



D&B Country Insight Snapshot: Denmark

July 2015



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Overview

Overall Country Risk Rating : DB2b



Low risk: Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns in future.

Rating Outlook: Stable →

Core Outlook

+ Denmark is well situated geographically at the intersection of continental Europe and the Nordic region, and the infrastructure is in place to take full advantage of this.

+ Expect high added-value services and hi-tech manufacturing to provide the best long-term commercial opportunities.

- Be prepared for a slow decade due to high levels of indebtedness and the potential for stagnation in parts of the euro zone.

- The competition authorities may refuse large-scale mergers and acquisitions.

Key Development

The centre-right coalition wins a fragile majority in the general election due to large gains by the anti-immigration, eurosceptic Danish People's Party.

Credit Environment Outlook



Key Development has had a neutral impact on the outlook.

Supply Environment Outlook



Key Development has had a neutral impact on the outlook.

Market Environment Outlook



Key Development has had a neutral impact on the outlook.

Political Environment Outlook

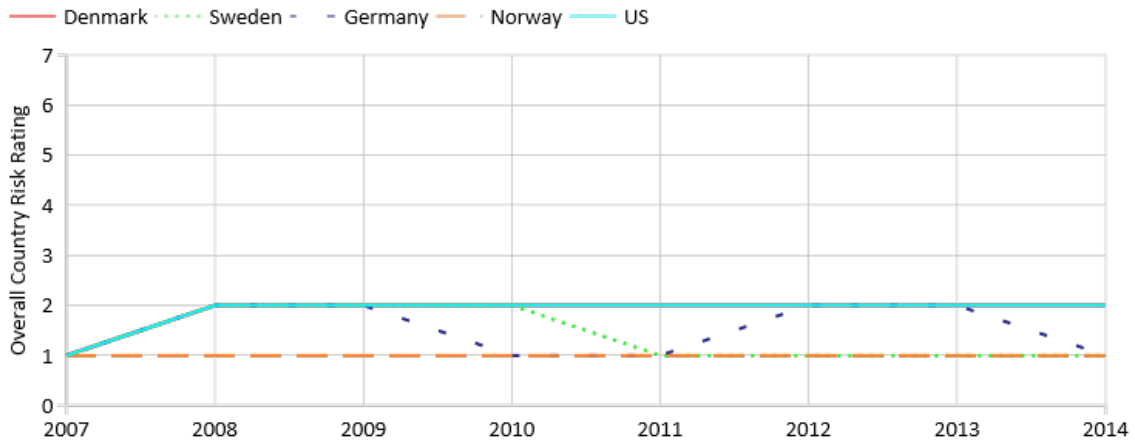


Key Development has had a negative impact on the outlook.



Key Indicators

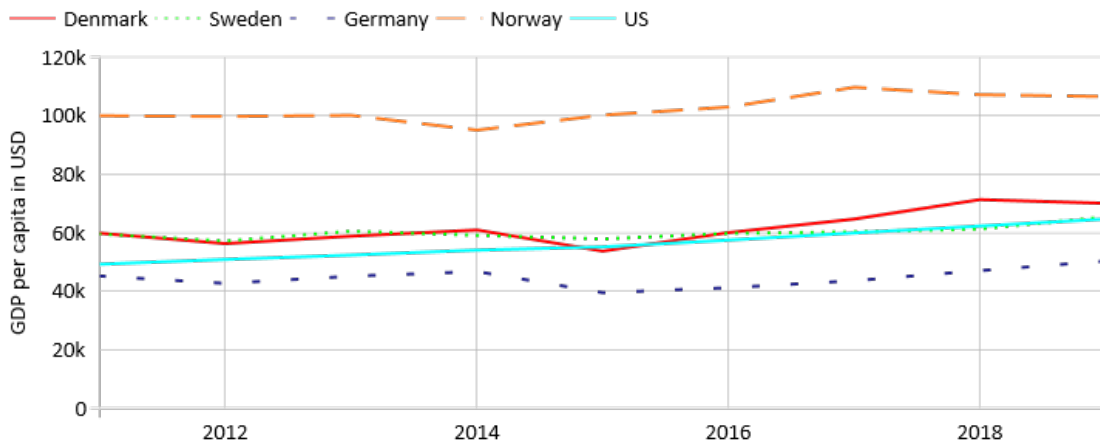
Rating History and Comparison



Source : D&B

Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source : D&B

Economic Sentiment Indicator



Source : National Statistical Offices / Haver Analytics

Economic Indicators

Indicator	2012	2013	2014	2015f	2016f	2017f	2018f	2019f
C/A balance % GDP	5.7	7.3	4.5	4.5	4.5	4.5	4.5	4.5
Govt balance, % GDP	-3.9	-0.4	-1.5	-2.5	-2.0	-1.0	0.0	-1.0
Inflation, annual avge %	2.4	0.5	0.7	1.2	1.6	2.0	2.0	2.0
Real GDP Growth, %	-0.7	0.4	1.0	1.5	2.0	2.5	3.0	2.0
Unemployment, %	7.5	7.0	6.6	6.0	5.0	4.0	4.0	5.0

Source : Haver Analytics/D&B

Trade and Commercial Environment

According to Statistics Denmark, the number of corporate bankruptcies fell by 12% in May relative to April. The retail trade and transport sector had the highest failure rate in May, but it decreased sharply relative to the previous month. Meanwhile, Denmark's generous workers' rights are being challenged by Ryanair. The Irish company's detractors accuse Ryanair of trying to dilute Danish labour laws by signing Denmark-based employees on Irish labour contracts. The legal challenge and reaction in Denmark (municipalities have banned civil servants from traveling with Ryanair and there have been demonstrations and boycotts) show that the Danes have a proactive stance to what they perceive as social injustice.

Trade Terms and Transfer Situation

Minimum Terms: OA

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: SD

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30 days

Normal period of credit associated with transactions with companies in the stated country.

Local Delays: 0-1 month

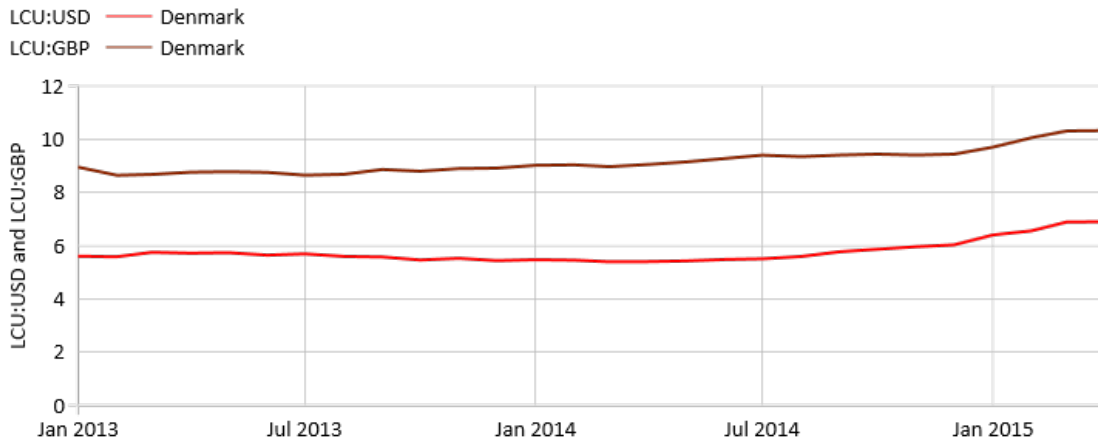
The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: 0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.



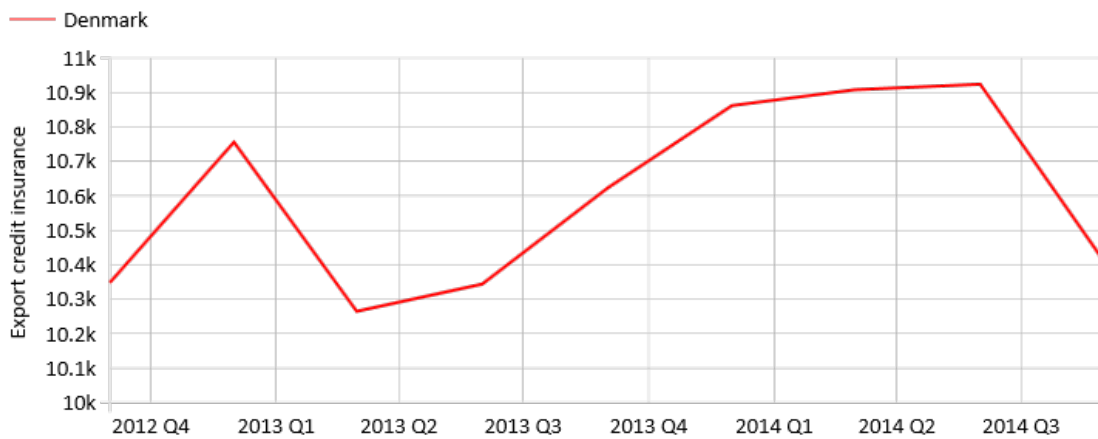
Exchange Rate



Source : IMF International Financial Statistics, National Statistical Offices

LCU = Local Currency Unit

Credit Conditions



Source : Haver

Insured export credit exposures, USDm

Risks and Opportunities

Business Environment Quality

Centre-right coalition wins election

In the 18 June Danish general election, the Social Democrat (SD) party won 26.3% of the vote, the Danish People's Party (DPP) 21.1%, and the Liberals (LP) 19.5%. In terms of seats, the centre-right coalition has 90, while the opposition has 89. Despite gaining the most seats, and improving its result compared to the last election, the Social Democrat Party will move into the role of opposition. The Liberal Party and its leader, Lars Lokke Rasmussen, will have to put together a government despite being only the third largest party in the country. The government remains a weak one – the Liberal Party and its centre-right coalition has only a one-seat majority in Parliament, which means that, from a political stability point of view, the situation in Denmark has not changed (the previous government coalition was also precarious; this one is, if anything, even weaker). Moreover, the likely new prime minister, Lars Lokke Rasmussen, has been plagued by controversial expenses scandals and is a vulnerable party leader.

The second largest party in parliament is now the anti-immigration, eurosceptic Danish People's Party, which gained almost twice the number of votes than in the previous election. The DPP are still debating whether or not to be part of the next government. Its leaders have to-date rejected the opportunity to name a prime minister and to be part of the government, arguing that the party will be able to exert more influence on policies and on the governing Liberal Party from the outside. The new governing coalition comprises disparate parties and interests on the right of the political spectrum, the most obvious contentious issue being the Liberal Party's pledge to freeze public spending and the Danish People's Party's promise to increase it, and the Liberal Party's strong pro-EU stance versus the DPP's euroscepticism. Rasmussen will allegedly try to balance the former conflicting demands by cutting international aid and expenditure on immigration (something the Danish People's Party agrees on) and using the savings to fund domestic spending on healthcare and the elderly. On the whole, the election result means that the governing block is too weak to implement radical policy changes.

Short-Term Economic Outlook

Economic growth fails to gain pace

Meanwhile, Denmark's economic recovery still displays a stop-and-go pattern. Industrial production increased by 2.2% y/y in April, but retail sales contracted by 1.5% y/y in May. Forward-looking indicators also reveal a mixed picture: in June, seasonally-adjusted business confidence in industry and construction was in negative territory (-9 and -14 respectively), with expectations positive in retail sales and services (+7 and +9 respectively). The unemployment rate has been stable this year at 4.8%. We maintain our GDP growth forecast of 1.5% for 2015.

Country Profile and Statistics

Overview

Denmark is the southernmost of Europe's five Nordic countries. The Arctic island of Greenland and the small Faroe Islands in the North Sea also belong to Denmark, but are largely self-governed and remain outside the EU, which the rest of Denmark joined in 1973. Denmark is not part of the euro zone but its central bank allows the krone to move plus or minus 2.25% from a euro/krone pegged central parity of 7.46038. The current government would like the country to join the euro zone but a referendum on the issue might not be held in the near-term future.

Domestic politics in this constitutional monarchy is characterised by a multi-party system centred on a unicameral parliament that usually produces coalition governments. The country's political institutions are well-established, and policymaking is effective, although the recent rise of the far-right has dented the traditional consensus orientation, and provoked tensions between Danes and immigrants. Key sectors in Denmark's highly advanced, trade-oriented economy include sea transport services and pharmaceuticals; the country is also a net exporter of food and energy.

Key Facts

Key Fact	Detail
head of government	Prime Minister Helle THORNING-SCHMIDT
Capital	Copenhagen
Timezone	GMT +01-00
Official language	Danish
Population (millions)	5.6
GDP (USD billions)	343.9
GDP per capita (USD)	60,967
Life expectancy (years)	79
Literacy (% of adult pop.)	99.9
Surface area (sq km)	43,094

Source : UN / Haver Analytics / D&B

Historical Data

Metric	2010	2011	2012	2013	2014
Real GDP growth (%)	1.63	1.15	-0.66	0.4	1
Nominal GDP in USDbn	312.95	333.74	315.16	330.81	343.86
Nominal GDP in local currency (bn)	1,760	1,792	1,826	1,858	1,926
GDP per Capita in USD	56,377	59,864	56,299	58,874	60,967
Population (year-end, m)	5.55	5.58	5.6	5.62	5.64
Exchange rate (yr avge, USD-LCU)	5.62	5.37	5.79	5.62	5.6
Current Account in USDbn	17.13	19.87	18.02	24.02	15.47
Current Account (% of GDP)	5.48	5.96	5.72	7.26	4.5
FX reserves (year-end, USDbn)	73.5	81.68	86.14	86.1	88.68
Import Cover (months)	6.34	6.16	6.7	6.26	4.47
Inflation (annual avge, %)	2.2	2.6	2.4	0.5	0.7
Govt Balance (% GDP)	-2.7	-2.1	-3.9	-0.4	-1.5

Source : D&B

Forecasts

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	1.5	2	2.5	3	2
Nominal GDP in USDbn	304.2	341.5	369.1	408.7	403.1
Nominal GDP in local currency (bn)	1,977.6	2,048.8	2,141.0	2,248.0	2,337.9
GDP per Capita in USD	53,734	60,074	64,692	71,344	70,079
Population (year-end, m)	5.7	5.7	5.7	5.7	5.8
Exchange rate (yr avge, USD-LCU)	6.5	6	5.8	5.5	5.8
Current Account in USDbn	13.7	15.4	16.6	18.4	18.1
Current Account (% of GDP)	4.5	4.5	4.5	4.5	4.5
FX reserves (year-end, USDbn)	91.3	94.1	96.9	99.8	102.8
Import Cover (months)	4.01	4.12	4.24	4.37	4.5
Inflation (annual avge, %)	1.2	1.6	2	2	2
Govt Balance (% GDP)	-2.5	-2	-1	0	-1

Source : D&B

Comparative Market Indicators

Indicator	Denmark	Sweden	Germany	Norway	US
Income per Capita (USD)	60,967	59,143	46,760	95,077	54,086
Country Population (m)	5.6	9.6	82.7	5.1	322.6
Internet users (% of population)	94.6	94.8	84	95.1	84.2
Real GDP Growth (% p.a., 2015 - 2024)	1.4 - 2.3	2 - 2.5	2 - 3	2.2 - 3	1.5 - 3

Source : D&B

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