The Danish Defence Industry: Market Opportunities and Entry Strategies, Analyses and Forecasts to 2016

Description: Product Synopsis

This report is the result of ICD's extensive market and company research covering the Danish defense industry. It provides detailed analysis of both historic and forecast defense industry values including key growth stimulators, analysis of the leading companies in the industry, and key news.

Introduction and Landscape

Why was the report written?

The Danish Defense Industry Market Opportunities and Entry Strategies, Analyses and Forecasts to 2016 offers the reader insights into the market opportunities and entry strategies adopted by foreign original equipment manufacturers (OEMs) to gain market share in the Danish defense industry.

What is the current market landscape and what is changing?

Denmark's defense budget recorded a CAGR of -1.32% during the review period, with expenditure driven by potential terrorist threats and participation in peacekeeping initiatives. The defense budget, which stood at 1.2% of GDP in 2011, is expected to decrease to 0.9% of GDP by 2016, as Denmark's GDP grows at a faster rate than the defense budget. During the review period, the country's capital expenditure allocation stood at 24.2% of the total defense budget, and is expected to increase to 25.0% over the forecast period due to increased expenditure on equipment following the Ministry of Defense (MoD) modernization plans.

What are the key drivers behind recent market changes?

Denmark shares a border with Germany and is almost entirely surrounded by coastline. The country has no border disputes or significant threats to national security, except the existence of terrorist groups. As Denmark is a member of The North Atlantic Treaty Organization (NATO) and United Nations (UN), it supports peacekeeping operations, and the country's military spending is mainly driven by peacekeeping and counter-piracy operations, and terrorism.

What makes this report unique and essential to read?

The Danish Defense Industry Market Opportunities and Entry Strategies, Analyses and Forecasts to 2016 provides detailed analysis of the current industry size and growth expectations from 2011 to 2016, including highlights of key growth stimulators. It also benchmarks the industry against key global markets and provides detailed understanding of emerging opportunities in specific areas.

Key Features and Benefits

The report provides detailed analysis of the current industry size and growth expectations from 2011 to 2016, including highlights of key growth stimulators. It also benchmarks the industry against key global markets and provides a detailed understanding of emerging opportunities in specific areas.

The report includes trend analysis of imports and exports, together with its implications and impact on the Danish defense industry.

The report covers five forces analysis to identify various power centers in the industry and how these are expected to develop in the future.

The report allows readers to identify possible ways to enter the market, together with detailed descriptions of how existing companies have entered, including key contracts, alliances and strategic initiatives.

The report helps the reader to understand the competitive landscape of the defense industry in Denmark. It
provides an overview of key defense companies, both domestic and foreign, together with insights such as key alliances, strategic initiatives and a brief financial analysis.

Key Market Issues

Denmark has a small defense budget when compared to other European countries such as the UK, Germany and France, and is likely to register negative growth over the forecast period. Moreover, the country spends less on advanced technology and research and development, resulting in lower export capacities. Consequently, the country's low defense budget has become a barrier to entry for foreign companies.

During 2009, Danish defense imports demonstrated significant growth before recording a sharp decline in 2010 and 2011 due to the financial crisis and subsequent reduction in total defense expenditure. Indeed, the MoD increased the budget spend in 2011, imports of defense equipment are expected to register a negative growth due to the country's plan to reduce the defense budget for the forecast period.

Danish expenditure on procurement is likely to decrease and register a CAGR of -2.74% during the forecast period. Equipment expenditure declined in 2008 and 2009 due to the global financial crisis and rose in 2010. It is expected to decrease from US$868.16 million in 2011 to US$735.76 million in 2016 due to the MoD plans to reduce the total defense expenditure.

Denmark is a member of the Nordic Council, which was formed in 1952 with the purpose of enhancing economic co-operation among the Nordic countries. Also, as Denmark has signed a defense co-operation treaty with the US, the country is giving preference to US companies while purchasing defense materials. As a consequence, it has become challenging for companies from countries other than the US and Nordic region to enter the Danish defense market.

Key Highlights

The offset element enables the country to acquire advanced technology and stimulate business opportunities by applying multipliers in cases of transfer of technology and unique equipment. The country's FDI policy has no restriction on investment by foreign companies in the defense sector, and allows foreign companies to acquire a domestic company or form a subsidiary in the country.

The country's homeland security expenditure stood at US$3.5 billion in 2011, and is expected to register a CAGR of 1.82% during the forecast period to reach US$3.6 billion by 2016. Danish homeland security expenditure is primarily driven by terrorism, espionage, drug trafficking and cyber crime, which are likely to be the key factors during the forecast period.

In Denmark, a subsidiary forms a legal entity distinct from its parent company and a preliminary financial plan for a 2-year period has to be supplied by the subsidiary. Market entry through formation of a subsidiary is a preferred entry route into Denmark's defense industry, and many European companies have followed this route.

Keywords:

Defense, budget, offset, regulation, capital expenditure, army, navy, air force, homeland, drivers, market opportunities, procurement, entry route, key challenge, announcements, alliances, contract awards, financial analysis, business environment
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