

CANADA'S ECONOMIC RELATIONS WITH THE NORDIC COUNTRIES

MEDIA BACKGROUNDER

The Nordic group of countries consists of five countries--Denmark, Finland, Iceland, Norway and Sweden--with a total population of 23 million. These countries share many common policies and aspirations. They have cooperative agreements in economic, legislative, social and cultural fields as well as in environmental protection, communications, transportation, industry and energy.

Intra-Nordic trade has increased substantially since the establishment of the European Free Trade Association (EFTA) in the 1960s. In recent years, priority has been given to further development of the Nordic area into a "home" market by identifying and eliminating obstacles to trade cooperation. The greatest proportion of Nordic trade, however, remains with members of the European Community. Consequently, an important consideration for the Nordic countries is what position to take individually and collectively on the development of the EC's single market slated for completion by 1992.

Canada and the Nordics

The Nordics and Canada offer each other special access to much larger markets. While Canada can provide access to the entire North American market through the Canada-US Free Trade Agreement, the Nordic region offers a special entree to Europe as a whole that is difficult to match. Four of the Nordics are members of the EFTA, while Denmark is a member of the EC. Additionally, Finland has trade agreements with the Council for Mutual Economic Assistance (CMEA) and a bilateral agreement with the USSR.

Canadian trade with Nordics has traditionally been in the latter's favour. In 1988, Canada exported some \$1.1 billion in total to the Nordics and imported approximately \$2.04 billion. Among the Nordics, Norway is Canada's largest export market, while Sweden is our largest source of imports.

Investment flows are much more in Canada's favour due to the high degree of internationalization of Nordic business in general. Many Nordic companies have plants or joint ventures in Canada while few Canadian companies have invested in the Nordic region. Nevertheless, considerable scope exists for cooperation in the form of representation, distribution, joint ventures, technology transfer, and licensing. Both Canada and the Nordics have many niche companies that could benefit from strategic association with complementary organizations.

Denmark

The net trade balance between Canada and Denmark has traditionally been in Denmark's favour, but the imbalance is lessening as Canadian exports are successful in new product areas. There is good potential for Canadian products and services in the following sectors: communications and informatics; sophisticated office equipment; specialized machining and process control equipment; high design consumer; biomedical equipment; waste water treatment