and imports from the region experienced significant declines from 2003. However, the trade balance remains unchanged. Canada's exports decreased by \$13 million over 2003 as a result of the discontinuation of Soya beans exports.

Canadian Agri-Food Exports to Scandinavia by Country (2004)	
Denmark	\$16,087,629
Norway	\$9,821,421
Sweden	\$9,450,090
Finland	\$3,219,316

Active yeasts played an important role as Canada's top export to Scandinavia representing 13% of total agri-food exports. This product increased slightly from 2003, and accounted for \$5.2 million worth of trade in 2004. Sweet corn (prepared or preserved) was Canada's second largest export item to Scandinavia, with a value of \$4.5 million, followed by wheat with \$3.74 million, bottled rye with \$2.82 million and retail dog and cat food with \$2.12 million.

Canada's Top 5 Agri-Food Exports to Scandinavia (2004)	
Yeasts, active	\$5.2 million
Sweet corn (prp,prs)	\$4.5 million
Wheat	\$3.7 million
Rye, bottled	\$2.8 million
Dog/Cat food, retail	\$2.1 million

Wheat and prepared or preserved sweet corn are Norway's two largest imports from Canada. These two products account for 64% of Norway's agricultural imports from Canada.

Denmark consumed roughly \$5.2 million of active yeast in 2004, making it a top Canadian export commodity.

Canadian Agri-Food Imports from Scandinavia by Country (2004)	
Denmark	\$73,127,104
Sweden	\$35,825,512
Norway	\$13,165,109
Finland	\$12,012,891

Sweden relies on Canada to supply bottled rye, its top import item from Canada in 2004. Finland also considers bottled rye its top Canadian agri-food import. Vodka remains the top import commodity with a value of \$20 million, a slight increase over 2003. Chewing gum was the 2nd largest import item in 2004 with an increase of 45% to reach \$11 million. Jalberg cheese follows with \$8.98 million as Canada's 3rd largest. Cigars with \$8.85 million and Blue-veined cheese of \$8.06 million are the 4th and 5th largest Canadian import commodity, respectively.

Canada's Top 5 Agri-Food Imports from Scandinavia (2004)	
Vodka	\$19.9 million
Chewing Gum	\$11.0 million
Jalberg Cheese	\$8.9 million
Cigars	\$8.8 million
Blue-veined cheese	\$8.0 million

Exports of consumer goods dominate Canada's agri-food trade with Scandinavia. Canada's bulk exports to Scandinavia have decreased in the past year and currently sit at roughly \$7.3 million. Intermediate exports sit at \$12.7 million while consumer exports have increased slightly to nearly \$18.8 million in 2004.

For more information on Scandinavia:

http://www.buyusainfo.net/body.cfm?dbf=ccg1%2Cbmr1%2Cmrsearch1&search_type2=int&avar=19999®ion=Scandinavia&logic=and&loadnav=no
<http://www.cia.gov/cia/publications/factbook/geos/ee.html>

For more information on Norway:

<http://www.infoexport.gc.ca/ie-en/Office.jsp?oid=31>
<http://www.dfat.gov.au/geo/norway/index.html>
<http://ats.agr.ca/info/europe-e.htm#Norway>

For more information on Denmark:

<http://www.infoexport.gc.ca/ie-en/Office.jsp?oid=207>
<http://www.marketnewzealand.com/common/files/denmark-cb.pdf>
<http://www.dfat.gov.au/geo/denmark/index.html>
<http://ats.agr.ca/info/europe-e.htm#Denmark>

For more information on Sweden:

<http://www.infoexport.gc.ca/ie-en/Office.jsp?oid=109>
<http://www.marketnewzealand.com/common/files/sweden-cb.pdf>
<http://www.dfat.gov.au/geo/sweden/index.html>
<http://ats.agr.ca/info/europe-e.htm#Sweden>

For more information on Finland:

<http://www.infoexport.gc.ca/ie-en/Office.jsp?oid=234>
<http://www.marketnewzealand.com/common/files/finland-cb.pdf>
<http://www.dfat.gov.au/geo/finland/index.html>
<http://ats.agr.ca/info/europe-e.htm#Finland>