DENMARK

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Denmark, regarded by many independent observers as one the world's most attractive business environments, is characterized by political, economic and regulatory stability. It is a member of the European Union (EU), and Danish legislation and regulations conform to EU standards on virtually all issues. Denmark conducts a fixed exchange rate policy, with the Danish Krone linked closely to the Euro. Denmark is a social welfare state with a thoroughly modern market economy reliant on free trade in both goods and services. It is a net exporter of food, fossil fuels and wind power, but depends on raw material imports for its manufacturing sector.

Within the EU, Denmark is among the strongest supporters of liberal trade policy. Denmark suffered from the financial crisis and previous over-investment in commercial, private, and agricultural real estate, and from personal over-leveraging by Danish consumers, which contribute to a current low level of private investment and consumption.

The Danish economy is finally entering a sustainable recovery after years of lackluster growth following the 2008 global financial crisis and subsequent economic recessions. Real GDP grew by 1 percent in 2014 and the recovery is estimated to pick up speed in 2015 and 2016. The government estimates 1.6 percent GDP growth for 2015 and 2.0 percent for 2016, increasing to annual growth rates of 2.4 percent in 2018 and 2019. The Central Bank projects growth of 2.0 percent in 2015 and 2.1 percent in 2016. The main headwind in the economy in recent years - subdued private consumption – abated in early 2015, boosted by six consecutive quarters of growth. Contributing factors were decreasing unemployment, a weaker kroner (due to its linkage to the Euro), declining oil prices and record low interest rates. Denmark is also very reliant on international trade (trade accounts for about 50 percent of GDP) and the budding European and international recovery bodes well for Danish growth. Gross unemployment, a national definition, was 4.9 percent in January 2015, and is forecast to decrease slightly in the coming years as the economy improves and structural reforms take effect. The OECD Harmonized Unemployment Rate was 6.3 percent in Q4 2014.

The underlying macroeconomic conditions are sound, and the investment climate is favorable. Denmark is situated strategically, linking continental Europe with the Nordic and Baltic countries. The transport and communications infrastructures are efficient. Denmark is among the world's leaders in industries such as information technology, life sciences, clean energy technologies, and shipping. Exchange rate conversions throughout this document are based on the 2014 average exchange Danish Kroner (DKK) 5.619= 1 USD.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Denmark is a small country with an open economy. Denmark is highly dependent on foreign trade, with exports being the largest component of GDP, and international cooperation. Danish trade and investment policies are liberal and encourage foreign investment.

In general, investment policies are forward-looking and aimed at fostering and developing businesses, especially in high-growth sectors. A 2014 business environment survey from the

Economist Intelligence Unit (EIU) for the period 2014–2018 ranked Denmark tenth globally and fourth regionally as the most attractive nation for foreign investment. The EIU characterizes Denmark's business environment as among the most attractive in the world, reflecting a sound macroeconomic framework, excellent infrastructure and a highly flexible labor market. Main concerns relate to the ability to deal with a shrinking labor supply and the prospects for macroeconomic instability, stemming from possible contagion from the Euro Area's sovereign debt crisis. Several factors are included in the survey, and Denmark scores top marks in various categories, including the political and institutional environment, macroeconomic stability, policy towards private enterprise, foreign investment policy, financing and infrastructure.

As of June 2014, the EIU rated Denmark as an “A” country on its Country Risk Service with a stable outlook, with sovereign risk at “AA,” and political risk at “AAA.” Denmark ranked thirteenth on the Global Competitiveness Report 2014-2015 from the World Economic Forum, fourth on the World Bank’s Doing Business 2015 ranking, and fourth on the EIU Democracy Index 2013. “The Big Three” credit rating agencies (Standard & Poor’s, Moody’s, and Fitch Group) all rank Denmark as AAA.

The government allocated funds in the 2012 national budget for intensified supervision and enforcement of taxation for multinationals to ensure their compliance with the Danish tax regime. Beginning in December 2012, corporate tax records of all companies operating in Denmark were made public. The records are updated annually.

Other Investment Policy Reviews

Denmark ranked 1 out of 175 in Transparency International’s Corruption Perceptions Index, which was unchanged from last year. It received a ranking of 4 out of 189for “Ease of Doing Business” in the World Bank’s Doing Business Report, in which it was also 1st in Europe. In the World Economic Forum’s Global Competitiveness report for 2014-2015, Denmark was ranked 13 out of 144 countries.

Out of the 61 economies covered by the International Institute for Management Development’s annual World Competitiveness Yearbook, Denmark was ranked 8 in 2015. The Economist Intelligence Unit’s Democracy Index for 2014 gave Denmark a rank of 5 out of 167 countries. The Global Innovation Index ranked Denmark 8 out of 143 in 2014.

Laws/Regulations of Foreign Direct Investment

Not applicable/information not available.

Industrial Promotion

The government agency "Invest in Denmark" is part of the Danish Trade Council and is situated within the Ministry of Foreign Affairs. The agency provides detailed information to potential investors. The website for the agency is www.investindk.com. “Invest in the Faroes” is the unit in the Faroese government concerned with promoting Faroese trade; the website is www.invest.fo. For more information regarding the investment potential in Greenland, please see Greenland Holding at www.venture.gl or Greenland Tourism & Business Council at www.greenland.com.

Limits on Foreign Control

The Danish central and regional governments actively encourage foreign investment on a national-treatment basis, with relatively few limits on foreign control:

Professional services: EU residency requirements for the provision of legal and accountancy services.

Securities Trading: under EU Directive 85/611/EEC, a depository of an undertaking for collective investment in transferable securities (UCITS) must either have its registered office in the same EU country as that of the undertaking or be established in the EU country if its registered office is in another EU country; non-resident financial institutions may engage in securities trading on the Copenhagen Stock Exchange only through subsidiaries incorporated in Denmark.

Maritime, Aviation: foreign (non-EU resident) ownership caps on Danish- flagged vessels except through an enterprise incorporated in Denmark; on one-third or more of a business engaged in commercial fishing; on airlines established in Denmark that must be majority owned and effectively controlled by EU states and/or nationals of EU states, unless otherwise provided for through an international agreement to which the EU is a signatory.

Real Estate: There are certain restrictions on the acquisition of real estate in Denmark by foreigners. EU citizens and companies from EU member states can purchase any type of real estate, except vacation properties, without prior authorization from the authorities. Companies and individuals from non-EU countries that have been present/resident in Denmark for at least five years in total and are currently resident in Denmark can also purchase real estate, except vacation properties, without prior authorization. Non-EU companies or individuals that do not meet these requirements can only purchase real estate with the permission of the Danish Ministry of Justice. Permission is freely given to people with a Danish residency permit, except with regard to purchases of vacation properties. Purchases of designated vacation properties are restricted to citizens of Denmark.

Privatization Program

Not applicable.

Screening of FDI

There is no mandatory screening of foreign investment.

Competition Law

The Danish Competition and Consumer Authority review transactions for competition-related concerns. According to the Danish Competition Act, the Competition Authorities require notification of mergers and takeovers if the combined turnover of the participating companies exceeds DKK 50 million (approx. USD 8.6 million). However, notification is not required if one of the participating companies has turnover of less than DKK 10 million (approx. USD 1.8 million). If the combined turnover of the merging companies exceed DKK 900 million (approx. USD 155 million) and at least two of the merging companies each have turnover exceeding DKK 100 million (approx. USD 17.3 million) or if one of the merging companies has domestic annual turnover exceeding DKK 3.8 billion (approx. USD 655 million) and at least one of the merging companies has global annual turnover exceeding DKK 3.8 billion (approx. USD 655 million), the merger or takeover is subject to approval by the Competition Authorities. The EU Commission's approval must also be obtained for large scale mergers.

Investment Trends

According to the Danish central bank, the total stock of foreign direct investment into Denmark in 2013 was DKK 746.5 billion (current prices, exclusive of pass-through investments; equivalent to approximately USD132.7 billion), corresponding to 39.6 percent of GDP. U.S. investments of DKK 43.6 billion (USD 7.76 billion) in Denmark accounted for 5.8 percent of total FDI stock in 2013. The United States is the eighth largest foreign investor in Denmark, surpassed by Sweden (DKK 182.2 billion), Netherlands (DKK 97.4 billion), Luxembourg (DKK 71.0 billion), and the United Kingdom (DKK 58.1 billion), among others.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	1 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	4 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	8 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 61,680	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

Denmark is a major international development assistance donor, contributing DKK 16,462 billion (USD 2.9 billion) or 0.83 percent of GNI to development assistance in 2014. The assistance was split 74 percent bilaterally, 26 percent multilaterally and was practically unchanged from 2013. The U.S. Millennium Challenge Corporation (MCC) and the Danish Ministry of Foreign Affairs signed a Memorandum of Understanding in 2008 to increase cooperation.

Other Areas of the Kingdom of Denmark

Greenland, Self-Rule Status

Greenland's status within the Kingdom of Denmark is outlined in the Self Rule Act (SRA) of 2009, which details the Greenlandic government's right to acquire a number of new responsibilities including the administration of justice, business and labor, aviation, immigration and border control, as well as financial regulation and supervision. It has already acquired control over taxation, fisheries, internal labor negotiations, natural resources, and oversight of offshore labor, environment, and safety regulations. Denmark continues to have control over the Realm's foreign affairs, security, and defense policy, in consultation with Greenland and the Faroe Islands. Denmark also retains authority over border control issues, including immigration into Greenland. Greenland is not a part of the EU or Schengen Area; special rules apply for foreigners coming from a Schengen country.

In September 2014, the then-premier of Greenland Aleqa Hammond, resigned due to allegations of misappropriation of government travel funds. Her ruling party, Siumut, won the next parliamentary election in Greenland on November 28, 2014, by a narrow margin of 326 votes, edging out the leading opposition party Inuit Ataqatigiit (IA). Both parties took 11 seats in the 31-member Greenlandic parliament. Subsequent negotiations saw Greenland's ruling party, Siumut, sign a coalition agreement with two smaller parties, Atassut and Demokratiit, securing a majority of 17 seats in the 31-member parliament.

The new three-party coalition in Greenland proposes to increase revenues by promoting greater development in fisheries, minerals, and tourism, and by trimming the public sector through privatization of enterprises currently owned by the Greenlandic government. Key initiatives include improving access to financing for new businesses and enhancing Greenland's corporate tax competitiveness.

In the fisheries sector, which comprises the bulk of exports, the coalition promises to support the development of fish processing capacity in Greenland, to introduce a new fee on the export of unprocessed fish, and to promote the fishing of new species and the development of new fisheries grounds off east Greenland. It also commits to accept more input from fishermen in developing fisheries studies and setting fishing quotas.

To develop tourism, the platform calls for increases in accommodation capacity, a reduction in passenger tax for cruise ships, and a focus on promoting foreign language education to create a more multilingual workforce. The coalition also calls for stricter safety requirements for navigation in Greenlandic waters.

In the mineral sector, the coalition plans to create an international panel of experts to advise the government on natural resource development. While the new government endorses maintaining the previous government's relaxation of a ban on uranium mining, the ruling party platform calls for parliament to set an upper limit on uranium content (restricting uranium to a mining by-product) and states that all IAEA and EURATOM standards must be met.

Greenland Economic Outlook

While Greenland escaped the worst effects of the financial crisis, experiencing GDP growth of 7.5 percent from 2008 to 2011, Greenland's highly specialized economy - over 90 percent of exports is fisheries – is facing significant challenges. Natural resource exploration (i.e. oil and minerals), and large-scale construction activity in the capital of Nuuk and the larger cities have subsided in recent years, and Greenland's undiversified economy is lacking in new revenue streams as a demographic burden puts greater pressure on the public budgets. Exploration for hydrocarbons off the west coast of Greenland, previously estimated to be worth approximately DKK 5 billion (USD 890 million) in 2010 – 2011, but has since declined. No exploration was conducted in 2012 - 2014; the situation appears unchanged for 2015. There is significant potential interest in offshore hydrocarbon and rare earth elements mining exploration in Greenland, but it is uncertain to what extent, and when such exploration will commence, and whether exploitation on a commercial basis will become viable.

The Greenland Economic Council – an independent advisory council - estimates that Greenland's economic activity is decreasing, with a contraction of the economy in 2012 (-0.9 percent) and 2013 (-2.8 percent). The contraction is predicted to continue in 2014 (-1.9 percent). The decline is due to lower earnings from fisheries, tourism, exploration activities, and construction. The economy is expected to grow in 2015 at 1.5 percent of GDP, but is likely short-lived, due primarily to one-time increased public investments. Looking ahead, the report concludes, "Five years after the implementation of the Self-Rule Government, the reforms that would be necessary for the creation of a self-sustaining economy have not been put into place." Public expenditures are increasing as demographic shifts push larger portions of the population into retirement, while fewer Greenlanders are active on the labor market. An unexpected surplus in the public financial budget for 2014 was achieved due to increased global demand for mackerel. The government expects a budget deficit in 2015, but estimates that Greenland will see budget surpluses in the 2016 – 2018 period. However, the Greenland Economic Council estimates that, since much needed reforms have not been implemented, it is unlikely that the budget surpluses will materialize in that time frame.

Recent reports on Greenland's mineral wealth affirm that mineral and oil projects cannot provide Greenland with a viable economic future alone, but that it must be complemented by educational and other reforms to ensure that any increased business activity invests primarily in human capital and does not rely solely on imported labor.

Greenland exported DKK 3.028 billion (USD 539 million) in 2014, a 10.1 percent increase from 2013. 91 percent of Greenlandic exports were fish products, with the remainder being raw materials and machinery. Exports went primarily to Denmark (80 percent), followed by Iceland (9.6 percent), and Portugal (5.4 percent). Greenland imported goods worth DKK 4.306 billion (USD 766 million) in 2014, primarily fuels (21 percent), machinery (20 percent), foods (19 percent) and intermediate products (13 percent). Imports came from Denmark (65 percent), Sweden (21 percent), and Germany (2 percent) among others. Imports from the United States represented 0.75 percent of total imports. Foreign Direct Investment into Greenland from Denmark totaled DKK 1.5 billion (USD 267 million) in 2013. Due to its vast geographic expanse, Greenland's physical and telecommunications infrastructure is less interconnected and developed than in other parts of the Kingdom of Denmark. The labor force was comprised of 27,021 people in 2013; the average unemployment rate for 2013 was 10.1 percent. The Greenlandic government is actively trying to attract investments to Greenland to diversify the economy and integrate the Greenlandic economy into the world economy as part of a path toward economic independence from Denmark.

Establishing a Company in Greenland

An established company doing or planning to do business in Greenland must attain a GER (Greenland's Company Register) registration number. This includes subsidiaries. The registration number can be acquired from the Greenlandic Tax Authorities.

A foreign company can establish a commercial activity in Greenland in one of the following ways: through a subsidiary, a registered affiliate, a representative office or a taxable entity. A subsidiary is only liable for its own assets. The capital requirement for establishing a corporation (A/S) is DKK 500,000 (approx. USD 89,000) and for establishing a private limited liability company (ApS) DKK 125,000 (approx. USD 22,250). At least one of the founders of an A/S must be a resident of Greenland. The Danish Ministry for Business and Growth can, however, grant exemptions to this requirement.

A registered affiliate does not have capital requirements, but only a company with a legally registered office in the EU, USA, Canada or the Nordic countries can open an affiliate. It is legally not treated as an independent company, but rather as an extension of the main company. This means that the head office is liable for all the affiliate's assets.

A representative office is not regulated or defined; however, a representative office cannot sign any contracts or deliver services. It is meant to be a marketing office, or an office to establish contacts and enter the market.

An exploration license is viewed as a taxable entity. There is more lenient regulation in the extraction industry regarding company composition: if a foreign company is granted an exploration license, it is not required to register as an affiliate, but the license is taxable, and therefore the firm must submit tax information like a regular company. However, a loss can be carried forward and written off against future profits. A GER registration is required.

A foreign company can do business in Greenland in a consecutive or non-consecutive 90 day period over 12 months without being required to register as a business.

Greenland Tax

Greenland has double taxation treaties with the following countries: Denmark, Faroe Islands, Iceland, and Norway. Greenland is working with the United States to sign a Foreign Accounts Tax Compliance Act (FATCA) agreement and has reached an agreement in substance.

The corporate income tax rate is 30 percent. An additional surcharge of six percent of the tax payable is charged, bringing the total corporate tax rate to 31.8 percent. Taxation of royalty payments is 30 percent. Greenland has no value added tax (VAT) system, sales tax or similar taxes. There are, however, some payable duties, such as taxes for cruise liners, ports duties, etc. There are four types of depreciations in the Greenlandic tax law. Buildings can be depreciated five percent annually. Ships, planes, and hydrocarbon prospecting can be depreciated 10 percent annually. Mineral licenses can be depreciated 25 percent annually, and operating equipment can be depreciated 30 percent at a declining balance. Assets with a cost of less than DKK 100,000 (USD 17,800) may be depreciated in the year of acquisition.

The taxation of mineral resources in Greenland is governed by the Mineral Resources Act. Companies which are operating under the Act can apply for an exemption of the surcharge, thereby lowering the tax rate to 30 percent.

Greenland Labor

The Greenlandic labor force was 27,021 persons in 2013. Average unemployment for 2013 was 10.1 percent -- higher than the OECD average of 7.9 percent, and an increase from 9.4 percent in 2012. Based on 2012 figures, 34.7 percent of the Greenlandic population has an education beyond primary school, and 42.8 percent of those have a vocational education, with nurses and teachers making up the two largest groups at 12.1 percent of the educated population.

In December 2012, Greenland passed legislation known as the "Large Scale Act" which allows companies to use foreign labor during the construction phase of development when project costs exceed USD 870 million and workforce requirements exceed the local labor supply. The Act is intended for potential mining or infrastructure projects in Greenland. The Act allows workers from outside Greenland to operate under a foreign labor accord, but these agreements cannot violate Greenland's laws or Denmark's international obligations.

The Act lays out the framework for politically-negotiated Impact Benefit Agreements (IBA) for the Government of Greenland and the company to agree upon the exact conditions of employment for foreign labor. The scale of Greenlandic labor utilized will be negotiated for each project and will vary depending on local capacity and the negotiated agreement for each project.

Foreign workers will enjoy the same legal protections as Greenlandic workers, in theory, including the same USD 13.85 per hour minimum wage and retention of the right to strike, but employers may deduct up to USD 180 from their pay each week to cover the cost of company-provided lodging, food, and clothing.

Investment in Natural Resources

Experts agree there are significant mineral deposits in Greenland, including the rare earth elements zinc, lead, molybdenum, uranium, gold, platinum, ruby and pink sapphires, and other critical minerals. Greenland is also expected to harbor large quantities of iron ore and copper, although there has been limited exploration of copper deposits to date. However, conditions are harsh in Greenland; satellite images taken over the past several decades record a continuing significant disappearance of surface ice from the island. If the trend continues, mining industry experts anticipate the retreating ice will make the island's rich stores of raw materials more easily accessible. The policy framework is also relatively attractive for most mining activities (with the exception of mining radioactive minerals). In October 2013, the Greenlandic Parliament abolished the country's 25-year "zero-tolerance policy towards uranium and other radioactive minerals," lifting the ban on mining where uranium is present. This decision will facilitate the exploitation of rare earth mineral deposits, which are often found co-mingled with radioactive minerals in Greenland.

With the 2009 SRA, Greenland gained the rights to its mineral, oil, and natural gas resources, and acquired the regulatory authority over these on January 1, 2010. The SRA also created a revenue mechanism: if exploitation of Greenland's natural resources becomes commercially viable, Greenland will keep the first DKK 75 million (USD 13.3 million) in annual revenues derived from these resources, with further revenues split equally between the Danish and Greenlandic Governments. Denmark's share will be transferred by deducting the equivalent amount from the annual block grant to Greenland (USD 660 million in 2013); once the value of the block grant has been reached, any additional revenue will be subject to negotiations between the Danish and Greenlandic governments. The Greenlandic Government welcomes this lucrative eventuality, but remains cognizant of the potential impact that an influx of wealth from these activities could have on Greenlandic society.

Greenland is endowed with several REE deposits (at least two are deemed world-class). All the well-known deposits are licensed by the Bureau of Minerals and Petroleum and some have reached advanced stages of exploration. Greenland dropped out of the top-ten in the 2014 annual mining survey from the Canadian Fraser Institute, now ranking 41st along with Sweden out of 122 mining jurisdictions surveyed, in terms of investment attractiveness. Greenland was granted the award for "best country to do mining in 2013-2014," together with Mongolia, Azerbaijan, and Australia, at the Mines & Money conference in December 2013.

Greenland General Business Information

OPIC programs are not applicable to U.S. investments in Greenland.
Information about the Greenlandic Government can be found at: http://naalakkersuisut.gl/en.
Information from the Greenlandic Government on natural resource exploration and extraction can be found at: http://www.govmin.gl/

Statistics Greenland can be found at: http://www.stat.gl/default.asp?lang=en

By law, private property can only be expropriated for public purposes in areas where the Greenlandic Self-government has the competencies, in a non-discriminatory manner, with reasonable compensation. There have been no recent expropriations of significance in Greenland and there is no reason to expect significant expropriations in the near future.

There have been no major disputes over foreign investment in Greenland in recent years. While it is common that disputes are settled in Greenlandic courts, the Danish Supreme Court remains the highest appeals court for disputes in Greenland. If the dispute is very specialized and within the purview of the Danish Administration of Justice Act, the parties involved can choose the Danish Maritime and Commercial Court as a court of first instance. Potential investors should be cognizant of the need to manage expectations in Greenland with regard to understanding corporate responsibility and financial obligations.

While the democratic institutions and the legal framework in general are strong, there have been some concerns about legislation being passed through parliament without significant hearing processes and public input.

The Faroe Islands

During the last two centuries, the Faroese economy has revolved around fishery and related industries, and fisheries remains the key sector, accounting for about 95 percent of exports. The Faroe Islands are a small open economy which, combined with the reliance on fisheries, makes it highly vulnerable to changes in the international markets. The Faroe Islands have full powers to set tax rates and fees, and to set levels of spending on the services they provides.

The Faroes were less affected by the economic crisis in 2008/09 than the rest of Europe, in part due to increasing world prices for fish. In 2013, the real Faroese economy grew again, after a few years of stagnation. Nominal GDP rose 5.1 percent to DKK 14.34 billion (USD 2.55 billion) while consumer prices fell 0.6 percent, following 3 percent nominal GDP growth in 2012 with 2.2 percent inflation. The growth in nominal GDP was driven by fish exports, with increased catches of mackerel and herring as well as higher prices for salmon. Private demand is also picking up after a few years of lower household spending. Unemployment is low and falling at 3.9 percent in July 2014, down from 8 percent in 2011.

The outlook for the Faroese economy is highly dependent on the amount and price of seafood catches, which can be highly volatile. The Faroe Islands have in recent years engaged in several disputes with the EU over fishing quotas. The disagreements escalated in September 2012, when the EU adopted measures which allowed it to impose sanctions on the Faroe Islands. In March 2013, the Faroe Islands unilaterally increased their quota for herring and mackerel. EU member states responded in July by voting in favor of sanctions against the Faroe Islands. Sanctions on herring and mackerel were imposed in August 2013. By August 2014, the EU lifted its trade sanctions against the Faroe Islands, after a political understanding between the two parties on herring catches. Furthermore, a five year agreement with the other coastal states in the North Atlantic was signed on mackerel quotas, reducing uncertainty for fisheries and improving profitability, since the agreement allows for better capacity utilization. Fisheries account for close to one-sixth of the total gross value added in the Faroe Islands and about 95 percent of goods exports, excluding ships and aircrafts. As a non-EU member, the Faroe Islands continue to have open access to the Russian market despite Russia's retaliatory trade embargo on certain food imports from the EU. This has allowed the Faroese to sell increased quantities of salmon to the Russian market at high prices, while prices have dropped significantly in the European market. The overall effect on the Faroese economy is not yet clear.

In October 2014, the credit agency Moody’s ranked the Faroe Islands Aa3, high quality and very low credit risk, but with a negative outlook. The government has historically implemented substantial cuts in spending when required (e.g. during the financial crisis of the 1990s). However, the Faroe Islands have generally opted for carrying more debt, rather than spending cuts, since the global economic crisis in 2008/09. More recently, the Faroese government has announced spending reductions as part of its deficit reduction plan.

The Faroe Islands retain control over most of their internal affairs, including the conservation and management of living marine resources within the 200 nautical mile fisheries zone, natural resources, financial regulation and supervision and transport. Denmark continues to exercise control of foreign affairs, security, and defense, in consultation with the Faroese Government.

The labor force comprises about 23,700 people. In many areas, the Faroese labor market model resembles that of the other Nordic countries, with high standards of living, well-established welfare schemes and independent labor unions. A majority of people in the Faroe Islands are bilingual or multilingual, with Danish and English being most widely spoken after Faroese. The Islands boast a well-developed physical and telecommunications infrastructure and have well-established political, legal, and social structures. The standard of living for the total population (about 48,000) is high by world standards, but slightly lower than that of other Nordic countries. The Faroe Islands opened their own securities exchange in 2000; active trading of shares followed in 2005. The exchange is collaboration with the VMF Icelandic exchange on the Nasdaq OMX Nordic Exchange Iceland.

The Islands exported approximately DKK 6.339 billion (USD 1.13 billion) worth of goods in 2014, 97 percent of which were fish products, with the remainder being vessels and aircrafts or “other” products. In recent years, the construction, transportation, banking, and other financial services sectors have grown, and offshore oil and gas exploration is developing, though commercially viable finds have not been made. In 2013, the majority of exports went to Russia (11.5 percent), the UK (11.3 percent), followed by the U.S. (10.6 percent), Germany (8.9 percent), Nigeria (7.4 percent) and Denmark (6.8 percent). Goods imports totaled DKK 5.935 billion (USD 1.06 billion) in 2014. The vast majority of imports came from Europe; 0.75 percent originated in the United States. Norway provided 28.7 percent of imports, Denmark 24.6 percent, Germany 10 percent, Iceland and China 4.4 percent each, and Poland 4 percent. Imports consist of items for household consumption (21.8 percent), e.g. food, tobacco and beverages (10.1 percent); fuels (19.2 percent); input to industry (23.4 percent) and machinery (10.9 percent).

The most recent figures available show Foreign Direct Investment into the Faroe Islands totaled DKK 1.6 billion (USD 285 million) in 2012, about half of which originated from Denmark. The Faroese government has indicated interest in further attracting foreign investment. “Invest in the Faroes” is the Faroese government unit promoting Faroese trade. The website is www.invest.fo/. The Faroe Islands is working to sign a Foreign Accounts Tax Compliance Act (FATCA) agreement with the United States.

2. Conversion and Transfer Policies

Foreign Exchange

There are no restrictions on converting or transferring funds associated with an investment into or out of Denmark. Policies in place are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors can obtain credit in the local market at normal market terms, and a wide range of credit instruments is available.

Denmark has not adopted the Euro currency. The country meets the EU's economic convergence criteria for membership and can join if it wishes to do so. (The budget surplus for 2014 of 1.3 percent is due to a one-time change in taxation; government estimates for budget deficits of -1.6 percent and -2.6 percent in 2015 and 2016 are well below the 3 percent Stability & Growth Pact limit.) The Danish political reservation concerning Euro participation can only be abolished by national referendum, and Danish voters have twice (in 1992 and 2000) voted it down. The government has stated it will not hold another referendum on the Euro before the next national election, which will be held prior to September 15, 2015. Regular polling on this issue shows a majority of public opinion remains in favor of keeping the Krone – 64.4 percent against joining the Euro, versus 33.1 percent in favor of adopting the Euro, according to a poll in 2013.

Denmark conducts a fixed exchange rate policy with the Danish Krone linked closely to the Euro within the framework of ERM II. The Danish Krone (DKK; plural: Kroner, in English, “the Crown”) has a fluctuation band of +/- 2.25 percent of the central rate of DKK 746.038 per 100 Euro. As of April 2015, the Danish Government had not yet decided whether Denmark will join a European Banking Union; this issue remains a topic of political debate.

Remittance Policies

Not applicable.

3. Expropriation and Compensation

By law, private property can only be expropriated for public purposes, in a non-discriminatory manner, with reasonable compensation, and in accordance with established principles of international law. There have been no recent expropriations of significance in Denmark and there is no reason to expect significant expropriations in the near future.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

There have been no major disputes over investment in Denmark in recent years. The judicial system is extremely well-regarded and considered fair. The legal system is independent of the legislative branch of the government and is based on a centuries-old legal tradition. It includes written and consistently applied commercial and bankruptcy laws, and secured interests in property are recognized and enforced. The World Economic Forum’s 2014-2015 Global Competitiveness Report, which ranks Denmark as the world’s thirteenth most competitive economy and sixth among the EU 28, characterizes it as having among the best functioning and most transparent institutions in the world. In addition, Denmark ranks high on indices related to ethical behavior of firms (ranked fourth), irregular payments and bribes (ranked 13th), reliability of police services (ranked 15th), judicial independence (ranked third), intellectual property protection (ranked 24), and efficiency of legal framework in settling disputes (ranked 20th).

Bankruptcy

Monetary judgments under the bankruptcy law are made in freely convertible Danish Kroner. The bankruptcy law addresses creditors' claims against a bankruptcy in the following order: (1) costs and debt accrued during the treatment of the bankruptcy; (2) costs, including the court tax, relating to attempts to find a solution other than bankruptcy; (3) wage claims and holiday pay; (4) excise taxes owed to the government; and (5) all other claims.

Investment Disputes

There have been no major disputes over investment in Denmark in recent years.

International Arbitration

Denmark is a member of the International Center for the Settlement of Investment Disputes (ICSID) and is a party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, meaning local courts must enforce international arbitration awards that meet certain criteria. Subsequent Danish legislation makes international arbitration of investment disputes binding in Denmark. In addition, Denmark is a party to the 1961 European Convention on International Commercial Arbitration and to the 1962 agreement relating to the application of this Convention.

ICSID Convention and New York Convention

Not applicable.

Duration of Dispute Resolution

Not applicable.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Denmark adheres to the WTO Agreement on Trade-related Investment Measures (TRIMs).

Investment Incentives

Performance incentives are available to both foreign and domestic investors. For instance, foreign and domestic investors in designated regional development areas may take advantage of certain grants and access to preferential financing. Investments in Greenland may be eligible for incentives as well. Denmark does not offer favored treatment to foreign investors. Foreign subsidiaries located in Denmark can participate in government-financed or subsidized research programs on a national-treatment basis.

Research and Development

Not applicable.

Performance Requirements

Performance requirements are applied only in connection with investment in hydrocarbon exploration, where concession terms normally require a fixed work program, including seismic surveys, and in some cases exploratory drilling, consistent with applicable EU directives. Performance requirements are mostly designed to protect the environment, mainly through encouraging reduced use of energy and water. Several environmental and energy requirements are systematically imposed on households as well as businesses in Denmark, both foreign and domestic. For instance, Denmark was the first of the EU countries, in January 1993, to introduce a carbon dioxide (CO2) tax on business and industry. However, there are certain reimbursement schemes and subsidy measures to reduce the costs for businesses, thereby safeguarding competitiveness.

Data Storage

A. -The Danish government does not follow "forced localization," policies, nor does it require foreign IT providers to turn over source code and/or provide access to surveillance. The government agency, the Danish Data Protection Agency, the Ministry of Justice and the Ministry for Culture are the entities involved with data storage.

6. Right to Private Ownership and Establishment

A foreign or domestic private entity may freely establish, own, and dispose of a business enterprise in Denmark. The capital requirement for establishing a corporation (A/S) is DKK 500,000 (approx. USD 89,000) and for establishing a private limited liability company (ApS) DKK 80,000 (approx. USD 14,250). An "Entrepreneurial Company" (IVS) can be established for DKK 1 (USD 0.18). No requirements apply as to the residency of directors and managers of A/S or ApS.

Since October 2004, a private entity may found a European public limited company (SE company). The legal framework of the SE company is to a large degree subject to national company law, but it is possible to change the nationality of the company without liquidation and re-founding. An SE company must be registered at the Danish Business Authority if the official address of the company is in Denmark. The minimum capital requirement is 120,000 Euros (approx. USD 156,000).

Like most other countries, Denmark imposes restrictions on establishing companies providing professional services (e.g., legal, accounting, auditing, and medical services). Danish professional certification and/or local Danish experience are required to practice in Denmark. In some instances, Denmark may accept an equivalent professional certification from other EU or Nordic countries on a reciprocal basis.

Establishment of new, large department stores outside city centers is on a non-discriminatory economic needs-test basis and must be approved by the local authorities. The maximum size of a store may not exceed 3,500 square meters without explicit permission.

Ownership restrictions are applied in the following sectors:

- Hydrocarbon exploration: Requires 20 percent Danish government participation, but on a "non-carried interest" basis.
- Defense materials: The law governing foreign ownership of defense companies (L538 of May 26, 2010) stipulates that the Minister of Justice has to approve foreign ownership of more than 40 percent of the equity or more than 20 percent of the voting rights, or if foreign interests gain a controlling interest in a defense company doing business in Denmark. The approval will be granted unless there are foreign policy considerations or security issues weighing against approval.
- Aircraft: Unless a waiver is granted, non-EU physical and legal persons may not directly own or exercise control over aircraft registered in Denmark.
- Ships registered in the Danish International Ships Register (DIS) must, as a general rule, be Danish-owned. Ships owned by Danish citizens, Danish partnerships or Danish limited liability companies are eligible for registration. Ships owned by EU or European Economic Area (EEA) entities with a genuine link to Denmark are eligible for registration. Also, foreign companies with a major Danish influence can register a ship in the DIS.

7. Protection of Property Rights

Real Property

Property rights in Denmark are well protected by law and in practice. Real estate is, for the most part, financed through the well-established Danish mortgage bond credit system, the security of which compares to that of government bonds. To comply with the covered bond definition in the EU Capital Requirements Directive (CRD), the Danish mortgage banking regulation was amended effective July 1, 2007. With the amended Danish mortgage banking regulation, commercial banks now have the same opportunities as mortgage banks and ship-financing institutions to issue covered bonds. Only issuers that have been granted a license from the Danish Financial Supervisory Authority (FSA) are able to issue Danish covered bonds.

Secured interests in property are recognized and enforced in Denmark. All mortgage credits in real estate are recorded in local public registers of mortgages. Except for interests in cars and commercial ships, which are also publicly recorded, other property interests are generally unrecorded. The local public registers are a reliable system of recording security interests. Denmark is ranked eighth in the World Bank's Doing Business Report for its ease of "registering property."

Intellectual Property Rights

Intellectual property protections in Denmark are particularly well-regarded. Denmark adheres to key international conventions and treaties concerning protection of property rights. Denmark has ratified the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The WIPO (World Intellectual Property Organization) internet treaties, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), have been signed, ratified, and are in force.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

A list of attorneys in Denmark known to accept foreign clients can be found at http://go.usa.gov/3rzvx. This list of attorneys and law firms is provided by the American Embassy as a convenience to United States citizens. It is not meant to be a complete list of attorneys in Denmark, and the absence of an attorney from the list is in no way a reflection on competence. A complete list of attorneys in Denmark, Greenland and the Faeroe Islands may be found at the Danish Bar Association web site: www.advokatnoeglen.dk.

Contact at Embassy Copenhagen covering IP: Economic Officer Kirsten B. Selinger. CopenhagenICS@state.gov.

8. Transparency of the Regulatory System

Danish laws and policies granting national treatment to foreign investments are designed to support the Danish goal of increasing FDI in Denmark. Denmark applies high standards with regard to health, environment, safety, and labor laws. These policies are universally applied and are not used to impede foreign investment. Danish corporate law is generally in conformity with current EU legislation. The legal, regulatory and accounting systems are relatively transparent and in accordance with international standards. Bureaucratic procedures are streamlined and transparent, and proposed laws and regulations are published in draft form for public comment. Under the government's "Vækstplan DK" stimulus plan from 2013, the corporate tax rate will gradually be reduced by 2016 to 22 percent from the current 25 percent.

As of December 19, 2012, the Ministry of Taxation made all companies' corporate tax records public and updates and publicizes them annually. The publication is intended to increase transparency and public scrutiny of corporate tax payments. Greenland and the Faroe Islands retain their own autonomy with regards to tax policy.

9. Efficient Capital Markets and Portfolio Investment

Denmark has fully liberalized foreign exchange flows, including those for direct and portfolio investment purposes. Credit is allocated on market terms and is freely available. The Danish banking system is under the regulatory oversight of the Financial Supervisory Authority. Differentiated voting rights - A and B stocks - are used to some extent, and several Danish companies are controlled by foundations, which can restrict potential hostile takeovers, including foreign takeovers.

The Danish stock market functions efficiently. In 2005, the Copenhagen Stock Exchange became part of the integrated Nordic and Baltic market place, OMX Exchanges, which is headquartered in Stockholm. Besides Stockholm and Copenhagen, OMX also includes the stock exchanges in Helsinki, Tallinn, Riga and Vilnius. In order to increase the access to capital for primarily small companies, the OMX in December 2005 opened a Nordic alternative marketplace -- "First

North" –- in Denmark. In February 2008, the exchanges were acquired by the NASDAQ-OMX Group.

Money and Banking System, Hostile Takeovers

The major Danish banks are rated by international agencies, and their creditworthiness is rated high by international standards. Following the failures of two Danish banks in 2011 that were resolved through the above mentioned Bank Package 3 resolution mechanism, the larger banks and mortgage issuers were downgraded by the international rating agencies, though their ratings remain at a relatively high level. The major Danish banks all passed European and national stress tests with a considerable margin.

Like banks in many other countries, Danish banks experienced significant turbulence in 2008 - 2009. In October 2008, the Danish Parliament passed legislation that calls for all private banks and the Danish government to finance jointly a "safety net" program that provides unlimited guarantees for bank deposits and certain classes of bank creditors through September 2010. Both Danish and foreign deposits were covered by the legislation.
A total of 133 banks joined this so-called "Bank Package." In spite of this legislation, some local businesses reportedly complain of continued tight lending practices and difficulty in obtaining bank financing. When the “Bank Package” expired in September 2010, the Government had acquired a profit from the agreement.

In January 2009 a second initiative was passed, "Bank Package 2," which provided government lending to financial institutions in need of capital to uphold their solvency requirements. Only Danish banks were eligible for inclusion in the second initiative. A total of 43 applicants received DKK 46 billion (approximately USD 8.2 billion) through this initiative. A government-run Financial Stability Company was initiated to take over failed banks. By the end of 2010, ten banks had been taken over or divided and sold by the Financial Stability Company.

A third package was enacted in July 2010 without a set expiration date, which ensured the orderly management of failed banks through the Financial Stability Company in the period after September 30, 2010, when Bank Package I expired. The package guarantees all deposits up to DKK 750,000 (approx. USD 133,500). The third Bank Package received much national and international scrutiny for making Denmark one of the EU's toughest jurisdictions in terms of dealing with banks in distress. The package included provisions stipulating that senior debt holders will shoulder losses in the event of a bank failure.

The failure of Amagerbanken, the tenth largest Danish bank, in February 2011, resulted in some ripple effects for smaller Danish banks, which experienced difficulty in accessing international credit markets and intensified scrutiny of the financial sector by the rating agencies.

A fourth Bank Package was passed in August 2011 proposing to identify systemically important financial institutions, ensure the liquidity of banks which assume control of a troubled bank, support banks acquiring troubled banks by allowing them to write off obligations of the troubled bank to the government, and change the funding mechanism for the sector-funded guarantee fund to a premium-based pay-as-you-go system. According to the Danish Government, Bank Package 4 provides mechanisms for a sector solution to troubled banks without senior debt holder losses, but does not supersede Bank Package 3. Senior debt holder losses are still a possibility in the event of a bank failure.

A fifth bank package was passed in March 2012, the "development" package, designed to strengthen growth and export financing and to ease the access to credit of particularly SMEs and the agricultural sector by enabling banks to free up capital to provide new lending. On October 10, 2013, the Danish Minister for Business and Growth concluded a political agreement with broad political support which, based on the most recent financial statements, identified seven financial institutions as "systemically important": Danske Bank, Nykredit, Nordea Bank Danmark, Jyske Bank, BRFkredit, Sydbank and DLR Kredit.

These were identified based on three quantitative measures: 1) a balance sheet to GDP above 10 percent; 2) market share of lending in Denmark above 5 percent; or 3) market share of deposits in Denmark above 5 percent. If an institution is above the requirement of any one of the three measures, it will be considered systemically important and must adhere to the stricter requirements on capitalization, liquidity and resolution.

Experts expect the Danish system of troubled financial institution resolution mechanisms to be revised in connection with a decision to join the EU Banking Union. The national payment system, "Nets", was sold to a consortium consisting of Advent International Corp., Bain Capital LLC, and Danish pension fund ATP in March 2014 for DKK 17 billion (USD 3 billion). The assets of the three largest Danish banks -- Danske Bank, Nordea Bank Danmark, and Jyske Bank -- constitute approximately 75 percent of the total assets in the Danish banking sector.

10. Competition from State-Owned Enterprises

SOEs hold dominant positions in rail, energy utility and broadcast media in Denmark. Large scale public procurement must go through public tender in accordance with EU legislation. Competition from SOEs is not considered a barrier to foreign investment in Denmark. The World Economic Forum's 2014-2015 Global Competitiveness Report ranks Denmark as third when it comes to judicial independence and finds that Denmark has one of the best functioning and most transparent institutions in the world.

OECD Guidelines on Corporate Governance of SOEs

As an OECD member, Denmark promotes the OECD Corporate Governance Principals and subsidiary SOE Guidelines.

Sovereign Wealth Funds

Not applicable.

11. Corporate Social Responsibility

The Danish Business Authority publishes national action plans to advance CSR in Denmark; the most recent plan covers the 2012 – 2015 period and contains 42 initiatives focusing on business-driven CSR.

A recent survey by the London Business School and Harvard Business School concluded that corporate management is considered the most trustworthy in Denmark, Finland and Singapore. All major companies in Denmark have a public CSR strategy.

OECD Guidelines for Multinational Enterprises

As an OECD member, Denmark promotes, through the Danish Business Authority, the MNE Guidelines and the UN Guiding Principles on Business and Human Rights. Contact information: http://mneguidelines.oecd.org/ncps/denmark.htm

12. Political Violence

Denmark is a politically stable country. Incidents involving politically-motivated damage to projects or installations are very rare. This is reflected in the EEU's "AAA" rating of Denmark in terms of political risk.

13. Corruption

According to the 2014 Corruption Perceptions Index by Transparency International, Denmark is the least corrupt country in the world, followed by New Zealand. Transparency International has local representation in Denmark. Corruption is covered under the Danish Penal Code, and the Ministry of Justice is responsible for combating corruption. Penalties for violations range from fines to imprisonment of up to four years for a private individual's involvement and up to six years for a public employee's involvement. Since 1998, Danish businesses cannot claim a tax deduction for the cost of bribes paid to officials abroad.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Denmark is a signatory of the OECD Convention on Combating Bribery and the UN Anticorruption Convention, and a participating member of the OECD Working Group on Bribery. In the Working Group's Phase 3 report on Denmark, they urged Denmark to be more proactive in its investigations.

Resources to Report Corruption

Contact at Embassy Copenhagen responsible for combating corruption:
Daniel Strebe
Political Officer
U.S. Department of State
Dag Hammarskjolds Alle 24, 2100 Copenhagen, Denmark
+45 3341 7100
CopenhagenPolEcon@state.gov

Contact at watchdog organization:

Transparency International Danmark (C/O CBS)
Porcelænshaven 18a, lokale 0.113, 2000 Frederiksberg
+45 60213398
sekretariatet@transparency.dk

14. Bilateral Investment Agreements

Denmark has concluded investment protection agreements with the following 45 countries (and Hong Kong): Algeria, Albania, Argentina, Belarus, Bolivia, Bulgaria, Czech Republic, Chile, China, Croatia, Egypt, Ethiopia, Estonia, Ghana, Hungary, India, Indonesia, Kuwait, Latvia, Lithuania, Malaysia, Mexico, Mongolia, Mozambique, Nicaragua, North Korea, Pakistan, Peru, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Korea, Sri Lanka, South Africa, Tanzania, Tunisia, Turkey, Uganda, Ukraine, Venezuela, Vietnam, and Zimbabwe. Further, Denmark has signed investment protection agreements with Bangladesh, Bosnia Herzegovina, Brazil, Cuba, Laos, Montenegro, Morocco and Serbia, but these agreements await ratification. There has been no change to the status of the investment protection agreements since the enactment of the European Union's Lisbon Treaty.

Bilateral Taxation Treaties

The U.S.-Danish Bilateral Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income has been in force since 2000. In May 2006, a protocol was signed to amend this. The most important aspect of the protocol relates to the elimination of withholding tax on cross-border dividend payments. On November 19, 2012, the United States and Denmark signed an Intergovernmental Agreement (IGA) to implement the Foreign Account Tax Compliance Act (FATCA).

15. OPIC and Other Investment Insurance Programs

OPIC programs are not applicable to U.S. investments in Denmark, but may be used by at least 95 percent U.S.-owned subsidiaries in Denmark to support their investments in qualifying countries.

Denmark is a member of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA).

16. Labor

The Danish labor force is generally stable, well-educated and efficient. Language skills are good, and English is considered a natural second language among a very high proportion of Danes. Furthermore, the Danish labor market is flexible. Investors find that Danish rules on the hiring and firing of employees generally enable them to adjust the workforce quickly to changing market conditions.

The Danish labor force amounted to approximately 2.641 million persons in 2014. Denmark's OECD-harmonized unemployment rate was 6.2 percent in January 2015, which was relatively low compared to the EU28 (9.8 percent) and OECD (7.0 percent) averages. Unemployment is expected to decrease slightly in the coming years as the economy improves and structural reforms take effect.

The public sector in Denmark is large and accounts for approximately 29.2 percent of the employment at full-time equivalence. The labor force participation rate for women is among the highest in the world. In 2014, 75.0 percent of working-age women participated in the labor force and the employment rate was 69.8 percent. The male labor force participation rate and employment rate were 81.1 percent and 75.8 percent respectively.

The Danish labor force is highly organized, with approximately 75 percent belonging to a union. Labor disputes and strikes occur only sporadically. As a general rule, labor/management relations are excellent, based on dialogue and consensus rather than confrontation. Working conditions are laid down in a rather complex system of legislation and organizational agreements. Most aspects of wage and working conditions are determined through collective bargaining rather than legislation.

The contractual workweek for most wage earners is 37 and 1/2 hours. By law, employees are entitled to five weeks of paid annual leave. However, the majority of the labor force has the right to six weeks of paid annual leave, gained through other labor market agreements.

Denmark has well-functioning unemployment insurance and sick-pay schemes that are not financed by employers. Maternity leave in Denmark is 52 weeks, to be divided between the parents as they see fit, though 18 weeks are earmarked for the mother and at least 2 weeks for the father. Employers are obliged to pay salary for at least 14 weeks, while the government supports the remainder of the leave.

Danish wages are high by international standards and have contributed to the use of capital-intensive technologies. Investors from certain industries see the high average wage level as somewhat detrimental to Danish competitiveness. However, employer contributions to social security (including health care) are very low. As a result, total employee costs for employers are lower in Denmark than in many other industrialized countries. Real wages declined in 2010 – 2012, due to the economic crisis and restraint shown by the unions on wage increase demands. Nominal wages increased by 1.5 percent in 2014. Nominal wages are forecast to increase by 1.5 - 2.0 percent in the coming years, which will allow for small real wage increases with a continued subdued inflation.

In general, work permits are not difficult to obtain for foreign managerial staff. However, permits for non-managerial workers from countries outside the EU (citizens of EU countries do not require work permits) and the Nordic countries are granted only if substantial professional or labor-related conditions warrant.

Special rules, detailed in the so-called Positive List Scheme, apply to certain professional fields experiencing a shortage of qualified manpower. The list is updated twice annually. Foreigners who have been hired in the designated fields will be immediately eligible for residence and work permits. In 2013, professions covered by the Positive List Scheme include engineers, scientists, doctors, nurses, IT specialists, marine biologists, lawyers, accountants and a wide range of other Master's or Bachelor's degree positions. The Pay Limit Scheme extends to positions with an annual pay of no less than DKK 375,000 (approximately USD 66,750) annually, regardless of the field or specific nature of the job. Persons who have been offered a highly paid job have particularly easy access to the Danish labor market through the Pay Limit Scheme.

Denmark also introduced a Green Card scheme to issue residence permits of up to two-years to foreign nationals, allowing them to seek employment in Denmark. Permits are issued based on an individual evaluation, using a point system based on education, language skills and adaptability. The residence permit can be extended for three years if an earning requirement of a minimum of DKK 319,725 (approximately USD 56,900) is fulfilled.

Generally, personal income tax rates in Denmark are among the highest in the world. However, foreign key employees and researchers may choose to be subject to a favorable 26 percent income tax rate in the first five years of working in Denmark, the so-called “Researcher’s Tax.” Some conditions must be fulfilled in order for key employees to be eligible for the 26 percent tax scheme: for example, since January 1, 2015, wages had to total at least DKK 61,500 (approx. USD 10,950) per month before the deduction of labor market contributions and after Danish labor market supplementary pension contributions. Gross tax under this scheme amounts to about 32 percent. There are also limits based on an individual’s previous work history in Danish labor market. Compared with the general Danish progressive income tax system, this is an attractive incentive. Further information can be obtained from the Danish embassies or from the Danish Immigration Service (www.nyidanmark.dk).

The Danish government reformed the system in 2014, aiming to increase the number of people who would be eligible for work under the Positive List and Pay Limit schemes, along with new initiatives to increase attraction and retention of high-skilled foreign labor. The changes will be formally announced in spring 2015.

Denmark has ratified all eight ILO Core Conventions.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

The only free port in Denmark is the Copenhagen Free Port, operated by the Port of Copenhagen. The Port of Copenhagen and the Port of Malmo (Sweden) merged their commercial operations in 2001, including the free port activities, in a joint company named CMP. CMP is one of the largest port and terminal operators in the Nordic Region and one of the largest Northern European cruise-ship ports; it occupies a key position in the Baltic Sea Region for the distribution of cars and transit of oil. The facilities in the free port are mostly used for tax-free warehousing of goods imported, for exports, and for in-transit trade. Tax and duties are not payable until cargo leaves the Free Port. Also, the processing of cargo and the preparation and finishing of imported automobiles for sale can freely be set up in the Free Port. Manufacturing operations can be established with the permission of the customs authorities, which is granted if special reasons exist for having the facility in the Free Port area. The Copenhagen Free Port welcomes foreign companies establishing warehouse and storage facilities.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2014	341,555	2013	335,900	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2013	7,760	2013	13,533	http://bea.gov/international/factsheet/factsheet.cfm?Area=305
Host country's FDI in the United States ($M USD, stock positions)	2013	22,700	2013	10,076	http://bea.gov/international/factsheet/factsheet.cfm?Area=305
Total inbound stock of FDI as % host GDP	2013	39.6%	2013	48%	

*Current prices, BoP; Statistics Denmark's Statistical Database www.statistikbanken.dk/; Denmark's Central Bank's database nationalbanken.statistikbank.dk; UNCTAD

Table 3: Sources and Destination of FDI

The total stock of FDI inbound to Denmark in 2013 corresponded to 39.6 percent of GDP (current prices, exclusive of pass-through investments). Danish outbound direct investment corresponded to 69.9 percent of GDP in 2013. The largest foreign investor in Denmark in 2013 was Sweden, followed by the Netherlands, Luxembourg, the United Kingdom, and Norway. U.S. investment accounted for 5.8 percent of the total 2013 FDI stock in Denmark, the eighth largest source of FDI.

Major U.S. direct investment in Denmark is in telecommunications, energy utility, information technology, biotechnology, oil exploration, financial services and facility services. During recent years, several U.S.-based private equity funds have invested in Danish firms, such as DONG, ISS, the Legoland Parks, and TDC. Over 400 U.S. companies have subsidiaries in Denmark, of which several are regional headquarters.

The main destinations for Danish FDI are Sweden (17.4 percent), United Kingdom (11.9 percent), the United States (9.7 percent), Germany (8.1 percent) and the Netherlands (7.46 percent). EU countries held 59.1 percent of the stock in 2013.

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*

Inward Direct Investment			**Outward Direct Investment**		
Total Inward	99,265	100%	Total Outward	206,653	100%
Sweden	26,577	27%	Sweden	35,562	17%
Netherlands	16,484	17%	United Kingdom	22,599	11%
Luxembourg	12,543	13%	Netherlands	20,355	10%
Japan	8,367	8%	United States	16,075	8%
Norway	6,158	6%	Germany	14,707	7%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars)

Total			**Equity Securities**			**Total Debt Securities**		
All Countries	401,741	100%	All Countries	202,952	100%	All Countries	198,788	100%
United States	96,001	24%	United States	66,873	33%	Germany	48,790	25%
Germany	57,231	14%	Luxembourg	24,448	12%	United States	29,128	15%
Luxembourg	33,001	8%	United Kingdom	18,255	9%	France	11,652	6%
United Kingdom	29,079	7%	Sweden	10,024	5%	United Kingdom	10,824	5%
Sweden	18,624	5%	Ireland	9,229	5%	Netherlands	10,420	5%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

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