3. Foreign trade with ICT products

The Western industrialised countries began in the 1990's to emphasise the role of certain strategic industrial branches in their production, often the manufacture of computers and office machinery, telecommuni-cations equipment and industrial and consumer electronics.

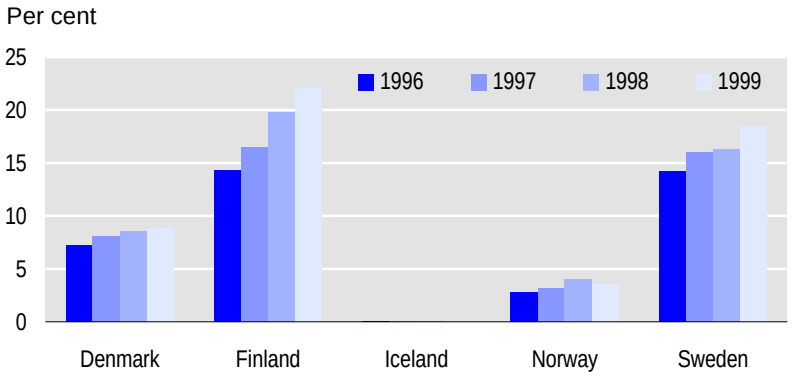
The volumes and trends of exports and imports of industrial information and communication technology (ICT) products describe a country's competitive edge in such strategic branches. The present examination of ICT imports and exports is based on the product group categories defined by Eurostat (described in Annex I), i.e. telecommunications equipment, consumer electronics, computers, electronic components, office machinery, and instruments and equipment for detecting, measuring, checking and controlling physical phenomena or processes.

3.1 Information and communication technology exports and imports in the Nordic countries

The notable differences between countries as regards ICT exports and imports indicate that Finland and Sweden are the countries where information and communications technologies play a significant role in the countries' economic performance. Oil and natural gas represent an integrated part of Norwegian economy, their role is dominant in foreign trade as well. Fish has the same position in Iceland. According to foreign trade figures for Denmark no dominant industry is observed.

ICT products as a proportion of total exports and imports increased in all Nordic countries in 1996-1999. ICT products made up the highest proportion of total exports in Finland and Sweden. In Finland these products made up some 14% of Finland's total exports in 1996, the figure was 22.1% in 1999. The figure for Sweden was 18.5% in 1999. Due to the dominant role of oil industry in Norway the proportion of ICT exports is reflected by the price of oil.

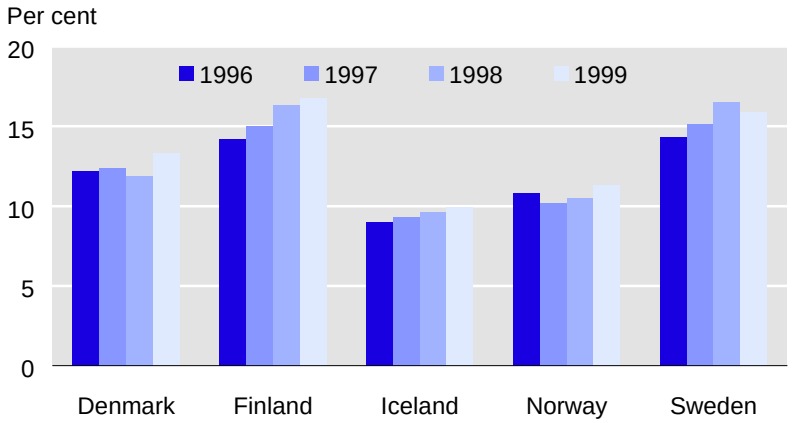
Figure 3.1 ICT products as a proportion of total exports in 1996-1999.



Source: National Statistical offices.

The proportion of ICT products of total imports is more even, although the proportion in Finland and Sweden is clearly higher than in the other countries. The main reason seems to be electronic components, which are imported and then used in manufacturing telecommunications equipment (see annexed tables).

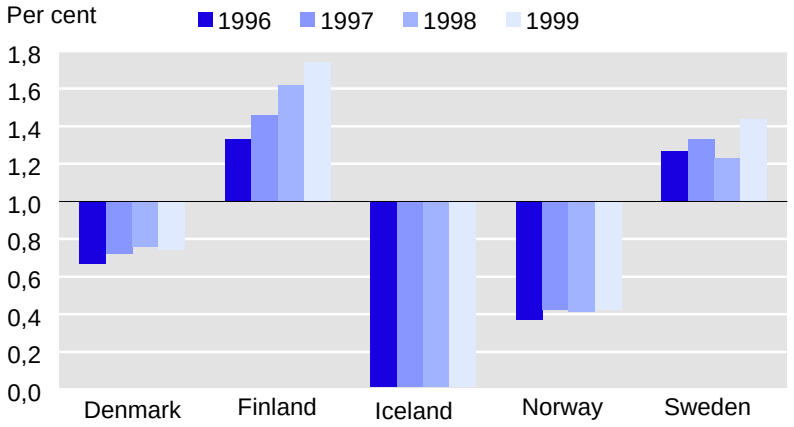
Figure 3.2 ICT products as a proportion of total imports in 1996-1999.



Source: National Statistical offices.

The total foreign trade turnover in ICT products was by far the largest in Sweden (24 969 million Euro in 1999) being less than half in the second country Finland (13 662 million Euro). Sweden was also the largest country to export ICT products, the figure was approximately 14 732 million Euro in 1999. The highest values of imports were recorded in Sweden, Denmark importing only half that much ICT products.

Figure 3.3 Exports/imports ratio of foreign trade in ICT products in 1996 -1999.



The balance between ICT imports and exports in 1996-1999 showed the greatest surplus in Finland, where the exports/imports ratio was 1.74 in 1999, being in Sweden 1.44, i.e. both countries have exported ICT-products more than imported them, cf. figure 3.3. The exports/imports ratio of ICT-products seldom reaches 1.00, but in countries like Japan and Korea the ratio has traditionally been high.

Table 3.1 Foreign trade in ICT products in 1996 -1999, in 1000 ECU and Euro.

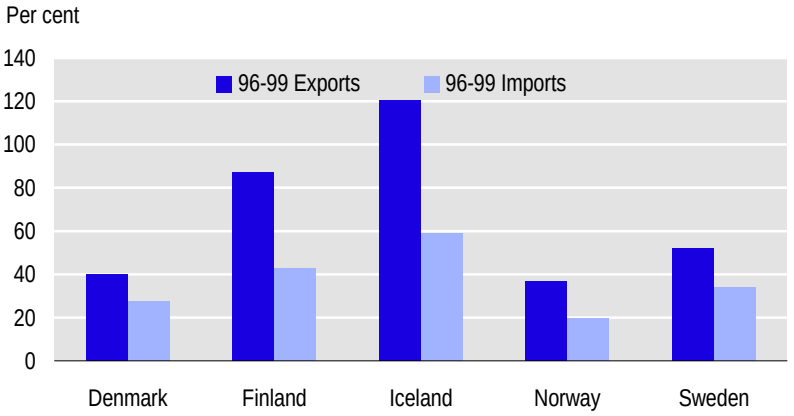
	Denmark	Finland	Iceland	Norway	Sweden
1996					
Exports	2 942 203	4 641 016	1 062	1 104 566	9 675 537
Imports	4 386 964	3 489 176	135 202	3 016 742	7 634 466
1997					
Exports	3 502 814	6 004 106	1 725	1 350 120	11 676 714
Imports	4 891 630	4 119 867	152 282	3 222 266	8 781 525
1998					
Exports	3 704 673	7 607 067	2 290	1 451 350	12 343 775
Imports	4 896 597	4 707 790	194 874	3 503 945	10 060 215
1999					
Exports	4 120 242	8 679 819	2 347	1 510 202	14 732 290
Imports	5 590 567	4 981 605	214 650	3 616 465	10 236 684

Exchange rates in Annex II: Table 2.4.b.

Both exports and imports in all the Nordic countries have been growing through all the period detected. The growth in Iceland both in exports and

imports has been significant but the total amount in monetary terms is modest. The growth in the other countries follow more or less the same pattern. Both have been growing, ICT exports more than imports, also in Denmark and Norway where the balance between ICT exports and imports shows deficit.

Figure 3.4 Growth rate in foreign trade with ICT products from 1996 – 1999.



In *Denmark* the largest export group is telecommunications equipment, which accounted for 24% of the total value of ICT exports in 1996 and 35% in 1999. The export of ICT products is more evenly distributed than in Finland and Sweden. The second largest category, computers, scored 20% in 1999. The largest product groups among ICT imports were computers and telecommunications equipment.

The negative balance of trade in ICT products is mainly attributable to a large deficit in the category of computers. Instruments and equipment for detecting, measuring etc. show a positive balance, however. The total balance of trade has been positive through all the period 1996-1999.

In *Finland* the largest export group is telecommunications equipment, which accounted for 67% of the total value of ICT exports in 1996 and as much as 77% in 1999. Some 17% of total exports in Finland was due to telecommunications equipment. The largest product groups among ICT imports were computers and electronic components. In general it may be said, however, that ICT imports are not dependent on the largest product groups to the same extent that exports are.

The positive balance of trade in ICT products is mainly attributable to the large surplus in the category of telecommunications equipment. Instruments and equipment for detecting, measuring etc. show surplus as well,

while all the other categories are imported more than exported. The total balance of trade has been positive and has grown continuously.

Iceland's largest export group is instruments and equipment for detecting, measuring etc., which accounted for 54% of the total value of ICT exports in 1996 and as much as 66% in 1999. The second largest category, telecommunications equipment, scored 16% in 1999. The largest product groups among ICT imports were computers and telecommunications equipment.

The negative balance of trade in ICT products is mainly attributable to a large deficit in the category of computers, but there is no surplus in any category of ICT products. Also the total balance of trade turned negative in 1997.

For *Norway* telecommunications equipment is the largest export group, accounting for 37% of the total value of ICT exports in both 1996 and 1999. The second largest category, computers, scored 28% in 1999. The largest product groups among ICT imports were computers and telecommunications equipment.

The negative balance of trade in ICT products is mainly attributable to a large deficit in the category of computers, but there is no surplus in any category of ICT products. As the role of oil industry is so dominant there are great fluctuations in the total balance of trade. The total balance of trade has been positive, however.

Sweden's largest export group is telecommunications equipment, which accounted for 71% of the total value of ICT exports in 1996 and 77% in 1999. Some 14% of the total exports in Sweden come from telecommunications equipment. The largest product groups among ICT imports were computers, telecommunications equipment and electronic components. As in the case of Finland, ICT imports are not dependent on the largest product groups to the same extent that exports are.

The positive balance of trade in ICT products is mainly attributable to a large surplus in the category of telecommunications equipment. The total balance of trade has been positive through 1996-1999. Despite a slight drop in 1998 the surplus in the total balance of trade has been growing.