1. **ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION**
   1. **Economic, political and legal analysis of the trading country**
2. **Describe the trading country’s economic system, economic information important to your proposed business/ product/service, the level of foreign investment in that country**

Denmark’s economic system revolves around a Mixed Economy. The economy is made up of a large public sector and free market competition. Denmark is very receptive to new businesses which is why it was listed as one of the best places to do business in the world according to Forbes. The steps to legally start a business in Denmark is to first obtain a NemID signature, then deposit startup capital, next the company must register with the Danish Business Authority Webreg system. Finally the employees must be registered with workmen’s insurance. Denmark has the elements of a Market Economy through allowing anyone to be able to start a business, but they have the world’s highest income tax level at 55.6%. This is good for the proposed business as there are steps imposed within the country to allow for an easier set up for new businesses. The Gross Domestic Product per capita is $44,300 within Denmark. This means that Danes have the pleasure of enjoying a good standard of living. Most Danes are making enough money to afford fun activities for themselves and their family. This is very influential to the business because one of the most popular activities is riding bicycles. There are more people to market to and therefore more people will buy the product. Also because the standard of living is high, people are more willing to spend money on higher priced products. This allows for a more expensive product like Moots bicycles to have the ability to thrive. A factor in Denmark’s economic system that is important to the proposed business is that the unemployment rate is 6.5%, which is average compared to the world and is slightly higher than the rate of America at 5.5%. This means that most of the population is involved in the workforce. With more people making money, there is more money to spend and therefore there will be more products sold. Also people who work in services take up 77% of the workforce as opposed to 21.2% in industry and 1.3% in agriculture. This distribution of labor is important to the proposed business as it affects it positively. Employment in the services industry pays the most rather than if one would be employed in agriculture or industry. With most people working in services, there is more money flowing throughout Danish homes rather than the minority who work in agriculture and industry. The Foreign Direct Investment at home for Denmark is $9,239,961,000. The Foreign Direct Investment is the purchase of assets in a foreign country by a business. This can include land, property, or ownership in a foreign country. Because Denmark’s Foreign Direct Investment is so high it shows that they are worth building a business in since other countries have taken the time to invest in the Denmark.

**2. Describe the trading country’s governmental structure and stability, how the government controls trade and private business**

Denmark is a democratic country with an agreement between the constitutional monarchy and the people of the state. Queen Margarethe II is officially the head of state but Prime Minister Helle Thorning-Schmidt sits at the head of the government who was appointed by the queen and will stay there until his death and then the next heir will take over. Also the Folkleting(or parliament) sits at the head as well. The citizens display their influence within the country through voting for who will be on the Folkleting. The winner of the majority party is appointed by the prime minister while the minister is often chosen by heredity. The government is divided into ministries where there is a different minister heading each ministry based on relevant institutions and regional and municipal authorities. There are many political pressure groups and leaders including Confederation of Danish Employers (or DA) led by President Jorn Neergaard Larsen and the Confederation of Danish Industries led by Chief Executive Officer Karsten Dybvad. The freedom from corruption level in Denmark is 91.0 which is considered to be very low as they are one of the top ranked countries in the world for the least corrupt. This means that the business can do well in the country because it is known that Denmark will honor contracts and therefore be very trustworthy. The level of political risk long-term and short-term for Denmark is extremely low. On a scale from 1 to 7, 1 being the lowest and 7 being the highest, Denmark is ranked at 1 for both long-term and short-term political risk. The ranking of one indicates that the risk for resource shortages, wars, natural disasters, or revolutions is very low which is great for Moots because all of those factors, if they were to happen, could make exporting and selling the product nearly impossible. The political stability is average with a ranking of 1.13 from a range of -2.5 to 2.5. This means that the government is unlikely to be overthrown by violent means. Because the government is stable, Moots will be able to operate without worry of investing their product into a country where the people are unhappy and a destabilization is likely. Denmark is very involved in international organization participation. The country participates with 75 other organizations around the world including the World Trade Organization, The United Nations, The North Atlantic Treaty Organization, and The European Union. Because Denmark is so internationally active, the product should have an easier time importing from America since there is already so much global participation coming from Denmark. Denmark is ranked at 92.29 for political globalization on a scale from 0 to 100, 0 being the least globalized and 100 being the most. This means that the Danish government is a member of many international organizations, has numerous amounts of commissions and embassies around the world, and they have signed an ample amount of global peace treaties. The European Union mainly deals with all the trades related to Denmark. European Union members have an average of a 1 percent tariff with some non-tariff barriers in place, although Denmark is very open to foreign investors and the state is legally required to treat domestic and foreign investors the same. The Danish government is involved in trade through many environmental regulations and lax foreign regulations on manufacturing. Denmark is an environmentally aware state which is good for the business as the product encourages a “living-green” lifestyle because it acts as an alternative to motor transportation. This means that Moots bicycles will receive more support from the Danish citizens and their government. Denmark has a strong, positive trade balance which means that Denmark is sending out more exports than receiving imports, therefore, the economy is flourishing and businesses have a high chance of doing well. The level of business freedom in Denmark is ranked at 97.4, one of the highest in the world. Denmark is very open to new businesses as they have reduced the procedure to starting a business to only four steps. The employment regulations are very flexible and modern. The monetary stability is greatly established as well. Denmark is considered one of the world’s most efficient and transparent regulatory environments. Due to the relaxed regulatory laws, opening up a business in Denmark will be much simpler than most other countries, therefore, the product will be able to appear on the market much quicker and easier.

**3. Describe laws and/or governmental agencies that affect your business/product/service [i.e., labor laws, trade laws (U.S.A. and/or Canada and foreign)]**

There are no significant trading laws in Denmark because they are members of the European Union as well as the World Trade Organization. The World Trade Organization aims to create a legitimate international legal system. It also provides guarantees for all countries in the global economy.The World Trade Organization is the speaking voice for Denmark and the European Union. Although there is an organization that leads Denmark’s trades called LEAD, Legal Advice Denmark. “LEAD advises Danish and foreign exporting companies on all aspects of international trade law” (LEAD). The United States is not currently covered by European Union bilateral or regional agreements. The European Union mainly focuses on multilateral international trade agreements. “Multilateral trade agreements are made between two or more countries to strengthen economy of member countries by exchanging of goods and services among them” (Difference Between). The type of trade agreement that the United States is involved in mainly focuses on satisfying the European Union rather than Denmark. This could be costly to the business because it may be more strict and require more hoops to jump through in order to trade under the European Union.

**B. Trade area and cultural analysis**

**1. Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service**

Denmark has a temperate climate characterized by mild winters. Summers are cool with the average temperature at 63 degrees Fahrenheit. Because it is never too cold or too hot, bicycling is a year round activity therefore a viable option for business. Due to the nature of Denmark’s climate, there will never be an off-season which is a problem a lot of businesses can face with their products. The terrain of the state is mostly flat with some hilly or mountainous areas. The layout of the land makes it so bicycling can be used as an easy way of commuting because people wouldn't have the struggle of riding up many hills. Because the terrain offers some mountains people have the opportunity to bicycle for sport or if they just want to challenge themselves for fun. Not only does the terrain of Denmark allow for practicality of bicycling but also the adventure of it. Denmark holds many natural resources such as oil and natural gas which are two great resources that can power a store or a manufacturing plant. Flooding is a minor concern to some parts of Denmark along the southern coast. Proper precautions have been taken through building a dike system to prevent these floods. Moots bicycles will be located in Copenhagen which is more towards the north of the country so flooding isn't as much of a hazard as it would be in other parts of the state. Goods in Denmark are transported by lorry, ship, train, plane, or pipeline. When goods are moved by lorry they are traveling by road which is a very common method used nationally. Distribution by ship and plane are often methods used overseas but pipeline transportation is rapidly declining and becoming almost nonexistent. People between the ages of 25 and 54 make up the largest percentage of the population in Denmark with females and males at almost equal percentages of the population as well. Marriage is not common in Denmark as many families are not married. The average household size is 2.6 people. Small households are a sign of a developed country which works in favor for business.The median age in Denmark is about 42 years for both genders.The infant mortality rate is about 4 deaths for every 1000 births and the birth rate is about 10 births for every 1000 people. The birth rate exceeds the death rate which means that the population is trending upward. The population is at 5.614 million with a growth rate at .22% which is a sign of a growing economy. The growth is positive, but low. The net migration rate is 2.25 per 1000 people of the population. This is a steady rate that shows a willingness of people to come to the country but not an influx of people which can become a problem economically.The ethnic groups that makeup Denmark are the Danish 97%, other (including Scandinavian) 2%, and Faroese & Inuit 1%. Since most of the population consists of Danes, the business can advertise to their specific likes. Danish is the number one language spoken with some that speak Faroese, Greenlandic (an Inuit dialect), German (small minority). English is a dominant second language in Denmark and most Danes can speak it.This makes business easier as there is not a language barrier. Education in Denmark is a big part of society. The average school life expectancy for a citizen is 19 years starting from primary to tertiary school. Education expenditures also take up 8.7% of the Gross Domestic Product. Because most Danes are educated they can work in high paying jobs which allows them more expendable cash for recreational activities such as bicycling. The average median income is $44,950 with most of that income coming from the highest 20% of wealth in the population. Only 13.4% of people are living below the poverty line. With most people on the wealthier side, the product has a higher chance of being purchased. The Gross Domestic Product Per Purchasing Party is at 249.5 billion. This is the value of all final goods and services produced within a nation in a given year. Denmark brings in a good amount of money which ensures their economy stays at good levels. The Human Development Index is .900 which ranks Denmark 10th in the world. Danes enjoy a high quality of life ranking top in the world in work-life balance. Denmark also ranks above the average in environmental quality, civic engagement, education and skills, jobs and earnings, income and wealth, and personal security. With the quality of life being so high, Danes can enjoy more activities through spending money on such things as bicycles.The communication of Denmark is mostly centered around verbal communication. There are not many hand gestures that are different from the United States and they are not used as often. The typical greeting is firm handshake accompanied by proper eye contact. Gift giving is not an action that is taken in the business world of Denmark although if one were to be going over someone’s house it is customary to bring flowers. The dress of a businessman in Denmark is business casual such as a sports jacket. Suits are almost never worn unless one were to be meeting someone of high authority, then the dress is suit and tie. Danes greatly value timeliness when it comes to business. When conducting a meeting, small talk is kept to a minimum because Danes prefer to get down to business quickly; Communication is very direct. Having knowledge of all the meeting basics is important to understand so the business does not inadvertently offend someone. Evangelical Lutheran makes up 80% of the Danish population but the Danes are not very religious. Church is only attended on major holidays and almost completely empty on any other times. The Hofstede’s Model rates Denmark in 18 for Power Distance, 23 in Uncertainty Avoidance, 74 at Individualism, 16 in Masculinity, 35 in Long Term Orientation, and 70 in Indulgence. Respect is earned in Denmark which is showed with a low score in Power Distance. The low score in Uncertainty Avoidance shows that Danes do not have much structure in their life and unpredictability in life is encouraged. Danes grow up with an individualistic mindset as they are expected to only take care of themselves and immediate family. Denmark is a feminist society and it is important to keep work and life balanced. Conflicts are often solved with compromises. The Long Term Orientation score shows that Denmark is not very concerned with saving for the future and they put a focus on achieving quick results. Denmark is seen as an indulgent country. They place a high degree on leisure time and giving into desires and impulses. With the information provided by Hofstede’s Model, the business knows to focus on the “right now” culture and play up to the indulgent lifestyle. Denmark is a low-context country which means that they place more emphasis on words rather than the surrounding social context. A written contract is taken very seriously and it is interpreted directly. Added costs for businesses is a disadvantage of bringing a product to Denmark. Many companies have moved out of Denmark due to the high cost of doing businesses from taxes and fees. However there are many more advantages than disadvantages to bringing a product to Denmark. A major advantage is having the American Made Brand. The American image is a very popular one in Europe and it attracts people to buy certain products over others. People are also more willing to pay a higher price for an American product. Another advantage is that the Moots product fills the market need since Denmark is the number one country for bicycling in the world.

**2. Market segment analysis target market (age, income level, population estimate, other specific demographic and economic information) customer buying behavior related to the proposed product and or service**

The number one buying audience for Moots Bicycles is people between the ages of 25 and 54 since they make up most of the population according to the population pyramid. There is a need for bicycles as Denmark is one of the top countries who use bicycles in their daily life. Due to the high standards of living and the high Gross National Income per capita, citizens have the ability to afford this product. The Danish citizens also have the authority to purchase this product as they wish because they are brought up to be very independent. The target market of the business will not be aimed towards a specific gender because males and females almost equally make up the population. Moots will target people between the ages of 25 and 54 because they comprise about 40% of the population of Denmark. The main age group that will be targeted will be the adult or middle-aged individual. Marital status is not a factor for choosing a target market since most families are not married although family size will be a factor. Most families consist of around 2 to 3 people so Moots will target the small families. Since most Danes are educated and value education as a necessary skill, the business will aim towards the educated individual. The income levels within Denmark are distributed rather evenly between the wealthy and the poor with the wealthy slightly making up more of the Gross National Income. The business will target somewhat in the upper-middle class since that is where most of the population is. This product is not an occasion product, it is a practical product. Citizens will buy this in hopes for a more environmentally friendly alternative for transportation, therefore, Moots will target the working and practical person who is environmentally conscious. The buying behavior would focus more around the benefits such as a “green” way of transportation. The product usage would be considered very heavy since it is an everyday item that is used for activities such as going to work or the store. Because this product will be used everyday, it will create a loyalty between the brand and the customer. Whenever or if ever the bicycle breaks, the customer will know to buy another Moots

**3.Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice**

Denmark is ranked third in the world for one of the best countries to do business. It is also ranked first for trading across barriers and fifth for dealing with construction permits. The import climate is very open to United States products with no significant trade barriers or regulations making trading as simple as can be. There are over 500 American Subsidiaries in Denmark and the American Chamber of Commerce runs strong. The product is on the more expensive side but it should thrive due to Denmark having one of the highest standards of living in the world. The Danish labour market is the second best in Europe because it is very flexible and has highly motivated workers. There are no restrictions for working overtime so a business could stay open for 24 hours a day, 365 days a year. The “flexicurity” model allows for an employer to hire or fire a Dane at anytime without any extra costs allowing for the owner to have only the best workers working for the business. The Danes are very productive and educated workers due to their high level of independency and a healthy dose of self-criticism. Because of all the character traits a Danish employee possesses, it allows for them do jobs that would normally be reserved for management positions. Danes comprise one of the best workforces in world and it shows. The imposed taxes on businesses are becoming more favorable in Denmark as well. What once was a corporate tax rate of 23.5% will become a rate of 22% in 2016. Employers pay virtually no social security along with no capital duty, share transfer duty, or wealth taxes. The new tax rate and other form of non-existent taxes leaves a business like Moots with more money to put towards development of the product and create more advertisement. In order to import into Denmark there are some steps that need to be taken. First a declaration should be filed for the good. Second, formalities should be made such as allowing goods for inspection by Customs. Third, import duties and other taxes need to be paid. Lastly, there is a check on the goods to whether or not they comply with any other regulations from border authorities. This would require a submission of a certification or a license on the imported goods. Once all of the requirements are met the goods can circulate through the market through sales and transportation. A commercial invoice will be required to import the good as it will be used for documentation. The commercial invoice will include the shipping transaction, goods being transferred, the country of manufacturing, and the Harmonizes Systems of the goods. Commercial invoices are used to determine the calculation of import taxes so they are very important to a business. An Electronic Export Information Filing will also be needed since the shipments will be over $2,500. Denmark does not require much for a business to import a product internationally which is why it is number 3 in the world for best to do business in.