

Why Denmark?

Summary

Area: 42,916 sq km

Population: 5.7 million

Population growth rate (change): 0.4%

Population density (people per sq km): 133.8

Urban population: 87.7%

Capital city: Copenhagen (pop 1.2 million)

Other major cities: Aarhus (325,000); Odense (200,000)

Official language: Danish

Currency: Danish Krone

Nominal GDP: US\$ 295.1 billion

Real annual GDP growth: 1%

GDP per capita: US\$ 52,138.9

Annual inflation rate: 0.5%

Unemployment rate: 6.2%

Fiscal balance (of GDP): -1.7%

Current account balance (of GDP): 7%

Current account balance: US\$ 20.7 billion

Exports of goods to UK: £3,512 million

Imports of goods from UK: £2,334 million

Inward direct investment flow: US\$ 3.7 billion

Exports & imports as share of GDP: 100.4%

[Source: mostly FCO Economics Unit (Oct 2016)]

International organisation participation: ADB (nonregional member), AfDB (nonregional member), Arctic Council, Australia Group, BIS, CBSS, CD, CE, CERN, EAPC, EBRD, EIB, EITI (implementing country), ESA, EU, FAO, FATF, G-9, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINUSMA, NATO, NC, NEA, NIB, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, Schengen Convention, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNMIL, UNMISS, UNRWA, UNTSO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

[Source: CIA World Factbook]

Background

Geography Denmark is a Nordic country located in Northern Europe, located southwest of Sweden and due south of Norway and is bordered by the German state (and former possession) Schleswig-Holstein to the south, on Denmark's only land border, 68 km (42 miles) long.

Geographically, Denmark is relatively flat with no mountains. Its average height above sea level is only 31 metres (101 ft) and the highest point is Mollehoj, at 170.86 metres (560.6 ft) in the middle of the Jutland Peninsula.

The coastline includes many small fjords, with Limfjord the largest, and over 440 named islands; Zealand is the largest, followed by Funen, Lolland, Falster and Bornholm, an island in the Baltic Sea south of Sweden. The country has a number of rivers, including the Guden, Odense, Skjern, Stora and Susa, and the Vida flowing along its southern border with Germany. The longest river in Denmark is the Guden at 160 km (99 miles) in length.



Government overview The political system of Denmark is that of a multi-party structure, where several parties can be represented in Parliament at any one time. Danish governments are often characterised by minority administrations, aided with the help of one or more supporting parties. This means that Danish politics is based on consensus politics. Since 1909, no single party has had the majority in Parliament.

[Source: Ministry of Foreign Affairs of Denmark]

Since 28 June 2015, the Government has consisted of the Liberal Party (Venstre, lit. “left party”) – actually a conservative-liberal party in coalition with other right-of-centre parties – with Lars Løkke Rasmussen the Prime Minister.

Greenland, the Faroes and the German minority When one talks about Denmark, they normally refer to Jutland, Zealand, Funen and the islands scattered around the Danish waters. Yet the Faroe Islands in the North Atlantic and Greenland (which is part of the North American continent) also belong to the Kingdom of Denmark but have autonomous self-rule.

Culturally and linguistically speaking, the northern and the southern parts of the kingdom are very different, which is also due to the fact that around 15,000 people who belong to the German minority live north of the Danish-German Border in North Schleswig.

The Faroe Islands and Greenland have been parts of the Danish Realm since the 18th century. Due to their special status nationally, historically and geographically, these parts of the realm have an extensive type of self-government and have assumed legislative and administrative responsibility in a substantial number of fields.

The Faroe Islands' Home Rule was established in 1948 and Greenland's Home Rule was established in 1979. In 2005, a new self-government arrangement came into force in the Faroe Islands, and in 2009 a self-government arrangement for Greenland replaced the Greenland Home Rule Arrangement.

The German minority in North Schleswig maintains its own schools and a wide spectrum of social and cultural institutions and serves as a vital bridge between the German and Danish cultures. To ensure further protection of the rights of the German minority in Southern Denmark, Denmark has become party to the Framework Convention for the Protection of National Minorities (entered into force in Denmark on 1 February 1998) and the European Charter for Regional or Minority Languages (entered into force in Denmark on 1 January 2001).

As Greenland and the Faroe Islands are outside of direct EU jurisdiction, there are differences relating to employment and importing goods. Contact the UK Department for International Trade (DIT) team in Denmark for more information on doing business in Greenland and the Faroe Islands. See the Resources section later in this guide.

[Source: Ministry of Foreign Affairs of Denmark/DIT]

Danish welfare system The basic principle of the Danish welfare system, often referred to as the Scandinavian welfare model, is that all citizens have equal rights to social security. Within the Danish welfare system, a number of services are available to citizens, free of charge. This means that for instance the Danish health and educational systems are free. The Danish welfare model is subsidised by the state, and as a result Denmark has one of the highest taxation levels in the world.

Education in Denmark High quality education at all levels is essential to ensure competitiveness in today's globalised world. This is why education is a key priority in Denmark. With their high academic standards combined with innovative learning

approaches, the Danish institutions are preparing their students to play an active role in a globalised, knowledge-based society.

Danish labour market When people talk about the Danish labour market they often use the term “flexicurity” to describe the model which is successfully managing the challenges of globalisation and securing steady economic growth and employment.

Studies show that Danes are positive about globalisation and do not fear losing their jobs. Rather they seek opportunities for new and better jobs. This is partly ascribed to the flexicurity model which promotes adaptability of employees and enterprises.

Flexicurity is a compound of flexibility and security. The Danish model has a third element – active labour market policy – and together these elements comprise the golden triangle of flexicurity.

One side of the triangle is flexible rules for hiring and firing, which make it easy for the employers to dismiss employees during downturns and hire new staff when things improve. About 25% of Danish private sector workers change jobs each year.

The second side of the triangle is unemployment security in the form of a guarantee for a legally specified unemployment benefit at a relatively high level – up to 90% for the lowest paid workers.

The third side of the triangle is the active labour market policy. An effective system is in place to offer guidance, a job or education to all unemployed. Denmark spends approx 1.5% of its GDP on active labour market policy.

The aim of flexicurity is to promote employment security over job security. The model has the dual advantages of ensuring employers a flexible labour force while employees enjoy the safety net of an unemployment benefit system and an active employment policy.

The Danish model rests on a century-long tradition of social dialogue and negotiation among the social partners. The development of the labour market owes much to the Danish collective bargaining model, which has ensured extensive worker protection while taking changing production and market conditions into account. The organisation rate for workers in Denmark is approx 75%.

The Danish model is supported by the social partners headed by the two main organisations – The Danish Confederation of Trade Unions (LO) and The Confederation of Danish Employers (DA). The organisations, in cooperation with the Ministry of Employment, have also jointly contributed to the development of common principles of flexicurity in the EU, resulting in the presentation of the communication “Towards common principles of flexicurity” by the European Commission in mid-2007. The European Council subsequently adopted a set of Council Conclusions on flexicurity in December 2007, by which the common principles are available to guide

EU member states when implementing reforms in order to meet the aims of the Lisbon Strategy of Growth and Jobs.

[Source: Ministry of Foreign Affairs of Denmark]

Corporate Social Responsibility (CSR) Denmark is among the international frontrunners when it comes to responsible growth. Strong collaboration between companies and employees is part of Danish culture and tradition, and in many areas Danish legislation is among the toughest in the world. Often Danish rules are more rigorous than the requirements and targets defined in international agreements. This applies, for example, to Danish legislation relating to working environment, equal opportunities, social inclusion, and environmental protection.

In addition, supporting the corporate social responsibility initiatives of Danish companies has been given high priority by Danish authorities. Since 2009, Danish legislation has required listed and large companies in Denmark to report on their corporate social responsibility efforts in their annual reports.

The aim is to inspire companies to take an active position on corporate social responsibility and to communicate this position. The statutory requirement is part of the Danish Government's action plan for corporate social responsibility and is intended to help improve the international competitiveness of Danish trade and industry. See the Danish Business Authority site: www.csrgov.dk/danish_responsibility for further information.

[Source: Danish Business Authority]

Economic overview Denmark is a wealthy, educated and open economy, receptive to UK products and investments. Danes are sophisticated buyers with a good reputation for paying suppliers on time.

Benefits of Denmark for UK businesses

Benefits for UK businesses exporting to Denmark include:

- prosperous economy
- gateway to the Scandinavian and Baltic countries
- close to the growing economies of Germany, Sweden and Poland
- English widely spoken

[Source: Department for International Trade (DIT)/gov.uk]

Strengths of the market

Strengths of the Danish market include:

- easy access to northern Europe markets via Copenhagen hub airport and high quality motorway network
- well educated population with a high proportion of university graduates
- advanced telecommunication infrastructure
- takes only 24 hours to establish a company online

Read the practical guide to doing business in Europe at:
www.europa.eu/youreurope/business/index

In addition:

- In 2015 Denmark was ranked 1st out of 168 countries in Transparency International's latest corruption perception index (the UK ranked 14th): www.transparency.org/cpi2015/results#results-table
- Denmark is ranked 3rd out of 190 countries, and the top location in Europe, in the World Bank's 2016 Ease of Doing Business index (the UK ranked 7th): www.doingbusiness.org/rankings
- The World Economic Forum's Global Competitiveness report ranks Denmark 12th out of 138 for 2016-17 (the UK is ranked 7th): www.reports.weforum.org/global-competitiveness-index/competitiveness-rankings

Contact a DIT export adviser at: www.contactus.trade.gov.uk/office-finder for a free consultation if you are interested in exporting to Denmark.

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies. You can also check the current UKEF cover position for Denmark. See: www.gov.uk/guidance/country-cover-policy-and-indicators#denmark

[Source: Department for International Trade (DIT)/UKEF/gov.uk]

Growth potential

The Danish economy grew at over 1.8% in 2015 and is forecast to grow around 2.1% in 2016.

Denmark is one of the EU's best performing economies. It has:

- low inflation
- strong growth
- relatively low unemployment at 6.2%

[Source: Department for International Trade (DIT)/gov.uk]

Trade between the UK and Denmark

The UK's main exports to Denmark are:

- food
- beverages
- animal products
- energy
- fuels and related minerals
- machinery
- manufactured goods
- pharmaceuticals

Free Trade Agreements (FTAs)

Denmark is a member of the EU and the World Trade Organization (WTO). This means that goods manufactured in the UK are exempt from import duties.

SOLVIT is a free service provided by the national administration in each EU country and in Iceland, Liechtenstein and Norway, providing solutions to problems with your EU rights. Contact the SOLVIT team at: www.ec.europa.eu/solvit/index_en.htm if you have market access issues relating to the operation of the Single Market.

[Source: Department for International Trade (DIT)/gov.uk]

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