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Economy

New economic forecasts raise fears of overheating in the Danish economy

The Danish economy, currently marked by **rising private consumption** and **falling unemployment**, seems to have recovered from the coronavirus crisis. However, signs of **shortages of raw materials** and **labour** are raising concerns about the **risk of overheating**. Danske Bank continues to predict **GDP growth** of **3.0%** this year, and has increased its growth forecast to **3.5%** for 2022 (from **3.4%**). In addition, Danske Bank expects **inflation** to be **1.2%** this year (previously **0.9%**), and the same in 2022. Similarly, the National Bank has updated its growth forecast for 2021, and now expects Denmark's GDP to grow by **3.3%** in 2021, up from **1.4%** three months ago. The National Bank's governor and chairman of the Systemic Risk Council, **Lars Rohde**, pointed out that it is rare for the National Bank to change one of its forecasts so significantly in such a short time. In its latest report, the National Bank writes that the "government should be prepared to **tighten fiscal policy** more than expected". Finance Minister Nicolai Wammen responded to this statement by saying that the

government would already be implementing a sufficiently **tight fiscal policy** to prevent the economy from overheating. [Finans](#), [Børsen](#), [Børsen](#), [Finans](#)

FIGURE TO REMEMBER

3,3%

National Bank's growth forecast for 2021

Small increase in Danish disposable income in 2021

According to Danske Bank, Danish **wages** are expected to rise by **2.7%** in 2021. However, **household disposable income** is expected to grow more moderately: according to the bank's forecasts, it is expected to grow at **its slowest pace in nine years**. For a family consisting of a couple and two children, disposable income is expected to increase by only **DKK 241 (€32)** per month in 2021, compared with **DKK 1 000 (€135)** in 2020. This is due to **rising energy prices** and **inflation**: it will be more expensive

for Danish families to shop, heat their homes and fill up with petrol. [Berlingske](#)

Danish fishermen seek €160m in compensation following Brexit

The total landed value of **Danish fisheries** is over **DKK 3 billion (€ 400 million)** annually. Traditionally, Danish fishermen's catches in **UK waters** have accounted for around **30%** of the total value of Danish landings, and **40%** of the catch by weight. The Trade and Cooperation Agreement, signed by the **EU** and the **UK** at the end of 2020, resulted in a **loss of Danish quotas** worth **DKK 1.2 billion (€160m)**, and Danish fishermen are now demanding **compensation** for this loss from the state. They consider this to be a case of **expropriation** of fishing quotas. Both the fishermen and the banks that provided the loans for the purchase of the quotas are surprised by the Commission's recent statement that compensation from the **Brexit adjustment reserve** cannot be used as **direct compensation** for fishermen who have lost quotas. [Finans](#)

Green transition

Power-to-X investments and strategy

In response to the **DKK 850m (€114m)** political agreement reached at the end of June to support six **Power-to-X** projects at European level, the trade organisation **Forsikring & Pension (F&P)** said that **DKK 25-35bn (€3.4-4.7bn)** was still needed to develop the **green fuels of the future**. According to Tom Vile Jensen, vice-president of F&P, **Danish pension funds** are ready to fill this funding gap, if the right framework is put in place at political level. In anticipation of the **government's Power-to-X**

strategy, which is expected to be unveiled by the end of the year, F&P has published **six recommendations** that they believe would encourage investors to bet on Power-to-X. F&P calls on politicians to put in place an ambitious Power-to-X strategy as soon as possible, which would establish **long-term framework conditions** and a **green certification system**, and remove **barriers** to Power-to-X (such as the current electricity pricing system or outdated EU regulations). [Finans](#)

New government strategy for electrification of Denmark

Climate Minister Dan Jørgensen has unveiled **Denmark's electrification strategy**, a key instrument in the country's green transition. The government's plan provides a **general framework** for future business projects and policy initiatives. The strategy contains **eight development areas: cost effectiveness** and **social balance**, further development of **renewable energy, intelligent integration** of the energy system, involvement of concerned **citizens**, maintaining high **security of supply, growth** and **employment, technological** development, and **harmonisation** of European electricity systems. Investments in electrification of between **DKK 3.5 and 30 billion (€0.47 and 4 billion)** by 2030 are estimated to be necessary in order to meet Denmark's emission reduction targets. Although industry organisations such as Forsikring & Pension and Dansk Industri welcome the government's strategy, they also call for **more specific plans** and **roadmaps** to be put in place. [Børsen](#), [Finans](#), [Finans](#)

Copenhagen Infrastructure Partners (CIP) launches new green technology investment fund

Danish fund manager **CIP** is opening up a new and riskier investment avenue with the launch of a fund that will invest in so-called 'next generation' **renewable energy infrastructure**, such as **Power-to-X**. The aim is to enable the **decarbonisation of industries** such as shipping, steel production and agriculture through the use of **green fuels and raw materials**. In addition to Power-to-X, the fund could also invest in **biofuels** or **carbon capture and storage**. It will focus on new projects in **Western Europe, North America, Australia** and developed **Asia**. It has already raised **€800m** after the first closing and is targeting a total of **€25bn**. Investors include **PensionDanmark, PFA** and **Vestas**, among others. [Finans, CIP](#)

Industry

New FLSmidth partnerships for the decarbonisation of the cement industry

FLSmidth has partnered with UK-based **Carbon8 Systems (C8S)** to reduce the climate impact of the **cement industry**, which accounts for **7-8%** of global CO₂ emissions. This new partnership between FLS and C8S will enable the development and sale of equipment for **CO₂ capture and conversion of carbon** into **building materials**. FLSmidth's contribution is the technology that allows the CO₂ (captured in flue gases) to be bundled with the substances in which the carbon will be sequestered. In the spring of 2021, FLS already had a key role as technology provider for a **DKK 10bn (€1.3bn)** carbon capture project in Porsgrunn, **Norway**, at a factory of the German

Heidelberg Group. In addition, FLSmidth aims to develop a **technology to produce CO₂-free cement by 2030**, using **clay** as a replacement for **limestone** in the production process. The Danish group has reached a first agreement on this technology **with French cement producer Vicat**, to whom FLSmidth will deliver equipment worth **DKK 200m (€27m)**. The new large-scale clay calcination plant, which is expected to be the first in Europe, will be operational by **2023** and will reduce Vicat's CO₂ emissions by **16%**. [Børsen, Finans](#)

Expansion of the Danish car fleet

Between 2010 and 2020, the number of **passenger cars** in Denmark has increased by **550,000**, an increase of **26%**: today there are approximately **2.7 million cars** on Danish roads. Over the last 10 years, the Danish car fleet has grown by an average of **151 cars per day**. This is partly due to **population growth** (+5.5% since 2010), and partly due to the **increased prosperity of Danes**, who are more likely to be able to afford a car or more. Indeed, the number of vehicles per 1,000 inhabitants in Denmark has increased from **423** in 2015 to **456** in 2019. However, cars are now **used less** than in 2010: back then, each car travelled an average of **15,488 km** per year, compared to **15,296 km** in 2020. In addition, **petrol** and **diesel** cars continue to dominate the fleet as a whole, although there is a gradual shift towards **electric** and **hybrid** cars. [Finans](#)

Increase in the number of Tesla cars on Danish roads

In four years, the turnover of **Tesla's** Danish subsidiary has risen from **DKK 245 million (€33 million)** to almost **DKK 2 billion (€270 million)**. In 2020, **4,700** Teslas were sold in Denmark, representing a **2%** share of the total car market, and over **30%** of the electric car market. By

2019, Tesla had sold **2,737 cars**, representing an overall market share of **1.1%**. This increase in sales has led to an increase in the company's operating profit in Denmark. Tesla's Danish subsidiary, which has **97 employees**, is based in **Hillerød**. [Børsen](#)

SaxoBank opens up to cryptocurrency trading

Saxo Bank customers can now trade **bitcoin**, **ethereum** and **litecoin** currencies for **euros**, **dollars** and **yen**. The transaction can be done directly through Saxo Bank's **trading platform**, without the need for a personal wallet. In contrast, **Danske Bank** has announced that it is **not ready** to offer bitcoin and other cryptocurrencies to its customers: the bank points out, among other things, the lack of **transparency** (and the risk of financial crime), the lack of **regulation**, and the **opacity** of the

pricing of these digital assets. [Finans](#), [Børsen](#), [Berlingske](#)

Jysk's international expansion

The Danish bedding and home furnishings group **Jysk** currently has more than **3,000 shops** in **51 countries**, and its goal is now to open around **150 shops** a year. In 2020, Jysk moved into **Russia**, and by **2023**, the group also plans to expand into **Turkey**, which will become the group's 52nd market. **Israel** was also mentioned by Jan Bøgh, CEO of Jysk, as a **potential expansion opportunity** in the coming years. In addition to its own shops in the main markets, Jysk has a **franchise** part, with more than **200 shops** operated by local partners, in countries such as Indonesia, Vietnam, Georgia and Canada. [Finans](#)

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