



NORDICS

Key trade and foreign direct investment statistics (2018) 1

	Denmark	Finland	Iceland	Norway	Sweden
Population (in million)	5.8	5.5	0.3	5.3	10.2
GDP (USD ^b)	350.9	275.3	25.9	434.9	551.1
GDP per capita (USD)	60,692.4	49,845	74,278.2	81,692.6	53,873.4
Real GDP Growth (%)	1.7	2.4	4.6	1.4	2.3
Merchandise exports (\$Am)	96	88	428	171	422
Merchandise imports (\$Am)	1,427	1,135	13	443	3,124
Service exports (\$Am)	210	95	12	278	301
Service imports (\$Am)	403	43	19	539	652
Australia's investment in the Nordics (\$Am)	4,268	3,790	n/a	9,123	10,003
Nordic investment in Australia (\$Am)	3,172	863	14	19,636	8,224
Inward FDI stock in Australia (\$Am)	np	np	np	652	2,348

What's happening in this economy

The combined economies of the Nordics – Denmark, Iceland, Finland, Norway and Sweden – would rank as the 13th largest economy in the world. With a population of 27 million and a USD 1.5 trillion economy, the region's size is comparable to Australia with similar GDP growth in 2018.

The Nordic economies are experiencing a slowdown phase spurred on by the current global trade tensions, and uncertainty in the global economy. The Nordic region is also expected to be significantly impacted by a hard Brexit.

However, continuing growth is expected over the next two years, though estimates indicate downwards projections [in most cases]

- Denmark's GDP growth is projected at 1.7 per cent in both 2019 and 2020.

¹ All statistics sources from the relevant DFAT country pages <http://dfat.gov.au/geo/Pages/countries-and-regions.aspx> and <https://dfat.gov.au/trade/resources/trade-statistics/Pages/trade-time-series-data.aspx>

<https://data.oecd.org/gdp/real-gdp-forecast.htm>



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- Norway's GDP growth is projected at 2 per cent in 2019 and 3.4 per cent in 2020.
- Iceland's GDP growth is projected to decrease by 0.2 per cent in 2019 but grow with 2.6 per cent in 2020.
- Sweden's GDP growth will be 2.44 per cent in 2018 but decrease to 1.62 per cent in 2019.
- Finland's GDP growth is expected to reach 2.3 per cent in 2018 and decrease 1.5 per cent in 2019.

Total two way trade between the Nordic countries and Australia was valued at over AUD 8.4 billion in 2017, which makes it Australia's 19th largest trading partner globally. Total goods and services exports from Australia to the region were AUD 1.8 billion.

In 2017 there was a significant jump in merchandise exports to Norway (24.6 per cent), Denmark (20.5 per cent) and Iceland (25.5 per cent). The growth was in primary products (fuels, ores and unprocessed food). The growth in merchandise exports in part reflects the strength of the Euro.

Australia's services exports were relatively stable over the same period. Travel and education are the two main services exports to the region.

Foreign Direct Investment from Sweden to Australia increased by 53 per cent between 2013 and 2017.² Note that Sweden is the only country in the Nordics for which FDI figures are regularly published.

Trade, investment, and commercial opportunities and activities

- The Nordic region is home to major global technology and manufacturing companies including Alfa Laval, Ericsson, Electrolux, Maersk, Metso, Nokia, Novo Nordisk, Saab, Scania, SKF, Vestas and Volvo Group. All of these entities have a significant presence in Australia.
- Sweden and Finland's world-leading ICT and mobile industry clusters, developer and entrepreneur talent—and the region's early tech adopter population—have paved the way for tech start-ups and clusters, breeding 'unicorns' and 'decacorns'
 - such as Spotify, Mojang (Minecraft), Rovio (Angry Birds), Supercell (Clash of Clans), Klarna, Trustpilot, Zendesk and iZettle.
- The region is renowned for its expertise in mining and associated equipment, technology and services (METS) and is home to three of the world's largest METS companies – Epiroc, Sandvik and Metso.
- Sweden is an important ore and metal producer in the EU:
 - higher commodity prices have led to increased exploration and extraction in Sweden, Finland and Greenland.
- The Nordics have some of the highest targets for emission reductions in the world, driving demand for and innovation in low-emission and renewable technologies:
 - Norway has the world's highest penetration per capita of electric vehicles
 - Sweden plans on net zero greenhouse gas emissions by 2045, and

² <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5352.02017?OpenDocument>



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- Denmark is committed to highlighting opportunities for businesses and investments in delivering the Sustainable Development Goals through public private partnerships. It is being supported by Partnering for Green Growth and Global Goals 2050 (P4G).
- The Nordics have deep pools of capital, with large sovereign wealth fund:
 - pension funds such as the Government Pension Fund Global (GPF, Norway), ATP and PFA (Denmark), the Swedish funds AP1, 2, 3 and 4. GPF and ATP are amongst the 20 largest funds globally
 - GPF has a total portfolio of AUD 1.465 trillion (NBIM Q2 2018 report) and AUD 20 billion invested in Australia (NBIM, 2018), and
 - many have a particular focus on sustainable and ethical investments.
- The Nordics and Australia each have world class reputations for creating liveable cities:
 - the Nordic focus on sustainable, smart and inclusive urban development and transport solutions positions them as valuable partners for commercial opportunities in Australia and globally.
- The Nordics are a significant contributor within Europe to higher education enrolments in Australia:
 - in 2017 the region had 5,887 enrolments, the majority studying at university
 - there is close research cooperation between Nordic and Australian research institutions, and
 - the Australian Research Council lists Sweden (with 123), Denmark (with 116), Norway (with 46) and Finland (with 49) among the top 25 countries for its funded international collaborations.³
- Austrade's focus in the Nordic markets is for productive foreign direct investment into Australia:
 - key sectors are digital health, disruptive technologies such as fintech, smart cities and future transport solutions, and defence.

³ Numbers in parenthesis are from 2017 <http://www.arc.gov.au/international-research-collaboration-data>



Trade policy and negotiations

- The Nordics have a positive sentiment towards free trade across government, business and civil society. They are strong supporters of open and free trade and typically like-minded with Australia on trade policy issues.
- Australia is perceived as a favourable trading partner.
- Australia is currently negotiating a free trade agreement with the EU to strengthen two-way trade and investment links. The Nordics are all members of the EU or EEA and will be affected by the proposed Australia–EU Free Trade Agreement.
- While trade negotiations are conducted by the EU Commission, EU member states (Sweden, Finland and Denmark) will be consulted on the negotiations. The Commission will work closely with all member states on major issues and at key junctures of the negotiations. As EU member states, Sweden, Finland and Denmark are represented on the EU Council and have representatives in the European Parliament. Both the Council of the EU and the European Parliament must approve the final FTA deal. Accordingly outreach to Sweden, Finland and Denmark on key issues arising in the negotiations will be a priority.
- All EU Nordics want a comprehensive and ambitious outcome.
- While all the Nordics generally are supporters of free trade and typically like-minded with Australia, we may expect an increased focus on environmental concerns raised in the FTA negotiations.
- Iceland and Norway are not members of the EU, but are connected with the internal EU market through the European Economic Area (EEA) and the European Free Trade Agreement (EFTA). This allows Iceland and Norway to pursue independent free trade agreements bilaterally or through the EFTA. Through EFTA, Iceland and Norway currently have 27 free trade agreements in place, including with Canada, Turkey, Mexico, Israel and South Korea. Iceland has a bilateral free trade agreement with China.
- The Nordics are all members of the WTO and OECD.

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