

The partner preferred by enterprises in their trade and investment activities



By the Chairman of the Board of Directors, Henning Dyremose, and the Head of the Trade Council of Denmark, Anne Steffensen

The Trade Council of Denmark makes a difference – specifically for the individual enterprise and for Danish society in general. As a small country, we have always traded extensively with our neighbours, and much of Danish welfare is built on our exports. Our prosperity is also based on being able to offer attractive frame conditions for enterprises in Denmark, enabling us to maintain and attract foreign investments. Focusing on Denmark's and Danish companies' continued competitiveness in a globalised world is a central issue.

The Trade Council of Denmark basically assists enterprises at all stages of the internationalisation process – irrespective of whether it concerns production, innovation or sales and marketing.

In recent years, we have worked on professionalising our activities, not least through increasingly greater sector specialisation in the most important markets, both in the OECD countries and in the new growth countries. As well as constantly improving our traditional export counselling tasks, such as information about market terms and help in finding the right partner, we continuously work on developing relevant new products.

In line with the Government's objective that Danish enterprises are to be among the most innovative in the world, in TCD, we work to promote enterprises' international commercial innovation by facilitating access to capital,

networks, technologies and markets abroad. Cooperation and knowledge sharing are keys to innovation, and the Trade Council of Denmark helps to ensure that knowledge is not only shared between actors in Denmark but also draws on resources abroad.

Through our incubator scheme we offer Danish enterprises establishment on markets in China, Japan, India, Brazil and the USA. The incubators are located in connection with our embassies, consulates general and trade commissions, and the scheme makes it possible for enterprises to receive all possible help from the TCD staff, who are familiar with the legislation, culture and not least conditions on the local market.

With almost full employment in Denmark and against the background of the Government's wish to attract more labour to the country, the Ministry of Foreign Affairs, in the shape of the Trade Council of Denmark, assists in recruiting workforce for Danish enterprises from abroad, not least from neighbouring countries such as Poland, Germany, Sweden and Lithuania. In this way, through its consultancy the Trade Council of Denmark not only helps the individual enterprise but is also a good example of how the TCD works to solve bottleneck problems on the Danish labour market.

Every day the 350 committed staff of the Trade Council of Denmark make a difference for Danish enterprises in the 63 countries in which we are represented. In 2006, 96 per cent of the enterprises were satisfied or very satisfied with TCD. We shall work to maintain this high level in the future.

VALUE CREATION FOR CLIENTS AND SOCIETY

For a private company, it is natural that the annual accounts should reflect the enterprise's profitability. There must be a top line and a bottom line, making it possible to clearly see the size of the turnover and whether the enterprise is making a profit.

Public enterprises also measure their performance. In the Trade Council of Denmark we are very keen to do just that since it has great advantages. Firstly it gives the Government, the Danish Parliament and in the final analysis the taxpayers a picture of what they are getting for their money. And secondly it gives us a tool to make our organisation and production more efficient, to evaluate and develop our product mix, and to prioritise our resources in order to maximise the value to our customers and the society.

Since its foundation in 2000, the Trade Council of Denmark has worked to make our measurements of performance more sophisticated. Between 2002 and 2006 the measurements concentrated on the volume of increase in exports for which the TCD has direct responsibility, i.e. the part of export growth that the TCD's clients directly attribute to the efforts of the Trade Council of Denmark.

The export effect fluctuates at approximately DKK 3 billion annually, which is estimated to improve public finances by around DKK 1 billion a year. As this is a minimum measurement which only measures the direct effect of the paid-for services and neither takes into account a number of dynamic business economics effects nor includes the value of the political activities of TCD activities, it is a good indication that the Trade Council of Denmark returns good added value to the enterprises and society for its annual allocation of approximately DKK 340 million.

The Trade Council of Denmark will continue to measure our importance to Danish companies. However, from 2007 our focus will no longer be narrowly on exports but more on our contribution to assisting the internationalisation of the companies. Of course, export remains very important, but it is obvious that other forms of international activities are becoming increasingly more important. The Trade Council of Denmark wishes to contribute to this so that Danish trade and industry can be among the winners in globalisation.

Increased exports and socio-economic impact of the activities of the Trade Council of Denmark 2001-2005 (measured in the following year)

Year	2001	2002	2003	2004	2005
Total increased exports, billion DKK	3.1	2.6	3.0	2.3	3.5
Increased employment, persons	2,300	1,900	2,200	1,700	2,600
Increased private consumption, million DKK	480	400	460	360	540
Improvement of public finances, million DKK	950	800	920	710	1,080

THE TRADE COUNCIL OF DENMARK ACHIEVES ITS TARGETS

Every year, the Board of Directors of the Trade Council of Denmark sets up ambitious targets for the organisation. The targets are related to the organisation's strategic objectives and appear from table 2. In addition, annual operational targets are laid down in the areas of client and staff satisfaction, level of awareness of those carrying the responsibility for exports, earnings, and competence development. In 2006, client

satisfaction was 96 per cent, with 60 per cent of clients expressing themselves very satisfied. In recent years, earnings have been a constant 25 per cent in relation to expenditure. The level of earnings is an expression of the fact that TCD is a professional enterprise that is paid for its services. At the same time, the Trade Council is also a public service enterprise, which places a number of free services at the disposal of Danish enterprises.

Table 2:

Strategic objectives	Success targets	Indicator	Targets 2006	Results 2006	Targets 2007	Targets 2008
Increased internationalisation of Danish enterprises	Increased exports	Increased exports, billion DKK	2.6-3.0	3.5	New indicator to be drawn up	New targets
Best possible international framework conditions for Danish trade and industry	Maintain an effective commercial crisis standby capacity	Response time	Action plan within 24 hours	Emergency preparedness activated twice within 24 hours	Action plan within 24 hours	Action plan within 24 hours
	Break down trade barriers facing single enterprises	Number of cases	2	2	3	4
	Provide political business consultancy	Number of cases	10	10	12	15
Strengthened commercial innovation	Implement innovation projects	Number of projects	3	3	3	4
	Establish innovation centres	Total number of innovation centres	1	1	2-3	3-4
Strengthened global opportunities for entrepreneurs and small and medium-sized enterprises	Prepare SMEs to engage in export activities	Number of companies assisted (via export preparation programmes)	250	263	250	250
	Advise SMEs on specific internationalisation activities	Number of cases finalised	2500-3000	3426	> 3000	> 3000
		Average size per case (in hours)	> 16	19.17	> 18	> 18
More foreign investments to Denmark	Assist in attracting investments to Denmark	Number of jobs	625	991	700	800
	Of which in West Denmark		75	460	150	250
	Investments in selected knowledge-intensive sectors	Number of successes that are knowledge-intensive investments	Basis targets	No measurement	70 per cent	75 per cent



PROACTIVE TRADE POLICY

On the basis of the deliberations of the Globalisation Council in spring 2006, the Government decided to draw up a proactive trade policy strategy with the aim of identifying and reducing the trade barriers that Danish companies run into in growth markets in particular. The work is anchored in the Ministry of Foreign Affairs, the Trade Council of Denmark, which is mainly responsible for drawing up the strategy together with the Ministry of Economic and Business Affairs.

The strategy is based on, among other things, a number of analyses of global terms of trade with a point of departure in the most important Danish export industries. The analyses were carried out in close dialogue with the business sector – both industry and trade organisations in Denmark and companies out on the export markets.

However, the foundation of the strategy is broader than these analyses. It should be viewed not least in the context of the Government's 2005 strategy for trade and development, which ensures that the development aspect is incorporated as a significant element in overall Danish trade policy. Furthermore, there is naturally a connection with the other initiatives in following up the work of the Globalisation Council. Common to all of them is a focus on the potential of globalisation rather than its limitations.

The proactive trade policy sets the stage for a three-track approach to breaking down trade barriers. Firstly, the multilateral track in the WTO, which is the Government's first priority as a means of furthering free and just world trade. For this reason, the strategy is concerned with, among other things, the Doha Development Round and the long-term possibility of expanding and strengthening the WTO as the cornerstone of global trade. Secondly, the strategy elaborates on

the way in which the bilateral and regional track can be a useful supplement to the WTO. There is focus on the markets and businesses with which, taking a point of departure in Danish interests, it could be particularly interesting to seek EU trade and investment agreements. Finally, the strategy's business track examines the potential for strengthening the cooperation between embassies and companies on the export markets.

The strategy also describes the way in which global trade conditions have changed and have created a trade policy agenda that is new and broader. Today, the traditional GATT negotiations concerning the reduction of customs duties on manufactured goods play a relatively limited role for large sections of Danish trade and industry. Other areas have gained in importance, including non-customs duty barriers such as technical standards and regulation, protection of intellectual property rights, and limitation of anti-dumping.

Against this background, the focus is on how to best promote Danish interests in the new growth markets, including the EU's free trade negotiations with ASEAN, India and South Korea, among others. It is specified that this work must be ambitious while simultaneously supporting the WTO's future development, consideration for the developing countries, and sustainable development.

The proactive trade policy strategy was the subject of discussions at a conference in the Ministry of Foreign Affairs on 2 February 2007. A packed hall in Eigtveds Pakhus showed that there is great interest among politicians, trade and industry organisations, companies, educational institutions, NGOs and other trade policy actors in the work of breaking down trade barriers and for the Government's trade policy.



POLITICAL CONSULTANCY

Traditional technical export advice usually aims at a market situation in which the rulebook is already in place. Political consultancy goes a step further and focuses on a political process where the aim is to gather information about, influence, or change the set of rules regulating a given export market – in a direction that serves Danish interests.

At the national level, this usually involves cases where it is a matter of following and impacting a reform process in a given country, among other things identifying the key political decision makers among politicians and officials and creating the possibility for the company to make itself heard directly. It often involves monitoring the development on a market, or collecting information about changes in rules or any new guidelines.

At the international level, the Trade Council of Denmark helps formulating the framework conditions for international trade in, i.a. the 133 committee in the EU, via the WTO, and in part through the OECD. On this basis, the Trade Council of Denmark can provide information about the guidelines that are being prepared internationally and provide an assessment of the consequent possibilities and limitations.

Political consultancy is usually relevant in situations in which a given set of rules is being amended, and it can be conducted either locally through a diplomatic mission, centrally via the Trade Council of Denmark, at the EU level, in the WTO, or in a combination of these. The wide range of means includes the Trade Council of Denmark's and the missions' exclusive access and network, official inquiries, involvement of ministers, entering into alliances with other countries, or involvement of the EU Commission.

Examples of Political Consultancy Tasks

An example of a large political consultancy task had to do with changes in the rules in a European country concerning foreign processing of its agricultural products. The change would mean that in order to be able to re-import the manufactured goods on favourable terms companies should also have large-scale processing capacity in the country in question. On behalf of a Danish company that found itself in a tight spot, the Trade Council of Denmark took up the case. By means of efforts both locally and by mobilising the EU Commission, i.a. by building alliances with other

member states, and through ministerial involvement, the commencement of the change in rules was, in the first instance, postponed for six months, which enabled the authorities in the country in question to reconsider their decision.

Another task involved, both bilaterally and multilaterally, putting pressure on a country to observe its international commitments concerning intellectual property rights, i.a. in connection with the protection of foreign medical products.

Denmark's first innovation centre in Silicon Valley was established in 2006. In 2007 Denmark is to open its next innovation centre in Shanghai.

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INNOVATION

Innovation is now firmly on the agenda at the Trade Council of Denmark in line with the Government's objective that Denmark should be the world's most competitive economy in 2015, and that Danish enterprises should be among the most innovative in the world. To achieve this it is important to strengthen the efforts to promote the access of Danish competence clusters to foreign partners, investors and clients in order to strengthen Denmark's global competitiveness.

Establishing innovation centres is a core element in the endeavours of TCD to make contact with international research, innovation and business environments. With the establishment of the first innovation centre in Silicon Valley in June 2006, the Danish innovation environment and business sector have gained direct entry to one of the most innovative regions in the world. There is particular focus on knowledge-intensive industries such as ICT, health, biotechnology and medico technology and renewable energy.

The innovation centre in Silicon Valley was established in cooperation with the Ministry

of Science, Technology and Innovation (VTU), which also has an employee associated with the centre. The centre cooperates closely with the embassy in Washington DC and the other Danish diplomatic missions in the USA.

In 2007 Denmark's next innovation centre is to open in Shanghai. Shanghai combines a large R&D potential with a growth market that contains excellent possibilities for the international cooperation of Danish research environments and the commercial development activities of Danish enterprises.

The Danish innovation centres comprise the spearhead in the efforts of the Trade Council of Denmark to strengthen innovation. As well as this, a network of Ministry of Foreign Affairs missions has been established which by virtue of their geographical location in globally leading innovation and investment environments are particularly qualified to assist Danish actors with access to the leading international networks of researchers, entrepreneurs and investors on foreign markets.

Innovation Center Denmark

– bridgehead for Danish research and business in Silicon Valley

The innovation centre in Silicon Valley (Innovation Center Denmark – Silicon Valley) offers the following services:

- “Market Assessment” – preliminary market research.
- “Business Plan Review Board” – review of business plans and feedback from a panel of experienced business people from Silicon Valley.
- “Entry Planning” – planning market entry, for example with a starting point in feedback from the Review Board.
- “Networking” – access to selected networks.
- “Capital Connection” – preparation of corporate/business model prior to contact with venture capital funds in the area.
- “Revenue generator” – identification of partners and distributors.



GLOBAL INDUSTRY TEAMS

In the Trade Council of Denmark we are well underway to making our consultancy services more sector specific. As Danish enterprises become more international and information about conditions abroad becomes more readily available, more focused consultancy is needed. This is why we have established a number of Global Industry Teams, which are virtual teams with selected staff from abroad and Denmark and with special competences in Denmark's largest export sectors.

Our clients will now be able to obtain easier access to the group of staff located world-wide with a great deal of sector-specific knowledge. As a client, it will be easier to gain access to an overall concrete assessment of the enterprise's possibilities on a large number of markets, which can also play a part in the enterprise's strategic deliberations to a higher degree. TCD's individual Global Industry Teams are anchored in the Trade Council of Denmark in Copenhagen, where an enterprise or partner has a key entry to the network of consultants in the individual sectors. This boosted focusing is also intended to contribute to easing interaction with the trade and industry organisations, which

themselves are becoming sector-focused to an increasing extent.

The Global Industry Teams concept precisely emphasises the more structured access to TCD's organisation abroad especially, for both users and partners.

Global Industry Teams

The Trade Council of Denmark has Global Industry Teams in the following sectors:

- Engineering industry and sub-contractors
- Building and construction
- Energy and environment
- Clothing and textiles
- Design and furniture
- Project export
- Innovation
- IT, telecommunications and electronics
- Foods and agriculture
- Service and transport

Fashion week in Copenhagen

TCD's Global Industry Team for Clothing and Textiles met in Copenhagen 7-8 February 2007 during Copenhagen Fashion Week. This gave the Danish design enterprises a good opportunity to meet with experts from the Trade Council of Denmark and discuss the possibilities for export, sourcing or production abroad.

The Trade Council of Denmark had called experts home from Germany, the USA, Canada, Great Britain, the Netherlands, Sweden, Russia, Austria, Norway, Japan, China, Australia and Kazakhstan. Almost 100 meetings were held.



HELP FROM START TO MARKET

One of the core tasks of the Trade Council of Denmark (TCD) is efforts aimed at the small and medium-sized enterprises (SMEs), which comprise about 75 per cent of TCD's clients. Special SME programmes provide assistance from start to market. The export preparation programme can be the first step along the way.

Export preparation

With approximately 20 export preparation consultants at its disposal, TCD can offer special help to SMEs for the internationalisation of the enterprises. The majority of the export preparation consultants have been selected on the basis of their extensive international experience and specific trade knowledge. Since the beginning of 2002 the programme has become even more

focused, as more consultants with in-depth sector knowledge have become TCD associates.

The consultants attached to the BornGlobal and BornCreative programmes have special competences in the fields of high technology as well as the culture and creative industries economy. The BornGlobal consultants assist high technology SMEs in IT, telecommunications and electronics, health/medico, and energy and environment to draw up plans of action for internationalisation. Likewise, the BornCreative consultants offer a plan of action to the enterprises in the areas of design, fashion, textiles, music, furniture, architecture, as well as building and construction. Read more about Export Preparation and Export Start at www.eksportstart.dk

Get help on the way from start to market

Export preparation

Export preparation is a free consultancy for SMEs with fewer than 50 employees and less than DKK 50 million in turnover and which have limited or no international experience. TCD offers 25 hours of consultancy and sparing free of charge, and specially selected export preparation consultants help the SMEs with a tailor-made plan of action for internationalisation.

Export preparation for BornGlobal enterprises

The BornGlobal programme offers export preparation to high technology and knowledge-intensive SMEs with growth and export potential

Export preparation for BornCreative enterprises

The BornCreative programme offers export preparation to creative enterprises in the culture and creative industries economy

Export start

The export start programme helps small and medium-sized enterprises that are ready for export to get a start on the global markets with subsidy support that is 50 per cent of TCD's normal hourly rate. An export package can be used for partner search, market research, sourcing, etc.

Many SMEs in the field of design have no or only limited experience with export. We therefore draw up an internationalisation plan together with the enterprises.

Peter Koppel, export preparation consultant in the Trade Council of Denmark

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BORNCREATIVE EXPORT PREPARATION CONSULTANT

One of the export preparation consultants is Peter Koppel, who advises SMEs in the BornCreative programme. Koppel played a part in starting the BornCreative programme two years ago and works with SMEs focusing on design in Zealand and the adjacent islands.

Peter Koppel says: “I have worked in the field of design and among other things I have been director of the Danish Design Centre. Moreover, for some years I have been advising SMEs concerning a wide range of management issues that the enterprises face, and I understand the

terms that small and medium-sized enterprises in the design field work under. Many SMEs in the field of design have no or only limited experience with export, so therefore we draw up an internationalisation plan together with the enterprises. Together we map the obstacles and opportunities for export to a given country. When the internationalisation plan is ready, the enterprise can continue its collaboration with the export consultants in the Trade Council of Denmark in the country or countries to which the enterprise is planning to export.”

BornCreative enterprise off to a good start

“Danish design has a good reputation abroad and sells well,” says Eva Falk of the design enterprise, HouseStyle ApS, which creates furnishing fabrics and optional extras for the home. Eva Falk established the enterprise together with Linda Kristensen in 2005. Soon after they directed their focus abroad.

Concrete advice from the consultant

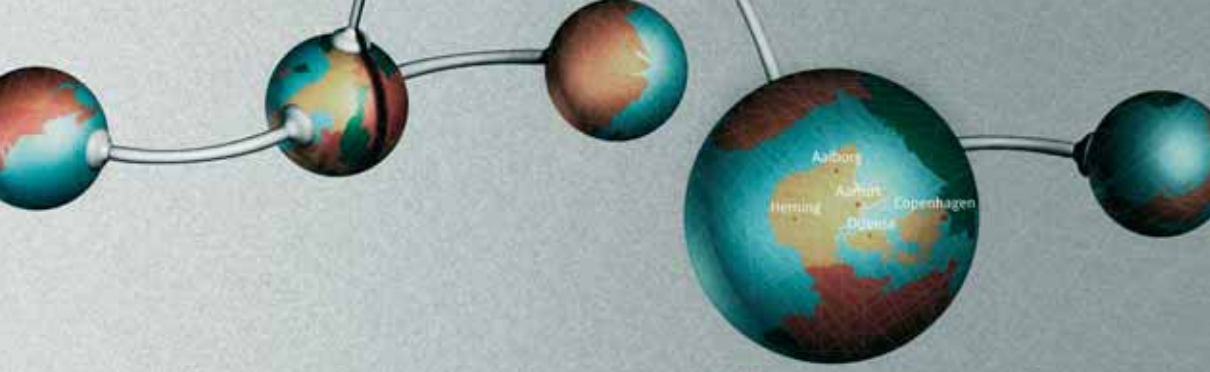
BornCreative export consultant Peter Koppel drew up a report about the enterprise’s export potential. “Many of the ideas we had already before we started with Peter Koppel, but also decisions about which countries to begin with were important details to settle”, says Eva Falk.

Export now comprises 80 per cent

The first step was to contact agents in Sweden and Germany, and from that moment there has been no time to look back.

“80 per cent of our total turnover today comes from abroad. If we had focused on the Danish market alone, we would have lost a large turnover,” says Eva Falk.

She would advise other creative enterprises to get going as quickly as possible. In her opinion it is important to take the time to get the export project started up, even though it might mean that the enterprise has to temporarily shift its focus from sales in Denmark.



MORE FOREIGN INVESTMENTS TO DENMARK

2006 was a record year for Invest in Denmark, with 991 retained or created knowledge intensive jobs. The target was 625. The 991 jobs are the result of 37 investment projects 46 per cent of the successes of which are in the category of ICT (information and communication technology), 27 per cent in Life Sciences (biotech and health equipment), 22 per cent in HUB (for example regional headquarters for the Nordic countries or Europe), and 5 per cent in the category of renewable energy.

Table 4: Overall results for Invest in Denmark

Invest in Denmark - results 2002-2006 – Source: Invest in Denmark and Deloitte Business Consulting					
Year	2002	2003	2004	2005	2006
Investment projects	35	36	36	36	37*
Jobs	495	800	429	746	991

* Of which, 4 successes in cooperation with Copenhagen Capacity.

Highlights

- American Tympany, which works with acoustics, has located its global headquarters and development centre in central Jutland
- The 9th biggest medical corporation in the world, Wyeth Discovery, has placed its development activities in Aalborg to collaborate with Aalborg University
- Lab Research is a Canadian enterprise working within Life Sciences. The company has located itself in Ejby, Lille Skensved on Zealand
- The Taiwanese group, ZyXEL Communication, which specialises in network equipment,

The results are as follows within the focus areas of Invest in Denmark (ICT, HUB Denmark, Life Sciences and Renewable Energy)

Table 3

	Number of successes	Number of jobs
Hub Denmark	8	202
ICT	17	591
Life Sciences	10	191
Renewable Energy	2	7

From 2007, Invest in Denmark will work with two new focus areas: Creative Denmark and Maritime Denmark

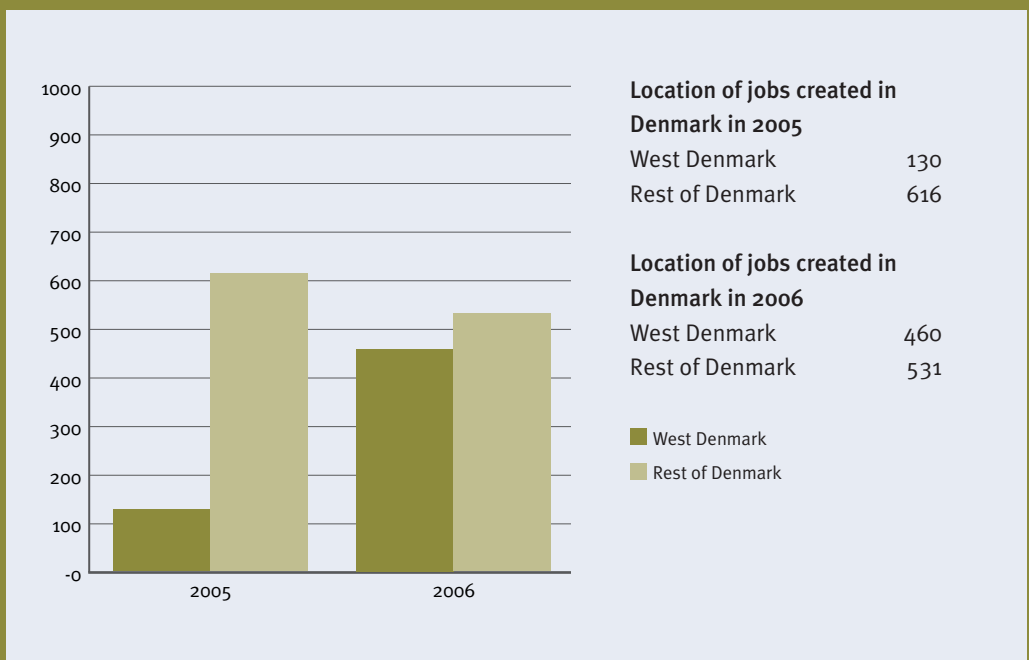
- is to set up its European headquarters and development centre in Copenhagen
- British Garrad Hassan, the consultant enterprise specialising in renewable energy, has selected Aarhus for its northern European headquarters
- Korean Cellbiotech, an international medical corporation, has established its European headquarters in Copenhagen
- American Wave7Optics, a leading enterprise in the field of optical broadband access systems, opened its northern European headquarters in Svendborg in 2006.

REGIONAL COOPERATION

In 2006 the Ministry of Foreign Affairs entered strategic co-operation with seven counties in West Denmark concerning investment promotion in the region. West Denmark covers Jutland and Funen. Traditionally, investments in Denmark have been unevenly placed, with the majority taking place in the capital region. Therefore, the agreement was made that the West Danish counties would finance seven regional project managers, who are placed in relevant regional knowledge environments. They function as the receiving apparatus for potential foreign investors. In return, the Ministry of Foreign Affairs has supplied more targeted and intensified sales efforts abroad.

This concentrated effort has proved fruitful. In 2006, 6 times as many jobs were created or maintained in West Denmark as were targeted in the co-operation agreement. A total of 46 per cent of the jobs created or maintained by Invest in Denmark have gone to West Denmark. This should be seen in relation to the results of previous years, when less than 20 per cent of the investments were placed in West Denmark. The result shows that nationwide collaboration is essential when Denmark is to show foreign companies what we stand for and what they can gain by placing their activities in this country.

Table 5





RECRUITMENT OF LABOUR TO DENMARK

To ensure that the Danish business sector succeeds optimally in the global competition, it is crucial that enterprises have access to a suitable workforce – particularly in a situation of almost full employment in Denmark. The Ministry of Foreign Affairs – more specifically the Trade Council of Denmark – is now offering consultancy and assistance to Danish firms that need a helping hand in finding labour for Denmark. TCD has many years' experience in recruiting workers for Danish subsidiaries abroad and will be able to build on this experience.

This new initiative is part of the Government's globalisation strategy, the purpose of which is to promote the international strengths of Danish trade and industry. TCD's new consultancy instrument also forms part of the Ministry of Employment's 13-point plan, the thrust of which is finding more workers for the Danish labour market. Involving embassies directly in finding workers for Denmark is an important measure in the 13-point plan.

The Danish embassies can help Danish enterprises recruit labour in both the old and the new EU member states – and also in countries outside of Europe in the case of highly specialised labour. Concrete recruitment counselling can, for example, consist in helping to place advertisements in newspapers and professional journals, job interviews and verification of candidates' CVs and references.

The Trade Council of Denmark has in-depth knowledge of Danish enterprises and their corporate culture, at the same time as possessing a strong local network and knowledge of market conditions in the individual countries. If these competences are efficiently combined, we can offer Danish enterprises highly qualified consultancy on general labour market conditions and concrete recruitment tasks.

Pilot project in Poland

During the autumn, a delegation of six Danish enterprises – B&O, Oticon, A.P. Møller Mærsk, Vestas, Nexus and LM Glasfiber – in cooperation with the Warsaw embassy and the Confederation of Danish Industry conducted a pilot recruitment project in Poland. The aim was to explore the possibility of recruiting engineers for Danish enterprises. The programme included a visit to a job fair

in Lublin and a whole-day arrangement at the two big technical universities in Krakow – AGH and Politeknika. The pilot project was a success and great interest was shown for working in Denmark.