

# Denmark

## An overview on economy and business environment



Denmark is located in Northern Europe, on the Jutland peninsula north of Germany, bordering the Baltic Sea and the North Sea and with an archipelago of more than 400 islands.

Denmark is a small country with an open economy and a structural balance of payments surplus, this means that Denmark's economy – although generally prosperous - is strongly dependent on foreign trade. This is why the country recorded its deepest fall in GDP in the first half 2020 due to the COVID-19, although it partially recovered during the second half of the year supported by private consumption, for an overall decrease of 4.5% (IMF). As both domestic and external demand normalises, Denmark's real GDP is forecast to expand by a solid 3.5% in 2021 and around 2.5% in 2022. The European Commission projects private consumption to rebound 4.7% in 2021 and around 3% in 2022, but high levels of uncertainty remain as companies may postpone or cancel investment decisions.



The country's public accounts are quite healthy, with one of the lowest debt-to-GDP ratio in Europe, although the measures taken by the government to address the crisis led to an increase). In line with the recovery in foreign demand, trade is expected to gradually revive, but in 2021 volumes of both exports and imports are set to remain below their 2019 levels.

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The Danish economy is also characterized by a fair distribution of income and extensive government welfare measures, with one of the highest GDP per capita in the world. The country supports a high standard of living with well-developed social services. The economy is based primarily on service industries, trade, and manufacturing; only a tiny percentage of the population is engaged in agriculture and fishing. Small enterprises are dominant.

The agricultural sector only accounts for 1.4% of the GDP and employs 2% of the population (World Bank, 2019). Approximately 60% of the Danish land is used for agriculture, and there are more than 50,000 farmers in the country, which is a major exporter of agricultural products (meat, fish, and dairy, among others). Denmark produces enough food to feed 17 million people, three times its population. Nearly 90% of the country's agricultural revenue comes from livestock production.

The organic market in Denmark is proportionally the biggest in the world, with organic food making up roughly 12% of the total retail food market. According to the World Farmers' Organization, the impact of COVID-19 on the Danish agricultural sector has been relatively modest, as the increase in domestic demand mitigated the export-related losses.



Industry employs around 18% of the active population and contributes 20.9% of GDP. The major activity sectors are the chemical, pharmaceutical and biotechnology industries, with niche industries in renewable energy and biotechnology.

Denmark has limited natural resources, a fact that slows down the development of its heavy industry. However, the country has enough oil and gas reserves to ensure its energy independence.

Uranium mining has been authorised to begin in the autonomous Danish territory of Greenland. Denmark is the world's leading manufacturer of wind turbines and exports the vast majority of its production. The Danish industry sector seems to have resisted well to the effects of the COVID-19 crisis.

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The services sector contributes almost three-quarters of GDP (64.9%) and employs the largest share of the population (80%). Denmark has a strong banking sector, characterized by a high degree of concentration: domestic banks own more than 85% of the total assets, and three banks control 50% of total assets. The tourism sector is becoming a growing source of income for the country.



Trade and transport services are also important for the country's economy (Denmark is the world's fifth-largest shipping operator). With roughly 33.3 thousand unemployment registrations as of November 2020, employees working in travel agencies, cleaning, and related services accounted for the highest number of unemployed people, followed by those in the trade sector and in the restaurants and hotel sector .

Denmark has historically been renowned as a nation of traders, with an economy extremely open to foreign trade. The country mainly exports pharmaceuticals, packaged medicines, vaccines, electric generating sets and rotary converters (wind turbines, of which Denmark is the leading manufacturer worldwide), meat, mineral fuels (including oil), and engines and motors. Its main imports are motor vehicles, pharmaceuticals, petroleum oils and telephones.

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As previously said, the country is the world's fifth-largest shipping operator and transportation was the main imported and exported service in 2019. Like most of the countries in the world, in 2020 Denmark's international trade was seriously affected by the COVID-19 pandemic, with an estimated reduction of 9% for exports and 8% for imports (IMF). However, both indexes are expected to rebound in 2021, at 7.5% and 7%, respectively; though much will depend on the global sanitary evolution of the pandemic.



Denmark's main trading partner are Germany, Sweden, Norway, the United Kingdom, the Netherlands, the US and China. The country's imports principal origins are Germany, Sweden, the Netherlands, China and Norway. Considered as a whole, the European Union was Denmark's main importing and exporting partner. In the Danish mixed welfare-state economy, private sector expenditures account for more than half of the net national income.

Public expenditure is directed primarily toward health and social services, education, economic affairs, foreign affairs, and national defense. The government does not have significant commercial or industrial income.

Especially in this period it is important to assess business partners and get indepth information on any potential and actual partner, but only local providers have the specific knowledge and tools to provide the most reliable and accurate information.

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- Directors and company structure: board of directors, shareholders and related companies
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SkyMinder also offers Slim Report and KYC report on Denmark. The Slim Reports provide a quick and concise overview on the credit situation of a company, while the KYC reports give an overview on the shareholders.

Thanks to all the range of the SkyMinder reports on Denmark and to the expertise of local providers, it is possible to establish safe and profitable business relationships with any Danish company.



Sources: <https://www.nordeatrade.com/>;  
<https://santandertrade.com/>

[www.britannica.com](http://www.britannica.com);

<https://www.cia.gov>;