Denmark’s Growth Market Strategy

Danish solutions to challenges in growth markets

May 2012

The Danish Government
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Danish solutions to challenges in growth markets

The shift of the global, economic focal point towards BRIC countries and other growth economies implies that framework conditions for Denmark’s economic growth and prosperity are changing character. As early as 2025-2030 it is expected that the four BRIC economies (Brazil, Russia, India and China) have outpaced the G7 economies. In 2050 it is expected that the four countries along with the United States and Japan are the world’s six largest economies. In 1990 none of the four BRIC countries were among the five largest economies in the world.

Traditional markets and partners in Europe and the United States will continue to play a dominating role in Danish foreign trade. In 2011 Danish commodity exports to EU countries and the United States amounted to DKK 426 billion, while commodity exports to BRIC and other growth markets amounted to DKK 57.5 billion. Thus, Danish commodity exports to BRIC and other growth markets account for 13.5 per cent of commodity exports to the EU and the United States in 2011. As a result, the government will continue to maintain focus on Denmark’s neighbouring markets.

But rapidly expanding economies – first of all in Asia – will continue to grow in importance: as sales markets, as competitors, as business partners within education, research and development, and as a source of knowledge and investments. To achieve high growth and employment, which are prerequisites to ensure Danish welfare society in the future, Denmark has to respond actively to this development.

The government wants to further improve efforts in the growth markets. This ambition entails that Denmark must become among the best to exploit the opportunities arising from internationalisation for the benefit of long-term, sustainable growth and employment. Concurrently, we need to contribute to influencing global development in a green, resource-efficient direction.

The Growth Market Strategy points out specific actions where future efforts will be enhanced for the benefit of Danish exports, cooperation with the growth countries and attraction of investments. The strategy is initially complemented by concrete strategies for efforts in Brazil, Russia, India and China. In the coming years, we will present further action plans for other growth markets that require enhanced efforts.

Basically, the government’s objective reflects recognition of the fact that Denmark – like other European countries – should undertake a structural change in foreign economic orientation: economic cooperation, foreign trade, research and innovation cooperation and investments with the growth markets must be increased. Globalisation in the form of low-priced and fast communication and transport, trade liberalisations and increased market conformity makes this ambition realistic. High growth per se brings new opportunities for extending economic cooperation but strong growth is also followed by new challenges in the growth markets. Urbanisation requires enormous investments in construction and infrastructure, challenges water supply, waste management and energy production. Curbing the negative effects of climate change demands i.a. increased energy efficiency and greater commitment to renewable energy. In that respect, Denmark has a lot to offer as Danish strongholds to a great extent match the challenges of the growth markets.

Consequently, the government will in its efforts prioritise a number of areas with a particular potential and where Denmark possesses special competences. This applies to water, bio and other environmental solutions, energy and climate, sustainable food, health and welfare solutions, the Blue Denmark, the creative industry as well as tourism and entertainment economy. The consultancy sector and export of knowledge are also important factors in the growth markets. Demand within these areas is expected to increase significantly in the growth markets.

1 Other growth markets are initially defined as Mexico, South Africa, Vietnam, Indonesia, South Korea and Turkey but more could be added.
The growth markets will also gradually become more important in terms of international investments. So far, investment flows have predominantly moved from developed countries to growth markets but concurrently with the shift of emphasis in the global economy, companies from growth markets will also increase investments and acquisitions in advanced economies. The government will ensure greater focus on the resulting opportunities and challenges to Denmark. The aim is to attract increased investments and capital contributing to create growth and employment in Denmark.

The development requires that Denmark works strategically and concretely on exploiting the potential in the growth markets. The government has in 2012-2013 allocated additional DKK 50 million to focused initiatives within export and investment promotion, which shall lead to specific results for Danish companies in the growth markets and in the form of foreign investments from these markets to Denmark.

The development in total Danish exports is determined by factors in Danish economy, including companies’ general framework conditions for economic activity, competitiveness and innovation capacity as well as factors abroad, including total demand, the degree of entry barriers, Danish companies’ experiences and networks in the markets etc. Especially in relation to growth markets with stronger government involvement in the economies, relationship building as well as governmental contacts and export promotion is important.

The government’s Growth Market Strategy is only one element in the efforts aiming to strengthen the Danish corporate sector’s performance in the growth markets. Concurrently, the government has launched the Development Package that addresses the financial challenges that e.g. SMEs face. In addition, the government has launched a new pro-active industry and growth policy contributing to enhance growth and employment in Denmark, and thus contributing to enhance the interplay between domestic conditions and international challenges. The government is furthermore working on an innovation strategy to strengthen Danish businesses’ innovation capacity, as well as an educational internationalisation strategy that is to promote student mobility between Denmark and BRIC countries among other things. Overall, these initiatives are to bring Denmark back to a position as a competitive player in global markets, and to ensure that Denmark is an attractive investment, development and manufacturing country in Europe as well as an attractive partner within research and development.

The government attaches importance to the fact that the activities in the Growth Market and BRIC strategies are carried out in coordination and continuous dialogue with the Danish corporate sector, the research community and other players on how their activities best can be refined and supported to achieve greatest possible impact in the growth markets. The activities financed by the government as part of the strategy must be coordinated optimally with corporate investments – preferably within the framework of innovative partnerships where companies and authorities concerted organise and finance specific export promotion activities. This will ensure improved consistency and high quality in the effort resulting in greater returns on corporate and public investments.

Denmark is a relatively open economy and the development in exports thus has significant implications for the country. Neighbouring markets and the United States account for the majority of Danish commodity exports while the growth markets only account for roughly 9 per cent. This entails that Denmark risks losing a part of the progress that the great demand in growth markets prompts in the coming years.

Denmark’s collaboration with the growth markets obviously reaches beyond cooperating on developing commercial relations. It applies to all growth countries that there is comprehensive political dialogue concerning all issues, including human rights, global issues such as economic and financial development, security, counter-terrorism and climate change. Also in this respect, we have – due to our long tradition for democracy, respect for human rights and social responsibility – something to offer in relation to the development that the growth markets are going through.

Danish companies conduct business responsibly and comply with international guidelines, such as human rights, as a natural and integrated part of their business. The government has with its action plan for businesses’ social responsibilities – Responsible Growth – emphasised the objective to continuously keep Danish businesses ahead as a driving force when it comes to global responsibility on employee and human rights, environmental standards and in the fight against corruption. In several growth markets Danish companies have been able to benefit from these high standards as a positive competitive advantage.
In close collaboration with the Danish corporate sector and other players the government will over the next five years (2012-2016) aim at:

- Increasing commodity exports to the growth markets by more than 50 per cent from 2011 to 2016.
- Bringing growth in Danish commodity exports to the growth markets during 2011-2016 on par with the best EU countries so that Denmark maintains its relative market share compared to the best EU countries.
- Maintaining and expanding Denmark’s leading position within service exports to the growth markets.
- Ensuring that the growth markets in 2011-2016 invest at least twice as much in Denmark as they did in the previous five-year period, 2005-2010.

The potential for increasing Danish exports to the growth markets is significant. During the last six years, from 2005-2011, Danish exports to these countries have increased from approx. DKK 31 billion to approx. DKK 57.5 billion, corresponding to a growth rate of roughly 80 per cent. In comparison, total Danish commodity exports only increased by 20 per cent. Thus, commodity exports to the growth markets in 2011 amounted to around 9½ per cent of total Danish exports compared to approx. 6 per cent in 2005 and 5¾ per cent in 2001. Despite this significant increase, Denmark has not been able to maintain its market share in the growth markets compared to the best EU-countries: where Denmark in 2001 accounted for around 3.1 per cent of the best EU-countries’ exports to the growth markets, this share declined to 2.6 per cent in 2011. The objective to achieve export growth rates that are on par with the best EU-countries is thus an indication of changing a ten-year tendency of lost market shares compared to the best EU-countries. Depending on export growth to Denmark’s other export markets, the objective implies that Denmark’s commodity exports to the growth markets will increase from 9½ per cent of Denmark’s total exports in 2011 to about 11 per cent in 2016, increasing to a total of around DKK 85-90 billion.

To the extent that Danish exports to neighbouring markets represent sub-supplies to foreign companies’ exports to the growth markets, this constitutes additional indirect Danish exports to the growth markets. This indirect Danish export does not appear in the statement above.

Regarding service exports, including sea transportation in particular, Denmark holds a considerable leading position compared to the best EU countries. The government prioritises maintaining and expanding this lead.

In addition, the government will prioritise attracting direct investments from the growth markets. From 2005 to 2010 the growth markets’ investments in Denmark increased

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2 Austria, Belgium, Germany, Finland, the Netherlands and Sweden.
3 There is only available data until 2010.
4 It is here assumed that growth in other exports is 4 per cent annually.
by approx. 43 per cent but in 2010 they nevertheless ac-
counted exclusively for around 1.5 per cent of total inward
FDI to Denmark. The objective is to double investments in
the next five-year period.

The objectives are ambitious but they are nevertheless
assessed as achievable as demand from the growth econo-
 mies is expected to increase significantly. At the same time,
it is expected that the mix in demand from the growth mar-
kets will gradually become more consistent with Danish
strongholds as BRIC economies become more advanced,
the standard of living increases and requirements on sus-
tainability become more dominant.

The solutions that Danish companies and other players in
the research community and public sector have developed
for the use of advanced economies and critical consumers
in Europe and the United States will gradually be in strong
demand in BRIC countries. Energy and welfare technology,
food and agro-industry, advanced machinery and control
systems, water and environment technologies, logistics
and sea transportation etc. are obvious focus areas. Add to
this niche products and services that may be directed to
specific segments. This provides improved opportunities
to sell high quality products and advanced technology
but exploiting market potential requires specific market
knowledge and often requires product adjustments and
new business models.

The government’s approach to
strengthened efforts in the growth
markets includes the following areas
identified in dialogue with Danish
players in the markets:

• Expanding relations with the
growth markets – reinforcement
of networks in Denmark

• Export promotion
• Financing
• Overcoming barriers
• Marketing Danish strongholds
• Investment promotion
• Collaboration on research,
innovation and education
1. Expanding relations with growth markets – reinforcement of networks in Denmark

A common feature of many growth countries is high governmental involvement and control. Denmark has - both bilaterally and as part of the EU - a strong and comprehensive cooperation with the growth markets which, in addition to commercial cooperation, includes areas such as political dialogue and cooperation. The expansion of this - whether cooperating on promoting rule of law, fighting terrorism and pirates or security policy dialogue - is of great importance to the relationship with the country thus indirectly affecting the opportunities to further develop commercial ties. Conversely, it also implies that initiatives in Denmark might have negative impact on the possibilities for developing such collaboration.

Another considerable consequence of the government’s role in these countries is the importance of a significant official Danish presence, partly via visits from the royal family and Danish ministers and partly via a permanent presence of Danish representations to ensure access, contacts and favourable conditions to the Danish corporate sector and other players. To reach full potential and for Danish businesses and other players to gain solid foothold, the government will prioritise a significant presence both in terms of close contacts and frequent visits as well as permanent presence in the form of representations in the growth markets. A strategic approach will be applied to visits aiming to ensure that visits contribute to specific results for Danish players and that the growth markets will be broadly covered.

Government efforts are to support and provide new opportunities for the efforts of businesses, the research community and other players. In recent years, strategic partnership agreements at minister level have been signed with the BRIC countries and a few other countries. These are to some extent supplemented by sector specific agreements between ministries and governmental institutions. Specific collaboration forums have been established for some of the countries under the direct supervision of ministers from Denmark and the growth country in question, working to expand relations and solve specific problems.

Building strong relations to the growth markets requires an active political effort as other countries are also competing for the growth markets’ attention. Thus, focus must be on the fields where Denmark in particular has something to offer and where Denmark appears as an interesting business partner.

Concurrently, there will be a need to expand collaboration in Denmark between Danish players to be able to exchange experiences and offer broadly composed solutions across businesses and research efforts.

Finally, there is an overall need to contribute to the strengthening of all players’ knowledge of opportunities and business approaches in the growth markets.

The government’s prioritisation of these initiatives is based on a strong demand from Danish players, first of all Danish businesses who often benefit from formal export promotions and well-established intergovernmental agreements that can be used as a basis to overcome specific market barriers and challenges. Reinforcement of governmental relations will have to be supplemented by initiatives creating direct contacts/matchmaking between Danish players, including SMEs and their counterparts in the growth markets.
The government will:

- carry out frequent visits from ministers in the growth markets with the purpose of strengthening relations through dialogue with decision makers and profiling of Danish competences and strengths. A strategic approach will be applied to the visits to ensure that the growth markets are broadly covered.

- enter into strategic partnership agreements at government level as a basis for expanding relations where it has not yet been realised, and supporting these with cooperative agreements in specific areas where Danish interests are at stake, for instance regarding agreements on cooperation within sectors or between research institutions.

- establish collaboration forums at government level to enhance dialogue, support collaboration and to solve specific challenges.

- support development of networks and partnerships between players in Denmark and the growth markets – players being the Danish corporate sector, the research community, universities and educational institutions, local authorities etc. for the purposes of specific cooperation, for instance by forming agreements.

- attract more foreign ministers, influential business people and media to direct attention towards Danish knowledge and solutions.

- support the establishment of networks in Denmark or in the growth markets among different Danish players who can exchange experiences and collaborate on initiatives to the growth markets such as the Danish Chinese Business Forum.
2. Export promotion

Exports are to a high degree the basis for our welfare society. Exports today correspond to 50 per cent of Denmark’s GDP and form the basis of around 700,000 Danish jobs. Danish exports are a success but the government wants to take it to the next level in the coming years. Consequently, the government undertakes focused actions leading to concrete results for Danish companies.

Danish exports to the growth markets are to a high extent generated by large Danish corporations. The government will work to get more small and medium-sized enterprises to enter the growth markets.

Moreover, the government wants even more enterprises to participate in the official export promotions that contribute to open up doors in the growth markets. Today SME-participants account for 60 percent. These export promotions must be further developed so they are targeted to a higher degree at Danish strongholds and the growth markets.

A considerable common barrier in the BRIC countries is the close interlacing of politics and trade which we are not used to in Denmark’s neighbouring markets. This puts high demands on local knowledge both for businesses and export promotion efforts within i.a. barrier breakdown, market knowledge, sector expertise, financing, financial risk minimisation and public affairs efforts, including intellectual property rights (IPR) and corporate responsibility (CSR). The government will in selected markets enhance local consulting to Danish businesses.

Finally, Danish businesses often lack the means to sell large projects jointly in the growth markets. There is a need to form alliances that enable the companies to win large projects in the growth markets. The objective is to reduce corporate expenses and to create visibility and synergy by means of joint efforts.

The government will:

- dedicate 50 per cent of export promotion means to BRIC markets and other growth markets just as export promotions will – to a higher extent - be targeted the strategic priority areas of the government.
- in a dialogue with businesses and organisations work to increase the number of SMEs that participate in the export promotion schemes.
- further develop the Trade Council’s programmes Export Start Growth and Vitus Growth so that even more SMEs obtain success in the growth markets.
- enhance the Danish Foreign Service’s presence in selected growth markets focusing on overcoming barriers, market knowledge, sector expertise and public affairs efforts, including IPR and CSR.
- develop initiatives that support joint sales efforts targeted specific business opportunities in the growth markets.
Access to export financing and venture capital play an increasing role as a competitive parameter. This applies to both neighbouring and growth markets. In a situation where the private market is more cautious it is especially important that there are alternative opportunities to businesses. Consequently, the Development Package was approved in March 2012. The package entails that the export lending scheme, administered by Eksport Kredit Fonden (EKF), is expanded by DKK 15 billion to a total budget line of DKK 35 billion. Concurrently, EKF’s opportunities for providing export guarantees are enhanced, thus supporting export orders for Danish businesses, including Danish SMEs, amounting to at least DKK 20 billion. These initiatives will contribute to a significant reinforcement of export financing to Danish businesses and also help making more businesses capable of exploiting new growth opportunities that exist in growth markets. Moreover, the government has ensured additional export financing of DKK 10 billion via EKF’s agreement with PensionDenmark on raising capital to export financing.

Companies and their customers do not have sufficient knowledge about the financing opportunities, to e.g. exports and investments, they have access to from Denmark as well as locally and internationally, including solutions concerning export credit, credit insurance, joint venture share capital, consulting, multilateral sources and guarantee of investments.

Increased knowledge of financing solutions and knowledge of how to interact with standard corporate banking connections can help reinforce financing opportunities and thus competitiveness in the growth markets.

It can be crucial to companies’ long-term growth opportunities, e.g. to facilitate sales or research and development collaborations, that companies are able to establish themselves in the growth markets. The Industrialisation Fund for Developing Countries (IFU) can assist with share and loan capital as well as consulting in joint venture projects with Danish partners in growth markets with a per capita income up to USD 6,138. These opportunities have been expanded as of March 2012 with the establishment of a new fund ‘IFU Investment Partners’ where private, institutional investors have invested capital to co-finance IFU projects. This fund, which is administered by IFU, is thus to invest share capital in projects that Danish businesses set up in collaboration with IFU.

GoGlobal, which is a collaboration between Danida, the Trade Council, the Industrialisation Fund for Developing Countries (IFU) and Eksport Kredit Fonden (EKF), aims to offer consultancy services concerning financing opportunities to Danish businesses who want to export or set up abroad, including in the growth markets.
The government will:

- ensures - by means of the Development Package - a high level of export financing in the coming years. The budget line of the export lending scheme is increased by DKK 15 billion to a total of DKK 35 billion, and concurrently EKF will have the opportunity to provide export guarantees for additional DKK 20 billion as a minimum in the coming years.

- will through Eksport Kredit Fonden (EKF) and in cooperation with the pension sector, continue the efforts to raise additional export financing to Danish businesses.

- will establish a joint consulting team for financing in Copenhagen in a cooperation between Eksport Kredit Fonden (EKF) and the Trade Council. The initiative is to enhance Danish companies’ knowledge about and to enhance access to export and investment financing. The initiative will include establishment of a consulting team for financing in Copenhagen as well as a team of specialised export and financing advisors in Danish representations in the growth markets.

- will strengthen the GoGlobal-collaboration e.g. by improving companies’ knowledge of GoGlobal organisations’ offerings. This is especially applicable when it comes to marketing GoGlobal towards the SME segment.
4. Overcoming barriers

Danish businesses face a number of barriers in the growth markets. Some are specific for individual markets. They are linked to anything from direct trade barriers in the form of import duties as well as import and export restrictions, technical trade barriers, insufficient protection of intellectual property rights and discriminatory measures.

Others appear in several markets. Especially when it comes to the common challenges concerning complicated bureaucratic processes and arbitrariness in administrations as well as the unequal implementation practice in different regions in the individual countries. These barriers are also applicable for other European businesses in principle.

The nature of the barriers implies that they are rarely conducted as a result of Denmark’s own actions in relation to the individual country. To Denmark, the EU cooperation therefore represents a special framework in the effort to reduce and minimise the effect of the barriers.

The government will:

- develop and enhance the effort to improve market access and overcome trade barriers. In general, this will take place via “The Market Access Committee” belonging to the European Commission’s Directorate General for Trade where significant barriers of relevance to Danish businesses will become strategic priorities to the work of the EU.

- enhance the use of international negotiations on free trade agreements and sector agreements to overcome the barriers that are most relevant to the Danish corporate sector. This includes early efforts to identify the most significant Danish interests in a potential trade agreement in consultation with business organisations and active involvement of the Trade Council’s Global Public Affairs network as well as a follow-up effort.

- utilise bilateral meetings involving concerned ministers in relevant sectors, including the mixed committees to point out the most significant barriers to Danish businesses and create specific solutions.

- enhance consulting on framework conditions and barriers in individual growth markets.
5. Marketing Danish strongholds

Denmark faces competitive pressure concerning market shares, investments, talents and tourists from growth markets. For Denmark to perform well in this competition it is important that the growth markets have good knowledge of Denmark, Danish products, strengths, competences and values.

If Denmark is to benefit from the economic potential in the growth markets there is a need to enhance awareness about Denmark’s business related strongholds, particularly in the areas with a match between demand in the growth markets and Danish strongholds. This is where future growth can be generated. A great deal of the countries we normally compare ourselves with face the same challenge. Consequently, we face strong competition to attract the growth markets’ attention in the coming years.

The marketing efforts over the coming years must have increased focus on market segments and allow an even more clear-cut sector specification adapted to each market. Focus will be on the instruments and competences that empirically have proved to be efficient, including the sector specific effort under the auspices of public and private marketing consortiums (partnerships), and interdisciplinary initiatives under the auspices of export and investment promotion efforts, public diplomacy and media efforts, ensuring increased press coverage of Danish competences and solutions in international media. Denmark’s global representation network is key in this work. The effort is to ensure increased awareness of those solutions that Denmark can offer the growth markets e.g. within green growth, health and welfare solutions, food as well as the creative industry.

Efforts will be based on the marketing initiatives we know works and will result in a close and joint activity, involving relevant governmental and private players, working to get the operating marketing consortiums to focus on the growth markets to a higher degree.

An important element will also be Danish companies’ work on social responsibility in the global market place. Danish companies already work responsibly and comply with international guidelines, such as human rights, as an integrated part of their business. This is a Danish stronghold that must be enhanced and exploited so that Denmark and Danish companies are known for responsible business conduct and utilise this to create new growth.

In addition, focus will be on attracting tourists, both holiday and business tourists, as the high growth rates in the growth markets form the basis of more tourism from these countries. Add to this that tourists from the growth markets belong to the group with the highest daily consumption level during travelling when they visit Denmark. When a new flight connection to Denmark opens up it impacts Danish tourism and hence Danish economy.
The opportunities to apply for visa to Denmark are an important competitive parameter in the struggle to attract investments, trade and tourism from the growth markets. To enhance companies’ business opportunities and Danish tourism the government will conduct an extensive review of visa regulations ensuring that regulations are contemporary and in line with regulations in neighbouring countries. To that end, an interministerial taskforce has been appointed with the involvement of representatives from the Danish corporate sector in order to investigate Danish visa regulations as compared to our neighbouring countries – particularly with a view to strengthening Danish companies’ and the Danish tourist industry’s competitiveness, and to support efforts to retain and attract foreign investments and international organisations’ presence in Denmark. Moreover, it is a high strategic priority to the government to solve current problems with the terminated representation agreements regarding visas with other countries.

Awareness of Danish culture is part of the work to make Danish competences and values visible in the growth markets. Thus, the government emphasises enhanced exports of Danish culture to these markets. To support cultural exports, a strategy will be composed within the purview of the International Cultural Panel in order to strengthen cultural exchange, initially with the BRIC countries.

The government will:

- increase the growth markets’ awareness of the Danish strongholds that will generate future growth, including green growth, health and welfare technology, food and the creative industry.
- via existing marketing consortiums work to realise specific initiatives aimed at the growth markets, including raising awareness of Danish products and solutions, Denmark as an attractive place for investments, tourism, education and employment.
- work to enhance companies’ work on social responsibility so that Denmark and Danish companies are well-known for their responsible corporate behavior.
- actively work to facilitate access to Denmark e.g. by attracting new flight connections to Denmark and continued improvements on visa regulations.
- enhance cultural exchange with the individual growth markets e.g. the BRICs and South Africa.
6. Investment promotion

Over the past 7-8 years the growth markets have come to play a key role as investors. Especially the BRIC countries now have a significant new role as a source of foreign direct investments (FDI). The BRIC countries’ share of global outward FDI has increased from 2 per cent in 2002 to 11 per cent in 2010. The key novelty is India’s emergence as a source of FDI and not least China’s rapidly increasing share of global outward FDI.

This development poses interesting prospects to Denmark. Invest in Denmark has with the Action Plan for Proactive Global Marketing of Denmark strengthened investment promotion efforts in China and India since 2007 which has yielded positive results e.g. in terms of attracting foreign investments and thus jobs to Denmark.

While the overall level of inward foreign investments (FDI) has generally stalled since 2003, Denmark has in recent years managed to attract more investments from the growth markets. However, inward FDI from the growth markets remains at a modest level. For instance, the share from the growth markets only accounted for around 1.5 per cent of total inward FDI. In 2010 inward investments from the growth markets accounted for DKK 10.7 billion, representing an increase of approx. 43 per cent in the five-year period from 2005-2010. It is the ambition of the government that Denmark to an even higher extent benefits from the growth markets’ increasing investment activities. Thus, the government will enhance investment promotion efforts in the growth markets5 where the image of Denmark and Danish strongholds will be marketed to attract foreign investors to place research and development, production and jobs in Denmark.

The government will:

- strengthen investment promotion efforts in Asia through several outreach activities also at a political level and by recruiting more local investment advisors for Invest in Denmark.
- conduct an analysis of investment promotion potential in other growth markets.
- enhance investment expertise in Denmark by setting up an “growth markets sales function” under Invest in Denmark which, based in Copenhagen and in cooperation with Danish representations, will proactively seek out potential investors in the growth markets where Invest in Denmark is not represented by its own staff.

Moreover, the growth market potential will be included in the government’s overall efforts to enhance attraction of foreign investors.

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5 The strengthened investment promotion effort will focus on a broader group of countries than the other strategy as potential for attracting investments is typically greater in the more mature growth markets.
7. Collaboration on research, innovation and education

If Denmark is to benefit fully from the high growth, it is important that Danish businesses have access to the relevant knowledge and the adequate competences. Generally, the growth markets invest heavily in research and education and the investments are in absolute numbers at a much higher level compared to Denmark. Consequently, it is crucial that Denmark in research and education secures a share of this development in the form of increased collaboration. Increased collaboration on research and education will, other than contributing to enhance Danish research and education institutions, have a positive spillover effect on Danish businesses’ innovation, attraction of talent as well as the marketing of products and services and thus Danish export and investment promotion.

As a result, the government will ensure that Danish businesses have access to export and market consulting in the growth markets and to innovation consulting in selected markets that can provide access to leading knowledge, research and innovation environments. The Danish innovation centres serve as easily accessible platforms for global innovation collaborations that emphasise research and development. The Innovation Centre in Shanghai and the Technology and Research Attaché in São Paulo provide the Danish corporate sector and Danish researchers the opportunity to connect with international research and development networks on their way “from knowledge to growth”.

Enhancing research and education collaboration between Denmark and the growth markets is an important aspect. An effort in the form of more agreements with selected countries and a better framework for exchange within education as well as greater mobility between the countries, will support that more Danish researchers establish valuable networks and partnerships with foreign colleagues and that students gain knowledge about the growth markets and strengthen their language skills. Likewise, international students who study in Denmark and thus already know about the Danish society and its working culture provide great potential if they can be retained for the benefit of Danish businesses in and outside Denmark. An extensive collaboration with some growth markets, e.g. China and Brazil, already exists. Concerning other growth markets, such as Russia and India, the government will conduct a review of opportunities and potential for enhanced collaboration.

Denmark must become more attractive to better attract international talents and skilled foreign labour. The Danish higher education institutions also have to appear as attractive partners in an increasingly competitive global education and labour market.

The government will:

- further develop and target innovation efforts in China and Brazil in order to provide Danish businesses access to export and market consulting in the growth markets and access to innovation consulting in selected markets.
- enhance student mobility between Denmark and BRIC countries.
- strengthen retention of talent from the growth markets by identifying and seeking to reduce barriers and not least encourage educational institutions and businesses to collaborate on e.g. student jobs and internships.
- scrutinise the opportunities to launch a Top Talent programme in Brazil similar to the pilot project that is currently running in China until the end of 2012.
- conduct a review of opportunities and potential for enhanced collaboration on research and education with India and Russia.
Follow-up

The government will each year in May based on discussions with relevant players in Denmark, review progress on implementation of the Growth Market Strategy and the specific country strategies and present any further actions to ensure achievement of goals.
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