

# Think Nordic & Baltic

Business Opportunities on your Doorstep

2013 | 2014



Withdrawn 17 May 2019

in association with



UK Trade  
& Investment



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Allurentis is delighted to have been involved in partnership with UK Trade & Investment on this publication and would like to thank all sponsoring organisations for their kind contribution. We are confident that it will raise awareness with all readers and prove to be an invaluable resource, especially for those wishing to become involved in the extraordinary business opportunities and growth prospects within the Nordic & Baltic Region.

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# Lord Green of Hurstpierpoint

Minister of State for Trade & Investment

Although I spend a significant part of my time advising UK exporters to focus on high growth markets far afield, I strongly believe in the potential of further strengthening our ties with the northern part of Europe that is still prosperous and growing, namely the Nordic and Baltic region.

These northern European countries have shown astonishing economic strength and the majority have now regained impressive positive growth positions often through ambitious national expansion and investment plans.

I am therefore particularly delighted to welcome you to this new publication which highlights the major business opportunities in the Nordic and Baltic region.

It is not widely known that the Nordic and Baltic markets are already the UK's 6th most important trade partner. In fact, our bilateral trade with the Nordic and Baltic markets is at par with our trade with the four major BRIC countries combined. The UK has recorded a trade surplus with both Finland and Estonia and we aim for others in the region to follow.

The Nordic and Baltic markets offer accessible and lucrative starting points for UK SMEs looking to expand into markets situated right on our doorstep.

Ambitious modernisation and infrastructure development plans, some of the world's highest net worth customers, both Business-to-Business and Business-to-Consumer, as well as exciting new



“The Nordic and Baltic markets offers accessible and lucrative starting points for UK SMEs looking to expand into markets situated right on our doorstep.”

geological developments in the region present a broad spread of opportunities for experienced exporters seeking to win significant business.

Historical commercial and cultural ties between the UK and the Nordic and Baltic countries enhance accessibility to business opportunities while providing a common business language and understanding.

The region's quest for innovation, excellence, optimal infrastructure and continued economic growth brings significant opportunities for UK supply chains in areas such as oil & gas, renewable energy, civil nuclear new build and expansion, shale gas development, upgrades in transport infrastructure, healthcare and telecommunications and, in the Arctic region, longer term opportunities both within mining, shipping and oil & gas.

You can read about these and other opportunities in this publication. I am convinced that UK business should be doing more business in the Nordic and Baltic region of Europe.

I am grateful for the support of the Council of British Chambers of Commerce (COBCOE) and UKTI's strategic partners for the Nordic and Baltic region - Eversheds, Statoil (UK) Limited, Anglo American, DFDS A/S, Invest in Skåne, Tallinna Vesi and Account Services Tilimatic Oy in delivering this publication and helping to raise awareness of the commercial potential of The Nordic and Baltic region.

**Think Nordic Baltic - Business Opportunities on your Doorstep**

# Paul Johnston

HM Ambassador to Sweden and Director, FCO, Nordic & Baltic Network

Welcome!

The objective of this book is to illustrate some of the prime opportunities for UK businesses in the Nordic & Baltic countries.

Our network of Embassies across the Region, including dedicated UK Trade & Investment teams, are here to help you win business in this prosperous Region.

The countries our network covers, from Iceland, via Norway, Denmark and Sweden, to Finland and the Baltic states, are modern, agile economies, including some of the fastest growing in Europe, with markets interested in UK products and investors keen to know more about UK opportunities.

The Nordic & Baltic economies are open and transparent, with a focus on green technologies, digital innovation and high tech, social responsibility and modern welfare.

Therefore this Region should figure as a priority for UK companies, big or small, providing services or products, looking for new markets or new partners. Our goal is to help you find them and thus to help your business grow.



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The Nordic & Baltic economies are open and transparent, with a focus on green technologies, digital innovation and high tech, social responsibility and modern welfare.

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Not many people realise that the Nordic & Baltic Region is in fact the UK's sixth largest export market. Today, the UK exports as many goods and services to the Nordic & Baltic Region as to the BRIC countries, combined!

These trade flows date back centuries. Over time, the Region has developed strong affiliations with the UK through business, tourism, movement of people, culture and history.

More recently, David Cameron launched the 'Northern Future Forum', a setting for prime ministers from the Nordic & Baltic countries to meet on a yearly basis with entrepreneurs, policy experts and innovators, to discuss ways to develop our societies, to meet the challenges of the future.

I hope this publication will help you learn more about business opportunities in the Nordic & Baltic countries. You can also download our mobile app to have all the information at hand when travelling in the Region as well as direct contacts to the staff in our embassies, who can help you take your business further.

Think Nordic-Baltic - business opportunities on your doorstep! ■

# David Thomas

President of COBCOE

Ladies and Gentlemen

The Council of British Chambers of Commerce in Europe (COBCOE) is pleased to partner UKTI in their campaign to highlight the huge opportunities available to British business in the Nordic & Baltic Region.

Government policy is focused on encouraging export to assist the UK out of the present crisis. I fully support this, and the chamber movement in Europe that COBCOE represents is also fully behind the initiative. The Nordic & Baltic Region should be a major focus for UK companies looking to export, due to its high average income and high growth rates. In addition, the Region is a UK friendly market with a high recognition of UK quality as well as a very high level of English language proficiency.

We understand that exporting can be a daunting prospect for companies that have not looked to trade overseas before. The EU single market, along with the several association agreements with non-EU European countries, presents an unrivalled environment for British companies in terms of free trade and product standards; the issue for companies is therefore



“The British chamber movement across Europe and especially in the Nordic & Baltic Region, should be your natural conduit for finding partners and also gaining knowledge of how each country’s business environment operates.”

how to find trusted trading partners and to establish banking and other relationships to ensure timely and secure payment.

The British chamber movement across Europe and especially in the Nordic & Baltic Region, should be your natural conduit for finding partners and also gaining knowledge of how each country’s business environment operates. There are hundreds of British corporate members in each local British chamber who are happy to welcome a new family member and share their experience. Within the ranks of the chamber, you may find your natural market partner or someone who can give you a steer towards a second view on a candidate.

That is why I am very pleased that British chambers from the Region are involved with this campaign and are happy to meet and discuss opportunities with you. Please make use of them and their contacts but above all please make use of the COBCOE platform. Our website and other services can greatly assist you in exploiting the whole of Europe; an area that should be your second home market; a market of 740 million people and 500,000 companies. ■



**Withdrawn 17 May 2019**





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# Nordic & Baltic growth

The eight Nordic & Baltic countries may have only a combined population of just half that of the UK but there are many compelling reasons why UK business should focus on this Region on the northern fringe of Europe.

Not only do the majority of the population share similar culture, heritage and individualism with the British - most major monarchies in Europe are in Scandinavia for example, while Denmark and Sweden have retained their own currencies in preference to the Euro - they also speak excellent English and choose the language as their main means of communication in business.

More importantly, thanks to highly innovative technology solutions, transparency, competitiveness, equality and welfare, the Region has managed to keep one step ahead of its European neighbours in many aspects of business and day-to-day life.

## Setting the pace

For years the Nordic countries have led in the Global Innovation Index, the Corruption Perception Index and the Global Gender Gap Index, while Scandinavia is among the top 20 in the World Economic Forum's Doing Business Report 2013.

Finland and Sweden are leading spenders on Research and Development, having invested 3.8% and 3.5% of their GDP in 2012 respectively, which is twice as much as the UK. When compared with the EU-wide target of 3% GDP investment by 2020, it clearly shows that these countries are ahead of the game.

In 2012, the Global Green Economy Index ranked Denmark, which aims to be entirely fossil-free by 2050, in first place and named Copenhagen the Greenest City.

Latvia and Lithuania rank among the top five countries for internet speeds, according to the Boston Consulting Group, while Estonia is recognised as a world leader in e-government. Nine out of ten tax returns

in the country are filed online, as were a quarter of votes in its 2011 parliamentary elections. In the meantime, the country's EstWin programme aims to provide every household and business with fast fibre-optic network access by 2015.

Sweden became the first European country to introduce banknotes, in the 17th century. Now it's fast becoming a cashless society, where notes and coins represent only about 3% of Sweden's financial transactions, compared to an average of 9% in the Euro Zone.



### A unique economic model

Finland and Denmark are recognised for having the lowest levels of state sector corruption worldwide. In Iceland, meanwhile, for every 1,000 male workers there are 864 female employees, which is over 15% higher than the EU average.

All these achievements follow a barely-noticed economic revolution, which started in Sweden at the beginning of the 1990s and soon spread across the Region, developing and strengthening the Nordic economic, social and welfare model.

After two decades of decline in the 1970s and 1980s, between 1993 and 2010, Sweden grew by an annual average of 2.7%, 0.8 percentage points more than the main 15 EU countries. The country's public spending fell from 67% to 49% of GDP, its public debt dropped from 70% to 37% of GDP and an 11% budget deficit was replaced by a 0.3% budget surplus.

Although the Nordic model varies from country to country, they all continue to believe in combining open economies with public investment in human capital and to share a political goal of encouraging strong social cohesion: a mixture of high public spending and overall tax burdens, a high degree of labour union membership, low barriers to free trade, competition, public pension schemes, free education and a universal healthcare system.

### Recovering from recession

This distinctive Nordic approach also helped the Region quickly recover after the financial turmoil of 2007-2009. Figures compiled by Eurostat show that in 2011 and 2012, Sweden, Finland, Denmark, Norway and Iceland grew by an average 1.6%, significantly more than the EU's average.

As a result of its healthy public finances, the Swedish economy emerged from the financial crisis as one of the strongest in Europe and in 2010



its GDP increased by 6.6%. Now the country is seeking to maintain further growth and combat rising unemployment. The Swedish Government wants to spend £2.4 billion on extra measures to stimulate the economy, with a focus on investment in infrastructure and research, as well as a cut to the corporate tax rate.

Denmark, the other EU member state among the Nordic countries outside the Euro Zone, is planning to slash its corporate taxes in phases until 2016, in order to stimulate its economy, which grew 1.6% and 1.1% in 2011 and 2012 respectively. The country's main aim is to maintain its pursuit of a prudent fiscal policy.

Finland suffered in the recent recession but managed to grow in 2010 and 2011 by 3.3% and 2.8% respectively. According to the country's



To improve business ties, a principal goal of the first UK-Nordic-Baltic Summit in January 2011, Prime Minister, Mr David Cameron, together with Swedish Prime Minister, Mr Fredrik Reinfeldt, called for a deeper economic collaboration between the Region and the UK.



Central Bank, the key challenges facing Finland in 2013 are lack of domestic consumption to fuel economic growth, exports not faring well enough and unemployment, resulting from both the economic conditions as well as the country's ageing population.

In March 2013, the Finnish Government decided to cut its corporate tax rate to 20% from 24.5% from the beginning of 2014.

Norway's economy is on a straight path to further growth, building on GDP growth of 0.5% in 2010 and acceleration to 1.2% in 2011 and 3.2% in 2012. The Finance Ministry says that despite the challenging global economic environment, the Norwegian economy will continue to perform well, with low interest rates, significant income growth and high oil prices.

#### **Rising from the ashes**

Iceland, the first European casualty of the financial crisis, which had ten consecutive quarters of shrinking GDP, a failing banking system and soaring unemployment, is now a ship of recovery on a steady course of seven quarters of growth, averaging at 2.5% per annum. Unemployment has fallen to just below 5% and its citizens' confidence is returning.

In January 2013, the country suspended talks on joining the EU, which had begun after its banking sector collapsed in 2008. Iceland's economy has turned around since its crisis, growing strongly and leaving its people less eager to join, the soon to become 28-country trading group, after Croatia's accession in July 2013.

The Baltic States, which joined the common trading bloc in May 2004, are more EU-oriented. Estonia adopted the common currency in January 2011 and Latvia is poised to join the Euro Zone in 2014. Only Lithuania's adoption of the Euro may take longer than expected.

Two years after Estonia's Euro Zone entry, the country's economy is booming. Growth is set to remain the highest within the Euro area, mainly driven by EU-financed infrastructure projects but inflation is also rising faster than predicted and exposure to energy prices poses a risk. Thanks to the Government's tough measures, Estonia's national debt is just 6% of GDP, compared to 81% in Germany and 165% in Greece.

Estonia and Latvia were badly hit by the financial crisis, resulting in a drastic GDP contraction of almost 20% within a year - more than Greece has suffered over the past five years - yet they are now achieving the EU's highest growth, averaging 6.5% in 2011 and 4.1% in 2012.



At the time of the financial crisis, Latvia received a bail-out from the EU and the IMF, and the Government introduced a tough austerity programme. In just four years, the country has gone from the EU's worst economic fall to a model of deep budget cuts. Now the economy is growing but unemployment at 14% and high numbers of people seeking employment abroad remains a challenge.

### The future's bright

The jobless total in Lithuania is slightly lower but the number of its citizens who have left for the United Kingdom is more than 100,000. According to Eurostat, in 2011 and 2012, the country's economy increased by 5.9% and 3.6% respectively and in 2013 economic growth is set to be 3%.

Lithuania is taking over the Presidency of the EU in July 2013 and the country will strive to make progress on economic governance and

financial stability, as well as finalising the regulations implementing the bloc's budget for 2014–2020.

Both Nordic & Baltic countries have given plenty of examples of how to deal with tough economic conditions.

The Nordics are the first to become wealthy. In the 2012 Legatum Global Prosperity Index, which assesses global wealth and well-being, placed Norway, Sweden and Denmark in the top three positions, followed by Finland and Iceland in seventh and 15th places respectively. According to HSBC's World in 2050 Report, the entire Region's GDP per capita will increase by 100% within the next four decades.

Its growing wealth means the Region will continue to offer an attractive business environment, making it a great place to find new opportunities. For many entrepreneurs, it is a logical first step when looking to expand through exports.

To improve business ties, a principal goal of the first UK-Nordic-Baltic Summit in January 2011, Prime Minister, Mr David Cameron, together with Swedish Prime Minister, Mr Fredrik Reinfeldt, called for a deeper economic collaboration between the Region and the UK.

During a visit to Riga in February 2013, to attend the third Northern Future Forum, Mr Cameron said "the idea is to bring together a series of countries that have a, to some extent, shared approach and outlook in terms of relatively open economies and global outlooks".

### A valued partner

In 2011, bilateral trade between the Region and the UK reached £74.5 billion, making the Nordic & Baltic countries combined, the UK's sixth largest export market after the US, Germany, Netherlands, France and Ireland and ahead of large European markets such as Spain and Italy.

By comparison, trade between the UK and the BRIC countries: Brazil, Russia, India and China, amounted to £85 billion. Bearing in mind that the population of the four emerging giants comes near to three billion and that of the Nordic & Baltic countries is a hundred times smaller, it proves that this small Region on the northern fringe of Europe is a vital trade partner for the UK. ■





# Think Nordic & Baltic - Business Opportunities on your Doorstep

With a professional network of dedicated trade specialists across eight markets, UKTI assist thousands of British companies win business in the Nordic & Baltic Region each year.

Regard UKTI as your extended business development team. We continuously search for new, emerging and developing business opportunities in the Region with a particular focus on:

| Energy | Infrastructure | Life sciences | Arctic region | ICT | Consumer goods |  
| Defence | Education | Financial & professional services |

Use our local expertise to gain market insight, tap into local networks, meet targeted stakeholders in exclusive environments, prepare your market offer and win business.

Download the UKTI Nordic & Baltic App to your mobile phone for instant access to information about the major business opportunities in the Region, live tenders, information about local events and direct links and contact details of the exact person within the UKTI team who can help you take your business further in the Nordic & Baltic Region.



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# Doing business in the Nordic & Baltic Region

The Nordic & Baltic Region boasts certain specific features, which distinguish it from other countries in Europe. While there are still a number of differences among the countries within the Nordic & Baltic Region, some things are common. Most commonalities are conditioned by geographical location of the countries of this Region. Relatively long cold winters are said to have formed people as hard working and persevering. While coastal access has played a vital role in the emergence of logistics as one of the main industries for the economies in the Region.

Jonas Saladzius, the Managing Partner of Eversheds in Lithuania says that “what is common to the countries of the Nordic & Baltic Region is different historical development aside, all countries of the Region now have very strong market economies and stable, developed legal systems”. In principle there are no restrictions on foreign investment in the countries of the Region. Also, subject to applicable local taxation, there are no restrictions on foreign payments.



Jonas Saladzius  
Managing Partner - Eversheds Lithuania

## Top worldwide rankings for doing business

According to the Doing Business 2012 ranking compiled by the World Bank, all the countries of the Nordic & Baltic Region are ranked in the top 30 of the countries that are most friendly for doing business. The Doing Business 2012 rankings show, that all these countries are valued very highly in all categories that are of vital concern for businesses, although separate countries have best scores in different categories. For example, Estonia and Sweden are ranked seventh and eighth respectively in the ease of cross border trade, while Lithuania ranks fifth worldwide in respect of ease and speed for registration of property. Latvia is ranked as the fourth best country in the world for getting business credit.

## Region is the important hub for international companies

Due to their location, the Nordic & Baltic countries can serve well as a hub for international companies, trying to penetrate the regional market.

Jonas Bratt, the Managing Partner at Eversheds office in Sweden says that “Sweden with its ports in the Baltic sea and well developed road and rail network to the neighbouring Scandinavian countries, is often chosen by companies wishing to establish themselves in the Nordic Region. The three Baltic countries: Estonia, Latvia and Lithuania have a good road and rail network as well as cultural acquaintance to serve as the gateway to the east European markets”.



Jonas Bratt  
Managing Partner - Eversheds Sweden

For foreign investors looking to enter into the Nordic & Baltic market, private limited liability companies, branch and representative offices are the most attractive legal forms for setting up their presence there. Procedures for establishment of such entities are rather simple and organisation of their activities is straightforward. Minimum equity requirements for private limited liability companies range from under £2,500 in the Baltic countries, and around £5,000 in Sweden.

Other available entities for doing business include public limited companies. The main advantage of them is that their shares can be traded publicly; also bonds issued by them can be distributed through public channels, including the regulated stock exchanges NASDAQ OMX. The minimum equity required for establishment of a public limited company varies among the countries in the Region. The lowest minimum of £21,000 is applied in Estonia, going up to the minimum of around £49,000 in Sweden.



### Market opportunities

Some of the industries though common to the countries of the Region, provide rather different possibilities for investors. For example, Sweden has a large banking and finance sector. Banks, mortgage and financial institutions and insurance companies are very strong on the Nordic financial market. Scandinavian banks are also the leaders in the Baltic market. The Scandinavian banking institutions in Estonia, Latvia and Lithuania ensure high client servicing standards as well as western understanding of the financing needs of a business. The level of the quality of services and investor protection in the banking and finance

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For foreign investors looking to enter into the Nordic & Baltic market, private limited liability companies, branch and representative offices are the most attractive legal forms for setting up their presence there.

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sector is ensured by extensive EU legislation which is implemented in the Nordic & Baltic states as members of the EU. Supervisory institutions of these countries are all part of the European System of Financial Supervisors, where they share foreign and international experience. The functions of financial supervisory authorities are clearly regulated, they are competent and easily accessible to the members of the financial sector and their customers.

The countries of the Region also share a common stock exchange. NASDAQ OMX with corporate headquarters in New York is the sole regulated exchange, operating in Lithuania, Latvia and Estonia, where it has formed the common platform for all three Baltic States. NASDAQ OMX also operates stock exchanges in the Nordic countries.

Another field, where the countries of the Region are strong is in information and communication technologies. According to Maivi Ots, the Managing Partner of Eversheds in Estonia, “highly skilled labour in ICT has attracted a number of international companies to outsource their business processes to the Baltic countries”. With Barclays establishing their technology centre in Lithuania, Western Union and Call Credit establishing their shared services and business process outsourcing (BPO) in Lithuania, global IT-development and shared-services companies like Accenture, Exigen, and Transcom moving to Latvia, as

well as NATO's Cooperative Cyber Defence Center of Excellence established in Estonia. The Baltic countries have been proved to be the front runners in the development of the ICT sector. Nordic countries including Sweden, have long term experience of developing technologies for telecoms, web, industrial IT, computer games and e-commerce.



Maivi Ots  
Managing Partner - Eversheds Estonia

Lithuania, Latvia and Estonia are good places for greenfield investments as well. Agris Bitans, the Managing Partner of Eversheds office in Latvia, says that “in each of these countries the governments have established a number of special economic and trade zones, offering various tax incentives and favourable conditions for establishment of new

businesses. The three countries have relatively low cost but highly skilled labour forces. The tax burden, including the cost of labour in the Baltic countries is lower compared to the average of the European Union member states". In addition to M&A to greenfield opportunities, M&A transactions also occur regularly in different sectors of the economy. The markets are growing and overseas firms currently may find a good momentum to invest through M&A strategy as well.



Agris Bitans  
Managing Partner - Eversheds Latvia

The above information highlights the general patterns particular to the Region. After having chosen the target country, investors are strongly encouraged to liaise with local counsel in order to receive more detailed information on applicable aspects of the legal system and the most efficient ways to enter the market.

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# Eversheds in the Baltics

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Eversheds offers a quality legal service across the Baltics. Our lawyers are practical, commercial and focused on building long term relationships with their clients. Expertise is combined with sector knowledge and innovative thinking to generate legal solutions that help you to achieve your goals, wherever you want to achieve them.

Our offices in the Baltics have been offering leading advice for many years. In addition to local experts based in the region, we have hundreds of lawyers around the globe who regularly work together in order to deliver complex projects. At all times, we think about how we can add value and unlock the opportunities for your organisation.

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# Renewable energy is key to powering the Region

High levels of renewable energy consumption, as well as major offshore production of oil and natural gas, are the defining features of the Nordic & Baltic Region. By 2020, four of the Region's six EU members will have a higher share of renewables in electricity consumption than the EU average, while the two non-EU countries in the region, Iceland and Norway, are already the world's leaders in renewable energy.

Forecasts within the respective National Renewable Energy Action Plans (NREAPS) show that in 2020 Sweden should reach the second highest percentage within the EU, at 62% of its total energy use, Latvia will sit in third place at 59%, Denmark fifth with 54%, and Finland plans to meet 38% of its energy needs from renewable sources.

Elsewhere within the Region, the electricity supply in Iceland, a mixture of geothermal and hydropower generation, is entirely renewable. In Norway a mixture of geothermal, hydro-electric and wind energy accounts for 98% of energy consumption, while the two countries have developed their generating capacity to serve export markets.

They can each boast the most dramatic geography in the Region which, despite being challenging, provides them with a wealth of energy sources. Norway is also the world's third largest net exporter of natural gas and the sixth biggest producer of hydro-electricity, accounting for more than 90% of its domestic electricity generation, the highest percentage in the world.

## **Net exporters to net importers**

Factors such as increasing demand for electricity and the decommissioning of obsolete fossil fuel power plants by 2016 will soon see demand greatly exceeding supply in the Baltic States. Forecasts indicate that in order to compensate for this shortage, an additional 1.3GW of electricity generation capacity will have to be operational by 2020.

Denmark, although geographically smaller than each of the three Baltic States, is a global powerhouse, supplying enzymes for second generation biofuels made from farm waste to some of the world's





biggest markets, such as the United States and Brazil. Meanwhile, Finland, where renewable energy sources constituted one third of total energy consumption in 2012, has many new solar energy construction projects underway.

The Region's biggest country, Sweden, aims to be independent of fossil fuels by 2030, with wind energy playing a big part in reaching that goal and forecasts suggesting that installed wind power might reach almost 13,000MW in 2016. While renewables are a key element in the Region's energy mix and nuclear power is not produced in Norway, Denmark and Iceland, there is plenty of opportunity for overseas companies to invest in nuclear and conventional energy projects as well.

### Improving connections

In Sweden, nuclear power is the main source of energy and the country has the world's tenth largest installed capacity, amounting to 9GW. It also represents a quarter of the total supply of electricity in Finland, where total output will increase with the construction of Olkiluoto 3, northern Europe's largest ever industrial project.

Although the three Baltic countries are not as energy rich as their Nordic neighbours, they are determined to increase their generation capacity and there are already several projects underway, providing investors with many opportunities to participate.

Nuclear energy is certain to once again be a key feature of the Lithuanian energy mix. After shutting down the last of its old reactors in 2009, the country published a new energy policy, which includes the Visaginas nuclear plant, to be built by Hitachi-GE. The southernmost Baltic country is keen to gradually reduce Russia's share of its energy imports from 80% in 2012 to 55% in 2016 and 35% in 2020.

The three Baltic States and Finland joined efforts to reduce Russia's importance in the Region's energy supply with the construction of both a regional LNG terminal, with EU funding, and the Balticconnector gas transmission system.

Iceland is cooperating with oil rich Norway to make use of its untapped energy resources and boost the country's economy. In January 2013, both countries signed a deal that saw Norwegian state owned firm Petoro acquire 25% stakes in the first two oil licences awarded on the Icelandic continental shelf.



Planned for the next decade are interconnectors, a web of sea floor cables that should provide the UK with wind and wave power from Norway, Iceland and Denmark, delivering clean energy that will help the UK meet the EU's climate change targets and strengthen the country's energy security strategy.

The Region's fourth biggest economy, Finland, has been investing in improvements in its electricity grid, including a cross border connection with Sweden, completed in 2011, and is currently building a new electricity transmission connection with Estonia.

### **A nuclear future**

Finland currently has four operating nuclear power units, with a total gross output of 2,800MW. Providing about a quarter of the total supply of electricity in the country, they are located on the southern and western coasts of Finland, in Loviisa and in Olkiluoto. In July 2007, Fortum Power was granted a 20 year operating licence for its Loviisa 1 and 2 PWR units, where it expects both units to have a working life of at least 50 years. According to Finland's climate and energy strategy, nuclear power is an option beyond which requires financial support from investors.

Finnish private utility company Teollisuuden Voima (TVO) obtained a construction licence for the Olkiluoto 3 pressurised water reactor in 2005. Olkiluoto 3 is the first Generation III+ reactor to be constructed in the world and northern Europe's largest ever industrial project, employing more than 4,000 people from 55 different countries. On completion in 2015, its reactor thermal output will be of 4,300MW, whereas its net electric output will amount to 1,600MW.



In January 2013, TVO also received bids related to Olkiluoto 4, where a construction licence application will be submitted to the Finnish Government by mid-2015. Candidates included AREVA, Hitachi-GE, Korea Hydro & Nuclear Power, Mitsubishi Heavy Industries and Toshiba.

### **Nuclear collaboration**

Lithuania and the two other Baltic countries are isolated from the rest of the EU by a lack of interconnectors (apart from Estonia's 350MW EstLink-1 interconnection with Finland), which leaves the countries heavily dependent on energy imports.

A condition attached to Lithuania's accession to the EU was the closing of its last nuclear reactor, Igalina Nuclear Power Plant (INPP), which was responsible for generating around 70% of the country's electricity and as a result of its decommissioning, energy imports from Russia soared. Currently, around 90% of the country's gas and 80% of its total



Although requiring large investment, interconnectors are favoured by both energy firms and environmental groups, as the cost is lower than that of building new power stations, and they increase the use of renewable energy.



energy supply comes from its giant neighbour, at a significantly higher price than paid by other EU countries.

The project and concession agreement for a nuclear power plant in Visaginas was approved by the Lithuanian Parliament in May 2012. Hitachi-GE will build a single 1,350MW Advanced Boiling Water Reactor, expected to operate from 2021. The Visaginas NPP project's estimated cost is £4.1 billion and its participants are Lithuania, Latvia and Estonia, whose initial shares are of 38%, 20% and 22%, respectively.

Although a non-binding referendum showed that the majority of the population is against the construction of Visaginas, Lithuanian President, Dalia Grybauskaitė, defends a mixed energy provision for her country, as costs of using energy from renewable sources only, would be too high.

Without Visaginas, Lithuania and its two Baltic neighbours would remain extremely dependent on Russian energy. The lack of a nuclear power plant would boost the dependency of the 2,400MW Baltic plant being built by Russia in Kaliningrad, about 50 kilometres from the Lithuanian

capital. New electricity generating capacity is crucial in order to allow the Baltic countries to integrate into other energy systems, as such integration requires those countries to possess sufficient and competitive energy sources of their own.

#### **Undersea links**

Concerns from the UK regarding the risk of an energy gap in the middle of the next decade, caused mainly by the decommissioning of existing nuclear power plants and falling production of North Sea oil & gas, as well as the need to meet the EU's 2020 targets, have given rise to plans to develop electricity interconnectors with three energy rich countries from the Region - Norway, Denmark and Iceland.

Having already linked up to Norway, Sweden and Germany by interconnectors, Denmark is studying possibilities for its first electricity power connection with the UK, where system operator, National Grid and Danish EnergiNet are assessing how a new cable would help both countries to import and export renewable power and become part of a North Sea super grid, to connect offshore wind power. Among other aspects, the study will look at technical solutions, possible project benefits and potential routes and landing points.

At a more advanced stage are the plans for a Norwegian-British interconnector. After three years of development work, Norwegian state owned Statnett and National Grid are undertaking a joint seabed survey and obtaining regulatory and environmental agreements and concessions. When completed, the 800 kilometre long link will be the world's longest subsea power cable, with a planned capacity of 1,400MW, which compares to maximum consumption in the city of Oslo.

This new interconnector, will land at Kvilldal, close to the largest power plant in Norway and will facilitate increasing levels of wind power and other renewable energy generation usage in Norway and the UK, creating opportunities for value creation locally, regionally and nationally. A milestone for the project will be submission of the Norwegian Trade Concession Application to the Norwegian Ministry in the first half of 2013. Final completion of the project is scheduled for 2020.

If current plans for an interconnector linking the UK and Iceland become reality, the project will surpass its British-Norwegian counterpart as the longest sea cable in the world, as it will be up to 1,500 kilometres long. Volcano rich Iceland has five geothermal plants, as well as plenty of untapped supplies, which could soon be providing low carbon electricity to the UK.

#### **New terminal developments**

Although requiring large investment, interconnectors are favoured by both energy firms and environmental groups, as the cost is lower than that of building new power stations, and they increase the use of renewable energy. They also make it easier for countries to buy power when needed and export when supplies are high.

The three Baltic countries are acting on different fronts to reach their goal of reducing dependence on Russian energy imports, as their only



natural gas supplier currently is OAO Gazprom. Together with Finland, they plan to build a new liquefied natural gas (LNG) terminal with EU funding.

Estonia and Finland are best placed for a regional terminal, according to a study published by the European Commission in November 2012, after the four countries failed to reach a consensus on the terminal's location and asked for an EU ruling.

Studies show that consumption in the Baltic States and Finland could rise to 16 billion cubic metres a year, that is if interconnections and the LNG terminal are built with a view to diversifying supply and cutting gas costs.

Currently under construction, is the Balticconnector gas transmission system, which will consist of a single pipeline from the Inčukalna gas storage facility in Latvia, through Latvia and Estonia to the Paldiski

landfall point, where an offshore pipeline will be routed to a landfall at either Inkoo or Vousaari in Finland. Its capacity is planned for 300,000 cubic metres/hr, with a design life of 30 years.

Simultaneously, a consortium of companies have agreed to build an LNG terminal in the city of Tornio, in the north of Finland, to be operational by the end of 2025. Lithuania, has also decided to build its own, smaller import terminal without any EU financial support, which will be located at the port of Klaipeda, with a capacity of two to three billion cubic metres.

### Far from the Finnish line

The Nordic electricity market is part of the Baltic Sea Region in the European electricity market and for it to function well, sufficient electricity transmission facilities between countries must be in place.

With that in mind, Nordic transmission system operators are working together to strengthen existing mechanisms and to create new ones.

Fenno-Skan 2, a cross border connection between Finland and Sweden was built in 2011. Two years earlier, an analysis revealed the need for a new electricity transmission connection, EstLink 2, connecting Finland and Estonia. With an estimated cost of £269 million, to be shared between the parties, the connection will have a transmission capacity of 650MW, increasing the total transmission capacity between both countries to 1,000MW. The EU will grant an £84 million subsidy, as part of a wider economy recovery package.

All the main contracts have been signed and construction and installation work are in progress, so the cable will be laid on the sea



bed in summer 2013, with connection tests starting in the autumn and the opening scheduled for the beginning of 2014.

The Finnish national electricity transmission grid operator, Fingrid, is working to a development plan for the coming years, coordinated with the ten year network development plan for the Baltic Sea Region and Europe. Fingrid's strategy is to utilise the full transmission capacity of the grid before new transmission lines are constructed.

TEKES, the Finnish Government agency for technology and innovation, is funding various R&D programmes to prepare existing grids to absorb the increasing volumes of renewable energy in the country. The main one is Smart Grids and Energy Markets R&D programme (SGEM), which aims to develop international Smart Grid solutions to be used in real environments, making use of the know how of world leading ICT, utilities and Smart Grid providers.

### Long awaited opportunities

At a more Regional level, power and automation group ABB and Nokia Siemens Networks are working together with Helsingin Energia, a public utility in Helsinki, to install a large scale smart grid in the new Kalasatama district. This R&D project will test the concept of low emission power network in the district and is part of a strategy to increase Helsinki's profile as an environment friendly city.

The Baltics' longing for independence from energy imports from Russia could be lying under the soil of Lithuania, the southernmost Baltic state. It is estimated that its geological formations would provide the country with enough gas to meet its needs for 30 to 40 years.

In May 2012, Danish-Lithuanian joint venture Minijos Nafta began drilling of the Skomantai-1 well on the Gargzdai licence on shore in Lithuania, aiming to explore a previously untouched oil prospect near existing production fields. In the same year, Lithuania awarded its first exploration tender for investment in shale gas.

US energy group Chevron, applied for a permit in January 2013, for the exploration and extraction of shale gas of oil within the 1,800 square kilometre Silute-Taurage field in Lithuania. Chevron would have seven years to explore unconventional hydrocarbon reserves and ten years to explore for conventional oil but if granted the permit, Chevron will have to invest at least £20.3 million in the field.

While shale gas is a promise in Lithuania, shale oil has been a reality in Estonia for the last 90 years. With a hub located in Narva, near the Russian border, the country is a world leader in the sector, with 97% of the electricity produced in its territory coming from shale oil. The Estonian word for shale is polevkivi, which means 'burning rock' as it is mined and then burned in the country's power stations. Each year about 15 million tonnes are used to produce energy.

Estonia has 1.1% of the global oil shale reserves but what sets the country apart is that it has been developing technology to extract it for almost a century. Enfit, a subsidiary of Eesti Energia, the largest energy producer in the Baltics, is currently working on new technology enabling cars to run on fuel made from oil shale and it aims to produce 20,000 barrels of high quality liquid fuel per day by 2016.

As part of its economic recovery strategy, Iceland is opening its waters for exploration by energy firms and it is being helped by Norway, whose state owned firm Petoro took 25% stakes in Icelandic oil licences awarded to private companies in December 2012.

Between 260 and 515 kilometres off the country's northeastern coast, the Dreki area is divided into more than 100 reference blocks, with 80% of the area in water depths ranging from 1,000 to 2,000 metres. Norwegian Petroleum Directorate (NPD) estimates that the area may hold up to 500 million barrels of oil, the equivalent of a mid-sized North Sea field, and it could also contain very large gas deposits.

### Future biofuel developments

Danish companies are making headlines in the field of biofuels. Novozymes, already the world's leading supplier of enzymes for the production of first generation bioethanol for fuel, is developing enzymes for the production of second generation bioethanol, to be made from cellulosic plant residues and materials. In February 2013, Inbicon, another giant in the sector, announced the signing of a cooperation agreement with ETH Bioenergia of Brazil, to introduce second generation ethanol technology into the Brazilian market.

The company built a £50 million biomass refinery next to Asnæs Power Station in Kalundborg, Denmark, to showcase both the company's technology and how much the integration with an electric power plant can increase the efficiency of both facilities. The refinery, which uses





enzymes supplied by Danisco Genencor, Novozymes and Royal DSM, will be the centre of the £65 million Inbicon Bio-mass Technology Campus.

Finland is also leading the way in the sector, as its forestry giant UPM is currently building the world's first bio-refinery, producing wood based advanced biofuels in Lappeenanta, in the east of the country. With a capacity of 100,000 tonnes a year, the equivalent of 120 million litres of biofuels, the factory will start producing in 2014, focusing on advanced bio-diesel.

### **Harnessing the sun**

Demand and supply of both bio and solar energy is growing at a rapid pace in Finland, where there are several projects underway. The largest grid connected solar power plant in the Nordic countries is located in Helsinki. It was built by automation technology company ABB on the

roof of one of its factories and the 181KW system generates electricity used mainly for reducing energy consumption peaks at the factory.

Helsinki enjoys more than 19 hours of sunlight a day in the summer but the capital is not the only Finnish city where the use of solar energy is expanding rapidly. The city of Espoo is introducing it in campuses, hospitals, day care buildings and schools and also created an internet application that allows its inhabitants to calculate the solar energy potential in their homes.

Industrial automation company Cencorp, is planning to establish a photovoltaic module factory in the country, expected to start production in 2014. Its estimated turnover, when operating in full capacity, will exceed £42 million and the company is confident first orders will come in 2013.

Finland offers good potential for the production of solar energy, as solar panels installed in the south of the country can produce more power annually than its counterparts in northern Germany or in the south of England. The intensity of sunrays, however, is highly seasonal, with 90% of the energy obtained being captured between March and September.

### **Investing in research**

As important as capturing energy, is storing it and this presents a challenge for engineering specialists. Estonian Energiasalv is planning to use water as a means to store, by building a hydro accumulation power plant in Maardu. At times when there is plenty of electricity available, water will be pumped up to higher heights and when there is a shortage, it will be streamed down again, generating electricity.



An underground mine will be used to create a height differential, where the sea will act as the upper reservoir, with the lower reservoir built in the Neeme granite deposit, 500 metres below the ground. The estimated investment is £256 million and the plant's planned power output is 500MW.

Sweden is already a global leader in the production of clean, low carbon energy and it has more ambitious goals. The third biggest country in the EU wants its vehicle fleet to be fossil fuel independent by 2030 and have no net greenhouse gas emissions by 2050. The International Energy Agency (IEA) Sweden 2013 Review commends the country for its very low share of fossil fuels in its energy mix, its leadership in energy R&D, notably smart grids and second generation biofuels, and its commitment to the northern European energy market.

In January 2013, three research groups at the University of Uppsala were granted a total of £8 million by the Swedish Energy Agency, the largest ever Swedish investment in solar energy research, which follows the Government's decision in 2012 to increase investment for energy research to £131 million each year in the following three years.

### **Winds of change**

Although fewer than in the previous year, Sweden will see an impressive 457 turbines installed in 2013, bringing the total installed wind power in the country to almost 4,000MW, which could provide an average annual output of 7.2TWh. Licencing is underway for another 9,000MW, which could become operational before 2016. John Laing's onshore Svartvalsberget Wind Farm, comprising ten 2MW turbines, is expected to start generating energy in the spring of 2014, meeting the needs of 12,500 homes and offsetting 21,000 tonnes of CO<sup>2</sup> emissions per annum.

In October 2012, Norwegian state owned Statkraft announced it would spend £595 million on the construction of two wind farms in Sweden in partnership with Svenska Cellulosa. A total of 123 wind turbines producing 3MW of energy each will be built in the Jamtland and Vasternorrland counties. Bjorkhojden Farm starts operation in two stages, in 2014 and 2015, whereas Ogonfagnaden should be completed in 2014.



Potential for wind energy in Sweden goes further than its mainland. Some 100 kilometres from southeastern Sweden, Eon Nordic plans to build one of the world's largest offshore wind farms, with a total capacity of 700MW generated by 180-230 wind turbines.

### **Focusing on efficiency**

Sweden also leads in bioenergy use and technology as the country focuses on energy efficiency and alternative resources throughout all sectors of its economy. Together with Denmark, the country has been topping Germanwatch's Climate Change Performance Index (CCPI) ranking for many years.

At present, several hundred biogas plants are responsible for providing electricity, heat and fuel to Swedish cities. The country has an extremely favourable environment for developing and manufacturing first and second generation biofuels, as the country has plenty of access to raw material, a consolidated pulp and paper industry, a strong automotive industry and an enviable environmental record.

The recently opened Swedish Gasification Centre (SGC) supports the industry in constructing full scale plants for producing environmental friendly fuels. The first phase of its research programme includes two years with a budget of £5.8 million allocated by the Swedish Energy Agency, the academia, the industry and strategic research project Bio4Energy.

### **Facing a renewable future**

The Region is one of the richest sources of energy in the world, offering a myriad of possibilities for its energy mix, and the Nordic & Baltic countries are working together to create frameworks for the development of effective, competitive, safe and sustainable energy systems.

All eight countries have either completely renewable energy sources or are increasing their share in their energy mix, moving away from fossil



fuels. Maintenance of biodiversity and environmental care are, and will remain, high on the agenda of the Region, as well as energy independence, especially in the Baltics and Finland.

At a more decisive crossroad than its Nordic neighbours, Estonia, Latvia and Lithuania will face important decisions in the coming years over the best ways to develop their energy sectors. Nuclear energy, natural gas, shale gas and oil, biomass, wind - the possibilities are many but they will all need the participation of international investors, consultants, power and construction companies. ■

## Statoil and the UK: A Strategic Partnership.

Statoil is growing, internationally and in the UK. We are in 36 countries around the world, with mega projects in the portfolio in the Americas, Africa and on the Norwegian and UK continental shelf.

Strong ties between Statoil and the UK have been forged over three decades. UK Prime Minister David Cameron has spoken of the "strength and depth of the partnership that the UK and Norway enjoy."

We are spearheading a new drive to develop the North Sea with the largest off-shore project in a decade, Mariner. British Energy Minister Ed Davey MP said "Mariner will be one of the biggest projects ever in the North Sea and the £4.6 billion commitment over 40 years from Statoil is a vote of confidence in the future of UK oil and gas. Importantly, unlocking heavy oil production marks a new chapter in development, opening the potential for five per cent of our oil reserves."

On gas, a 5 bcm 10 year gas supply deal was signed between Statoil and Centrica in 2011 - the fuel needed to run nine 400MW gas power plants. Statoil's CEO Helge Lund highlighted the deal's "high strategic importance as two of the UK's key energy players are taking on long-term commitments in order to contribute to UK's energy security."

Statoil supplies 20% of the UK's gas - energy that drives UK industrial growth and development. Over the years, a relationship of trust has been built between Statoil as a secure energy supplier and the UK as a key talent and technology market. The Prime Minister has

emphasised the importance for the UK of "security and competitiveness of gas supplies to Britain from a trusted and reliable neighbour."

We are a reliable supplier, not only of gas but of renewable energy. We jointly own and operate an 88 turbine wind farm off the coast of Norfolk, Sheringham Shoal, providing 220,000 UK homes with renewable electricity. We are working on a new wind project at Dudgeon, applying our offshore marine competence and technology to make the sector more competitive.

Our projects demonstrate our willingness to cross energy frontiers and take on challenges that some say cannot be done. Reliable efficient and innovative partners will be crucial in order to realise these technically challenging developments. We seek to collaborate with partners who share our values and have the same drive towards continuous improvement. We look for strong HSE performance, understanding of risk and control and quality in the supply chain. Competitive terms and a constant drive for innovation will enable continued growth both for Statoil and the UK.

Building on 40 years of experience from oil and gas production on the Norwegian continental shelf, we are committed to accommodating the world's energy needs in a responsible manner, applying technology and creating innovative business solutions. We are headquartered in Norway with approx. 21,000 employees worldwide, and are listed on the New York and Oslo stock exchanges.

More information on [www.statoil.com](http://www.statoil.com)



Statoil

# Massive investment in improved transport infrastructure

Many billions of pounds will be spent in the coming decade on a raft of major upgrades to the transport infrastructure of the Nordic & Baltic Region but for size, nothing rivals the Fehmarn Belt Tunnel project. This new link between Denmark and Germany will comprise a double track railway and a four lane motorway, saving trains a 160 kilometre detour via the Great Belt.

This new tunnel will become the main connection between Hamburg, Copenhagen and the rest of Scandinavia and is the largest planned infrastructure project in northern Europe. Construction work on the 20 kilometre coast to coast tunnel is set to begin in 2014 and the new link is scheduled to open for traffic at the end of 2020.

Those backing the project say that the fixed link will close a gap between the Scandinavian and European rail networks and it is supported by the EU as part of one of the top priority rail corridors for Europe. It will create a strong transport corridor between the Oresund Region in Denmark, Sweden and Hamburg, allowing a new greater and more competitive Region - the Fehmarnbelt - to emerge.

## **Growth in air and road traffic**

In 2011, 119 commercial airports across the eight countries of the Nordic & Baltic Region handled 116.5 million passengers, 45% more

than six years earlier. Air passenger traffic in Sweden and Norway grew by 6% and 75% respectively, doubled in Lithuania and nearly tripled in Latvia. In 2010, there were almost 15 million passenger cars on the roads, 15% more than in 2005. Within that time, Norway, Iceland and Lithuania scored the highest growths in passenger car flow of 25%, 30% and 44%, respectively.

Every country in the Region is responding to the need for improved transport infrastructure, with major investment plans. Finland, Sweden, Denmark, Norway and Iceland have been successfully building their transport infrastructure for decades and are now upgrading the networks, looking for innovative and efficient solutions. The three Baltic states of Lithuania, Latvia and Estonia are improving their transport infrastructure and accessibility in order to match the standard set elsewhere in Western Europe.

## **Baltic rail expansion**

EU funding is playing a major part in plans to upgrade the rail infrastructure of the Baltics. In the 2007-2013 EU programming period, Lithuania received about £14.6 billion, while almost £6 billion went to Latvia and £3 billion to Estonia. Parts of those amounts have been allocated to transport infrastructure within the Trans-European Transport Networks (TEN-T).





Among projects being backed by this EU funding are the electrification of a key section of Latvia's railway network between Rēzekne and Daugavpils to Riga, Jelgava, Tukums and Ventspils. The EU has allocated £1.2 million to the initial stage of this project, which will cost a total of £2.45 billion. It is scheduled to begin by the end of 2013 and to be completed in 2020.

Rail Baltica, which crosses the Rēzekne-Ventspils route, is another project part financed by the EU. This is a 1,200 kilometre strategic rail connection between the Baltic States and Poland and from there towards other EU countries. It is estimated that the development of this high speed rail project will cost around £3 billion to the Baltic States, with EU funds covering some 75% of the total cost. As trains will speed up to 240 km/h, a trip from Tallinn to the Lithuanian-Polish border will take around four hours.

### Gauge conversion

In March 2013, Lithuanian Railways reissued a tender to reconstruct a section of the European-gauge Rail Baltica between Kazlu Ruda and

Kaunas. Tenders for the section between Marijampole and Sestokai and Marijampole and Kazlu Ruda had been issued a month earlier.

The total length of the Lithuanian railway, built to the Russian gauge of 1,520 millimetres - 85 millimetres wider than in the rest of Europe - is about 340 kilometres and the total estimated value of its reconstruction to standard (European) gauge is about £476 million, including around £213 million for a section from the Polish border to Kaunas.

Another major Baltic rail initiative is in Estonia, where in March 2013, the Estonian Government received bids for work on the Rail Baltica route in Estonia, including an evaluation of environmental effects and a preliminary construction outline. Works should commence soon after the preparatory stage is completed.

Although each member state has to carry out the preliminary project and evaluation of environmental effects internally, Estonia believes in a joint venture with all Baltic States (and possibly Poland and Finland) as shareholders. The joint venture company should be the developer of the project and later its infrastructure administrator and operator, once Rail Baltica is completed in 2020.

On an even grander scale, the Estonian and Finnish Governments are also considering the construction of a large railway tunnel, which would be part of Rail Baltica and connect Tallinn and Helsinki. The total cost is estimated at £8.6 billion, with about £3.4 billion to be invested by Finland.

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Every country in the Region is responding to the need for improved transport infrastructure, with major investment plans. Finland, Sweden, Denmark, Norway and Iceland have been successfully building their transport infrastructure for decades and are now upgrading the networks, looking for innovative and efficient solutions.

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### **New rail signalling in Finland and Norway**

Finland aims to increase rail travel's share from an already impressive 60% of internal long distance travel and 39% of all public transport. The goal of the new Finnish railway project, called Vali 2012, is to create a transport system consisting of a number of tiers, with the high speed S220 Pendolino as the flagship, providing regular services between major cities, at a maximum speed of 215 km/h. The Finnish rail network extends to almost 5,900 kilometres, of which about 3,000 kilometres are electrified. There are about 3,600 level crossings, of which nearly 3,000 are in need of improvement, so between £6 million and £12 million is currently being spent annually on this work.

A new European Railway Traffic Management System (ERTMS) is being designed and installed on the Kokkola-Ylivieska railway section on the Finnish west coast and as part of the Seinäjoki-Oulu railway renovation project. The total value of the signalling system project exceeds £13.8 million and it will be delivered in three phases between 2014 and 2017.

In November 2012, the Norwegian Ministry of Transport and Communications announced the preparation of a draft development

strategy for the roll out of ERTMS across the national network. The Government wants to include the roll out plans in the country's 2014-2023 national transport strategy. A pilot project is underway involving the installation of the European Train Control System (ETCS) Level 2 on a 80 kilometre section of the Ostfold line between Ski and Sarpsborg in the southeast of the country. The project will be completed in 2014.

### **Sweden focuses on rail infrastructure**

Through its "Vision Zero" initiative, Sweden wants to build roads and infrastructure that meet capacity and environmental challenges without compromising traffic safety. In October 2012, the Government presented its Infrastructure Bill draft, planning to spend over £53 billion on building a strong and sustainable transport system "for the working day and making it easier for companies to deliver their products" between 2013 and 2017, about 20% more than in the previous National Transport Plan.

Almost £8.8 billion will be used to cover the costs of maintenance and upgrade of State Railways. The Government proposes to use £29 billion to develop the entire transport system. The plan includes the Eastern

Link, enabling high speed trains between Stockholm and Linköping, an expansion of the track on sections of the Gothenburg-Boras route and an upgrade of the Stockholm-Skavsta and Gothenburg-Landvetter connections.

Stockholm is already working to create an attractive and efficient public transport system that meets the demands and requirements of a modern city. The City Line, for example, is a £1.6 billion project to build a new 5.9 kilometre rail tunnel under central Stockholm between Tomtebodavägen, northwest of the city, and Stockholm South station. It will enable more traffic, ease congestion and increase capacity by providing local commuter trains with their own dedicated section of track through the city.

### Light rail solutions across Scandinavia

Sweden's capital is not the only city to match efficiency with design. Turku, a city on the southwest coast of Finland, and Tampere, in the south of the country, plan to build light rail networks. Both cities want to cooperate on the system. In Turku, the Blue Line that would connect major suburbs and the downtown area could be completed by 2025. An extension to that would be the Red Line, connecting Raisio and Kaarina and expected to be opened by 2035.

Odense, Denmark's third largest city, has raised £1.4 billion of public funding for investment in urban development and infrastructure between now and 2020. The construction of a light rail network is part of that plan. The first stage includes an 13.9 kilometre line from Tarup Centre, passing through the city centre on its way to the new Odense University Hospital and Campus Odense, and ending at Hjallesø Station. The city wants to put the project out to tender in 2015 and to open the line in 2020.

Other Danish cities have followed the lead. Aarhus, Denmark's second biggest city, plans the first stage of its light rail project, which will include the two existing rail connections north and south of the city as well as an expansion including 12 kilometres of a new track in and around Aarhus. Construction works are scheduled for completion by 2016. Aalborg, the country's fourth biggest city, is currently examining the possibility of constructing a light railway, which would connect the



central city districts to the University Hospital. Works are expected to start in 2020.

Light rail networks in two Norwegian cities - Bergen and Stavanger - are also set to expand. A line linking Bergen's centre with the city's airport could be completed in 2015. Meanwhile, initial plans in Stavanger call for a Y-shaped service, which could be open by 2018. Once these lines are completed both cities will consider further expansion.

### Helsinki and Oslo follow suit

Modern public transport systems have to be ecological, economical and meet the needs of a continuously growing number of passengers. In the case of Helsinki, for example, the current population of nearly 1.4 million people is expected to swell by some 400,000 in the next two decades.



To cope with this growth, Pisara, or the Helsinki City Rail Loop, is a planned urban railway line for commuter trains under Helsinki city centre. The loop shaped railway will start in Pasila and run in a tunnel via Toolo, Helsinki city centre, Ykkänen and back to Pasila. The general plan was approved by the Finnish Transport Agency in February 2012. The estimated cost of the City Rail Loop option is £650 million and it is due to open in 2020.

Due for completion in the same year as Pisara and at an estimated cost of £1.3 billion, is the 22.4 kilometre Follo Line between Norway's capital city Oslo and the suburban town of Ski. This will serve about 150,000 passengers a day and comprise a double track route parallel to the Ostfold Line, where trains will run at a maximum speed of 248 km/h.

#### **Baltic road developments**

In August 2012, Lithuania granted the status of special national importance to Via Baltica, a TEN-T road network project linking Prague to Tallinn via Warsaw, Marijampole, Kaunas and Riga and continuing up to Helsinki by ferry. Thanks to the EU funding, Lithuania has renovated parts of that E67 Route. The country is also building the Vilnius southern bypass, the first stage of which will cost £52.6 million.

Latvia has refurbished over 136 kilometres of roads and constructed the 20 kilometre long Saulkrasti bypass – a part of the Via Baltica from Lilaste to Skulte, which was the biggest road building project since the country regained its independence. The highway, including 15 bridges and overpassing four railway crossings, was built at the total cost of £97 million.

The Riga Northern Transport Corridor, including a new 30 kilometre long inner city highway in Latvia's capital, is an even more ambitious project, worth £1.3 billion. Its aim is to provide a fast connection between the east and west of Riga and integrate the city and the port into the Trans-European road network, substantially improving transport efficiency in the area around the city. It is the first large scale joint state and municipal Public Private Partnership (PPP) project in the Region.



### **Ambitious road plans in Norway and Sweden**

In 2009, the Norwegian Ministry of Transport and Communications launched a new National Transport Plan which aimed to deliver a safe, more reliable and efficient traffic flow. In the period up to 2019, Norway intends to spend a total of £37 billion, over £11.5 billion more than the previous plan, on development and maintenance of its road and rail networks and coastal shipping lanes.

Almost 40 major road projects are included in this plan: an upgrading of the E6 highway from north to south, the E16 Oslo-Bergen highway and the E39 coastal trunk road, construction of a new 228 kilometre four lane highway and an upgrading of 352 kilometre of national roads. Replacing ferry connections with fixed links on highway E39 between Kristiansand and Trondheim is set to link three of Norway's largest cities and dramatically reduce travel time, however crossing the eight fjords remains a huge technological challenge.

According to the Norwegian Public Roads Administration, the projects are gigantic and complex, which is why major innovation and the development of new technology, in partnership with contractors, consultants and other experts both in Norway and abroad is critical.

Sweden too, has ambitious plans for the development of its road network. An Infrastructure Bill presented to the Parliament in 2012, anticipated spending almost £16 billion between 2013 and 2017 on the renovation of state roads, in addition to spending on projects launched within the previous National Transport Plan.

For example, the Stockholm bypass, or E4 Forbifart Stockholm, is a new motorway linking southern and northern parts of the city. Construction work is planned to start in late 2013 and it will take approximately ten years to complete. The Swedish Transport Administration estimates that by 2035, the Stockholm bypass will be

used by some 140,000 vehicles a day. In order to reduce its environmental impact, more than 17.6 kilometres of the total 21 kilometres of the new link will be in tunnels.

### **Happy in Helsinki**

Surveys carried out by the European Commission have shown that Europe's most satisfied public transport passengers live in Helsinki. In January 2013, the EU Commission's Covenant of Mayors also recognised the city as an exceptional example of efficient tri-generation of electricity, district heat and district cooling. The city has been actively developing the energy efficiency of its building stock since 1974 and more than half of all public buildings have implemented energy efficient retrofits and low energy recommendations.

Several low energy projects are currently underway in Helsinki, including the Low2No block scheme set up in the former container port area. This comprises 14,000 square metres of mixed residential space, with 6,500 square metres of offices. The complex, which shows that sustainable living can be developed side by side with higher quality of living, will eventually house around 500 residents.

Further new housing and working districts are emerging in areas vacated by port and industrial operations, many of these on the waterfront: Jatkasaari, a former container harbour site, which will be home to 16,000 residents and provide jobs for 6,000 by 2025 and Kalasatama, which will provide homes for 18,000 and jobs for 10,000 by 2035. Others include Kruunuvuorenranta, a waterfront district vacated from oil storage tanks to be transformed into a pleasant residential neighbourhood for 10,000 by 2025 and Pasila, developed around a major transport hub in Helsinki, which is set to become a business and residential district, offering urban housing for 12,000 people and jobs for 40,000 by 2040.

### Regeneration in Tallinn too

The neighbouring city of Tallinn is also planning several urban regeneration projects, mostly aimed at opening Estonia's capital city to the shoreline. Before the country gained independence, this area stretching 20 kilometres along the seashore and covering about five square kilometres near the city centre and Old Town, was a closed border zone. Now the city wants to designate the area for residential and office use, with an industrial park and recreational areas including a marina.

Tallinn City Hall also wants to make new use of other abandoned areas and buildings such as the Patarei Sea Fortress, which until recently served as a prison and is now destined to become a cultural and leisure centre and the Linnahall Arena, built for the 1980 Moscow Olympics and now set to become a residential complex, providing flats for around 6,000 people, together with a golf course, a spa and a hotel.

### Shedding new light

Across the Nordic & Baltic Region a range of highly efficient and low carbon projects are also carried out in a wide range of places: on streets, in district heating systems, even in detention facilities, as well as airports, proving they can be utilised almost anywhere. At present, in Europe around 80 million street lighting installations consume approximately 60 TWh of electricity per year. By replacing these with intelligent lighting systems, such as adaptive outdoor lighting or a system of LED lamps, it is possible to save more than 60% of this energy.

In Latvia, for example, intelligent street lighting systems have already been adopted in Riga and Ogre and will soon be followed in Jaunjelgava, Madona and Saldus. In April 2002, Tukums, a city about 64 kilometres



from Riga, implemented an efficient street lighting system and signed a ten year agreement with ESCO (an energy saving company making profits from energy costs reduction). Before the project was launched, total electric power consumption from street lighting was around 896,000 kWh and cost £46,000 a year. The ESCO project enabled Tukums to make savings of £32,000 annually.

Denmark is a world leader in district heating and provides expertise to other countries. Around 40% of all district heating, providing heat to over 1.5 million Danish households is generated without any CO<sub>2</sub> emission at all, partially thanks to biofuels. Almost 75% of all district heating in the country is produced in combined heat and power plants, generating both heat and electricity simultaneously. This allows more than 90% of the fuel energy to be utilised, in comparison with a 40% use if electricity alone is produced.

### Lithuania and Norway modernise their penal facilities

The Lithuanian Government is looking for both technology and funding for its plan to make the country's detention facilities more modern and efficient. By 2017, the Prison Department and the Ministry of Justice intend to build four new prisons, to modernise four existing facilities and to relocate two further prisons and a hospital out of the cities.

Tenders for construction of new prisons are to be announced in 2013, while the first tender for moving Lukiskes institution out of the city centre was announced in July 2012. These projects will all be based on the PPP model.

In its recent programme the Ministry of Justice underlines rehabilitation as a means to prepare offenders for their life outside prison. The Norwegian financial support of £7 million for further modernisation of the Lithuanian penal system, which the country was granted in 2012, will be spent on the development of prison infrastructure. Lithuania wants to focus on a cheaper maintenance of the prison population and a more effective use of sanctions.

### Airport expansion in Norway and Denmark

Oslo Airport has been named the most efficient in Europe on a number of occasions by the Air Transport Research Society. Now the airport is being expanded to deal with 28 million passengers a year. A major extension will include expanded arrival and departure areas, covering 52,000 square metres and a check-in area with 34 new desks.

A new pier, will have aircraft gates for domestic and international flights and will extend north of the existing arrival and departure areas and have a floor area of 63,000 square metres. The current railway station will be located centrally in the facility between the new and existing arrival and departure areas, so that walking distances for train passengers remain short. This £1.4 billion development is scheduled for completion in spring 2017.

Flesland Airport in Bergen, the second busiest airport in Norway, is also being expanded. The facility will be equipped with 30 aircraft

stands, of which 15 have direct access from the terminal and the remaining 15 stands have remote access. A light rail link will be integrated into the new terminal connecting the airport and the city. When opened in 2016, the new terminal will have the capacity for 7.5 million passengers per year.

Copenhagen Airport's new strategy to develop as a world class hub was presented in March 2012. Over the next three to four years, the largest airport in Scandinavia, which served a record of 22.7 million passengers in 2011, aims to invest in additional space for passengers and airline services.

Around \$800 million was invested in 2010 to expand and make improvements to the oversize baggage drop and a ground water cooling system in Terminal Three. The airport recently opened a new air traffic control tower and in February 2008 announced it had installed NAV CANADA technology for the new 70 metre tower to monitor and guide aircraft in the airport and surrounding airspace. Provision of 5,100 square metres of additional space within the airport's Pier C, at a cost of £26 million, has provided facilities for sustaining the current growth in intercontinental traffic to and from Denmark.

### Looking to the future

Development of energy efficient and low carbon cities are a major priority in the Nordic & Baltic Region: low energy buildings, reducing the fuel and electricity consumption of public transportation, together with increasing the share of public transportation, will generate further infrastructure investments in the entire Region, especially in the Nordic countries.

For the Baltic States, the further influx of EU funding will also stimulate more infrastructure investment. The new EU budget for 2014-2020 is, for the first time in history, slightly lower than previous financial programmes but high enough to encourage investors. Simultaneously, increasing interest in the Arctic's natural resources will intensify calls for investment in infrastructure, such as harbours, railways, roads and airports in the northernmost parts of the Region. ■



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# AS Tallinna Vesi - doing business the right way

## Who we are

We are the largest and only privatised water utility company in Estonia. AS Tallinna Vesi was privatised in 2001, with United Utilities winning the EBRD sponsored privatisation tender and becoming the majority shareholder and technical operator.

Our shares have been listed on the Nasdaq OMX Tallinn Stock Exchange since 2005. We provide the highest standards of water and wastewater to almost one third of Estonia's population and its surrounding natural habitat.

Prior to privatisation, water and wastewater services in Tallinn were significantly below the standards required by European Union Law. In addition, the performance of our underground assets, our water and wastewater networks, were unstable and poorly performing, with one third of all water lost in the network.

## What we have achieved

Since privatisation in 2001 we have made major technological and process improvements right across our business. Within a decade we have completely transformed the levels of service that are provided to the citizens of Tallinn and the surrounding area.

The water quality supplied to customers now matches the best standards anywhere in Western Europe and wastewater treatment, which has been upgraded twice since privatisation, also reaches the highest environmental standards.

This improved service delivery to customers has received international recognition, with the Bay of Tallinn being removed from the HELCOM hotspots list in 2006, as a consequence of the improvements we have made. The performance of our network has also been transformed, with water losses cut by more than 50% since privatisation.

These improvements have not only been achieved through investment but also through changes in working practices to enhance the productivity levels in the company and reduce its environmental impact. For example, as a result of our adding a bio-filter stage in 2011 to the treatment of wastewater, the volume of nitrogen discharged to the sea has reduced by almost 40%.

As a result of this initiative, the level of a major pollutant in wastewater was reduced by 260 tonnes and the amount of nitrogen released into the Baltic Sea is the lowest in our history. This additional treatment of wastewater also helped us save 15% of methanol per annum, despite





the fact that the service area expanded and the flow amounts increased over 20%.

The impact of these productivity improvements can be seen in the company's cost control. Since privatisation, Estonian inflation has been 60% but our operating costs have risen by less than half that amount, reflecting a transformed service delivered efficiently.

During this time, we are proud to have worked with our partners, the City of Tallinn, the Tallinn Health Board and the Estonian Ministry of Environment to make these improvements.

### **Doing business the right way**

Not only do we want to do the right things for a water and wastewater company, we also want to do things in a way that is sustainable and in ways that will make a long term commitment to the environment.

For example, one of our largest investments has been in the third stage of wastewater treatment, which has helped us to reduce our volume of nitrogen released following the treatment by more than 250 tonnes per year and has been recognised by both the Ministry of Environment and Estonian Water Association.

In order to be recognised as one of the leading water and wastewater companies in the Baltic region, we do business ethically and in compliance with the highest standards. The company has ISO certifications for its management system (9001), Laboratories (17025), and European Eco-Management and Audit Scheme (EMAS) certification.

Ensuring we comply with these requirements helps us keep abreast of the industry and lead by example. However for us, our work is focused on much more than obtaining certifications, it is also about consistently delivering against these standards for all our stakeholder groups.

We strive, for example, to ensure that all our employees have a healthy and safe working environment and, since 2001, we have significantly reduced the number of work accidents by preventive activities, such as increasing our employees' work safety awareness.

In 2012, we were also very proud to be the only company from the Baltic region to receive a nomination for the EMAS Award of the EU Commission, in recognition of our outstanding environmental performance.

High standards are not limited to our operational performance. Our corporate governance and shareholder relations are also of the highest standards and recognised internationally. For the past four years we have won the Nasdaq OMX award for the best industrial relations on the Tallinn Stock Exchange, a clear sign of a well managed company.

### **An experienced partner for expansion in the region**

We are a company with a proven track record of success and one that is looking to expand across the Baltic and CEE region. ■



A dynamic splash of water in shades of blue and white, moving from left to right across the upper half of the image. The water droplets are captured in mid-air, creating a sense of motion and freshness.

Tallinna Vesi  
*We create better life with pure water*

Withdrawn 17 May 2019

# The Nordics & Baltics and Russia

On 12 December 2010, Finnish President, Tarja Halonen, was joined on a trip to St. Petersburg aboard the French made Allegro high-speed train by Russian Prime Minister, Vladimir Putin (currently, the country's President).

At the border town of Vyborg, he welcomed her with a bouquet, not only to mark the launch of the new super fast train connection between Helsinki and St. Petersburg but also another phase of Russian-Finnish cooperation.

This inaugural trip came at the time when Russia, the world's largest country, extending from the Arctic Sea to Japan, China and the Black Sea, was concluding its membership negotiations with the World Trade Organisation, which finally accepted Russia as a member in December 2011.

## On the right track

A population of more than 140 million, rapidly rising consumption, GDP growth of 3.4% in 2012 and the Economic Development Ministry's forecast of 3.6% in 2013 and 4.3% in 2014, makes Russia an attractive market for investors from Europe and is already Europe's third largest export market.

Finland aims to take the lead in improving economic connections between Russia and Europe. The new high speed train service has already cut the time of a 413 kilometre journey from Helsinki to St. Petersburg from six hours to less than four and, with passport and customs controls taking place on board, means train is now quicker than plane for journeys between the two city centres.

Finns also emphasise their advantages in transporting goods to Russia through the seaports in Hanko and Hamina in Finland. The two

countries share a compatible gauge, so rail vehicles do not require a time consuming change of gauge when crossing the border.

In 2012, cross border traffic increased by 25% compared with 2011 and exceeded ten million tonnes at the beginning of December 2012. In 2011, 8.4 million travellers crossed the Finnish-Russian border and a new record is expected to be set in 2013.

## Improved border crossings

The Finnish Ministry of Transport estimates that more than 7,000 trucks pass through Finland's border stations into Russia each day. Finland has launched a £35 million investment programme, to improve the infrastructure at major crossing points along the 1,341 kilometre border between the two countries, the longest border between Russia and any state in the European Union.

These improvements to border crossings, which will significantly shorten the time drivers and their freight are currently forced to spend in queues at crossing points, have been estimated to produce savings of £260 per truck, or more than £5.2 million a month.

Finland has long benefited from being the main conduit between the EU and Russia, as a logistics receiving and transfer point. Despite a shorter geographic distance, the so-called Smolensk Corridor across Poland and Belarus is more problematic, due to strained relations between the EU and Belarus.

Difficulties in using this route have pushed truck business onto ferries and the Helsinki-Vyborg-St Petersburg route, bringing an economic boom to Finland. In 2011, Finnish global exports amounted to £49 billion, while transit traffic through the country was close to £18 billion, up from £14.7 billion two years earlier.



For UK businesses looking at international markets, two essential features are the logistics and access to people with excellent command of English.



Finns say that for major exporting countries in Europe, Asia and the Americas, it makes sense to locate the logistics and administration in Finland and supervise the Russian operations from outside Russia.

#### Historic links

For UK businesses looking at international markets, two essential features are the logistics and access to people with excellent command of English. According to Invest in Finland, over 90% of Finns under 30 and half of the entire population speak English. In addition, many Finns also speak Russian, a legacy from the time between 1809 and 1918 when the Grand Duchy of Finland formed part of the Russian Empire.

Finland has a long history of business with Russia. During the Soviet era many Finnish companies traded with their Eastern neighbour and that collaboration continues today, with Finnish companies having invested about £6 billion in Russia. There are about 650 Finnish companies doing business in Russia, almost 80% of them in St. Petersburg, a city where one in five foreign owned companies are Finnish.

Two decades after the collapse of the Soviet Union, Russian is still spoken in the three former USSR republics on the Baltic Sea, with 60% of Lithuanians and about 80% of Latvians boasting fluent command of the language. So these full members of the EU have a great understanding of business and can assist international investors in entering the Russian market.

Latvia is one of the few EU members to have a direct access border with Russia, a 217 kilometre long - and is also crossed by the Russian M9 highway, the developed road freight route known as the Baltic Highway, connecting Moscow directly with Riga. Latvia and Russia share a common railway gauge and an infrastructure base that continues to facilitate growth in the flow of trade. In addition, the Trans-Siberian railway connects Riga directly with Moscow, with regularly scheduled, container-block trains.

#### Transit economies

The transit sector is one of the strongest industrial sectors in Latvia. This has been recognised by the Government, which has named transit a priority within the Latvian economy. Nearly 90% of turnover in Latvian ports, more than 80% of rail cargo, and the majority of oil and oil products transported via trunk pipeline systems is transit. The importance of the transport, transit and storage sector in terms of GDP contribution is substantial, at around 13% in 2011.

The country's three major ports - Ventspils, Riga and Liepaja - have been accorded favourable incentive schemes to help attract new business (80% - 100% relief on direct taxes and significant discounts on VAT and excise). Ventspils and Riga Ports are free, while the entire city and port of Liepaja comprise a Special Economic Zone.

Estonia too, recognises its strategic importance in trade between Europe and Russia. In order to promote Estonia's transit industry globally, in June 2010 the port of Tallinn, together with 18 other enterprises,



university and professional associations, launched the Estonian Logistics Cluster project.

Tallinn is Europe's easternmost harbour, located only 15 miles from the EU's border with Russia as well as one of the deepest and largest ports of the Baltic Sea, handling both goods and passenger traffic. In 2012, it served 8.8 million passengers - 1.6 million more compared to 2008 - and handled 29.5 million tonnes of cargo, less than a year earlier but 500,000 tonnes more than in 2008.

The country's geographic position gives an opportunity to capture a significant share of the transit market between Russia, Scandinavia and Western Europe and the other Baltic countries.

Lithuania, which only borders with Russia's Kaliningrad Oblast, is also investing in logistics infrastructure. The European Bank of Reconstruction and Development (EBRD) and Skandinaviska Enskilda Banken AB (SEB) have granted a £28 million loan each to help finance the purchase of container cranes, handling equipment and expansion of the existing terminal at Klaipeda, the country's biggest port.

#### **Room for improvement**

Having been part of the Russian or Soviet empire for decades, Finland and the Baltic States now want to benefit from their geographic proximity to the eastern European giant and have the expertise which can help UK businesses enter the enormous Russian market.

In 2010, the UK was ranked the sixth country in accumulated foreign investments in Russia, totalling £14.2 billion. In 2011, Britain sold goods and services there, that were worth only about £7.3 billion - almost as much as UK to Sweden, half of all exports to Ireland and a third of all exports to France.

As Russian Prime Minister, Dmitry Medvedev (formerly the country's President), said during UK Prime Minister David Cameron's visit to the Kremlin in September 2011, "looking at our relations, yes, our trade, economic and investment relations have indeed been very good, excellent, I would even say, although here too there is still room for improvement..." ■



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This is very much the case for the UK-Nordic and UK-Baltic market trade. Exporters from the UK can reach their Nordic customers within 24 to 48 hours via DFDS's departures from Tilbury, Immingham and Harwich.

The Baltic countries can be reached within 48 to 72 hours by transiting through the port of Esbjerg as a Land-Bridge concept to Fredericia or Kiel, from where DFDS offers daily services to a number of destinations in the Baltic Sea.

DFDS's fleet of vessels can accommodate trailers, containers, finished vehicles, swap bodies and project cargo. All the ports it serves have significant infrastructure capabilities, including rail links, warehousing options and distribution either by truck or rail.

The largest customer segments for DFDS are forwarders and hauliers, and we also provide full supply chain solutions to the automotive, forest products and metals industries.

## DFDS key facts & figures

DFDS A/S is a Danish owned company founded in 1866 and registered on the Copenhagen Stock Exchange.

The company is organised in two divisions: DFDS Seaways (freight and passenger shipping) and DFDS Logistics (container shipping and logistics) and in total employs 5,900 dedicated, professional and experienced staff in 21 countries.

A totally integrated shipping and logistics network consists of 60 vessels, 10,000 trailers, containers, swap bodies and mafi's, and a total warehouse capacity of 140,000 square metres.

Total annual revenue is £1.4 billion, which is split as 80% freight and 20% passengers.

DFDS is fully committed to continuously reducing the carbon footprint of our own and our customers supply chains, investing heavily in new industry leading technologies. ■

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# Raising standards for an ageing but healthier population

The Nordic healthcare system, which was built on the principle of universalism, has gone through important structural changes over the past 20 years, as increasingly more market orientated initiatives are put in place to limit rising costs and maximise efficiency.

Across the Region, with the exception of Finland, health spending per capita is higher than the Organisation for Economic Cooperation and Development (OECD) average of £2,150 and almost double that figure in the case of Norway. The five Nordic countries spent £67.8 billion on healthcare in 2010 and possess highly advanced solutions in many different fields of the health sector.

In addition, introduction of Public Private Partnerships (PPP) represent excellent opportunities in the Region for innovation. Countries in the Region are embracing these opportunities, with the Public Welfare Technology Foundation and the Business Innovation Fund in Denmark being leading examples.

## **Danish hospital investment**

Fewer, larger and more specialised health centres, where innovation is the key to success and technology is implemented from the very start, via close cooperation between developers, entrepreneurs and medical staff in the industry. This is how Denmark sees its hospitals in the near future.

The country presents great opportunities in the sector - IBM is one of the companies supplying advanced IT solutions. The key objective of a massive investment programme is to satisfy demand for high quality public healthcare and at the same time reduce public spending.

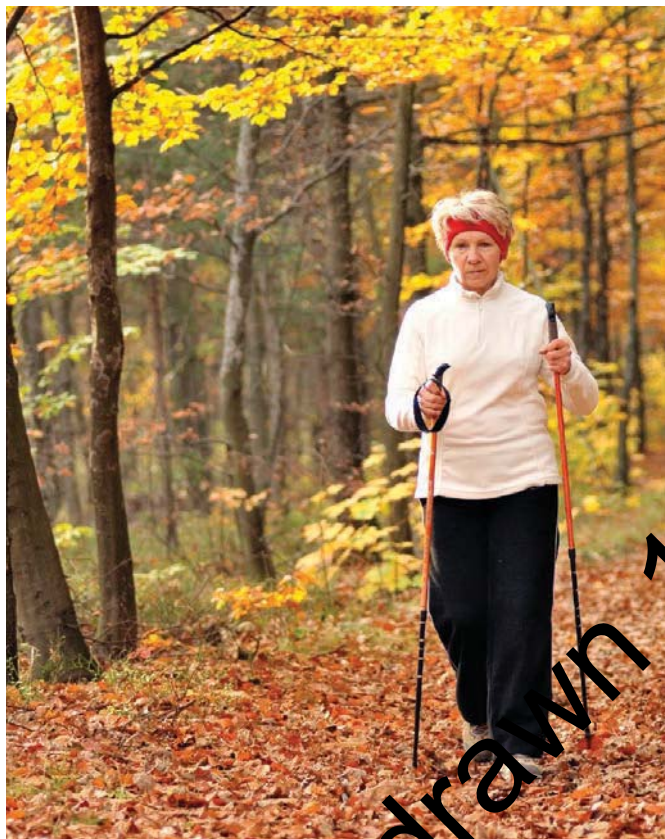
Apart from renovating existing hospitals, the country is investing £4.6 billion in constructing 10 new hospitals, eight of which are super hospitals. Denmark's first super hospital will be the New University Hospital in Aarhus (DNU). It will be built on the current Aarhus University Hospital in Skejby, with a view to forming a combined hospital compound, extending to a vast 1.1 million square metres and is due to be completed in 2020.

Further south, in the city of Odense, a 743 bed, campus style hospital is planned for construction in 2015 and will open to patients five years later. At an estimated cost of £450 million and covering an area of 230,000 square metres, the complex will also house the Faculty of Health Sciences at the University of Southern Denmark, facilitating interaction between teaching and medical research and the transfer of skills at all levels. Odense's super hospital will incorporate more efficient workflows, which will result in improved consistency in patient care.

## **Longer and healthier lives**

It is recognised that the Nordics have some of the longest life expectancies in the world and this trend is continuing. However, as the ageing population is managing to maintain good health, so its care requirements are reduced.

In 2006, the average 65 year old woman in Iceland, could expect to live another 20.7 years, whereas in 2011, she could be expected to live for another 21.5 years. Meanwhile, life expectancy within the Baltic states is catching up fast with their Nordic neighbours, as life expectancy for an Estonian 65 year old woman in 2011 was 1.2 years longer than in 2006.



Sweden has the second largest proportion of people aged 80 or over among EU members, at 5.3% of the population. More than 18% of its population have passed the retirement age of 65 and this age group is expected to become 22% of the population by 2030. In 2010, the cost of elderly care in the country amounted to £9.25 billion.

Being a country that scores among the highest in virtually every life quality index and tops innovation rankings, it comes as no surprise that Sweden will be home to the world's largest PPP building, the New Karolinska Solna (NKS), an entirely new university hospital with highly specialised healthcare, education and research.

### **Bigger and better in Sweden**

At the peak of its building phase, NKS will be one of the largest construction sites in Europe, with around 2,000 people working to erect its five new buildings – between nine and 11 storeys high, with a three story atrium and entrance plaza, offering staff, patients and their visitors, cafe, restaurant and lounge facilities.

Plans are ambitious for the 315,000 square metre NKS, as it aims to offer its patients everything they need during the course of one day. They will see a specialist, be examined and take all necessary tests within hours and if admitted, each patient will have their own ensuite room.

The hospital will cost an estimated £1.5 billion and will be constructed for the Stockholm County Council by Swedish Hospital Partners, a consortium comprising Swedish Skanska and Innisfree from the UK. Upon completion in 2016-2017, NKS will offer 7,000 rooms, 600 beds for patient care, a 100 bed patient hotel, 36 operating theatres and 180 reception rooms.

The development, located just outside the country's capital, will help to consolidate the Stockholm/Malardal Region as a world leader in life sciences. It will be one of the most environmentally friendly buildings in Scandinavia, meeting the requirements of all three major international environmental certifications – ISO 14001, LEED and GreenBuilding.

### **Investment in Iceland**

Iceland, the only country of the Region outside continental Europe, saw the establishment of its National University Hospital, or Landspítali, in 2000. It resulted from the merger of the Icelandic State University



Fewer, larger and more specialised centres, where innovation is the key to success and technology is implemented from the very start, via close cooperation between developers, entrepreneurs and medical staff in the industry. This is how Denmark sees its hospitals in the near future.



Hospital, Landspítali and Sjúkrahús Reykjavíkur. Its main roles are to serve patients, teach and train clinical staff and to carry out scientific research.

The Icelandic Government proposes a construction of a new University Hospital. The hospital will be around 76,000 square metres and its estimated completion is 2018. The facility will include a main hospital building, laboratories and patient hotel. Car parks, streets and other facilities will cover a further 20,000 square metres, the estimate for the project is around £375 million. The pre-selection phase is underway and tender offers are expected by the end of 2013.

Today Landspítali (LSH) offers diverse clinical assistance and its support offices provide a range of services from human resources, finance and economics to IT and operations. In 2011, an average day saw the hospital host 580 inpatients and welcome 1,300 day and outpatients. It carry out over 5,000 laboratory tests, 60 surgical procedures and seven cardiac catheterisations.

In January 2013, out of LSH's 2,200 employees, 173 (3.6%) were foreign nationals and a further 50, had acquired Icelandic citizenship, mainly originating from Poland and the Philippines.

#### **Fine tuning in Finland**

More than 18% of the Finnish population, was aged over 65 in 2011 and the projection for 2030 is that their age group share will increase to 25.6%. As in Sweden, the political atmosphere is open to reducing the public sector spending in healthcare.

The cost of social and health sector provision in Finland exceeded £12 billion in 2010 and represented over 60% of the budgets of individual municipalities. The aim is to enable people to live at home for longer. The country represents a big market for healthcare investment and is supported by the development of IT systems and mobile devices.

#### **Information is the key**

Following Finland's pioneering tradition in the development and adoption of patient information systems, Kuopio University, in the east of the country, has joined forces with GE Healthcare Finland to develop systems for specialised medical care. Its staff of 40 people have now developed these systems, which are operating in over 300 hospitals around the world.

The Finnish market for patient information systems continues to attract investment and to grow. The country is also investing in the construction

of several medical facilities, with ongoing or planned projects in Kuopio, Jyväskylä, Kouvola, Kajaani as well as in Helsinki.

In the north of the country, the city of Oulu plans to start building its new University Hospital in 2014, at the cost of £425 million. This will include renovation of existing accommodation and construction of new state of the art facilities.

As the EU country with the longest border with Russia, Finland is also well positioned to launch and develop innovative healthcare products, as 90% of domestic production is exported. Finpro, the national trade, internationalisation and investment development organisation in Finland, has launched a programme to encourage the establishment of Finnish companies within its eastern neighbour's territory. FinlandCare promotes health tourism from Russia to Finland, promoting the country's expertise and the quality of its healthcare infrastructure.

Further south too, there are valuable opportunities in health tourism, Latvia, which offers high quality medical services and excellent links to Western Europe and Russia, is quickly establishing itself as a top destination for affordable medical care and spa treatments. Since Latvia's expenditure on health is among the lowest in the EU, the Baltic country offers excellent potential for the private healthcare sector.

Norway has the highest healthcare spending per capita and now the country has several new hospitals in the pipeline. Around 70% of them involve consulting group COWI in the design and construction process. One of those, the 109,500 square metres Buskerud hospital in Drammen, about 40 kilometres southwest of Oslo, will replace existing

hospital buildings and has been designed to enable greater operational efficiency and satisfy the demands of modern healthcare.

The new Seifeld Hospital, approximately 100 kilometres southeast of the Norwegian capital and due for completion in 2015, will unite four existing hospitals in the area, as well as including psychiatric hospital functions. Meanwhile, the Child and Youth Centre at Haukeland University Hospital will have psychiatric and somatic facilities, as well as research and teaching facilities for the University of Bergen, on Norway's western coast. The project's second phase will start during 2013.

### **A unique blend**

This group of wealthy and innovative countries, with its demanding and ageing populations, plus an ever increasing number of PPPs, mean the Region offers some of the world's best opportunities for investment in the healthcare sector and related disciplines including construction, architecture, design and engineering.

Global pharmaceutical powerhouse AstraZeneca, which has a strong presence in the Region, is an important example of collaboration between British and Swedish businesses and there are many other successful stories.

Other examples include UK based companies Huntington Life Sciences and Penn Pharma, who are both active in Sweden and architects BDP, who in 2012 were appointed winner of the masterplan competition for the New Hospital and New Psychiatry Bispebjerg in Copenhagen, alongside Danish architects TKT and Ramboll Danmark. ■

## It's a rich man's world

Back in 1661, Sweden became the first European country to introduce modern style banknotes, when Johan Palmstruch, the founder of the Bank of Sweden, introduced notes printed on thick, white, watermarked paper, with the date, the Bank's seal and signatures.

Each note was worth a fixed amount and was an alternative to the massive copper coins being used as the country's legal tender. Today, Sweden is reaching another turning point and has already come further than other countries on the route to becoming a cashless society.

Swedes are increasingly turning to plastic cards to make payments. In the first decade of the millennium, the value of all card payments increased fivefold and the number of card transactions grew eightfold. In 2010, there were over 20 million credit and debit cards on the domestic market, 17% more than a year earlier.

### **Not banking on cash**

Sweden's central bank, the Riksbank, is actively promoting the cashless approach along with the country's major commercial banks.

Today, three quarters of all branches belonging to the four major banks (Sweden's largest bank Svenska Handelsbanken not included), no longer handle cash.

According to the Bank for International Settlements, in Sweden only 3% of all transactions involve cash, compared to an average of 9% in the Euro Zone and 7% in the United States.

The World Bank's "Measuring Financial Inclusion 2012" report noted that virtually every citizen in Sweden has a bank account. The situation is similar in Norway, Finland, Denmark, Iceland and Estonia, where 97% of the population owns at least one account. In Latvia and Lithuania, the share is slightly lower 90% and 74% respectively but the numbers are growing.

Finns are the biggest credit cards fans in the Region, according to the World Bank about 64% of the adult population has at least one of them in their wallets. The same goes for about half of Danes and Swedes and between 13% and 30% of Lithuanians, Latvians and Estonians.





Internet banking is far more popular across the Region. According to the Special Eurobarometer 390 Cyber Security Report 2012, almost every nine out of ten Danes, Swedes, Finns and Estonians and seven out of ten Lithuanians and Latvians bank online.

### Rapid expansion

Between 2009 and 2011, the value of deposits in the Region's banks (with the exception of Iceland) soared by 45% to reach £1 trillion. These figures show that the past ten years have seen a rapid development of the financial sector in the Region with customers increasingly using the internet and telephone for their banking contacts and transactions.

This trend and the increasing wealth of the Region has enabled development of new services and increased competition in the banking market, with the establishment of new banks. The European Banking Federation said there are almost 950 credit institutions operating in the

Nordic & Baltic countries (except Iceland), with a third of them active in Finland alone.

In 2011, the banking sector's total assets in the entire Region amounted to £3.2 trillion. Danish banks managed almost a third of those assets, £990 billion, a significant increase from £374 billion in 2000. The two largest banks in Denmark, Danske Bank and Nordea have 67% of the total market in the country. Together with other Nordic financial institutions such as SEB, Swedbank and DnB NORD, they also have a significant market share of the banking sector in Lithuania, Latvia and Estonia.

Due to geographical proximity and cultural similarities, various Scandinavian financial companies have gained a foothold in the Baltic countries. Not only commercial banks but also insurance companies such as If (part of Sampo Group), Codan and Pohjola Insurance compete for Lithuanian, Latvian and Estonian customers.

### Growth of the insurance sector

The Baltic States do not represent a large market but their populations are becoming more affluent and more conscious about their future financial wellbeing. For example, in 2011, the total gross written premiums in Estonia, grew by 40% compared with 2006, and amounted to £245 million. In Latvia, the growth between 2006 and 2011 was even higher and reached 60% as the total gross written premiums exceeded £273 million.

Insurance experts are optimistic about future prospects for sustainable growth and a particularly rapid development of online services, firstly, because insurance density in the Baltic countries is behind the Scandinavian average and, secondly, as today there are more Lithuanians handling their insurance matters online than, for example, Norwegians.



In November 2010, the Fund made the first step into the UK real estate sector by acquiring a part of Regent Street in London for £448 million.



They add that it took Finland eight years to create a system, which allowed clients to register claims online, make changes to an existing or purchase a new insurance policy. Similar projects can be implemented in the Baltic countries in half the time it has taken in Scandinavia.

That growth can already be seen in the gross life written premiums. Back in 2002, Latvians paid premiums worth £6 million. Within nine years that figure increased fivefold. The escalating figures are not limited to the Baltic countries. The five, more mature Nordic countries have also witnessed a significant rise in the total gross written premiums of 25%, which accounted for £73.6 billion in 2011.

### **The power of pension funds**

In 2012, the total value of assets managed by pension funds in Lithuania, Latvia and Estonia reached £1.3 billion, with the latter's share in excess of £1 billion. At the same time, according to the Organisation for Economic Cooperation and Development (OECD), in 2011, the value of the private pension funds' assets in the five Nordic countries amounted to £765 billion, over 10% more than a year earlier.

A rapidly ageing population has called for pension system reforms in the Region over the past two decades, which has resulted in mandatory and voluntary tiers of pillars.

Back in 1990, the Norwegian Finance Ministry set up the Government Pension Fund Global as a tool to support the long term management of Norway's petroleum revenue. The revenue is regularly transferred to the fund, which later invests the capital in international equity and fixed income markets, as well as in real estate. Despite its name, the fund

currently has no financial pension liabilities, because to date, no political decision has been made as to when the fund may be used to cover future pension costs.

In November 2010, the Fund made the first step into the UK real estate sector by acquiring a part of Regent Street in London for £448 million. Two years later, in October 2012, it paid almost £350 million for a 50% stake in Meadowhall, a major out of town UK shopping centre, located three miles northeast of Sheffield city centre. The Fund also has holdings in a number of major British companies, ranging from 2% in Burberry and Marks & Spencer, to 4% in Prudential.

The Government Pension Fund Global is not the only element that makes Norway unique in the financial arena. Unlike the stock exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga and Vilnius, the Oslo Stock Exchange is not part of the NASDAQ OMX Group, the largest exchange company across the world. Instead, Oslo Bors formed an alliance with the London Stock Exchange in 2009.

### **Rich getting richer**

Money may not buy happiness but it is definitely an important means of achieving higher living standards and thus greater wellbeing. According to the OECD Better Life Index, the average household net adjusted disposable income is, £19,350 a year across the 34 country bloc. While the Baltic countries are still on their way to building up their wealth, the household net adjusted disposable income in the Nordic countries already exceeds the OECD average. In Finland, Sweden and Norway those amounts equate to £21,600, £23,000 and £26,300 respectively. ■

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# Good value creates high demand

A total population of little more than 30 million people might suggest that the Nordic & Baltic Region does not represent a very large consumer market, yet it has some of the world's highest GDPs per capita and a well educated and demanding population, which is willing and able to pay a premium for high quality, innovative products and services. In addition, the Region imports almost all its consumer goods, so there are plenty of opportunities for exporters.

## Sales growth across all sectors

Organic produce is in great demand in Denmark, where it already represents over 9% of the food market, the highest share in Europe and has been growing by an average of 15% per annum over the last two years. In 2011 sales amounted to £910 million, driven mainly by dairy products. The strong demand and distribution concentration, supermarkets and discount stores account for 64% of organic sales, making Denmark an attractive market for producers.

Retailing in western Europe's biggest oil exporter, Norway, grew at a slightly lower rate due to the economic downturn in Europe, its main commercial partner. However, the Norwegian retail market is a mid-sized and mature one, where an already high disposable income is growing strongly and the unemployment rate is just 3%.

Latvia is showing strong growth in retail trade turnover, which increased 7.8% in the year to April 2012. The Baltic country saw its first two H&M stores opening in Q2 2012, confirming a trend of steady investment in new retail capacity. Although big retailers are successfully operating in the country, small and medium size shops, kiosks and markets cover over half of the food distribution market and retail sales of food, beverages and tobacco in specialised stores increased by almost 50% in the seven years from April 2005 to April 2012.

Along with industrial growth and a boost in agriculture, retail was a major driving force in the 3.6% increase of Lithuanian GDP in 2012. Overall, retail trade turnover increased by 4.5%, led by growth in non-food sales, which accounted for 10% of the total. Consumer confidence is at its highest level since 2007 and demand should remain strong in 2013, driven by an increase in the minimum monthly wage from £207 to £244, from January 2013.

During 2011, Iceland's imports of food and drink products amounted to £297 million, while its economy grew by a respectable 2.6%. The country has a small population, with limited domestic production, so is heavily dependent on imports of consumer goods, clothing and accessories, food and drink products and machinery.



### Success for UK trade missions

In February 2013, a trade mission organised by UK Trade & Investment was attended by a number of UK companies from the food and drink sector looking to break into the Icelandic market. Fish industry businesses from Grimsby, which took part in meetings and visits in Reykjavik, left with high hopes that larger exports of cod and haddock could soon be heading from Iceland to be processed in the UK.

Estonian retail sales have grown steadily over the past two years, driven by recovery from the financial crisis. However, in 2012 retail sales in the country only marginally exceeded their total value from the pre-crisis period, suggesting that there is still considerable room for expansion.

### Baltic sales of goods increase

Consumer confidence has returned as more jobs were created and disposable income levels increased. In January 2013, sales of goods in retail trade enterprises amounted to £284 million, or £220 per inhabitant. Compared to January 2012, retail sales in stores which sell manufactured goods increased by 7%. During 2012, all the leading grocery chains present in Estonia invested in expanding their portfolios of hypermarkets, supermarkets and convenience stores, with a clear focus on well populated urban areas

The value of non-grocery sales has not yet returned to pre-crisis levels, which provides even more potential for growth. Competition with online retailers is as stiff as elsewhere in northern Europe, with high street retailers and shopping centres directing their efforts at finding ways to attract customers to their stores.

Challenges aside, property developers and investors are confident about future growth in demand. Norwegian-owned Ulemiste Center, the





Sweden has the largest amount of shopping centre space in Europe and numbers are increasing in its main metropolitan areas. Malmo recently saw the opening of the Emporia shopping centre, whereas Stockholm will soon be home to the biggest mall in the Region, the Mall of Scandinavia.



second largest mall in Estonia, is being expanded by over 50% to 77,000 square metres by 2014.

Fashion retailers thriving in the Estonian market include Polish LPP S.A., the owner of Reserved, which is competing with the Spanish Inditex, the owner of Zara, and the Swedish H&M, which opened its first two stores in Latvia in 2012 and will expand its total floor space by 16% during 2013.

#### **Finnish growth**

Finland, whose capital city lies less than 90 kilometres from Estonia, across the Baltic Sea, is also experiencing significant growth in its retail sector, where overall sales were up by 4.9% in November 2012, compared to the same month in the previous year. The Finnish Government is supporting this growth, experimentally liberalising opening hours by allowing outlets of less than 400 square metres to stay open around the clock. Meanwhile, major retailers are moving towards a multi channel strategy, increasingly developing their internet presence alongside their in-store outlets.

Retailing in Finland also offers a unique opportunity: easy access into one of the world's largest, fastest growing markets - Russia. Day and weekend trippers from Russia spent about £865 million in Finland in 2012 on groceries, clothing, home decoration items and sports goods. Exports by the Finnish food and drink sector to its neighbour amounted to over £320 million in 2011, while the city of St. Petersburg alone is home to nine Finnish owned supermarkets. One of Finland's main retailers, Stockmann, currently operates seven department stores in Russia.

#### **Swedish optimism**

Sweden's population of 9.5 million people makes it by far the largest market in the Region and also boasts its second highest GDP per capita. During the recession Swedes, benefited from lower taxes, easier loans and decreasing inflation. Today, household finances are stable, house prices are going up and mortgage rates have come down, adding to the optimism shared by retailers in the country, who saw retail sales rise by 3.5% in February 2013, compared to February 2012.

Sweden has the largest amount of shopping centre space in Europe and numbers are increasing in its main metropolitan areas. Malmö recently saw the opening of the Emporia shopping centre, whereas Stockholm will soon be home to the biggest mall in the Region, the Mall of Scandinavia.

Traditionally dominated by domestic brands, the Swedish market is seeing many international players entering the country, such as Spanish fashion retailer Desigual and UK restaurant chain Wagamama. At the same time, also growing steadily in the country are the international luxury brands and consumer electronics sectors; sales of tablets, smartphones and laptops saw steep growth in the last two years, demonstrating the demand for technology.

As the home of furniture retailer IKEA and H&M, Europe's largest fashion chain with over 2,000 stores in 40 countries, Sweden's retail market is dominated by big chains and is largely centralised. It is estimated that approximately 80% of future income and consumption will be in the ten largest Swedish regions and around 70% in the three largest.

Demand for retail space in Sweden remains strong, according to Jones Lang LaSalle, while rent levels are modest by comparison with major shopping areas in Europe. The highest retail rents in the country are on Biblioteksgatan, in the heart of Stockholm, at around £1,680 per square metre per year, which is only 25% of the average level on New Bond Street in London's West End.

### **A common language**

The lack of language barriers, given the propensity of Swedes to speak English, a cultural affinity and good track record of UK businesses being successful in the country, make Sweden a favourite destination for British companies to test foreign waters. The ease of exporting into the

country is also an important factor, as the amount of administrative requirements is small and there are many experienced freight companies linking the two countries.

Bulldog Natural Grooming started its activities in 2007 and is now the fourth largest men's toiletries company in the UK. With two years of experience in the business, its founder, Simon Duffy, decided to export and chose Sweden as its first market abroad. UK Trade & Investment in Stockholm helped the company find potential partners shortly after it launched nationally. Using Sweden as its base in the Region, Bulldog is now moving into Norway and Finland, with forecast sales of £1.5 million in 2013.

Another British success story in Sweden is that of Ella's Kitchen. The baby food company, which hit supermarket shelves in 2006, only started its international expansion in 2009 but now has 12% of the Norwegian baby food market, 9% in Sweden, and also operates in Estonia.

### **Encouraging prospects ahead**

Although present and future growth figures are less impressive than those seen in the last decade, retail sales in Sweden should still fare better than in the majority of Western Europe. According to the IDC Retail Insights, in most countries of the Region, retailers' focus will be on profitability optimisation by reaching higher levels of efficiency and productivity.

Technology plays a key role in most businesses, as online trade rises at a fast pace, whereas social media will be increasingly used for gathering customer feedback and creating brand equity. Online and in-store customer experience is a guaranteed area for investors throughout the Region as customers become wealthier, more technologically savvy and demanding. ■

# Nordic defence cooperation, common synergies and efficient solutions

All five Nordic countries have similar international political interests and are facing financial constraints arising from the growing costs of maintaining and developing their military capacity. These factors, catalysed by the cultural and historic ties within the Region, have paved the way for deeper security and defence cooperation among them.

At a ministerial meeting in 2009, the Nordics decided to merge three parallel cooperation structures into one, creating NORDEFECO, the Nordic Defence Cooperation. Its main objective is to strengthen members' national defence, explore synergies and facilitate efficient common solutions.

## **Together forever**

NORDEFECO's scope comprises five areas of cooperation: strategic development, capabilities, human resources & education, training & exercises, and operations. All of which are managed by senior representatives, whose main task is to ensure coordination between member states.

One example of such cooperation programmes within the Region is the Nordic Transition Support Unit (NTSU), which will bring together military contingents from Norway, Sweden and Finland in a mission to northern Afghanistan, as part of the NATO led ISAF operation. Latvia will also be joining its Nordic neighbours in that country, demonstrating that the Region is determined to show its level of cohesion and integration.

That does not mean, however, that the five countries will only work with each other. All eight countries of the Nordic & Baltic Region are members of NATO, the EU or both. Defence collaboration between them has shown the potential for generating cost effectiveness and of enhancing their ability in maintaining and developing nationally defined operational capabilities, as well as contributing to international efforts for peace and security within EU, NATO and UN led operations.

In a typical win win situation, both the Nordics and the Baltics see positive outcomes in strengthening their military cooperation. Estonia has defined itself as a Nordic state for years, whereas both Latvia and Lithuania are strongly linked to both the Nordic states and Central Europe.

## **Strengthening security**

For the Nordic countries, the principal benefit from cooperating in certain areas of national security is an increasingly stronger identity for the Region in the international political arena. In the Baltics, an extra factor comes into play - energy. This topic is high on the national security agenda of the three countries, especially Lithuania's, as they are heavily dependent on imports from Russia.

During the period from 2011 to 2016, Sweden is forecast to acquire new defence systems and to continue to participate in international peacekeeping missions. The most populous country in the Region

should see military expenditure decrease slightly in relation to GDP, as the annual GDP growth rate starts to exceed estimated defence budget growth.

Sweden plans to reduce the number of its military personnel and troops, thus lowering the country's revenue expenditure, whereas capital expenditure should increase. The country allocated an average of 1.4% of its GDP for defence expenditure during 2005 to 2009 and is expected to invest £21.4 billion throughout 2010 to 2015 in the strengthening of its military sector.

A well developed domestic industry meant Sweden became a leading arms supplier for the foreign defence market. However, even though EU countries buy most of the country's defence goods, especially aircraft, Swedish manufacturers are looking to diversify exports into fast growing markets in Asia and Africa as the majority of EU countries are reducing their defence budgets.

### **Beyond European borders**

In 2012, Sweden's main defence and security company, Saab, took its relationship with Akaer, a Brazilian integrator of defence structures, a step further by acquiring a 15% stake in the company, which will now include the Swedish company on its advisory board.

This move aims to expand the design, development and further production of the Gripen jet fighter in Brazil, as well as giving Saab easier access to Brazilian aerospace and defence programmes. Brazil is also currently in talks with suppliers because it wants to acquire new next generation fighters for its armed forces and it could be that Saab is in the right place at the right time.

In February 2013, Saab, signed an agreement with the Swedish Defence Materiel Administration (FMV) for next generation Gripen jets. This will see the development and modification of the aircraft for Sweden from 2013 until 2026, as well as providing new sales and

development opportunities with other European countries flying the aircraft. FMV has already placed orders worth £255 million for the first two years and the estimated total value under the agreement is £4.8 billion.

It's not just a European focus that is driving Saab. With sales successes further afield, Saab is expanding its campaigns and operations in Asia and South America.

This international strategy offers solid export opportunities for the UK's aerospace and advanced engineering industries which already provide over 25% of the content for the Gripen.

In November 2012, Denmark published its Defence Agreement for 2013 to 2017, establishing gradual reductions of the annual defence expenditure. Under the terms of this agreement, the defence budget should fall by £289 million in 2015, £301 million in 2016 and £312 million in the final year. The strategy is to streamline measures starting in 2013, while making development initiatives easier and keeping the ability of Denmark to solve its operative core tasks.

The four year period will also give time for deliberation on national defence requirements and optimal decision making.

Denmark's Navy will acquire a new Knud Rasmussen-class inspection vessel and demining equipment, sonar equipment, communication equipment and smaller vessels and ships. The Air Force, meanwhile, will receive maritime helicopters, radars and control systems, communication and identification systems.

### **Transatlantic networks**

The Defence Agreement also states that there will be a strong focus on investment in the Arctic Region and that Denmark will restart its fighter procurement programme by summer 2015, in order to replace its Lockheed Martin F-16AM/BM Fighting Falcons. It is expected that

the country will select a fighter by the end of 2015 and acquire around 48 units.

Together with Norway, Denmark has substantially contributed to the Joint Strike Fighter (JSF) Programme - the US Department of Defense's focal point for defining next generation strike aircraft weapon systems for the country and its allies. Focusing on affordability, this programme will bring advanced technology in the form of airframe, avionics, propulsion systems, stealth and firepower.

Initially a domestic programme, JSF evolved into an international co-development, in which member countries agree to invest a total of £2.88 billion over ten years, as part of the \$16.47 billion initiative. The only Level I partner of the programme is Britain, which pledged £1.31 billion, whereas Italy and the Netherlands, having invested £660 million and £527 million, respectively, are Level II partners.

### **Increasing levels of cooperation**

Norway and Denmark are Level III partners in JSF, alongside Canada and Turkey, both having pledged to invest £82.3 million in the programme.

During a Nordic Council session in Helsinki in October 2012, the Foreign Ministers of Finland and Sweden confirmed their willingness to take part in air surveillance over Iceland's airspace. Although the



island is a NATO member while Finland and Sweden are not, the step was seen as a natural evolution of the cooperation efforts already in place in the Region.

The Nordic countries see cooperation not as giving up capabilities as a consequence of sharing but rather as a means of combining them through pooling. When asked during the Council session whether it was time to formalise the cooperation in foreign security and defence policy, all Ministers answered no. When asked whether security and defence cooperation has ever been as important as now, another unanimous no followed. ■



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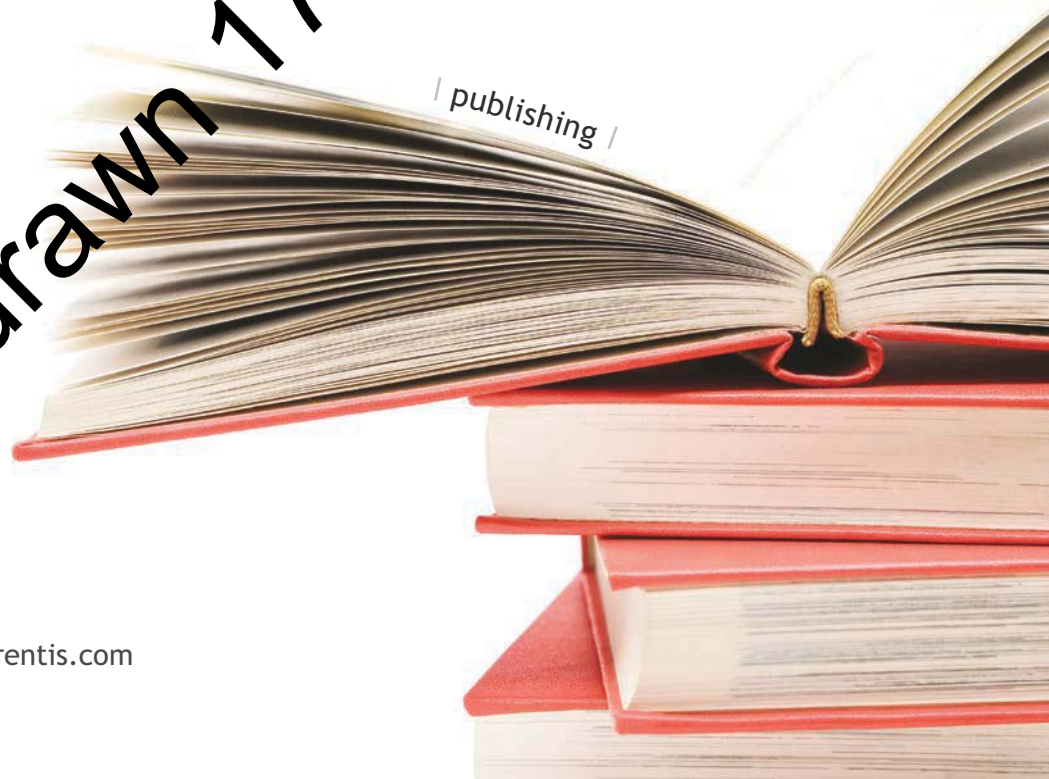
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# Ice-breaking opportunities in the frozen north

In August 2011, a Sovcomflot-owned Suezmax-class tanker, Vladimir Tikhonov, carrying 120,000 tonnes of gas condensate took the short cut from Europe to Asia along the northern coast of Russia, from the Barents Sea port of Murmansk to the Bering Strait, for the first time in history. Both ecologists and marine scientists knew a new chapter of the Arctic Sea's history had begun.

While scientists have been slow to point out that satellite records from the past 30 years show that sea ice surrounding Antarctica is swelling by about 1% per decade, they have been extremely vocal in saying that the Arctic Sea is experiencing rapid ice loss, resulting in a collapse in total sea ice volume to one fifth of its former level in 1980. This process is so fast that the area will soon be ice-free in warmer months and sea voyages like the Tikhonov's will no longer be anything exceptional.

## Breaking the ice

Scientists add that as the sea ice retreats in summer, alien plants, birds, fish and animals will creep north and some Arctic species will probably die out, as the ocean's temperature increases and huge quantities of trapped methane are released, giving a big boost to global warming. On a positive note, this change means access to Arctic offshore and its undiscovered reserves of natural oil & gas, as well as increased possibilities of Arctic transport of passengers and goods.

To take one example, a vessel travelling between Rotterdam in the Netherlands and Yokohama in Japan via the Northern Sea Route (along Eurasia's north shore from the Bering Strait to Murmansk), will follow a route which is approximately 40% shorter than the traditional route through the Suez Canal.

The consequences of this climate change can already be seen. By the middle of November 2012, when ice closed the route, shipping volume had soared by more than 75% above 2011 tonnage, to about 1.5 million. By 2020, according to American estimates, that total will rise to 64 million tonnes.

So far most voyages have had expensive ice-breaker support, with ships capable of breaking through several metres of ice. The largest and most powerful ice-breakers can cost up to £650 million to build. Hiring charges vary but the average cost for escort through the Northern Sea route is around £130,000.

## Huge natural resources

Logistic connections and natural resources offer opportunities to invest. According to the Chatham House and Lloyds' Opportunity and Risk in the High North report, growing interest in mineral resources (oil, gas and mining), logistics (including shipping) and Arctic tourism, could

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generate investment exceeding £65 billion in the Arctic region over the next decade, mainly in the Barents Sea area, north of Norway and Russia, and in northern Alaska.

In 2008, the United States Geological Survey estimated that the Arctic contained about 410 billion barrels of undiscovered oil and oil equivalent. Within that total, some 90 billion barrels is believed to be oil, representing about 13% of the estimated global total of undiscovered oil and approximately three times the current total proven reserves of the United States.

Almost 70% of the reserves - over 45,000 trillion cubic metres - was estimated to be natural gas, equivalent to 30% of global undiscovered natural gas - this equals approximately Russia's entire current proven reserves. Other surveys are slightly less optimistic but still confirm that resources are enormous.

Norway, Iceland, Sweden, Finland and Denmark together with Greenland, its autonomous dependent territory - some of the world's northernmost countries - are interested in increasing economic activity in the area and have already developed their own Arctic strategies. Encouraged by governments and dwindling reserves elsewhere, oil companies are flocking to explore the continental shelves within the Arctic Circle.

#### **Realising the potential**

In Greenland, it is estimated that there could be 31 billion barrels of oil & gas off the coast of the northeastern side of the island and another 17 billion barrels of oil & gas in areas west of Greenland and east of Canada.

Licensing rounds have been held bi-annually since 2002 and currently, according to Greenland's Bureau of Minerals and Petroleum, there are 28 active licences, covering an area of more than 200,000 kilometres offshore in south and west Greenland and in Baffin Bay off the coast of northwest Greenland. The latest licences for oil exploration off the coast of the northernmost part of east Greenland are being awarded in summer 2013.

Greenland is also targeting the exploration of minerals such as gold, zinc, iron, copper, diamonds, rubies and a number of critical metals, including rare earth elements and the prospects for the development of the mineral sector are bright.

Norway, the world's eighth largest oil exporter and second largest gas exporter, has been exploring for petroleum and gas deposits in its Arctic waters for decades. Estimates for the Barents Sea indicate about six billion barrels of oil equivalent.



In January 2011, Norwegian Statoil announced the Skreppard oil discovery and then, a year later, another in the Havis, both roughly 65 miles north of Snohvit. The two oil finds are expected to be the third most profitable development in the Norwegian part of the Barents Sea, with an estimated volume of 400 - 600 million barrels of oil equivalents.

Future prospects are good, and several new developments are being considered. The Norwegian Government expects the Snohvit gasfield (producing gas for the Meløyva NG plant) and the Goliat oilfield (expected to produce from 2019), to attract a total of £6 billion of investment of which £4 billion had already been spent by 2010.

#### **Technological leadership**

Exploration of oil & gas resources in the Barents Region over the next 10 - 15 years also opens up many opportunities for Swedish companies in the mining and petroleum sectors. In particular, anticipated growth in natural resource extraction is expected to generate the need for long term sustainable land transport.

Sweden is currently a world leading supplier of vehicle tests in the Arctic environment. Haulage companies also have comparative advantages as a result of their expertise and research on how all types of vehicles should be adapted for extreme winter climates.

Increased exploration activity will intensify calls for investment in infrastructure, such as mining harbours, railways, roads and airports. Swedish companies are already conducting extensive operations in the Arctic.

The Barents region also offers opportunities for Finnish companies, whose expertise is ideally suited to sectors such as offshore industries and shipbuilding, building of infrastructure, machinery and equipment, logistics, knowledge of Arctic conditions and environment.

Finnish mining companies have the opportunity to increase technology exports by networking, for instance, with foreign mining companies operating in Finland. In the future, the mining industry will need new technology for mining projects and a wide range of logistics investments in railways, roads, ports and handling equipment.

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The future of the Arctic seems as bright as polar nights. A recent University of California's study shows through computer simulations, that by 2050 open-water vessels will be able to cross the Northwest Passage and North Sea Route regularly in the summer without ice-breakers.



Research by the Canadian Fraser Institute's Annual Survey of Mining Companies says Finland is the best destination for mining investment in the world, closely followed by Sweden, with Norway ranked in tenth place.

#### **A new leisure destination**

Besides these major projects, tourism is also expected to increase in the Barents Region. The industry has a long history in relatively well developed parts of the Arctic, such as northern Finland and Sweden, coastal Norway, Iceland and Greenland. Improved accessibility has increasingly allowed tourism to develop in less populated and economically developed areas, creating a substantial seasonal economy.

The number of nights spent at hotels in Greenland increased from 180,000 in 2002 to almost 214,000 in 2011. In the same year, Iceland hosted over 565,000 international visitors, 90% more than ten years earlier. In Longyearbyen, on the Norwegian island of Svalbard, 500 miles north of Norway's mainland and about 680 miles south of the North Pole, the number of guest-nights rose from just over 43,000 in 1999 to just under 89,000 in 2008, subsequently falling to around 85,000. In 2010, in excess of 50,000 passengers travelled to and from Svalbard Airport.

Arctic tourism has not only become more common, it has also become far more global, with greatly increased numbers of tourists from outside the home country.

#### **Benefiting from global warming**

The future of the Arctic seems as bright as polar nights. A recent University of California's study shows through computer simulations, that by 2050 open-water vessels will be able to cross the Northwest Passage and North Sea Route regularly in the summer without ice-breakers, and ice-breaker ships may be able to go through the North Pole.

At present no commercial shipping runs through the Northwest Passage around northern Canada. That will change by mid-century, while the Northern Sea Route that hugs Russia is projected to be open in late summer 90% of the time, up from 40% today.

Economic opportunities are focusing the world's attention on the Arctic. However, both maritime developers and businesses need to bear in mind that the Region's ecosystem is fragile, therefore any economic activity in the area must not overshadow growing concerns about the environment.

As Ernst & Young point out in their Exploring Arctic Oil & Gas report, the region around the North Pole accounts for only about 6% of the Earth's surface area but it could account for as much as 20% of the world's undiscovered but recoverable, oil and natural gas resources and an array of plants and animals. ■



# Safety and sustainability is key focus for Anglo American

Anglo American is one of the world's largest mining companies with operations, growth projects and exploration activities across southern Africa, North and South America, Australia, Asia and Europe, including the Nordics. Our portfolio of mining businesses span bulk commodities - iron ore and manganese, metallurgical coal and thermal coal; base metals - copper and nickel; and precious metals and minerals in which we are a leader in both platinum and diamonds.

We stand for the very best in mining and are committed to the highest standards of safety and responsibility across all our businesses and geographies and to making a sustainable difference in the development of the communities around our operations. We also have a long history of technological development, and our strong in-house technology capability provides world class solutions to Anglo American and its global operations.

At Anglo American, our commitment to sustainability, partnership and open, honest engagement with our stakeholders is at the core of our values. It is central to how we think and it is at the heart of how we conduct our business. We know that responsible mining offers compelling opportunities for economic and social progress and we have a great story to tell about the benefits we bring to society.

To develop sustainably, communities need the capacity to do so. This includes building human capital, through education and training,



enterprise development, and infrastructure. But how do we do this? The challenge is to gain a detailed understanding of individuals within these communities and then work with our stakeholders to create the best possible benefits that reflect local realities and needs.



As well as its capacity to do enormous good, the mining industry has many inherent risks, and we must manage and mitigate these risks. A significant risk area for mining is safety and we retain an overriding focus on safety. We have made great progress over recent years but we recognised that we have more work to do to realise our goal of zero harm.

Being a responsible miner also means taking a serious approach to environmental stewardship and it is our responsibility to minimise and mitigate potential environmental risks that could affect our business or our stakeholders. Our Sakatti project in northern Finland highlights our core values and commitment to responsible mining in practice.

### **Sakatti project**

Our exploration efforts represent the foundations on which safe, responsible and successful operations are built. In Finland, our Sakatti exploration project is demonstrating just how successful this combined approach can be.

The Sakatti project is a copper-nickel-platinum group elements grassroots discovery. Sakatti is located within an established mining region, 150 kilometres north of the Arctic Circle. The Anglo American team have been working in the region since 2004 and very much appreciate the importance of engaging with a range of stakeholders, including regional and municipal governments, the local community and landowners.

Being a responsible miner also means taking a serious approach to environmental stewardship and it is our responsibility to minimise and mitigate potential environmental risks. Given the location of Sakatti, the team understands the importance of the local environment to other land users and the community. We have worked in collaboration with our drilling partner OYKATIAB to develop a semi-closed loop drilling system

“

At Anglo American, our commitment to sustainability, partnership and open, honest engagement with our stakeholders is at the core of our values. It is central to how we think and it is at the heart of how we conduct our business.

”

that allows drilling in challenging conditions at the same time as substantially reducing waste and water use and significantly minimising the overall environmental footprint.

As well as our commitment to responsibly drilling, the team also carries out activities in consultation with other land users. For example, drill plans are discussed with local reindeer herders to understand which areas they will be using for winter grazing.

We believe the Sakatti project is a good example of how we work in partnership with our contractors and the local community to understand environmental sensitivities, and then work to deliver innovative solutions that demonstrate our commitment to responsible environmental stewardship and respecting local traditional culture and livelihood needs.

Anglo American sees the Nordics as a mature and stable environment in which to do business. As well as having highly prospective areas for natural resources, the region is also home to a highly skilled workforce and a world class technical services industry. As we continue our work at Sakatti we feel proud to be part of the Nordic region's strong mining heritage and look to continue working together with our local partners to develop best practice in responsible modern mining.

[www.angloamerican.com](http://www.angloamerican.com)





It takes a special kind of person to work for Anglo American's exploration team.

People like Mattias Johansson, who have the skills to find minerals in the harshest environments but who are also driven to find ways to minimize the impact on that environment.

Exploring high up in the arctic, he is part of a team that pioneered a closed-loop drilling system, which reduced both water usage and waste.

It's about finding ways to discover minerals and showing a respect for the land and the communities that live there.

If you are interested in working in mining at the real frontier of discovery, find out more at [www.angloamerican.com](http://www.angloamerican.com)

MATTIAS JOHANSSON  
Anglo American

**WANTED: PEOPLE WHO CAN  
FIND A NEEDLE IN THE ARCTIC**



**Real Mining. Real People. Real Difference.**



# Leading the world in IT development

Ericsson, Nokia, Bluetooth, GSM, LTE, Skype - the list of innovative, world famous IT brands and trademarks coming from the Region is so long, that one would be hard pressed to look anywhere in the world and not recognise technologies originating from either the Baltic or the Nordic countries.

A study by the European Commission named the Swedes and Danes as the continent's most frequent internet users, with 83% accessing it at least once a day. The two countries also have the highest percentage of people shopping online - at 80% and 78% respectively. Helsinki, meanwhile, has mobile technologies at its heart and good access to VC (virtual circuit) networks across the Region.

## World technology leaders

More than two thirds of Swedes and Danes consider themselves well informed about the risks of cyber crime and have made changes to increase their levels of online security. The international advisory board, Security and Defence Agenda, judged the Nordic countries and especially Finland and Sweden, as by far the most resilient to cyber attacks in Europe, with Estonia also making the top ten.

Three countries in the Region, Denmark, Sweden and Iceland, occupied positions in the top five in Boston Consulting Group's (BCG) 2012 e-Intensity Index, alongside the UK and South Korea. This index ranks

countries according to three measures of internet activity, enablement, expenditure and engagement. BCG commends the Baltic states for their aggressive approach to expanding internet usage, with Latvia and Lithuania ranking among the top five countries for internet speeds globally.

Cities in the Region are consolidating themselves as technology hubs, being highly connected and abounding with skilful entrepreneurs. Tallinn, for example, has a strong base of enterprise focused software, services and security companies, benefiting from strong links with people and major companies all over Europe. Helsinki, meanwhile, has mobile technologies at its heart and good access to VC networks across the Region.

## Swedish ingenuity

Swedish investment in research and development amounted to 3.6% of the country's GDP in 2012, one of the highest rates in the world and giants such as Volvo, Ericsson, ABB, Tetra Pak and AstraZeneca all grew in the country's innovation driven environment.

Spotify, the innovative music streaming service, was developed in Stockholm in 2006. It now has over 20 million users from 24 countries and, although London based Spotify Ltd operates as the parent company, all its research and development activities are still carried out in the Swedish capital by Spotify AB.





### A high tech magnet

The largest country in the Region is a world leader in converting technology into commercially viable products and applications, which makes it an ideal place for IT research and development. World giants such as Apple, Ericsson, Google, Huawei, IBM, Intel, Skype and Sony are all developing technology in Sweden and many other companies are heading towards the country in search of investment opportunities in telecoms, web, industrial IT, computer games, e-commerce, imaging and e-health.

Virtually all Swedes (99%) aged under 30 access the internet every day and the country offers an excellent base for complex data centre operations, through a combination of low electricity prices, great energy infrastructure, secure locations and a highly skilled workforce. Lulea, a town in the north of the country, will soon be home to Europe's largest data centre, built by Facebook.

Other international giants such as Siemens and Hewlett Packard have chosen Finland as a test laboratory for experimental launches of new products and services. The country is very often referred to as the world's telecoms test laboratory.

This identity stems from the advanced stage of the Finnish telecoms market, where many services and technologies were introduced much earlier than in other countries. Unlike in most other countries, the Finnish National Post and Telecommunications never enjoyed a state monopoly. Moreover, Finns have always been fascinated by novelties, welcoming new gadgets and making an excellent test bed for new devices.

Currently, the Finnish IT sector employs over 120,000 people. Finland is also one of world's largest spenders on research and development at 3.8% of the country's GDP in 2012.

### Digital in Denmark

In 2012, three countries of the Region, Norway, Denmark and Sweden, made it to the top ten in the United Nations e-Government Survey rankings. Iceland was in the top 25, next to Austria, Spain and Belgium. Although no country had an entirely integrated portal, Norway and Denmark were among the very few countries that came very close to it.

In Denmark, taxpayers are saving £130 million a year using electronic invoicing, while businesses save a further £43 million and it is estimated that similar initiatives across the EU could generate annual savings of about £43 billion.



Currently, the Finnish IT sector employs over 100,000 people. Finland is also one of world's largest spenders on research and development at 3.8% of the country's GDP in 2012.



Central and local governments are joining forces to accelerate the adoption of digital solutions in the public sector. By 2015, the country expects to be able to send 80% of all correspondence to citizens in digital form. The Government's "Ambitions for More" strategy forecasts savings of £347 million a year by 2020.

Free wi-fi maintained by public agencies makes access to Estonian government agencies easier and helps the economy, due to conferences and event organisers being attracted by the wide availability of connectivity. The smallest Baltic country's strategy is to use information technology to increase administrative capacity and ensure innovative and convenient living conditions for its inhabitants.

State owned RIK, the Centre of Registers and Information Systems, develops and administers registers and information services for law and criminal jurisdiction. One of its products, e-Business Register, allows citizens to register a new company over the internet, whereas e-Land Register makes registering a ownership entirely available online.

#### **At the speed of light**

In February 2013, a Memorandum of Understanding was signed between the UK and Estonia, sealing a commitment by both countries to develop public services that are digital by default. The Memorandum is a step ahead in the bilateral cooperation in IT and cyber fields.

Although the penetration rate of fixed broadband at 20.4% is slightly below the EU average, Latvia shines when speed comes in to play. The percentage of lines above 30Mbps is an incredible 31%, well above the EU average of 8.5%, whereas the penetration rate of lines of at least 100Mbps is of 3.2%, eight times higher than the rate across the EU.

The amount of e-Government users among Latvian businesses saw the third highest increase in the European Union in 2011.

Strong activity from operators in network upgrading and the £87 million of partially EU funded broadband development project for the building of connectivity infrastructure in rural areas, should see the gap between the EU and Latvian fixed broadband penetration rates get smaller.

The Latvian Government's paper "Guidelines for the Electronic Communications Policy in 2011 to 2016", aims to increase the number of people who use the internet regularly to 85% and sets penetration targets of 25% for fixed broadband and 30% for mobile broadband in 2016.

#### **Lithuania takes the lead**

The southernmost Baltic capital, Vilnius, has ten universities, a body of students of about 70,000 and a strong business and academic potential, spread across different high technology areas, such as biotechnology, laser technology, IT, electronics and precision mechanics.

In an initiative to maximise its potential and attract investment, the Sunrise Valley project, aims to put Lithuania on the map as a location for world class businesses engaged in knowledge intensive activities and to help in transforming Vilnius into a 'knowledge city'.

To be developed over a ten to 20 year time span, Sunrise Valley will provide high quality sites and premises suitable for technology driven businesses, combining physical infrastructure and the provision of specialist support services.

The area is home to Vilnius University and Vilnius Gediminas Technical University, with the following faculties; a science and technology park; a business incubator; a national centre for scientific communication; recreation and commercial zones; a joint centre for life sciences and a national centre for physical and technological sciences, to be completed by 2015.

#### **From small beginnings**

Imagine people from different industries, roles and countries all getting together, working in teams to a tight deadline, to turn an idea into a working service or prototype within a very short span of time, typically a 48 hour period, from 5pm on a Friday until 5pm on a Sunday.

This describes a typical event arranged by Garage48, a foundation created by six members from the Estonian Start-up Leaders Club, which



has been organising the international, useful and fun start-up event series since April 2010. Its creative concept and positive call to action saw it spread from Estonia across Northern Europe and Africa and it now counts Skype as one of its sponsors.

In its three years of existence Garage48 has been widely acknowledged by the media, having won the "Best Organisation of the Year 2010" award from the Estonian Association of Information Technology & Telecommunications and made it as a finalist at the 2010 and 2011 "Best Ongoing Start-up Programme" by TechCrunch Europe.

In Tallinn, apart from organising its 48 hour events, the non-profit organisation also manages Garage48 Hub, a shared city centre co-working space of almost 500 square metres. This space, funded by membership fees and sponsors, each covering 50% of the running costs, offers entrepreneurs tools such as wireless internet, printers, scanners, meeting rooms and events.



Riga's TechHub played host to a Garage48 event in autumn 2012, a first international expansion of the Google backed London initiative. The fact that the Latvian capital has beaten other traditional, bigger and more central cities to host TechHub's first ever continental European office, helps consolidate the Baltic states' position as an exciting part of the tech world.

Its goal is to promote and support entrepreneurs and innovators in Latvia building new technologies for global markets. Like Garage48, TechHub is a non-profit organisation funded by membership fees and sponsors and is based in a 40 square metre office in the heart of Riga. It uses the same formula as its London counterpart, acting as a community gathering point and co-working venue, as well as hosting events.

### **A city within a city**

Frequently hosting speakers from the UK, continental Europe and Silicon Valley, who come to Riga to share their insights and exchange thoughts and ideas with members, TechHub also organised the first ever

TechCrunch Baltics conference in 2012. It is now one of the main stops for international investors looking for the next big thing in the start-up world to emerge from the Region.

In Stockholm, Kista Science City offers one of the world's highest concentration of expertise, innovation and business opportunities within IT. It is currently home to 1,100 researchers, 6,800 university students and almost 1,100 companies such as Ericsson, IBM and Microsoft, who collaborate in order to develop new technologies and grow.

BMW, Lawson Software and CLX Networks were some of the 44 companies that have established themselves at Kista Science City in 2012, confirming the area as one of Sweden's most dynamic. The outlook for 2013 looks equally bright, with projects such as the Kista Torn skyscraper and the NOD office complex under construction, as well as the moving of IT consulting company CGI and its 1,500 employees to the area.

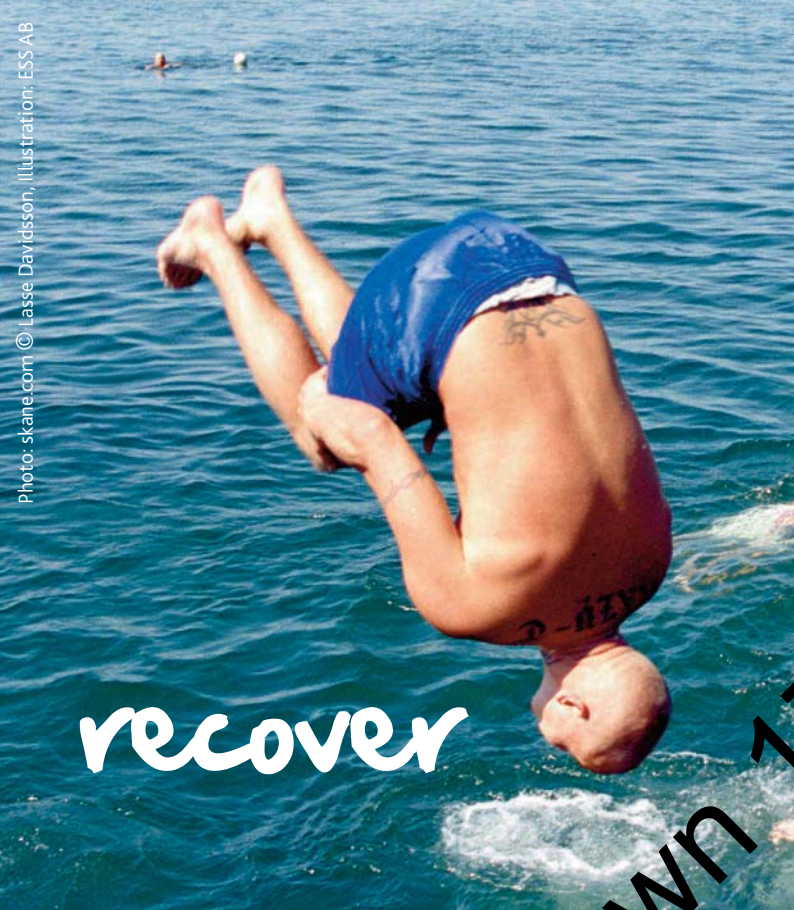
### **An exciting future**

Sparsely populated, large territories with challenging weather conditions present some of the countries in the Region with the need to have advanced telecoms technologies in place. Adding this to the population's entrepreneurial and creative spirit, has resulted in some of the world's most famous and useful inventions.

The Region is undoubtedly the place to be in Europe for the IT sector, because technology is present in every aspect of the lives of its population. In Denmark, for example, 98% of school pupils have internet access at home, three quarters live in a household with at least three computers and the Government is investing £58 million in tailoring teaching in schools to future needs.

Estonia, with its 1.5 million population, was chosen as the host for NATO's Cooperative Cyber Defence Centre of Excellence, which opened in 2008 and now the Tallinn Institute of Technology is offering a master's degree programme in cyber security. Ambitious targets for finding new digital solutions and the development of a range of new technologies means that the Region looks set to continue providing exciting opportunities. ■





Withdrawn 17 May 2019

## The future belongs to Skåne

Skåne, the southernmost part of Sweden and one of Northern Europe's most expansive regions, offers that rare combination – a dynamic business environment and a high quality of life.

It is now set to become home to the world's most advanced research facilities for material science – the European Spallation Source (ESS) and MAX IV.

This exciting development puts Skåne on the international investment map more firmly than ever.



**skåne**  
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part of business region skåne

Invest in Skåne is the official regional business promotion agency for Sweden's southernmost region Skåne. We provide professional advice and services to international companies considering Skåne for future investment and assist regional companies in developing their international business. [investinskane.com](http://investinskane.com)

Investing in your future





# Denmark

## Denmark in Brief

Denmark, despite its relatively small size, punches above its weight internationally. A wealthy, educated and open economy, Denmark is one of the best performing economies in the EU with low inflation, strong growth and low unemployment. The proximity of Europe's leading growth economies in short driving distance - Germany, Sweden and Poland - also allows for strong export opportunities.

The import climate is open and receptive to UK products and investments. There are no significant trade barriers or regulations. Denmark has a state-of-the-art infrastructure and a highly skilled, flexible labour force where English proficiency is in the world's top three.

Denmark is one of the easiest places in the world to do business according to the World Bank Report 2012, where bribery and corruption are practically unknown. This means that there is a solid credit and payment rating and reputation as well as a sophisticated and knowledgeable group of procurement experts.

## Key sectors

■ **Infrastructure and engineering:** Denmark currently has extensive opportunities within construction, engineering and transportation. A High Value Opportunity in the £2.5 billion Fennern Tunnel link to Germany, offers huge engineering and construction opportunities. Additionally, it has one of the largest rail renovation projects in Europe, which will run until 2020.

■ **Cleantech and energy:** Denmark is the world leader in Cleantech and low carbon related industries. Danish companies control one third of the global wind market and are the world leaders in supply chain technologies to the wind industry. Wind industry supply chain revenue in 2011 was £6 billion. The increased investments in UK wind energy offer engineering and technology opportunities. The Danish oil & gas industry is also expanding with around £4 billion being spent in the North Sea, in both UK and Danish waters.



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■ **Healthcare:** Denmark has one of the largest hospital infrastructure projects in Europe, currently with an estimated £4.5 billion to be spent from 2013 - 2020 on new super hospitals countrywide. Denmark also has a large biotech and pharmaceutical industry.

■ **Defence and security:** Denmark has growing defence and security interests with export opportunities available in all areas of military hardware and software. There is an increasing interest in cyber security and the outsourcing of military logistics and management.

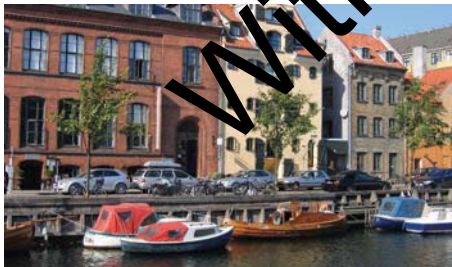
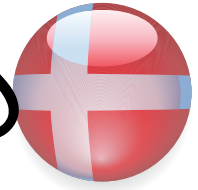
Other areas for promising market opportunity for UK companies include; IT & telecommunication equipment, professional services, food & drink and consumer goods.

## UKTI in Denmark

The trade and investment team in Copenhagen provides expertise, competence and professional services to UK exporters. We have industry specialists in life sciences, aid funded business, energy, education, food and consumer goods, rail, advanced engineering and infrastructure, Cleantech, environment and ICT. ■

## Key Facts

Head of state:	Queen Margrethe II
Total population:	5.6 million
Capital city:	Copenhagen
Population of capital:	425,249
Area:	43,098 square kilometres
Border countries:	Germany, Sweden
Coastline:	7,314 kilometres
Language:	Danish
Monetary unit:	Krone
Government:	Constitutional Monarchy
Natural resources:	petroleum, natural gas, fish, salt, limestone, chalk, stone, gravel & sand
Major exports:	machinery & instruments (22%), fuels & chemicals (26%), agricultural & food processing ( 19%)
Major export trading countries:	Germany (17%), Sweden (12%), UK (9%), Norway (6%), USA (6%)
Major imports:	machinery & engineering (22%), Manufactured goods & instruments (14%), agricultural & food processing ( 13%), fuels, chemicals & raw materials (12%), chemicals (12%)
Major import trading countries:	Germany (22%), Sweden (14%), Holland (7%), China (6%), UK (5%)
Time zone:	GMT +1
Driving:	Right
Internet domain:	.dk
Calling code:	+45



# Estonia

## Estonia in brief

Estonia is a country neighbouring Finland, Sweden, Latvia and Russia. It is easily accessible with Tallinn only 2-3 hours flight from major European capitals.

Estonia is politically and economically stable, praised for its accessibility, entrepreneurship, ease and low cost of doing business, and investor equality. In 2012, Estonia's GDP grew by 3.5% and analysts forecast 2.5%-3.5% growth for 2013. Membership of the EU, Euro currency zone, NATO and the OECD give predictability to the country's business environment. In 2013, Estonia was 13th in the economic freedom rankings compiled by the Heritage Foundation and 34th in the World Economic Forum Index's global competitiveness rankings.

Estonians are early adopters of technology and the size and compact nature of Estonia makes it an ideal, cost effective test marketplace for new products. Sir Richard Branson recently highlighted in his blog the work of Transferwise, a new global company founded by two Estonians, that provide solutions to make international business easy and cost efficient.

For UK companies interested in the Russian market, Estonia provides well established and re-strengthening business links to the country, making it an important trading point between western Europe and CIS.

English is a primary business language and is widely spoken here.

## Key sectors

■ **ICT:** meet Skype, its software was developed by four Estonian programmers. The Estonian ICT sector is well developed with a wide range of e-services. There are ample opportunities for UK businesses to cooperate with cutting edge technology companies, and provide products and services unavailable from local providers.

■ **Energy:** there are opportunities for UK energy sector companies providing consultancy services, projects and equipment for the new LNG terminal. There are also opportunities in the renewable energy



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sector, including windmill parks and innovative technologies in the energy saving sector.

■ **Transport:** there are a number of opportunities within one of the EU priority projects called Rail Baltica. The project is planned to link Finland, the Baltic States and Poland. Opportunities include; consultancy, construction, development of railway infrastructure, supply of rolling stock and railway infrastructure equipment.

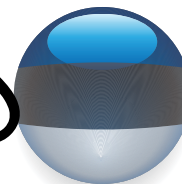
■ **Education:** the opportunities in this sector lie in general and higher education, vocational education, rural development training and lifelong learning, special needs and the supporting counselling, vocational youth work, teacher training, educational materials and IT equipment together with marketing and other corporate training.

## UKTI in Estonia

Our small but dedicated team of professionals in Tallinn is happy to assist you with advice and information. Whether you need market or sector information, identification of potential customers and other key contacts, information on routes to market and existing competition, statistics, arranging meetings or organising promotional events, please contact us and we shall be happy to help. ■

## Key Facts

Head of state:	Toomas Hendrik Ilves
Total population:	1.34 million
Capital city:	Tallinn
Population of capital:	425,249
Area:	45,227 square kilometres
Border countries:	Russia, Latvia. Finland and Sweden over the Baltic Sea
Coastline:	mainland coastline 1,242 kilometres
Language:	Estonian
Monetary unit:	Euro
Government:	Parliamentary Republic
Natural resources:	limestone, oil-shale, peat, sand, dolomite, mineral water, phosphorite, clay, gravel
Major exports:	machinery & equipment (30%), fuels & oils (11%), food & drinks (11%), wood & wooden products (8%), chemicals (6%)
Major export trading countries:	Sweden (18%), Russia (14%), Finland (13%), Latvia (9%), Lithuania (6%)
Major imports:	machinery & equipment (32%), fuels & oils (11%), food & drinks (11%), chemicals (9%), metal & metal products (7%)
Major import trading countries:	Finland (14%), Sweden (14%), Germany (11%), Latvia (10%), Lithuania (9%)
Time zone:	GMT+2
Driving:	right
Internet domain:	.ee
Calling code:	+372



# Finland

## Finland in brief

Finland has been voted consecutively during recent years as one of the world's most competitive economies, and the country has been repeatedly ranked at the top of international sustainable development reports and quality of life surveys. Finland spends heavily on education and research - an investment which pays dividends by delivering one of the best qualified workforces in the world.

Finland's key economic sector is manufacturing - chemical, forestry, metals, engineering and electronics industries. Finland is a world leader in telecommunications and high technology applications and is building new growth through the clean technology sector and bioenergy. With a close proximity to Russia, Finland represents a strategic gateway to that market, especially the St. Petersburg area.

## Key sectors

■ **Retail:** There are significant opportunities in the retail sector (especially food & drink), due to the strength of Finland's trading relationship with Russia. There are approximately 650 Finnish companies with subsidiaries in Russia and exports into Russia in food & drink amounted to nearly £430 million in 2011.

■ **Healthcare:** key development areas are regenerative medicines and biomaterials. Technological solutions and services to support Finland's ageing population are in demand.

■ **Hospital newbuilding:** There are several hospital newbuilding projects in the pipeline in Finland over the next two decades. The forthcoming Oulu University Hospital will be a project worth approximately £430 million.

■ **ICT:** Information and communication technologies offer obvious opportunities in Finland due to exceptional clusters of high-tech, mobile platforms and operating systems, mobile and online games and one of the world's highest ranked IT industries.

■ **Mining:** Extractive industries in northern Finland concentrate on gold, platinum group metals, base metals and industrial minerals. There are

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opportunities in the supply chains for materials, equipment and education in the mining industry.

■ **Sustainable building:** Helsinki City Council has adopted a policy of a 'zero carbon city'. Helsinki metropolitan area is undergoing a significant urban development phase with several city areas under construction or at planning phase. The projects offer opportunities in sustainable and energy efficient building.

■ **Advanced engineering:** Several global companies specialising in engineering excellence in the heavy industries offer supply chain opportunities for manufacturers of technical components and raw materials.

## UKTI in Finland

UKTI Finland's services to UK-based companies wishing to grow their business in Finland include market research, identifying and contacting distributors or potential partners or customers and arranging appointments or networking events to promote products and services. Companies wishing to set up a local base may also benefit from support and advice by UKTI in Finland. ■





## Key Facts

Head of state:	Sauli Niinistö
Total population:	5.43 million
Capital city:	Helsinki
Population of capital:	605,523
Area:	338,145 square kilometres
Border countries:	Russia, Norway, Sweden
Coastline:	1,250 kilometres
Language:	Finnish, Swedish
Monetary unit:	Euro
Government:	Parliamentary Republic
Natural resources:	timber, water, iron ore, copper, lead, zinc, chromite, nickel, gold, silver, limestone
Major exports:	machinery & transport equipment (29.3%), paper, pulp & paper products (18.2%), chemical industry, incl. medical & pharmaceutical (11.2%), petroleum products (9.1%), non-ferrous metals (8.8%)
Major export trading countries:	Sweden (11.9%), Germany (9.9%), Russia (9.4%), the Netherlands (6.8%), UK (5.1%)
Major imports:	machinery & transport equipment (27.7%), petroleum products (16.7%), chemical industry, incl. medical & pharmaceutical (11%)
Major import trading countries:	Russia (18.7%), Germany (12.4%), Sweden (10%), China (7.3%), the Netherlands (5.2%), USA (3.7%), France (3.3%), UK (2.9%)
Time zone:	GMT +2
Driving:	right
Internet domain:	.fi
Calling code:	+358



# Iceland

A sparsely populated North Atlantic island, Iceland is famous for its hot springs, geysers and active volcanoes. Lava fields cover much of the land and hot water is pumped from under the ground to supply much of the country's heating.

In 1944 Iceland was granted independence from Denmark. The second half of the 20th century saw substantial economic growth, driven primarily by the fishing industry. The economy diversified greatly after the country joined the European Economic Area in 1994 but Iceland was especially hard hit by the global financial crisis in the years following 2008.

The global financial crisis of 2008 exposed the Icelandic economy's dependence on the banking sector, leaving it particularly vulnerable to collapse. In October 2008, the Government took control of all three of the country's major banks in an effort to stabilise the financial system. The economy shrank by 6.8% in 2009 but since the end of 2010 it has recovered steadily, with growth averaging 2.5% per annum and unemployment falling to just below 5%. The economy depends heavily on the fishing industry, which provides 40% of export earnings, more than 12% of GDP, and employs 7% of the workforce.

Travel time by plane is about three hours from London, two and a half hours from Stockholm and six hours from New York, it is easily reached and the perfect place to stop "on the way" between the US and Europe. There are currently a number of airlines that provide flights to Iceland, including Icelandair, WOW Air, SAS, Norwegian and EasyJet.

## Key sectors

■ **Fisheries:** Iceland ranks 18th in the world among the leading fisheries nations, with 1.9% of the world's catch. The sector accounted for approximately 11% of GDP in 2011, or 25% if account is taken of the ocean cluster. Marine products accounted for approximately 40% of the total export value of goods from Iceland and approximately 26% of the total value of exported goods and services.



## Country contact details

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■ **Geothermal energy:** Iceland is a world leader in the utilisation of geothermal energy, both directly and for electricity production. Two thirds of Iceland's primary energy supplies is derived from geothermal sources and over 90% of homes are heated using geothermal energy. This generates 30% of Iceland's electricity (665MW) with the remainder coming from hydro. The dynamic geothermal energy sector provides opportunities in service, drilling, project management and financing.

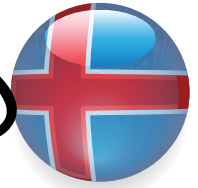
■ **Aluminium:** aluminium smelting is the most important power-intensive industry in Iceland. There are currently three plants in operation, Rio Tinto Alcan with 189,000mtpy, Alcoa with 346,000mtpy and Century Aluminium with 260,000mtpy. Aluminium industry products' share of merchandise exports is 21% of Iceland's total exports.

## UKTI in Iceland

Our highly skilled and dedicated team of professionals in Reykjavik is happy to help you with advice and information around doing business in Iceland. Aside from knowledge across sectors, UKTI in Iceland have trade advisers with sector specific expertise in food & drink, ICT, life science and energy. ■

## Key Facts

Head of state:	Olafur Ragnar Grimsson
Total population:	320,000
Capital city:	Reykjavik
Population of capital:	200,000
Area:	103,000 square kilometres
Border countries:	none - closest neighbour UK (Scotland)
Coastline:	4,970 kilometres
Language:	Icelandic
Monetary unit:	Icelandic Kronor (ISK)
Government:	Parliamentary Democracy
Natural resources:	fish, geothermal, hydro energy
Major exports:	fish products (40%), aluminium (40%)
Major export trading countries:	Netherlands (32.4%), Germany (15%), UK (9.4%), Norway (4.4%)
Major imports:	food & beverages (9.4%), capital goods excluding transport (21.7%), industrial supplies (32.1%), fuels & lubricants (14.2%), transport equipment (8.4%), consumer goods (13.2%)
Major import trading countries:	Norway (15.9%), US (10.0%), Germany (7.8%), Netherlands (7.3%), China (6.2%), Denmark (6.2%), Brazil (5.8%), UK (5.1%)
Time zone:	GMT (no daylight saving time)
Driving:	right
Internet domain:	.is
Calling code:	+354



# Latvia

## Latvia in brief

Latvia is located at the crossroads of northern and eastern Europe, on the east coast of the Baltic Sea. Its strategic location has been the major influence on the country's diverse historical and cultural experiences.

Due to a major growth in foreign trade, in 2012 Latvia was one of the fastest growing economies in the EU with GDP growth of 5.5%. The value of total exports and imports increased by 15% and 12.7% respectively. Latvia was the UK's 79th largest export market in 2011 and UK exports in goods rose by 39% if compared to 2010, reaching £228 million. Comparing January–November 2011 to the same period in 2012, UK exports to Latvia increased by 7%.

The UK is Latvia's tenth largest import source, with a market share of 3% of total imports into Latvia.

World Bank Doing Business 2013 index ranks Latvia 25th among 185 countries or eighth among EU member states.

## Key sectors

■ **Educational ICT and skills:** education and training sector is aimed at improving the education environment. Education institutions are gradually updating their IT infrastructure, which results in increasing interest in both educational equipment as well as contemporary education means (software, e-programmes, etc.).

■ **Infrastructure:** opportunities in transport sector in; Rail Baltica project - European Standard gauge rail connection from Tallinn to Warsaw, via Riga and Kaunas. Total value of the project is £3.2 billion receiving significant EU funding. Modernisation of Latvia Railways infrastructure - electrification of the East–West rail corridor, with estimated costs at £470 million.

■ **Energy:** industry was heavily backed by indirect state support (decreased excise tax and mandatory addition of biofuel to petrol and diesel) and the availability of EU funds. Thus, for example, the EU programme for 'Development of Public Heating Networks' offered



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funding of approximately £19 million. There is also another scheme available - the Financial Instrument of Climate Change (FICC) has been provided for legal entities to increase energy efficiency in commercial buildings and to replace fossil energy sources to renewable ones.

■ **ICT:** ERDF project of £100 million - The Middle Mile - the broadband internet optical fibre network throughout Latvia. Open tenders for the delivery of equipment and cable laying works to be announced during 2014 and implemented by 2017.

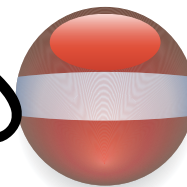
■ **Engineering:** Areas of opportunities are in plasma cutting processes for metal production, galvanisation, thermal treatment of surfaces and manufacturing of press forms for the plastics industry and many others.

## UKTI in Latvia

Our team offers a wide range of assistance helping you to achieve your business goals. Whether you are new to selling overseas or you are an experienced exporter trying to break into a new market, we will work with you to develop a strategy and service a package, focused exclusively on helping you to succeed in Latvia. ■

## Key Facts

Head of state:	Andris Berzins
Total population:	2.041 million
Capital city:	Riga
Population of capital:	658,000
Area:	64,589 square kilometres
Border countries:	Estonia, Lithuania, Belarus, Russia
Coastline:	531 kilometres
Language:	Latvian
Monetary unit:	Lats (joining to the Euro Zone is expected in 1 January, 2014)
Government:	Parliamentary Republic
Natural resources:	peat, limestone, dolomite, amber, hydropower, timber, arable land
Major exports:	foodstuffs (19.8%), wood & articles of wood (15%), base metals & articles of base metals (11.6%), machinery & mechanical appliances (11%), electrical equipment (8.3%), mineral products (0.7%)
Major export trading countries:	Lithuania (16%), Estonia (13%), Russia (11%), Germany (8%), Poland (6%)
Major imports:	mineral products (18%), machinery & mechanical appliances, electrical equipment comprised (17%), base metals & articles of base metals (11%)
Major import trading countries:	Lithuania (20%), Germany (12%), Russia (9%), Poland (9%), Estonia (8%)
Time zone:	GMT +2
Driving:	right
Internet domain:	.lv
Calling code:	+371





# Lithuania

## Lithuania in brief

Lithuania was one of four growth markets for UK exports in the EU last year: UK exports to Lithuania grew by 42%. The economy is one of the fastest growing in the EU - it grew by 5.8% in 2011 and by 3.1% in 2012. It is expected to continue this positive trend of 3% over the next several years.

Lithuania is an open, dynamic and fast developing country, at the geographical centre of Europe. It is an ideal location for logistics, given it's position at the crossroads of western and central Europe, Nordic & Baltic region, and Russia and the CIS.

Lithuania is an active member of the EU and NATO. The Government has set a goal of adopting the Euro in 2015.

The country has produced several innovative, cutting-edge ICT start-ups, including GetJar. Lithuania has been ranked number one in the World Competitiveness Rankings for communication technology. It boasts the fastest download and upload speed in the EU and second worldwide. It has one of the best educated workforces in CEE and is among the top six EU countries boasting the greatest number of people proficient in at least one foreign language. Every third Lithuanian speaks English, and eight out of ten speak Russian.

## Key sectors

■ **Energy & power:** A real growth market for UK energy companies. New power plants (including nuclear) are being built as well as power links to neighbouring countries. Significant cogeneration and renewable energy projects as well as a Government plan to fund energy efficiency projects across the country.

■ **PPP:** New prisons, courts and police buildings as well as street lightening projects, all funded by PPP.

■ **Infrastructure:** significant road, rail and sea port infrastructure development projects; many supported by EU funding.

■ **Healthcare:** opportunities for supply of medical equipment, single use technology, and healthcare products.



## Country contact details

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■ **Biotech:** Lithuania's life science industry is regarded as one of the most advanced in CEE. It is especially strong in red biotechnology, where research is conducted in the area of reagents and enzymes for molecular biology and recombinant pharmaceutical proteins. Green biotechnology is also rapidly developing.

■ **ICT:** a real growth area. Homegrown innovative start-ups combined with blue-chip back-office support functions mean there are numerous opportunities for UK suppliers to this sector.

■ **Lasers:** Lithuania is well known in laser production, which are widely used in scientific research, introduced to industry and medicine.

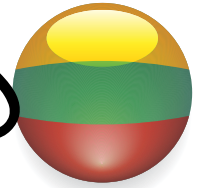
■ **Food:** gourmet, healthy and eco food markets are strong. An increasing demand from a population with an increasing disposable income.

## UKTI in Lithuania

An experienced and successful UKTI team in Lithuania are waiting to help you and your company exploit the opportunities in this growing market. They can provide a wide spectrum of services including bespoke market research; arranging visits to the market, PR and promotional events in the exclusive Embassy building. ■

## Key Facts

Head of state:	Dalia Grybauskaitė
Total population:	2.99 million
Capital city:	Vilnius
Population of capital:	523,050
Area:	65,300 square kilometres
Border countries:	Latvia, Belarus, Poland, Russia
Coastline:	90.66 kilometres
Language:	Lithuanian
Monetary unit:	Litas (LTL)
Government:	Democratic Republic
Natural resources:	clay, quartz sand, limestone, peat, oil, dolomite and gypsum sand
Major exports:	mineral products (25.6%), machinery & mechanical appliances, electrical equipment (10.3%), products of the chemical or allied industries (9.2%)
Major export trading countries:	Russia (18.9%), Latvia (10.9%), Germany (7.8%), Estonia (7.8%), UK (6.3%), Poland (6.0%), Netherlands (5.8%)
Major imports:	mineral products (34.2%), chemical products (11.8%), machinery & mechanical appliances, electrical equipment (11.3%)
Major import trading countries:	Russia (32.2%), Germany (28.1%), Poland (9.7%), Latvia (6.1%), Netherlands (5.5%), Sweden (3.2%), Italy (3.2%), Estonia (3.0%), Belgium (2.9%), Belarus (2.7%), France (2.2%), UK (2.2%)
Time zone:	GMT+2
Driving:	right
Internet domain:	.lt
Calling code:	+370



# Norway

## Norway in brief

Norway is a wealthy, modern European country with a standard of living amongst the highest in the world. It is a well functioning and stable country with a healthy and transparent economy.

Norway is the UK's 21st largest market with exports worth £3.6 billion in 2012. It was the sixth largest supplier of goods to the UK in 2012.

Norway is a safe and relatively easy country in which to do business. However, as in any modern open market, it is always advisable to verify company status with Norway's companies register: Bronnoysund Register is a government body under the Norwegian Ministry of Trade and Industry.

Norway remains outside the EU, though as members of the European Economic Area (EEA) they acknowledge the same trading codes as the EU, making Norway an easy market in which to do business.

## Key sectors

■ **Oil & gas:** the petroleum sector in Norway accounts for 50% of the country's export revenue and 25% of the country's investments, 30% of the government income and 25% of Norway's jobs. There are 250,000 jobs directly and indirectly related to the industry.

Norway is the third biggest oil exporter and fifth biggest gas exporter in the world, and alone meets 16% of all European gas consumption.

■ **Shipping/maritime:** the maritime sector is Norway's largest after the oil & gas sector. The Norwegian maritime industry focuses on ship repair and construction of vessels ranging from fishing trawlers through to catamarans and seismic exploration vessels. Norway also has a considerable ship's gear industry with a vast range of highly advanced products.

■ **Power generation:** until the mid-1900s industry used more than 80% of power generated in Norway. Today households account for just under 50% of total consumption.

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In the coming decade or so, the power sector estimates a need for nearly £14.5 billion grid investments at all levels, of which around half is for the national grid. This includes the planned interconnectors between Norway and the UK and Norway and Germany.

■ **Seafood:** Norway is Europe's largest supplier of fish and fish products. 95% of production is exported, in the form of over 2,000 different products, to around 150 countries.

■ **Services:** in addition to technical consulting, Norwegian firms supply an increasing number of other services, in areas as diverse as finance and insurance, legal and auditing, marketing and public relations, and management consulting.

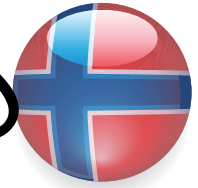
## UKTI in Norway

UKTI's team in Oslo provides a range of services to British-based companies wishing to grow their business in the Norwegian market including market information, validated lists of agents/potential partners, key market players or potential customers, arranging appointments and organising networking or/promotional events. The team also gives help and advice to Norwegian companies wishing to invest in or set up a business in the UK. ■



## Key Facts

Head of state:	King Harald V
Total population:	5.5 million
Capital city:	Oslo
Population of capital:	613,000
Area:	324,000 square kilometres
Border countries:	Sweden, Finland, Russia
Coastline:	1,752 kilometres
Language:	Norwegian bokmal, Nynorsk, Sam
Monetary unit:	Norwegian Kroner
Government:	Constitutional Parliamentary Democracy
Natural resources:	petroleum, natural gas, iron ore, copper, lead, zinc, titanium, pyrites, nickel, fish, timber, hydropower
Major exports:	petroleum & petroleum products (52%), fish (5.4%), machinery & equipment (8%), metals (1.5%), chemicals (1.4%), ships (5%)
Major export trading countries:	UK (27.2%), Netherlands (11.5%), Germany (11.1%), France (7.1%), Sweden (6.5%), US (5.6%)
Major imports:	machinery & equipment (38%), motor vehicles (10.1%), chemicals (1.4%), metals (4%), foodstuffs (6%), clothing (4.3%)
Major import trading countries:	Sweden (13.3%), Germany (13%), China (9%), Denmark (6.3%), UK (5.6%), US (5.4%), the Netherlands (4.1%)
Time zone:	GMT +1
Driving:	right
Internet domain:	.no
Calling code:	



# Sweden

## Sweden in brief

Sweden is the largest market in the Nordic region and its geographical location has helped to strengthen Sweden's position as a natural hub for business in the Nordic & Baltic area and Russia.

Sweden has a very strong economy and its market shows continuing strength and signs of growth. It is ranked in the top ten countries with regards to GDP per capita. Growth rates and import growth rates are forecast to increase steadily over the next two years by 2.8% and 6.8% respectively. Sweden is known for its innovation and long history as a trading nation. Exports make up almost 50% of the GDP, and over 60% of the country's industrial production is exported. Notably, with only 0.2% of the world population, Sweden accounts for almost 2% of world trade.

English is widely used and the Swedish culture is open minded and readily welcomes new ideas. Smooth business procedures, a highly skilled labour force and willingness to engage in international partnerships make Sweden an excellent country to do business in.

## Key sectors

■ **Transport and infrastructure:** Sweden's national programme for rail and road predicts a £45 billion investment over the next ten years, presenting several high value opportunities for construction and road works.

■ **Automotive industry:** one in ten jobs in Sweden is related to the automotive business and Swedish companies produce around 10% of world production of heavy vehicles. The automotive industry extends from research & development, across production to sales.

■ **Life science:** Sweden is a global leader in the field of life science and has the highest per capita spending in Europe on research & development within this sector. Business opportunities lie within medical innovation, drug discovery and pharmaceutical commercialisation.

■ **Fashion and retail:** Swedes have a general appreciation for British products and luxury goods. Consumers in Sweden have strong

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purchasing power, often with double income households and lower social costs compared to many other European countries.

■ **Renewable energy:** close to half of Sweden's energy comes from renewable technology. Opportunities lie within bioenergy, wind and solar power, biofuels, heating and cooling, waste and recycling.

■ **Defence and security:** Sweden has a long tradition of producing high quality defence and security materials. Opportunities lie within supplying components, communications and wireless systems for CCTV and other detectors.

■ **ICT, electronics and telecoms:** In 2012, Sweden was ranked the number one in the digital economies by the WEF. It is regarded as the frontrunner in utilising new technologies and setting consumer trends.

## UKTI in Sweden

Our highly skilled and dedicated UKTI team of professionals in Stockholm is happy to help with advice and information about doing business in Sweden. With knowledge across all sectors, the team also have trade advisers with sector specific expertise in ICT, life science, engineering and energy.





## Key Facts

Head of state:	King Carl Gustaf XVI
Total population:	9.56 million
Capital city:	Stockholm
Population of capital:	881,235
Area:	450,000 square kilometres
Border countries:	Finland, Norway
Coastline:	3,218 kilometres
Language:	Swedish
Monetary unit:	Swedish Kronor (SEK)
Government:	Constitutional Monarchy, Parliamentary Democracy
Natural resources:	iron ore, copper, lead, zinc, gold, silver, tungsten, uranium, arsenic, feldspar, timber, hydropower
Major exports:	industrial machinery (15%), chemicals & rubber products (13.9%), vehicles (13.1%), electronics & telecommunication (11.6%), wood & paper products (11.3%), minerals (10.6%)
Major export trading countries:	Norway (10.8%), Germany (9.8%), USA (7.7%), UK (7.1%), Finland (6.9%), Denmark (6.7%), France (5.1%), the Netherlands (4.6%)
Major imports:	mineral fuels & electricity (16.6%), electronics & telecommunications (16.3%), chemicals & rubber products (12.6%), vehicles (10.9%), food, beverages and tobacco (10%), industrial machinery (9.2%)
Major import trading countries:	Germany (15.3%), Norway (15.0%), Denmark (8.2%), the Netherlands (7.6%), UK (6.6%), Finland (5.7%), China (4.7%), France (3.8%)
Time zone:	GMT+1
Driving:	right
Internet domain:	.se
Calling code:	+46



# Useful Contacts

## Denmark

### British Chamber of Commerce in Denmark

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### British-Estonian Chamber of Commerce

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## Finland

### British and Commonwealth Chamber of Commerce in Finland

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### Finnish British Trade Association

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