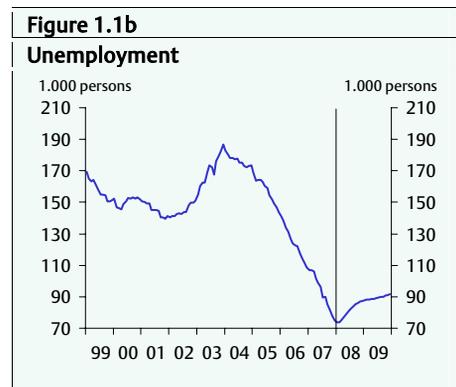
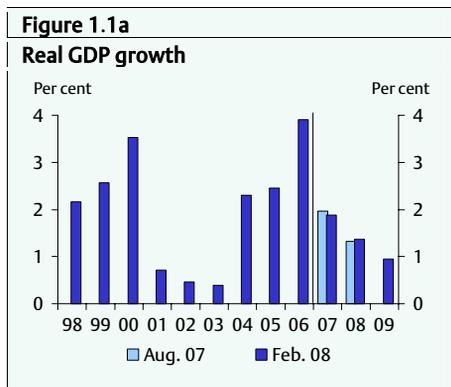


Economic Survey February 2008 – English Summary

Short term outlook

Against the backdrop of international financial turmoil, rising prices on food and energy globally and receding housing markets in many countries, the outlook is for a slowing down of the international economy after several years of strong growth. For the Danish economy, these developments may support abating growth in demand and production leading to a gradual easing of the very tight Danish labour market. The expected growth path for Denmark towards 2009 has not changed significantly since the August survey, in which a marked reduction in output and demand buoyancy was also expected.

GDP growth in Denmark has slowed in 2007 after strong growth in recent years, *cf. figure 1.1a*. Employment has increased by 110,000 persons from 2004 to 2007 or more than 4 per cent. The number of unemployed is now around 75,000 persons, which corresponds to an unexpectedly low level to 2.7 per cent of the labour force, *cf. figure 1.1b*. The reduction in unemployment has continued with undiminished strength up until December. The current unemployment rate is at a 30-year-low, and considerably below the estimated structural unemployment rate (the rate at which unemployment is considered consistent with stable wage and price developments).



Source: ADAM databank (1.1a), Statistics Denmark and own estimates (1.1b)

The strong upturn has helped new groups enter the labour market and the average number of hours worked has increased. Vacant positions are growing in number and labour shortages are widespread.

The rise in hourly earnings is estimated at 4½ per cent in the private sector in 2007. Growth in productivity was low in 2007, which is not unusual in the late stages of a cyclical upturn. In addition, the effective exchange rate is appreciating, due to a strengthening of the euro vis-à-vis the US-dollar, and these developments entail an

ongoing deterioration of Danish competitiveness. Deteriorating competitiveness and binding capacity constraints are causing market share losses for Danish producers, both in domestic and foreign markets.

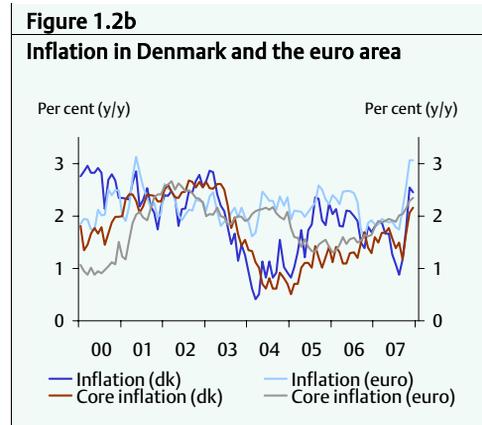
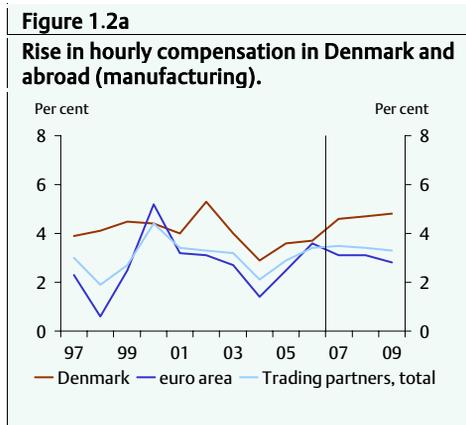
Strong capacity pressures imply that significantly slower GDP growth is to be expected in the forecast period. Output growth in 2006 and 2007 was 3.9 per cent and 1.9 per cent, respectively. For 2008 growth is expected to be 1.4 per cent. A further slowing is estimated in 2009, to 1.0 per cent. The slowdown reflects tight labour markets and capacity pressures curbing the potential for further growth. Demand growth is also expected to abate due to higher energy and food prices, lower growth in export markets and higher interest rates. The latter has also contributed to the recent dampening in the housing market.

However, the labour market is expected to remain tight in 2008 and to a lesser extent in 2009 when the impact of labour market reforms is felt more and unemployment is expected to rise owing to the slowdown in domestic demand and deteriorating competitiveness. Wage growth is forecast at 4½ to 5 per cent in 2008 and 2009, which is higher than among trading partners. Renewal of public sector wage contracts this spring remains a concern.

From a current account surplus of about 70 bn. kroner in 2005 (4½ percent of GDP), the surplus is expected to be 22 bn. kroner in 2007 (1½ pct. of GDP). This declining surplus is to a large extent due to strong domestic demand and deteriorating competitiveness. The current account has weakened and unemployment has fallen faster than previously expected. These developments point to a tighter labour market than assumed in the August survey.

Consumer prices increased by 1.7 per cent in 2007. In 2008, inflation is expected to reach 2.6 pct. This is due, in particular, to the expected impact of higher prices for food and energy and also services. In 2009 inflation is expected to recede to 2.4 per cent. This is based on assumptions of reduced contributions from crude oil and food prices compared to 2008. Inflation for non-energy products is estimated at 2.7 per cent in both 2008 and 2009.

Strong growth and declining unemployment has led to marked improvements in public finances. From a balanced position in 2003, the surplus has been 4½-5 per cent of GDP in 2005-2007. The large surpluses reflect to some extent transitory factors, such as the strong business cycle, low unemployment and high tax revenues from North Sea oil and gas extraction. Corrected for temporary factors, the structural surplus is estimated at 1½-1¾ per cent of GDP in 2008-2009, which is in line with the target range set out in the Government's 2015-plan.



Source: ADAM databank, BLS and the EU-commission (1.2a), Eurostat and Statistics Denmark (1.2b)

Low unemployment and prospects for a decline in the labour force owing to demographics are limiting the potential for growth in the coming years. In order to reduce the pressure on the labour market and the balance of payments, growth in demand will have to slow significantly from the 5-6 per cent annual pace in 2005 and 2006. Unemployment is expected to fall from about 3.2 per cent in 2007 as a whole to 2.8 per cent in 2008. In 2009 unemployment is expected to rise to 3.1 per cent. However, with the structural unemployment rate estimated to be 4¼ per cent in 2009, labour shortages are likely to persist.

Higher wage growth is weakening Danish competitiveness and contributes to the expected moderate rise in unemployment. In order to slow wage growth, and hence restore competitiveness and the balance between productivity and wages, a period in which unemployment is above the structural rate is usually required. A prolonged period of high pressures on the labour market increases the risk for a subsequent period of high unemployment.

In this vein, it is key that wage growth is not exacerbated by other factors in the period ahead – and hence that the public wage settlements this spring will end in a balanced result, and that increased inflation will not lead to higher wage demands than expected. If inflation expectations increase, or other circumstances create self-sustaining increases in wages and prices, the deterioration in competitiveness may be more severe and last longer than assumed, *cf. box 1.1.*

Box 1.1

Unemployment and wage growth

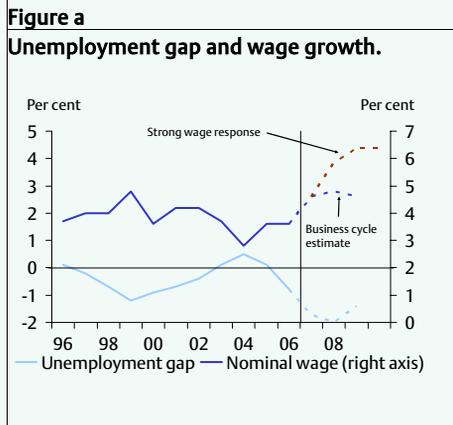
Three stylized scenarios for wages and unemployment are shown below. The starting point is one of very low unemployment in 2007, and lower than the structural unemployment rate. The structural unemployment rate is estimated at around 5 per cent, and is expected to fall to 4 per cent by the end of 2010 due to labour market reforms. When unemployment is below the structural unemployment rate, there is upward pressure on wage growth.

In the first scenario (a), it is assumed that unemployment gradually increases to the structural level of around 4 per cent. This scenario is what may be termed a soft landing, where the pressure on the labour market (the difference between actual and structural unemployment) is gradually eliminated.

In the second scenario (b), unemployment increases to a level a bit higher than the structural rate. Hence, a period of high pressures in the labour market may require a period with subdued wage growth and unemployment above the structural level, in order to restore competitiveness.

In the third scenario (c), short-run wage growth is higher than currently assumed. This might be the case if wage growth also leads to higher inflation expectations, moving away from the 2 per cent anchor (the upper end of the ECB's definition of price stability). In this scenario, a temporary increase in unemployment is necessary in order to reduce inflation expectations and wage demands. Restoring competitiveness in a situation where inflation expectations have increased will require a more durable set-back and higher unemployment. In a situation where unemployment is pushed up by supply side factors, the Danish economy will be more exposed if there is a set-back, for example in international demand.

There are uncertainties concerning the structural level of unemployment. The lower the structural unemployment rate, the smaller is the probability of a strong increase in unemployment in the period ahead.



Source: Own calculations.

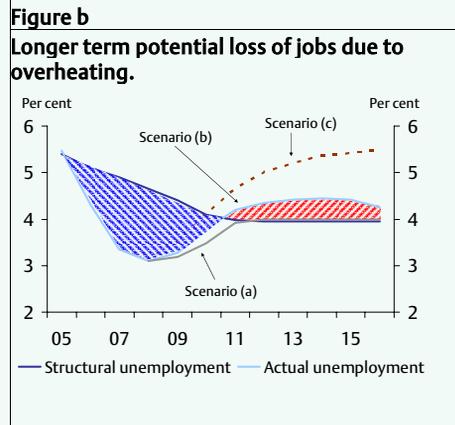


Table 1.1**Key figures compared to the August Survey**

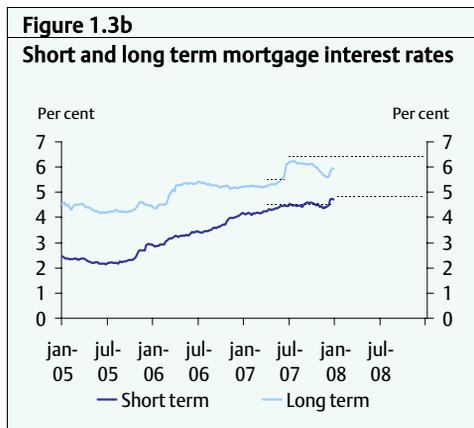
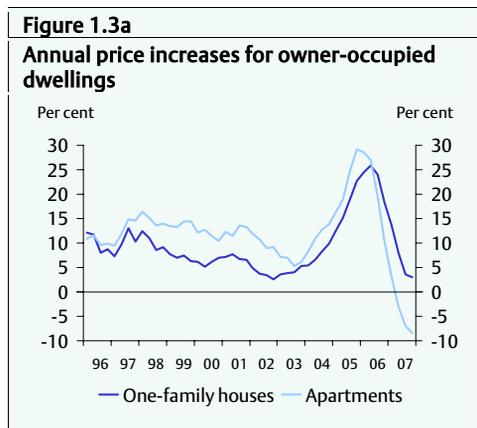
	2007		2008		2009
	Aug.	Feb.	Aug.	Feb.	Feb.
Real growth¹⁾, per cent					
Gross domestic product	2.0	1.9	1.3	1.4	1.0
Private consumption	2.2	2.2	1.6	2.0	1.4
Public consumption ²⁾	1.8	1.4 ³⁾	1.7	1.5	1.0
Export markets, manufactures	6.9	6.8	6.6	6.2	6.2
Per cent of GDP					
Public budget balance	3.9	4.5	3.1	3.8	2.8
Current external account	1.7	1.3	1.3	0.6	0.9
1,000 persons					
Increase in overall employment	47	44	0	5	-17
Unemployment	98	94	91	81	90
Per cent increase					
House prices, single-family house	3.0	3.0	0.0	0.0	0.0
Consumer prices	1.8	1.7	2.5	2.6	2.4
Hourly compensation, private sector	4.6	4.6	4.7	4.8	4.7
Yield on 10-year government bonds	4.4	4.3	4.8	4.3	4.5
Oil price, \$ per barrel	70.0	72.4	68.0	88.5	85.2
Exchange rate, DKK per \$	5.5	5.4	5.4	5.1	5.1
Oil price, DKK per barrel	386.0	394.3	368.7	449.1	432.4

1) The real growth rates of the macro variables are calculated using chain indices.

2) Real growth of public consumption reflects growth in inputs, not improvements of output and is therefore not readily comparable to private consumption growth.

3) There has been a downward adjustment of growth in public consumption in 2007. This is due to an upward revision of growth in public consumption in 2006, from 1.5 per cent to 2.0 per cent, since the August projection. The volume level of public consumption is unchanged in 2007.

After increasing strongly in 2005 and the first half of 2006, house prices have slowed significantly in 2007. The prices are expected to flatten out in 2008 and 2009. There are significant regional differences in price developments; the adjustment is bigger in areas where price increases have been steepest in recent years. Reflecting stable house prices in nominal terms and rather steep increases in construction costs, residential investments are expected to decrease 3-4 per cent in 2008 and 2009, after growing 4 per cent in 2007 and 12 per cent in 2006.



Note: Shifts in long term mortgage interest rates are due to changes in the benchmark paper.

Source: Association of Danish Mortgage Banks (RKR)

Fiscal policy and public finances

The estimated demand impact of fiscal policy for 2008 has been reduced somewhat since the budget proposal released in August 2007. This is primarily due to lower public consumption growth, reflecting in particular a requirement for central government institutions to set aside 1 percent of their 2008 budgets (compulsory savings). Moreover, local governments have adopted 2008 budgets which, in the aggregate, include an increase in average tax rates of 2.2 bill. DKK, which is about 1.4 bill. more than assumed in the August survey (slightly less than 0.1 per cent of GDP)¹.

In total, fiscal policy is now estimated to add a demand stimulus of around 0.2 per cent of GDP in 2008. This impact has been scaled back from 0.3 percentage point in the August survey.

¹ Local government budgets also entail service spending of about 0.9 bill. DKK more than assumed in August (0.05 percent of GDP). This and other adjustments are incorporated in the estimated real growth in public consumption of 1.5 percent in 2008, against 1¼ percent in August. The government has announced that it will seek support for a reduction in state taxes to off-set the excess increase in local government taxes in line with the tax freeze, and that the state tax reductions for 2008 and 2009 will be incorporated in the tax schedule for 2009. The government has also announced measures to help ensure that future local government budgets will be in line with the tax freeze and agreements entered into with the central government, and that future spending does not exceed budgets. The starting point for the 2009 agreement on the finances of local governments will be the 2008 agreement and not the 2008 budgets.

The proposed fiscal policy for 2008, with an estimated fiscal stimulus effect of 0.2 per cent of GDP, is expected to raise demand for labour by around 4,000 persons. This is a result of real public consumption growth of 1½ percent and lower income taxes, as the first phase of the income tax reductions agreed in *Lower tax on labour* takes effect in 2008.

The rise in demand for labour is estimated to be more than offset by increased supply of labour due to initiatives in the Job Plan, the Welfare Agreement, and the reduction in income taxes. These initiatives are estimated to raise the supply of labour by up to 10,000 persons in 2008.

Provided that the new initiatives are fully implemented and have the expected effects on labour supply, the fiscal and structural policy settings for 2008 may, on balance, have a softening effect on the labour market.

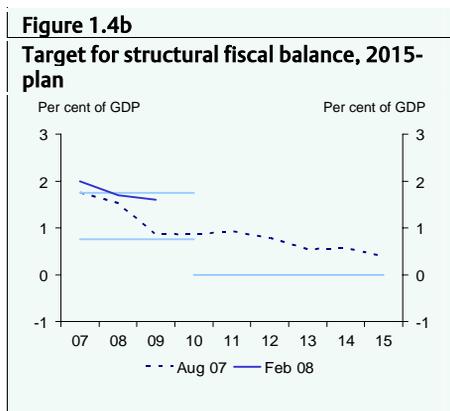
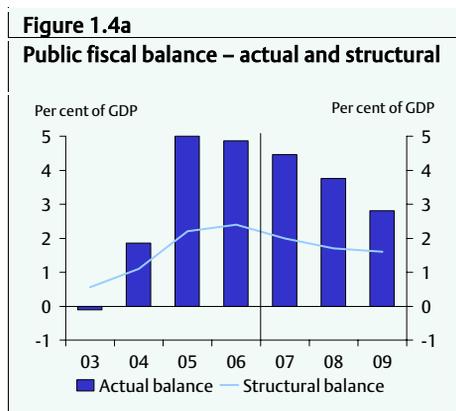
The Job Plan is estimated to raise labour supply by 2,500 persons (full time equivalents) in 2008 (as an average for the year). The plan strengthens work incentives by reducing taxes for 64-year-olds who work full-time from age 60 to 64, new rules for supplementary unemployment benefits, and improving incentives to work for old-age pensioners and students receiving state education grants. The estimated rise in employment corresponds to around 4,000 persons by the end of the first year. On top comes planned initiatives for attracting international labour, the effects of which have not yet been quantified.

Preliminary figures show that the general government surplus reached a record level of 4.9 per cent of GDP in 2006. Bolstered by continued high activity, the general government surplus is estimated at 4.5 per cent of GDP in 2007. For 2008 and 2009 the surplus is estimated at 3.8 per cent of GDP and 2.8 per cent of GDP, respectively. The surplus in 2009 is to be seen against the background of a normalization of the business cycle.

The estimated surpluses for 2007 and 2008 are higher than projected in August. For 2007 this is caused by an expected increase in revenues from corporate taxes and motor vehicle registration taxes. For 2008 the expected increase is due to an upward adjustment in revenues from resource extraction in the North Sea, increased corporate tax revenues, and reduced transfer payments caused by the low level of unemployment.

Corrected for temporary factors, the structural surplus is estimated at 2 per cent of GDP in 2007. The structural surplus is estimated to decline in 2008 and 2009 to 1.7 per cent and 1.6 per cent of GDP, respectively. This is above the middle of the target interval in the 2015-plan, where the structural surplus is estimated at ¾-1¾ per cent of GDP in 2007-2010. The current labour market pressures contribute to higher hours worked, which bolsters incomes and public revenues. Correcting provisionally

for cyclical influences on working hours, the cyclically-adjusted surplus remains above the middle of the target range set in the 2015-plan.

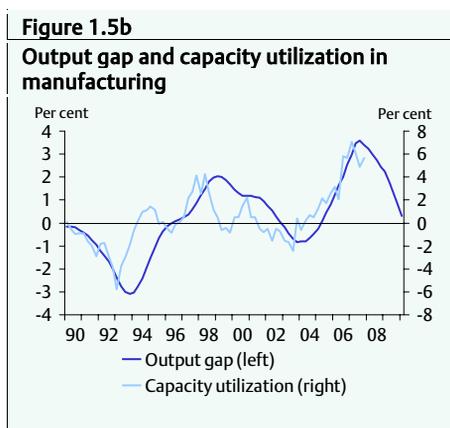


Source: Statistics Denmark, own calculations and ‘Denmark 2015 – towards new goals’

Capacity utilization and wage developments

Registered unemployment has fallen by almost 100,000 persons from 2003 to 2007. At 2.7 per cent of the labour force, unemployment is at the lowest level in more than 30 years. The Danish unemployment rate is the second lowest in the EU, after the Netherlands.

The unemployment rate is below the estimated structural unemployment rate considered to be consistent with stable wage and price development. Unemployment is 15,000 persons lower than estimated in the August survey. Labour market pressures are therefore more pronounced than previously expected.



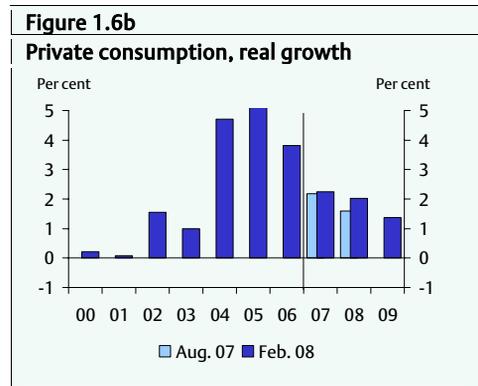
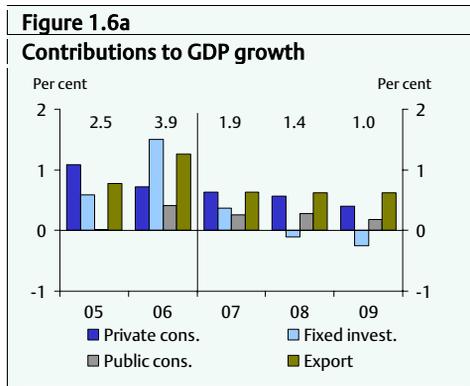
Note: In figure 1.5b the light blue graph shows deviations from the historical average (seasonally adjusted)
Source: Statistics Denmark and own calculations

Wage growth usually reacts with a lag to unemployment developments. Private sector wages are expected to grow by $4\frac{3}{4}$ percent in 2008 and 2009 assuming a gradual easing of labour market tightness, a balanced result in this spring's public sector wage negotiations, and that wage increases are not exacerbated by rising inflation)

Domestic developments

After strong growth in GDP of 4 per cent in 2006, GDP-growth has slowed in 2007 to an estimated 1.9 per cent. A further slowdown is expected in 2008 and 2009, to 1.4 per cent and 1 per cent, respectively. The current high capacity utilization is limiting GDP-growth in the coming years.

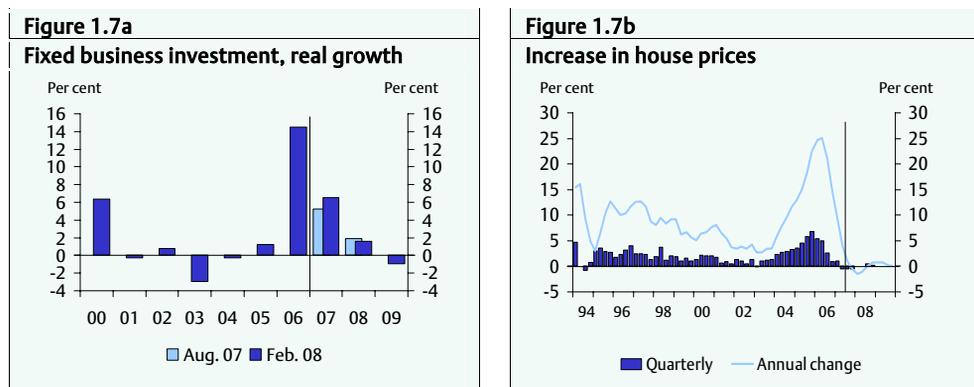
Growth in private consumption is estimated at 2.2 per cent in 2007, *cf. figure 1.6b*. Growth in private consumption has slowed since 2004-2006 where private consumption grew annually around 4-5 per cent. The slowdown in consumer spending owes in part to higher interest rates reducing wealth effects from the real estate market.



Note: The contributions to GDP growth are calculated by the input-output based method, *cf. box 1 in English Summary December 2006*.

Source: Statistics Denmark, ADAM databank and own calculations

Fixed business investment grew by $14\frac{1}{2}$ per cent in 2006, *cf. figure 1.7a*. The pace is expected to ease to 6.5 per cent in 2007 and 1.6 per cent in 2008. A fall of approx. 1 per cent is expected in 2009. The slowdown is due to a recent strong increase in the capital stock and expectations of slowing activity, both in Denmark and abroad.



Source: Statistics Denmark, Association of Danish Mortgage Banks (RKR) and own calculations

Price increases for owner-occupied single-family homes have eased significantly over the last year or so, *cf. figure 1.7b*. In 2005 and the first half of 2006 house prices rose at well above 20 per cent on an annual basis, in part due to low interest rates and growing disposable incomes. In 2007 house prices are estimated to have grown 3 per cent on an annual basis. In 2008 and 2009 prices are projected to remain stable on average.

Residential investments are estimated to have grown 4 per cent in 2007. Due to stable house prices and higher construction costs, residential investments are expected to decline by 3 per cent in 2008 and by an additional 4 per cent in 2009.

International trade and the external current account

In 2007 manufacturing exports appear to have gained from strong growth in export markets. Export markets are estimated to have grown by 6.8 per cent and manufacturing exports by 6.5 per cent. In 2008 and 2009 manufacturing exports are expected to grow at a slower rate of 4.6 per cent a year, due to losses in wage competitiveness, labour shortages and less buoyant growth in export markets.

Growth in exports of goods and services slowed in 2007 to 3.8 per cent, after strong growth in 2006. A further slowdown is expected in 2008 and 2009, to 3.2 and 3.1 per cent, respectively. Growth in imports is also expected to slow, from 5.0 per cent in 2007 to 3.7 per cent and 2.7 per cent in 2008 and 2009, respectively, *cf. table 1.3*.

Box 1.2**The balance of goods and services and unemployment**

There is quite a strong relationship between the unemployment rate ($ul/ua1$) and the balance of goods and services $((e-m)/y)$ as shown by the following simple OLS estimation for the sample period 1976-2006

$$(e-m)/y = -0,09 + 1,01 * ul/ua1 + 0,04 * dummy(1987=1) + 0,05 * dummy(1999=1)$$

(-9,577)
(8,420)
(8,677)
(8,055)

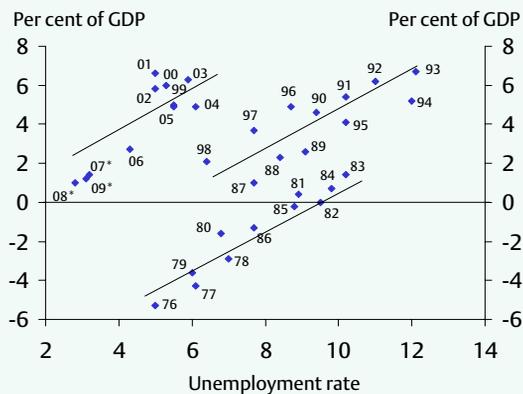
$$R^2 = 0.93 \quad F(3; 27) = 116,9$$

The estimated coefficient suggests a one-to-one relationship between the unemployment rate and the balance of goods and services indicating that a 1 percentage point fall in the unemployment rate is, on average, associated with a 1 per cent of GDP deterioration in the balance of goods and services.

The lines in figure a indicate the estimated relationship for the sample period 1976-2006.

Two dummies are included in the regression in order to control for apparent structural breaks in the

sample implying stronger balance of goods and services in per cent of GDP for a given level of unemployment. One structural break appears to have occurred around 1987 and another around 1999.

Figure a**Balance of goods and services and unemployment, 1976-2009**

Numbers in brackets are t-values of the estimated coefficients. All coefficients (including dummies) are significant at a 1 per cent significance level.

Note: Forecast years are denoted by * and not included in the sample. The balance of payment statistics before and after 2005 may not be fully comparable due to a break in the series.

Source: Statistics Denmark and own forecasts and calculations.

This means that export growth is slowing faster than import growth in 2007 and 2008, which pulls down the external surplus in these years. From a surplus of 4.4 per cent of GDP in 2005, the current account surplus is expected to fall to 1.3 per cent of GDP in 2007 and 0.6 per cent of GDP in 2008. Import growth is expected to slow more than export growth in 2009, in which helps to bring about an expected improvement in the current account to 0.9 per cent of GDP, *cf. box 1.2*

The continuing surplus on the current account contributes to an improvement of Denmark's net foreign asset position. The net asset position is projected to turn positive in 2009 to the tune of 0.7 per cent of GDP.

Table 1.3**Use and supply of goods and services¹⁾**

	2006	2004	2005	2006	2007	2008	2009
	Bill. kr.			Real growth, per cent			
Private consumption	837.6	4.7	5.2	3.8	2.2	2.0	1.4
Public consumption ²⁾	438.2	1.8	0.9	2.0	1.4	1.5	1.0
Public investment	28.9	13.4	3.1	16.5	-12.0	4.5	6.0
Residential construction	117.9	11.9	18.7	12.2	4.0	-3.0	-4.0
Fixed business investment	239.4	-0.1	1.5	14.5	6.4	1.5	-1.1
Stock building ³⁾	14.1	0.6	-0.7	0.6	0.1	0.1	0.0
Total domestic demand	1,676.2	4.3	3.4	6.0	2.5	1.6	0.7
Exports of goods and services	881.7	2.8	8.3	9.0	3.8	3.2	3.1
of which manufactures	365.4	3.5	7.7	6.2	6.7	4.7	4.6
Total demand	2,557.8	3.8	5.1	7.0	2.9	2.2	1.6
Imports of goods and services	858.4	7.7	11.3	14.1	5.0	3.7	2.7
of which goods	559.1	8.8	9.0	12.1	5.0	3.8	2.4
Net exports ³⁾	1,699.5	2.3	2.5	3.9	1.9	1.4	1.0
Gross domestic product	1,439.1	1.5	1.7	3.9	2.0	1.4	0.9
Gross value added	932.2	1.9	2.2	5.1	3.4	1.7	1.3
of which in private non-agricultural sector ⁴⁾	311.9	2.0	2.2	3.6	1.6	1.1	0.7
GDP per capita (1.000 DKK)	881.7	2.8	8.3	9.0	3.8	3.2	3.1

1) The real growth rates of the macro variables are calculated using chain indices.

2) Real growth of public consumption reflects growth in inputs, not improvements of output and is therefore not readily comparable to private consumption growth.

3) Contributions to GDP growth

4) Excluding housing and shipping

Source: Statistics Denmark and own calculations.

Employment, unemployment and labour force

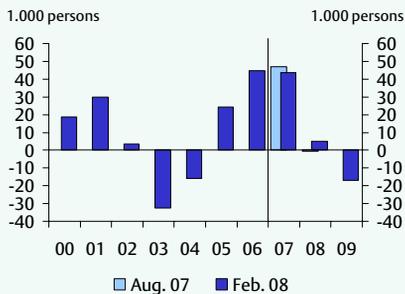
Employment growth amounted to 2.6 per cent from 2004 to 2006. Employment growth has continued at almost the same pace in the first three quarters of 2007.

Employment is expected to rise by 44,000 persons from 2006 to 2007. During 2008 and 2009 employment is expected to fall slightly reflecting lower growth in activity. On an annual basis, employment is expected to rise from 2007 to 2008, reflecting carry-over from 2007. Total employment developments are mainly driven by private sector employment as annual public employment growth is forecast at 1,000 persons.

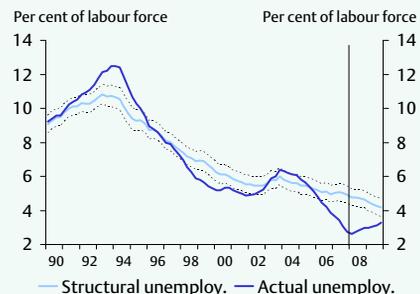
Table 1.4**Employment, labour force and unemployment**

	2006- Level	Avg. 1990- 2006	2006	2007		2008		2009
				Aug.	Feb.	Aug.	Feb.	Feb.
	1,000 persons	Change, 1,000 persons						
Private sector	1943	6	45	46	43	-2	4	-18
Public sector	824	3	0	1	1	2	1	1
Total employment	2767	10	45	47	44	0	5	-17
Labour force	2891	1	12	21	13	-7	-7	-9
Unemployment	124	-9	-33	-26	-31	-7	-12	9

Source: ADAM's databank and own calculations.

Figure 1.8a
Employment

Source: Statistics Denmark, ADAM and own calculations

Figure 1.8b
Actual and structural unemployment

Unemployment has come down to 75,000 persons in December 2007, for the first time since 1974. On an annual level, unemployment fell to 94,000 persons in 2007, down 30,300 persons since 2006. The unemployment rate is expected to stop falling in the beginning of 2008, followed by a small rise in the rest of 2008 and through 2009. This is due to a slowdown in activity from 2007 onwards. On an annual level, unemployment is expected to fall 13,000 persons from 2007 to 2008, due to the very low unemployment level at the end of 2007.

Table 1.5						
Key figures for the Danish economy						
	2004	2005	2006	2007	2008	2009
Percentage change from previous year						
Real GDP	2.3	2.5	3.9	1.9	1.4	1.0
Trade-weighted GDP abroad	2.3	2.0	2.9	2.7	2.3	2.3
Markets for Danish manufactures	6.3	5.7	7.8	6.8	6.2	6.2
International competitiveness	-1.8	-0.1	-0.6	-2.4	-2.0	-0.7
Export of manufactures, volume	3.5	7.7	6.2	6.7	4.7	4.6
Hourly wages	2.8	3.6	3.6	4.6	4.8	4.7
Consumer price index	1.2	1.8	1.9	1.7	2.6	2.4
Price index for single-family houses	8.8	17.4	21.6	3.0	0.0	0.0
Merchandise export prices	0.6	5.5	3.7	-1.6	2.9	1.7
Merchandise import prices	0.0	4.0	3.1	0.0	3.1	1.3
Merchandise terms of trade	0.6	1.4	0.5	-1.6	-0.2	0.3
Productivity in private non-agricultural sector	2.3	2.4	2.2	0.1	1.9	2.5
Real disposable income of households ¹⁾	4.1	1.0	2.9	2.7	1.4	1.8
Labour market						
Labour force (thousands)	2.874	2.880	2.891	2.904	2.897	2.888
Employment (thousands)	2.698	2.722	2.767	2.811	2.816	2.799
Of which in private sector	1.876	1.897	1.943	1.985	1.989	1.971
in public sector	822	825	824	825	826	827
Percentage change in total employment	-0.6	0.9	1.6	1.6	0.2	-0.6
Unemployment (thousands)	176.4	157.4	124.4	94.0	81.0	89.5
Early retirements 60-64 year (thous.)	124	130	138	143	143	142
Unemployment rate (per cent)	6.1	5.5	4.3	3.2	2.8	3.1
Unemployment rate, EU-def. (per cent)	5.5	4.8	3.9	3.0	2.7	2.7
Long term bond yields, exchange rate						
10-year government bonds	4.3	3.4	3.8	4.3	4.3	4.5
30-year mortgage credit bond	5.3	4.4	5.1	5.7	6.1	6.2
The effective krone rate (1980=100)	102.2	101.6	101.6	103.2	104.7	104.7
Balance of payments						
Goods and services (bill. DKK)	71.4	76.4	45.1	23.3	16.8	21.5
Current account (bill. DKK)	44.2	68.0	43.3	21.6	11.4	15.8
Current account in per cent of GDP	3.0	4.4	2.6	1.3	0.6	0.9
Net foreign assets, ultimo (bill. DKK)	-77.6	54.1	-16.9	-13.7	-2.8	12.6
Net foreign assets in per cent of GDP	-5.3	3.5	-1.0	-0.8	-0.2	0.7
Public finances						
Government net lending (bill. DKK)	27.3	77.4	79.9	75.7	66.7	51.5
Government net lending per cent of GDP	1.9	5.0	4.9	4.5	3.8	2.8
General government gross debt, year-end, bill. DKK	641.9	563.1	498.4	425.4	369.0	325.1
General government gross debt, year-end, per cent of GDP	43.8	36.4	30.4	25.0	20.8	17.7
Tax burden (per cent of GDP) ²⁾	49.2	50.9	49.3	48.5	48.4	47.4
Expenditures (per cent of GDP)	53.7	51.7	50.2	49.5	50.0	49.8
1) Adjusted for special factors concerning pension funds.						
2) The increased tax burden in 2005 was not a result of changes in tax rules.						