

Setting up in Denmark

2. Economy

In the early 1950s, Denmark was predominantly an agricultural country with some industry whose products were intended mainly for its home market. Since then it has become a modern industrial country in which manufacturing exports play an important role.

The service sector has also grown rapidly in this period. Public and private service organisations now account for above two-thirds of GDP at factor cost and for two-thirds of total employment.

Gross domestic product at factor cost (2006)					
		GDP		Total employed	
	DKK bn	%	1,000s	%	
Agriculture and fishing	79	2.8	83	3.0	
Manufacturing	601	21.3	388	13.8	
Electricity, gas, oil and water supply	58	2.1	13	0.5	
Construction	213	7.6	180	6.4	
Non-government services	1323	46.9	1143	40.7	
Government services	546	19.4	1000	35.6	
Total	2820	100.0	2,807	100.0	

2.1 Infrastructure

Denmark has an exceptionally good infrastructure.

There are 72,405 km of good roads in Denmark (including 1,071 km of motorways) and a railway network of 2,644 km that carries about 7.5 million tonnes of goods annually. Bridges and ferries provide fast links between the numerous islands and between these and the Jutland peninsula. No place in Denmark is more than 50 km from a port. In 2006, total sales of electricity from public power stations were around 34 billion kWh, which is high for a population of 5.4 million. The postal and telecommunications services are heavily trafficked and highly developed, as are the country's road, rail, sea and air transport services.

Finally the IT-infrastructure in Denmark is highly developed on an international scale. In 2007, 97 per cent of all enterprises had access to the internet and eight out of ten had a high-speed connection. Furthermore about 84 per cent of all enterprises had their own webpage. Also the public sector is focused on using the advantages the information technology offers. It is now possible for citizens and enterprises to download forms and information material on a majority of the public authorities' web pages. Additionally a so-called digital signature has been developed in 2003, which is now implemented in numerous public solutions.

2.2 Industry and non-agricultural trade

Denmark has few natural raw materials.

Salt is quarried from deposits far beneath the ground. Chalk and clay from higher strata are used in cement and brick production.

Oil has been extracted from the Danish sector of the North Sea since 1972, and natural gas since 1982. In 2006, Danish production came to 20 million cubic metres of oil and 10.9 billion cubic metres of natural gas. Today the Danish oil production exceeds our own consumption. Our net export of oil products amounted to DKK 19.6bn in 2007. In recent years, the government has granted licences to explore large areas for new commercially viable oil and gas fields. Pipelines for North Sea products run to the west coast of Jutland, and gas is distributed to industry and other consumers through a network covering nearly the entire country. Denmark also supplies gas to the Swedish and German networks.

By tradition, agriculture and fishery are major suppliers of raw materials to important sectors in Danish manufacturing. Now, however, most Danish manufacturers use imported raw materials and semi-manufactures. About half of Danish industrial production is sold on foreign markets.

Lately the manufacturing apparatus has undergone extensive renewal. For several years prior to 1983, Danish industrial investment was running low by both domestic and international standards. From 1983 to 1987, however, investment probably grew faster in Denmark than in any other western European country.

From 1987 to 1992, a stagnant home market forced Danish industry to focus on exports. Since 1992, investment activity has reflected the general economic trend. Machinery investments sensitive to economic trends declined in 1992 and 1993, regained momentum in 1994 and have with few years exception remained high since. This can be explained partly by the tight labour market that makes increased use of capital more attractive. Machinery investments grew at an annual rate above 22 per cent in 2006.

Danish industry is dominated by small and medium-sized enterprises. There are about 293,000 workplaces in Denmark; of these only 1.2 per cent have more than 100 employees.

Distribution of companies by number of employees (2005)	
0 - 4	66.7%
5 - 19	24.3%
20 - 99	7.8%
100 +	1.2%

The dominant position of small and medium-sized businesses shows that Danish industry is highly specialised; many small enterprises are sub-contractors for large companies in Denmark and abroad.

The iron and metal industry, which ranges from machinery to electronics and scientific instruments, dominates trade statistics. Other large industries are food, beverages, tobacco and chemicals, which includes Denmark's considerable pharmaceutical industry.

2.3 Building and construction

In 2006 total investment in the building and construction sector, which employs about 180,000 persons, came to DKK 182bn, of which housing construction accounted for almost 58 per cent.

There are about 2.5 million dwellings in Denmark, and more than half of these are owner-occupied. The renovation of older houses accounts for an increasing share of building investment.

From 1983 to 1986, the sector grew dramatically, especially the industrial building segment. But activity stagnated afterwards; the number of building starts went from about 30,000 units per year in the mid-1980s to about 12,000 in 1993. After 1990, housing construction has picked up again rising, and nine out of ten dwellings in Denmark have been built since then. In 2007, new housing starts numbered 16,755.

2.4 Agriculture and fishery

There are about 47,000 independent farmers - less than one quarter the number at the end of the Second World War. They cultivate a total area of 2.7 million hectares (about 7 million acres), and their prosperity depends more or less on the common agricultural policy of the EU.

Crop production, which includes cereals, sugar, beet and fodder for livestock, seeds and rape for oil production, is considerable. But since the structural changes in the industry a century ago, livestock products have come to the fore and now account for nearly 70 per cent of aggregate farm sales.

The processing of agricultural produce is undertaken largely by co-operative societies owned by the farmers themselves. Recently, they have invested heavily in the further processing of meat, ready-meals and other products in preparation for the growing sales expected on a wide range of export markets.

Horticulture is another major Danish agricultural industry. It has about 4.7 million square metres under glass and exports large quantities of flowers, potted plants and other products. Forestry is also more important than outsiders might at first believe; woodlands occupy 12 per cent of Denmark's total area.

Denmark (when the Faroe Islands and Greenland are included) is the leading fishing nation in Europe. About 1.8 million tonnes of fish are landed annually in Danish ports. One-fourth is used for consumption, and the rest is converted into fish meal, fish oil and fodder for Den-

mark's nearly 380 trout farms and 1,980 fur farms, which are among the world's largest producers of mink.

Agriculture (2006)	
Number of farms	47,385
Arable land (1000 ha)	2,710
Number of employees	79,009
Agricultural sales (2006 DKK bn)	
Crop products	17,943
Livestock products	36,735
Total	54,679

2.5 Service sector

Since around 1980, two-thirds of the population in active employment has been engaged in rendering services of various kinds, such as transport, trade in goods and money, tourism and IT. IT-service trades are among the fastest growing businesses in Denmark.

The biggest export earners in this diversified sector are shipping and aviation. The Danish merchant fleet is one of the most modern in the world, ranking among the largest in the world in tonnage at 9.5 million GT 1 January 2008. There is a total of around 13,000 people employed by the merchant navy in Denmark.

During the 1980s, about one-third of Danish ship-owners registered their ships abroad. In 1988, the Danish International Shipping Register was established and the rules governing taxation, dues and manning were relaxed. This has since caused a significant return of tonnage to the Danish flag.

Denmark has 23 civil airports, of which Copenhagen Airport (at Kastrup), with 257,591 take-offs and landings and 21.4 million passengers in 2007, is in the international league.

Banking and financial services are covered in a separate Fact Sheet.