

# DANISH AMERICAN CHAMBER OF COMMERCE NEW YORK

825 Third Avenue, 32nd Floor  
New York, NY 10022-7519



## NEWSLETTER

November-December 1986

### VICTOR BORGE HONORED

Victor Borge was among the eighty distinguished American citizens - each chosen to represent the country of his or her origin - to receive the Ellis Island Medal of Honor.

The black tie dinner numbering notable national figures from business, academic, political and religious worlds was one of the last events marking the yearlong centennial celebration of the Statue of Liberty. It was held at the Waldorf-Astoria, New York City, on October 27.

The Ellis Island Medal of Honor was created by the Statue of Liberty/Ellis Island Foundations to honor the many ethnic cultures that are germane to the make-up of the American population.

True to his style, Victor Borge, the noted pianist and entertainer, referred to his native Denmark. Mr. Borge arrived here in 1940 and became a citizen in 1948. It was through Bing Crosby that he got started in radio.

You will have the opportunity of paying tribute to Victor Borge who is to be the honored guest at the upcoming Chamber of Commerce Annual Dinner Dance. Please reserve the date in your calendar: Friday March 20, 1987.

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### NEW MEMBERS

We welcome the following new members to the DACC:

#### INDIVIDUAL COMMERCIAL

Heinz Andresen  
137 E. 38th Street  
New York, NY 10016  
(212) 685-5892

U.S. correspondent for Danish daily "Børsen".

Inge Nissen  
Inge Nissen Ltd.  
165 E. 60th Street  
New York, NY 10022  
(212) 759-1129

Designer and manufacturer of fashion accessories.

Birthe Shwisha  
10 Rustic Lane  
Westport, CT 06880

5  
Norup (212) 752-3448  
Huge-Jensen (201) 469-6476  
Sten Schmidt (212) 223-4545  
Skøtt Hansen (212) 223-4545  
Christian Juul Jessen (212) 254-4168

### LUNCHEON NOVEMBER 18, 1986

The DACC Luncheon November 18 the guest speaker Mr. Peter Cuneo, President of the Personal Division of Carmen Clairol.



Cuneo gave a short presentation of Carmen Clairol's organization, in particular their set-up in Denmark. The characteristics of the Danish organizations are as follows:

high productivity

stable work force

low absenteeism

active staff participation re. plant efficiency

excellent cooperation between management, local government and unions

sound economic environment with a moderate inflation rate and low wage increases

despite a decrease in the labor force, Carmen Clairol has been able to maintain a high productivity. Work morale is boosted by the company policy of effecting lay-offs through early retirement.

**ALL-DANISH TEAM WINS IN STAMFORD-DENMARK RACE**

For the first time ever an all-Danish team won in the Stamford-Denmark Friendship Race.

The boat "Moonshadow" (a Pierson 34) took 3rd place in its class at the recent race in Long Island Sound. The boat's crew consisted of Arne Hansen, Torben Høge-Jensen, J.P. Neckelmann, Søren Svenningsen and Per Ulf Vranum.



At the DACC Luncheon on November 18 three of the crew members received the prize, a silver cup, from Werner Valeur-Jensen.

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**NEW YORK MARATHON**

Roger Anderson, Exec. V.P. at Privatbanken, was the only DACC member seen at this year's Marathon. Mr. Anderson completed the run although he sprained an ankle halfway through the Marathon. Congratulations!

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**POSITION AVAILABLE**

As of January 1, 1987, the position as Executive Secretary to the DACC Secretariat, New York, will be available.

Functions include: general secretarial services, computerized accounting, membership contact, organization of DACC luncheons and meeting activities.

Qualifications: office experience, bilingual (Danish-American). Candidates with a knowledge of Danish is preferred.

Office hours: 9.15 am to 1.15 pm Monday through Friday.

Address: 825 Third Avenue, 32nd Floor, New York.

For further information, please contact Ed Sørensen, (212) 841-0114, or Ingeborg Larsen, (212) 603-6900.

**NKT/AT & T JOINT VENTURE**

A joint venture has been established between Nordisk Kabel og Traadfabrik (NKT) and AT & T, with AT & T holding 51% of the shares and NKT 49%.

The new company will primarily manufacture fiber optic cables, and the combination of NKT know-how with AT & T capital should make the company a successful one.

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**POSITIONS WANTED**

**WANT TO LEARN DANISH?** Private tutoring by experienced Danish teacher. Day and evening hours available. Please contact ANITA RASMUSSEN, Danish Consulate General, at: (212) 832-9316 (Home) or (212) 223-4545 (Office)

**CATERING** Danish chef available for catering to private parties, cocktail parties etc. Presently employed as chef at the Consulate General of Denmark. For further information, please contact Mette Caspar at: (212) 223-4545 (9 am - 3 pm), (212) 255-2865 (4 - 8 pm).

**ORIGINAL DENMARK-USA T-SHIRTS**

Mail in coupon below and receive an official Denmark-USA T-Shirt, as presented at the Danish Constitution Day and Miss Denmark-USA celebrations at Croton-on-Hudson. The T-Shirt has a logo as designed by the famous artist Sven Mohr:



\$6.00  
+ 1.00 (Mailing)  
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\$7.00

Send a check to Miss Denmark-USA (non profit), P.O. Box 489, Plainsboro, NJ, 08536, along with this coupon:

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Maximum of 12 T-Shirts per customer.

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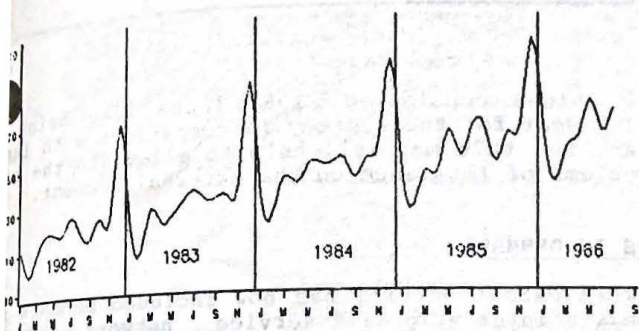
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**THE DANISH ECONOMY (A/S KJØBENHAVNS HANDELSBANK)**

The one problem that continues to hamper the Danish economy is the deficit on the current account of the balance of payments. The persistent and rising deficit has obliged the government - in view of its desire to maintain a firm exchange rate within the European Monetary System - to place a number of restraints on the economy which are bound to dampen the recovery.

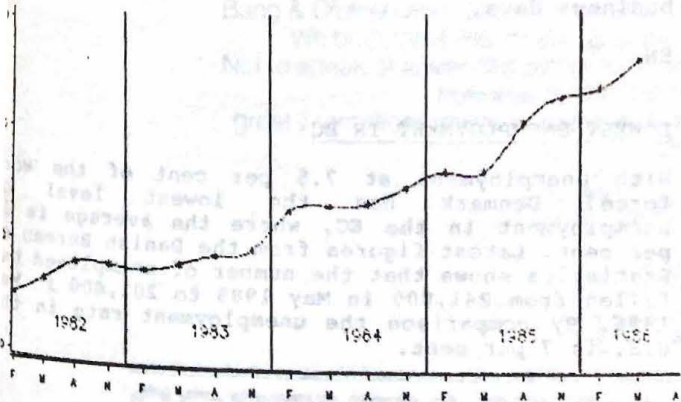
The problem is compounded by a very large growth in the consumption of the average Dane. Not only has the propensity to consume increased, but loan-financed private consumption has jumped as a result of the easy access to credit.

**INDEX OF RETAIL SALES  
CONSUMER GOODS. 1980=100  
JAN 1982 - JULY 1986.**



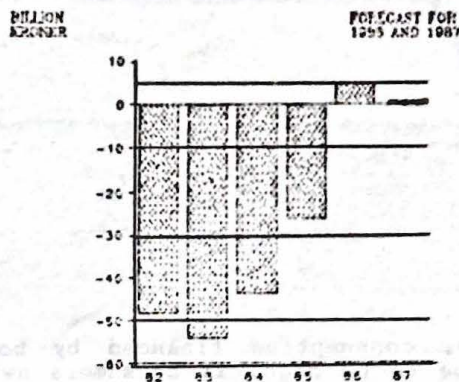
In autumn, the Government officially abandoned its goal of eliminating the external deficit by the end of 1988. It was an inevitable step in view of the continuing growth of the deficit, which is expected to reach 35 billion kroner for the full year. This is despite a considerable improvement in the terms of trade during 1986 involving a reduction of 12-15 billion kroner in the bill for imported oil.

**THE EMPLOYMENT 1982-1986  
NUMBERS OF WAGE EARNERS FULL TIME**



On the other hand, the Government has been able to impose much better balance on the domestic economy. Employment has shown a marked increase throughout the last few years, and the Government's promise to balance the budget by 1990 was fulfilled already this year, which is expected to show a surplus of just over 5 billion kroner. This has been achieved by imposing tight control on public expenditure and raising the tax burden, which the Government expects to reach 51.2 per cent of GDP.

**DEFICIT ON CURRENT, INVESTMENT AND LENDING ACCOUNT.  
YEARLY PRICES. 1982 - 1986.**



The fall in the price of oil has helped to curtail inflation. At the beginning of 1986, the rate of inflation was down 1-2 per cent but, as a result of the introduction of energy taxes in March, the rate of increase in consumer prices reached about 4 per cent. This level is being lifted by higher oil prices, and is now approaching a rate of increase of about 5 per cent.

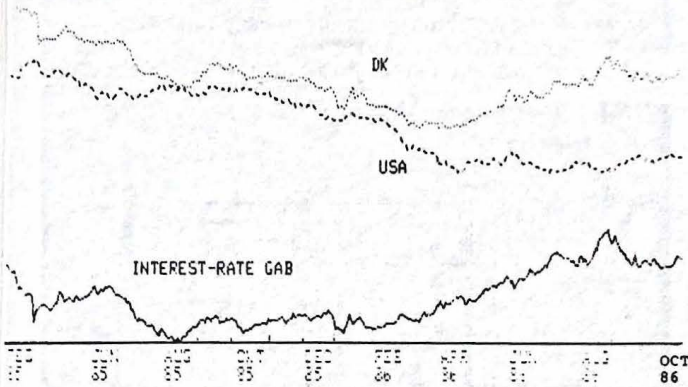
Inflation is also being curtailed by the low rate of wage increases, since the Government has had a fair measure of success in curbing wage growth on the labor market. Unfortunately, low wage increases have not created a sufficiently marked improvement in competitiveness to ensure the kind of export growth that could turn the trend of the balance of payments.

The growth of the domestic economy, fuelled primarily by consumer demand, has been a little too high. This has increased the external deficit, forcing the Government to take corrective measures on two occasions in 1986. The first, in March, was in the shape of a traditional fiscal squeeze of about 10 billion kroner. The second, in October, was the so-called potato panacea, which, unlike so many previous measures, did not involve general fiscal policy restraints but made a direct attempt to improve the ratio of savings to consumption and reduce loan-financed consumption. Whether this works will depend on to what extent the average Dane changes his behaviour. The first question that arises is whether consumption really will fall. The potato panacea will oblige people building a new house to save more, because the methods of mortgage finance have been changed to give more savings and lower tax-deductible interest payments in the initial years of house ownership. The cost of living in a newly mortgaged house will be about 18 per cent higher in the

first year under the new arrangements. In addition, a number of restrictions have been placed on consumer loans. A general tax of 20 per cent will be levied on the interest payments on consumer loans, and people buying on instalment will have to make larger down-payments. It will also cost more to register mortgage deeds etc.

### INTEREST-RATE GAP BETWEEN THE LONG INTEREST-RATE IN USA AND DENMARK.

1985 - OCT 1986



Nevertheless, consumption financed by borrowing will continue to be high, if consumers switch to bank credit, which is easier to obtain and cheaper.

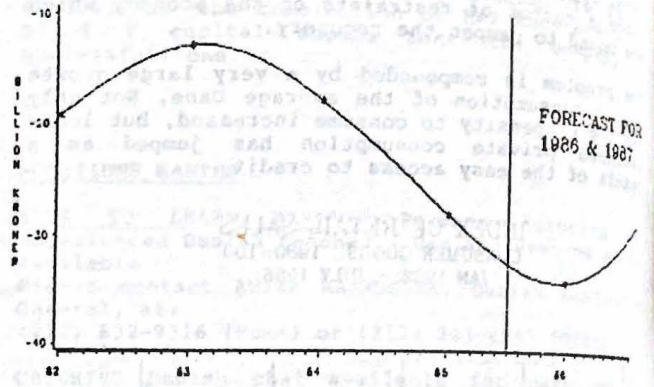
The liberalization of the capital market in 1985 ought to mean that the interest differential between Denmark and other countries should disappear. However, although American and Danish interest rates were almost identical in the summer of 1985, Danish rates are now much higher than American rates, despite a number of reductions in the U.S. discount rate; these have had little or no effect on the Danish interest level. The same pattern is seen in relation to West German rates, which are even more important to interest-rate formation in Denmark.

The wider interest-rate gap is primarily a result of continuing problems with the balance of payments, which generate fears of a devaluation. These fears may persist until the end of the labor-market negotiations in the spring of 1987 - no matter how groundless they may seem in the light of the Government's policy of maintaining a firm exchange rate. The outcome of the labor-market negotiations, which will affect the level of inflation and the competitiveness of industry on export markets (and hence the balance of payments) are crucial to any evaluation of future economic trends.

We think that imports will be dampened by a fall in domestic activity in Denmark. House building will fall, unemployment will rise and economic growth will be less than during the last few years. With lower imports, the trend in the balance of payments will improve next year - probably giving a deficit in the region of 25 billion kroner. The fall in imports will, however, be slightly offset by higher oil prices than in 1986. That we do not expect a more marked improvement in the balance-of-payments position is because we do not expect a better performance on the export

side. For one thing, international markets are not growing as fast as they did; for another, the competitiveness of Danish industry cannot improve much in 1987.

### BALANCE OF PAYMENTS 1982 - 1987 YEARLY PRICES



All things considered, 1987 looks like being a quiet year for the economy in comparison with last year. But this may well help to alleviate the big problems of imbalance on the external account.

### UPS IN DENMARK

United Parcel Service has now included Denmark in their international service network. Their European gateway is Cologne, West Germany. In Denmark UPS's agent is the forwarding company "Danish Express A/S". They have flight connections with the Cologne gateway from Copenhagen Airport ROSKILDE twice a day.

To ship packages from the U.S. to Denmark you need to fill out a special invoice which accompanies the package to its final destination. Your usual UPS pick-up man will make sure the package gets on its way. If you don't have a service contract with UPS, contact your nearest UPS office.

Maximum weight is 70 lbs., maximum size 108", that is length plus circumference. Price: one pound of documents costs \$29, however, two pounds of documents is only \$32. Different prices may apply for different products. Transportation time is two business days.

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### LOWEST UNEMPLOYMENT IN EC

With unemployment at 7.5 per cent of the work force, Denmark has the lowest level of unemployment in the EC, where the average is 11 per cent. Latest figures from the Danish Bureau of Statistics shows that the number of unemployed has fallen from 241,000 in May 1985 to 202,000 in May 1986. By comparison the unemployment rate in the U.S. is 7 per cent.

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SCHOOL PROMOTES ON-HAND EXPERIENCE AS MAIN INGREDIENT TO FURTHER DANISH EXPORTS

Five years of ongoing visits to the United States for the senior class of the new academic line of education at Niels Brock School of Business (Handelsakademiet) has proven to be one of the key ingredients in the success of this new educational program. The Niels Brock School of Business finds that market research is the key to success on a foreign market.

The school plans the trip in cooperation with the participating companies in such details that the company may gain future benefits from the students' first-hand knowledge of the American market. The Niels Brock School of International Business provides a continuing education similar to a BBA, except that it has equal shares of academic and work experience combined into this post-graduate degree.

This year's visit to the United States was similar to the first five years, except that students are now allowed to depart one week prior to the group visit in order to do detailed studies in their respective fields. Approx. half of this year's students took advantage of this opportunity.

The visit to the U.S. ended with a meeting at Scanticon-Princeton. Seminars on subjects pertaining to U.S. trade and business experience were given by alumni and U.S. executives. This year's meeting was held in association with the Danish American Chamber of Commerce.



The experiences from the tour and research are combined in a report which each student writes upon his/her return to Denmark. Both the school and the participating company get copies of this report, which in the future will be considered part of the grades at the school.

In 1984 the yearly visits expanded into a student exchange program for students from Denmark and the U.S. The program is approved by the U.S. immigration authorities, and presently four Danish students are working in the U.S. getting on-hand experience of the U.S. market. The four students are:

- Casper Jørch, TAI International, Miami, FL.
- Gitte Grandt Pedersen, Scanticon-Princeton, Princeton, NJ.
- Dorthe Jorgensgaard, Northern Feather, Elizabeth, NJ.
- Birgitte Saltorp, Garden State Marketing, Lincroft, NJ.

It is intended within the next year to expand the exchange program to a minimum of ten students.

The Niels Brock Association USA thanks the Danish American Chamber of Commerce for their support this year, and everybody who contributed to make this a successful and learning experience.

THJ

BRIDGE AND TUNNEL TO LINK SCANDINAVIA AND CONTINENT

Denmark and Sweden have started negotiations on the construction of a permanent link across the Sound (Øresund), the narrow strip of water separating Denmark and southern Sweden. In the summer of 1986 the Danish Parliament decided that Denmark's two biggest islands, Zealand and Funen, are to be linked by a 25 km bridge and tunnel by 1992-94.

The connection, via the Great Belt, between Zealand and Funen is to be built in two stages. A rail link is to be completed by 1992. Construction of a road link will begin 12 months later and be completed by 1997-98. The total cost of construction is estimated to be DKK 12,000 million.

If Denmark and Sweden can reach agreement, a rail link will also be built across the Sound, creating a permanent connection of bridges and tunnels between the Scandinavian Peninsula and European Continent from the early 1990s.

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DANISH TV MONOPOLY ENDED

Denmark is to have a new, independent TV channel from 1988. This decision by the Danish Parliament has ended the monopoly on TV and radio broadcasting in Denmark held by Radio Denmark. The monopoly ends earlier for audio broadcasts - independent local radio stations can be set up from 1986.

The new TV channel will consist of a nationwide program and 6-8 regional programs. It will carry advertising, a complete break with past Danish policy but probably not the end of decades of public debate about the advertising issue. A state-owned advertising company will carry 10 minutes of advertising daily, while the regional stations will carry 5 minutes daily.

Advertising for tobacco, drugs, beer, wine, spirits, economic interest groups, religious or political views is prohibited. The advertisements are to be broadcast in blocks, and should yield about DKK 375 million, equivalent to two-thirds of the annual running costs of DKK 535 million.

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PROVINSBANKEN A/S

Pursuant to a resolution of shareholders and the subsequent approval of the relevant authorities, the name of Den Danske Provinsbank A/S has been changed to Provinsbanken A/S effective August 12, 1986.

BETWEEN US AND DENMARK

This interview is the first in a series featuring executives from companies with close links to both countries.

Technology transfer is what Stan Haladyna talks about here. He is the President of Novo Laboratories Inc., the largest subsidiary of the Danish company Novo Industri A/S.

As a company Novo has a turnover in North and South America that matches its turnover in the EEC, including Denmark. Less than 200 out of a total of almost 4,000 employees work in the U.S., which is the largest single market for Novo. But as the only Danish company registered on the New York Stock Exchange, the U.S. is for Novo an important source for capital and research.

Novo: A Network of Informed Persons "It used to be the way with Novo that 99% of all research was done in-house, but looking forward to the year 2000 Novo will be gaining input from a number of other firms. In the last 7-8 years more than 250 genetic research firms have been founded in the U.S. alone." Stan Haladyna does, as he puts it, feel strongly about the word technology transfer as opposed to export of technology. Some might think that Novo is exporting and selling out of Danish know-how, but in the opinion of Stan Haladyna more and more of the knowledge important to Novo can be found in the U.S.

"For this reason Novo in Copenhagen has restructured to bring in a ventures group. The idea is to bring about joint projects with other companies. I believe that you would even see Novo gain knowledge through some acquisitions and mergers in the next 2-3 years."

"This might not happen as fast as some of us would want it. But we will be looking for companies that either are strong in marketing or have good products and research."

Novo opened its subsidiary in the U.S. in 1969 and from the beginning chose an American president, which to the management showed the intent of integrating into the new market. "Later we realized that we needed to have a production in this country. We would be closer to the market, and therefore to a more reliable source of supply. To some customers we are their sole supplier, and to hold that position a close cooperation is needed."

"We built our factory in North Carolina eight years ago, and we have been expanding ever since. As we deliver enzymes to eleven different industries, the existing facilities still do not fulfill our needs, so in 1987 we will have to spend more "kroner" on the plant."

According to Stan Haladyna, the subsidiary in the U.S. should ideally be independent of the company in Denmark, but cooperate very closely with regard to research and development. "Some ten years ago we started to look at the research which is done over here. Some of us have felt that there is a greater sense of urgency. In Denmark Novo has been around for a long time."

To help the exchange of ideas, and to actually turn Novo into a network of informed persons who can work closely together, the company has instigated an exchange program. Researchers and persons on the executive level can now be transferred to

other parts of the company for up to three years. "We broke new ground a year and a half ago as one of our vice presidents accepted a job in Denmark and went over there with his family for three years. It costs a lot of money, but we regard it as of value. I think the Danes are getting ready to exploit the explosion of knowledge in this country." Stan Haladyna has worked for Novo since 1970, an unusually long time in the American corporate culture.

"Biotech is exciting because it is a growth area. But we have actually quite a few people who have been here for more than ten years. That is also a product of getting to know our Danish colleagues. They are good people with a high education - and with a good sense of humor. I give high value to that in business relations."

CJJ

DANISH WIND TURBINES NOW ON THE EAST COAST

Realizing the dwindling market in California, Danish manufacturers of wind turbines are now trying to grab a foothold on the East Coast. Certain sites in New England are literally just as windy as the desert regions of California.

The largest of the wind farms is situated close to Lebanon, New Hampshire, and consists of 10 90kw turbines from Micon. One of Micon's successors, Wincon, will be operating the farm as the original company will split in two on January 1, 1987. Wincon is now looking for new investors to finish the farm, where they have the rights to put up another 60-100 turbines of an even greater size.

The first turbines have produced electricity since August 1985 and have thus proven themselves even in winter conditions, which demand completely different qualities than the mild winters in California.

Not just the icy winters, but even more the attitude of many New England politicians seem to work against such projects. But with the growing population in those states, and a rising demand for electricity, a change in attitude is inevitable, according to Danish companies represented on the East Coast.

One example is the efforts of the government in Boston, which will soon decide on a number of projects involving renewable energy. The Danish company Bonus will be among those bidding for these projects.

CJJ

PAYMENT FOR SERVICES FROM THE DANISH MINISTRY OF FOREIGN AFFAIRS

From January 1987 Danish exporters will have to pay a fee for a number of services offered by the Danish Ministry of Foreign Affairs and other governmental offices engaged in exports.

The details are not yet known but will be published in the next DACC newsletter.

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BUSINESS OPPORTUNITY TOUR TO DENMARK

The Danish American Chambers of Commerce have arranged the tour in association with many Danish and American organizations in order to provide a platform on which the participants will be able to develop new business contacts and to expand mutual trade.

The group of DACC members will visit Denmark from June 28 to July 4, 1987.

A detailed program was mailed separately to all members of the DACC, and the response has been very strong. Interested members should not hesitate to contact the DACC New York Secretariat at (212) 980-6240.

CS

DIFCO TAKES A LEADING ROLE INVESTING IN WIND TURBINES

Experts believe Danish investors, and especially Difco, will play a leading role among investors in the U.S. wind turbine business in 1987. The so-called Danish Investment Foundation will, as of December 31, 1986, own nine wind farms in California, with more planned. Such investments are still meaningful to Danish taxpayers because of the tax credits they can obtain.

Scientists with the American Wind Energy Association expect more than half of the investments in wind turbines to come from abroad. Japanese companies and the French government, of all people, have been mentioned as other potential investors in this industry.

Only a small part of all the rights obtained by American developers have been utilized till now, and although some of the sites will not be profitable at all, this leaves room for further development.

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DENMARK REVIEW

The Ministry of Foreign Affairs in Copenhagen has introduced a new magazine, "Denmark Review", that covers subjects ranging from general information on Danish economy to more specific articles on individual Danish products or know-how.

"Denmark Review" is being distributed through the Foreign Ministry's missions in the U.S. It is not circulated widely, and the target group is a relatively small group of business persons with special interest in news from abroad that may give inspiration and knowledge.

Several of the DACC members will have received the first issue of the quarterly "Denmark Review". The Danish Consulate General, New York, phone (212) 223-4545, would like to hear from DACC members and their business associates who are interested in receiving the magazine.

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DANISH SHIP YARDS OFFER NEW FINANCING

Denmark is putting the finishing touches to a new ship financing scheme. Under it, financing can be arranged in Danish currency for up to 80% of the contract price of a new ship. Loans can have a term of up to 14 years - including an initial four years when there is no repayment of capital and interest is set at 2.5%.

The outstanding portion of the loan is indexed according to the Danish net price index, so interest payments and loan repayments may go up in line with the net price index - subject to a 3% per year cap.

The new financing scheme is available for ships contracted for before the end of 1988 and delivered before the end of 1990.

CS

TULIP PLANS U.S. FACILITIES

Tulip, the largest slaughterhouse-facility in Europe, is planning to move part of their production to the U.S. and Japan. More detailed plans will be published in spring, 1987.

Tulip plans to ship Danish raw materials to the U.S. and Japanese markets where they will be processed and sold.

Landsbladet

NOVO INDUSTRI A/S ACQUIRES FERROSAN

The Danish medical company Novo Industri A/S has acquired 75% of the shares in Ferrosan A/S for D.kr. 465 million, with an option to buy the remaining shares within the next two years. Ferrosan had been looking for an investment partner to secure the basis for long-term research and development.

Ritzaus Bureau

VESTAS IN TROUBLE

The largest Danish wind turbine manufacturer, Vestas A/S, has severe financial problems due to falling orders from the U.S. market. Zond Systems in California has practically been the company's only customer in the U.S., and as of this summer has bought more than 80 per cent of its total production.

But Zond Systems could not fulfill a contract which involved the sale of about 150 turbines, with an option to buy at least 200 more. The collapse of this deal caused Vestas to seek bankruptcy protection.

CJJ