

## CBI MARKET SURVEY

# THE ELECTRONIC COMPONENTS MARKET IN DENMARK

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### Introduction

This CBI market survey gives exporters in developing countries information on some main developments concerning the electronic components market in Denmark. The information is complementary to the information provided in the CBI market survey 'The electronic components market in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.nl/marketinfo>

## 1. Market description: industrial demand and production

### Industrial demand

The Danish electronics industry, consisting of a significant number of small to medium sized companies, is dominated by the industrial & medical equipment sector. Danish companies set standards in a number of electronics product categories. For one, the country is a world leading producer of hearing aids.

According to table 1.1 the components market fell about one third, in 2005, due to the closure of the former Siemens-Bosch mobile phones plant, the production of which was transferred to Eastern Europe. As a consequence, the growth trend falls to maximum 3% per year over the coming years, and the Danish component market perspectives are below the EU15 trend level of 3.4%. In the EU, the small Danish market ranked eighteenth, behind Portugal and Slovakia but far ahead of Greece and Slovenia.

**Table 1.1 Danish market of electronic components, 2003-2010, € million**

	Market value				Growth rates (%)	
	2003	2004	2005	2010	04/05	05/10 (annual)
Active components	249	270	176	223	-34.8	4.9
Passive components	43	42	33	30	-21.9	-1.7
Electromechanical components	122	123	106	111	-14.0	1.1
<b>Total</b>	<b>414</b>	<b>435</b>	<b>314</b>	<b>365</b>	<b>-27.7</b>	<b>3.0</b>

Source: Decision (July 2006)

### End users

Beside the several Danish companies in the medical equipment sector, two major world leading Danish companies must be mentioned:

- Bang & Olufsen (<http://www.bang-olufsen.com>) is a world leader for audio and video high-end products.
- Danfoss (<http://www.danfoss.com>) is the pump supplier world leader and also manufactures control devices and climate control products.

Denmark's industrial equipment specialisation is also demonstrated by the presence of the world leading Swedish-Swiss ABB group (<http://www.abb.com>) with important automation product facilities based in Denmark.

### Production

Table 1.2 shows an indication of the production of electronic components in Denmark. Please note that reliability of Eurostat data is limited. However, they can be used to analyse the development over years. The total production value in Denmark declined – in line with the European trend –30% in the period 2000-2004. While production of actives and passives

decreased in this period, electromechanicals grew with 27%. In total production value, Denmark was a medium sized producer in Europe in 2004, ranking behind Austria, Finland and the Netherlands but ahead of Poland and Sweden. In contrast to electronic components, domestic electronic assemblies shows a more promising trend: in the period 2002-2004 this group increased 46% in value and 82% in volume.

**Table 1.2 Danish production of electronic components, 2000-2004, € million and million units**

	2000		2002		2004	
	value	volume	value	volume	value	volume
Active components	91	2	52	1	18	1
Electromechanical components	128	27	112	71	163	80
Passive components	68	8	70	59	22	4
<b>Electronic components (excl ass)</b>	<b>288</b>	<b>37</b>	<b>235</b>	<b>132</b>	<b>203</b>	<b>84</b>
Electronic assemblies	263	4	215	39	314	71

Source: Eurostat (2006)

There are a handful of multinationals in the country, such as the originally Italian company Carlo Gavazzi (<http://www.carlogavazzi.com>; sensors). Furthermore, the industry counts numerous small companies, excelling in niches of the electronics industry that are too specialised and limiting to attract multinationals. Some examples of these companies are AVN Gruppen (<http://www.avn.dk>), Hans Buch (<http://www.hansbuch.dk>), Gycom (<http://www.gycom.dk>) and Vactek (<http://www.vactek.dk>). Since the major international EMS providers left the country, only the Danish EMS providers remained in Denmark: BB electronics (<http://www.bbelectronics.dk>), Delfi Tech (<http://www.delfitech.com>) and GPV (<http://www.gpv.dk>).

### Opportunities and threats

- + Local production of components has been down in the period 2000-2004 and is highly specialized.
- + Local production of electromechanicals has been up in the period 2002-2004.
- Danish component market perspectives are below the EU15 trend level of 3.4%.
- Local production of assemblies has been up in the period 2002-2004.

### Useful sources

- Trade association for IT, telecommunications, electronics and communication (ITEK) - <http://www.itek.di.dk>

## 2. Trade: imports and exports

### Imports

In 2005, Denmark's imports of components and assemblies totalled € 358 million and € 892 million respectively. The country was a small importer of electronic components in Europe, only larger than the Baltic States and countries such as Greece and Malta. In line with the market trend, the total import value of components in Denmark declined fast in recent years: 60% in the period 2001-2005. Electromechanicals (47%) accounted for the largest share of total imports, followed by passives (27%) and actives (25%). Assemblies imports increased 38%, making Denmark a top ten importer of assemblies in Europe. DCs' shares in 2005 were 8% (components) and 23% (assemblies) respectively. Malaysia was by far the most important DC assemblies supplier (11%), followed by China (7%) and the Philippines (4%). China was by far the most important components supplier (5%).

### Exports

The total export value of Denmark declined fast in recent years: more than 50% in the period 2001-2005, totalling € 189 million in 2005. In the same period, electronic assemblies exports

increased 8%, totalling € 434 million in 2005. Unfortunately, the value of re-exports is unknown, as Eurostat doesn't allow such detailed analysis.

#### **Opportunities and threats**

- + Considerable import shares for DCs, especially for assemblies.
- + Import value of assemblies has been up in recent years.
- + Denmark is a net importer of components and assemblies.
- Import value of components has been decreasing fast in recent years.
- Export value of components has been declining fast in recent years.

#### **Useful sources**

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

### **3. Trade structure**

Generally, the intermediary channels (importers, agents, distributors) are the most suitable trade channels for DCs. An example of a typical Northern European distributor is the company (<http://www.promax.fi>). Examples of other distributors in Denmark are Acte (<http://www.acte.dk>), Arrow ([www.arrowne.com](http://www.arrowne.com)), Avnet Memec (<http://memec.avnet-emea.com>) and Farnell (<http://dk.farnell.com>). One example of a Danish wholesaler/agent is the company Knud Wexoe (<http://www.wexoe.dk>). Please refer to the CBI market survey "The Electronic Components market in the EU" for general information on trade structures in Europe. For more information on finding prospects in this country, please refer to section 6.

### **4. Prices**

Prices of electronic components and assemblies continue decreasing year after year. While electromechanicals and assemblies are down by 5-10% annually, semiconductors and most passive components decrease 10-30% annually. However, there might be exceptions, depending on supply in relation to demand and raw material costs. Both websites of distributors (refer to section 3) and websites of associations (refer to section 1) may include prices of components. One example is the site of distributor Spoerle (<http://www.spoerle.com>; click on the icon of the shopping cart).

### **5. Market access requirements**

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>
- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- In Denmark, the VAT tariff is 25%. For more VAT tariffs, consult <http://www.expatax.nl/vatrates>.

### **6. Business practices**

#### **Finding prospects**

Among the helpful websites that can be used to identify prospects are the company databases such as Europages - <http://www.europages.com>, KellySearch - <http://www.kellysearch.co.uk>, Kompass - <http://www.kompass.com> and Thomas Global Register - <http://www.trem.biz>. Refer to the manual "Digging for Gold" for guidelines on searching with these databases. Also, the exhibitor database of trade fair Electronica (refer to trade fairs; below) can be used to

identify key players in the industry. Moreover, trade associations mentioned in section 1 might contain company data as well.

**Trade press**

Some relevant Danish magazines are:

- Aktuel Elektronik - <http://www.techmedia.dk>
- Elektronik Nyt - <http://www.techmedia.dk>
- Elektronik & Data - <http://www.odsgard.dk>
- Ingeniøren - <http://ing.dk>

**Trade fairs**

A relevant trade fair in this country is Elektronik-06 - <http://www.elektronik-06.dk>.

Furthermore, a good option could be to visit the largest components trade fair in Europe, held in Germany every other year: Electronica (<http://www.global-electronics.net>). Visiting trade fairs in neighbouring countries could be an option as well. Please refer to Auma (<http://www.auma.de>) and EventsEye (<http://www.eventseye.com>) to find relevant fairs.

This survey was compiled for CBI by Facts Figures Future in collaboration with Mr. G. Fandrich.

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