



Øresund Industri & Handelskammare

“The Øresund Business Index”

Summary of key messages

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(Full report can be found at: www.hts.dk)

The Øresund Business Index

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Building a cross border region, with a high level of integration of the business communities on both sides of the Øresund Bridge, is one of the main objectives for the Swedish and Danish governments. Øresund Chamber of Industry & Commerce wishes to monitor how far the integration process in the Øresund Region has come. The Øresund Business Index is a first attempt to do this.

The index shows that the level of business activity across Øresund is still slightly more than half the level of a fully integrated region. The Øresund Business Index is unchanged from last year at a level of 57 when measured on a scale from zero to one hundred. The index measures the degree of integration in the Øresund Region seen from a business perspective. A value of 100 corresponds to the level of business integration one would expect if there were no barriers between Zealand and Scania. In other words, a value of 100 corresponds to Zealand and Scania having the same high level of integration as Zealand has with the rest of Denmark or Scania having the same level of integration with Copenhagen as with Stockholm, says a report from Copenhagen Economics, prepared for the Øresund Chamber of Industry & Commerce. The report explains the reasons for this situation and where the integration is specially high or low.

The unchanged index value of 57 covers two underlying trends relative to last years index. The index shows a tendency for companies to shift their focus away from the potential of the opposite side of the Øresund Region and towards their own countries.

The report also shows that the percentage of firms in the survey, which expect to increase their activity level across the Sound during the next 3-5 years, has dropped dramatically.

The Øresund Business Index is divided into 4 sub-indices measured in the same way from 0 to 100. The 4 areas are: Labour Market, Trade & Business Cooperation, Transport and Cost of Inputs.

The value of the first sub-index, Labour Market, is 34. This is the lowest sub-index and the integration is particularly low in this area. When it comes to recruitment, companies have shifted focus towards their own countries, only 7 percent of the companies have hired workers from the other side of the Sound in the last year. On the positive side, the number of movements across the Sound has increased for the third straight year and approximately 4000 people commute on a daily basis.

The value of the second sub-index, Trade & Business Cooperation, is 50. Trade and business cooperation between Zealand and Scania is at a low level compared to the level of business with other regions in their

own country. As an example, Zealand-based firms report to sell around 25 times more to Jutland/Funen than to Scania, even though the market of the southern part of Sweden is as big as the market in Jutland/Funen. The companies in Scania report to sell around 3 times as much to Stockholm as to Copenhagen-area.

The value of the third sub-index, Transport, is 59. The level of traffic across the bridge has increased across the board when compared to last year; however, the level is still below what one would expect in a situation with high integration. Particularly, the level of lorry traffic is lower than could be expected. Without any barriers to trade across Øresund the level of lorry traffic would have been around the double of today's level.

The value of the fourth sub-index, Cost of Inputs, is 84 and is therefore the index closest to 100. The cost of business equipment is still different in the regions of Scania and Zealand; however, this is the area where the integration has achieved the highest level of integration. As an example, the price of electricity, heat and telephone in the regions of Scania is on average only 8 percent lower than in Zealand.

The Øresund Business Index can also be used to analyse to what extent the Danish or Swedish part the region is focused on the opportunities emerging from the new region. We have calculated the Øresund Business Index for Sweden and Denmark separately, and the values are 57 for Sweden and 56 for Denmark. Compared to previous years, Denmark has managed to catch up to Sweden, which used to relatively more focused towards the Danish side than the other way around.

Source: Copenhagen Economics for Øresund Chamber of Industry & Commerce