



ASSIGNMENT MEMORANDUM

**SUBJECT : EXPORT/INTERNATIONAL TRADE STRATEGY (EIT)
INTERNATIONAL EXPORT TRADE STRATEGY 3 (ETS301)**

ASSIGNMENT : 2ND SEMESTER 2011

ASSIGNMENT [90]

Assignments should provide the country profiles students have compiled along the lines of the attachment to this memorandum.

Students should then discuss relevant aspects of each country in the context of their attractiveness as markets for consumer products, especially beverages, and Saku Brewery products in particular.

Specifically, the discussion should cover:

1.1 Population:

- a) The relative size of the different populations is important for total market size.
- b) The age structure is also important – Saku targets the 18 to 35-year-old sector.
- c) There should be comment on the growth or decline in the population.
- d) The gender split is less important as Saku makes a point of directing its products to women as well as to men, although it would suggest how well the *Kiss* product would be received.
- e) Ethnic composition is always important for a consumer product and comment should be made concerning the similarity or compatibility of the population groups of the five countries.
- f) Language is also an important consideration.

1.2 Economy:

- a) The different economies should be compared in size as this affects the total market for any consumer product.
- b) There should be comment on Sweden's domination in terms of size, wealth, standards of living, and the like. Students should consider that Saku is a relatively small brewery and total market size is not necessarily a major attraction. Product 'fit' in terms of consumer preference is more important.

- c) The recent economic growth or otherwise of the countries should be compared.
- d) Income levels are important, as well as unemployment levels and the inflation rate.
- e) The foreign trade of each country should be examined to determine whether there are relevant trends and to what extent the five countries trade with each other.
- f) Note should be taken of the currency and exchange rate – especially of the relative weakness or strength of the Estonian currency against the currencies of the other countries.

1.3 Geographic position: The relative accessibility of the countries to each other and to Estonia should be commented on.

In evaluating students' work note will be taken of the extent to which students have followed the instruction to *compare and contrast* the country profiles.

PRESENTATION [10]

	FINLAND	SWEDEN	LATVIA	LITHUANIA
Population:	5,255,068 (July 2010 est.)	9,074,055 (July 2010 est.)	2,217,969 (July 2010 est.)	3,545,319 (July 2010 est.)
Age structure:	0-14 years: 16.4% (male 438,425/female 422,777) 15-64 years: 66.8% (male 1,773,495/female 1,732,792) 65 years and over: 16.8% (male 357,811/female 524,975) (2010 est.)	0-14 years: 15.7% (male 733,597/female 692,194) 15-64 years: 65.5% (male 3,003,358/female 2,927,038) 65 years and over: 18.8% (male 753,293/female 950,171) (2010 est.)	0-14 years: 13.3% (male 152,472/female 145,161) 15-64 years: 69.6% (male 756,469/female 797,505) 65 years and over: 17% (male 124,432/female 255,464) (2010 est.)	0-14 years: 14.2% (male 258,423/female 245,115) 15-64 years: 69.6% (male 1,214,743/female 1,261,413) 65 years and over: 16.2% (male 198,714/female 376,771) (2010 est.)
Median age:	total: 42.3 years male: 40.7 years female: 44 years (2010 est.)	total: 41.7 years male: 40.6 years female: 42.9 years (2010 est.)	total: 40.4 years male: 37.4 years female: 43.5 years (2010 est.)	total: 39.7 years male: 37.1 years female: 42.3 years (2010 est.)
Population growth rate:	0.084% (2010 est.)	0.16% (2010 est.)	-0.602% (2010 est.)	-0.276% (2010 est.)
Sex ratio:	at birth: 1.04 male(s)/female under 15 years: 1.04 male(s)/female 15-64 years: 1.02 male(s)/female 65 years and over: 0.69 male(s)/female total population: 0.96 male(s)/female (2010 est.)	at birth: 1.061 male(s)/female under 15 years: 1.06 male(s)/female 15-64 years: 1.02 male(s)/female 65 years and over: 0.8 male(s)/female total population: 0.98 male(s)/female (2010 est.)	at birth: 1.054 male(s)/female under 15 years: 1.05 male(s)/female 15-64 years: 0.95 male(s)/female 65 years and over: 0.48 male(s)/female total population: 0.86 male(s)/female (2010 est.)	at birth: 1.057 male(s)/female under 15 years: 1.06 male(s)/female 15-64 years: 0.96 male(s)/female 65 years and over: 0.53 male(s)/female total population: 0.89 male(s)/female (2010 est.)
Ethnic groups:	Finn 93.4%, Swede 5.6%, Russian 0.5%, Estonian 0.3%, Roma (Gypsy) 0.1%, Sami 0.1% (2006)	indigenous population: Swedes with Finnish and Sami minorities; foreign-born or first-generation immigrants: Finns, Yugoslavs, Danes, Norwegians, Greeks, Turks	Latvian 59.3%, Russian 27.8%, Belarusian 3.6%, Ukrainian 2.5%, Polish 2.4%, Lithuanian 1.3%, other 3.1% (2009)	Lithuanian 84%, Polish 6.1%, Russian 4.9%, Belarusian 1.1%, other or unspecified 3.9% (2009)
Languages:	Finnish 91.2% (official), Swedish 5.5% (official), other 3.3% (small Sami- and Russian-speaking minorities) (2007)	Swedish (official), small Sami- and Finnish-speaking minorities	Latvian (official) 58.2%, Russian 37.5%, Lithuanian and other 4.3% (2000 census)	Lithuanian (official) 82%, Russian 8%, Polish 5.6%, other and unspecified 4.4% (2001 census)

	FINLAND	SWEDEN	LATVIA	LITHUANIA
Economy - overview:	<p>Finland has a highly industrialized, largely free-market economy with per capita output roughly that of Austria, Belgium, the Netherlands, and Sweden. Trade is important with exports accounting for over one third of GDP in recent years. Finland is strongly competitive in manufacturing - principally the wood, metals, engineering, telecommunications, and electronics industries. Finland excels in high-tech exports such as mobile phones. Except for timber and several minerals, Finland depends on imports of raw materials, energy, and some components for manufactured goods. Forestry, an important export earner, provides a secondary occupation for the rural population. Finland had been one of the best performing economies within the EU in recent years and its banks and financial markets avoided the worst of global financial crisis. However, the world slowdown hit exports and domestic demand hard in 2009, with Finland experiencing one of the deepest contractions in the euro zone. A recovery of exports stimulated economic growth in 2010, and led to a lowering of unemployment. Finland must address a rapidly aging population and decreasing productivity that threaten competitiveness, fiscal sustainability, and economic growth.</p>	<p>Sweden has achieved an enviable standard of living under a mixed system of high-tech capitalism and extensive welfare benefits. It has a modern distribution system, excellent internal and external communications, and a skilled labour force. In September 2003, Swedish voters turned down entry into the euro system concerned about the impact on the economy and sovereignty. Timber, hydropower, and iron ore constitute the resource base of an economy heavily oriented toward foreign trade. Privately owned firms account for about 90% of industrial output, of which the engineering sector accounts for 50% of output and exports. Agriculture accounts for little more than 1% of GDP and of employment. Despite strong finances and underlying fundamentals, the Swedish economy slid into recession in the third quarter of 2008 and growth continued downward in 2009 as deteriorating global conditions reduced export demand and consumption. Strong exports of commodities and a return to profitability by Sweden's banking sector drove the strong rebound in 2010.</p>	<p>Latvia's economy experienced GDP growth of more than 10% per year during 2006-07 but entered a severe recession in 2008 as a result of an unsustainable current account deficit and large debt exposure amid the softening world economy. GDP plunged 18% in 2009 - the three former Soviet Baltic republics had the world's worst declines that year - and another 1.8% in 2010. The IMF, EU, and other donors provided assistance to Latvia as part of an agreement to defend the currency's peg to the euro and reduce the fiscal deficit to about 5% of GDP over time. DOMBROVSKIS' government enacted major spending cuts to reduce the fiscal deficit to 7.8% of GDP in 2010, and plans to cut the deficit further in 2011. The majority of companies, banks, and real estate have been privatized, although the state still holds sizable stakes in a few large enterprises. Latvia officially joined the World Trade Organization in February 1999. EU membership, a top foreign policy goal, came in May 2004.</p>	<p>Lithuania gained membership in the World Trade Organization and joined the EU in May 2004. Despite Lithuania's EU accession, Lithuania's trade with its Central and Eastern European neighbors, and Russia in particular, accounts for a growing percentage of total trade. Privatization of the large, state-owned utilities is nearly complete. Foreign government and business support have helped in the transition from the old command economy to a market economy. Lithuania's economy grew on average 8% per year for the four years prior to 2008 driven by exports and domestic demand. However, GDP plunged nearly 15% in 2009 - during the 2008-09 crisis the three former Soviet Baltic republics had the world's worst economic declines. In 2009, the government launched a high-profile campaign, led by Prime Minister KUBILIUS, to attract foreign investment and to develop export markets. The current account deficit, which had risen to roughly 15% of GDP in 2007-08, recovered to a surplus of 4% 2009 and 3.5% in 2010 in the wake of a cutback in imports to almost half the 2008 level. Nevertheless, economic growth was flat and unemployment continued upward to 16% in 2010.</p>

	FINLAND	SWEDEN	LATVIA	LITHUANIA
GDP (purchasing power parity):	\$185.4 billion (2010 est.)	\$354 billion (2010 est.)	\$32.2 billion (2010 est.)	\$56.22 billion (2010 est.)
GDP - real growth rate:	2.1% (2010 est.)	4.1% (2010 est.)	-1.8% (2010 est.)	0.4% (2010 est.)
GDP - per capita (PPP):	\$35,300 (2010 est.)	\$39,000 (2010 est.)	\$14,500 (2010 est.)	\$15,900 (2010 est.)
GDP - composition by sector:	<u>agriculture</u> : 2.6% <u>industry</u> : 29.1% <u>services</u> : 68.2% (2010 est.)	<u>agriculture</u> : 1.7% <u>industry</u> : 26.1% <u>services</u> : 72.2% (2010 est.)	<u>agriculture</u> : 4.2% <u>industry</u> : 20.6% <u>services</u> : 75.2% (2010 est.)	<u>agriculture</u> : 4.3% <u>industry</u> : 27.6% <u>services</u> : 68.2% (2010 est.)
Inflation rate:	1.1% (2010 est.)	1.4% (2010 est.)	-1.2% (2010 est.)	0.9% (2010 est.)
Labour force:	2.68 million (2010 est.)	4.93 million (2010 est.)	1.178 million (2010 est.)	1.633 million (2010 est.)
Labour force - by occupation:	<u>agriculture and forestry</u> : 4.5% <u>industry</u> : 18.2% <u>construction</u> : 7.3% <u>commerce</u> : 15.9% <u>finance, insurance, and business services</u> : 14.5% <u>transport and communications</u> : 6.9% <u>public services</u> : 32.7% (2008)	<u>agriculture</u> : 1.1% <u>industry</u> : 28.2% <u>services</u> : 70.7% (2008 est.)	<u>agriculture</u> : 12.1% <u>industry</u> : 25.8% <u>services</u> : 61.8% (2005 est.)	<u>agriculture</u> : 14% <u>industry</u> : 29.1% <u>services</u> : 56.9% (2005)
Unemployment:	7.9% (2010 est.)	8.3% (2010 est.)	19.1% (2010 est.)	16% (2010 est.)
Industries:	metals and metal products, electronics, machinery and scientific instruments, shipbuilding, pulp and paper, foodstuffs, chemicals, textiles, clothing	iron and steel, precision equipment (bearings, radio and telephone parts, armaments), wood pulp and paper products, processed foods, motor vehicles	pharmaceuticals, plastics, synthetic fibres, agricultural machinery, fertilizers, soaps, paints, rubber, processed foods, textiles	machine tools, electric motors, television sets, refrigerators and freezers, petroleum refining, shipbuilding (small ships), furniture, textiles, food processing, fertilizers, agricultural machinery, optical equipment, electronic components, computers, amber jewellery
Exports:	\$73.53 billion (2010 est.)	\$162.6 billion (2010 est.)	\$7.894 billion (2010 est.)	\$19.29 billion (2010 est.)

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Exports - commodities:	electrical and optical equipment, machinery, transport equipment, paper and pulp, chemicals, basic metals; timber	machinery 35%, motor vehicles, paper products, pulp and wood, iron and steel products, chemicals	wood and wood products, machinery and equipment, metals, textiles, foodstuffs	mineral products 22%, machinery and equipment 10%, chemicals 9%, textiles 7%, foodstuffs 7%, plastics 7%
Exports - partners:	Germany 10.32%, Sweden 9.79%, Russia 9%, US 7.85%, Netherlands 5.9%, UK 5.24%, China 4.1% (2009)	Norway 10.61%, Germany 10.2%, UK 7.45%, Denmark 7.35%, Finland 6.44%, US 6.36%, France 5.05%, Netherlands 4.67% (2009)	Lithuania 15.19%, Estonia 13.57%, Russia 13.17%, Germany 8.13%, Sweden 5.7% (2009)	Russia 13.2%, Latvia 10%, Germany 9.6%, Poland 7.1%, Estonia 7.1%, Belarus 4.7%, UK 4.3% (2009)
Imports:	\$69.11 billion (2010 est.)	\$158.6 billion (2010 est.)	\$9.153 billion (2010 est.)	\$20.34 billion (2010 est.)
Imports - commodities:	foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, textile yarn and fabrics, grains	machinery, petroleum and petroleum products, chemicals, motor vehicles, iron and steel; foodstuffs, clothing	machinery and equipment, chemicals, fuels, vehicles	mineral products, machinery and equipment, transport equipment, chemicals, textiles and clothing, metals
Imports - partners:	Russia 16.28%, Germany 15.76%, Sweden 14.65%, Netherlands 6.99%, China 5.29%, France 4.22% (2009)	Germany 17.9%, Denmark 8.9%, Norway 8.7%, Netherlands 6.17%, UK 5.56%, Finland 5.14%, France 5.06%, China 4.79% (2009)	Lithuania 16.36%, Germany 11.34%, Russia 10.68%, Poland 8.11%, Estonia 7.69% (2009)	Russia 30.1%, Germany 11.1%, Poland 9.9%, Latvia 6.3% (2009)
Currency (code):	Euro (EUR)	Swedish krona (SEK)	Latvian lat (LVL)	Litas (LTL)
Exchange rates:	Euros (EUR) per US dollar - 0.7715 (2010), 0.7179 (2009), 0.6827 (2008), 0.7345 (2007), 0.7964 (2006)	Swedish kronor (SEK) per US dollar - 7.5077 (2010), 7.6529 (2009), 6.4074 (2008), 6.7629 (2007), 7.3731 (2006)	Lati (LVL) per US dollar - 0.5422 (2010), 0.5056 (2009), 0.4701 (2008), 0.5162 (2007), 0.5597 (2006)	Litai (LTL) per US dollar - 2.6637 (2010), 2.4787 (2009), 2.3251 (2008), 2.5362 (2007), 2.7498 (2006)

Source: CIA World Fact Book. [Online] Available: <https://www.cia.gov/cia/publications/factbook/index.html>. [February 2011].