

# DANISH AMERICAN CHAMBER OF COMMERCE NEW YORK

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## NEWSLETTER

No. 4

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### DANES FEAR TRADE WAR

The first victim in an upcoming trade skirmish over the ban of hormone-treated beef will be Danish exports of fresh meat to the U.S., with canned meat close to the firing line.

Exporters of Danish meat products and their American partners have sought the attention of the Danish government with no apparent success.

So far the Danish government has pledged loyalty to the European policy and has refrained from even seeking a guaranty for financial restitutions from the EC in case of a trade war.

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### NEW BUSINESS OPPORTUNITY COLUMN

The Newsletter Committee has decided, beginning in 1989, to introduce a new column: Business Opportunities.

The column will bring information on Danish products which Danish companies seek to introduce on the U.S. market.

Most of the material will, of course, be received from the Danish Consulates and trade offices in the USA. However, DACC members seeking to expand their U.S. network are welcome to use the column for dissemination of this kind of information.

The column will list company name, product and target area in the U.S.

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November/December 1988

### COMING DACC PROGRAMS

#### January Luncheon

The January meeting of the DACC will take place on January 24, 1989, at the New York Yacht Club, NYC, at 12 noon. The guest of honor and speaker will be Mr. Valdemar Bandolowski, President of America's Cup Denmark A/S.

#### February Luncheon

The February 16, 1989, meeting of the DACC will be a joint meeting with The Swedish American Chamber of Commerce and The Norwegian American Chamber of Commerce. The guest of honor and speaker will be Mr. Jan Carlzon, President of SAS.

#### Dinner Dance 1989

The Annual Dinner & Dance will take place on March 17, 1989, at the Waldorf Astoria, NYC. The guest of honor will be Danish Prime Minister Poul Schlüter.

### 1 BN KRONER IN DIRECT DANISH INVESTMENT IN 1988

This year Danish companies made new investments in the US and bought existing companies for a total of more than 1 billion Danish kroner (app. 150 million USD). This made the U.S. a top Danish investment priority receiving more than 20 percent of all Danish foreign investments.

A survey by the Danish paper Jyllands-Posten suggests a less rosy picture. According to the paper, part of these investments were necessary to save faltering subsidiaries. The survey suggests that more than half of the 300+ Danish subsidiaries in the U.S. are losing money. Banks have estimated the total loss for these companies to be in the vicinity of 0.5 bn. Danish kroner annually.

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TRADE WAR: FORTRESS EUROPE UNDER SIEGE BY AMERICANS ..... page 5  
DIRE ASSESMENT OF DANISH ECONOMY BY U.S. EMBASSY ..... page 3

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NEW MEMBERS

We welcome the following new members to the DACC:

CORPORATE

Birger Christensen, Inc.  
150 W. 30th Street  
New York, NY 10001  
(212) 947-7910

Fur wholesalers, subsidiary of Birger Christensen  
A/S, Copenhagen.

INDIVIDUAL

Howard N. Anderson  
Skandia America Reinsurance Corp.  
280 Park Avenue  
New York, NY 10017  
(212) 490-0500

Regional office of The Skandia International  
Insurance Co. Ltd., Stockholm.

Robert Bergquist  
Sherman & Sterling  
153 E. 53rd Street  
New York, NY 10022  
(212) 848-4103

Dan Besjakov  
500 Riverside Drive, Room 671  
New York, NY 10027  
(212) 316-8806

Attending Columbia Business School.

Arthur Koch  
Koch & Company  
2 Sherwood Place  
Scarsdale, NY 10583  
(914) 723-5270

Creation, development and production of mass  
communications material.

Michael Meulengracht  
500 Riverside Drive, Room 514  
New York, NY 10027  
(212) 316-8689

Attending Columbia Business School

PROVINSBANK MOVEMENTS

After 5 years in New York heading up Provinsbanken  
Tage Benjaminsen has been called back to the  
bank's headquarters in Aarhus to work on the  
development of financial strategies for 1992.

Mr. Benjaminsen, who will be leaving in January,  
1989, will be succeeded by Peder Krag who is  
presently in charge of the bank's International  
Division in Copenhagen.

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NEW HEAD AT PRIVATBANKEN

At the beginning of next year Mr. Roger Anderson  
will leave his post as Executive Vice President of  
Privatbanken, New York, to start his own  
investment banking venture. Privatbanken has  
appointed Mr. Henrik Bjørn as his successor. Mr.  
Bjørn has headed the bank's Singapore branch.

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NEW LOGO FOR DANISH EXPORT PROMOTIONS

In November, 1988, the Danish Ministry of Industry  
announced the winner of its logo design  
competition.

The logo, which will be used in all official  
Danish export promotions, was designed by Ole  
Friis. It appears in two shades of red on a white  
background.

The new logo will make its first major impact  
during the 1989 export promotion campaign in Great  
Britain, which has been targeted for a countrywide  
Danish export drive.

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DANISH CONSULATE GENERAL IN HOUSTON CLOSED

The Danish Consulate General in Houston will close  
at the end of December. The jurisdiction of the  
Consulate General has been divided between  
remaining three Consulates General as follows:

New York: Mississippi, Louisiana  
Los Angeles: New Mexico  
Chicago: Texas, Arkansas, Oklahoma

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SUMMARY OF REPORT ON THE DANISH ECONOMY PREPARED BY THE U.S. EMBASSY, COPENHAGEN, NOVEMBER 1988

For the first time since 1975, Denmark's GDP declined in 1987 by one percent. However, there will be slight growth in 1988 and 1989, entirely led by increased exports. The Government's goal of balancing the budget has been met since 1986, although a small deterioration is projected for 1988 and 1989 with deficits of one percent or less of GDP. Despite the general political consensus on the need to keep a tight lid on government expenditures, the 1989 budget negotiations will be difficult, as the Government has proposed cuts in or reallocations of expenditures in "sacred" areas, for which a majority of support does not exist in the Folketing (Danish Parliament).

There is no immediate relief in sight for the substantial Danish balance of payments deficit as the costs of servicing the huge foreign debt more than offset the growing surpluses in the merchandise and services trade balances following the introduction of an export support package in 1988. Improved "control" over wage increases is expected to stabilize the inflation rate at about 4 to 5 percent. Real wage improvements will drop from 2.5 percent in 1987 to about one percent this year and no significant increase in real wages is anticipated in 1989. Unemployment in 1988 increased by more than 10 percent to about 250,000 unemployed, or almost 9 percent of the labor force. Projections for 1989 point to the number of unemployed reaching 265,000 or 9.4 percent of the labor force.

After a drop of 10 percent in 1987, business investment is now stabilizing, led by enhanced equipment purchases. Investment in plant is expected to decline. The combination of increased Danish imports of U.S. products in 1988 and a continued drop in Danish exports to the United States has almost eliminated recent large U.S. trade deficits with Denmark. U.S. exporters should benefit from the increase in business equipment investment. The incentive for foreign direct investment in Denmark is likely to increase given the generally improving business climate and the Government's plans, including a relaxation of taxes, to support private sector development.

One of the major challenges facing Denmark is the creation of the EC Single Market by 1993. Harmonization of indirect taxes and industry restructuring will create major problems for Denmark.

A copy of the full report may be obtained from the DACC Secretariat.

JENS BANG PEDERSEN PRESIDENT OF MD FOODS INC.

MD Foods, Denmark's dominating dairy group, has taken the first step to create a new corporate identity and to simplify its internal structure.

In the U.S. MD Foods will shortly establish a subsidiary - MD Foods Inc. - on the East Coast. The President of the subsidiary will be Mr. Jens Bang Pedersen, who will join the company on February 1, 1989.

Mr. Pedersen, who has been President of Tholstrup Cheese's (Saga Blue) U.S. operations for a number of years, is also a member of the DACC Board.

WORKBENCH'S WARREN RUBIN RECEIVES DANISH AWARD

On October 26, 1988, Warren Rubin, Chairman and Founder of Workbench, Inc., received the Export Award of the National Association for Danish Enterprise along with the Medal of Honor of His Royal Highness Prince Henrik of Denmark.

This prestigious award is given to only a few outstanding business leaders each year, and was awarded Mr. Rubin for his longtime commitment to marketing Danish furniture. The award and medal was presented to Mr. Rubin by Consul General Leif Donde at a reception at his official residence.

Mr. Rubin launched Workbench in 1955 with \$7,000 and a new station wagon. Today the company operates 39 corporate stores and 21 franchise stores nationwide.

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"THE AMERICAN DESK" AT THE FEDERATION OF DANISH INDUSTRIES

In October 1988 the Federation of Danish Industries reorganized their export bureau. As part of this reorganization "The American Desk" was taken over by Mr. Poul Larsen, Head of Department, and Ms. Marianne Mortensen, Market Advisor.

Mr. Larsen and Ms. Mortensen work with the U.S. market in general but will also concentrate on specific projects. Inquiries from Danish companies, their U.S. affiliates, and members of the DACC are welcome. The address is:

H.C. Andersens Boulevard 18  
DK-1596 Copenhagen V  
Phone: (1) 152233  
Fax: (1) 323281  
Telex: 9112217

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SAS AND TEXAS AIR IN GLOBAL NETWORK

As noted by many of our readers the Scandinavian airline company, SAS, has establish a close cooperation and partial ownership of Texas Air, the parent company of ailing Eastern and the new-comer Continental Airlines. One major change will be the move of daily flights arriving in JFK, which beginning in May 1989 will arrive in Newark instead. Loading their passengers into Continental's Terminal C, the Scandinavian airline will also cooperate with Texas Air in developing a mutual marketing and information system.

Under the agreement SAS has paid Texas Air a fee of 50 million dollars and acquired the right to purchase 10 percent of the shares of the leading American airline holding company.

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NEW ORDER FOR SMOKE FILTERS GOES TO TOPSØE

Danish engineering will fight pollution in Ohio. In a project estimated at 30 million dollars the Danish company Haldor Topsøe vil provide planning, design and catalysators for a smoke cleaning system for the power plant Edison Ohio.

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HORMONES LEAD TO WORST TRADE CLASH EVER - BUOYED BY FEAR OF FORTRESS EUROPE

The European Community (EC) insists on a ban on imports of all meat from cattle treated with growth-stimulating hormones. The ban, which is to be effective as of January 1, 1989, has led to what insiders describe as the worst trade conflict ever between the EC and US.

The trade clash will dominate the talks on free trade at the mid-term review of the Uruguay Round, which will take place in Montreal after the deadline of this Newsletter.

U.S. beef exports constitute only a tiny part of the country's trade with the EC. The exports of mainly so-called hotel beef amounts to app. \$140 million a year.

The American negotiators, led by Trade Commissioner Clayton Yeutter, has called the European ban a trade barrier based on insufficient scientific evidence. The EC admits that no survey has been able to distinguish between natural hormones in beef from injected hormones but maintains its policy of protecting the public from a possible health risk.

By accepting the European ban, American farmers and exporters would have to fear for their substantial exports of beef to Japan, a market that has been difficult and expensive to open up for American meat.

But European negotiators see a different reasoning behind the awesome American response to this ban. With the creation of freer markets for goods and capital in Europe in the early 90's, the Americans - although strengthened by the new free trade agreement with Canada - see this measure as the first wall in what they have come to fear as "Fortress Europe".

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DENMARK'S LARGEST CIVIL WORKS CONTRACT

On November 28, 1988, The Great Belt Link Ltd. entered into contract with a contracting consortium, the MT Group, which will construct the eight kilometer railway tunnel between Zealand and Sprogø. The contract sum is DKK 3.1 billion, and the tunnel will be handed over to the Employer in September 1992. Tenders for the six kilometer bridge construction, which will link the islands Sprogø and Funen and thus complete the link between Zealand and Funen, have been submitted and a decision will soon be announced.

The total budget for the Great Belt project is \$2.8 billion.

MT Group was established for the particular purpose of constructing the tunnel under the Great Belt. The firm is headed by Danish contractors Monberg og Thorsen A/S and also includes the French companies Campeon Bernard and SOGEA, the West German firm Dyckerhoff & Widmann AG and Kiewit Construction Co. of Omaha, Nebraska.

The invitation to submit tenders for the tunnel under the Eastern Channel of the Great Belt was held on June 30, 1988, where the MT Group submitted the lowest bid for the underwater tunnel project. In October Great Belt Link Ltd. commenced negotiations with the MT Group.

The final phases of the negotiations concerned the delivery of four drilling machines to perform the work from Zealand and Sprogø respectively. The Scottish company James Howden & Co. was chosen, and their West German subsidiary Wirth will deliver the drilling head as well as knives and cutters which can fight their way through sand, clay and stones in the Great Belt subsoil. Part of the drilling machine technology is manufactured by the Japanese company Mitsui.

When the MT Group has completed the Great Belt tunnel in 1992, almost a year remains to complete the electrical and technical railway installations before the tunnel is ready for operation in the summer of 1993.

Press Release

TRADE FAIRS IN DENMARK

January 24-28, 1989, Exhibition Center Herning: AGROMEK

February 11-14, 1989, Exhibition Center Herning: FORMLAND FAIR

February 16-19, 1989, Bella Center, Copenhagen: FUTURE FASHIONS SCANDINAVIA

March 30-April 1, 1989, Bella Center, Copenhagen: SCANDINAVIAN DENTAL FAIR

April 12-16, 1989, Bella Center, Copenhagen: FOOD SHOP

May 3-7, 1989, Bella Center, Copenhagen: SCANDINAVIAN FURNITURE FAIR 1989

May 23-25, 1989, Exhibition Center Herning: CURE AND CARE

June 6-10, 1988, Bella Center, Copenhagen: WORLD FISHING '89.

August 12-15, 1989, Exhibition Center Herning: FORMLAND FAIR

August 23-27, 1989, Exhibition Center Herning: INTERNATIONAL FURNITURE FAIR DENMARK

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DANISH CHURCH CROSSES EAST RIVER TO MANHATTAN

With support from the Danish community at large, the Danish Seaman's Church has gathered sufficient funds to start its survey of the possibility of moving the Church across the river from Brooklyn to Manhattan.

It is the hope of the Church and its backers that a new location closer to the actual churchgoers will make it possible for the Church to perform a better service as an actual Danish church.

A group has been formed to study possible ways of funding and to survey the market for suitable buildings. The group, which calls the survey a feasibility study, is chaired by Werner Valeur-Jensen and seeks support and input from all interested parties.

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CONSULATE GENERAL OF DENMARK  
NEW YORK

October 1988

Denmark's Export to the United States

	<u>1986</u>	<u>1987</u>	<u>Jan-Jun 1987</u>	<u>Jan-Jun 1988</u>	Change from previous year <u>1987/88</u>
	- mio. D.kr-				per cent
Ham, bacon, salami and other .... meat products.....	2878	2431	1136	942	-17
Cheese and other dairy products..	229	271	116	90	-22
Fish etc. for consumption <sup>x)</sup> .....	708	883	480	358	-25
Butter Cookies.....	518	380	114	66	-42
Beverages .....	44	44	18	22	+22
Mink pelts and other skins .....	425	567	418	191	-54
Animal and vegetable raw materials .....	197	69	93	76	-18
Raw chemicals and combinations...	570	515	275	288	+5
Medicals and pharmaceuticals ....	534	525	278	247	-11
Wood products (except furniture).	105	148	63	46	-27
Textiles (except clothing) .....	108	96	40	36	-10
Stoneware, glass, china, etc. ...	140	135	58	56	-3
Machinery (except electrical) ...	2041	1409	649	603	-7
Electrical machinery and equipment.....	1268	1052	590	385	-35
Transport equipment .....	327	112	41	56	+37
Furniture .....	1615	1209	608	443	-27
Technical, scientific, photograph- ic and optical instruments..	678	637	317	295	-7
Products in other categories ....	<u>2157</u>	<u>1894</u>	<u>795</u>	<u>933</u>	<u>+17</u>
<b>TOTAL</b>	<u>14542</u>	<u>12377</u>	<u>6089</u>	<u>5133</u>	<u>-16</u>

x) does not include Faroe Islands and Greenland

1985: 1 US Dollar is equal to D.kr. 10.35 (average)  
 1986: 1 US Dollar is equal to D.kr. 8.06 (average)  
 1987: 1 US Dollar is equal to D.kr. 6.84 (average)  
 1988: 1 US Dollar is equal to D.kr. 6.47 (average Jan-Jun)

Source: Danmarks Statistik: Udenrigshandel.