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DIPO

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The aim of DIPO is to provide service to exporters in the developing countries in their endeavors to enter the Danish market. The office can assist with market information and with establishing contacts to Danish importers. Business offers are published free of charge at DIPO's website (www.dipo.dk) and in DIPO's newsletter *UlandsHandel*, which is published five times annually and distributed to Danish importers.

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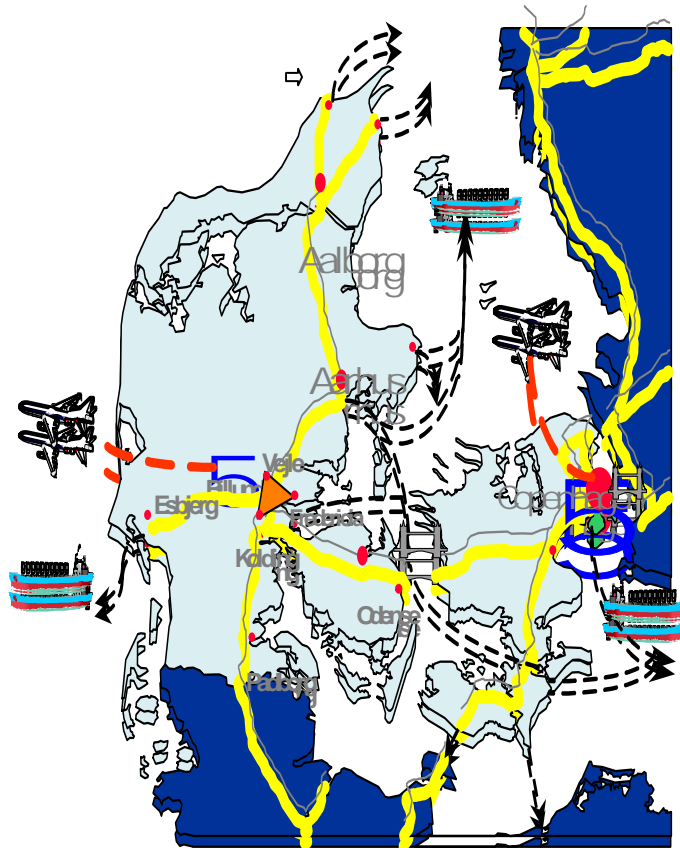
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Map of Denmark



Facts about Denmark

Area: 43,095 sq. kilometers
Population: 5.3 million
Capital: Copenhagen:
 1.5 million inhabitants
Language: Danish
Government: Democracy
GDP (2000): DKK 1,296,136 million
GDP per capita (2000): DKK 241,816
Currency: Krone, DKK (1DKK = 100 øre)
 Denmark has not adopted the common currency EURO
Exchange Rate, US\$: 1US\$ = 8.61 DKK
 (February 1st 2002)
Time Zone: Central European Time Zone
 One hour ahead of GMT
Business Hours: Monday to Friday
 9.00 a.m. to 4.00 p.m.
Weight and Measures: The Metric System
Climate: 4 seasons: spring, summer, autumn, and winter
Member of International Organizations:
 EU, NATO, WTO, OECD, UN

Other Large Cities:

Aarhus: 500,000 inhabitants
 Odense: 200,000 inhabitants
 Aalborg: 160,000 inhabitants

Distances:

Copenhagen – Aarhus: 300 kilometers
 Copenhagen – Odense: 165 kilometers
 Copenhagen – Aalborg: 400 kilometers

Public Holidays, 2002:

New Year's Day	January 1 st
Maundy Thursday	March 28 th
Good Friday	March 29 th
Easter Monday	April 1 st
Prayer Day	April 26 th
Ascension Day	May 9 th
Whitsunday	May 19 th +20 th
Constitution Day	June 5 th
Christmas Eve	December 24 th
Christmas Day	December 25 th
Boxing Day	December 26 th
New Year's Eve	December 31 st

1. Introduction to Denmark

Standard of Living

With a high GDP per capita as well as a highly prioritized welfare system, the Danish standard of living is among the highest in the world. Income is evenly distributed among the population and, normally, both men and women work full time.

Membership of the EU

As a member of the EU, Denmark enjoys open market access to the other EU countries. Within the EU a Customs Union has been formed, allowing goods to move freely across borders without customs or taxes. For non-EU countries, however, specific rules apply (please refer to chapter 6 “Customs Duty and Import Regulations”).

Denmark also enjoys membership of international organizations such as the OECD and the WTO and is traditionally striving to actively remove obstacles to free trade within these frameworks.

General Trade Figures

The Danish economy is highly dependent on trade with other countries due to the country's size and location in one of the world's most dynamic regions.

Approximately two third of the Danish foreign trade is carried out with other EU countries. With regards to total imports to Denmark (only goods) in 2000, imports from other EU countries accounted for 82.3 percent. Asia accounted for 10.4 percent, the Americas for 6.8 percent, and only 0.5 percent of total imports came from Africa.

Industrial Pattern

Small and medium sized companies characterize the Danish industry. Compared to other industrialized countries, even the largest Danish companies are -with few exceptions- only medium sized.

Except for heavy industries such as mining, car and plane industries etc., practically all business sectors exist in Denmark. Due to an increasing specialization, division of tasks, and seasonality, however, a large range of products is also imported to Denmark. The Danish industry is mainly constituted of light manufacturing and reprocessing, and production is often characterized by a high degree of specialization in a particular, well-defined field. Products, which have made Denmark known internationally, are primarily meat and dairy products, pharmaceuticals, furniture, beer, electronic products and advanced metal industry.

Infrastructure

The Danish infrastructure is highly developed. The road network is of high standard, the railway system connects almost every town with more than 10,000 inhabitants, there are many, easy accessible, harbors, and Denmark has several domestic airports. Copenhagen Airport is the largest airport in Northern Europe being served by most international carriers. Ferries, tunnels and a number of bridges interconnect the islands of Denmark and, furthermore, a bridge connects Denmark to Sweden (see map p. 3).

Means of communication are excellent, as well. The postal service is efficient and reliable, and telephone, fax service and email are available throughout the country.

Climate

The Danish climate consists of four seasons: spring, summer, autumn and winter. The average temperature in July ranges from 12 to 20 degrees Celsius, opposed to the average temperature of January, which ranges from -3 to +2 degrees Celsius. Some snow can be expected from December to March, and rainfall is common with about 700 mm precipitation annually.

Households

The birth rate has for some years been below 2 children per woman of childbearing age and small households are most prevalent. A high tax level combined with an extended network of public day care institutions has made it both necessary and possible for both parents to work outside the home. Danish women have one of the highest working frequencies in the world. House servants are not common due to high minimum wages and families with children often claim that time is their most lacking resource. Due to extensive use of mortgage-credit institutes many families are able to buy their own habitation

2. Market Definition

The definition of furniture will be based on products within the category SITC 82 and the equivalent CN codes 94.01, 94.03, and 94.04. The application of two different classification systems is due to statistical survey methods. On an aggregate country level the SITC categories are more elaborate, while on a product level the CN codes are more detailed. Therefore, the SITC categorization will be used when analyzing market size and when comparing different countries' exports to Denmark, whereas the CN codes will be applied when analyzing exports of specific products to Denmark, as well as when describing customs duty and import regulations.

SITC (Standard International Trade Classification) is the UN classification system and 82 refers to the category of furniture, furniture parts, and accessories. The SITC 82 category covers a wide range of furniture for private as well as public consumption. The main product groups (including semi-manufactured articles) within this category are:

- ▶ Furniture for sitting
- ▶ Office furniture
- ▶ Kitchen furniture
- ▶ Bedroom furniture
- ▶ Dining and living room furniture
- ▶ Garden furniture
- ▶ Mattresses

The Combined Nomenclature (CN) is the 8-digit trade classification system used by the European Union for tariff purposes. The system is directly linked to the 6-digit Harmonized System (HS) used by the vast majority of trading nations throughout the world. The CN codes that will be used in this market brief are:

94.01: Seats, whether or not convertible into beds, and parts thereof.

94.03: Other furniture and parts thereof.

94.04: Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, poufs and, pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered.

When exporting to countries within the EU, it is necessary to state the exact CN number of the specific type of furniture. The CN 94 codes can be subdivided into 8-digit specific groupings depending on the type of furniture, its purpose, and its use. When a sub-categorization is applied in this market survey, this will be stated clearly by the specific CN number. More information on the Combined Nomenclature is available on www.hmce.co.uk.

3. Market Analysis

Market Size

The following table estimates the size of the Danish market for furniture.

Table 3.1

The Danish Market for Furniture, 1996-2000 (Million DKK)					
	1996*	1997*	1998*	1999*	2000*
Danish Production	15,261	16,223	17,626	17,626	19,380
Imports	3,110	3,812	4,744	5,151	5,590
Exports	12,640	12,966	13,587	13,495	15,322
Danish Market	5,731	7,069	8,780	9,282	9,648
Index (1996=100)	100	123	153	162	168

Source: Association of Danish Furniture Industries, 2002

* Current prices. Inflation is approximately 2 percent p.a.

As the table shows there has been a significant increase in the size of the Danish market in the five-year period, from 5,731 million DKK in 1996 to 9,648 million DKK in 2000. The Danish production has increased by 27 percent since 1996, while exports have grown 21 percent. More interestingly for foreign manufacturers, imports have increased by almost 80 percent. The developing countries account for approximately 15 percent of these imports. Hence, in this five-year period developing countries have witnessed a Danish market becoming ever more attractive.

Compared to the size of the population Denmark has the world's largest production and exports of furniture with more than 75 percent of production being exported. A considerable part of these exports stems from semi-manufactured articles that have been imported from third party countries.

Exporting Countries

Most trade with furniture takes place within the EU. Sweden, Germany and Italy are by far the largest exporters of furniture to Denmark. Sweden alone exported for 1.3 billion DKK in 2001. Also East European countries like Poland and the Baltic countries enjoy increasingly larger exports to Denmark. Far East Asia and Latin American countries also benefit from considerable exports to Denmark.

In the last decade there has been an increasing tendency to locate production with subcontractors in Eastern Europe and Asia due to lower production costs and easy access to supplies. As the salary level of a country increases, Danish furniture manufacturer may have competitive incentives to move production to lower cost countries. Due to low shipping costs and increasing salary levels in Eastern Europe, placing production in the Far East may prove more lucrative in the long run. This is also proven by the fact that China is becoming increasingly popular as a production location.

Another reason for placing production abroad for Danish manufacturers is the access to tropical wood or wood not found in the European market, for example mahogany and teak. The most common sorts of wood found on the Danish market are pine and beech. It is typically more efficient to manufacture wood close to where it has been retrieved rather than transporting it as raw material to Denmark.

The processes that have been placed abroad are mainly labor-intensive, low-tech processes. Furniture upholstery is primarily labor-intensive and does not require big capital investments as opposed to the manufacture of shelves, for instance. However, the lower the requirements for advanced machinery the more fierce the competition may be, since it does not require much financial capital to enter the market.

Danish furniture manufacturers, which account for more than half of total imports, are showing an increasing demand for semi-manufactured articles. This will be an opportunity for manufacturers in developing countries capable of processing raw material into semi-manufactured articles. These value-adding processes will allow for higher profits compared to if the raw material had simply been exported.

The table below presents the top 10 developing countries' exports to Denmark from 1998 to 2001.

Table 3.2

The Top 10 developing countries' exports of furniture to Denmark, 1998-2001 (1,000 DKK)*						
Country	1998	1999	2000	2001	Change 1998-2001 in percentage	Percentage of total exports to DK in 2001
Indonesia	322,132	296,197	305,427	303,666	-5.73	5.2
China	137,737	154,808	208,384	262,022	90.23	4.5
Vietnam	72,374	95,790	128,601	107,926	49.12	1.8
Thailand	69,238	74,251	79,848	85,362	23.29	1.5
Malaysia	27,811	48,849	58,078	66,739	139.97	1.1
India	38,710	37,714	39,840	39,426	1.85	0.7
Philippines	12,899	8,935	8,009	7,405	-42.59	0.1
Mexico	16,843	7,447	7,648	3,451	-79.51	0.1
Chile	630	2,082	5,288	3,084	389.52	0.1
Brazil	5,307	8,439	8,128	2,626	-50.52	0.0
All	703,681	734,512	841,611	881,707	42.97	15.1
Total Exports to DK	4,678,762	5,151,131	5,578,713	5,854,063		
Percentage of total exports to Denmark	15	14	15	15		

*Developing countries as classified by the Danish Ministry of Foreign Affairs, 2000.

Source: Statistics of Denmark

From the table it can be seen that Indonesia, despite a small decline in 1999, is the developing country with largest exports. The reason for the Indonesian top-position may be due to the easy access to wood-supplies but Indonesia has also been successful in attracting foreign investment and technical know-how to the sector. In 1998 Indonesia exported more than twice as much as the second largest exporting country, China.

However, China's exports are increasing rapidly and if this trend continues China will soon become the largest exporter of furniture. Whereas Indonesia's production relies almost entirely on its wood resources, China's competitive advantage is based on low salary levels and metal-processing capabilities. Further down the table the Latin American countries Mexico, Chile and Brazil can be found.

The change in exports from 1998 to 2001 among the ten countries is remarkable with an average change of 39 percent. The country with the largest decline is Mexico with 80 percent followed by Brazil with 50 percent, although, financially the six percent decline of Indonesia has had a larger impact. Among the countries with the largest increase in exports are Chile with a 390 percent and Malaysia with a 140 percent increase peak. However, due to the size of exports the Chinese increase of 90 percent has larger economic implications.

Furthermore, it can be seen that only the five countries at the top of the table have a market share larger than one percent. The aggregate market share of the ten countries is approximately 15 percent. This figure has been very stable during the four-year period.

In appendix 1 all developing countries' exports of furniture to Denmark in 2001 are listed.

Import Articles

The following table presents the largest import articles (CN. no.) in 2001. In the last column the four countries with largest exports of the article are ranked.

Table 3.3.

Largest Import Articles, 2001				
CN-number	Article	Kilos	DKK	Main Exporters
94016100	Seats, not convertible into beds, with wooden frames, upholstered	20,798,333	730,748,885	Italy Poland Sweden Norway
94036010	Wooden furniture of a kind used in the dining room and the living room	10,160,788	630,571,366	Sweden Italy Indonesia Germany
94039030	Parts of wood for furniture, except seats	4,563,896	507,622,991	Germany Italy Sweden Estonia
94032099	Metal furniture, except seats, office furniture, beds or used for aircraft	19,888,110	406,254,589	Sweden Germany China Spain
94036090	Wooden furniture, except office-, kitchen-, bedroom-, dining room-, living room-, or storeroom furniture	28,000,622	402,215,169	Indonesia Sweden Vietnam China
94039010	Parts of metal for	37,492,510	334,253,055	Germany

	furniture, except seats			Sweden Italy Austria
94035000	Wooden furniture of a kind used in the bedroom	21,130,986	295,651,131	Estonia Sweden Germany Poland
94016900	Seats with wooden frames, not upholstered	18,271,747	261,415,199	Indonesia Italy Vietnam Poland
94019080	Parts of seats, including convertible into beds, except made of wood or used for aircraft	45,694,131	195,309,864	Sweden Thailand Poland Germany
94049090	Mattress supports etc., except stuffed with feathers or down	4,602,270	178,967,038	Germany Sweden Lithuania China

Source: Statistics of Denmark, 2002

As the table shows, articles in the category of upholstered seats with wooden frames dominate the market with exports to Denmark well above 700 million DKK. Among the largest exporters, Sweden and Germany are present in the majority of the ten categories.

Due to vast resources of wood Indonesia, Vietnam and Thailand are generally ranked high in exports of wooden furniture. These types of products are typically very labor-intensive.

China is also a large producer of wooden furniture, but its largest export article is, however, mattress supports. The production of mattress supports is very labor-intensive, and China is an ideal location because of the low salary levels. China's third largest export category, which is growing rapidly, is metal furniture. The interesting aspect of this category is the fact that extensive capital is needed in order to manufacture metal furniture. This shows the potential of China as being suitable for both labor-intensive as well as capital-intensive manufacturing.

Countries with low salary levels have a competitive advantage in the production of furniture that is labor-intensive, such as the manufacture of seats with wooden frames or mattress supports. Furthermore, countries with an easy access to wood have an advantage in the production of wooden furniture. The capability to apply capital-intensive manufacturing processes, which is needed in the production of metal furniture, for instance, is becoming increasingly more important. Due to low shipping costs geographical location is not, however, highly significant. So if a foreign supplier can meet these demands it is very likely that his products can sell in Denmark.

Market Access

The Danish market for furniture is generally referred to as a buyer's market. The Danish importers of furniture are faced with an excess supply from the East European and Asian countries.

Since the capacity and number of producers is relatively larger than the limited amount of furniture required by the Danish importers, the competition between producers is very intensive, especially on a price/quality dimension. Furthermore, Danish importers are keen to establish long-term relationships with suppliers to ensure precise deliveries and uniform quality of the products.

The access to the Danish market may also depend on the ability of the exporting company to meet certain ethical or environmental consumer demands, such as being FSC Certified. For more details on this, please see chapter 5 on Ethics and Codes of Conduct.

Design

Danes tend to put priority on the home and more than six percent of household income is spent on furniture and domestic services which is relatively high compared to many other countries.

Denmark has a strong furniture design tradition, which has obtained worldwide recognition. And though style and design is constantly changing and the different segments in the market have different preferences, it is still possible to detect a distinct difference in style between Denmark-Scandinavia and for instance the south of Europe. Relatively simple design is often preferred among the younger generation and the design tends to be practical and functionalistic. The world known Swedish furniture chain Ikea in many ways embraces the "Scandinavian style" and the Ikea product catalogue can be consulted in order to get an impression of the style.

Tendencies in the Market

Some trends concerning the Danish market for furniture can be derived from the analysis. These trends are:

- ▶ Import of furniture is expected to increase due to a continued growth of the furniture market as a whole
- ▶ The Danish importers are expected to continue outsourcing specific parts of the production and place it where it is most profitable; therefore demand for semi-manufactured articles is expected to grow along with the increase in the total import.

▶ Although volatile at individual country level, imports from developing countries is expected to increase. The most important parameters for the success of developing countries on short term will be:

- a. Low salary levels for labor-intensive production of furniture
- b. Easy access to raw materials

On longer term the following issues are of great importance

- c. Capability to attract foreign know how and investment
- d. Capability to apply capital-intensive production methods
- e. Capability of delivering furniture, made by FSC-certified wood, (a FSC-bill is expected to be adopted by the Danish Parliament in 2002.)
- f. Development of design in order to profile the sector on national and on individual company level.

4. Distribution

Importers of furniture to the Danish market consist primarily of manufacturers, whereas wholesalers and few retailers account for a smaller part of the import. If a foreign exporter wants to enter the Danish market, the most important sources of contacts are Danish manufacturers and purchasing agents, since purchasing agents often act as intermediaries to retailers and sometimes to wholesalers.

The following table demonstrates the four typical alternatives of distribution channels in the furniture market – from the foreign exporter to the Danish end user. Due to the fierce competition there tends to be room for fewer links in the distribution chain and the traditional wholesaler for instant is often merged with the manufacturer.

Table 4.1

Possible Steps in the Distribution Chain				
Steps	Distribution Channels			
1	Exporter	Exporter	Exporter	Exporter
2		Agent	Agent	Agent
3	Manufacturer	Manufacturer		
4		Wholesaler	Wholesaler	
5	Retailer	Retailer	Retailer	Retailer
6	End user	End user	End user	End user

In the following, the typical role of the different groups in the distribution chain is described in order to draw a general picture of the structure and purchasing pattern in the distribution chain.

Purchasing Agents

An important link in the distribution chain is the purchasing agent. Danish retail stores often choose to work through them when importing directly from abroad, due to their wide net of contacts and knowledge of the foreign markets.

Moreover, Danish wholesalers and furniture manufacturers sometimes make use of purchasing agents, though these two groups also tend to purchase furniture directly from the foreign suppliers.

Most purchasing agents work on a 5-12 percent commission, based on FOB prices.

Manufacturers

In Denmark approximately 500 furniture manufacturers are present, but far from everyone is involved in imports from developing countries. Danish manufacturers of furniture made of rattan, teak, mahogany and other types of tropical woods rely almost entirely on foreign suppliers.

Danish manufacturers account for more than half of the total furniture imports to the Danish market. Generally, Danish manufacturers relying on foreign suppliers make use of their own design specifications and are therefore not interested in ready-made furniture from foreign suppliers. Therefore, if doing business with a Danish manufacturer it is of paramount importance that the foreign supplier is able to deliver

furniture in accordance with the design specifications given by the Danish manufacturer.

As previously mentioned, Danish manufacturers sometimes make use of purchasing agents. However, in recent years, some larger Danish manufacturers have established their own production facilities abroad in order to avoid dependency on agents (thereby also cutting costs) and to be able to keep more control of the production.

Wholesalers

Danish wholesalers primarily import ready-made furniture. Some companies work as wholesalers and agents at the same time.

Retailers

On the Danish market, furniture is sold through furniture stores (individual or chains) as well as bigger supermarkets, hardware stores and concept stores. Irrespective of the size of the retail store or chain, most retailers make use of purchasing agents. Only few larger retailers and furniture chains also buy directly from foreign manufacturers or make use of own purchasers directly employed by the retailer. Depending on the line of business, these retailers import ready-made furniture as well as furniture based on own design specifications.

Five to six major furniture chains dominate the Danish market as they account for more than 60 percent of total sale of furniture on the Danish market. These chains are: Inbodan/Idémøbler, Danbo Møbler, Møbelkæden, Smag&Behag, Ilva and IKEA.

Tendencies in the Distribution Chain

Some general tendencies within the Danish furniture distribution chain should be mentioned. Traditionally, furniture stores have been the main channels when selling furniture to the end user. This still holds true even though concept shops have slowly gained ground and increasingly, big supermarket chains as well as hardware stores also carry cheaper indoor furniture as well as garden furniture. Furthermore, there is a tendency in the distribution chain that Danish furniture manufacturers as well as retail stores choose to merge in order to strengthen their market position.

Another tendency in the distribution chain is that Danish furniture manufacturers start to abolish cooperation with agents in favor of setting up own sales offices abroad or stationing own employees abroad. Thereby, the manufacturers can stay in closer contact with the foreign supplier, and at the same time bring down expenses by cutting off one link the distribution chain.

Prices and Mark-ups

The price structure of furniture naturally varies depending on the type of furniture, the type of retail outlet, and whether a retail company, a wholesaler or a manufacturer imports them.

The example below may serve as a *general* guideline of the pricing structure of furniture imported by a retailer making use of a purchasing agent:

Table 4.2

Price Structure for Furniture (DKK)	
FOB price	80.00
Insurance, freight etc.	8.00
CIF price	88.00
Duty (if applicable)	3.00
Landed cost	91.00
Agent's mark-up, 6-10 %	9.00
Agent's price	100.00
Retailer's mark-up, 35-75 %	75.00
Retail price, excluding VAT	175.00
VAT, 25%	43.75
Selling price to consumer, incl. VAT	218.75

As a fast way of estimating the retail price: Multiplying the FOB price by three will give a hint of the retail price.

Success Factors

Most importers of furniture on the Danish market already have a wide net of suppliers with whom they have had close co-operation for several years. This, however, does not mean that they are not open to new suppliers. Often the enquiries from potential suppliers are kept in the importer's database for a possible future business contact. Please refer to chapter 5 "Commercial Practice" on how to contact Danish importers.

Danish furniture importers often stress the combination of price and quality. This, however, does not mean that price is the only important factor for the purchasing decision. Depending on the market segment the importer looks for different quality standards. It is of crucial importance to deliver the quality agreed upon and not only when delivering the initial order. Therefore quality control and quality control systems are an important competitive advantage for the exporter, in some cases efficient quality control systems will raise the price with up to 2,5 percent.

Moreover, due to manufacturers' use of design specifications, it is also extremely important for the foreign exporter that he is able to follow these design specifications and instructions to the letter. With regards to design specifications, Danish furniture manufacturers have experienced great problems with their designs being copied by foreign manufacturers. Therefore, the Danish manufacturers often emphasize long-lasting business relationships with the foreign suppliers as it takes a long time to build up the necessary trust and to ensure that the quality of the furniture production live up to expectations.

In general it can be stated that living up to delivery time and agreements regarding quality, price and quantity is of paramount importance if successful cooperation should

be established with Danish importers. In other words: normal standards of good business behavior are strongly encouraged.

A strong marketing and communication effort in the home country of the exporter is also recommended. Some Danish furniture importers have their own sales offices outside of Denmark or they travel often and widely in order to look for new tendencies in the market and to locate new partners. In order to get the attention of the Danish importers it is important that the exporter is able to actively and professionally communicate what his competencies are; often a well-designed company brochure containing photos of the furniture as well as product descriptions is of importance. Furthermore, if the supplier is quality certified (for example ISO certification) or highly recommended by other clients this should be mentioned as it can heighten the possibility of getting the attention of Danish importers. This type of communication effort will help the professional and qualified exporter to stand out from the crowd.

Another way of getting the attention of Danish importers is to visit or exhibit at trade fairs. Most Danish importers visit different trade fairs all over the world to meet with potential suppliers and to get an impression of the possibilities in the market. Participation in international trade fairs represent a large expense for the exporter and smaller companies often produces a limited number of items. It can therefore be an advantage for smaller exporters to share a stand at an international fair, where the individual companies present their specialty items.

(Source: interviews with selected Danish importers)

5. Commercial Practice

Due to the increasing use of the Internet, Danish furniture importers receive many offers on a daily basis from foreign suppliers. A new supplier will often have to replace an already existing relationship with competent suppliers, and therefore first impression and the first contact is of great importance to the subsequent success of entry into the Danish market.

Contacting the Importer

First step is to send a business offer containing a precise product description along with brochures or photographs. Price should also be introduced as close to the best price possible. It is of vital importance that contact details such as phone and fax number and e-mail address are stated correctly as inaccurate information will give a bad first impression and might cause the importer to immediately lose interest in the product. Many importers also stress that fast communication through e-mails are important as well as English-speaking staff.

It should never be assumed that the Danish importer will follow up on the business offer – the follow up is always expected to be made by the exporter. A follow up call will give an idea of the need and purchase pattern of the Danish importer, which can help evaluate the compatibility of the product.

Meeting with the Importer

Personal contact established through a business visit is important. Danish importers travel widely and will also at some point want to visit the supplier for an inspection of the production facilities.

Danish business people are generally result oriented and well versed within their particular field. Therefore, it is advisable to be well prepared and ready to respond to very direct questions about quality, prices, quantities and deliveries.

It is often said that Danes are informal, which is true to some extent. The informality does not, however, apply to being careless in respecting appointments.

Delivery

Once a business deal has been settled, it is important that the actual delivery time and the condition of the products correspond to that agreed with the importer. It is therefore necessary that the exporter states the realistic delivery time right from the very beginning of a new co-operation. The tolerance towards delay and products, which do not live up to agreements, is very limited and may lead to orders being cancelled.

Ethics and Codes of Conduct

Over the last decade, consumers in Denmark have increasingly paid more attention to the ethical conduct of business, which has given rise to the term “political consumers.” This term implies that there is a strong tendency towards Danish consumers placing greater demand on Danish importers and manufacturers. They must be able to guarantee that the products imported from the developing countries have not been subject to, for example child labor or has caused industrial pollution or otherwise harmed the environment when manufactured. For example, the use of certified wood could be an issue. Therefore, by getting involved with Danish importers many suppliers from the developing countries will be asked to sign a contract or statement guaranteeing that the production is carried out without violating the above mentioned issues.

The Danish legal, regulatory and accounting systems for the business sector can be described as transparent and consistent with EU directives.

Visitor's Visa

For visitors from overseas countries a visa is usually required to visit Denmark. A letter of invitation from the Danish business partner will often help in obtaining the visa. The exporter must apply for a visa at the Danish Embassy or Consulate in the home country. The visa issued will usually be for entry into the Schengen Area.

6. Customs Duty and Import Regulations

EU Trade Agreements and GSP

As a member of the EU, Denmark follows the rules and regulations and applies the Common Customs tariff of the EU. An extended set of trade agreements between the EU and non-EU countries represent a complex set of exceptions to the general rules.

The EU grants a non-reciprocal trade preference to all developing countries. As a general rule, the General System of Preference (GSP) allows for duty free imports into the EU from the Least Developed Countries (LDC)* whereas other developing countries benefit from a reduction of the duty. Other countries have also entered into bilateral trade agreements with the EU with mutual preferential access for most goods.

** Classified by the OECD Development Assistance Committee, DAC)*

Documentation

In order to obtain preferential customs treatment when importing to the EU, it has to be documented that the product originates in a country, which has a preferential agreement with the EU. In order to claim GSP-status, a GSP certificate of origin (Form A), signed and stamped by the authorities in the exporting country, must accompany the products. The certificate is valid for 10 months.

It is the responsibility of the exporter to ensure that these requirements are met. It is very important to have settled all documents prior to importation of the product, the Community Customs administration will verify that the goods satisfy the rules of origin. If the goods are not entitled to preferential treatment, the importer becomes liable to pay duty at full rate.

For full customs clearance, a customs declaration form must also be filled out with information about the importer, the customs value, the tariff position etc.

Rates of Duty

The rates for import duties as of January 2002 are shown in the following table. These rates of duty cover the sub-categories within the CN-number 94.01, 94.03, and 94.04, and apply to non-preferential trade.

Table 6.1

Rates of Duty, January 2002

Furniture	CN-Number	Rates of Duty for sub-categories, %
Seats and parts thereof	9401	0 – 5.6
Other furniture and parts thereof	9403	0 – 5.6
Mattress supports, articles of bedding, and similar furnishing	9404	3.7

(Source: Told & Skat)

Many of the sub-categories within the CN-number 94.01 and 94.03 have a rate of duty at 0 percent, and therefore much import of furniture will be duty free.

With regards to the following product groups duty always has to be paid.

Table 6.2

Rates of Duty on selected groups of Furniture, January 2002

Furniture	CN-Number
Seats of cane, osier or bamboo	9401 5000
Furniture of tropical wood of a kind used in the kitchen	9403 40
Furniture of cane, osier or bamboo	9403 8000
Parts of wood	9403 9030
Parts of other materials	9403 9090

Exception to this rule applies if a supplier can claim GSP status, as imports from GSP countries are duty-free. China and Thailand, however, do not benefit from the preferential treatment, but have to pay duty at full rate.

It must be stressed, though, that rules and regulations regarding duty are frequently changed. It is therefore advisable to always check the rate of duty in the individual case, the criteria being the product and the country of origin. GSP duty rates should, for example, be checked with your local customs authorities.

Quotas

No quotas apply to imports of furniture to the Danish market.

Legislation on the Danish Market

In recent years, an on-going debate about the use of tropical wood for furniture production has taken place. NGOs have put forward demands that wood used for furniture production has to come from FSC-Certified plantations (FSC stands for Forest Stewardship Council). This certification is supposed to guarantee that the wood is logged in sustainable plantations and that the use of this certified wood therefore do not cause any harm to the environment.

In Denmark it is not mandatory that imported furniture is produced of wood from FSC certified plantations, and therefore all types of wood furniture can be imported without any problems. However, some furniture retailers have set up their own “code of conduct” and will only accept furniture made of FSC-Certified wood. Furthermore, the Danish Parliament has put forward a bill proposing that all public institutions in Denmark may only purchase wooden furniture with FSC-Certification. The bill is expected to be adopted this year, 2002.

Imports of certain kinds of endangered wood species are also restricted according to CITES (Convention on International Trade in Endangered Species of World Fauna and Flora –also known as the Washington Convention)

7. Trade Fairs

7. Trade Fairs

Trade Fairs

Participating in international trade fairs is an important activity in order to create contact to future co-operation partners. Before exhibiting it is often advisable to participate in the fair as a visitor. A well prepared and properly executed visit to a trade fair can constitute a very cost-effective market research. At the fair it is possible to meet both future competitors and potential customers. If you choose to exhibit in a trade fair it is important to know in advance who are the target groups of the fair. In Denmark, exhibitors are often wholesalers or importers and the target group are the retailers. When this is the case you might gain more by participating as a visitor and approach suitable exhibiting importers with written/printed material about your company and products.

If you choose to exhibit, you should contact relevant importers prior to the trade fair in order to set up meetings during the fair. Some of the relevant importers will be exhibiting themselves. By looking at the list of exhibiting companies printed in last years trade fair catalogue you will get a fair impression of which companies to contact in order to set up meetings.(The catalogue can be obtained by contacting the trade fair organisers.) Some of these might not have time for meetings during the fair if they are exhibiting themselves, so it is important to allow yourself to stay a few days after the fair in order to have the meetings.

Scandinavian Furniture Fair is the largest furniture fair in Scandinavia and is usually held in May in Copenhagen At the same time as the Scandinavian Furniture Fair, a smaller satellite furniture fair is also held in Copenhagen, called **CPH Furniture**.

Besides the fairs held in Denmark a number of important international furniture fairs are held in the EU (Please see table 7.1). The fairs outside Denmark are frequently visited by Danish companies so they also represent a possibility for meeting the Danish importers.

In order to ensure the best possible match between your products and the target group of the fair it is highly recommendable to investigate a fair closely before contemplating a visit. Information on the different fairs is available on the internet: www.phone-fax.com/index2.htm

Table 7.1

International Furniture Fairs	
Copenhagen, Scandinavian Furniture Fair	May
Cologne, SPOGA	August
Milan, La Mia Casa	October
Paris, Furniture Show	January

8. Important Addresses

DIPO -Danish Promotion Office

Boersen
DK –1217 Copenhagen K
Phone: +45 33 95 05 00
Fax: +45 33 12 05 25
E-mail: dipo@commerce.dk
www.dipo.dk

Danish Ministry of Foreign Affairs

Asiatisk Plads 2
DK- 1448 Copenhagen K
Phone: +45 33 92 00 00
Fax: +45 33 12 37 78
E-mail: um@um.dk
www.um.dk

Statistics of Denmark

Sejrøgade 11
DK - 2100 Copenhagen Ø
Phone: +45 39 17 39 17,
Fax: +45 39 17 39 99,
E-mail: dst@dst.dk

Association of Danish Furniture Industries

Center Boulevard 5
DK – 2300 Copenhagen S
Phone: +45 70 26 81 11
Fax: +45 70 26 83 32
www.danishfurniture.dk

FMMD (Association of Furniture Agents in Denmark)

Bygmarken 10
DK – 8520 Lystrup
Phone: +45 75 52 98 89
Fax: +45 75 52 90 61

Scandinavian Furniture Fair

Bella Center A/S
Center Boulevard 5
DK –2300 Copenhagen SV
Phone: +45 32 52 88 11
Fax: +45 31 51 96 36
E-mail: bc@bellacenter.dk
www.scandinavianfurniturefair.com

CPH Furniture

Organizers: Exhibition Professionals

Lysagervej 10

DK – 2920 Charlottenlund

Phone: +45 39 64 85 86

Fax: +45 39 64 85 87

E-mail: infor@cphvision.dk

www.cphfurniture.com

Appendix 1

Developing countries' exports of furniture to Denmark, 2001.

Africa			
African Developing Countries' exports of furniture to Denmark in 2001 (1,000 DKK)			
Country	Exports		
Algeria	-	Liberia	-
Egypt	888	Madagascar	-
Morocco	192	Malawi	-
Tunisia	-	Mali	-
Angola	-	Mauritania	-
Benin	-	Mauritius	-
Botswana	-	Mozambique	-
Burkina Faso	33	Namibia	-
Burundi	-	Niger	-
Cameroon	-	Nigeria	-
Comoro Islands	-	Rwanda	-
Congo, Democratic Republic	-	Sao Tome and Principe	-
Congo, Republic	-	Senegal	-
Central African Republic	-	Seychelles	-
Djibouti	-	Sierra Leone	251
Ivory Coast	-	Somalia	-
Eritrea	-	Sudan	-
Ethiopia	-	Swaziland	-
Gabon	-	South Africa	1,025
Gambia	-	Tanzania	-
Ghana	88	Tchad	-
Guinea	-	Togo	-
Guinea-Bissau	-	Uganda	-
Cap Verde	-	Zambia	-
Kenya	-	Zimbabwe	690
Lesotho	-	Equatorial Guinea	-

Asia

Asian Developing Countries' exports of furniture to Denmark in 2001 (1,000 DKK)	
Countries	Exports
Kazakhstan	-
Kirgistan	-
Tajikistan	-
Turkmenistan	-
Uzbekistan	-
Bahrain	-
Gaza, West Bank	-
Iran	179
Iraq	-
Jordan	-
Lebanon	12
Oman	61
Syria	-
Turkey	33,612
Yemen	-
Afghanistan	-
Bangladesh	-
Bhutan	-
Burma	-
India	39,462
Maldives	-
Nepal	-
Pakistan	21
Sri Lanka	46
Cambodia	-
Philippines	7,405
Indonesia	303,666
China	262,022
Korea, People's Republic	-
Laos	351
Malaysia	66,739
Mongolia	-
Thailand	85,362
Vietnam	107,926

Oceania

Oceanic Developing Countries' exports to Denmark in 2001 (1,000 DKK)	
Countries	Exports
Fiji	-
Kiribati	-
Marshall Islands	-
Micronesia	-
Papua New Guinea	-
Salomon Islands	-
Tonga	-
Tuvalu	-
Vanuatu	-
Samoa	-

Europe

European Developing Countries' exports of furniture to Denmark in 2001 (1,000 DKK)	
Countries	Exports
Albania	-
Armenia	-
Azerbaijan	-
Bosnia-Herzegovina	-
Georgia	-
Yugoslavia	206
Croatia	7,910
Macedonia	-
Malta	-
Moldavia	-
Slovenia	30,446

Central America

Central American Developing Countries' exports to Denmark in 2001 (1,000 DKK)

Countries	Exports
Antigua and Barbuda	-
Barbados	-
Belize	-
Costa Rica	-
Cuba	-
Dominican Republic	-
Dominica	-
El Salvador	29
Grenada	-
Guatemala	13
Haiti	-
Honduras	-
Jamaica	-
Mexico	3,451
Nicaragua	-
Panama	-
St. Kitts and Nevis	-
St. Lucia	-
St. Vincent	-
Trinidad and Tobago	-

South American Developing Countries' Exports to Denmark in 2001 (1,000 DKK)

Countries	Exports
Argentina	729
Bolivia	-
Brazil	2,626
Chile	3,084
Colombia	-
Ecuador	-
Guyana	-
Paraguay	-
Peru	-
Surinam	-
Uruguay	-
Venezuela	479

