AUSTRALIA has been dropped from the list of top 10 e-commerce countries, pushed out by a strong showing from Scandinavia.

Denmark - where PCs are found in nearly every home, mobile phones in nearly every pocket and paying bills at the bank is considered quaint - is the new global leader in e-commerce according to a report by the Economist Intelligence Unit released this week.

Denmark leapfrogged Sweden to take the top spot in the annual global ranking of countries where e-commerce is prevalent, and surpassed Britain, last year's No. 3, The study ranked Australia, placed in the top four in 2001 and ninth in 2003, at 11. Other Nordic countries also placed highly, with the top five rounded out by Sweden, Finland and Norway.

Singapore leads the Asia Pacific region, placing seventh.

The United States was ranked sixth and Japan 25, but can only improve if e-commerce in the two biggest economies in the world is given a helping hand by their governments, the survey found.

"Here is where Europe - and especially Scandinavia - excels," the Economist Intelligence Unit found. "Smart government initiatives are contributing to the steady rise of the northern European countries, Singapore, Hong Kong and Korea, and the relative stagnation of such e-enabled but uncoordinated markets as the United States."

Broadband penetration was factored into the ranking for the first time, but low global penetration pushed down scores for most nations.

Where early leaders like Australia and the US have seen e-commerce growth stagnate, Scandinavian countries have seen business reshaped by e-
commerce, with citizens eager to adopt the internet as part of their daily lives and governments driving development.

Ulf Essler, director of e-business research at Stockholm University's School of Economics said the strong presence of technology companies in the Nordics, such as Finland's Nokia and Sweden's Ericsson, have helped the region, too.

"They contribute to internet penetration by using the homogenous, well-educated Scandinavian people as test labs to refine their various products before launching worldwide," he said. "Besides, trade unions here have consistently promoted, not resisted, technological change."

The nearby Baltic states of Estonia, Latvia and Lithuania were ranked 26, 34, 38, respectively, the first time the countries were included in the survey.

Rounding out the bottom of the 64-country list was Vietnam, Algeria, Pakistan, Kazakhstan and Azerbaijan.

The report, published this week, annually measures nearly 100 criteria, from PC ownership to countries' general business environment.

The Economist Intelligence Unit is the business information arm of The Economist magazine.

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