DANISH AMERICAN CHAMBER OF COMMERCE
NEW YORK

Editors

Lennard Rambusch (344-6800)
Poul Essemann (697-5101)
Dan Larsen (864-5107)

75 ROCKEFELLER PLAZA, 11th Floor
NEW YORK, NEW YORK 10019
(212) 245-0424

NEWSLETTER

No. 2 APRIL 1982

AMBASSADOR LOEB GUEST OF HONOR AT CHAMBER FORMAL

While some of the 150 participants in the Chamber's formal dinner dance at the Waldorf-Astoria Friday, March 26th were still trying to navigate their chicken 1'orange around bosoms decollete' and miniature bejeweled chests, the U.S. Ambassador to Denmark, John L. Loeb, Jr., stepped to the rostrum with a lifted forefinger. Mr. Loeb's keynote speech carried the title "The North Atlantic Treaty Organization - History's Longest and Greatest Alliance for Peace". "Nuclear warfare is an issue which torments us all" he said. "It is a topic of public controversy in all our countries and the Soviet Union shamelessly attempts to exploit it. The so-called peace marchers are in fact endangering the peace when they call for unilaterally dismantling the strategy of deterrence which has made it possible for their generation to grow up in peace and security."

"I, for one, do not believe that Western Europe's instinct for survival in freedom has become so atrophied that its people are unwilling or unable to confront the hard challenges before them. Indeed, it is an illusion to think that any of us, on a national basis, can avoid the risks of this dangerous world. 'Stop the World, I Want to Get Off' has no reality. Nuclear weapons will not go away simply because we are horrified to deal with them."

"I am confident that the North Atlantic Treaty Organization will maintain its essential unity, that the strategic coupling of the United States and Europe will be strengthened, that our ability to deter conflict and political intimidation, now successful for a full generation, will continue."

Consul General William Thune-Andersen thanked the Ambassador for the speech and concluded his address by wishing the Ambassador a successful and enjoyable term of service in Copenhagen.

Thanks to Werner and Susanne and their faithful troops the dinner dance was once again a well organized and merry evening.

ANNUAL MEETING SET FOR APRIL 27TH

The Chamber will hold its annual business meeting at 11 a.m. on April 27, 1982 at the New York Yacht Club. This business meeting will preceed the usual luncheon meeting. The luncheon will be attended by a Trade Delegation from Denmark led by Mr. Leif Donde, Ministry of Foreign Affairs, Copenhagen. The Delegation includes senior officials from the Ministry of Industry and six major Danish Trade Organizations. All Danish Consuls General and Trade Officers from the U.S. and Canada will be in attendance.

Guest Speaker will be Mr. P.K. Lau-Jensen, Chairman of the Board of Export Promotion Denmark and President of the Danish Agricultural Marketing Board.

At the business meeting, all committees of the Chamber will give reports and election of directors will be held. Proxys have been mailed to all voting members.

WARREN D. MANSHEL SPEAKER AT FEBRUARY 25TH MEETING OF CHAMBER (BY DAN LARSEN)

The economic problems of the United States are a serious threat to recovery, said the Former Ambassador to Denmark. In fact, there is a danger of a world-wide depression if things do not change to the better. With supply-side economics and high interest rates, it is difficult to be optimistic. Warren D. Manshel thinks that the strong dollar has spoiled the U.S. merchandise trade and that this is a root-cause for the economic crisis.

Danish export appear to have regained its strength, said the Former Ambassador. Danish export to the U.S. grew the first ten months of 1981 with 47 percent which is five percent of the total export. However, U.S. export to Denmark has done even better with a gain of 62 percent growing to between six and nine percent of Denmark's total imports.

The United States is now a major supplier of coal with a third of the deliveries to Denmark. Also, export of plywood did very well. Among the other leading items were military equipment, engines and fertilizers.

Mr. Manshel, who is an investment banker and publisher of the journals "Foreign Policy" and "The Public Interest" think the U.S. in general is mildly bullish on the 1982 economy. After two years of recession and declining productivity, they expect 2 - 4 percent growth, which is better than most OECD countries. For Denmark to do well, the country must either increase export or cut spending - or both.

In the long term, the Former Ambassador finds it difficult to be too optimistic with the current trends and the present administration. The industrial output has been down for six months. There is negative growth in the GNP due to negative shift in merchandising trade. Trade surplus in captial goods is down 50 percent.

The net effect of the government's policy of high interest rates are a great advantage to our leading competitors in Germany and Japan, he said. Both their exports have gone dramatically up. All we do is to import foreign unemployment.

To emphasize his point, he quoted former Senator Eugene McCarthy for saying that the U.S. has entered "the age of the American Colony" meaning that the country as seen in coal exports to Denmark has become a major exporter of raw materials and importer of manufactured goods. Also, the U.S. has to furnish troops abroad, it is not in control of its own immigration, not in control of its currency, foreign policy is in control of allies and have to accept a foreign language as our own.

There is a new division of labor internationally. The U.S. and the other OECD countries cannot compete with the new nations with their huge labor resources. There is a staggering displacement of labor, he stated. There must be a new future for the industrialized nations. We must mechanize, specialize and change point of concentration. But that is what Danish industry has been doing for 30 years.

Or maybe I have just been in Denmark for too long a time.

REPORT ON THE DANISH ECONOMY (PRIVATBANKEN)

In 1982, economic growth in Denmark will be stronger than in the countries with which we traditionally compare ourselves. The reverse was the case in both 1980 and 1981 when the recession was de per here than abroad. The reason for this improvement is that energy investments will culminate this year, contributing one per cent to the growth of the GDP. Investments in energy supply will be more than DKR 10 bn and will thus constitute about one-fourth of total trade investments.

It is the North Sea fields which have developed. They are going to cover about 40 per cent of our energy needs in the late 80's. It will, in the long run, relieve the pressure on the current account of the balance of payments, but will not solve the problems, and a continuation of a firm economic policy in the years to come, therefore, is necessary.

In the short run, however, the investments in oil rigs, oil and gas pipelines, etc. will be very import-demanding. This year, the energy investments will strain current account by about DKR 3 bn and thus be one of the main reasons for the vigorous growth of the deficit, which is expected to rise from DKR 12½ bn in 1981 to DKR 17-18 bn in 1982.

Apart from the energy sector, investments in business are developing rather badly in Denmark. During 1980 and 1981, there has been a deterioration measured in real terms of 20 per cent and even though a slight improvement in investment activity is foreseen this year, industrial investments will be 20 per cent below the 1973 level. Agricultural investments have developed even worse and are only expected to be half as big as in 1973.

This development is rather alarming. OECD concluded in their latest report on Danish economy that the investment level in industry as well as in agriculture is now so low that it will hardly cover the current renewal of out-of-date and outworn material. Therefore, there is a danger that the production facilities in Danish industry will be reduced, which means that the current production cannot be maintained. Already now the capital equipment is too small to produce and export us out of the current account and unemployment problems. If investments are not put in motion, the problems in Danish economy will be intensified. Increased investments, however, demand an improvement of earnings in business community and a limitation in the growth of the public sector deficit to ease the pressure against the current account.

Precisely the deficit on the public budgets have grown vigorously during the latest years. Until the mid 70's, we had a surplus on public finances, but during the latest 6 - 7 years, we have worked up quite a considerable deficit, the growth of which is second to none in the OECD area. In the longer view, the fast increase in the deficit must be considered as a threat against a reasonable solution to the economic problems. The deficit on the public finances keeps up demand and thereby performs a pressure on the current account, just as it increases inflation and the long term interest rates at the cost of fixed capital formation in business.

DENMARK/USA TRADE INCREASES THREE TIMES FASTER THAN TOTAL DANISH TRADE

The development in trade relations between Denmark and the U.S. for 1981 as a whole has not shown any major changes since the mid year report (Newsletter No. 9, 1981).

Revised figures for the first half of 1981 show an increase in Danish exports to the U.S. at exactly the same level as for the full year, +42 per cent. The Danish import

has shown a similar pattern as earlier in the year, with a 61 per cent gain over 1980, all figures measured in Danish kroner.

Following an increase in the kroner/dollar rate of close to 40 per cent from the beginning of the year to the peak in mid-August, the exchange rate dropped by 15 per cent during the second half of 1981.

The major groups of commodities contributing to the increase in the Danish export to the U.S. are still food, mink pelts, chemicals and non-electrical machinery.

The even higher increase in the Danish import from the U.S. compared to the export, despite the average increase in the Kr/$ value of 27 per cent, can be explained by the purchase of two specific commodities: airplanes and coal. Airplanes for both civil and military use and the replacement of old engines by new turbo-reactors account for half of the Danish import from the U.S. together with the import of coal which was almost non-existent in 1979.

The Kr/$ rate has recently surpassed the peak reached in August 1981, due to both a stronger U.S.-dollar and a weaker Danish currency.

The decline in the dollar-value long anticipated by exchange market forecasters does not seem imminent and the strong dollar will probably remain a decisive factor for Danish manufacturers throughout 1982. The weak U.S. demand for tool and machinery and the outbreak of hoof and mouth disease in Denmark, directly affecting five per cent of the Danish export to the U.S. tend on the other hand to make the outlook for the Danish export slightly gloomy.

The Krone value of the Danish export to the U.S. (f.o.b.) and the Danish import from the U.S. (c.i.f.) is shown in the enclosed specification.

ELEVEN DANISH COMPANIES PARTICIPATE IN FOOD SHOW

The first "United States International Food Show" at the New York Coliseum 14.-18. April 1982 will have a major Danish participation.

The national Danish pavilion organized by the Danish Agricultural Marketing Board includes 11 companies exhibiting a great variety of Danish food products.

The pavilion will have a Danish kitchen and a lounge for entertaining the business relations of the participating Danish companies.

CHAMBER NOTES

The fifth annual GRUNDLOVSDAG celebration will take place on Sunday, June 6, 1982. You are probably aware of the unusual tie-in between Denmark and the United States in that Denmark is the only country outside of the United States celebrating the American Independence Day on the Fourth of July each year, in Rebild. The Danish-American Co-ordinating Council has organized GRUNDLOVSDAG (Constitution Day) at the beautiful grounds of the Danish Home for the Aged in Croton-on-Hudson, New York for the past four years, in an effort to create a tradition in this country, similar to the Rebildfest in Denmark. The entertainer at this year's celebration will be Royal Danish Opera singer, Ove Verner Hansen, and one of the speakers will be former ambassador to Denmark, Mr. Warren D. Manshel. For further information on the festivities, please call Anita Rasmussen at the Danish Information Office, Telephone (212) 697-5107. Each

year, a souvenir program is printed and distributed among the guests. A certain number of pages in this program is available for advertising. If any of the Danish American companies would like to place an ad in this program, and thus support GRUNDLOVSDAG, please call Joe Krentzel, Telephone (201) 796-1724 or (201) 796-1474.

A brochure describing the Chamber and aimed at soliciting new members is hot off the press. One copy is enclosed and additional copies may be obtained from the Secretary.

Mrs. Birgitta Frandsen has taken the duties as part time secretary for our Chamber. Her office hours at the Secretariat will be 9 a.m. to 1 p.m. We all wish Mrs. Frandsen welcome.

The Danish Home for the Aged, in Croton-on-Hudson, New York, extends an invitation to all Danish and American companies to use the grounds at the Danish Home for company picnics. If interested, please call the administrator at the home, Mrs. Ena Thaens, Telephone (914) 271-3052.