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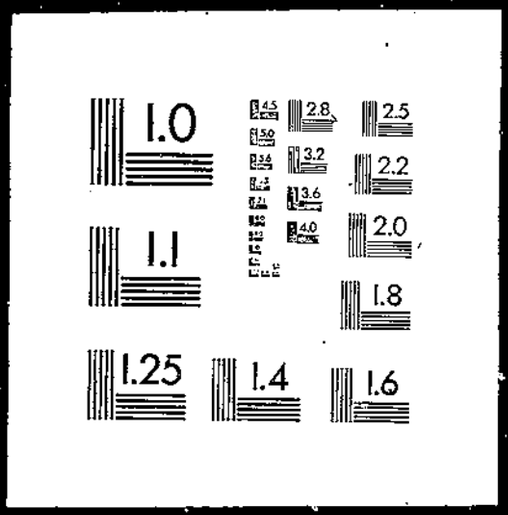

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# Exporting U.S. Food to Sweden, Norway, and Finland

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Washington, DC

Jun 87

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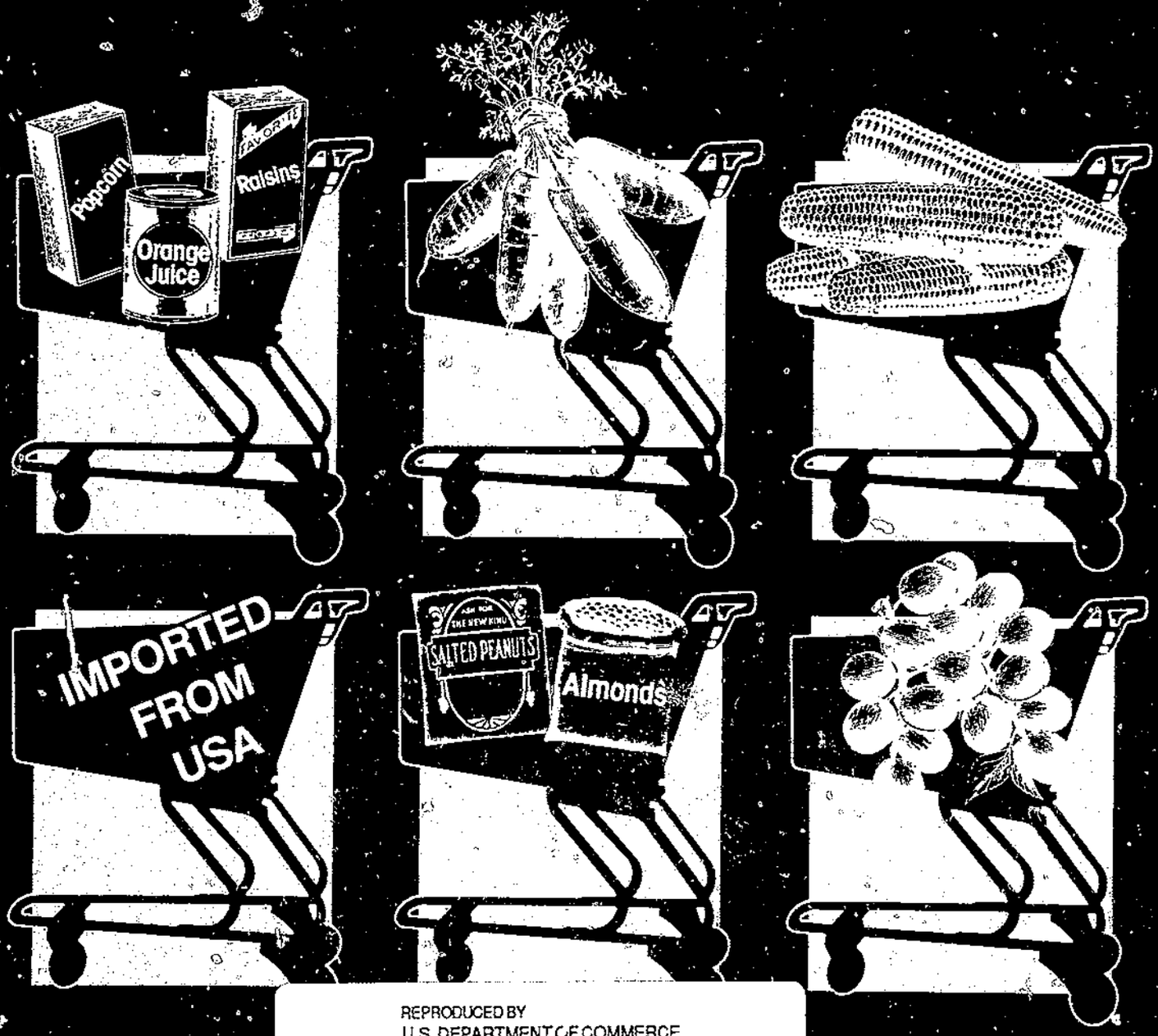
Number 227

# Exporting U.S. Food to Sweden, Norway, and Finland

Harold A. McNitt

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**Exporting U.S. Food to Sweden, Norway, and Finland**, by Harold A. McNitt. International Economics Division, Economic Research Service, U.S. Department of Agriculture. Foreign Agricultural Economic Report No. 227.

## Abstract

The relative wealth of Sweden, Norway, and Finland and their changing lifestyles offer an inviting export target for U.S. agricultural suppliers. Fruits, vegetables, nuts, and highly processed convenience and frozen foods probably have the most sales potential there. Other products, such as meats, some noncitrus fruits, and grain products, face stiff import barriers which limit their potential. Because food distribution systems are highly concentrated, U.S. exporters can reach these markets by approaching just a few key buyers in each country.

Keywords: Nordic, Sweden, Norway, Finland, exports, marketing distribution.

## Note

Use of trade and brand names in this publication is for identification and information purposes only and does not imply endorsement by the U.S. Department of Agriculture.

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Washington, DC 20005-4788

June 1987

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| Metric conversion table | |
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| 1 kilogram | = 2.20 pounds |
| 1 liter | = 0.88 quart |
| 1 metric ton | = 2,204.6 pounds |
| (Metric tons are referred to as "tons" in this report.) | |

## Summary

High individual incomes and a heavy demand for imported products make Sweden, Norway, and Finland potentially attractive customers for U.S. food products. However, import barriers and heavy competition limit sales of many U.S. foods.

These countries are wealthy by world standards. Norway's per capita gross domestic product (GDP) was exceeded only by those of the United States and Switzerland in 1985, Sweden's per capita GDP was higher than any member's GDP in the European Community (EC), and Finland's per capita GDP topped Japan's and nearly all those of the EC.

U.S. suppliers face some drawbacks in exporting to Sweden, Norway, and Finland. Import barriers can be high on items like meats, grain products, and domestically cultivated fruits and vegetables. Western European countries enjoy preferred status in the Nordic countries for some of their food exports. Higher shipping costs can also put U.S. products at a competitive disadvantage.

During 1981-83, the three countries together bought $192 million of U.S. food products, led by dried fruit, edible nuts, vegetables, rice, and fresh fruit. High-quality processed foods are also much in demand. Some changes in the marketplace and in patterns of consumer demand provide opportunities for U.S. food suppliers:

- Purchasing offices are concentrated in just a few points, simplifying the seller's task. Some joint all-Nordic buying offices represent several of the major distributors.

- Consumer spending is at comparatively high levels in the three countries, creating interest in new food products.

- Small households (one or two people) account for more than 60 percent of households in Sweden and over half in Norway. Therefore, demand for frozen and other processed convenience foods should increase.

- Per capita automobile ownership is high throughout the Nordic countries, stimulating growth of suburban shopping areas and large supermarkets at the expense of small, privately owned stores. Swedish consumers buy quick-frozen foods at a rate second only to the United States. Women in the workplace, shorter average workweeks, and longer vacations will probably further stimulate demand for highly processed and fresh foods.

## Glossary

*Bar code.* A symbol, printed on a product's package or container, that uniquely identifies the product. In stores equipped with electronic checkouts, a laser beam reads (scans) the bar code and transmits the information to a computer. The item's description and price, stored in the computer, are printed on the customer's receipt, and all items are totaled for payment. The system is also used for inventory control and reordering. Use of scanning by Nordic grocery enterprises is still far behind the United States and some other Western European countries, but its use should accelerate, especially in Sweden, during the late eighties.

*Cash-and-carry wholesaler.* A type of wholesale enterprise in which the buyer visits the premises, pays for goods by cash (or perhaps by certified check), and transports the purchased goods to the buyer's place of business. Cash-and-carry wholesale firms permit only *bona fide* retail food service, or manufacturing firms to buy from their shelves; individual consumers are excluded.

*Common Agricultural Policy (CAP).* The unified farm policy applied by member governments of the European Community (EC). The CAP deals with agricultural prices, structural improvement of agriculture, and both internal and external trade in farm products.

*Common External Tariff (CXT).* The unified system of customs duties applied by members of the EC to imports from outside the EC.

*Consumer cooperatives.* Organizations engaged in retail trade that operate on cooperative principles. Among these principles are ownership and control of the enterprise by those who use its services; an equal voice in decisionmaking for each member of the cooperative; and the return of any profits (called surpluses) to the members. Nonmembers may shop at cooperative stores but cannot participate in decisionmaking or receive any dividends from the enterprises' surpluses.

*European Community (EC).* A 12-member organization of Western European nations, also called the European Common Market. The six charter members are Belgium, West Germany, France, Italy, Luxembourg, and the Netherlands. Denmark, Ireland, and the United Kingdom joined the EC in 1973; Greece joined in 1981; Spain and Portugal joined in January 1986. The EC has a unified CAP and CXT (see definitions). The EC is the principal trading partner of Sweden, Norway, and Finland.

*European Free Trade Association (EFTA).* Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland have an arrangement by which industrial raw materials and products are traded among the members free of tariffs and trade restrictions, provided they originate within EFTA. Most agricultural commodities, however, are not traded freely but are subject to each member country's schedule of tariffs and other restrictions. Each EFTA member has its own tariffs, labeling requirements, and other import restrictions. Unlike the EC, the association has no common external tariff. Among the original members, Denmark and the United Kingdom withdrew to join the EC in 1973, and Portugal withdrew to join the EC in 1986.

*Hypermarket.* In Sweden and Finland, a store of over 2,500 square meters (26,900 square feet) of selling space, self-service, with onsite parking facilities for consumers (at least 300 spaces in Sweden). Hypermarkets offer a broad range of foods and other everyday items. The term is not used in Norway.

*Nordic countries.* The five northernmost Western European countries—Denmark, Finland, Iceland, Norway, and Sweden—usually referred to as Nordic countries. They cooperate on commercial, financial, cultural, and other matters through the Nordic Council, a joint consultative body. Denmark is a member of the EC, while the other Nordic countries belong to EFTA. For the purposes of this report, Nordic refers to Sweden, Norway, and Finland only.

*Retail cooperative.* A group of retailers who purchase most of their supplies in common. Each member usually owns a share in the enterprise. The cooperative operates its own food distribution system, carries out joint promotional activities, and may provide its members with financial, managerial, and other assistance. Retail cooperatives are not related to consumer cooperatives.

*Supermarket.* In Sweden and Finland, a store of 400-2,500 square meters (4,300-26,900 square feet) of selling space, self-service, offering a broad range of food and other everyday items. In Norway, a supermarket is a grocery store with annual sales exceeding 5 million kroner (approximately $600,000 at exchange rates prevailing in 1984-85).

*Variable levy.* The principal instrument used by Sweden to regulate prices of agricultural imports. Unlike fixed tariffs, variable levies on imports are charged at rates which vary on a periodic basis. The levies basically ensure that the price of an import is approximately equal to the guaranteed support price of the domestically produced counterpart. Variable levies are also called flexible import fees.

*Voluntary chain.* An arrangement under which a single wholesaler, or group of wholesalers, cooperates with retail members in both buying and retailing activity. In return for joining the wholesale-led enterprise, retail members are assured favorable wholesale prices and deliveries. They may also obtain financial, planning, managerial, and other assistance.

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The relative wealth of Sweden, Norway, and Finland and their changing lifestyles offer an inviting export target for U.S. agricultural suppliers. Fruits, vegetables, nuts, and highly processed convenience and frozen foods probably have the most sales potential there. Other products, such as meats, some noncitrus fruits, and grain products, face stiff import barriers which limit their potential. Because food distribution systems are highly concentrated, U.S. exporters can reach these markets by approaching just a few key buyers in each country.

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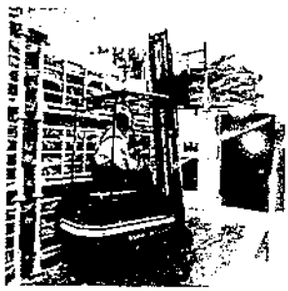

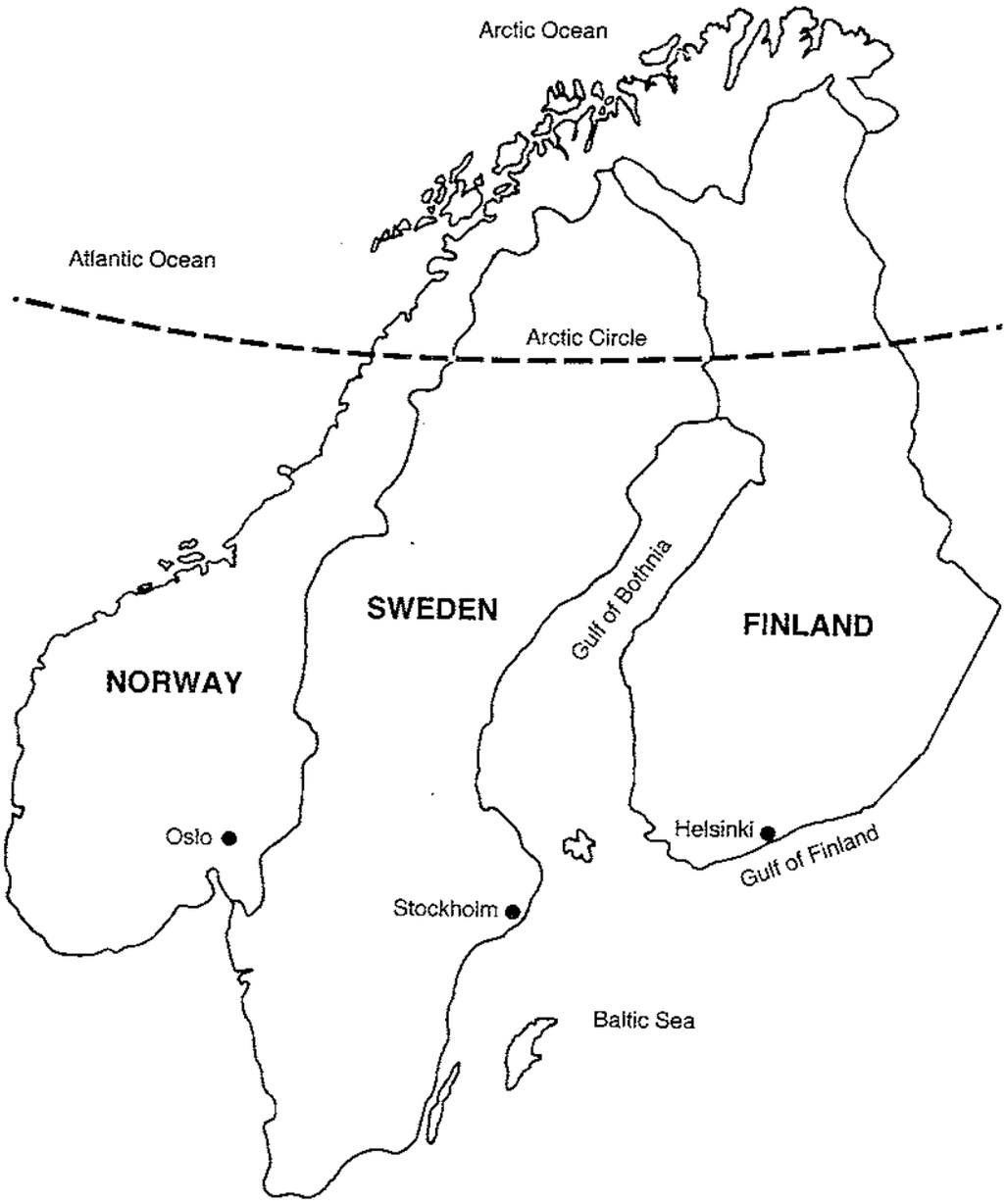
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Atlantic Ocean
Arctic Circle
NORWAY
SWEDEN
FINLAND
Gulf of Bothnia
Oslo
Helsinki
Gulf of Finland
Stockholm
Baltic Sea

# Exporting U.S. Food to Sweden, Norway, and Finland

Harold A. McNitt*

## Introduction

Sweden, Norway, and Finland combined bought an average of $192 million worth of food from the United States, annually, during 1981-83. Sweden was the largest buyer ($107 million), followed by Norway ($52 million) and Finland ($33 million).

This report surveys the characteristics of Swedish, Norwegian, and Finnish markets for U.S. foods: current consumer trends and preferences, import procedures, the food wholesaling and retailing organization, import restrictions, and receptiveness to specific U.S. foods. The report includes data on agricultural production and the food-processing industries in each country. The report presents U.S. producers and exporters with a comprehensive guide to the three northern markets.

Though their populations total only 17 million, the three countries rank among the world's wealthiest in terms of disposable income. Norway's per capita gross domestic product (GDP) is exceeded only by those of the United States and Switzerland. Sweden's is higher than any of the members of the European Community (EC) including West Germany. Finland's exceeds Japan's and all EC countries' except Denmark's.

Food distribution in Sweden, Norway, and Finland is highly concentrated. A few giant enterprises in each country account for a large share of food retail sales. Wholesale-retail concentration makes it comparatively easy for U.S. food exporters to reach the markets by contacting a few large purchasing offices. The task is further simplified by joint all-Nordic buying offices representing several of the major food distributors. This report identifies the major buying points.

Fruits and vegetables, both fresh and processed, accounted for 44 percent of U.S. food sales to Sweden, 51 percent to Norway, and 71 percent to Finland during 1981-83. Edible nuts and rice, neither of which is produced in the Nordic region, are significant U.S. sellers. The markets are also receptive to a wide range of other foods, including spices and condiments, new and unusual grain-based products, and fish and seafood.[1]

The three countries maintain comprehensive import tariffs and regulations to protect their own agricultural producers and food processors.[2] Tariffs and other import barriers protect commodities of a kind produced locally, such as meats, dairy products, and grains. These restraints may also apply to fruits and vegetables grown locally, particularly during the marketing season. Commodities not produced in the area, such as citrus fruit, dried fruit, and edible nuts, have good access to these markets, with low tariffs and few other barriers. Each country has its own tariff schedule and the rates for particular items are different in the three countries.

Trade data involving the three countries may be distorted because of transshipments. A U.S. export,

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[1] Fish and seafood are included in the data for total Nordic country food imports from the United States. However, an analysis of the U.S. fish and seafood trade is beyond the scope of this report. Information may be obtained from the National Marine Fisheries Service, Office of Industry Services, NOAA, U.S. Department of Commerce, Washington, DC 20235.

[2] Denmark and Iceland are also Nordic countries but are not given detailed treatment in this report. Because Denmark is a member of the EC, the Danish system of import tariffs and regulations and its overall trade policies are markedly different from those of Sweden, Norway, and Finland. Denmark's close commercial ties with its Nordic neighbors are discussed in this report.

for example, might first be shipped to Rotterdam, then transferred to a smaller ship or land transport for shipment to Stockholm; it might then be reported as a U.S. export to Rotterdam, rather than to Stockholm. In compiling trade data, we eliminated such distortions by attributing trade to its real country of origin and final destination. In spite of these efforts, the data may fail to reflect all transshipments for certain commodities.

Trade data used on specific U.S. food exports to Sweden, Norway, and Finland came from U.S. Bureau of the Census statistics. United Nations (UN) import statistics are also used when appropriate, for example, in depicting the percentage composition of the three countries' food imports from the United States. The U.S. export data are compiled on a free-alongside-ship (f.a.s.) basis and UN import data on a cost-insurance-freight (c.i.f.) basis.[3]

## The Consumer In Sweden, Norway, and Finland

Nordic consumers are aware of the latest innovations in processed foods and have comparatively high disposable incomes to buy them. These countries have greatly increased the variety and availability of fresh meats, fruit, and vegetables. The trend toward buying highly processed and fresh foods offers opportunities for U.S. suppliers.

### Economic Trends

The 1978-82 period showed slackened real economic growth, increased unemployment rates, and inflationary price increases throughout the Nordic area (table 1). Sweden, an economic pacesetter during 1963-73, was particularly hard hit. During 1978-82, Sweden's annual average GDP growth was only 1.6 percent after adjusting for inflation. While the rate of unemployment appeared low, it did not include "hidden" unemployment: persons covered by relief work, vocational training, and other labor market measures. If we consider people diverted to these programs, the average rate of unemployment becomes 5 percent or more. Inflation averaged 10.3 percent, annually, during 1978-82. Norway, benefiting from its North Sea oil exports, and Finland fared somewhat better in terms of real growth, but they, too, encountered serious problems with inflation and unemployment.

During 1983-85, however, Norway's GDP increased at a healthy annual average of 4 percent, sparked by rising oil income. Sweden's average rate of growth (2.7 percent) and Finland's (2.9 percent), although modest, compared favorably with the combined EC rate (2 percent). Private consumption expenditures increased in all three countries, particularly in Norway. Real consumer spending will likely continue to rise, although at slower rates, throughout the area.

Despite variations in overall purchases, the share of consumer spending on food was stable in Sweden and Norway and declined only gradually in Finland. Food (excluding alcoholic beverages) accounted for about 20 percent of total private consumption expenditures in each of the three countries.

The three economies depend highly on exports. Record exports led the modest Swedish recovery in 1983-85, stimulated by a 16-percent currency devaluation in 1982. Norway's vigorous economic growth during 1983-85 was sparked by its expanded petroleum exports. Finland's moderate growth was sustained by increased exports. Thus, economic growth in the Nordic countries was highly dependent on the growth of export demand for their products in the main markets: Western Europe, the United States, and, for Finland, the Soviet Union.

Beginning in 1985, however, foreign demand weakened for many of the countries' key exports. Norway was especially hard hit by a sharp drop in revenues from its oil exports when petroleum prices fell in late 1985.

The extent of economic growth in the three countries during the late eighties will depend on local factors and demand in foreign markets. Whether Sweden, Norway, and Finland can maintain their mideighties level of growth during the last half of the decade will depend largely on economic conditions abroad and on their ability to control inflationary pressures at home.

### Population Trends

Sweden's population totaled 8.4 million, Norway's 4.1 million, and Finland's 4.9 million in mid-1985. Population growth rates were very low during

[3] Export values used to compile U.S. data are generally equivalent to an f.a.s. value at the U.S. port of export, based on the transaction price, including inland transportation and other costs incurred in placing the merchandise alongside the carrier. Import values used to compile UN statistics are generally equivalent to c.i.f. value, based on the transaction price, including the freight, insurance, and other costs required to ship the merchandise from its foreign point of origin to the European port of entry. C.i.f. values include international shipping costs; f.a.s. values do not. C.i.f. values are therefore normally higher than equivalent f.a.s. values.

1980-85: 0.1 percent annually in Sweden, 0.3 percent in Norway, and 0.5 percent in Finland. (The U.S. annual rate during the same period averaged 0.9 percent.)

While the total populations of the three countries will remain virtually stable for the remainder of this century, some significant shifts may affect the comparative size of different age groups (tables 2-4). Projections indicate that Sweden and Norway will experience modest declines in the under-30 age group, little change in the 30-39 age group, significant increases in the 40-59 age group, and small declines (until the year 2000) in the 60-75 age group. In Finland, the up-to-14 age group is expected to decline, 15-64 to increase slightly, and 65 and over to increase markedly. The steady increase in all three countries in the number of persons aged 40-59, many of whom will be comparatively well off and will live in small households, means increasing demand for highly processed convenience foods.

### Changes in Household Size

Sweden has one of the world's highest percentages of single-person households. In 1975, 30 percent of Swedish households consisted of only one person, up from 25.3 percent only 5 years earlier and 20.7 percent in 1950 (*34*).[4] This compares with a 22.7-percent ratio of single-person households in the United States in 1980. Two-person households accounted for another 30.8 percent of Swedish households in 1975. The average household size in Sweden that year was 2.4 persons. In Norway, the percentage of one-person households increased from

[4] Italicized numbers in parentheses cite sources listed in the Bibliography.

**Table 1—Selected economic indicators, Nordic countries**

| Country and indicator | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985[1] |
|---|---|---|---|---|---|---|---|---|
| | | | | *Percent* | | | | |
| Sweden: | | | | | | | | |
| Gross domestic product, real growth[2] | 1.8 | 3.8 | 1.7 | −0.3 | 0.8 | 2.4 | 3.4 | 2.3 |
| Private consumption expenditures, real growth[2] | −.7 | 2.4 | −.8 | −.5 | 1.2 | −1.8 | 1.3 | 2.6 |
| Consumer prices, annual increase | 10.0 | 7.2 | 13.7 | 12.1 | 8.6 | −9.0 | 8.0 | 7.4 |
| Unemployment rate[3] | 2.2 | 2.1 | 2.0 | 2.5 | 3.1 | 3.5 | 3.3 | 2.8 |
| Expenditures on food[4] | 18.7 | 18.3 | 18.2 | 18.4 | 18.0 | 18.2 | NA | NA |
| Norway: | | | | | | | | |
| Gross domestic product, real growth[2] | 4.5 | 5.1 | 4.3 | .9 | .3 | 3.9 | 3.8 | 4.4 |
| Private consumption expenditures, real growth[2] | −1.6 | 3.2 | 2.4 | 1.3 | 1.3 | 1.5 | 2.7 | 7.5 |
| Consumer prices, annual increase | 8.1 | 4.8 | 10.9 | 13.6 | 11.3 | 8.4 | 6.2 | 5.7 |
| Unemployment rate[3] | 1.8 | 2.0 | 1.7 | 2.0 | 2.6 | 3.7 | 3.7 | 2.5 |
| Expenditures on food[4] | 20.9 | 20.2 | 20.1 | 20.5 | 20.4 | 20.1 | NA | NA |
| Finland: | | | | | | | | |
| Gross domestic product, real growth[2] | 2.6 | 7.4 | 5.6 | 1.8 | 3.0 | 2.9 | 3.0 | 2.8 |
| Private consumption expenditures, real growth[2] | 2.6 | 5.6 | 2.9 | 1.6 | 3.9 | 2.7 | 3.0 | 3.2 |
| Consumer prices, annual increase | 7.8 | 7.5 | 11.4 | 12.0 | 9.8 | 8.1 | 7.1 | 5.9 |
| Unemployment rate[3] | 7.4 | 5.9 | 4.6 | 5.1 | 5.8 | 6.1 | 6.2 | 7.0 |
| Expenditures on food[4] | 22.0 | 21.3 | 21.0 | 20.8 | 20.0 | 19.6 | NA | NA |

NA = not available.
[1]Estimated.
[2]Growth after adjustment for inflation.
[3]Not including "hidden unemployment" (persons in job retraining programs and government-sponsored work programs).
[4]Expenditures on food as percentage of total private consumption expenditures.

Sources: (*22, 25, 26*). (Italicized numbers in parentheses cite sources listed in the Bibliography.)

14.9 percent in 1950 to 27.9 percent in 1980, and two-person households rose from 22.1 percent to 25.8 percent. The average household size in 1980 was 2.7 persons. In Finland, one-person households increased from 18.5 percent in 1950 to 26 percent in 1975, when the average household size was 2.7.

Reasons for the increasing percentage of small households included a trend toward fewer children per family, relatively high divorce rates, and greater affluence and available housing for young single persons, young married couples, and older adults. Greater social and geographical mobility

**Table 2—Sweden: Projected population, by sex and age group[1]**

| Age group (years) | 1983 | 1985 | 1990 | 1995 | 2000 |
|---|---|---|---|---|---|
| | | | *Thousands* | | |
| Men, all ages[2] | 4,114 | 4,110 | 4,109 | 4,107 | 4,097 |
| 0-14 | 785 | 767 | 732 | 737 | 745 |
| 15-29 | 883 | 883 | 892 | 846 | 789 |
| 30-44 | 934 | 943 | 905 | 875 | 890 |
| 45-59 | 668 | 668 | 748 | 850 | 886 |
| 60-74 | 620 | 612 | 581 | 541 | 528 |
| 75-89 | 216 | 228 | 241 | 245 | 245 |
| 90 and over | 9 | 9 | 10 | 12 | 13 |
| | | | *Percent* | | |
| Men, all ages[2] | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 0-14 | 19.1 | 18.7 | 17.8 | 17.9 | 18.2 |
| 15-29 | 21.5 | 21.5 | 21.7 | 20.6 | 19.3 |
| 30-44 | 22.7 | 22.9 | 22.0 | 21.3 | 21.7 |
| 45-59 | 16.2 | 16.2 | 18.2 | 20.7 | 21.6 |
| 60-74 | 15.1 | 14.9 | 14.1 | 13.2 | 12.9 |
| 75-89 | 5.3 | 5.6 | 5.9 | 6.0 | 6.0 |
| 90 and over | .2 | .2 | .2 | .3 | .3 |
| | | | *Thousands* | | |
| Women, all ages[2] | 4,213 | 4,218 | 4,235 | 4,240 | 4,231 |
| 0-14 | 749 | 731 | 696 | 700 | 707 |
| 15-29 | 845 | 844 | 853 | 810 | 755 |
| 30-44 | 889 | 901 | 871 | 843 | 855 |
| 45-59 | 674 | 670 | 736 | 834 | 877 |
| 60-74 | 696 | 691 | 665 | 622 | 600 |
| 75-89 | 338 | 356 | 384 | 397 | 398 |
| 90 and over | 22 | 24 | 29 | 35 | 39 |
| | | | *Percent* | | |
| Women, all ages[2] | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 0-14 | 17.8 | 17.3 | 16.4 | 16.5 | 16.7 |
| 15-29 | 20.1 | 20.0 | 20.1 | 19.1 | 17.8 |
| 30-44 | 21.1 | 21.4 | 20.6 | 19.9 | 20.2 |
| 45-59 | 16.0 | 15.9 | 17.4 | 19.7 | 20.7 |
| 60-74 | 16.5 | 16.4 | 15.7 | 14.7 | 14.2 |
| 75-89 | 8.0 | 8.4 | 9.1 | 9.4 | 9.4 |
| 90 and over | .5 | .6 | .7 | .8 | .9 |

[1]Projections are based on the estimated population of Dec. 31, 1982.
[2]Totals may not add because of rounding.

also contributed to smaller households because it was easier for relatives and children to move away from the family. This trend toward more one- and two-person households also meant increased demand for highly processed convenience foods which should increase business for restaurants and carryouts.

### Food Expenditures

Sweden, Norway, and Finland share many common food consumption trends, such as an increase in meat and vegetable consumption and a decline in per capita sugar use.

**Swedish Consumption Trends.** Swedish consumers in 1984 bought food and beverages valued at $9.2 billion, an increase in current prices of 10.9 percent from the year before (*12*). Approximately 20 percent of food consumption expenditures went for meat and meat products, followed by dairy products and eggs, fruits and vegetables, and grain-based products.

Per capita consumption of vegetables increased by 54 percent during 1960-84, the largest increase of any type of food (table 5). Fruit consumption, especially processed fruit, also increased markedly. Meat increased only modestly, but poultry showed big gains. Cheese consumption doubled, but butter declined. Eggs, potatoes, and sugar were stable or declined slightly.

Swedes are expected to increase consumption of fresh produce, high-fiber breakfast cereals, highly processed convenience foods, pasta, parboiled rice, seasonings and condiments, confectioneries, cheese, fresh fruit juices, and fresh vegetables. Product groups with a stable or negative consumption trend include jam and marmalade and most types of meat (except poultry). Canned food buying is generally stagnant. Consumption of diet and health foods is increasing.

**Norwegian Consumption Trends.** Norwegian private consumption expenditures on food totaled

**Table 3—Norway: Projected population, by age group[1]**

| Age group (years) | 1985 | 1990 | 2000 | 2010 | 2025 |
|---|---|---|---|---|---|
| | | | *Thousands* | | |
| Persons, all ages[2] | 4,159 | 4,225 | 4,325 | 4,347 | 4,330 |
| 0-9 | 520 | 528 | 534 | 483 | 467 |
| 10-19 | 643 | 576 | 539 | 544 | 484 |
| 20-29 | 629 | 653 | 583 | 547 | 526 |
| 30-39 | 621 | 618 | 655 | 588 | 563 |
| 40-49 | 464 | 569 | 608 | 643 | 540 |
| 50-59 | 397 | 386 | 547 | 584 | 611 |
| 60-69 | 436 | 405 | 351 | 497 | 540 |
| 70-79 | 308 | 328 | 311 | 272 | 408 |
| 80 and over | 142 | 162 | 196 | 189 | 191 |
| | | | *Percent* | | |
| Persons, all ages[2] | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 0-9 | 12.5 | 12.5 | 12.4 | 11.1 | 10.8 |
| 10-19 | 15.5 | 13.6 | 12.5 | 12.5 | 11.2 |
| 20-29 | 15.1 | 15.5 | 13.5 | 12.6 | 12.2 |
| 30-39 | 14.9 | 14.6 | 15.1 | 13.5 | 13.0 |
| 40-49 | 11.2 | 13.5 | 14.1 | 14.8 | 12.5 |
| 50-59 | 9.5 | 9.1 | 12.7 | 13.4 | 14.1 |
| 60-69 | 10.5 | 9.6 | 8.1 | 11.4 | 12.5 |
| 70-79 | 7.4 | 7.8 | 7.2 | 6.3 | 9.4 |
| 80 and over | 3.4 | 3.8 | 4.5 | 4.4 | 4.4 |

[1]Base year for these projections is 1981.
[2]Totals may not add because of rounding.

Source: (*32*).

$5.6 billion in 1982. If we add alcoholic beverages and tobacco, consumers spent a total of $7.3 billion.

During 1960-82, Norwegian food preferences changed. Per capita consumption of meat, vegetables, prepared fruit and fruit juices, cheese, and beer increased sharply (table 6). Edible nuts, pulses (peas and beans), and cocoa also rose substantially. Per capita consumption of fresh fruit, eggs, and oils and fats was stable or increased only modestly. Consumption of potatoes declined.

During the late eighties, Norwegians will likely consume more fresh vegetables, which are increasingly popular both at home and in restaurants. An estimated 50 percent of newly opened restaurants feature salad bars. Growing fresh vegetable consumption means increased demand for salad dressings and condiments. Norwegian trade sources see expanding demand for frozen convenience foods, such as combination plates, lasagna, and pizza. They also predict increases for fruit juices, pasta, and some ethnic specialties like Mexican foods. The market for frozen vegetables and frozen seafood is stable. Sales of parboiled rice and other rice preparations are developing slowly because imported rice preparations are charged a 30-percent tariff.

**Finnish Consumption Trends.** Finnish consumers spent $5.9 billion on food in 1981. Almost 25 percent of those expenditures were for meat, followed by dairy products and eggs (19 percent), fruits and vegetables (15 percent), and grain-based products (15 percent).

During 1960-82, per capita consumption of fruits and vegetables (the principal U.S. exports to

**Table 4—Finland: Projected population, by sex and age group[1]**

| Age group (years) | 1990 | 1995 | 2000 | 2010 | 2025 |
|---|---|---|---|---|---|
| | | | *Thousands* | | |
| Persons, all ages | 4,954.7 | 4,974.6 | 4,960.7 | 4,874.5 | 4,581.1 |
| Men | 2,397.7 | 2,411.0 | 2,409.6 | 2,375.4 | 2,226.1 |
| Women | 2,557.0 | 2,563.6 | 2,551.1 | 2,499.1 | 2,355.0 |
| 0-14 | 941.7 | 900.1 | 847.3 | 764.5 | 685.8 |
| Men | 481.7 | 460.6 | 433.6 | 391.2 | 351.0 |
| Women | 460.0 | 439.5 | 413.7 | 373.3 | 334.8 |
| 15-64 | 3,338.1 | 3,353.9 | 3,377.1 | 3,306.9 | 2,851.9 |
| Men | 1,679.6 | 1,690.2 | 1,702.0 | 1,664.6 | 1,437.4 |
| Women | 1,658.5 | 1,663.7 | 1,675.1 | 1,642.3 | 1,414.5 |
| 65 and over | 674.9 | 720.5 | 736.2 | 803.1 | 1,043.4 |
| Men | 236.4 | 260.1 | 273.9 | 319.5 | 437.8 |
| Women | 438.5 | 460.4 | 462.3 | 483.6 | 605.6 |
| | | | *Percent* | | |
| Persons, all ages | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Men | 48.4 | 48.5 | 48.6 | 48.7 | 48.6 |
| Women | 51.6 | 51.5 | 51.4 | 51.3 | 51.4 |
| 0-14 | 19.0 | 18.1 | 17.1 | 15.7 | 15.0 |
| Men | 20.1 | 19.1 | 18.0 | 16.5 | 15.8 |
| Women | 18.0 | 17.1 | 16.[illegible] | 14.9 | 14.2 |
| 15-64 | 67.4 | 67.4 | 68.1 | 67.8 | 62.2 |
| Men | 70.0 | 70.1 | 70.6 | 70.1 | 64.5 |
| Women | 64.9 | 64.9 | 65.7 | 65.7 | 60.1 |
| 65 and over | 13.6 | 14.5 | 14.8 | 16.5 | 22.8 |
| Men | 9.9 | 10.8 | 11.4 | 13.4 | 19.7 |
| Women | 17.1 | 18.0 | 18.1 | 19.4 | 25.7 |

[1]Totals may not add because of rounding.

Source: (*19*).

Finland) increased dramatically (table 7). Striking gains were also scored by meat, fish, cheese, and ice cream, none of which are U.S. exports to Finland.

The trend toward increased consumption of fresh meat, fruit, and vegetables followed declining consumption of grain-based products, potatoes, sugar, and butter. Increased real disposable income among consumers, greater availability of fresh produce on market shelves, and health food trends contributed to the growth in consumption of fresh foods. Potato consumption, increasing after a long period of decline, picked up with consumer interest in frozen french fries and new potato products.

The mix of foods available on Finnish market shelves is strongly influenced by government price and import policies, making it difficult to predict consumption trends. Demand for convenience foods and fresh produce probably will continue to expand.

**Table 5—Sweden: Annual per capita consumption of selected foods**

| Food | 1960 | 1970 | 1980 | 1984[1] |
|---|---|---|---|---|
| | *Kilograms per person*[2] | | | |
| Meat, total | 50.8 | 55.5 | 63.8 | 57.3 |
| Beef | 15.0 | 16.8 | 16.9 | 14.6 |
| Veal | 3.8 | 2.2 | 1.4 | 1.3 |
| Pork | 24.5 | 27.7 | 34.5 | 29.6 |
| Poultry | 1.6 | 3.3 | 4.9 | 5.3 |
| Other | 5.9 | 5.5 | 6.1 | 6.5 |
| Vegetables, total | 28.5 | 39.5 | 40.7 | 44.0 |
| Fresh and frozen | 23.9 | 32.4 | 32.2 | 36.7 |
| Carrots | 5.2 | 6.6 | 4.2 | 5.1 |
| Onions, leeks | 1.6 | 2.4 | 2.6 | 3.8 |
| Tomatoes | 2.2 | 4.9 | 5.1 | 5.9 |
| Cucumbers | 2.1 | 3.2 | 3.7 | 4.5 |
| Salad greens | 1.3 | 1.9 | 2.2 | 3.8 |
| Other | 11.5 | 13.4 | 14.4 | 13.6 |
| Domestically grown | 16.7 | 18.0 | 18.5 | 20.4 |
| Imported | 7.2 | 14.4 | 13.7 | 16.3 |
| Prepared and preserved | 4.6 | 7.1 | 8.5 | 7.3 |
| Fruit and berries, total | 63.5 | 82.0 | 81.9 | 80.0 |
| Fresh and frozen | 51.4 | 57.2 | 54.0 | 54.8 |
| Citrus | 13.1 | 15.2 | 14.3 | 13.9 |
| Apples, pears | 25.0 | 24.2 | 21.6 | 22.3 |
| Bananas, melons | 5.1 | 8.4 | 9.2 | 10.0 |
| Berries | 4.8 | 4.3 | 4.1 | 3.9 |
| Other | 3.4 | 5.1 | 4.8 | 4.7 |
| Domestically grown | 23.2 | 19.6 | 15.7 | 17.8 |
| Imported | 28.2 | 37.6 | 38.3 | 37.0 |
| Prepared and preserved | 12.1 | 24.8 | 27.9 | 25.2 |
| Potatoes | 89.8 | 84.3 | 83.6 | 83.6 |
| Sugar | 42.6 | 42.3 | 40.5 | 40.1 |
| Eggs | 11.8 | 12.7 | 13.2 | 12.8 |
| Butter | 9.7 | 5.5 | 3.6 | 3.8 |
| Cheese | 7.4 | 9.3 | 14.1 | 15.0 |
| Margarine, household | 12.2 | 14.6 | 12.9 | 11.8 |
| Fish | 24.3 | 26.7 | 28.5 | 26.8 |
| Wine, liters | 3.3 | 6.3 | 9.5 | 11.7 |
| Beer, liters | 36.0 | NA | 47.1 | 45.2 |

NA = not available.
[1]Estimated.
[2]One kilogram = 2.2 pounds.

Source: (*29*).

## Changes in Lifestyles

Major social changes, coupled with the demographic developments already described, influence both the types of food in demand and the nature of food retailing.

**Table 6—Norway: Annual per capita consumption of selected foods**

| Food | 1960-64 average | 1970 | 1981 | 1982 |
|---|---|---|---|---|
| | *Kilograms per person*[1] | | | |
| Meat, total | 40.3 | 43.0 | 50.9 | 51.4 |
| Beef | 15.0 | 14.2 | 16.8 | 17.9 |
| Pork | 15.1 | 17.8 | 20.0 | 18.0 |
| Poultry | .8 | 1.5 | 2.8 | 2.8 |
| Grains, total | 77.2 | 68.8 | 86.3 | 78.6 |
| Wheat | 62.6 | 58.3 | 72.8 | 65.4 |
| Vegetables, except beans, peas, potatoes | NA | 34.8 | 45.9 | 47.9 |
| Potatoes, fresh | 87.4 | 83.6 | 68.1 | 71.6 |
| Fruit: | | | | |
| Fresh citrus | 14.2 | 16.2 | 14.8 | 14.7 |
| Fresh noncitrus | 41.4 | 41.5 | 42.5 | 42.0 |
| Canned, dried, incl. juices | 4.5 | 5.7 | 8.7 | 8.3 |
| Nuts, beans, peas, cocoa | 4.3 | 4.7 | 7.2 | 7.0 |
| Eggs | 8.9 | 9.5 | 10.8 | 11.7 |
| Cheese | 8.4 | 8.8 | 12.6 | 12.2 |
| Oils and fats | 23.5 | 25.0 | 21.6 | 22.8 |
| Sugar, refined | 40.3 | 39.5 | 42.1 | 33.9 |
| Beer, liters | 25 4 | 36.6 | 44.7 | 47.0 |
| Wine, liters | 1.2 | 2.3 | 4.2 | 3.4 |

NA = not available.
[1]One kilogram = 2.2 pounds.

Sources: (*23, 31*).

In each country, women constitute nearly half of the labor force. Almost 47 percent of the Swedish civilian labor force consisted of women in 1983, up from 39 percent in 1970. A similar increase occurred in Norway: 31 percent in 1970 to 43 percent in 1983. In Finland, women made up 45 percent of the civilian labor force in 1970 and 48 percent in 1983 (27). These data compare with an increase in the share of women in the U.S. labor force from 38 percent to 44 percent during 1970-83.

The expanded role of women in Nordic business and industry has increased demand for readily prepared convenience foods. Another less obvious effect may have been a greater interest in ethnic and other food specialties used for preparing new and unusual meals on weekends. The increased percentage of women in the workplace also stimulated growth of restaurants oriented toward luncheons and other light food, fast-food outlets, and carryout shops. The effect on food distribution has been to move business away from small specialist retailers to larger self-service, one-stop stores.

A shortening of the average workweek and lengthening of vacations create more leisure time, which means people dine out more often. More leisure time also fosters less formal or structured meals at home; family members tend to eat when it best suits them. This trend has increased demand for readily prepared convenience foods and snacks.

**Table 7—Finland: Annual per capita consumption of selected foods**

| Food | 1960 | 1970 | 1980 | 1982 |
|---|---|---|---|---|
| | *Kilograms per person* | | | |
| Meat, total | 30.6 | 43.0 | 56.0 | 57.0 |
| Beef and veal | 16.0 | 21.0 | 23.0 | 22.0 |
| Pork | 13.0 | 21.0 | 30.0 | 31.0 |
| Poultry meat | .2 | .8 | 3.0 | 3.5 |
| Other | 1.4 | .2 | 0 | .5 |
| Vegetables, excl. frozen | NA | 20.0 | 39.0 | 43.0 |
| Fruits, excl. frozen | NA | NA | 81.0 | NA |
| Potatoes | 100.0 | 80.0 | 74.0 | 70.0 |
| Sugar | 41.0 | 44.0 | 38.0 | 37.0[1] |
| Eggs | 8.0 | 10.0 | 11.0 | 11.0 |
| Butter | 15.3 | 14.2 | 11.3 | 11.3 |
| Cheese | 2.5 | 4.5 | 7.2 | 8.0[1] |
| Margarine | 6.7 | 7.3 | 7.8 | 7.8 |
| Fish | NA | 21.0 | 27.0 | NA |
| Frozen foods | 0 | 4.0 | 9.0 | 10.0 |

NA = not available.
[1]Estimated.

Source: (*1*).

The rapid growth of automobile ownership, particularly in Sweden, produced major changes in food distribution. Passenger car density in Sweden, estimated at 387.5 cars per 1,000 inhabitants in 1985, may reach 434.2 by the year 2000 (*24*). This compares with a U.S. car density of 538.1 per 1,000 in 1985 and a projected 589.7 in the year 2000. Density levels in Norway and Finland are also comparatively high. The steady growth in car ownership has stimulated suburban growth, including increases in shopping centers and supermarkets.

## Food Distribution in Sweden

Sweden's food retailing and wholesaling are highly concentrated. Three large wholesale-retail enterprises sell two-thirds of all retail food. Importing, wholesaling, and retailing are closely linked within these enterprises, which makes it comparatively simple for a U.S. food exporter to reach the Swedish food market by contacting a few major purchasing departments.

### Import Channels

Sweden's food import channels are well defined and easily approached (fig. 1). A new-to-market U.S. exporter can save money and effort by first contacting the large wholesale-retail enterprises to determine whether the product has promise, then appointing a Swedish import agent if needed. The import agent handles customs technicalities and sees that the product is delivered to the buyer. Agents are also responsible for sales promotion, advertising, and in-store merchandising, which are especially important for new-to-market products.

An appointed agent usually prefers to be the supplier's sole representative in Sweden. Exclusive representation provides more incentive to build a strong market for the product. Each Nordic country has its own association of import agents. A U.S. exporter usually gets better results by appointing a resident agent for each country to be covered, but care should be taken to avoid appointing an agent who handles competing products.

As an alternative to appointing a Swedish import agent, a U.S. firm may set up its own sales organization in Sweden or a neighboring country. This option may prove too costly, however, especially for a new product. Another alternative is to arrange a joint venture with a Swedish or other company which is already established; the U.S. product can then be marketed as a supplement to the local firm's existing line.

The large nationwide food wholesale/retail enterprises in Sweden and the other Nordic countries usually prefer to import processed foods with an established brand name, consistent high quality, and reliable supply. Startup costs can be high on these competitive markets and may include outlays for sales promotion, advertising, and merchandising. Smaller U.S. food processors can sometimes avoid these costs by supplying products to Swedish and other Nordic distributors who market goods under their own private labels. While use of private labels is less extensive than in the United States, some large distributors, including the consumer cooperatives, offer processed foods under their own labels. Most of these foods are processed in the enterprises' own factories, but nonbranded imports may also be used if they meet high quality standards.

### Food Retailing

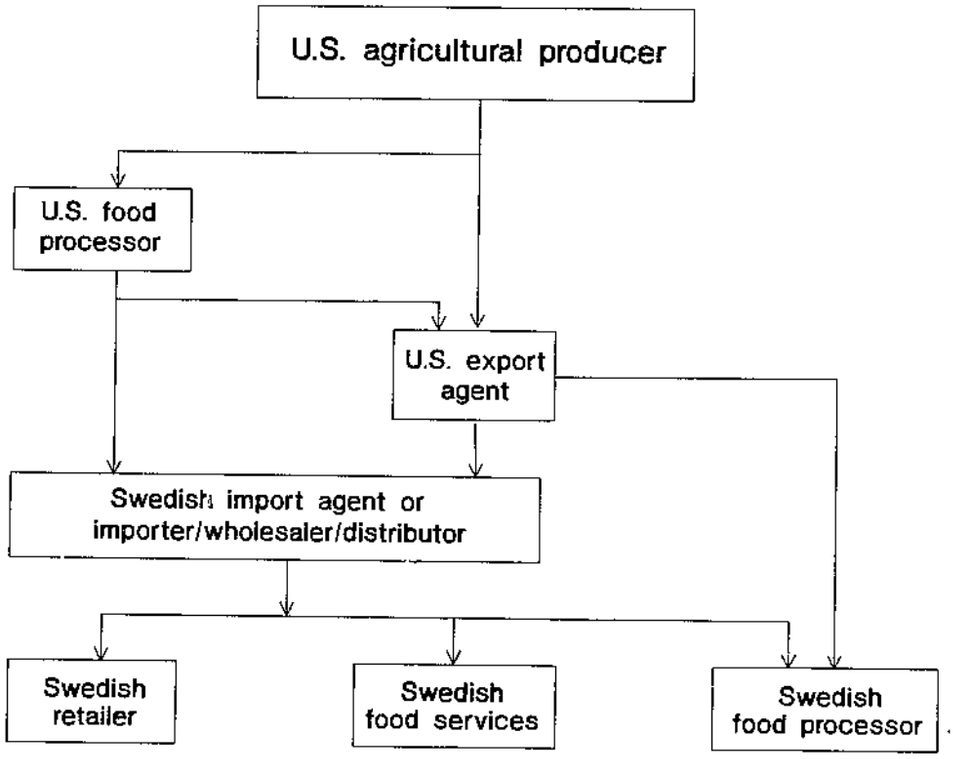
Approximately 75 percent of food retail sales in Sweden go through grocery stores that sell a wide range of traditional items such as dry groceries and canned goods, and that frequently sell frozen foods, fresh meats and produce, soft drinks, and nonfood items, including paper products, soaps and detergents, cosmetics, stockings, and kitchen utensils. These grocery stores frequently are self-service, vary from small shops to large supermarkets, and may operate independently or be included within larger department stores.

The remaining food retail sales occur at more specialized outlets: food specialty shops such as bakeries and meat stores; kiosks; mobile food shops; farmers' markets; and health food stores. These outlets do not offer a full range of foods.

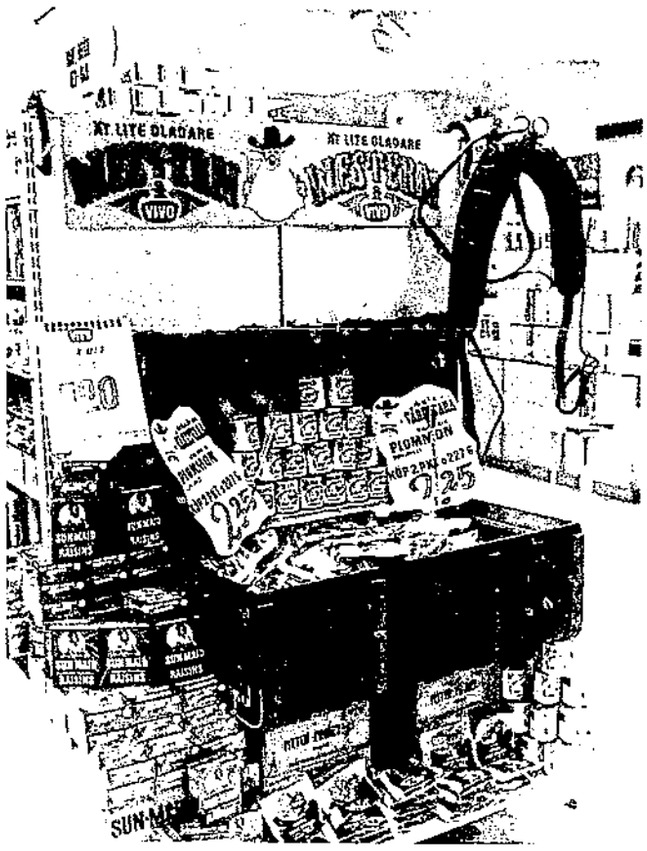
Swedish retail sales of food reached $9.2 billion in 1984, up 10.9 percent from 1983 (12). If we add other articles, such as soaps and detergents, tobacco, newspapers, and flowers, 1984 sales become $11.9 billion, a 10.6-percent increase (table 8). The large national grocery enterprises accounted for 68.2 percent of total food and everyday article retail sales; local grocery chains, 2 percent; and other types of grocery stores, 5.7 percent. Specialty shops made the remaining 24.1 percent of sales.

Grocery retail margins average 15-20 percent. However, items requiring special care, such as fresh produce and frozen items, may command

Figure 1
**Principal U.S. food export channels to Sweden**



Frontier Flair in Stockholm




Swedish market uses an Old West theme to play up U.S. food products.

margins as high as 30-40 percent. The retail margin on coffee is very low, averaging 6 percent.

**Nationwide Grocery Enterprises.** Three large wholesale-retail enterprises accounted for 90 percent of retail grocery store sales and 68 percent of total retail food sales in 1984.[5]

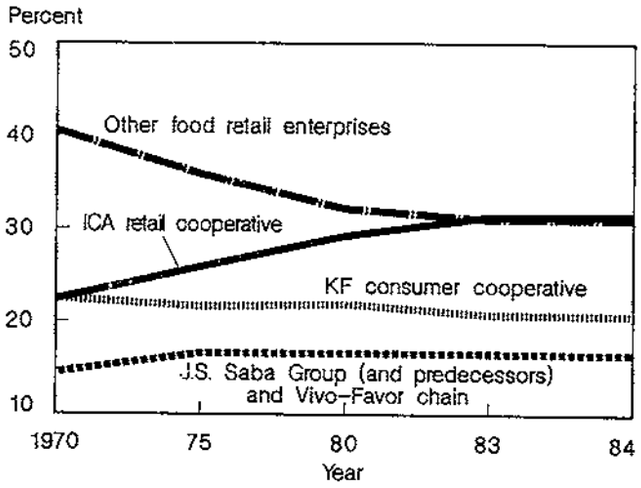
Concentration means fewer but larger sales outlets. The number of grocery outlets fell by 30 percent during 1970-84 (table 9). But, the number of supermarkets (self-service grocery stores with a full range of foods and a selling area of at least 4,300 square feet) more than doubled from 800 in 1970 to 1,680 in 1984 (*13*). Twenty percent of Sweden's 9,000 grocery outlets accounted for about 67 percent of grocery sales in 1984.

**ICA Retail Cooperative.** ICA (Inkopcentralernas Aktiebolog) is Sweden's largest grocery organization. ICA is a joint purchasing organization owned and operated by its retail members. Sales of food and other everyday goods by ICA members totaled $3.8 billion in 1984, down 0.2 percent in volume from the previous year. ICA's share of the total Swedish food retail market was 31.5 percent in 1984, slightly above the previous year. The organization's market share has climbed steadily since 1970 (fig. 2).

Independent merchants belonging to ICA obtain most of their supplies at favorable prices from one of the three jointly owned regional wholesale companies. ICA also provides substantial assistance to its retail members in marketing, financing, store development, store planning, and retail training. ICA operates a publishing house and several food-processing plants to provide private label merchandise to member stores. ICA stores must meet standards of appearance and cleanliness, and they benefit from the ICA symbol or logo. ICA's buying organization is three-tiered. The Stockholm headquarters (ICA AB) coordinates the activities of three regional central buying offices which, in turn, service 3,813 ICA stores through local distribution centers. Among these retail store members were 655 supermarkets, which produced average annual sales of $3.5 million each in 1984 (*13*). Supermarkets are the most rapidly expanding of ICA's members, both in number and sales.

The United States is one of ICA's largest foreign suppliers. U.S. sources are especially important for dried fruits, almonds, walnuts, and high-quality canned vegetables like asparagus. Almonds, prunes, raisins, and rice are among the most rapidly growing U.S. sales items.

Figure 2
**Sweden: Food retailers' market shares**




Source: (*12*).

[5] The addresses, telephone numbers, and telex numbers of these and similar enterprises in Norway and Finland are given in appendix 3.

ICA usually prefers to buy directly from the U.S. producer or processor. For new-to-market products, however, the use of an import agent or distributor may be advisable. The import agent can see to it that the product is successfully launched on the Swedish market through sales promotion and in-store merchandising.

**Swedish Cooperative Group (Kooperativa Forbundet).** Sweden's consumer cooperative organization, Kooperativa Forbundet (KF), is another giant Swedish food retailer. One of the world's largest, most innovative cooperative organizations, KF pioneered the development of self-service stores and supermarkets in Sweden.

**Table 8—Sweden: Number of retail food outlets and annual sales[1]**

| Outlet and sales | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| | | | *Number* | | |
| Outlets: | | | | | |
| Food retail outlets, total[1] | 19,000 | NA | NA | NA | NA |
| Grocery outlets, total | 9,200 | 9,039 | 8,850 | 9,000 | 9,000 |
| Nationwide enterprises | 7,218 | 7,149 | 7,069 | 7,053 | 6,956 |
| ICA | 4,056 | 4,009 | 3,956 | 3,878 | 3,813 |
| Consumer cooperatives | 1,977 | 1,934 | 1,898 | 1,876 | 1,853 |
| Vivo-Favor | 1,043 | 1,023 | 1,042 | 1,137 | 1,137 |
| J.S. Saba Group | 142 | 183 | 173 | 162 | 153 |
| Local chains | 136 | 99 | 80 | 76 | 67 |
| Convenience store chains | 177 | 178 | 177 | 174 | 164 |
| Other grocery enterprises[2] | 1,669 | 1,613 | 1,524 | 1,697 | 1,813 |
| Specialty food outlets, total[3] | 9,800 | NA | NA | NA | NA |
| | | | *Million kronor[4]* | | |
| Sales: | | | | | |
| Food retail outlets, sales | 66,128 | 73,252 | 80,972 | 89,127 | 98,562 |
| Grocery outlets, total sales | 49,528 | 54,940 | 60,752 | 67,800 | 74,800 |
| Nationwide enterprises | 44,412 | 50,485 | 55,792 | 60,905 | 67,238 |
| ICA | 19,445 | 22,127 | 25,018 | 28,021 | 31,089 |
| Consumer cooperatives | 14,528 | 15,638 | 17,060 | 18,509 | 20,401 |
| Vivo-Favor | 5,838 | 6,409 | 7,063 | 8,024 | 9,056 |
| J.S. Saba Group | 4,601 | 6,311 | 6,651 | 6,351 | 6,692 |
| Local chains | 2,168 | 1,236 | 1,329 | 1,805 | 1,979 |
| Convenience store chains | 548 | 619 | 731 | 770 | 803 |
| Other grocery enterprises[2] | 2,400 | 2,600 | 2,900 | 4,320 | 4,780 |
| Specialty food outlets, total sales[3] | 16,600 | 18,312 | 20,220 | 21,327 | 23,762 |

NA = not available.

[1]Includes sale of food, nonalcoholic beverages, light beer, tobacco products, soaps and detergents, cosmetics, newspapers, household paper products, flowers, and other everyday articles.

[2]Independent grocery stores unaffiliated with any chain.

[3]Includes specialty food shops (for example, bakery shops, confectioneries, tobacco shops, newspaper stands, kiosks, and street food stands.)

[4]One dollar equals: 4.2296 Swedish kronor (1980), 5.0634 (1981), 6.2826 (1982), 7.6671 (1983), 8.2718 (1984).

Source: (*12*).

KF is a thoroughly integrated producer, importer, wholesaler, and retailer of food and nonfood items. More than 140 local cooperative societies with 1.9 million members nationally in 1984 form the structural base for KF. Each society is owned by its local members, who may participate in its governance on a one-member, one-vote basis. Each local society operates one or more stores selling food and/or nonfood items, usually at prices comparable to those of other large retail enterprises. Any net profits (called surpluses or dividends) are returned to the members in proportion to the amount of food or other goods purchased during the year. Nonmembers are free to buy from co-op stores but cannot take part in the cooperative's decisionmaking and do not receive its dividends.

The cooperative organization's local societies operated 1,853 retail outlets in 1984, selling food and other everyday items. Of these, 561 were supermarkets and 20 were hypermarkets (these have at least 26,900 square feet of selling space, are self-service, and have at least 300 parking spaces). Sales of food and related items in all these outlets totaled $2.5 billion in 1984, a real decline of 0.8 percent from 1983.

Cooperative stores achieved a 20.7-percent share of the Swedish market for foods and other everyday articles in 1984, second to ICA's share. The cooperative's market share was stable with a slight declining trend during 1970-83 (fig. 2).

The local cooperative societies mainly retail their goods. A large national network of wholesale, distribution, and manufacturing enterprises supports the local societies by supplying merchandise, providing financial and technical assistance, and helping with sales promotion. The national KF organization also operates catering and tourist businesses.

KF's manufacturing plants produce canned and frozen foods, flour, baked goods, chocolates and confections, processed meats, roasted coffee, soft drinks, beer, and other goods like soaps and cosmetics. These items are supplied to the co-op retail stores and, in some cases, may be sold to nonco-op outlets or exported.

Co-op food retail stores carry a larger variety of private label goods than do other Swedish outlets. By 1982, over 800 products were offered under the brand name COOP (*32*). While many COOP items are manufactured in KF's own plants, the broad use of private labels may offer good sales opportunities for U.S. exports of goods which are not produced by KF.

Cooperative stores, though owned and operated by local societies, are quite uniform in layout, appearance, and use of the KF symbol or logo. The majority of grocery stores, both supermarkets and smaller self-service outlets, are named *Konsum*. Very large supermarkets (hypermarkets) are called OBS. The cooperatives also operate 128 full-range *Domus* department stores and the large PUB department store in Stockholm, all of which include food sections.

KF operates five processed-food buying departments, each responsible for the national marketing of its respective product lines. These departments purchase $2 billion of merchandise annually from domestic and foreign suppliers. Retail distribution moves through 15 large computerized regional

**Table 9—Sweden: Number of grocery outlets and total sales[1]**

| Year | Outlets and sales | | Year | Outlets and sales | |
|---|---|---|---|---|---|
| | *Number* | *Million kronor* | | *Number* | *Million kronor* |
| 1970 | 12,775 | 18,400 | 1978 | 9,600 | 43,100 |
| 1971 | 12,057 | 20,000 | 1979 | 9,340 | 46,700 |
| 1972 | 11,441 | 21,600 | 1980 | 9,200 | 49,528 |
| 1973 | 10,942 | 23,900 | 1981 | 9,030 | 54,940 |
| 1974 | 10,700 | 26,600 | 1982 | 8,850 | 60,752 |
| 1975 | 10,300 | 30,700 | 1983 | 9,000 | 67,800 |
| 1976 | 10,030 | 35,100 | 1984 | 9,000 | 74,800 |
| 1977 | 9,800 | 39,400 | | | |

[1]Grocery outlets sell a full range of foods and, frequently, everyday goods, such as soaps and detergents, household paper products, and cosmetics.

Sources: (*12, 30*).

warehouses for food and 2 national warehouses for nonfood articles.

KF is a major importer of U.S. foods. A joint buying group that represents all the Nordic consumer cooperatives, Nordisk Andelsforbund (NAF), imports most items. NAF's headquarters are in Copenhagen, Denmark. The key access point for U.S. exporters is the Nordisk Andelsforbund California, Inc., San Francisco. Sales representatives and agents of U.S. firms are also welcome at KF's Stockholm office.

**J.S. Saba Group and Vivo-Favor Voluntary Chain.** The third large food distribution channel in Sweden is a conglomerate of retail, wholesale, and financial companies, the J.S. Saba Group, and an independent but closely related voluntary chain, Vivo-Favor. The Ahlens and B&W department stores, owned by Saba, sell consumer goods, leisure goods, and other items in addition to foods and everyday articles; they also have wide restaurant interests. The three largest Saba retail food operations had a combined 6.8-percent share of the Swedish food market in 1984.

The Saba Group has financial links to a large voluntary (when a single wholesaler or group of wholesalers cooperate with several independent retail members) chain, Vivo-Favor (12). This chain consisted of 1,137 independent stores with combined sales of $1.15 billion in 1984, an increase of 1.6 percent at constant prices over 1983. Members of the Vivo-Favor chain benefit from joint purchasing and promotion. There are four different groups of stores: Vivo, Favor, Minilivs, and Matnara, each with its characteristic logo, layout, and sales policies. Vivo-Favor stores may obtain financing from the J.S. Saba Group to open, enlarge, or modernize outlets. The Vivo-Favor stores had a 9.2-percent share of the Swedish food retail market in 1984.

The Saba Group's principal import/wholesale enterprise is DAGAB, which acts as main wholesaler to the Saba Group's own retail operations, to the Vivo-Favor stores, and to numerous unaffiliated grocers. It is also a major wholesaler to kiosks, specialty stores, and the food services.

The Saba Group and Vivo-Favor, if considered together, accounted for 16.5 percent of the Swedish food market and other everyday articles on the retail market in 1984 (fig. 2).

DAGAB is associated with United Nordic, Inc., a Nordic-wide joint purchasing association. A U.S. food exporter should contact United Nordic to reach Sweden's food retail and catering market serviced by DAGAB. DAGAB and other parts of the Saba Group, and the Vivo-Favor chain, also welcome direct visits by U.S. sales representatives and the agents of U.S. companies.

United Nordic is the import purchasing agent not only for DAGAB in Sweden, but for the major wholesale association in Norway (NCF) and the principal voluntary grocery chain in Finland (TUKO). United Nordic is also the main purchasing agent for several major voluntary chains in Denmark.

**Other Grocery Enterprises.** Several grocery enterprises, selling a relatively full range of foods, exist alongside the large nationwide organizations. Most of them are owned by individuals or families. Metro stores, a 45-outlet chain in the greater Stockholm area, has its own central warehouse and well-stocked, large outlets. Sales in 1984 totaled $136 million, 1.2 percent of the total food retail market. Other local, privately owned enterprises include Sabis (12 outlets), Samuelsons (6 outlets), and Sparlivs (8 outlets).

Several convenience store chains have opened in Sweden. They have a small but increasing share of the food retail market. Swedish 7-Eleven, operating under franchise from the Southland Corporation, a U.S. firm, had 49 shops and sales of $28 million in 1984. Pia Narkop Handlar'n (87 outlets) and Matoppet (28 outlets) are other convenience store chains open during off-hours.

Small convenience stores attached to automotive service stations are another up-and-coming type of grocery outlet. About 580 of these had sales estimated at $240 million in 1984.

Independent grocery stores that are not members of any of the groups already discussed—some of them traditional "ma and pa" outlets—numbered about 800 and registered sales of approximately $470 million in 1984. A few of these unaffiliated independents achieve annual sales of $30 million or more.

**Specialty Outlets.** Specialty shops, kiosks, and other channels that carry only a limited group of commodities accounted for 24 percent of Swedish retail food and everyday article sales, amounting to about $2.9 billion in 1984. Unlike grocery stores, these do not offer a broad range of goods.

Kiosks usually sell confections, biscuits, ice cream, soft drinks, tobacco products, and newspapers.

Sweden's 3,015 kiosks had sales of $363 million in 1984 . One chain, Pressbyran, accounted for almost half of sales. Food stands (Swedish "garukok") sell mainly fast foods. Most also offer soft drinks and ice cream, and half of them sell newspapers and tobacco products. An estimated 970 vendors achieved total sales of $95 million in 1984.

Combination kiosk-food stands ("kombi-kiosker") are an expanding group. Besides articles sold by kiosks and food stands, most of these offer tissues and cosmetics, and about one-third sell a limited range of groceries such as cheese and cold cuts. About 940 of these units registered total sales of $112 million in 1984.

Specialty shops are surviving despite the steady incursion of large grocery stores into their traditional product sectors. Delicatessens, coffee and tea stores, meat stores, fish stores, dairy product outlets, fruit and candy shops, flower shops, and health food stores had combined sales of $1.8 billion in 1984 (*12*). Traditional konditoris (bakery shops with facilities for eating pastries and sandwiches with coffee or tea) have declined because of changes in consumer preferences.

### Food Wholesaling

Swedish retailing and wholesaling are highly integrated. ICA owns and operates 29 local and 3 regional wholesale distribution centers to service its member stores. Likewise, the Consumer Cooperative organization services its retail member stores through 22 regional distribution centers. J.S. Saba's department/variety stores plus the Vivo-Favor voluntary chain are largely serviced by the DAGAB company's 23 wholesale distribution centers. The J.S. Saba group controls DAGAB. These three wholesale enterprises, ICA, the Consumer Cooperative, and DAGAB, had combined sales of $5.2 billion in 1984, 75 percent of total wholesale sales of food and other everyday articles. ICA's share of the Swedish food wholesale market in 1984 was 34.8 percent; the Consumer Cooperative, 23.5 percent; and DAGAB, 17 percent. Food wholesale margins in Sweden average 10-15 percent.

In addition to the three large wholesale organizations, there are five other wholesale companies with a full range of foods and everyday articles. The largest of these, Bergendahls, had sales of $82 million in 1984 and is Sweden's largest family-owned wholesaler. Numerous specialized wholesale companies distribute meat, fish, confectioneries, health foods, dairy products, fruits and vegetables, and other foods to grocery stores, specialty shops, kiosks, and convenience stores. Sales of these specialized wholesalers totaled $1.7 billion in 1984.

Arvid Nordquist HAB, an importer/wholesaler/distributor in Stockholm, specializes in high-quality imported groceries and beverages, including Pillsbury/Green Giant, S&W, Spice Islands, Holland House, and Raffeto. Besides supplying processed foods and beverages to the retail trade, Nordquist is a major distributor to institutional caterers and other food services.

### Food Services

Swedish private consumption expenditures at restaurants and cafes totaled $1.3 billion in 1984, an increase in constant prices of 0.7 percent over 1983, the first real increase since 1971. Sharply rising restaurant prices and slackening of Swedish economic growth brought about a steep decline of restaurant expenditures during the seventies and early eighties. Real annual expenditures at restaurants and cafes decreased by almost 30 percent between 1974 and 1982 (*12*). The downtrend bottomed out in 1982-83, and reversed in 1984 largely because of the improved economic situation. Restaurant and cafe expenditures do not include hotel services, nor do they include purchases of food at street food stands.

Approximately 1 billion meals were eaten away from home in 1984. Of these, 54.1 percent were served at institutional eating places, including schools, hospitals, military installations, and prisons. The remaining 45.9 percent were eaten at commercial establishments, including restaurants, industrial dining rooms, ships, airlines, and other enterprises (table 10).

The Swedish Institute of Food Services (Institutet for Storhushall--ISR) reports that there were 25,250 eating places in 1984 of which 9,920 were commercial (table 11). The 6,600 public restaurants included 4,070 traditional and fast food enterprises, 1,100 hotel restaurants, 230 department store restaurants, and 1,200 coffee shops. There were also 520 miscellaneous eating facilities and an undisclosed number of "other private eating facilities." The institutional sector was dominated by school, nursing home, day care center, and hospital facilities.

Fast food outlets that specialize in hamburgers and the like started with a McDonald's in 1973. Their number grew to 45 in 1984, including 15 McDonald's, 15 Clock, 7 Max, 4 Big Burger, 3

Wimpy, and 1 Burger King. These outlets annually serve an estimated 18 million meals. Sales in 1984 reached an estimated $16 million. Many of the older Swedish street food stands (traditional fast food enterprises serving wieners, other hot sandwiches, soft drinks, and frequently ice cream) enlarged and strengthened their operations to meet competition from the hamburger restaurants.

Food services, both commercial and institutional, accounted for approximately 17 percent of Swedish expenditures on food in 1981, according to ISR. This percentage is well below U.S. away-from-home spending, which accounted for 42 percent of total U.S. food expenditures in 1983.

Four corporate groups were responsible in 1984 for almost 28 percent of the Swedish commercial foodservices market (*12*). The government-owned Sara concern registered foodservice sales of $143 million in 1984, a real increase of about 8 percent over 1983. Sara operates 28 hotels in Sweden and 2 in Norway, several restaurants, and a chain of fast food outlets (Clock).

A second group, owned by KF, achieved sales of $117 million in 1984. KF operates 154 department store and foodstore restaurants, 32 regular restaurants, and 30 restaurants in its hotel chains, Reso hotels and OK motor hotels. The third large restaurant group is owned by J.S Saba (see *Food Retailing* section). Restaurants in Saba-owned department store chains had sales of $37 million in 1984. The Scandic Hotel Corporation, owned in part by J.S. Saba, registered sales of $78 million in 1984. Its restaurants include units in the Scandic hotels, the Esso motor hotels, and ICA department stores.

In addition to the four large commercial foodservice groups, major companies in the restaurant business include the Scandinavian Airlines System (owned jointly by Sweden, Denmark, and Norway), Swedish State Railways, the Sabis Corporation, McDonald's, and the Hamlet Restaurants.

**Table 10—Food services in Sweden, 1984**

| Type of food service | Number of units | Meals served annually | Percent of total meals served |
|---|---|---|---|
| | *Number* | *Thousands* | *Percent* |
| Institutional sector, total | 15,330 | 545,280 | 54.1 |
| Schools | 5,240 | 219,500 | 21.8 |
| Nursing homes | 1,170 | 72,070 | 7.1 |
| Day care centers, recreational centers | 6,590 | 72,600 | 7.2 |
| Hospitals | 810 | 119,800 | 11.9 |
| Other health centers | 400 | 15,200 | 1.5 |
| Military bases | 230 | 33,800 | 3.4 |
| Prisons | 80 | 4,270 | .4 |
| Other | 810 | 8,040 | .8 |
| Commercial sector, total | 9,920[1,2] | 463,470[2] | 4.59 |
| Public restaurants, cafes | 6,600 | 235,000 | 23.3 |
| Industrial dining rooms | 2,800 | 129,840 | 12.9 |
| Other private eating facilities | NA | 77,700 | 7.7 |
| Ships | 260 | 14,350 | 1.4 |
| Aircraft catering centers | 10 | 3,180 | .3 |
| Other | 250 | 3,400 | .3 |
| Total food services | 25,250[1,2] | 1,008,750[2] | 100.0 |

NA = not available.
[1]Total does not include "other private eating facilities."
[2]Excludes street food stands. These are treated as retail sales outlets in Swedish statistics.

Source: Survey by Swedish Institute of Food Services, summarized in (*12*).

## Food Distribution in Norway

Food importing is dominated by a few large firms in Norway, which simplifies the task of getting a product onto the Norwegian market. Despite this concentra-

**Table 11—Norway: Food wholesale and retail enterprises**

| Industry group | 1974 | 1980 | 1981 | 1982 |
|---|---|---|---|---|
| | *Number of enterprises* | | | |
| Wholesaling of food, beverages, and tobacco | 1,624 | 1,549 | 1,523 | 1,537 |
| Retailing of food, beverages, and tobacco[1] | 16,203 | 13,958 | 13,649 | 13,083 |
| Grocery stores[2] | 9,845 | 8,414 | 8,209 | 8,058 |
| | *Sales (billion dollars)[3]* | | | |
| Wholesaling of food, beverages, and tobacco | 3.0 | 6.6 | 6.4 | 6.0 |
| Retailing of food, beverages, and tobacco[1] | 3.0 | 5.9 | 5.6 | 5.3 |
| Grocery store sales[2] | 2.2 | 4.4 | 4.3 | 4.2 |

[1]Excludes foodstores in department stores.
[2]These sell a broad range of foods and often other items, such as tobacco products, soaps and detergents, and household paper products.
[3]One dollar equals: 5.539 Norwegian kroner (1974); 4.9392 kroner (1980); 5.7395 kroner (1981); and 6.4540 kroner (1982).

Source: (*31*).

tion among importers/wholesalers, the links between wholesalers and retail outlets are less integrated than in Sweden and Finland. Retailers in Norway frequently buy from several different wholesalers, and their relationships to wholesalers generally are not as clearly defined as in Sweden and Finland.

### Import Channels

Norwegian import channels are similar to Sweden's. The procedures for getting a product onto the market are almost identical.

Norwegian food distribution is dominated by four wholesale-retail enterprises. Two of these, the Johannson concern and the Loken Group, are privately owned importers-wholesalers. They are members of a joint import purchasing pool, UNIL (which is part of United Nordic, Inc., the joint Nordic buying organization headquartered in Stockholm). The other major wholesale-retail enterprises are NKL, Norway's consumer cooperative organization, and the Koff Group, a retail cooperative. From the U.S. exporter's standpoint, there are just three major buying points: UNIL, NKL, and Koff. In addition, U.S. exporters of fresh fruit and vegetables would be well advised to contact BAMA A/S, an importer-distributor specializing in those commodities, and perhaps some other specialized importers.

The principal U.S. food export channels to Norway are similar in structure to U.S.-Swedish channels except that the intermediaries (import agents, importers/wholesalers/distributors) and end-users are Norwegian.

A new-to-market U.S. exporter should first contact the three major buyers and perhaps one or more of the specialized importers. If the product appears promising and salable to any of these, the U.S. exporter should consider appointing a Norwegian agent. (The Koff Group, however, prefers to import directly without an intervening agent.) Other alternatives include setting up a joint arrangement with a Norwegian or other company that already has product distribution in Norway, or establishing a sales office in Norway or one of the other Nordic countries.

### Food Retailing

General grocery stores account for 75 percent of food retail sales in Norway. These sell a broad range of foods (often including fresh and frozen goods as well as traditional groceries), plus nonalcoholic beverages and nonfood items. Specialty shops such as dairies, bakeries, delicatessens, meat stores, tobacco and candy shops, wine and liquor stores, and kiosks account for the remaining 25 percent of food sales.

Retail sales of food, beverages, and tobacco totaled $5.6 billion in 1981, of which grocery stores sold $4.3 billion and specialty shops $1.3 billion (table 11). These data do not include sales by department store food departments. The food, beverage, and tobacco sector accounts for 35 percent of total retail trade in Norway, making it the largest in terms of sales.

Although grocery store sales increased, the number of outlets declined sharply from approximately 25,000 in 1968 to 8,058 in 1982. The decline mirrors a similar trend in Sweden and Finland. Larger self-service outlets became more economical to operate than small outlets because of rising labor, fuel, and other costs. The growth of larger urban areas and the decline of the rural population, the steady expansion of automobile and home-freezer ownership, and changes in lifestyle and consumer preferences were other factors that fostered the growth of larger stores and the closing of many smaller, less efficient units.

Norwegian supermarkets, defined as outlets with annual sales exceeding 5 million kroner, almost doubled in number during 1977-81 (*20*). By 1981, Norway's 1,493 supermarkets constituted 18 percent of all grocery outlets and accounted for 61 percent of grocery sales. While most supermarkets are in the Greater Oslo area, they are rapidly spreading to other cities and towns.

Specialty shops have declined in number and market share, mainly because grocery stores have expanded their inventories to include many items previously reserved for specialty shops, such as fresh meat and produce, fresh baked products, and dairy products. Besides decreasing in number, Norway's specialty shops have lost a significant share of total food retail sales, falling from 33 percent in 1968 to only 23 percent in 1981.

**The Grocery Trade.** Norway's retail grocery trade is highly diversified, including unaffiliated independent grocers, consumer cooperative stores, voluntary chains, multiple chains operated by wholesalers, and retail cooperatives. Figure 3 shows changes in the grocery market shares of these different types of enterprises during 1977-82.

**Consumer Cooperatives.** Consumer cooperatives have a prominent role in Norwegian food distribu-

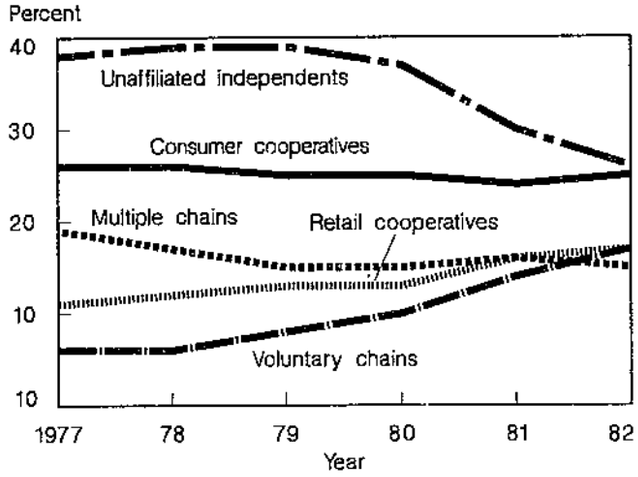
tion. The membership (537,000 in 1981) is organized into 629 local societies. These function much the same as the Swedish co-ops (see the *Food Distribution in Sweden* section). The societies operate 1,670 retail stores, most of which concentrate on foods and other everyday items. A central organization, the Norwegian Co-operative Union and Wholesale Society (NKL), acts as importer, wholesaler, and manufacturer for the local societies. NKL's food-processing plants produce flour, margarine, canned goods, juices and jams, baked goods, and roasted coffee. The cooperatives' share of the Norwegian retail grocery market was 25 percent in 1982. Total retail sales in 1981 reached $1,6 billion, and grocery sales amounted to about $1.4 billion.

NKL is a member of the joint group NAF. Sales representatives and Norwegian agents of U.S. firms may visit NKL's home offices in Oslo. NKL's grocery outlets are called "S-lag." The society also operates five large department stores, called OBS stores. The largest, in Trondheim, has annual sales of $70 million.

**Voluntary Chains.** Voluntary chains ("Frivillige Kjeder") accounted for 17 percent of grocery sales in 1982, compared with 6 percent only 5 years earlier. They are the most rapidly growing sector of grocery distribution.

Voluntary chains are arrangements in which a single wholesaler, or group of wholesalers, cooperates with several independent retail members. In return for joining the chain, retailers can count on getting supplies at good prices from the sponsoring wholesaler(s). Members may benefit from joint product promotion, financial assistance, and other support.

Figure 3
**Norway: Grocery retail market shares by type of enterprise**




Source: 1977–80 (*20*). 1981–82 (*2*).

Unlike Sweden, which has only a few highly integrated voluntary chains, Norway had 45 chains with a total of 913 outlets in 1982 (*2*). This is typical of the pluralistic, dispersed character of Norwegian food retail distribution.

**Multiple Chains.** While independent grocers run voluntary chains, Norway's multiple chains ("Filialkjeder") consist of branch stores owned and operated by wholesale corporations. The IRMA chains is one of Norway's oldest and largest. In 1982, 33 different multiple chains operated through a total of 350 outlets. Annual sales per outlet averaged $5.1 million. Multiple chains accounted for 17 percent of the Norwegian market in 1982, up from 11 percent in 1977.

**Retail Cooperatives.** Retail cooperatives, in which several independent retailers pool their resources to establish their own wholesale enterprise, are among Norway's oldest forms of food distribution. Norway has nine retail cooperative wholesale enterprises established and maintained by retail store shareholders. These wholesale enterprises have a joint marketing center, the Koff-Gruppen A/S, which handles joint planning, importing, contractual trade arrangements, sales promotion, and finance. Koff is thus a key buying point for U.S. exporters seeking to enter the Norwegian market. Koff maintains an informal relationship with retail cooperative organizations in Sweden (ICA) and Finland (KESKO).

Koff-affiliated retail stores accounted for approximately 15 percent of Norwegian grocery sales in 1982, down from 19 percent in 1977. There were 1,870 retail members of the Koff Group in 1982 (*2*). Koff-affiliated wholesale enterprises also sell to grocers who are not members of the retail cooperatives, so while Koff's retail members accounted for 15 percent of Norwegian retail grocery sales, Koff's wholesalers accounted for 25 percent of the country's food wholesale sales.

**Unaffiliated Independents.** Independent grocery enterprises (fewer than five outlets and not affiliated with any chain) still account for about 25 percent of Norwegian grocery sales and numbered about 3,600 independent grocers in 1982, 44 percent of total grocery outlets.

The market share of unaffiliated independents dropped sharply from 33 percent in 1980 to 26 only

2 years later. Many of the smaller independents are closing or joining chain enterprises because they cannot meet the price competition and product diversification of the chains.

### Food Wholesaling

Food wholesaling is highly concentrated. The large wholesale enterprises are made up of regional subsidiaries, many of which were formerly independent companies. The link between a wholesaler and a retailer is tenuous because the majority of wholesalers may deliver goods to any stores, and retailers routinely buy from several wholesalers.

Norway's food, beverage, and tobacco wholesalers numbered 15,725, and sales totaled $6.4 billion in 1981 (table 11). This sector accounted for 22 percent of total Norwegian wholesale trade in 1981, making it the largest sector.

Norwegian retailers receive annual rebates (usually 5 percent) on their total purchases from each wholesaler. The gross margin on wholesale food sales to retailers averages 10-15 percent.

Storing Meat in Norway

Norway puts large amounts of meat in frozen storage during peak production periods to protect the market.

**Privately Owned Importers/Wholesalers.** About half of grocery wholesale sales are concentrated in two large privately owned groups. The Johannson Concern is the main wholesaler to 1,905 stores (1982), with a wholesale market share of 28 percent. The Loken Group is the main wholesaler to 1,379 stores with a market share of 19 percent. The Johannson Concern's share is gradually increasing, while Loken's is declining.

Both firms are members of NCF (Norges Colonialgrossister Forbund), the Norwegian Wholesale Grocers' Association, which is responsible for safeguarding their common interests. All members of the NCF obtain most of their imports of processed foods through a purchasing pool, UNIL A/L (Kolonialgrossistenes Importservice). UNIL is the Norwegian arm of United Nordic, Inc., which has its head office in Stockholm.

UNIL's primary function is to purchase imports ordered by its members. UNIL concludes contracts under its own name with foreign suppliers. Its principal imports are sugar, tea, canned and dried fruit, canned vegetables, holiday goods (fresh apples and nuts, for example), and frozen products (*21*).

UNIL is clearly a vital contact point for any prospective exporter to Norway, because it acts as the principal importer for two wholesale groups that together supply about half of processed food imports bought by Norwegian consumers. UNIL may be approached directly or through United Nordic, Inc. An approach to United Nordic has the advantage of bringing the product to the attention of joint members in each of the Nordic countries.

**Consumer Cooperative Wholesalers.** NKL is the main wholesaler to 1,513 stores with a wholesale grocery market share of 25 percent. NKL normally acts as a wholesaler only to member co-op retail societies, so it differs from most other Norwegian wholesale enterprises, which sell to any retailer regardless of affiliation. NKL welcomes representatives of U.S. firms or their Norwegian agents.

**Koff Wholesale Group.** The Koff wholesale chain is importer and wholesaler to the retail enterprises that jointly own it. Koff's wholesale branches also supply numerous nonmember stores. In 1981, it was the principal wholesaler to 2,932 retail outlets, both members and nonmembers (*20*). Total sales accounted for approximately 25 percent of the wholesale food market.

The Koff Group prefers to import directly rather than through resident Norwegian agents. Its main imports are fresh, canned, and dried fruit and vegetables. The Group hopes to act as sole Norwegian importer/distributor of products that have sales potential. Further information about Koff's import procedures (in English) may be obtained by writing Koff directly.

**Specialized Importers/Wholesalers.** Specialized wholesalers have a prominent place in Norwegian food distribution. Retailers buy not only from the large general grocery wholesalers like the Johannson Concern and Koff Group but also from wholesalers specializing in fresh produce and meat, milk, tobacco, and other specialties.

Several firms specialize in importing and distributing tropical and off-season fresh fruit and vegetables (*21*). The largest wholesaler/distributor of Norwegian horticultural produce, A/L Gartnerhallen, is also a major importer. This firm is affiliated with Norway's agricultural cooperative organization. Another major importer of fruits and vegetables is BAMA A/S. It has close relationships with several leading U.S. exporters, and is interested in expanding its sales of U.S. fruit and vegetable specialties. Chr. Matthiessen A/S, a large privately owned importer of fruit, may also be contacted.

### Food Services

The rapid expansion of Norway's economy, triggered by North Sea oil developments, has stimulated an explosive growth of fast food restaurants and cafeterias. According to A/S Storhusholdningsringen, an organization that follows developments in Norwegian food services, fast food outlets are a rapid growth sector with a 15- to 20-percent annual increase in sales. An estimated 2 million meals are eaten away from home daily, with a strong increasing trend. The largest foodservices chain, ASTOR, purchases most of its imported foods through UNIL A/L.

## Food Distribution in Finland

Finland's food distribution system, like Sweden's, is characterized by a high degree of vertical integration among importers, wholesalers, and retailers. It is also highly concentrated. Four integrated food wholesale/retail enterprises account for about 90 percent of food retail sales.

### Import Channels

Most food reaches the Finnish consumer either through Finland's nationwide retail cooperative (KESKO), or its principal voluntary chain (TUKO, a member of United Nordic, Inc.), or its two consumer cooperative organizations (SOK and EKA). By contacting the buying offices of these four enterprises, a U.S. exporter can reach almost all food retail and foodservice enterprises in Finland. KESKO must be contacted directly because it is not a member of a larger organization.

As a rule, a prospective U.S. exporter should first contact one or more of the four main food distribution enterprises described below. If the product appears promising, the next step is to appoint a Finnish agent to follow through with the contacts and, if sales are made, to handle customs and shipping arrangements. The agent may also handle advertising and instore merchandising.

### Food Retailing

Retail food sales totaled $5.4 billion in 1984, according to Marketindex, Finland's market auditing and information firm (*16*). The distribution of food sales by type of outlet is shown in table 12. Grocery stores of all kinds account for 95 percent of food retail sales (grocery stores sell a broad range of foods and frequently nonfood items, such as soaps, kitchenware, light beer, and tobacco products). The role of specialized shops (dairy, meat, bakery, and fruit and vegetable shops, for example) is small. Mobile shops (buses and boats) distribute food to villages in sparsely settled areas. While these account for only a small percentage of food retail sales, they are a necessity in some regions, especially above the Arctic Circle.

Finnish consumers in 1984 bought their food and other everyday articles from 9,474 food retail outlets (excluding kiosks and market stalls)—a large number in relation to the small population. Eighty-four percent of the outlets were grocery stores (table 13). Small self-service stores (up to 4,300 square feet) predominate, but supermarkets (4,300-26,900 square feet) and hypermarkets (over 26,900 square feet) are increasing. Department store food shops are mostly centered in Helsinki and other large cities.

Fewer but larger grocery outlets are the trend. During 1978-84, supermarkets increased sharply from 520 to 776 (table 13). Small counter-service and self-service stores closed at a rapid rate. This trend will

**Table 12—Finland: Share of food sales by type of outlet[1]**

| Type of outlet | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| | | | *Million marks[2]* | | |
| Total food sales[1] | 21,229 | 23,941 | 27,083 | 30,003 | 32,722 |
| | | | *Percent* | | |
| Grocery outlets, total | 93.2 | 93.7 | 94.1 | 94.5 | 94.9 |
| Hypermarkets[3] | 3.9 | 4.0 | 4.3 | 4.3 | 4.3 |
| Department stores[4] | 13.8 | 14.2 | 14.2 | 14.5 | 14.5 |
| Supermarkets[5] | 23.8 | 25.5 | 26.7 | 27.9 | 29.4 |
| Self-service stores[6] | 43.8 | 42.8 | 42.5 | 41.8 | 41.1 |
| General stores[7] | 7.9 | 7.2 | 6.4 | 6.0 | 5.6 |
| Other food outlets, total | 6.8 | 6.3 | 5.9 | 5.5 | 5.1 |
| Mobile shops[8] | 3.4 | 3.0 | 2.7 | 2.5 | 2.3 |
| Specialty food shops | 2.4 | 2.3 | 2.3 | 2.1 | 2.0 |
| Food market hall shops | 1.0 | 1.0 | .9 | .9 | .8 |
| Food retail outlets, total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

[1]Includes sales of food, nonalcoholic beverages, soaps and detergents, cosmetics, tobacco products, light beer, household paper products, and other everyday articles. Sales by kiosks and food stands not included.
[2]One dollar equals: 3.7301 Finnish marks (1980), 4.3153 (1981), 4.8204 (1982), 5.5701 (1983), 6.01 (1984).
[3]Over 26,900 square feet of selling area, self-service.
[4]Food shops in department stores.
[5]4,300-26,900 square feet of selling area, self-service.
[6]Less than 4,300 square feet of selling area, self-service.
[7]Small stores offering counter service.
[8]Boats and buses.

Source: (*16*).

**Table 13—Finland: Number of retail food outlets[1]**

| Type of outlet | 1978 | 1982 | 1984 |
|---|---|---|---|
| | | *Number* | |
| Grocery outlets, total | 9,398 | 8,364 | 7,966 |
| Hypermarkets[2] | 21 | 30 | 33 |
| Department stores[3] | 330 | 381 | 386 |
| Supermarkets[4] | 520 | 673 | 776 |
| Self-service stores[5] | 4,794 | 4,623 | 4,506 |
| General stores[6] | 3,733 | 2,657 | 2,265 |
| Other food outlets, total | NA | 1,617 | 1,508 |
| Mobile shops[7] | 727 | 543 | 484 |
| Specialty food shops | NA | 689 | 663 |
| Food market hall shops | NA | 385 | 361 |

NA = not available.
[1]Includes sales of food, nonalcoholic beverages, soaps and detergents, cosmetics, tobacco products, light beer, household paper products, and other everyday articles. Sales by kiosks and food stands not included.
[2]Over 26,900 square feet of selling area, self-service.
[3]Food shops in department stores.
[4]4,300-26,900 square feet of selling area, self-service.
[5]Less than 4,300 square feet of selling area, self-service.
[6]Small stores offering counter service.
[7]Boats and buses.

Source: (*16*).

probably continue. Although supermarkets constituted only 8 percent of food retail outlets in 1984, they accounted for 29 percent of food sales. The role of specialty shops, such as confectioneries, bakery shops, and dairy shops is slight in Finnish retailing and continues to decline. In 1984, their sales amounted to only 2 percent of total food sales.

The average gross margin for retail food sales is 20 percent. Margins on meat specialties, pastries, and other delicacies average 25-30 percent, frozen foods 30-35 percent, and traditional dry groceries 10-15 percent. Table 14 shows the cost structure of a typical Finnish supermarket.

Although the use of computerized checkouts has developed slowly in Finland, scanning is likely to accelerate during the late eighties. An estimated 100 stores will install bar coding by 1987. Private labels are not widely used in Finland. SOK and EKA manufacture several kinds of processed foods and market them through their affiliated retail stores.

**KESKO—Finland's Retail Cooperative.** KESKO is Finland's largest, most rapidly growing retail-

wholesale enterprise. It is owned by retail merchants, each of which owns a share in the corporation. It is thus a joint retailers' buying, wholesaling, and distributing enterprise, a retail cooperative similar to ICA in Sweden.

**Table 14—Cost structure of a typical Finnish supermarket, 1979**

| Item | Percentage of annual sales |
|---|---|
| | *Percent* |
| Gross margin[1] | 18.62 |
| Operating costs | 16.75 |
| Labor | 7.50 |
| Rent | 5.14 |
| Advertising | 1.39 |
| Vehicles | .29 |
| Depreciation | 1.19 |
| Interest | .70 |
| Other | .54 |
| Net profit margin (before taxes) | 1.87 |

[1]Total sales minus cost of food and other stocks purchased from suppliers.

Source: (*4*).

The retail members (shareholders) use the K-shop emblem (a large "K"), and their shops generally are similar in layout and design. They buy most of their inventory from the KESKO wholesale organization at prices and interest rates normally more favorable than they can obtain elsewhere. K-shop retailers benefit from nationwide promotion and advertising, including TV spots. KESKO also helps its retail owner-members by selecting and financing potential business locations, and by offering consultative services, vocational training, and research services.

KESKO retailers accounted for 40 percent of retail food sales in 1984. Sales totaled $2.2 billion. KESKO's 2,848 members in 1984 included 12 hypermarkets, 46 department stores, 335 supermarkets, and a broad range of smaller self-service stores,

Courtesy Embassy of Finland

Helsinki's Market Square

Domestically grown produce is available despite Finland's long winters. Greenhouse farmers meet 75 percent of demand for such crops as tomatoes, lettuce, and cucumbers.

general counter stores, specialty shops, and mobile shops.

KESKO usually buys imports through Finnish import agents. U.S. products distributed by KESKO include canned fruit and vegetables, canned fish, spices, rice products, and fresh fruit.

**TUKO—Finland's Main Voluntary Chain.** TUKO is a joint enterprise combining 22 privately owned wholesalers. By affiliating with the TUKO wholesale group, independent grocers benefit in many ways: efficient wholesale service at relatively low prices, joint advertising and sales promotion, financial help if needed, and managerial training. Affiliated stores display a "t" symbol or logo and are called T-stores.

TUKO-affiliated retailers in 1984 registered sales of $1.1 billion, representing a 20-percent share of the Finnish retail food market. TUKO's share of the Finnish food wholesale market is even larger, because TUKO wholesalers supply many unaffiliated stores, food services, and their own T-stores. TUKO's 1,853 affiliated stores did not include any hypermarkets in 1984. TUKO department stores numbered 53 and supermarkets 186 outlets. Like KESKO, TUKO includes a broad variety of smaller self-service shops, counter stores, specialty shops, and mobile shops. In a departure from usual Finnish practice, TUKO markets its own private label, Eldorado. In 1982, 20 percent of TUKO's imports were marketed under the Eldorado label. Marketing of Eldorado lines will be stepped up in the future. TUKO also prepares and markets spices under its own Kockens label. Because TUKO is the central importer/wholesaler for its affiliated T-stores, it generally prefers to import directly, not through a Finnish agent or other intermediary.

**Consumer Cooperative Societies.** Finland has two major consumer cooperative societies: the Finnish Cooperative Wholesale Society (SOK) and the Central Cooperative Society (EKA). SOK, the largest wholesale/retail enterprise in Finland, consists of approximately 180 co-op societies with a total membership of over 600,000. SOK food stores (SOKOS shops) numbered 1,815 in 1984. These foodstores included 11 hypermarkets and a full array of other types of outlets: department stores (192 units), supermarkets (132), smaller self-service stores (552), small general grocery stores (795), and mobile shops (131).

SOK is also a major foodservice organization, with over 430 restaurants and hotels, as well as a manufacturer. Its 34 factories produce chocolate candies, margarine, frozen foods, flour, coffee, textiles and clothing, hardware, and sporting and leisure-time equipment. These manufactures are sold mainly to SOK retail stores, but exports are significant for some of the products. SOK's food retail sales, valued at $1 billion in 1984, made up 18 percent of the market. Finland's other major cooperative society, EKA, is somewhat smaller than SOK.

Stores operated by EKA are usually called "E-shops." In 1984, EKA member societies operated 1,217 food retail outlets, including 10 hypermarkets, 73 department stores, 85 supermarkets, and a full range of smaller food outlets. EKA's food sales totaled almost $700 million in 1984, 13 percent of the Finnish market. EKA also operates restaurants, hotels, and food-processing plants.

Both SOK and EKA import through NAF, whose key access point for U.S. exporters is Nordisk Andelsforbund California, Inc. Sales representatives and Finnish agents of U.S. firms are welcome to visit the cooperatives' Helsinki offices.

**Unaffiliated Independents.** Although declining in number, privately owned independent foodstores are still a significant distribution channel. Most food specialty shops (meat, fish, dairy, confectionery, fruit and vegetable, baked goods) are unaffiliated with KESKO, TUKO, or either of the consumer cooperatives.

In 1984, there were 1,741 privately owned unaffiliated foodstores: department store food sections (22), supermarkets (38), smaller self-service grocery stores (306), general counter-service grocery stores (435), specialty shops (583), shops in market halls (350), and mobile shops (7). Sales of these independent foodstores totaled $450 million in 1984, 8 percent of total food sales.

Stockman, Finland's largest department store, operates a large grocery section in its downtown Helsinki store. Gourmet foods and imports are featured. Quality U.S. canned fruit and vegetables, rice products, spices, and specialties like avocados, navel oranges, popcorn, and nuts are available at Stockman. This is one of Finland's largest private, unaffiliated grocery retail enterprises.

## Food Wholesaling

Most Finnish wholesaling goes through the four large integrated wholesale/retail organizations described in the preceding section: KESKO (the

retail cooperative), TUKO (the voluntary chain), and SOK and EKA (the two consumer cooperatives). Of these wholesale-retail enterprises, KESKO and the two consumer cooperatives are relatively closed, in effect acting as wholesalers only to the retail stores affiliated with them. The TUKO group of wholesalers, however, sells to independent grocers, specialty shops, and its own T-shops.

Restaurants and other food services buy from any of the major wholesale enterprises. Several basic commodities, including milk, fresh meat, and fresh baked goods, go directly from the producer to the retail and foodservice sectors, bypassing the wholesaler. The average food wholesale margin is estimated at 10-15 percent.

Cash-and-carry wholesale depots are increasingly popular in Finland. In this type of enterprise, the buyer visits the premises, pays for goods by cash (or, perhaps, by certified check), and transports the goods to the buyer's place of business. Cash-and-carry wholesale depots permit only authorized retail, foodservice, and manufacturing firms to buy from their shelves. TUKO is a leader in the Finnish cash-and-carry trade, with over 70 depots in 1983. Half the purchases from TUKO cash-and-carries are made by restaurants and other food services.

### Food Services

An estimated 80 million meals are served in Finnish restaurants and cafes each year, and another 86 million are served in factory and office lunchrooms. Data are not available for public sector food services, such as schools, hospitals, and the military. Finnish wholesalers in 1981 sold food valued at approximately $1 billion to all food services. While fast food restaurants and carryouts are increasing in Finland, the trend is less vigorous than in Sweden.

The two Finnish consumer cooperatives operate restaurants in connection with their hotels and affiliated department stores. The larger cooperative, SOK, operated 372 restaurants in 1982. The TUKO voluntary chain maintains restaurants in its Anttila group of department stores.

Recent data concerning the number and type of eating places are unavailable. A midseventies study estimated that there were 6,500 public sector eating places (mainly in schools); 1,600 dining rooms in businesses employing over 50 persons; and 6,600 commercial restaurants and cafes (*3*). The number of fast food restaurants has increased compared with traditional restaurants during the past decade.

## Import Barriers and Regulations

Each of the three Nordic countries' trade policies is affected by membership in the European Free Trade Association (EFTA). Established in 1960, EFTA's original members were Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom, who were later joined by Finland (1961) and Iceland (1970). In 1973, Denmark and the United Kingdom withdrew from EFTA to become members of the EC. Portugal withdrew to become a member of the EC in early 1986.

Each member of EFTA maintains its own tariff schedule and other import restrictions such as health and sanitary regulations and food additive regulations. Unlike the EC, however, EFTA has no common external tariff and no common agricultural policy. Industrial goods are traded free of tariffs and other import barriers among the EFTA countries, provided they are produced within EFTA countries. Agricultural commodities, including many processed items, are not traded freely, subject to each importing country's schedule of tariffs and levies. So, EFTA is an industrial free trade area but not an agricultural one.

A limited number of processed agricultural products traded among the EFTA countries are designated partly industrial, partly agricultural. The price of these processed agricultural products includes an industrial element (the value added in manufacture) and an agricultural element (the cost of the agricultural raw materials.) Under the EFTA agreement, the industrial element in these processed products is duty-free when traded among the members. However, tariff or levy protection remains for the agricultural element. EFTA lists processed agricultural products which receive this dual treatment, such as pasta, most bakery products, some confectioneries, and ice cream.

The EFTA countries in 1972 signed free trade agreements (FTA's) with the EC, which had the effect of extending intra-EFTA tariff concessions to the EC. Industrial goods are traded free of tariffs, within the EC-EFTA area; agricultural commodities, including many processed foods, are subject to the same tariffs and nontariff barriers that apply to imports from third countries such as the United States. The limited number of processed agricultural products treated as part-industrial and part-agricultural under EFTA trade rules receive the same treatment in EFTA-EC trade. Finland grants these preferential terms to the Soviet Union

and certain other Eastern European countries as well as to the EC.

### Trade Regulations: Sweden

Sweden has its own system of import duties for agricultural and industrial products. Although tariffs are generally among the world's lowest, imports of fruits and vegetables of a kind grown in Sweden often receive high seasonal tariffs. Many domestic agricultural commodities come under a protective system of variable fees or levies. U.S. food exports to Sweden must adhere to strict health and sanitary regulations, food additive regulations, and labeling requirements.

**The Swedish Tariff System.** Most fruits and vegetables are charged at rates under 10 percent, and many are admitted free. Edible nuts are all admitted duty-free. However, imports of crops grown in Sweden, such as apples, pears, plums, cherries, grapes, berries, and lettuce, usually face higher rates, set by import calendars, during the Swedish domestic growing/marketing season. During the off-season, entry is usually duty-free or at a low rate. Where the import calendar is used, the National Agricultural Market Board decides on an "import opening date" based on the stock situation. Produce enters duty-free after the opening date and before an established closing date. During the rest of the year (and this includes the local marketing season), the same produce may receive relatively high tariffs.

Seasonal tariffs on apples and pears especially dampen U.S. exports. The import opening date for apples usually comes in February, well after the holiday season when apples are in greatest demand. The import closing date, when duty-free access ends, comes in mid-July. During the Swedish domestic marketing season, imported apples carry a tariff of 25 Swedish kronor per 100 kilograms ($2.90 at 1985 exchange rates), which is sufficiently high to place U.S. apples at a serious competitive disadvantage. U.S. pear exports are limited by similarly high seasonal tariffs.

Virtually all Swedish import duties are *ad valorem*, that is, computed as a stated percentage of the import's dutiable value. The dutiable value, defined as the "normal price" of the merchandise, also includes costs of transportation and all other expenses connected with its sale and delivery up to the point of introduction into Swedish customs territory. The normal price is based on what could be obtained for the merchandise at the time and place of introduction into the Swedish customs territory in the course of a sale between an independent buyer and an independent seller. Under these conditions, the normal price can be determined on the basis of the invoice price.

**Sweden's Agricultural Import Levies.** Sweden charges many imported agricultural commodities with special flexible fees or varible levies in addition to or instead of the import duty. These levies are applied according to Sweden's comprehensive system of price supports. The Swedish Government regularly negotiates guaranteed domestic market prices with the producers of basic farm commodities. These prices are usually fixed at levels well above world market prices. Variable levies are used to ensure that the agreed domestic prices cannot be undercut by cheaper imports from abroad. The levies vary (depending on fluctuations of world market prices) in such a way that covered imports are approximately equal in price at the port of entry to the corresponding domestic commodity. Tariffs, when they apply, are charged on the basis of the commodity's landed price after the variable levy has been applied. The levies, frequently combined with tariffs or special marketing arrangements, effectively close the Swedish market to many U.S. commodities and sharply reduce it for others.

Swedish variable levies apply to imports of most grains, most meats, dairy products, poultry, eggs, sugar, and soybean meal. They also apply to certain products manufactured from those basic commodities, like turkey roll, many grain-based products such as pasta, and certain products containing sugar. For a number of these products, including turkey roll, egg rolls, and processed potato products, the National Agricultural Market Board may increase variable levies regardless of price relationships if foreign competition threatens domestic sales (*7*). Fruits, vegetables, nuts, and most processed foods manufactured from them, are not generally subject to variable levies.

**Swedish Food Regulations.** The Food Act and the Food Decree of 1971 detail Swedish regulations on food composition, handling, and labeling. Copies of these documents, translated into English, may be obtained from the Swedish National Food Administration (Statens livsmedelsverk), Box 622, S-751 26, Uppsala, Sweden.

Food additives are permitted only if they are approved by the Swedish National Food Administration (*18*, articles 2-6). The Food Additive List, published annually, indicates which additives may

be used, maximum permissible amounts, and the foods in which they may be used. The Food Administration also regulates the use of enrichment substances (vitamin compounds, mineral salts). Swedish importers of food products must present to Swedish customs officials a certificate showing that the imported food products contain only approved additives.

Labels of prepackaged foods offered for retail sale must show the type of food, its composition, its net weight or volume at time of packing, the manufacturer's or packer's name and address, and any necessary storage instructions (*17*, article 13). Date-marking is required for many foods: for perishables, the packaging date and the "best before" date must be shown ("best before" is the date before which the food should be used to enjoy its best quality). For other foods, date-marking is voluntary, but, if applied, must be "best before."

Swedish health and sanitary regulations are strict on all foodstuffs, and include inspection for aflatoxin, pesticide residues, and food additives. Special import permits, certifying that the food meets Swedish health and sanitary requirements, are needed to import meats, dairy products, eggs and egg products, peanuts and peanut products, and may be required for other foods.

Food may be imported commercially into Sweden only if the the importer is domiciled in Sweden and is registered with the Food Administration for importation of the food in question (*18*, article 9). The sales agent or sales representative does not have to live in Sweden.

### Trade Regulations: Norway

Norway has its own tariff system as well as a highly protective system of import licenses on many food commodities. The system leaves room for substantial imports of fruits and vegetables during periods outside the Norwegian domestic growing and marketing season and for imports of items not produced in Norway.

**The Norwegian Tariff System and Import Controls.** Norway's tariffs on agricultural goods are mainly levied on a specific basis; that is, in terms of Norwegian kroner per kilogram (or other appropriate quantitative unit). Duties are generally low on items not produced in Norway, such as nuts, raisins, and oranges. Duties on articles grown in Norway, such as apples and pears, are often applied on a seasonal basis: low-to-moderate during off-season periods but much higher during periods when domestic produce is being marketed. Norway's import calendar system is similar to Sweden's and likewise affects U.S. apple and pear exports. Duties on processed foods, particularly of a kind manufactured in Norway, are usually higher than those on nonprocessed commodities. The basis for duty assessment is similar to Sweden's, defined in terms of the item's "normal price" plus other costs of shipping and insurance.

The Norwegian Ministry of Agriculture has the authority to prohibit imports of foods that may threaten Norwegian farm production. Foods and other agricultural commodities whose production is considered vital to the Norwegian farm sector may be imported only if a license is granted by the ministry. Thus, meats and meat products can be imported only when domestic supplies cannot meet Norwegian market demand. Most dairy products can be imported only if they are not competitive with domestic output. Fresh and preserved fruits and vegetables of a kind cultivated in Norway may be imported only when domestic producers (for seasonal or other reasons) cannot meet market demand. These include apples, pears, plums, tomatoes, potatoes, many green vegetables, strawberries, and raspberries. The customs duty on these goods varies with the product and with the importing period.

Food not produced commercially in Norway usually enters the country without import licensing restrictions. They include edible nuts, table grapes, avocados, bananas, mangoes, kiwifruit, most dried fruit, and citrus fruit. Several important U.S. exports, including apples and pears, receive import licenses only during off-season. The opening dates for licenses vary depending on the Norwegian growing season, which contributes an unwelcome uncertainty to trade arrangements.

Imports of grains and grain products are strictly controlled because the state grain monopoly, Statens Kornforretning (Norwegian Grain Corporation.), makes all purchases. This system is designed to control the flow of such bulk grain items as wheat, flour, feed grains, and feed concentrates. It does not normally affect Norwegian imports of packaged retail items, such as parboiled rice, popcorn, cookies, breakfast foods, and grain-based pet food.

**Norwegian Food Regulations.** Norway maintains strict food, health, and sanitary regulations. A list of approved food additives is published in English annually by the Norwegian Ministry of Social Affairs, The Health Services of Norway (postal ad-

dress: Helsedirektoratet, P.B. 8128 DEP., Oslo 1, Norway). Food additives must not be used except in the manner and amounts stated.

Labeling regulations for prepackaged foods are based on the Act Relating to Labeling of Consumer Goods, May 24, 1968, as amended. An English translation of current food labeling regulations may be obtained from the Norwegian Ministry of Consumer Affairs and Government Administration, Box 8004 DEP., Oslo 1, Norway.

Foods prepackaged for retail sale must be labeled to include the food's name, composition, net metric weight or volume, shelf life, storage instructions when needed, and the name and address of the producer, importer, and/or packer. The information must be clearly legible and must be in either Norwegian, Swedish, Danish, or English.

The food's composition must be declared in descending order of proportion according to the input weight of the ingredients. Specific names should be used for ingredients except for the following, where category names may be used: fats, oils, herbs, spices, and starches (except modified starches). Added water must be declared. Date-marking regulations, as amended in 1981, require that readily perishable foods, such as milk and eggs, be given a final date of consumption ("should be used before..."). Foods that will keep up to 18 months must show the latest recommended date on which the food can be used without any noticeable deterioration of quality ("best before..."). Several foods exempted from the date-marking requirement include fresh vegetables and fruits, corn flour, potato flour, chocolate, sweets, chewing gum, and most soft drinks.

## Trade Regulations: Finland

Finland, like Sweden and Norway, maintains effective tariff and nontariff barriers to protect its domestic agricultural production.

**The Finnish Tariff System and Import Controls.** Most Finnish tariffs are on an *ad valorem* basis, computed as a stated percentage of the item's dutiable value, which resembles Sweden's. Use is frequently made of "minimum duties," so that the amount of duty charged may not fall below a certain level. For example, the tariff on dried onions is 10 percent *ad valorem* but not less than 0.95 mark per kilogram. Tariffs on many items vary according to the time of year imported. Finland has an import calendar for apples and pears. The opening date for apples usually comes in early December. After that date, the tariff rate on apples is low, facilitating the sale of U.S. apples during the holiday season. The tariff is very high during July-November, when domestic apples are marketed.

The Finnish market for many U.S. foods is limited by Finland's system of quantitative import restrictions (global quotas) and by licensing requirements. Commodities in the global quota system include most fresh fruit, fruit and tomato juices, starches other than potato starch, and several vegetable oils (*11*). Import licenses for each of these groups are granted to recognized Finnish importers up to a maximum total amount of currency for each group. In 1985, for example, the global quota for selected fruit was fixed at 45 million marks ($7.5 million at 1984 exchange rates). Importers could obtain licenses until the 45-million-marks quota was exhausted. Where global quotas are used, they apply without discrimination to imports from virtually all countries except the Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and China. Trade between Finland and each of those countries is governed by separate bilateral trade and payments agreements (*11*). The Finnish License Board distributes global quotas among importers generally according to their established market shares.

Finland also limits agricultural imports through case-by-case licensing. Finnish importers of meats, most dairy products, most vegetables, grains, flours, oilseeds, and several animal and vegetable oils and fats must obtain import licenses before importing. The licensing requirement for several items is applied only during the Finnish domestic marketing season.

**Finnish Food Regulations.** Finland's food labeling, additive, and sanitary regulations are based on the Finnish Food Act of July 3, 1941, plus later amendments, decrees, and implementing regulations. The Finnish National Board of Trade and Consumer Interests (Elinkeinohallitus) (Haapaniemenkatu 4B, SF-00531 Helsinki 53, Finland) is primarily responsible for interpreting and enforcing the food regulations. The board can supply English translations of the main laws and regulations. Food additives may be used only if they appear on the National Board List of Approved Additives.

Several decrees have recently updated food labeling requirements. The Decision on the Labeling of Certain Retail Containers (July 10, 1979) lays out several general rules. A food retail container must

include: the name of the manufacturer, packer, or importer; the commercial name of the product in both Finnish and Swedish (a foreign name may be used only if it has established itself in Finland as a recognized general name and no Finnish equivalent is available); the net metric weight or volume; the ingredients used in the product's manufacture, in descending order of weight; the last recommended date of sale; plus storage instructions if the food is easily perishable or is intended for infants.

The board has issued strict regulations concerning the presence of "foreign substances" in foods (herbicides, pesticides, fungicide residues, aflatoxin, heavy metals, and the like). Finland's Decision No. 3050/51/79 prescribes maximum permissible amounts of these substances. The Finnish Customs Laboratory, which assures that imports meet customs requirements and conform to food regulations, supervises the importing of foodstuffs.

## U.S. Food Exports to the Nordic Markets: Opportunities and Obstacles

Sweden, Norway, and Finland form a solid market considering their small combined population of 17 million. Per capita expenditures on U.S.-origin foods are nearly twice as high as per capita expenditures by the EC on U.S. foods. Weather prevents these countries from being self-sufficient in fruits, nuts, and vegetables. They rely heavily on imports to fill their needs for many horticultural commodities.

The Nordic market's accessibility makes competition among foreign suppliers keen. The EC is the largest supplier by far. EC exporters benefit from both proximity and long-established trade ties and from preferential tariff treatment of some processed foods.

Despite these obstacles, many U.S. foods can succeed because of their qualitative uniqueness or unavailability from other sources. U.S. Delicious apples, long-grain parboiled rice, dried fruit, almonds, popcorn, and kiwifruit are a few examples of products that sell well on the market.

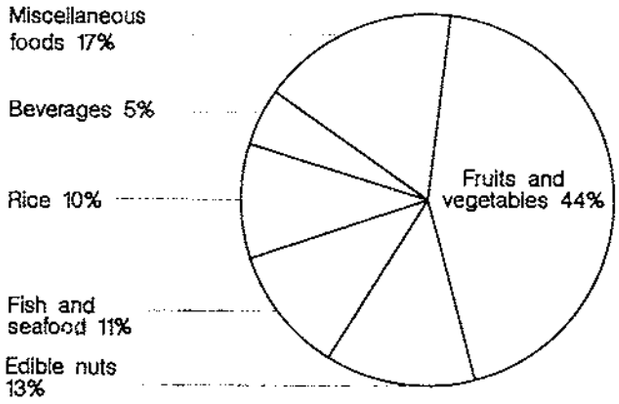
Buyers at Nordic grocery chain stores traditionally have a strong interest in U.S. foods. The consumer cooperatives maintain a buying office in San Francisco, and representatives of the other major food distributors frequently visit trade shows and food companies in search of new products.

Fruits and vegetables are the largest U.S. exports to the Nordic area, accounting for 44 percent of Sweden's purchases during 1981-83, 51 percent of Norway's, and 73 percent of Finland's (figs. 4-6). U.S. edible tree nuts, rice, and a broad range of processed foods are also in demand.

### Edible Nuts

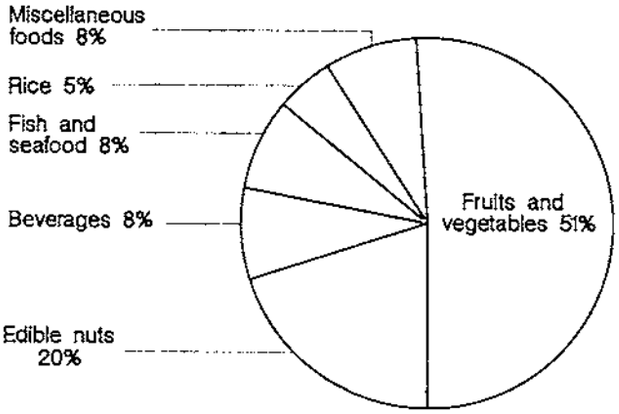
The outlook is favorable for expansion of U.S. edible nut exports to the Nordic markets. U.S. nuts and nut preparations have a reputation for quality. The United States supplies over half of all edible nuts shipped to the region. Tariffs and nontariff barriers either do not exist or are insignificant, and market

Figure 4
**Composition of U.S. food exports to Sweden, average, 1981-83[1]**




1/ Annual average, $108 million, c.i.f. basis.
Source: (35).

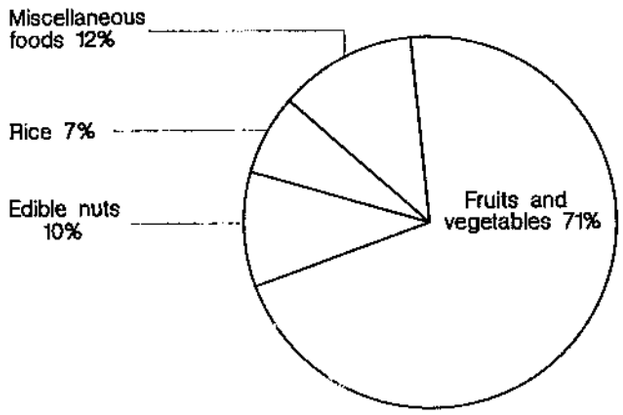
Figure 5
**Composition of U.S. food exports to Norway, average, 1981-83[1]**




1/ Annual average, $52 million, c.i.f. basis.
Source: (35).

possibilities are enhanced by the absence of any local edible nut production on a commercial scale. The three Nordic countries combined bought $25 million in edible nuts from the United States in 1984 (table 15). Shelled almonds accounted for over 66 percent of U.S. exports, shelled peanuts over 11 percent, and prepared almonds 9 percent. Unshelled walnuts, a traditional holiday favorite, were also in demand.

Figure 6
**Composition of U.S. food exports to Finland, average, 1981-83[1]**




1/ Annual average, $33 million, c.i.f. basis.
Source: (*35*).

Sweden's edible nut imports from all sources averaged $33 million (c.i.f.) annually during 1981-83 (*35*). U.S. sales averaged $14 million (c.i.f.), a 42-percent share of the market. Other major suppliers were Turkey (32 percent during 1981-83), Spain (8 percent), and Italy (7 percent).

The United States is Sweden's leading supplier of shelled, prepared, and preserved almonds. Almonds accounted for approximately 80 percent of total U.S. nut shipments to Sweden in 1984. The United States is also the leading supplier of shelled, prepared, and preserved raw peanuts to Sweden, but shortfalls in poor crop years opened the market to such sporadic suppliers as Argentina, China, Brazil, and India. The U.S. share of the market during 1981-83 was 55 percent, but crop variations have made all suppliers' shares of peanuts vary

**Table 15—U.S. edible nut exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Edible nuts and nut preparations, total | 10,964 | 12,008 | 15,704 | 12,321 | 9,957 | 12,130 | 13,339 |
| Almonds, shelled | 8,880 | 9,400 | 12,868 | 9,800 | 7,350 | 8,411 | 9,823 |
| Almonds, prepared | 505 | 529 | 891 | 756 | 670 | 763 | 776 |
| Peanuts, shelled | 887 | 895 | 618 | 574 | 506 | 1,759 | 1,094 |
| Walnuts, unshelled | 530 | 592 | 654 | 715 | 832 | 349 | 531 |
| Pecans, shelled | [2] | [2] | [2] | 6 | 225 | 289 | 191 |
| Other | 162 | 592 | 673 | 470 | 374 | 559 | 924 |
| Norway: | | | | | | | |
| Edible nuts and nut preparations, total | 7,414 | 9,027 | 9,902 | 8,514 | 8,397 | 8,371 | 9,877 |
| Almonds, shelled | 5,464 | 5,996 | 6,294 | 5,536 | 5,177 | 5,565 | 5,917 |
| Almonds, prepared | 505 | 529 | 897 | 1,114 | 399 | 478 | 641 |
| Peanuts, shelled | 887 | 1,559 | 1,642 | 585 | 1,209 | 1,850 | 1,764 |
| Walnuts, unshelled | 437 | 517 | 572 | 607 | 719 | 479 | 528 |
| Other | 121 | 426 | 497 | 672 | 893 | 378 | 1,027 |
| Finland: | | | | | | | |
| Edible nuts and nut preparations, total | 1,474 | 1,744 | 2,226 | 2,161 | 2,148 | 2,101 | 2,360 |
| Almonds, shelled | 1,039 | 1,170 | 1,511 | 1,279 | 1,561 | 1,197 | 1,396 |
| Almonds, prepared | 320 | 383 | 527 | 769 | 368 | 625 | 812 |
| Other | 115 | 191 | 188 | 113 | 219 | 279 | 152 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36, 38*).

widely. In 1981, for example, the U.S. share was only 26 percent but reached 82 percent in 1983.

Sweden grants duty-free entry to all edible nuts, making the market an exceptionally good one for sales expansion. Nuts relatively new to the market, such as pecans, have considerable potential. Prepared and packaged nuts, either for snacks or home cooking, also provide opportunities for sales expansion. Nuts are also used as raw materials by the confectionery and candy industry.

The United States is also Norway's principal source of edible nuts. During 1981-83, Norwegian nut imports averaged $21 million, annually (c.i.f.), 50 percent supplied by the United States and 10 percent each by Italy, Turkey, and Spain (35). Shelled almonds and shelled raw peanuts are traditionally the largest U.S. sellers. Unshelled walnuts are purchased mainly for the holiday season. The big upsurge in "other" edible nuts in 1984 represented rising interest in prepared and preserved peanuts, shelled hazelnuts, shelled walnuts, and unshelled almonds (table 15).

Norwegian tariffs on edible nuts are very low: shelled almonds are charged 0.02 Norwegian krone per kilogram ($0.001 per pound at 1984 exchange rates); prepared and preserved almonds, 1 cent per pound; unshelled walnuts, $0.009 per pound; raw peanuts, free; prepared and preserved peanuts, 1 cent per pound. Tariff preferences granted by Norway to nut imports from the United Kingdom, Denmark, and the EFTA countries have little or no significance in view of the low base tariffs and the lack of significant nut production in most of those countries. Norway's high per capita GDP and the rapid growth of its economy suggest that the market offers opportunities for further growth in the sale of nut confections and preparations.

Although Finland's purchases of edible nuts are well below Sweden's and Norway's, it, too, relies principally on the United States as its source of supply. During 1981-83, the U.S. share averaged 52 percent. Turkey, the only other persistently large supplier, averaged 17 percent. China is Finland's main peanut supplier. Finland's tariffs on nuts are low-to-moderate: raw peanuts, 10 percent; all other edible nuts, 3-6 percent depending on type. Edible nuts are not subject to licensing or quota restrictions. U.S. edible nut exports to Finland during 1978-84 increased from an annual average of $1.8 million during 1978-80 to $2.2 million during 1980-84, which may signify an increasing interest in edible nuts among consumers.

**Dried Fruit**

U.S. raisins, prunes, and other dried fruit are a staple on the Nordic markets, and sales totaled $22.1 million in 1984 (table 16). Raisins accounted for 46 percent and prunes for 44 percent of U.S. sales.

The United States is by far the largest supplier of dried fruit to the three countries. During 1981-83, Sweden bought 61 percent, Norway 62 percent, and Finland 75 percent of their dried fruit imports from the United States (35). These shares were virtually unchanged from the preceding 3-year averages.

Sweden is a dependable market for U.S. raisins. The U.S. share of the Swedish raisin market exceeded 80 percent, annually, during 1980-83. The remaining 20 percent of Swedish imports came from Argentina, Australia, South Africa, Spain, and Turkey. The dollar value of U.S. raisin exports dropped sharply in 1983 and 1984, mainly because of a decline in U.S. raisin prices rather than a loss of the market. U.S. raisin exports to Sweden actually increased to 3,804 tons in 1983 from 3,459 tons in 1982 and declined only moderately to 3,388 tons in 1984. To retain their share of the traditionally favorable Swedish market, U.S. suppliers reduced their prices to meet increasing competition from other producers. The outlook continues strong for U.S. sales. Raisins imported into Sweden are duty-free, not subject to variable levies.

Nearly all Swedish prune imports come from the United States because other producing countries (France, Italy, Romania, and Yugoslavia) are unable to meet more than a small fraction of foreign demand. U.S. exports of prunes to Sweden increased in 1984. Sweden grants duty-free tariff treatment to prunes as well as to dates and other dried fruit.

Norway obtained 70 percent of its raisins from the United States during 1981-83. Other suppliers included Australia (15 percent), Turkey (4 percent), and Greece (3 percent). Raisins other than currants enter Norway duty-free. The sharp drop in the value of U.S. raisin shipments to Norway in 1983 and 1984 was mainly due to a decline in prices. U.S. volume exports fell to 1,461 tons in 1983 from 1,845 tons in 1982 but rebounded to 1,750 tons in 1984. U.S. raisin exporters reduced prices to protect their traditional strong share against an influx of low-priced raisins from other producers.

U.S. prune shipments to Norway declined in value in 1984 after rising steadily for several years, partly

due to a decline in unit values. Prunes enter Norway duty-free. Other dried fruits receive low tariffs: mixed fruit and apricots, 2 cents per pound; currants, $0.001 per pound; and dates, $0.008 per pound at 1984 exchange rates. U.S. prunes predominate in Norway in the absence of any other adequate sources of supply.

Finland bought 75 percent of its raisin imports from the United States during 1981-83. Argentina (10 percent of the market) and Turkey (8 percent) were the only other significant suppliers. Raisins face a modest 4-percent tariff and are free of import quotas or licensing restrictions. Prunes and dried mixed fruit, also subject to a 4-percent tariff, are significant U.S. exports to Finland. The United States supplies virtually all of Finnish prunes which enter free of restrictions.

### Vegetables

U.S. exports of fresh, frozen, dried, and canned vegetables to the three Nordic countries totaled $12.9 million in 1984, below the annual average of $15.4 million (table 17) for 1982-84. U.S. exports of fresh vegetables have been especially hard hit by price competition from other sources.

Tariffs and nontariff barriers protect local vegetable farmers. Sweden relies on moderate-to-high seasonal tariffs to limit competition during the summer and fall months. Tariffs are generally very low or absent during off-season periods. Iceberg lettuce, for example, carries an 11-percent tariff between May 1 and November 30 but arrives tariff-free during December 1-April 30. Produce, like garlic, not grown in Sweden, enters duty-free or at low tariffs all year.

Norway's tariffs on fresh vegetables are generally moderate, although it protects its vegetable farmers through a strict licensing system. Vegetables of a kind grown in Norway generally cannot be imported during the local marketing season. The Government imposes import restrictions on turnips, carrots, and peas throughout the year. High seasonal tariffs protect some vegetables during the marketing season; tomatoes, for example, imported during June 1-October 31 receive a tariff of 11 cents per pound (at 1984 exchange rates) but enter duty-free the rest of the year.

Finland, like Sweden and Norway, uses higher tariffs during the marketing season to protect its farmers from imports of certain vegetables. Lettuce,

**Table 16—U.S. dried fruit exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Dried fruit, total | 11,405 | 12,521 | 14,052 | 15,236 | 14,113 | 12,350 | 10,068 |
| Raisins | 5,297 | 6,628 | 7,410 | 8,612 | 8,021 | 6,943 | 4,935 |
| Prunes | 4,517 | 3,929 | 4,839 | 4,978 | 4,836 | 4,137 | 4,383 |
| Dates | 343 | 933 | 596 | 779 | 426 | 523 | 140 |
| Fruit mixtures | 777 | 733 | 881 | 530 | 585 | 582 | 450 |
| Apricots/peaches/ pears | 276 | 183 | 114 | 195 | 180 | 52 | [2] |
| Other | 195 | 115 | 212 | 142 | 65 | 108 | 160 |
| Norway: | | | | | | | |
| Dried fruit, total | 5,927 | 7,642 | 7,169 | 8,669 | 8,438 | 6,466 | 5,450 |
| Raisins | 2,947 | 4,615 | 4,021 | 4,926 | 4,536 | 2,907 | 2,794 |
| Prunes | 2,299 | 2,361 | 2,424 | 2,662 | 2,778 | 2,733 | 2,030 |
| Dates | 519 | 504 | 512 | 830 | 953 | 764 | 554 |
| Other | 162 | 162 | 212 | 251 | 171 | 62 | 72 |
| Finland: | | | | | | | |
| Dried fruit, total | 7,782 | 11,500 | 11,395 | 13,506 | 8,104 | 8,890 | 6,580 |
| Raisins | 3,193 | 5,460 | 4,665 | 6,168 | 2,533 | 3,539 | 2,387 |
| Prunes | 3,599 | 4,519 | 5,207 | 5,464 | 3,674 | 4,158 | 3,438 |
| Fruit mixtures | 855 | 1,321 | 1,365 | 1,397 | 1,389 | 1,019 | 669 |
| Other | 135 | 200 | 158 | 477 | 508 | 174 | 86 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36, 38*).

for example, carries a 35-percent duty during the domestic marketing season and 10 percent during the rest of the year. Finland also protects its domestic producers through the use of global quotas for some items and individual licensing for others. These nontariff barriers effectively limit vegetable imports which might compete with Finnish products.

Sweden's imports of fresh vegetables from the United States consist principally of iceberg lettuce, carrots, and celery. The United States ranks fourth among fresh vegetable suppliers to Sweden with a 6-percent market share (35). The principal suppliers are Spain (29 percent of Swedish imports), the Netherlands (28 percent), and Italy (13 percent).

**Table 17—U.S. vegetable and vegetable preparation exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Vegetables and vegetable preparations, total | 10,350 | 12,877 | 13,476 | 14,912 | 12,842 | 11,900 | 10,153 |
| Fresh vegetables, total | 2,717 | 4,204 | 4,425 | 4,225 | 2,586 | 3,467 | 1,937 |
| Carrots | 550 | 670 | 745 | 1,355 | 372 | 888 | 389 |
| Celery | 132 | 415 | 320 | 413 | 335 | 423 | 224 |
| Lettuce | 1,156 | 1,851 | 1,883 | 1,576 | 1,393 | 1,813 | 1,104 |
| Onions | 185 | 187 | 652 | 283 | 54 | [2] | [2] |
| Frozen vegetables, total | 600 | 1,933 | 996 | 1,359 | 1,417 | 1,039 | 1,378 |
| Sweet corn | 51 | 870 | 298 | 523 | 689 | 473 | 445 |
| Potatoes, french-fried | 103 | 98 | [2] | [2] | [2] | 120 | 618 |
| Potatoes, other | 105 | 230 | 155 | 260 | 232 | 50 | [2] |
| Dried vegetables, total | 4,493 | 3,752 | 3,270 | 4,349 | 3,675 | 3,644 | 3,378 |
| Garlic | 131 | 122 | 116 | 174 | 116 | 192 | 163 |
| Onions | 1,850 | 1,618 | 1,156 | 1,723 | 1,431 | 1,710 | 1,410 |
| Potato flakes | 414 | 326 | 340 | 416 | 408 | 246 | 172 |
| Potato granules | 1,654 | 1,441 | 1,451 | 1,217 | 1,407 | 1,193 | 1,410 |
| Peas, beans, lentils | 444 | 245 | 207 | 819 | 313 | 303 | 223 |
| Canned vegetables, total | 1,215 | 1,299 | 1,731 | 2,567 | 2,730 | 1,941 | 1,770 |
| Sweet corn | 936 | 861 | 979 | 1,639 | 2,325 | 1,684 | 1,466 |
| Vegetable preparations, other | 1,325 | 1,689 | 3,054 | 2,412 | 2,434 | 1,809 | 1,690 |
| Norway: | | | | | | | |
| Vegetables and vegetable preparations, total | 1,772 | 2,032 | 4,070 | 3,463 | 3,775 | 3,123 | 2,051 |
| Fresh vegetables, total | 235 | 212 | 442 | 600 | 436 | 99 | 177 |
| Carrots | 102 | 85 | 318 | 540 | 378 | 89 | 177 |
| Frozen vegetables, total | 83 | 360 | 686 | 489 | 319 | 368 | 270 |
| Canned vegetables, total | 455 | 320 | 950 | 499 | 285 | 401 | 388 |
| Sweet corn | 103 | 90 | 105 | 274 | 158 | 325 | 388 |
| Dried vegetables, total | 594 | 560 | 1,208 | 1,033 | 1,976 | 1,497 | 883 |
| Onions | 369 | 354 | 692 | 516 | 775 | 749 | 657 |
| Potato flakes | 80 | 66 | 307 | 376 | 1,076 | 619 | 94 |
| Peas | 145 | 140 | 209 | 141 | 127 | 129 | 132 |
| Vegetable preparations, other | 405 | 580 | 784 | 842 | 759 | 758 | 333 |
| Finland: | | | | | | | |
| Vegetables and vegetable preparations, total | 304 | 480 | 679 | 990 | 741 | 935 | 719 |
| Dried onions | 108 | 134 | 192 | 322 | 334 | 503 | 361 |
| Other | 196 | 346 | 487 | 668 | 407 | 432 | 358 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36, 38*).

Heavy price competition from these and other European suppliers tends to limit U.S. products to high-quality or unique items. Further growth may exist in typically American vegetables, such as corn-on-the-cob, sweet onions, and unusual varieties of squash.

The value of U.S. frozen vegetable exports to Sweden increased in 1984. The salability of frozen sweet corn and frozen french-fried potatoes suggests that the market may be worth investigating for other U.S. frozen vegetables. Frozen vegetables carry 16-percent tariffs, except broccoli and asparagus which are duty-free. Competition is very strong from frozen vegetables prepared in Sweden and other Western European countries.

Swedish consumption of quick-frozen foods, estimated at 24 kilograms per capita in 1983, is second to the United States. Because of high processing and distributing costs, frozen food consumption may be stabilizing. The product mix of frozen foods is expected to change, however. Probable trends in quick-frozen foods include big increases in ready-to-eat products, such as pizzas and gourmet foods, citrus juices, and potato products. Frozen vegetables and seafood markets will probably decline. The product mix of quick-frozen foods may eventually closely resemble that of the United States.

Dried vegetables, the largest group of U.S. vegetable exports to Sweden, play a major role in the local manufacture of highly processed convenience foods like soups and snacks. Demand for such foods has grown because of changes in age distribution, family size, and lifestyle. Some dried vegetables are duty-free; none are charged more than 3 percent. However, dried potato products and most dried pulses are also subject to variable levies. The Swedish market for canned vegetables, subject to a tariff of not more than 11 percent, is stagnant. Corn is the principal U.S. canned vegetable export.

Direct U.S. exports of fresh vegetables to Norway consisted entirely of carrots in 1984. Some U.S. fresh vegetables may be transshipped via the Netherlands, Denmark, and other third country ports. U.S. exports to Norway of frozen, dried, and canned vegetables are also small (table 17). The

Courtesy Embassy of Finland

Pricing Produce in Finland

Finns choose from a variety of produce, some of which is protected by tariffs, especially during the domestic marketing season.

Netherlands is Norway's main supplier of fresh and frozen vegetables, with an average annual market share of 29 percent during 1981-83. Other suppliers include Spain (25 percent), Denmark (7 percent), the United States (7 percent), and France (7 percent).

One of Norway's largest importers of fresh vegetables and fruit, BAMA A/S, declares that U.S. exports could increase if more attention went to competitive prices, terms, and sales promotion for cauliflower, green cherry tomatoes, eggplant, kale, bleached celery, spinach, broccoli, artichokes, zucchini, parsley, dill, and corn-on-the-cob.

Partly because of Norway's stringent import restrictions, total vegetable and vegetable preparation imports averaged only $52 million during 1981-83. The increase of salad bars in Norwegian restaurants and the growth in health-food sales could spur demand for fresh and frozen vegetables.

Finland imports fresh and frozen vegetables mostly from Spain (33 percent of the market during 1981-83), the Netherlands (27 percent), and Israel (12 percent). U.S. sales are small, even assuming that some fresh vegetables reach Finland indirectly through transshipments. Most fresh, frozen, and dried vegetables carry individual licensing restrictions, either throughout the year or during specified periods. For example, carrot importers must get a license for the entire year, while a license to import cauliflower is required only during June 1-October 31. Stimulated by a marketing campaign, Finnish demand for frozen french fries and other potato products increased sharply in 1985, a trend expected to continue.

### Rice and Grain-based Food Products

U.S. rice exports to the Nordic market made impressive gains during 1978-83 largely because of effective long-term export promotion efforts by U.S. rice manufacturers in cooperation with USDA (table 18). However, sales to Sweden and Norway declined in 1984 because of severe price competition from other suppliers.

Sweden imports 96 percent of its rice in fully processed form. U.S. long-grain parboiled rice is the principal seller. The U.S. share of the Swedish market for fully processed rice averaged 72 percent during 1981-83 (35). The Netherlands was a distant second with 14 percent of the market. Norway imports 75 percent of its rice (by value) in fully processed form (mainly long-grain parboiled). The remaining 25 percent consists of brown (husked) rice brought in for further processing. During 1981-83, the United States supplied 46 percent of Norway's fully processed rice imports, followed by Italy (21 percent) and the Netherlands (16 percent). The United States supplied 69 percent of Norway's needs for brown rice during that period.

Finland, unlike Sweden and Norway, imports most of its rice (86 percent) in semiprocessed form, as

**Table 18—U.S. rice and grain-based product exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Rice, total | 4,800 | 5,881 | 7,305 | 7,310 | 9,070 | 9,274 | 8,379 |
| Parboiled, long-grain | 4,085 | 4,809 | 6,547 | 6,285 | 7,094 | 7,485 | 6,994 |
| Dog and cat food | 496 | 535 | 1,423 | 1,742 | 1,142 | 968 | 552 |
| Popcorn | 892 | 858 | 1,156 | 1,174 | 1,232 | 855 | 992 |
| Cornmeal | 251 | 426 | 440 | 393 | 545 | 531 | 513 |
| Norway: | | | | | | | |
| Rice, total | 852 | 805 | 822 | 1,466 | 1,292 | 2,284 | 1,646 |
| Parboiled, long-grain | 665 | 548 | 609 | 853 | 969 | 642 | 1,202 |
| Popcorn | 175 | 262 | 287 | 349 | 268 | 210 | 169 |
| Finland: | | | | | | | |
| Rice, total | 653 | 966 | 794 | 2,397 | 2,419 | 1,157 | 1,177 |
| Parboiled, long-grain | 643 | 834 | 663 | 1,590 | 940 | 980 | 1,079 |
| Popcorn | 234 | 202 | 287 | 349 | 324 | 184 | 219 |
| Cornstarch | 101 | 103 | 218 | 130 | 166 | 222 | 263 |

[1]F.a.s. basis.

Sources: (*36, 38*).

brown (husked) rice for further onsite processing. The main suppliers of brown rice during 1981-83 were Australia (38 percent), the United States (20 percent), and Spain (15 percent). The United States supplied all of Finland's fully processed rice in that period, mostly long-grain parboiled rice.

Sweden is a fully accessible market for U.S. rice. All types receive duty-free tariff treatment. Norway, however, levies a tariff of 3-7 cents per pound at 1984 exchange rates on unprocessed rice (depending on type) and a 30-percent rate on fully processed rice imports to protect Norwegian potato producers from indirect competition. Finland levies tariffs in the 15- to 25-percent range depending on the type of rice, probably also reflecting a concern about domestic potato production. Finland does not apply licensing or quota restrictions to rice.

The Nordic markets for U.S. baked products, breakfast cereals, flours and meals, and other grain-based products are small. Most of these products receive preferred treatment when they originate in other EFTA or EC countries. Theoretically, under trade agreements, the processed component (or value-added component) of such products enters free of duty. Only the strictly agricultural component (for example, the wheat used to manufacture a breakfast cereal) is subject to national tariffs. This may translate into a tariff reduction of 50 percent or more for such goods entering the Nordic countries from other EFTA countries or from the EC.

Several U.S. manufacturers of grain products supply the Nordic markets through manufacturing subsidiaries in Denmark, the United Kingdom, France, or other European countries. Breakfast cereals and other grain products with U.S. brand names but manufactured in Europe are commonplace.

New and unusual U.S. products, however, may find a market for direct export to the Nordic countries. Popcorn is a small but stable direct export. The Nordic markets for pet food are expanding, and the proliferation of new and improved U.S. varieties may provide export opportunities if they can be placed on Nordic grocery shelves at competitive prices. New and unusual cereals, crackers, cookies, and other snacks may also offer opportunities. These grain-based products generally face low-to-moderate tariffs.

However, U.S. exports of many of these products are hampered by nontariff barriers. Sweden, for example, charges a 10-percent duty on breakfast cereal imports, 5 percent on pastry and biscuits, and no duty on pasta; however, variable import levies cover all of these.

The EC supplies nearly all the Nordic country imports of grain-based products. Sweden's imports of grain preparations (breakfast cereals, pasta, breads, biscuits, cakes, and diet and infant preparations) averaged $57 million, annually, during 1981-83. EC countries supplied 80 percent of the total (of which Denmark provided 34 percent and West Germany 20 percent). Finland and Norway together supplied 16 percent. The U.S. share of the Swedish market was only 2 percent. EC countries provided 64 percent of Norway's grain-preparations imports; Sweden supplied 26 percent and the United States 1 percent. Finland obtained 58 percent of these products from the EC, 29 percent from Sweden, and 2 percent from the United States.

### Fresh and Frozen Fruit

U.S. fresh fruit exports to the Nordic countries increased sharply during 1978-81, both in value and quantity (table 19). U.S. exports of apples (a traditional staple) and avocados (a newcomer) were particularly strong. However, fresh fruit sales declined after 1981, mainly because of severe price competition from other suppliers. Citrus fruit shipments fell precipitously in 1984.

The Nordic markets for noncitrus fruit, especially apples and pears, are limited by nontariff barriers to protect domestic crops. These include the use of import calendars which mandate high tariffs during the domestic marketing season in Sweden; a prohibition of imports except during an "open season," whose opening and closing dates are variable and announced on short notice usually coming during February-April in Norway; and an import calendar and global quotas in Finland. All these measures restrict the Nordic markets from importing apples and pears during part of the year. Southern Hemisphere suppliers, especially Argentina and New Zealand, benefit from the favorable off-season relaxation of import barriers.

The United States ranked fourth among suppliers of apples to Sweden during 1981-83 with a 6-percent share of the market (35). Argentina ranked first (38 percent), while New Zealand and France were second (13 percent each). The United States fared better in Norway, ranking third with 18 percent of the market, and in Finland with 16 percent. Relatively higher prices reduced U.S. apple and pear exports to the Nordic countries during 1981-84. Quality problems also prompted the drop in U.S. sales in 1984.

U.S. table grape exports to Sweden and Norway declined steadily in value during 1981-84. U.S. grape growers encountered quality problems because of unseasonable rains which shortened the shelf-life of export-quality grapes. The continued strong dollar placed U.S. grapes at a competitive disadvantage to other suppliers, such as Spain and Italy.

Although not shown on table 19, U.S. kiwifruit exports to Sweden increased sharply from virtually none in 1978 to $500,000 in 1984. Kiwifruit sales to Finland topped $100,000 in 1984. The Nordic markets have good sales potential for exotic types of fruit. Norway's BAMA A/S indicated the following fruits have sales possibilities in Norway, assuming terms and prices are competitive: avocados, kiwifruit, red pears, pink grapefruit, canteloups, cranberries, and black cherries. The market for U.S. apples could be expanded if U.S. producers were more export-oriented. (BAMA A/S also listed several vegetables that may offer potential for U.S. sales growth. See list in the section entitled *Vegetables*.)

U.S. fresh citrus exports to Sweden and Norway, modest during 1978-83, declined sharply in 1984 mainly because of the availability of most kinds of citrus fruit from other suppliers at lower prices. Several factors placed U.S. citrus at a price disadvantage. Mediterranean citrus producers have made vigorous efforts to expand their sales to the Nordic countries, offering produce at very competitive prices. Another factor contributing to the U.S. price

**Table 19—U.S. fresh and frozen fruit exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Fresh fruit, noncitrus, total | 6,721 | 4,598 | 7,559 | 10,131 | 5,808 | 4,489 | 4,101 |
| Apples | 1,702 | 1,094 | 2,083 | 3,107 | 2,289 | 1,521 | 1,521 |
| Avocados | [2] | [2] | 84 | 2,077 | 383 | 780 | 335 |
| Grapes | 1,588 | 1,096 | 1,376 | 1,262 | 861 | 318 | 208 |
| Pears | 2,854 | 1,963 | 2,810 | 2,400 | 1,725 | 1,381 | 1,388 |
| Other | 577 | 445 | 1,206 | 1,285 | 550 | 489 | 649 |
| Fresh fruit, citrus, total | 2,146 | 2,071 | 3,604 | 2,699 | 1,797 | 2,626 | 849 |
| Grapefruit | 181 | 407 | 336 | 336 | 459 | 888 | 474 |
| Lemons | 1,019 | 1,047 | 1,952 | 1,207 | 939 | 653 | 196 |
| Oranges | 522 | 307 | 1,151 | 1,086 | 365 | 1,021 | [2] |
| Other | 424 | 310 | 165 | 70 | 34 | 64 | 179 |
| Blueberries, frozen | [2] | [2] | 601 | 222 | 476 | 102 | 0 |
| Norway: | | | | | | | |
| Fresh fruit, noncitrus, total | 2,673 | 3,224 | 3,284 | 3,982 | 3,934 | 3,111 | 1,465 |
| Apples | 1,288 | 2,183 | 2,212 | 2,831 | 3,219 | 2,619 | 1,282 |
| Grapes | 686 | 302 | 448 | 335 | 334 | 128 | 76 |
| Pears | 671 | 726 | 584 | 730 | 379 | 325 | 107 |
| Other | 28 | 13 | 40 | 86 | 2 | 39 | 0 |
| Fresh fruit, citrus, total | 664 | 318 | 555 | 475 | 300 | 354 | 0 |
| Oranges | 476 | 163 | 448 | 360 | 276 | 317 | 0 |
| Other | 188 | 155 | 107 | 115 | 24 | 37 | 0 |
| Finland: | | | | | | | |
| Fresh fruit, noncitrus, total | 1,721 | 1,891 | 2,997 | 4,236 | 2,955 | 1,472 | 1,901 |
| Apples | 1,274 | 1,626 | 2,552 | 3,945 | 2,543 | 1,248 | 1,520 |
| Other | 447 | 265 | 445 | 291 | 412 | 224 | 381 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36, 38*).

disadvantage was the decision by a major U.S. supplier to ship its produce to Scandinavia indirectly through other Western European countries rather than to ship directly. Such transshipments increase shipping costs and prices. The prevalence of transshipments also means that the U.S. export data in table 19 may understate actual U.S. sales to the Nordic countries. The long-term decline in U.S. fresh citrus sales to the area can also be attributed to recessionary economic conditions (especially in Sweden), which have increased the price-consciousness of the consumer, sometimes reducing demand for high-quality produce.

### Fruit Juices

U.S. fruit juice exports, principally citrus, to the Nordic countries declined steadily after 1980 (table 20). Brazil is the largest supplier of "fruit and vegetable juices" (a basket category consisting mostly of citrus juices). Sweden bought 39 percent of its fruit and vegetable juices from Brazil during 1981-83. The United States was a distant second with 11 percent of the market. Likewise, Norway obtained 30 percent of its juices from Brazil and 17 percent from the United States. Finland bought 62 percent of its fruit and vegetable juices from Brazil and the remainder from numerous small suppliers (the U.S. share was only 4 percent during 1981-83).

Brazil's predominance in the Nordic citrus fruit markets comes from the ability to offer frozen juice concentrates at lower prices than its main competitors. U.S. sales were also hit by the strong dollar exchange rates and by a series of freezes in Florida during the first half of the eighties. The freezes' cumulative impact seriously limited availability of citrus juices for export.

The factors contributing to the decline in the U.S. share of the market for citrus juices are theoretically reversible. Given more favorable weather conditions in Florida and a more advantageous dollar exchange rate, U.S. sales may return to their previous levels.

### Canned Fruit

U.S. canned fruit exports to the Nordic countries declined after 1980 (table 21). Part of the reason was a rapid expansion of canned fruit production within the EC, stimulated by the EC's processing subsidies. This development has forced the EC's traditional outside suppliers, such as Spain and South Africa, to seek alternative markets for their canned fruit products. The Nordic markets are an obvious target. U.S. exports have faced heavy competition from these non-EC suppliers, and, to a lesser extent, from the expanding EC producers. Spain became an EC member in 1986.

**Table 20—U.S. fruit juice exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Fruit juices, total | 5,690 | 5,309 | 5,915 | 5,163 | 4,697 | 3,034 | 2,053 |
| Grapefruit, frozen | 73 | 115 | 160 | 214 | 36 | 154 | 113 |
| Orange, frozen | 4,705 | 4,324 | 5,079 | 4,162 | 3,831 | 2,244 | 1,770 |
| Other citrus, frozen | 365 | 485 | 417 | 461 | 666 | 510 | 0 |
| Other fruit juices | 547 | 385 | 259 | 326 | 164 | 126 | 170 |
| Norway: | | | | | | | |
| Fruit juices, total | 851 | 987 | 2,232 | 2,212 | 2,062 | 1,839 | 1,680 |
| Grapefruit, frozen | 151 | 183 | 253 | 173 | 113 | 97 | 68 |
| Orange, frozen | 575 | 575 | 1,866 | 1,943 | 1,830 | 1,672 | 1,521 |
| Other fruit juices | 125 | 229 | 113 | 96 | 119 | 70 | 91 |
| Finland: | | | | | | | |
| Fruit juices, total | 270 | 71 | 454 | 778 | 383 | 283 | 73 |
| Grapefruit, frozen | 140 | 71 | 197 | 295 | 139 | 259 | 0 |
| Orange, frozen | 127 | [2] | 146 | 231 | 83 | [2] | 73 |
| Other fruit juices | 3 | 0 | 111 | 252 | 161 | 24 | 0 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36, 38*).

U.S. sales have also been hurt by domestic crop failures. A drop in availability of U.S. peaches, for example, reduced U.S. canned peach production sharply in 1983. The strong U.S. dollar also made U.S. products relatively more expensive in these markets. Consumers shifted demand from canned to fresh and frozen fruit. Thus, volume imports of canned fruits from all sources have declined in recent years. Food services are the main source of demand.

U.S. exports may regain some of the ground lost during 1980-84 when temporary factors, such as the dollar exchange rate and availability of supplies, become more favorable. However, the long-term outlook is clouded by changes in consumer tastes and by the growth of highly competitive sources of supply in Europe and the Southern Hemisphere.

### Meats and Meat Preparations

U.S. meat exports to the Nordic countries are sharply limited by the countries' health regulations. Nordic countries import limited quantities of U.S. beef, veal, and pork mainly for use in hotels and restaurants (table 22).

Sweden is largely self-sufficient in beef and pork production. Imports of frozen beef and veal averaged $23 million, annually, during 1981-83. Australia accounted for 26 percent of Sweden's beef and veal imports during the period; Yugoslavia, 26 percent; Poland, 15 percent; the United States, 10 percent; and the EC countries, 7 percent (35). Denmark supplied 66 percent of Sweden's fresh pork imports which totaled $13 million during 1981-83. While fresh and frozen meats enter Sweden duty-free, they are subject to variable levies.

U.S. meat exports to Norway in 1984 increased to $428,000. Sales of prepared and preserved pork accounted for half the total; frozen beef, 35 percent; and frozen turkey pieces, 15 percent. Norway's total meat and meat preparation imports averaged only $16 million during 1981-83. The main suppliers were the EC, providing 27 percent of Norwegian imports; Sweden, 26 percent; and Australia, 17 percent. The Norwegian tariff on fresh, chilled, and frozen beef was 7 cents per pound (at 1984 exchange rates) and on pork, 6 to 13 cents. Pork from Sweden and the other EFTA countries enters duty-free. A more serious import barrier is Norway's import licensing requirement for all meats and meat preparations. They issue licenses only if domestic supply does not satisfy demand.

Finland is self-sufficient in most types of meat. Imports from all sources averaged $1.4 million during 1981-83. Australia, the USSR, and the EC were the principal suppliers. Imports are strictly controlled

**Table 21—U.S. canned fruit exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Canned fruit, total | 3,803 | 4,001 | 4,620 | 3,483 | 2,980 | 1,492 | 1,602 |
| Fruit cocktail | 1,321 | 1,685 | 2,188 | 1,656 | 1,454 | 704 | 757 |
| Peaches | 982 | 1,507 | 1,768 | 1,239 | 829 | 339 | 268 |
| Pineapple | 635 | 423 | 0 | 34 | 213 | 228 | 319 |
| Other | 865 | 386 | 664 | 554 | 484 | 221 | 258 |
| Norway: | | | | | | | |
| Canned fruit, total | 2,229 | 2,246 | 2,500 | 2,158 | 1,964 | 925 | 529 |
| Fruit cocktail | 853 | 1,285 | 1,283 | 1,153 | 1,074 | 568 | 374 |
| Peaches | 866 | 825 | 1,035 | 748 | 657 | 261 | 0 |
| Pears | 140 | 71 | 110 | 145 | 71 | [2] | 0 |
| Finland: | | | | | | | |
| Canned fruit, total | 1,093 | 1,764 | 1,621 | 1,853 | 1,092 | 766 | 366 |
| Fruit cocktail | 269 | 859 | 734 | 831 | 646 | 284 | 156 |
| Peaches | 568 | 809 | 624 | 876 | 210 | 121 | 62 |
| Other | 256 | 96 | 263 | 146 | 236 | 361 | 148 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5,000.

Sources: (*36*, *38*).

by Finland's import system, which issues licenses only if domestic supply does not satisfy demand.

### Miscellaneous Food Products

Various U.S. food products not classified within the groups already considered have succeeded on the Nordic markets. Table 23 contains a few of these. U.S. spices have a reputation for high quality in Sweden and have proved consistently good sellers. U.S. catsup, chili sauce, and vinegar are other successful seasonings. Such items as spices and condiments are duty-free or charged low tariffs when entering Sweden. Norway reports rapid growth in consumer demand for spices, condiments, and spreads because of a rising interest in fresh foods and ethnic foods.

U.S. wine exports to Sweden increased modestly during 1980-83. Getting wines and other alcoholic beverages into Sweden, Norway, and Finland is difficult because alcoholic beverages are distributed and retailed by state monopolies, which are usually conservative in stocking new labels. Certain exceptions are made for very light beers and other beverages having minimal alcohol content, which may be sold in food retail stores. U.S. bottled wines are also at a disadvantage because of the more favorable tariff treatment accorded to wines imported in bulk and then bottled. Bulk wine is charged much lower tariffs than bottled wine. The presence of U.S. wines in Swedish state liquor stores represents a long-term, hard-won effort by U.S. producers.

Consumer trends toward health and diet foods may offer opportunities for U.S. manufacturers. The U.S. consumer interest in low-sodium foods has not yet caught on in Scandinavia. Because U.S. manufacturers already have the technology and facilities to produce low-sodium foods, the Nordic markets could be a profitable outlet if demand for them develops.

## Agricultural Production in the Nordic Countries

Despite comparatively short growing seasons and cool average annual temperatures, the Nordic countries are self-sufficient producers of most grains and livestock products. Farmers are less able to fulfill domestic demand for fruits and vegetables, but even these are grown in the southern areas and in greenhouses. Agricultural cooperatives play a strong role in the Nordic countries.

### Swedish Agriculture

Swedish agriculture (including forestry and fishing) accounted for 3.1 percent of the nation's GDP in 1980, above the United States's 2.8 percent (*26*). About 230,000 persons earned their livelihood from farming in 1981, 5.3 percent of the total Swedish labor force (compared with 3.1 percent in the United States).

Since 1974, Swedish agricultural policy has aimed at achieving a high level of self-sufficiency in grains, livestock products, and such homegrown basics as potatoes and peas. This goal has been

**Table 22—U.S. meat and meat preparation exports to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Meats and meat preparations, total | 267 | 2,239 | 4,049 | 1,792 | 1,127 | 2,167 | 2,302 |
| Beef and veal, frozen | 6 | 1,035 | 1,834 | 584 | 785 | 1,635 | 1,484 |
| Pork, frozen | 0 | 657 | 1,464 | 688 | 71 | 367 | 818 |
| Other | 261 | 547 | 751 | 520 | 271 | 165 | 0 |
| Norway: | | | | | | | |
| Meats and meat preparations, total | 460 | 501 | 316 | 162 | 149 | 98 | 428 |
| Finland: | | | | | | | |
| Meats and meat preparations, total | 9 | 40 | 20 | 18 | 12 | 21 | 94 |

[1]F.a.s. basis.

Sources: (*36, 38*).

**Table 23—U.S. exports of selected miscellaneous food products to Nordic countries[1]**

| Country and item | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|
| | | | | *1,000 dollars* | | | |
| Sweden: | | | | | | | |
| Catsup, chili sauce | 367 | 565 | 589 | 739 | 789 | 740 | 610 |
| Spices | 352 | 481 | 510 | 409 | 609 | 412 | 498 |
| Vinegar | 251 | 309 | 227 | 257 | 179 | 152 | 163 |
| Vegetable protein isolates | 759 | 889 | 1,454 | 1,252 | 924 | 444 | 466 |
| Still wines (uncarbonated) | [2] | [2] | 74 | 285 | 198 | 340 | 383 |
| Liquid flavors | 206 | 220 | 280 | 212 | 238 | 243 | 504 |
| Norway: | | | | | | | |
| Vegetable protein isolates | 504 | 619 | 618 | 571 | 631 | 80 | 0 |
| Finland: | | | | | | | |
| Licorice root and extract | 186 | 336 | 115 | 272 | 376 | 108 | 410 |
| Liquid flavors | 300 | 359 | 416 | 706 | 615 | 627 | 900 |
| Rennet | [2] | [2] | 114 | 135 | 145 | 151 | 202 |

[1]F.a.s. basis.
[2]Monthly average for year is less than $5000.

Sources: (*36, 38*).

largely achieved. The policy also seeks to ensure farmers throughout Sweden an economic and social standard equivalent to that of comparable nonfarm groups. Government policy seeks to support the traditional family farm while increasing agricultural efficiency. These social goals have not been fully achieved and continue to have high priority.

To promote these goals, the Swedish Government established a system of price supports and variable import levies. Swedish farm policy also includes a system of credit guarantees to enable farmers to enlarge their holdings, to purchase modern equipment, to install irrigation, and otherwise to increase productivity. Since 1961, a Government-operated insurance program has protected major crop producers from catastrophic losses due to crop failures.

The Swedish price-support system and other measures to increase production were so effective that, by the seventies, large and costly surpluses developed. Agricultural policies were modified during 1978-81 to achieve better supply-demand balances and also to facilitate closer income equality between farmers and comparable nonfarm-workers. (*7*).

Swedish farmers' income from agricultural production totaled $3.5 billion in crop year 1981/82. Livestock products accounted for 78 percent of farmers' income, and crops the remainder (table 24). The main cash crops are wheat, potatoes, sugar beets, and oilseeds (particularly rapeseed). Vegetables, including peas, cucumbers, lettuce, cabbage, cauliflower, onions, and beets, are a small but increasing source of farmer income, $38 million in 1981/82.

**Table 24—Sweden: Percentage distribution of farmers' income, by major commodity, crop year 1981/82**

| Commodity | Percentage of income | Commodity | Percentage of income |
|---|---|---|---|
| | *Percent* | | *Percent* |
| Crops | 20.4 | Livestock products | 77.7 |
| Feed wheat | 3.2 | Milk | 38.1 |
| Bread grains | 1.6 | Eggs | 4.2 |
| Rye | .7 | Poultry meat | 2.1 |
| Oats | 2.7 | Beef | 13.9 |
| Barley | 1.7 | Veal | 1.0 |
| Potatoes for food | 2.5 | Pork | 17.5 |
| Potatoes for industrial use | .8 | Other | .9 |
| Sugar beets | 2.9 | Other farm-related income | 1.9 |
| Oilseeds | 3.3 | | |
| Other, incl. horticulture | 1.0 | | |

Source: (*29*).

Southern Sweden's climate is relatively mild, with the growing season averaging 240 days in Skane, the southern tip of the country. This contrasts with

an average growing season of 140 days in the Arctic north. Even in the north, crops ripen in the light of the midnight sun during a short but intensive summer. In the south, farmers cultivate rapeseed, potatoes for processing, peas for canning and freezing, numerous vegetables, berries, apples, and pears. Wheat, barley, rye, and oats are grown on the plains of central Sweden, and the northern areas concentrate on hay and other fodder plants. Greenhouses, mainly situated in southern Sweden, cultivate tomatoes, cucumbers, flowers, and pot plants.

Approximately 75 percent of the Swedish crop harvest provides fodder for livestock. Cattle, the largest income-earner, number about 1.9 million head. Hog farming is increasingly concentrated and commercialized as is poultry meat and egg production. Large plants, often without any arable land, specialize in egg and broiler production. As a result of vigorous price-support and structural improvement policies, Swedish agriculture has achieved high levels of self-sufficiency in many crops and livestock products (table 25). Wheat surpluses are particularly large, making Sweden a substantial net exporter in good crop years.

Edible nuts are not produced commercially in Sweden, an important factor for U.S. exporters. Although noncitrus fruit, like apples and pears, are cultivated, supply does not meet demand.

**Table 25—Sweden: Level of self-sufficiency for selected commodities**

| Commodity | Production | Consumption | Self-sufficiency |
|---|---|---|---|
| | *Million kilograms* | | *Percent* |
| Crops, 1980/81:[1,2] | | | |
| Bread grains | 1,418 | 694 | 204 |
| Feed grains | 3,896 | 3,551 | 110 |
| Potatoes for feed | 841 | 695 | 121 |
| Sugar | 301 | 337 | 89 |
| Livestock products, 1981: | | | |
| Beef and veal | 158 | 145 | 109 |
| Pork | 313 | 280 | 112 |
| Sheep meat | 5 | 6 | 83 |
| Poultry meat | 47 | 47 | 100 |
| Eggs | 113 | 108 | 105 |

[1]Self-sufficiency ratios for crops are somewhat overestimated because consumption data do not include seed use of grains, potatoes, and sugar beets.
[2]1980/81 crop year.

Source: (*28*).

Vegetables are widely grown, but again, there are gaps between supply and demand, particularly during off-season periods. In 1984, 55 percent of Swedish consumption of fresh and frozen fruit was imported, while 30 percent of fresh and frozen vegetables came from abroad. Swedish farmers can supply most domestic demand for grains, potatoes, sugar, meats, and dairy products, but corn, rice, and soybeans must be imported, either in their primary form or processed as soybean cakes, cornmeal, parboiled rice, and other products.

### Norwegian Agriculture

Norwegian agriculture (including forestry and fishing) accounted for 4.5 percent of the nation's GDP in 1980 (*26*). Norway's 146,000 farmers constituted 7.2 percent of the total labor force in 1983 (*27*). Agriculture's role both as a contributor to GDP and as an employer is relatively higher in Norway than in the United States or Sweden.

Norwegian agricultural policy aims at equality of farmers' income with that of comparable nonfarm occupations; greater self-sufficiency, particularly in livestock and dairy products; and maintenance of farming in disadvantaged areas and on marginal land. Farming in much of Norway is hampered by mountains, fjords, and other natural barriers. Over one-third of Norway is above the Arctic Circle. Farms there are small, averaging less than 10 hectares.

Norway's complicated income-support policy for farmers is made up of price support payments and a system of consumer subsidies. A highly protective import license system keeps lower priced imports from undercutting Norway's relatively high price supports.

Norwegian farmer income totaled $2.7 billion in 1982. Livestock products accounted for almost 70 percent of income (table 26). Norway has achieved self-sufficiency in the principal meats (table 27). Norway produces all or most of its needs for barley, oats, potatoes, berries, and eggs. However, Norway must rely on imports for 100 percent of its sugar and citrus fruit, 90 percent of its wheat, and over 50 percent of its noncitrus fruit. Norway produces most of its vegetable requirements (85.4 percent in 1981). Corn, rice, edible nuts, and soybeans must be imported.

Norway's reliance on food imports of fruit, certain vegetables, rice, edible nuts, spices, and condiments offers export opportunities for U.S. producers and processors.

## Finnish Agriculture

Finnish agriculture (including forestry and fishing) accounted for 8.2 percent of the GDP in 1980 (*26*). Forestry is closely related to farming in Finland, so most farmers turn to forestry during the long winter season (farms generally include stands of trees for harvesting). More than 300,000 persons earned their livelihood from farming in 1983, 12 percent of the total labor force (*27*).

**Table 26—Norway: Percentage distribution of farmers' income, by major commodity, 1982**

| Commodity | Percent of income |
|---|---|
| | *Percent* |
| Livestock products | 68 |
| Milk | 33 |
| Beef and veal | 18 |
| Pork | 9 |
| Eggs and Poultry | 4 |
| Other | 4 |
| Crops | 27 |
| Grains | 14 |
| Fruit, berries, flowers | 8 |
| Vegetables | 3 |
| Potatoes | 2 |
| Other income | 5 |

Source: (*31*).

**Table 27—Norway: Level of self-sufficiency for selected commodities, 1981**

| Commodity | Production | Consumption | Self-sufficiency |
|---|---|---|---|
| | *Thousand tons* | | *Percent* |
| Grains, total | 1,123.4 | 1,793.0 | 62.6 |
| Wheat | 51.3 | 476.8 | 10.8 |
| Barley | 603.1 | 649.0 | 92.9 |
| Oats | 466.1 | 404.0 | 115.4 |
| Potatoes, fresh | 522.2 | 544.4 | 95.9 |
| Vegetables | 191.3 | 223.9 | 85.4 |
| Fruit, noncitrus | 87.0 | 197.2 | 44.1 |
| Berries | 55.1 | 57.0 | 96.7 |
| Meat, total | 217.7 | 209.9 | 103.7 |
| Beef | 74.6 | 70.0 | 106.6 |
| Pork | 84.9 | 81.8 | 103.8 |
| Poultry | 12.0 | 11.3 | 106.2 |
| Other | 46.2 | 46.8 | 98.7 |
| Eggs | 45.0 | 46.1 | 97.6 |

Source: (*31*).

Although Finland is one of the world's northernmost nations, its climate, especially in the south and west, is somewhat warmed by the Gulf Stream. The growing season ranges from 175 to 180 days in the south and to 130 days in the Arctic north. Even in the north, however, the short growing season is helped by very long periods of sunlight each day.

Finnish agricultural policy aims at achieving self-sufficiency in the basic food commodities, safeguarding and improving farmers' income while keeping consumer food prices at affordable levels, improving the structure of agriculture to increase productivity while preserving the family farm, and maintaining the farm population in remote, disadvantaged areas (*10*).

High government price supports for basic commodities and increased use of inputs, including fertilizers, irrigation, feeds, and improved crop varieties and animal breeds, combined to generate large surpluses in some years. The government adopted measures to control surplus production of grains, milk, eggs, beef, and pork.

The average Finnish farm is small: 12 hectares of arable land and 35 hectares of forest. Finnish agriculture is based on private family farms and is quite specialized. Finland emphasizes maintaining farms in the remote, sparsely populated regions in the north. The chief crops are hay (40 percent of cultivated land), barley, oats, spring and winter wheat, rye, rapeseed, sugar beets, and potatoes.

Gross agricultural income reached an estimated $3.5 billion in 1983. Livestock products accounted for almost 75 percent of total income (table 28). Finland is usually self-sufficient in production of dairy products, eggs, beef, and pork (table 29). Extremes of climate bring about wide variations in food grain self-sufficiency, however. A disastrous crop failure during the 1981/82 crop year was responsible for the abnormally low self-sufficiency level for food grains in 1982. Finnish farmers can usually meet most domestic needs for outdoor vegetables, such as carrots, other root crops, cabbages, and potatoes. However, only about 75 percent of demand for greenhouse crops, such as tomatoes, lettuce, and cucumbers can be met. Fruits and berries must be largely imported because Finnish producers can handle only about 30 percent of domestic demand. Corn, rice, and edible nuts must be imported. The rise in sugar self-sufficiency dur-

ing the seventies came from government policy which increased production through support programs and production targets.

## Food Processing in the Nordic Countries

The three Nordic countries have well-developed food-processing industries, most of which compete with U.S. and other foreign processors.

### Food Processing in Sweden

Sales by the Swedish food-processing industry totaled $7.7 billion in 1982 (13 percent of total Swedish industrial production). The meat, poultry, and egg sector led with 32 percent of the industry's sales, followed by dairy products and bakery products (table 30). Sixty percent of the food industry's sales go to wholesale/retail distributors for sale to household consumers (*15*). The foodservice industry (restaurants, schools, and other public dining facilities), and other food processors buy 34 percent of the food industry's output. Four percent of sales go to export markets, while the government buys the remaining 2 percent. Swedish-based manufacturers supply about 80 percent of the Swedish market for processed foods.

The Swedish food-processing industry is divided into protected and nonprotected sectors. The protected sectors, shielded from foreign competition through trade restrictions, comprise slaughterhouses, meat processors, dairy processors, egg producers, grain mills, bakeries, and the sugar industry.

Swedish farmer and consumer cooperatives play a dominant role in food processing. In 1978, farmers' cooperatives accounted for an estimated 45 percent of the value of Swedish food products, principally in the meat, dairy product, egg, and milling sectors (*15*). Consumer cooperatives (combined in the KF organization) produce a broad range of processed products, mainly for sale in consumer cooperative stores. These products include meats, flour, bakery

**Table 28—Finland: Percentage distribution of farmers' income, by major commodity, 1982**

| Commodity | Percent of income |
|---|---|
| | *Percent* |
| Livestock products | 73 |
| Milk | 39 |
| Beef and veal | 15 |
| Pork | 13 |
| Eggs | 4 |
| Poultry | 1 |
| Other | 1 |
| Crops | 27 |
| Barley | 8 |
| Wheat | 5 |
| Oats | 4 |
| Sugar beets | 2 |
| Oilseeds | 2 |
| Potatoes | 2 |
| Rye | 1 |
| Vegetables | 2 |
| Berries | 1 |

Source: (*37*).

**Table 29—Finland: Level of self-sufficiency for selected commodities**

| Commodity | Self-sufficiency[1] | | |
|---|---|---|---|
| | 1970 | 1980 | 1982 |
| | | *Percent* | |
| Food grains | 114 | 70 | 56 |
| Dairy products | 126 | 128 | 125 |
| Beef and veal | 110 | 102 | 109 |
| Pork | 111 | 119 | 124 |
| Eggs | 138 | 151 | 158 |
| Sugar | 29 | 60 | 60 |
| Fruits and berries | NA | 30 | NA |
| Vegetables, outdoor | 70 | 90 | 90 |
| Vegetables, greenhouse | NA | 73 | 73 |

NA = not available.
[1]Domestic production as a percentage of total domestic consumption.

Source: (*1*).

**Table 30—Sweden: Number of enterprises and annual sales, food processing industry, 1984**

| Sector | Enterprises | Sales |
|---|---|---|
| | *Number* | *Million dollars*[1] |
| Food and beverages, total[2] | 816 | 7,302 |
| Meat, poultry, eggs | 172 | 2,286 |
| Dairy products | 113 | 1,526 |
| Preserved fruit and vegetables | 41 | 489 |
| Grain mill products | 17 | 219 |
| Bakery products | 287 | 599 |
| Sugar refining and confectionery | 40 | 533 |
| Fats and oils | 6 | 372 |
| Fish, seafood | 55 | 168 |
| Other food products[3] | 48 | 562 |
| Beverages[2] | 37 | 548 |

[1]One dollar equal 8.2718 Swedish kronor.
[2]Includes soft drinks, mineral waters, and light beers.
[3]Includes coffee, starches, yeast, honey, spices, and salad dressings.

Source: (*40*).

goods, preserved fruit and vegetables, margarine, ice cream, chocolate candy, coffee, tea, and spices, accounting for an estimated 13 percent of Swedish food-processing output. Swedish privately owned food-processing companies, active in all sectors of the industry, accounted for about 30 percent of total output by value.

Foreign subsidiaries in Sweden were responsible for about 12 percent of food-processing output in 1978 (*15*). They produced 60 percent of Swedish preserved vegetable and fruit production, and supplied coffee, oils and fats, condiments, spices, and other products. Foreign subsidiaries are defined as enterprises in which at least 50 percent of the share capital is foreign-owned. The Swedish fruit-and-vegetable-processing industry is particularly vital to U.S. exporters, because it buys many of its raw materials from abroad.

Meat and meat products are the largest export of Sweden's food-processing industry, averaging $137 million, annually, during 1981-83 (*35*). Other major food exports are chocolate and chocolate products ($45 million), dairy products ($62 million), grain products ($48 million), and fruits and vegetables ($46 million). Sweden's food exports to the United States averaged $22 million during 1981-83. The leading exports were cheese ($3.6 million), chocolate products, and alcoholic beverages.

## Food Processing in Norway

The output of Norway's food-and-beverage-processing industry totaled $6.1 billion in 1982 (*31*). The meat, poultry, and egg sector accounted for 25 percent of output in 1979, followed by fish and seafood (17 percent), dairy products (14 percent), and fats and oils (12 percent).

Nearly 75 percent of raw meat is supplied to slaughterhouses, packers, and processors through the Norwegian Farmers' Meat Marketing Association, which also handles a large share of meat imports. Virtually all milk supplied to the dairy products industry comes through another farmers' cooperative, the Norwegian Milk Producers' Association.

The Norwegian preserved fruit and vegetable sector relies heavily on shipments from the United States and other foreign suppliers, importing an estimated 33 percent of its raw vegetables and 65 percent of its raw fruit materials (*39*). Because of the small size of the market, the variety of items produced is limited. Fruit juices, potato products, soups, marmalades and jams, and canned and frozen vegetables are among the leading sellers.

Fish and seafood, by far the largest export of Norway's food-processing industry, earned $807 million in 1983 (*25*). Other major exports were cheese ($50 million), butter ($13 million), and meat ($10 million). Norwegian food exports to the United States averaged $113 million, annually, during 1981-83, 9.5 percent of total Norwegian food exports. The largest shipments were fish and seafood ($75 million) and cheese ($29 million). Other significant exports to the United States included fish oils, flat bread, and alcoholic beverages.

## Food Processing in Finland

Sales by the Finnish food-processing industry totaled $6.9 billion in 1982 (17 percent of total Finnish industrial production). Dairy, meat, and bakery products were the largest sectors (table 31). Food processing is Finland's third-largest manufacturing industry, employing nearly 60,000 persons, about 10 percent of the total industrial labor force.

The food-processing industry, like all major Finnish industries, features extensive modernization, growth in company size, and concentration of production. The number of food-processing firms has declined, while their size (in terms of assets and sales) has increased. Consequently, each food industry sector (except bakery products) is dominated by just two to eight large concerns (*9*). The bakery sector is largely dispersed among about 500 establishments, but

**Table 31—Finland: Annual sales and number of enterprises, food-processing industry, 1982**

| Sector | Enterprises | Sales |
|---|---|---|
| | *Number* | *Million dollars*[1] |
| Food and beverages, total[2] | 1,096 | 6,865 |
| Dairy products | 157 | 1,870 |
| Meat products | 159 | 1,860 |
| Bakery products | 506 | 546 |
| Grain mill products | 50 | 225 |
| Cocoa, chocolate, and sugar confectionery | 10 | 178 |
| Fruit and vegetable products | 40 | 142 |
| Other products[3] | 147 | 1,603 |

[1]One dollar equal 4.8204 Finnish marks.
[2]Includes soft drinks, mineral waters, and beer.
[3]Includes sugar refining, edible oils and fats, coffee roasting, and animal feeds.

Source: (*5*).

even so, large nationwide bakery firms are increasing their share of sales.

Finland's cooperatives, both producer and consumer, own half of the food-processing industry in terms of gross asset value. Private interests own the other half. An estimated 85-90 percent of milk, butter, and cheese sold in Finland is processed by members of the Finnish Dairy Cooperative Association (Valio). About 80-90 percent of meat reaches the market through cooperative-owned slaughterhouses and meat-processing firms. Producer and consumer cooperatives market 60 percent of the eggs.

Privately owned (noncooperative) food-processing companies are active in all sectors, particularly those outside the livestock product field. Finland's largest manufacturer of confectioneries and bakery products is heavily engaged in food catering and operates a subsidiary in Sweden. Another private corporation has a 65-percent national market share for potato products, 43 percent for vegetable oils, and 32 percent for margarine and is a major producer of flour and other milled products (8). Ninety percent of raw materials used by Finland's food-processing industry are produced domestically. The main imported raw materials are coffee beans, oilseeds, sugar, fruit, vegetables, cocoa beans, and cocoa butter.

Finland's food exports averaged $458 million during 1981-83, of which the United States took $41 million, a 9-percent share. Dairy products and eggs are the largest Finnish food export, accounting for 37 percent of the total, followed by meats (21 percent), sugar and sugar confectioneries (9 percent), chocolate preparations, bakery products, and alcoholic beverages. Finnish food exports to the United States during 1981-83 were topped by cheese ($33 million), alcoholic beverages ($2.8 million), and chocolate confectioneries ($1.6 million).

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(19) Nordic Council, Nordic Statistical Secretariat. *Yearbook of Nordic Statistics.* Stockholm.

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(22) Organisation for Economic Co-operation and Development. *Economic Surveys.* Paris, annually.

(23) _____. *Food Consumption Statistics.* Paris, periodically.

(24) _____. *Long-term Outlook for the World Automobile Industry.* Paris, 1983.

(25) _____. *Main Economic Indicators.* Paris, monthly.

(26) _____. *National Accounts of OECD Countries.* Paris, annually.

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## Appendix 1: USDA Services for U.S. Exporters

USDA offers several services that can assist U.S. exporters in entering the market or in increasing their sales to the Nordic countries.

USDA's Economic Research Service (ERS) studies international commodity trade, supply, and demand conditions, foreign agricultural production, and trade and price policies. ERS publishes reports and research papers on these subjects. It also regularly publishes the quarterly *World Agricultural Situation* and the bimonthly *Foreign Agricultural Trade of the United States.*

USDA's Foreign Agricultural Service (FAS) provides many services and publications relating to foreign market development and assistance to U.S. exporters of agricultural and food products. FAS operates 12 agricultural trade offices throughout the world in an expanding program to assist U.S. exporters. The FAS sales team program arranges for personal visits by U.S. business representatives

to foreign buyers. When a market with export potential is identified, FAS arranges for five or six firms handling food products with sales potential in that market to participate in sales missions. USDA makes all necessary arrangements, including travel, appointments, and supply of brochures.

FAS carries out export development activities in cooperation with more than 50 agricultural trade and producer groups. The service involves holding jointly financed activities, such as advertising, merchandising, trade servicing, and training.

FAS's Agricultural Information and Marketing Services (AIMS) provides agricultural data, trade information, and market services. Several services alert U.S. exporters to opportunities with foreign buyers.

A new marketing research tool available through AIMS is the *International Marketing Profile* (IMP) report series. Using an innovative approach that stresses an array of FAS information-processing technologies, the IMP's combine two major sources of export market information—detailed international trade statistics and foreign importer mailing lists—into one product. Two series of automated marketing research reports are available, one series examining the agricultural trade activity in selected countries and the other examining markets for specified commodity groups.

Another tool available through AIMS is the trade leads program. Foreign buyers who want to purchase U.S. agricultural products contact FAS representatives abroad. Specific product interests are forwarded to FAS, Washington, DC, and are made available to U.S. exporters through three services: commercial electronic dissemination to subscribers, computerized direct mail to subscribers, and the weekly FAS trade bulletin *Export Briefs*. These services are available for a fee.

Product publicity in foreign markets is another AIMS service. The monthly newsletter *CONTACTS for U.S. Farm Products* enables American companies to introduce U.S. food and agricultural products to foreign markets. *CONTACTS* publicizes the availability of new U.S. food and agricultural products and related services. Product announcements are published on a first-come-first-serve basis, with publication preference given to new-to-market products and new-to-market firms. This service is free. A brief 100-word description of the product, plus the contact name and address of its manufacturer, is published in the newsletter. The newsletter is sent monthly to FAS overseas agricultural officers who distribute the information to agricultural importers in their countries of assignment. The information is translated into Japanese, Spanish, French, Italian, and Greek and mailed to over 15,000 firms worldwide.

Through its *Foreign Importer Listings*, AIMS provides interested U.S. producers and exporters with names, addresses, and telex numbers of foreign firms that may want to import their products. This information is available on a foreign-country or commodity basis. The cost of these custom reports depends on the amount of information requested.

The FAS label clearance program can provide U.S. exporters with a preliminary screening of their product labels in foreign markets to determine whether the country's labeling and ingredient requirements are met. This service can help U.S. food processors and exporters avoid costly delays in marketing their products.

FAS provides many other services, such as new product testing and sponsoring trade exhibits overseas. U.S. exporters can find out more about these programs by contacting the following:

Western Europe Branch, IED-ERS-USDA
Room 840
1301 New York Ave., NW
Washington, DC 20005-4788
Telephone (202) 786-1720

Export Programs Division, FAS-USDA
Room 4944, South Building
14th and Independence, SW
Washington, DC 20250
Telephone (202) 447-3031

U.S. Agricultural Counselor
American Embassy
Dag Hammarskjold Alle 24
Copenhagen, Denmark
Telephone (011-45-1) 423-144
Telex 22216
(Handles both Denmark and Norway)

U.S. Agricultural Attache
American Embassy
Strandvagen 101
S-11527 Stockholm
Telephone (011-46-8) 783-5390
Telex 12060 AMEMBS
(Sweden and Finland)

## Appendix 2—Business Practices

Business practices in Sweden, Norway, and Finland are similar to those of the United States. Commercial and financial institutions are well organized, and their principal offices are usually located in Stockholm, Oslo, and Helsinki.

### Sweden

**Language.** Swedish businesspeople, especially those involved in international trade, are usually fluent in English. Swedish executives travel extensively in Europe and the United States. They are familiar with English-language trade and technical journals and books. The Swedish language closely resembles Norwegian and Danish.

**Business Hours and Holidays.** Offices generally open at 8:30 a.m. or 9 a.m. and close at 5 p.m. on weekdays (sometimes at 3 p.m. or 4 p.m. in summer). Most business offices are closed on Saturdays. Banking hours usually run from 9:30 a.m. to 3 p.m. weekdays, with late afternoon service (4:30 p.m. to 6 p.m.) on certain days.

Sweden has 11 national holidays: New Year's Day; Good Friday; Easter Sunday; Easter Monday; Labor Day (May 1); Ascension Day (sixth Thursday after Easter); Whitmonday; Midsummer Day (the Saturday between June 19 and 26); All Saints' Day (first Saturday in November); and Christmas (December 25 and 26). Most organizations also close on Midsummer Eve, Christmas Eve, and New Year's Eve. Government, banks, commercial institutions, and offices generally close at 1 p.m. on the day before major holidays such as Labor Day, Ascension Day, and All Saints' Day.

July is a traditional vacation month in Sweden. Many offices either close or work with very reduced staffs during the entire month. The business slowdown begins the last week of June and lasts through mid-August. Business visitors are advised to avoid traveling to Sweden during this period as they could find Swedish executives unavailable, unless they have made prior arrangements. Business appointments are also difficult to make between December 22 and January 6.

**Major Business Centers.** Sweden is the third largest country in Europe, with a land area of 173,423 square miles, roughly the size of California. Its population in 1984 was 8.3 million. Over 90 percent of the population resides in central and southern Sweden.

Stockholm, situated on the east coast, is Sweden's capital and business center. The city proper has a population of approximately 653,455, while the Stockholm metropolitan area numbers over 1 million. Many of the suburbs are noteworthy for their modern shopping facilities and excellent transportation links with the central city.

Most of the head offices for Swedish industrial and commercial associations, as well as the head offices for many of Sweden's largest corporations, are located in Stockholm and its environs. Most of the large purchasing organizations, such as the Cooperative Union (which is the central purchasing agent for most Swedish consumer cooperatives), the major retail buying organizations and chains, and many of the largest wholesalers, are based in the capital.

Several cities with populations over 100,000 lie within 125 miles of Stockholm: Uppsala, Norrkoping, Orebro, Linkoping, and Vasteras.

Sweden's southwestern quadrant includes several major population centers. Gothenburg (Goteborg), on the west coast, is the main international shipping port and the site of several major industries. Its population is 424,000. Other major cities in Sweden's southwestern quadrant include Malmo (population 229,000), Helsingborg (105,000), Boras (100,000), and Lund (81,000). Jonkoping, situated in south-central Sweden, is the site of the Ministry of Agriculture. Its population is 107,000.

Although Sweden's northern half contains less than 10 percent of the population, it is the site of many large factories, especially in the forest products field. It includes Sweden's largest mines and hydroelectric facilities. Major cities include Sundsvall, Skelleftea, Lulea, and Umea. Food distribution, despite difficult climate and the low population density, is modern and well organized.

**Transportation.** Ocean shipping to Sweden via U.S. flag carriers from the Eastern United States is rapid and convenient. Voyage time from New York to Gothenburg for general cargo on scheduled carriers is normally about 10 days if shipment is direct. The voyage time is longer, of course, if the cargo is routed via other European ports. The most important ports serving international shipping are Gothenburg, Stockholm, Helsingborg, and Malmo.

Once cargo has arrived in Sweden from the United States, it can be forwarded to any point in the country within 24 hours. Domestic rail, truck, and air services are well equipped for efficient movement of goods in the Swedish market. Rail service is available to the Arctic north and the sparsely settled north-central area, as well as to the more densely populated sections of the country. Truck services are well developed throughout the country.

**Commercial Practices.** Sales quotations are usually given either c.i.f. port of destination, or f.a.s. or f.o.b. port of shipment. The first method is generally preferred by Swedish importers. Large firms and department stores, however, sometimes buy on f.a.s. or f.o.b. terms because they may prefer to arrange for shipping and insuring the goods themselves. Quotations and invoicing are usually in terms of the currency and country of origin.

There is no uniformity in the method of payment for imports to Sweden. In recent years there has been a trend toward more liberal financing, as opposed to payment by letters of credit or cash. Letters of credit are customarily used mainly for handling certain staple commodities and transit shipments. Knowledge of the market competition, and of the customer, are generally the prime considerations in deciding whether to use sight drafts, time drafts, or open accounts. General terms of sale are payment within 30 to 90 days after delivery, varying with the commodity and credit standing of the importer.

**Taxes.** U.S. goods exported to Sweden are subject to the value added tax (VAT), which applies to both domestically manufactured and imported products. The VAT is levied on both domestic and imported goods at a rate of 23.46 percent. On imported goods, the tax is payable to the Swedish Customs Authority at the time of entry in much the same way as customs duties. The VAT is levied on the c.i.f., duty-paid value of the imported product.

The Swedish VAT applies to almost all goods and services, including foods. A few items such as prescription medicines and dental services are exempt. In addition, a lower effective VAT rate applies to restaurant services.

The Swedish Government levies excise taxes on several items, including sugar, malt, carbonated beverages, liquors, and wines.

## Norway

**Language.** Most Norwegian businesspeople who are engaged in international trade are fluent in English. U.S. business visitors seldom encounter communications problems, especially in the larger cities like Oslo, Bergen, and Stavanger.

**Business Hours and Holidays.** Business hours throughout Norway are generally from 9 a.m. to 4 p.m. on weekdays.

Norway's national holidays are: New Year's Day, Maundy Thursday, Good Friday, Easter Monday, Ascension Day, Labor Day (May 1), Norwegian Constitution Day (May 17), Whitmonday, Christmas Day, and the day following Christmas. At Easter time, many businesses close at noon on the Wednesday prior to Easter and remain closed until Tuesday morning following Easter.

July and August are the traditional vacation months in Norway. Serious business visitors should avoid traveling to Norway during this period as they could find Norwegian executives unavailable, unless they have made prior arrangement. Many Norwegian firms close or operate on skeleton staffs during the last 3 weeks in July.

**Major Business Centers.** Norway is Europe's fifth largest country with a total area of 149,000 square miles (the mainland is 125,000 square miles and the far-northern island of Svalbard is 24,000 square miles). A rugged mountain range separates the west coast from the rest of the country, making goods distribution difficult in many areas. Norway's population totals 4.1 million.

Oslo, the capital and business center, has a population of about 450,000 (including adjacent suburbs). Oslo serves a wider area called Ostlandet (Eastern Norway), whose population is about 2 million. Oslo includes head offices of most major firms and business associations.

Norway's second-largest city, Bergen (population 207,000), is a major shipping and transportation center. It serves much of the area traditionally called Vestlandet (Western Norway).

Trondheim is Norway's third largest commercial center. The city proper has a population of 137,000. It serves a larger marketing area in central Norway called Trongdelag, whose population is about 366,000. This region includes large metal and min-

ing facilities and is noteworthy for its agriculture and fishing.

Stavanger (population 92,000), located about 100 miles south of Bergen, is Norway's fourth major commercial center and Norway's "oil capital," a base for oil drilling and exploration operations in the North Sea.

**Transportation.** Norway's principal seaports are Oslo, the main port of entry for the southeastern area; Bergen and Stavanger, providing access to the west-central and southwestern areas, respectively; Kristiansand, serving the extreme southern region; and Trondheim and Tromso in the north. Ocean shipping to Norway from the U.S. eastern seaboard and gulf ports is rapid and convenient.

Shipping to Norway by air freight or air express is facilitated by frequent regularly scheduled air passenger and freight service. Oslo is served by two airports: Fornebu, about 10 minutes from the city center, and Gardemoen, about 36 miles from the city. Two other major airports handle international traffic: Sola airfield at Stavanger and Flesland airfield near Bergen.

While rail transportation is available between Oslo and many cities in Norway's southern half (including Bergen), the mountainous terrain and deep fjords preclude service to most west coast and northern points.

Highway trucking services, although not yet developed to an extent comparable with that found in the more populous European countries, has developed steadily over the past few years. The best system of highways radiates from Oslo, linking that city and Kristiansand, Bergen, Stavanger, and Sweden.

**Commercial Practices.** Norwegian importers generally prefer sales quotations on a c.i.f. port of destination basis. Quotations and invoices are usually in terms of the currency and country of origin.

In view of the competitive nature of the Norwegian market, exporters seeking a foothold have had to grant increasingly favorable credit terms. In recent years, there has been a trend toward more liberal financing, as opposed to payment by letters of credit or cash. Letters of credit are customarily used for handling certain staple commodities and transit shipments. Knowledge of the market competition and of the customer are generally the prime considerations in deciding whether to use sight drafts, time drafts, or open accounts.

General terms of sale are payment within 30 to 90 days after delivery, varying with the commodity and credit standing of the purchaser.

**Taxes.** By far the most important indirect tax in Norway is the value added tax (VAT), levied at the rate of 20 percent on both domestic and imported goods. Exports from Norway are not subject to the VAT.

On imported foods, the value added tax is payable to Norwegian Customs Authorities at the time of entry in much the same way as customs duties. The VAT is levied on the c.i.f., duty-paid value of the imported product. The effective rate is 20 percent. The Norwegian VAT applies to almost all goods and services, including foods.

The Norwegian Government levies excise taxes on several items, including chocolate, confectioneries, cosmetics, alcoholic beverages, and tobacco products.

## Finland

**Language.** Finland has two official languages, Finnish and Swedish; most business houses are able to correspond in either. Finnish is spoken by 94 percent of the population, and Swedish by 6 percent. In addition, most businesses correspond in English or German. Catalogs, brochures, price lists, and specifications are accepted in English and usually German, but specifications in the metric system are preferred.

**Business Hours and Holidays.** Banking hours vary slightly with different banks, being generally 9:15 a.m. to 4:15 p.m. in the winter and 9:15 a.m. to 3:30 p.m. or 4 p.m. in the summer. Most offices close on Saturday. Because of vacations in July and August, most Finnish business executives are not available then except by advance appointment.

The following holidays are observed by all Finnish banks and businesses: New Year's Day, Good Friday, Easter Monday, May Day (May 1), Independence Day (December 6), Christmas, and Second Christmas Day (December 26). In addition, Epiphany, Ascension Day, Whitmonday, Midsummer's Day, and All Saints' Day have been rescheduled to fall on a Saturday.

**Major Business Centers.** Because of population concentration, marketing and distribution are simplified in Finland. Nearly 70 percent of the population lives

in the southern one-third of the nation. Total population is 4.9 million. The area is 130,161 square miles.

The most important marketing area in Finland is focused in the three largest cities: Helsinki (the capital), Tampere, and Turku. About 100 miles apart, the three cities form a triangle in southwestern Finland. Because of its population density and excellent transportation facilities, the Helsinki-Tampere-Turku triangle is the logical starting point for any survey of the Finnish market.

The commercial center of Finland is Helsinki, with a population of approximately 484,000 (excluding suburbs). Despite growing decentralization, head offices of many of Finland's larger companies remain located in Helsinki. Most of the large purchasing organizations, the major retail buying organizations, and larger wholesalers are based in the capital.

**Transportation.** Transshipment facilities, by various lines, are available from eastern U.S. and gulf ports to all the major Finnish ports. Regularly scheduled service requires approximately 3 weeks. Finland's most important ports are Helsinki, Turku, Naantali, Mariehamm, and Kotka.

The majority of Finnish harbors are icebound in January, February, and March. Ice is usually at its worst in February. Icebreakers keep the major ports open. All the main Finnish ports have harbor facilities for deep-water shipping with dockside loading and discharge facilities. Even in winter, turnaround time is not excessive. The unloading and storage facilities for general cargo at Finnish ports are generally quite good. Efficient rail, road, and air freight facilities are available throughout Finland.

**Commercial Practices.** Finnish buyers prefer quotations on a c.i.f. Finnish port basis. Large firms sometimes handle their own shipping arrangements and are willing to accept f.o.b. U.S. east coast ports. American sellers quote in U.S. dollars, and this is agreeable to Finnish importers. General terms of payment are cash against documents, but many firms with longstanding commercial relations operate on 30-60-day credit. Customers starting out with a new account will usually agree to payment on letter of credit on initial orders. However, operating capital is in short supply (and expensive), and firms generally prefer not to operate permanently on letter of credit.

**Taxes.** Finland levies a turnover or sales tax on nearly all imported and domestic goods. The rate is 16.28 percent of the value of the taxable item. In the case of imports, the tax is collected on the c.i.f. duty-paid value of the item.

The Finnish turnover tax is based on the principle that the tax should be levied only on the end prices for all products. It is therefore paid on the selling price at the wholesale stage and on the selling price minus the purchase price at the retail stage. In other words, the retailer pays the tax only on the increment or difference between the retail price and the wholesale price.

Excise taxes are levied on certain confectionery products, malted drinks, spirits, wine made of berries, soft drinks, edible fats, tobacco, liquid fuels, oil cake, and sugar products.

## Appendix 3: Useful Addresses

Following are the addresses, telephone, and telex numbers of several business and foreign government contacts for U.S. food exporters to the Nordic countries. Overseas telephone numbers include the country code number (for example, 46 for Sweden), the area code within the country (for example, 8 for the Stockholm area) and the local telephone number.

### Sweden

Arvid Nordquist HAB
Box 1285
S-17125 Solna
Tel. 46-8-289080
Telex 10047

DAGAB
Anderstorpsvagen 22
S-17178 Solna
Tel. 46-8-272980

Federation of Swedish Wholesalers and Importers
Box 5512
S-11485 Stockholm
Tel. 46-8-635280
Telex 19673 aluder S

ICA
Box 6187
S-10233 Stockholm 6
Tel. 46-8-7284000
Telex 19435 ICAS

Kooperativa Forbundet (KF)
Box 15200

S-10465 Stockholm 15
Tel. 46-8-7431000
Telex 19490

National Swedish Agricultural Market Board
Vallgatan 8
S-55182 Jonkoping
Tel. 46-36-169480

Swedish National Food Administration
Box 622
S-75126 Uppsala
Tel. 46-18-175500
Telex 76121 SLVUPS

United Nordic, Inc.
Anderstorpsvagen 22
S-17178 Solna
Tel. 46-8-272980
Telex 17410

Vivo-Favor
Box 1301
S-17125 Solna
Tel. 46-8-7349835

**Norway**

Bama-Gruppen A/S
Filipstadv. 1B
Box 2431 Solli
Oslo 2
Tel. 47-02-411350
Telex 71382

Koff Gruppen A/S
Erling Skjalgssonsgate 19
Box 3013 Elisenberg
0207 Oslo
Tel. 47-02-390101
Telex 78658

Norges Colonialgrossisters Forbund (NCF)
Karl Johans Gate 1
0154 Oslo 1
Tel. 47-02-202335

Norwegian Co-operative Union and Wholesale Society (NKL)
Rivierstredet 2
Box 1173 Sentrum
0107 Oslo 1
Tel. 47-02-206290
Telex 79450

Norwegian Ministry of Consumer Affairs and Government Administration
Box 8004 DEP.
Oslo 1

Norwegian Ministry of Social Affairs
Helsedirektoratet—Health Services of Norway
Akersgt. 42
Box 8128 DEP.
Oslo 1
Tel. 47-02-118249

UNIL A/L (Kolonialgrossistenes Importservice)
Prinsensgate 1
Box 72 Sentrum
Oslo 1
Tel. 47-02-202335
Telex 76001

**Finland**

The Finnish Cooperative Wholesale Society (SOK)
Box 460
00101 Helsinki 10
Tel. 358-90-1881
Telex 124456

The Finnish Wholesalers and Importers Association (Suomen Tukkukauppa)
PL 150
00251 Helsinki 25
Tel. 358-0-441651

KESKO Oy
Satamakatu 3
00160 Helsinki 16
Tel. 358-0-1981
Telex 124748

National Board of Trade and Consumer Interests (Elinkeinohallitus)
Haapaniemenkatu 413
SF-00531 Helsinki 53
Tel. 358-0-7031

TUKO Oy
Box 24. SF-00131 Helsinki 13
Tel. 358-0-6191
Telex 122722

**United States**

Embassy of Finland
3216 New Mexico Ave., NW
Washington, DC 20016
Tel. (202) 363-2430

Finnish-American Chamber of Commerce
Finland House
540 Madison Ave.
New York, NY 10022
Tel. (212) 832-6550

Embassy of Norway
3401 Massachusetts Ave., NW
Washington, DC 20007
Tel. (202) 333-6000

The Norwegian-American Chamber of Commerce
800 Third Avenue
New York, NY 10022
Tel. (212) 421-9210

Embassy of Sweden
600 New Hampshire Ave., NW
Washington, DC 20037
Tel. (202) 298-3500

The Swedish-American Chamber of Commerce
One Dag Hammarskjold Plaza
New York, NY 10017
Tel. (212) 838-5530

The Swedish-American Chamber of Commerce
of the Western United States
World Trade Center
San Francisco, CA 94111
Tel. (415) 781-4188

Nordisk Andelsforbund California, Inc.
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Suite 2220
San Francisco, CA 94105

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