



MINISTRY OF FINANCE

Denmark's Fiscal and Structural Policy Plan 2024

Revised version

October 2024



Denmark's Fiscal and Structural Policy Plan 2024
Revised version - October 2024

In tables, rounding may result in the
figures not summing to the total.

This publication has been prepared by
The Ministry of Finance
Macroeconomic Policy Center

Christiansborg Slotsplads 1
1218 Copenhagen
Phone 33 92 33 33
fm@fm.dk

Digital publication:
ISBN: 978-87-94088-84-8

The publication is available
for download at en.fm.dk

Foreword

The EU member states have agreed on a reform of the common fiscal rules in the EU, which came into force on April 30, 2024. These rules are intended to ensure that the fiscal policy fosters a sound and stable economic development in individual countries and in the EU as a whole, for the benefit of growth and employment. This includes contributing to low public interest rates and preventing debt crises. Furthermore, the reform also aims to promote an appropriate fiscal policy throughout the business cycle, allowing automatic stabilizers to function fully, bringing high debt ratios onto a credible downward path, and creating a better alignment between fiscal consolidation needs, reforms, and public investment needs, for example, in relation to the green transition, digitalization, or infrastructure.

The requirements in the Treaty on European Union that public deficits should not exceed 3 percent of GDP and EMU debt not exceed 60 percent of GDP (or alternatively move towards 60 percent of GDP at an appropriate pace) have not been changed. If a member state does not meet these requirements, an adjustment of public finances must take place within an adjustment period of four years, which can be extended to seven years if the country commits to implementing structural reforms or public investments that can enhance growth and strengthen fiscal sustainability, along with other criteria. The monitoring of whether countries follow their adjustment requirements will henceforth primarily be conducted via the new so-called net expenditure indicator, which measures the growth in public expenditures, adjusted for new tax measures, and simultaneously corrects for cyclical fluctuations in unemployment-related income transfers, temporary factors, etc.

Denmark is characterized by having a sound economy with sustainable public finances that comply with both the debt and deficit criteria of the EU's Stability and Growth Pact. The central medium-term fiscal policy target in Denmark will continue to be the public sector structural balance.

With the reform, the previous Convergence Programs and National Reform Programs are replaced by the new medium-term Fiscal and Structural Policy Plan, which, as a rule, are to be presented every four years. Annual status reports will be presented in the intervening years. With this publication, the government presents the first edition of the National Fiscal and Structural Policy Plan.

The publication outlines the economic framework for the Danish economy towards 2030. The trajectory remains unchanged compared to the economic outlook in the Economic Survey of August 2024 and the Ministry of Finance's latest medium-term projection, *Updated 2030-projection*, August 2024. Additionally, it describes both implemented and upcoming reforms and initiatives that contribute to fulfilling the EU's common priorities and the country-specific recommendations to Denmark.

Contents

1. Introduction	7
2. Economic Outlook	11
2.1 Macroeconomic and Budgetary Projection	11
2.2 Objectives for Economic Policy	13
Structural Balance	15
Net Expenditure Indicator	15
2.3 Public Revenues, Expenditures and Debt	17
Public Revenues	17
Public Expenditures	18
Public Debt	19
3. Reforms and Investments	23
3.1 Growth and Productivity	27
3.2 Education and Teaching	28
3.3 Employment and Social Affairs	30
3.4 Healthcare	33
3.5 Digitalization	34
3.6 Climate, Environment and Energy Supply	36
3.7 The Housing Market	41
3.8 Defence and Security	42
Appendix A. Macroeconomic projection	45
Appendix B. ‘No-fiscal-policy-change’ (EU NFPC-scenario)	55

Editing was completed on October 31, 2024.

1. Introduction

The Danish economy is in a favourable position with high employment, high productivity, and sound public finances. In recent years, economic developments in Denmark, as in the rest of the EU, have been characterized by significant fluctuations. After the COVID-19 pandemic, there was a rapid economic recovery, which in Denmark was stronger than in the EU as a whole. Subsequently, inflation rose sharply both in Denmark and the EU, mainly due to significantly increasing energy prices and other factors in the international economy. However, since the end of 2022, inflation has decreased. This decline is attributed to both a reversal of previous shocks and a tighter monetary policy – and domestically supported by fiscal tightening – which has dampened demand pressures. In Denmark, inflation has thus been at a normal level for almost a year.

Simultaneously, as inflation has normalized, employment and GDP have continued to rise, while unemployment has remained low. The growth in Danish GDP has been supported by strong growth in the pharmaceutical industry, which plays a large role in Danish industrial production and has also contributed to continued productivity growth. Outside the pharmaceutical industry, productivity growth has been weaker, which is a typical pattern in the later stages of an economic boom with strong employment growth. The progress in employment has been remarkably strong considering the declining domestic demand in recent years. Notably, employment of international labour has increased.

The favourable economic situation in Denmark has also impacted public finances. In recent years, there have been significant public surpluses due to both the economic upturn and underlying structural surpluses.

In the coming years, the capacity pressure is expected to decrease, including the level of actual employment, which is anticipated to contribute to a recovery in productivity growth outside the pharmaceutical industry. At the same time, structural employment is estimated to see only modest progress towards 2030, following a period of very high growth in the labour force. This should be viewed in light of the demographic trend, which points to a declining workforce as larger cohorts exit the labour market and are replaced by smaller cohorts. The number of people aged 15 to 67 is expected to decrease by over 30,000 from 2025 to 2030. This includes that the net inflow of international labour is expected to moderate from a very high level in recent years.

On the other hand, implemented reforms contribute to an increase in the structural labour force. During the term of this government, reforms and initiatives have been implemented that collectively increase the labour supply by 29,500 full-time equivalents by 2030. The government aims to increase the labour supply by a total of

45,000 full-time equivalents in 2030 through new initiatives. In addition, the effects of raising the minimum age for two early retirement schemes in 2027 and the general pension age in 2030 will also contribute to increasing the labour supply.

Additionally, the government has implemented a series of reforms and initiatives aimed at improving the educational landscape. For instance, a reform of higher education has been agreed upon. The reform aims to strengthen the connection between university programs and the labour market, while also freeing up funds for investments in vocational and welfare education. Furthermore, the government has introduced several reforms designed to ensure better conditions for businesses and entrepreneurs.

Simultaneously, the government has prioritized Danish defence and security as well as the green transition. With the agreed increases in defence spending and allocated funds for military support to Ukraine, Denmark's total expenditure on defence and security will amount to at least 2 percent of GDP from 2023 onwards.

In 2020, Denmark enacted the Climate Act, which commits the government to reducing greenhouse gas emissions by 70 percent compared to 1990 levels by 2030. Additionally, the government aims to achieve climate neutrality by 2045. A central element of this transition is the green tax reform, enacted in 2022, which introduces harmonized CO₂e taxes for the industrial sector and invests in the green transition. Most recently, the government has entered into a tripartite agreement with agricultural organizations, environmental organizations, and the industrial sector on a long-term transformation of Danish food and agricultural production. This agreement includes a historic restructuring of Danish area use and contributes to achieving Denmark's national climate target for 2030, including the introduction of a CO₂e tax on livestock production.

Parts of the implemented measures are supported by the European Recovery and Resilience Facility and the Danish Recovery and Resilience Plan, which was approved by the Council on July 13, 2021. The Recovery and Resilience Plan includes initiatives totalling approximately DKK 13 bn. (approx. EUR 1,75 bn.) and provides funding for, among other things, investments in digitalization and several of the implemented green agreements. The implementation of the Danish Recovery and Resilience Plan has begun and is proceeding as scheduled. Overall, Denmark's Recovery and Resilience Plan comprises 93 objectives and milestones.

The structure of Denmark's Fiscal and Structural Policy Plan 2024 is as follows:

- Chapter 2 outlines the overall macroeconomic and budgetary projection for Denmark and the objectives underpinning the design of fiscal policy towards 2030. The projection is based on the economic outlook in *Economic Survey*, August 2024 and *Updated 2030-projection*, August 2024.

- Chapter 3 addresses reforms and measures related to the EU's common priorities or the European Commission's country-specific recommendations for Denmark for the period 2019-2024, as well as measures funded by the Recovery and Resilience Fund or the EU's structural funds.
- Appendix A presents key economic indicators and assumptions in the projection.

The Minister of Finance presents Denmark's Fiscal and Structural Policy Plan 2024 to the Finance Committee of the Danish Parliament. Additionally, the Danish medium-term plans are subject to ongoing political and public debate, and specific legislative proposals for reforms, etc., are submitted for consultation with relevant stakeholders, including civil society organizations and labour market partners, where relevant. The Economic Councils continuously monitor compliance with fiscal targets and assess the sustainability of fiscal policy, as well as economic policy more generally.

the 1990s, the number of people in the UK who are aged 65 and over has increased from 10.5 million to 13.5 million (1990-2000) (ONS 2001).

There is a growing awareness of the need to address the health and social care needs of the ageing population. The Department of Health (2001) has set out a strategy for the UK, which includes a commitment to improve the health and social care of older people. The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

The strategy is based on the following principles:

- To improve the health and social care of older people.
- To ensure that older people are able to live independently and actively.
- To ensure that older people are able to access the services and support they need.
- To ensure that older people are able to participate in the decisions that affect their lives.

2. Economic Outlook

Denmark's public finances are robust both from a historical and an international perspective. In 2023, the surplus on the actual public balance amounted to DKK 92.7 bn. (approx. EUR 12.5 bn.), equivalent to approximately 3.3 per cent of GDP, and the public financial net wealth was above 20 per cent of GDP.

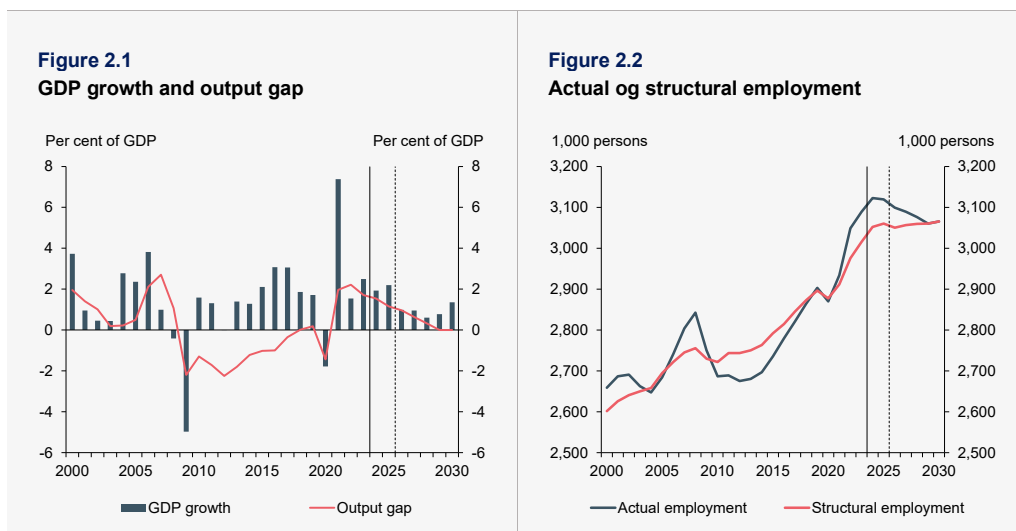
The public surpluses reflect both that the Danish economy is in a favourable economic situation with high activity and high employment, but also that an underlying structural surplus has been built up over several years. The strong economic situation in Denmark is also evidenced by the fact that employment is currently assessed to be above its structural level. However, the pressure on the labour market has decreased since its peak in 2022 and is expected to diminish further in the coming years.

In 2022 and 2023, characterized by high inflation and significant capacity pressure, fiscal policy has been tightened. As capacity pressure has decreased and is expected to continue to ease, there is room for a reduction in the level of fiscal tightness, and public surpluses are anticipated to decrease. The overall plan is for a gradual adjustment towards the government's medium-term target for the structural balance of -0.5 per cent of GDP by 2030.

2.1 Macroeconomic and Budgetary Projection

The current projection follows the economic outlook presented in *Economic Survey*, August 2024 and the *Updated 2030-projection*, August 2024. The projection assumes a gradual normalization of the cyclical conditions by 2029. This is reflected in the output gap, which is expected to gradually narrow and become neutral from 2029 onwards, *cf. figure 2.1*. From 2029 onwards, the economy is assumed to follow the estimated structural levels, *cf. figure 2.2*.

As the output gap narrows, actual employment is expected to decline modestly, while structural employment is expected to increase modest rate. The moderate growth in structural employment reflects, in part, the demographic trend of large cohorts leaving the labour market and being replaced by smaller cohorts, which, in isolation, leads to a shrinking workforce. However, this decline in the labour force is offset by net immigration (although it is expected to decrease) and by implemented structural reforms, including increasing the minimum age for early retirement schemes in 2027 and the general pension age in 2030. Additionally, during this government's term, reforms and measures have been introduced that collectively increase the labour supply by 29,500 full-time equivalents by 2030.



Note: The fully drawn and dashed vertical lines represent the last year covered by data and the last year of the *Economic Survey*, August 2024 forecast, respectively. The output gap indicates how far production (GDP) is estimated to be from the structural level. Employment figures are reported excluding individuals on temporary leave.

Source: *Updated 2030-projection*, August 2024 and own calculations.

As capacity pressure in the economy is assumed to normalize, fiscal policy is planned to be gradually eased from its current tight level. This will allow for the accommodation of important societal priorities and support a smooth landing in the coming years. From 2026 through to 2030, further gradual easing of fiscal policy is planned, reflecting the government's goal of achieving a structural balance of -0.5 per cent of GDP by 2030, *cf. table 2.1*.

EMU-debt is projected to rise somewhat towards 2030 but will remain at a low level. This increase should be viewed in the context of EMU debt being a gross measure, *cf. section 2.3*. In contrast, the public net position is expected to remain roughly unchanged, with financial net wealth projected to shift from approximately 21½ per cent of GDP in 2024 to about 21¼ per cent of GDP in 2030.

Table 2.1
Key economic indicators for the economic projection

	2023	2024	2025	2026	2027	2028	2029	2030
Annual growth, per cent								
Potential real GDP	3.0	2.1	2.6	1.2	1.3	0.9	1.1	1.4
GDP-deflator	-3.8	2.0	1.7	2.6	2.0	1.9	1.9	2.0
Per cent of GDP								
Actual balance	3.3	1.9	1.0	0.4	0.3	-0.1	-0.5	-0.5
Structural balance	1.1	0.6	0.2	-0.1	-0.2	-0.3	-0.5	-0.5
Structural primary balance	0.5	0.0	-0.4	-0.8	-0.8	-0.8	-0.9	-0.8
EMU-debt	33.6	32.8	31.4	32.7	33.9	35.6	37.4	38.8
– annual change	-0.4	-0.9	-1.3	1.2	1.3	1.7	1.8	1.4
Financial net wealth	20.4	21.5	21.6	21.9	22.2	22.1	21.6	21.1

Source: Updated 2030-projection, August 2024 and own calculations.

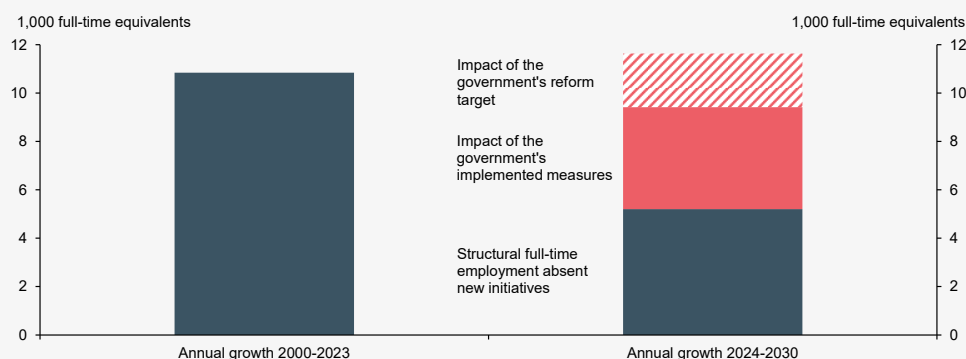
2.2 Objectives for Economic Policy

Denmark has a tradition of pursuing economic policies that contribute to a stable economic development, both in the short and long term. Medium-term plans are a crucial tool in designing fiscal policy, as they help strengthen the foundation for growth and employment by identifying challenges to the Danish economy at an early stage.

In line with this, the government has outlined an ambitious reform direction with the government platform *Responsibility for Denmark* (December 2022) and the medium-term plan *DK2030 – Denmark Equipped for the Future* (November 2023). This includes a target of increasing structural employment by 45,000 full-time equivalents by 2030. Increased structural employment is required to enhance public welfare, strengthen defence, achieve the green transition, and underpin continued growth for Danish businesses.

Without reforms, growth in structural employment measured in full-time equivalents would decline, partly due to demographic trends. However, with the government's target, employment growth is expected to remain at levels comparable to those of recent decades, *cf. figure 2.3*.

Figure 2.3
Growth in structural employment is sustained by new reforms



Note: The analysis shows the development in structural employment measured in full-time equivalents, adjusted for temporary fluctuations using a Hodrick-Prescott filter. This calculation differs from figure 2.2, where employment is measured in persons.

Source: *Updated 2030-projection*, August 2024 and own calculations.

A number of the government's objectives and benchmarks for fiscal policy leading up to 2030 are outlined in box 2.1.

Box 2.1

Fiscal objectives and benchmarks towards 2030

- The government will plan economic policy leading towards 2030 within the framework of the fixed exchange rate policy, the EU Stability and Growth Pact, the Danish Budget Law, and taking into account the Welfare Agreement of 2006. Throughout this period leading up to 2030, public debt must maintain a broad safety margin relative to the EU's threshold for EMU debt of 60 percent of GDP.
- Fiscal policy will be managed to ensure fiscal sustainability, with a balance target of -0.5 per cent by 2030. At the same time, it must be aligned with the business cycle to mitigate cyclical fluctuations.
- The government will make political decisions during this term to increase structural employment by 45,000 full-time equivalents by 2030, with already agreed reforms estimated to raise structural employment by 29,500 full-time equivalents by 2030.
- The government will prioritize citizen-oriented public services each year, ensuring that funding adjusts in response to changes in the demographic composition, including the increasing number of the elderly. Additionally, the government will strengthen public services through a comprehensive deregulation of the public sector.
- The government aims to reduce Danish taxes overall. This will be based on a tax freeze principle: if the government decides to raise taxes, other taxes will be correspondingly reduced, ensuring that the total tax revenue does not increase. Tobacco and nicotine taxes are exempt from this principle. Under the *Agreement on Personal Income Tax Reform* (December 2023), personal income taxes will be reduced by DKK 10¼ billion (approx. EUR 1.5 bn.) (2023 level) with a gradual phase-in starting in 2025.
- The government will bolster Danish defence to build defence capacity, while ensuring that defence and security expenditures constitute at least 2 per cent of GDP.

Structural Balance

The structural balance is a calculated measure of the underlying position of public finances given the current fiscal policy. Unlike the actual balance, the structural balance is adjusted for the effects of economic fluctuations and other temporary factors, providing a more robust indicator of the underlying fiscal position.

The structural public balance plays a central role in fiscal planning in Denmark. The medium-term plans address the overall goals and priorities of fiscal policy, including the medium-term target for the structural balance. Danish fiscal policy is planned within the framework of the Danish Budget Law – which includes a deficit limit for the structural balance of 1 per cent of GDP and legally mandated four-year expenditure ceilings for the state, municipalities, and regions – as well as the requirements of EU fiscal rules. The reform of EU fiscal rules does not alter the fact that fiscal planning in Denmark continues to be based on the structural balance as calculated by the Ministry of Finance, within the framework of the Budget Law, *cf. Economic Survey, May 2024, Box 8.3.*

Overall, fiscal policy is planned based on the government's medium-term target for the structural balance of -0.5 per cent of GDP by 2030. This target is consistent with maintaining fiscal sustainability and ensuring a stable and low debt-to-GDP ratio. At the same time, there is a considerable margin relative to the Budget Law's deficit limit of 1 per cent of GDP for discretionary stabilization measures in the event of an economic downturn.

The structural balance is estimated to be 1.1 per cent of GDP in 2023. Consequently, fiscal policy is planned with a gradually decreasing profile for the structural balance leading down to the target of -0.5 percent of GDP by 2030, *cf. table 2.1.*

Net Expenditure Indicator

With the introduction of National Fiscal and Structural Policy Plans, the net expenditure indicator has been established as a basis for the ongoing monitoring of fiscal and structural policies in the EU. This introduction does not alter the fact that fiscal policy in Denmark is planned in accordance with expenditure ceilings, which are set by law under the Budget Law. The net expenditure indicator is calculated based on the annual growth rate of nominal primary expenditures, adjusted for discretionary revenue-enhancing or -reducing measures. It is also corrected for cyclical fluctuations in unemployment-related income transfers, expenditures offset by EU funds, co-financing expenditures for EU programs, as well as one-off events and other temporary factors.¹

Member states are committed to ensuring that the growth of the net expenditure indicator does not exceed the limits necessary to comply with EU Stability and

¹ In the Ministry of Finance's current calculation, adjustments for expenditures on EU programs that are fully offset by EU revenue, as well as expenditures on co-financing programs funded by the EU, are excluded. This is assessed to have a negligible impact on the development of the net expenditure indicator in Denmark.

Growth Pact budget rules. This includes maintaining a debt-to-GDP ratio that does not exceed 60 per cent (or is declining over a number of years) and a deficit on the actual public balance that does not exceed 3 per cent of GDP, both in the short and medium term. Member states complying with the debt and deficit criteria can request technical information containing guidance from the Commission, *cf. box 2.2*.

Box 2.2

Technical information received from the European Commission

Denmark has requested technical information from the European Commission regarding the minimum level of the structural primary balance consistent with the debt and deficit requirements of the EU Stability and Growth Pact. Member states that, according to the Commission's projections, have a general government deficit not exceeding 3 per cent of GDP and EMU debt not exceeding 60 per cent of GDP, have the option to voluntarily request technical information. According to Regulation (EU) 2024/1263, a member state that requests technical information must account for it in the plan.

On 21 June 2024 the Commission transmitted Technical Information to Denmark for a plan without extension. The European Commission indicated a lower limit for the structural primary balance in 2028 of -1.4 per cent of GDP in order to ensure that the headline deficit is maintained below 3 per cent of GDP and that government debt is maintained below 60 per cent of GDP, assuming that there are no additional policy measures beyond an adjustment period of 4 years. This corresponds to a difference with the 2024 structural primary balance of -4.3 per cent of GDP as calculated by the European Commission. It should be noted that the Commission's definition of the structural primary balance differs from that of the Danish Ministry of Finance, among other things because the Commission includes interest revenue in the primary balance (revenues which in Denmark are considerable relative to interest payments since the public sector in Denmark holds more financial assets than gross debt).

Fiscal policy in Denmark is conducted within the Danish Budget Law which aims to ensure healthy public finances and a sustainable fiscal policy. The law dictates a deficit limit of the structural budget balance, as defined by the Danish Ministry of Finance, of 1 per cent of GDP. The structural deficit limit of the Danish Budget Law is set so the automatic stabilizers can work fully during a normal downturn without breaching the deficit limit of the actual budget balance of 3 per cent of GDP in the EU-treaty, which is documented in detail in the publication *Erfaringer med budgetloven 2014-2020, April 2022, Danish Ministry of Finance*.

The Ministry of Finance has calculated the net expenditure indicator based on the economic forecasts from *Economic Survey*, August 2024, and *Updated 2030-projection*, August 2024. According to these calculations, the net expenditure indicator is expected to grow by approximately 6.9 per cent in 2024, *cf. table 2.2*. Growth is anticipated to gradually decrease thereafter, reaching 3.4 per cent by 2028.

The growth of the net expenditure indicator should be viewed in the context that public consumption in the projection from 2026 onwards technically aligns with the highest possible growth in public consumption within the medium-term balance goal of a structural balance of -0.5 per cent of GDP by 2030.² Thus, the growth of the net expenditure indicator is also consistent with a sustainable fiscal policy that

² In the Ministry of Finance's medium-term projections, the so-called fiscal space (Danish terminology) is assessed, which measures the room available for new political initiatives of either expenditure or taxation, within the established balance requirement of -0.5 per cent of GDP by 2030. This includes room for real growth in public consumption or other initiatives. The fiscal space is technically included as public consumption growth in the projection.

adheres to the EU Stability and Growth Pact requirements for debt and actual public balance deficits.

For assessing Denmark's fiscal and structural policy plan, the European Commission will calculate the net expenditure indicator based on its own projections and a harmonized method across countries. Since Denmark remains within the deficit and debt limits set by the Stability and Growth Pact, the Commission will not calculate a specific net expenditure path for Denmark. Instead, such a path will be used for monitoring compliance with adjustment requirements for a number of other countries to ensure adherence to the balance and debt criteria of the Stability and Growth Pact.

Table 2.2
Net expenditure indicator

	2024	2025	2026	2027	2028
Annual growth, per cent					
Net expenditure indicator	7.2	5.0	5.7	3.8	2.9
<i>Cumulative growth</i>		12.6	18.9	23.5	27.1

Source: *Updated 2030-projection*, August 2024 and own calculations.

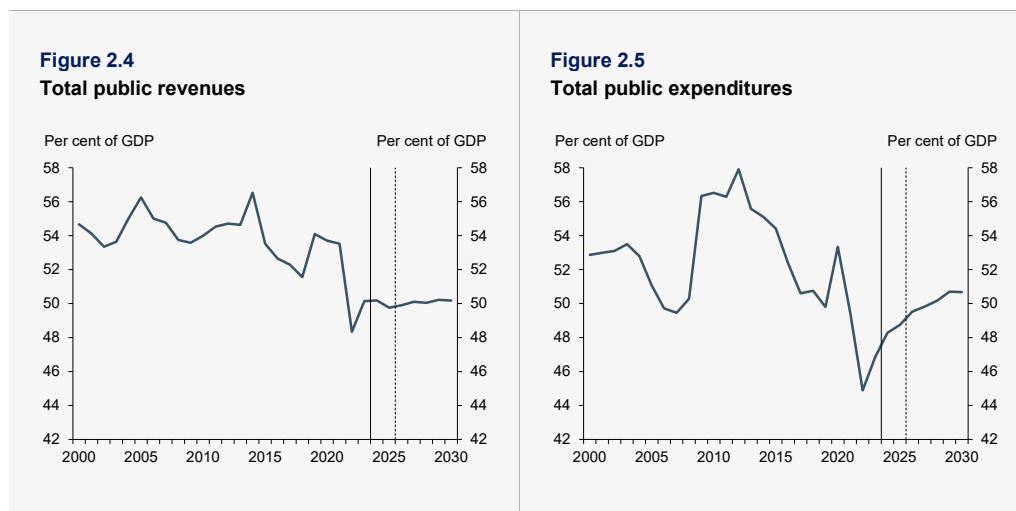
2.3 Public Revenues, Expenditures and Debt

Public Revenues

Total public revenues are estimated to account for approximately 49 per cent of GDP from 2023 to 2030, *cf. figure 2.4*. Over this period, revenues from VAT and pension return taxes are expected to rise from a low level in 2023 to a more typical level by 2030, while revenues from corporate tax and personal taxes are anticipated to decline as a share of GDP. The latter decline is partly due to the *Agreement on Personal Tax Reform* of December 2023, which will be gradually implemented starting in 2025.

The anticipated normalization of corporate tax revenues reflects that corporate taxes are assessed to have been at a relatively high level in 2023. Conversely, VAT revenues are considered to have been at a relatively low level in 2023. Consequently, a normalization of revenues from VAT is expected in the coming years.

Revenues from the pension return tax were 0.5 per cent of GDP in 2023. In 2024, revenues are expected to remain at approximately the same level, as pension funds are estimated to have negative tax credits. From 2025 to 2027, revenues from the pension return tax are expected to gradually increase, approaching the structural level. From 2028 onwards, revenues are projected based on a structural (weighted) return of 4.5 per cent of the taxable portion of pension assets, which corresponds to revenues of 1.2 per cent of GDP in 2030.



Note: The fully drawn and dashed vertical lines represent the last year covered by data and the last year of the *Economic Survey*, August 2024 forecast, respectively. The calculation of the total public expenditures and revenues is based on the classification of Statistics Denmark. This implies, for instance, that the sale of goods and services is included as revenue and not as negative expenditures. As a result, the level of total public expenditures and revenues differ from those listed in *Economic Survey, August 2024* and *Updated 2030-projection, August 2024*, while the government budget balance is unchanged.

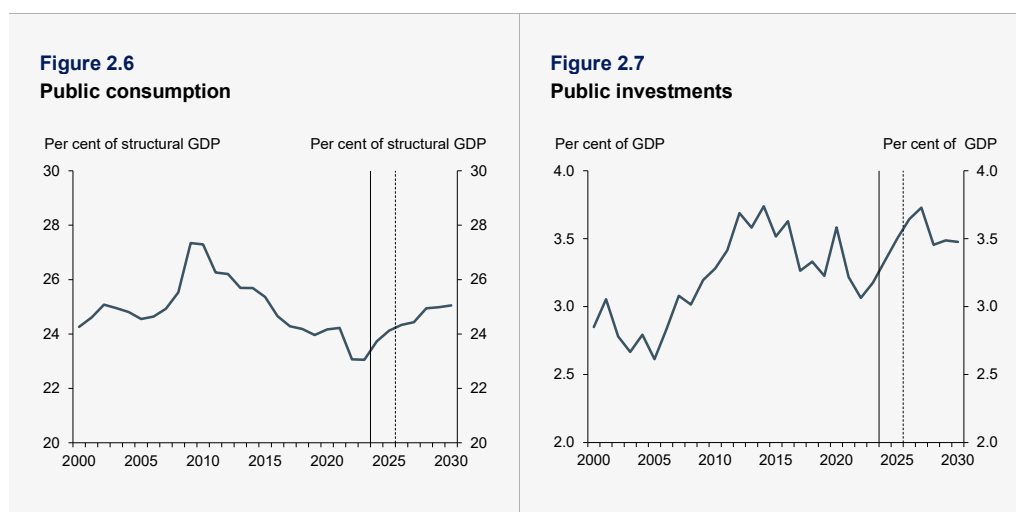
Source: *Updated 2030-projection, August 2024* and own calculations.

Public Expenditures

Total public expenditure is reported at approximately 45¾ per cent of GDP in 2023 and is assumed, based on technical assumptions, to increase to 49¼ per cent of GDP by 2030, *cf. figure 2.5*. This increase must be viewed in the context of economic conditions, including the positive output gap where actual GDP exceeds structural GDP (*denominator effects*). The denominator effect in isolation reduces the share of expenditure in GDP for 2023; however, this effect is anticipated to diminish as the economic situation is expected to normalize. This contributes to the rising share of expenditure in GDP leading up to 2030.

This development also reflects rising public consumption expenditure. Public real consumption growth is estimated to be 3.3 percent and 2.5 percent in 2024 and 2025, respectively. From 2026 onwards, the calculation-based public consumption growth corresponds to the maximum possible public consumption growth (the fiscal space) within the medium-term balance target for the structural balance of -0.5 per cent of GDP by 2030. This implies an estimated annual real growth of 1.0 per cent on average from 2026 to 2030, *cf. figure 2.6*. The indicated public consumption growth has not been adjusted for temporary expenditures related to, notably the war in Ukraine.

Additionally, there are rising expenditures on income transfers, which partly reflect the expected demographic trends, such as increased expenses for old-age pension, and the assumed economic normalization, which in isolation leads to a higher number of unemployed.



Note: The fully drawn and dashed vertical lines represent the last year covered by data and the last year of the *Economic Survey*, August 2024 forecast, respectively.

Source: *Updated 2030-projection*, August 2024 and own calculations.

Public investments were approximately 3.2 per cent of GDP in 2023 and are expected to rise to about 3.5 per cent of GDP by 2030, *cf. figure 2.7*. Public investments are planned to remain at a high level.³ The bulk of these investments are allocated to buildings and infrastructure, while a smaller portion is dedicated to research and development. The total public investment budget for buildings and infrastructure must finance both already planned and initiated investments, as well as new political priorities. This investment budget is disbursed gradually and finances, among other things, material supplies for the Defence, maintenance and expansion of infrastructure, as well as municipal investments in childcare facilities and schools, and investments in, for example, hospitals.

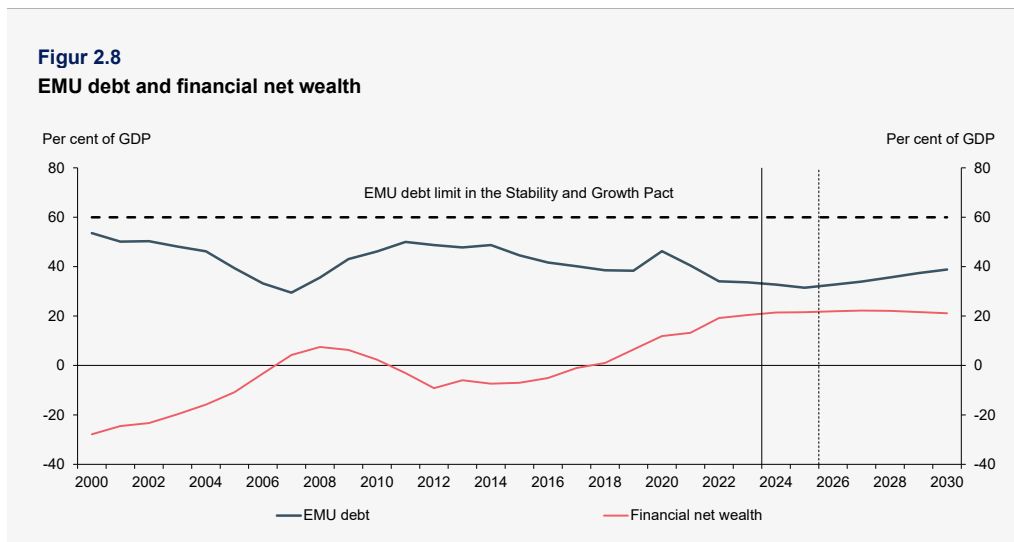
Public Debt

Public debt is low, and the overall financial position is positive, reflecting a public financial net wealth. The public gross debt – measured by the EMU-debt – was approximately 33¾ per cent of GDP at the end of 2023 but is expected to rise to around 38¾ percent of GDP by 2030, *cf. figure 2.8*. The EMU-debt is anticipated to remain well below the 60 per cent of GDP threshold set by the EU's Stability and Growth Pact. The increase in EMU-debt leading up to 2030 is a result of its nature as a gross figure, which is affected by parallel changes in both state assets and liabilities. For instance, the *Agreement on Housing Tax* (2017) leads to an increase in state assets and liabilities over several years (a so-called balance sheet expansion), thereby increasing EMU-debt without indicating a deterioration in public net debt.

Public net debt is the central debt concept for evaluating public sector solvency and the long-term sustainability of fiscal policy. At the end of 2023, the public sector

³ It should be noted that investments made by publicly owned companies in areas such as energy and water supply, wastewater management, and railways are categorized as part of the private sector in the national accounts. Hence, these investments are not included in the public investment in Figure 2.7.

had a financial net wealth of approximately 20¼ per cent of GDP, *cf. figure 2.8*. This public net wealth is expected to grow until 2027 due to surpluses in the public balance. After that, it is projected to decline slightly towards 2030, reflecting anticipated deficits in the public balance from 2028 to 2030.⁴



Note: The fully drawn and dashed vertical lines represent the last year covered by data and the last year of the *Economic Survey*, August 2024 forecast, respectively.

Source: *Updated 2030-projection*, August 2024 and own calculations.

⁴ However, the development in net wealth also depends on valuation adjustments of public assets and liabilities (e.g., valuation adjustments of companies with state ownership). Estimates for the evolution of net wealth are therefore associated with extra uncertainty.

3. Reforms and Investments

The generally well-functioning and robust Danish economy in part reflects many years of responsible fiscal and structural policies, with successive governments continually implementing reforms aimed at supporting high structural employment, favourable conditions for businesses, and sustainable public finances.

The current government continues this approach. With the government platform *Responsibility for Denmark* and the 2030-plan *DK2030 – Denmark Prepared for the Future* (November 2023), the government presented the overall framework and priorities leading up to 2030. The plan outlines measures and reforms designed to increase employment and ensure that more people in the labour force possess the necessary skills. The plan also outlines priorities to invest in public service provision, the green transition, and defence and security, including through the Ukraine Fund.

As part of the government platform, the government has set a goal to increase structural employment by 45,000 full-time equivalents by 2030 (corresponding to 1,5 percent). To achieve this, the government has implemented measures that will increase employment by 29,500 full-time equivalents by 2030. This commitment includes measures from the *Agreement on Personal Tax Reform* (December 2023) and easing access to international labour by making the supplementary pay limit scheme permanent. Additionally, the government has enacted a student grant reform and reached an agreement on a reform of university education, which introduces new educational pathways at universities and helps students enter the workforce more quickly.

In addition to strengthening structural employment, the government has also implemented reforms aimed at bolstering Danish businesses and advancing the green transition, including by ensuring that the labour force has the required skills. In June, the government reached agreements on both an *Agreement on Entrepreneurship Package* (2024) and the *Agreement on a Stronger Business Sector* (2024), which are designed to improve conditions for Danish entrepreneurs and business. Furthermore, the government and labour market stakeholders have reached an agreement to enhance salary and working conditions in various welfare professions to encourage more people to work in the public sector and make additional efforts. At the end of June, the government also entered into a comprehensive *Agreement on a Green Denmark* (2024) with key stakeholders. This agreement aims to reduce greenhouse gas emissions from agriculture, decrease nitrogen emissions, and strengthen the water environment, involving a major restructuring of Denmark's land use.

Parts of the green initiatives are supported through the European Recovery and Resilience Facility via Denmark's Recovery and Resilience Plan, which was approved by the Council on July 13, 2021. The Recovery and Resilience Facility was later

extended by REPowerEU, which allocated additional grant funds to support the phase-out of Russian fossil energy in the EU. Denmark's REPowerEU chapter was approved on November 9, 2023. The Recovery and Resilience Plan for Denmark is further detailed in box 3.1.

Box 3.1

The Danish Recovery and Resilience Plan

The Recovery and Resilience Plan encompasses initiatives totalling approximately DKK 13 bn. (approx. EUR 1,75 bn.) and provides financing for a range of green agreements entered at the end of 2020 by the previous government and a majority of the parties in the Danish Parliament. These include the first phase of the green tax reform, the green road transport agreement, and the agreement on stimuli and green recovery. The plan also includes investments in digitalization, such as through the SVM: Digital initiative and the previous government's digitalization strategy, based on the recommendations of the Digitalization Partnership.

The funds from the Recovery and Resilience Plan have thus been primarily utilized for green and digital reforms and investments and consist of the following nine components:

1. Strengthening the resilience of the healthcare system
2. Green transition in agriculture and the environment
3. Energy efficiency, green heating, and CO₂ capture and storage
4. Green tax reform
5. Sustainable road transport
6. Digitalization
7. Investing in green research and development
8. REPowerEU
9. Audit and control

The implementation of Denmark's Recovery and Resilience Plan has commenced and is proceeding as planned. Denmark's Recovery and Resilience Plan consists of a total of 93 targets and milestones.⁵

The first payment request from Denmark was approximately DKK 2.2 bn. (approx. EUR 300 million) and was submitted to the Commission on December 16, 2022, and approved on April 13, 2023, after which Denmark received the amount on April 27, 2023. The second payment request was for approximately DKK 3.1 bn. (approx. EUR 400 million). This request was submitted to the Commission on December 21, 2023, approved on February 29, 2024, and Denmark received the amount on April 22, 2024. With the two initial payment requests, Denmark has fulfilled 43 targets and milestones. The remaining targets are to be achieved in future payment requests through 2026.

In this chapter, a number of reforms and investments (both adopted and planned) in various areas are reviewed. The assessment considers, among other things, the country-specific recommendations previously given to Denmark by the EU and the objectives outlined in the government's 2030 plan. This review covers Denmark's efforts in areas such as growth and productivity, education and training, employment and social affairs, health, digitalization, climate, environment and energy supply, the housing market, as well as defence and security.

⁵ The achievement of targets and milestones is a prerequisite for Denmark to receive recovery funds through payment requests, where the fulfillment of these targets must be documented to the Commission.

Several common priorities have been established at the EU level. The national fiscal and structural policy plans explain how implemented and planned measures contribute to strengthening four selected EU common priorities, *cf. box 3.2*.

Box 3.2

EU's common priorities

1. A fair green and digital transition, including alignment with the European Climate Law.
2. Social and economic resilience, including the European Pillar of Social Rights.
3. Energy Security.
4. If necessary, the development of defence capabilities.

Table 3.1 outlines the general priorities and investment needs with respect to the four selected EU common priorities while tables 3.2-3.9 indicate specific investments and other measures related to those. Taken together, they summarise the common European investment priorities and the related investment needs.

Table 3.1

Investment needs related to EU's common priorities

Common priorities	Description of investment needs
A fair green and digital transition, including alignment with the European Climate Law	<p>The Danish government has committed to reducing greenhouse gas emissions by 70 per cent compared to 1990 levels by 2030 and aims to achieve climate neutrality by 2045. Achieving the goals will require both investments in new technologies and continuous allocation of funds. The initiatives include but are not limited to <i>Agreement on a Green Denmark (2024)</i>, <i>Agreement on Green Tax Reform for Industry, etc. (2022)</i>, <i>Climate agreement for energy and industry etc. (2020)</i> and <i>Agreement on a Green Transition of Road Transport (2020)</i>.</p> <p>Additionally, it is crucial that Denmark sustains a high level of digitalization. To that end, a digital taskforce for artificial intelligence has been established while <i>Agreement on an Ambitious and Responsible Strategy for Denmark's Digital Development (2024)</i> further aims to strengthen the digital green transition, enhance digital skills in the population, and support the digital transformation of businesses.</p>
Social and economic resilience, including the European Pillar of Social Rights	<p>In the upcoming years the demographic trend will point to a declining workforce and an increase in the labour demand in certain sectors. <i>DK2030 – Denmark Prepared for the Future (2023)</i> outlines measures and reforms designed to increase employment and ensure that more people in the labour force possess the necessary skills. Moreover, the plan outlines substantial investments in public service provision, covering the costs of the changing demographics while also improving the public welfare.</p>
Energy Security	<p>Improving energy security requires investments in both current and new technologies. The <i>Climate Agreement on Green Electricity and Heat (2022)</i> establishes the framework to promote a quadrupling of land-based renewable energy by 2030. In addition, <i>Supplementary Agreement on Tender Frameworks for 6 GW Offshore Wind and Energy Island Bornholm (2023)</i> support the potential expansion of up to 14 GW of offshore wind towards 2032. Moreover, the initial steps toward establishing the framework necessary to promote the development of a PtX market in Denmark has been taken, while the energy initiatives in <i>National Security Policy Compromise (2022)</i> serves to phase out gas to make Denmark independent of Russian gas.</p>
If necessary, the development of defence capabilities	<p>The development and strengthening of the Danish Defence will remain a high priority for the Danish government. The increase in defence spending under the ten-year framework agreement, along with funding allocated to the Ukraine Fund, means that Denmark's total expenditure on defence and security amounts to more than 2% of GDP starting from 2023 and onwards.</p>

In the remainder of the chapter, the selected reforms and investments in the aforementioned areas are reviewed, including whether the measures are financed through Denmark's Recovery and Resilience Plan under the EU Recovery and Resilience Facility (*RRF*) or through Denmark's partnership agreements under the EU Structural Funds (*PA*), which among others include the EU Structural Funds (the European Social Fund Plus and the European Regional Development Fund) and the Just Transition Fund. Additionally, it is noted which of the country-specific recommendations (*CSR*) the measures address. Finally, it is specified whether the measures contribute to fulfilling one or more of the four selected common priorities (*CP*).

3.1 Growth and Productivity

Table 3.2
Selected reforms and investments regarding growth and productivity

	RRF/ PA	CSR	CP
<p>Entrepreneurship package</p> <p>The government has reached a broad agreement on the <i>Entrepreneurship Package</i>. The package aims to improve access to capital, ease taxation, reduce burdens, and strengthen conditions for knowledge-based entrepreneurs, etc. The ambition is for Denmark to become a world-class entrepreneurial nation. Approximately DKK 2.2 bn. (approx. EUR 300 mn.) has been allocated for the years 2024-2026, with about DKK 1.2 billion (approx. EUR 160 mn.) per year from 2027 onwards.</p>	No	2020.2.2 2020.2.6 2021.1.3 2023.1.4	2
<p>Globalization strategy</p> <p>The government will develop a comprehensive globalization strategy for Danish businesses, recognizing the central role of export industries in the Danish society.</p>	No	2023.1.4 2021.1.3	2
<p>Digitalization and automatic business reporting</p> <p>The government will continue investing in digitalization and automation across both the public and private sectors. This includes ongoing work on Automatic Business Reporting, aimed at helping businesses and society unlock a potential benefit of up to DKK 3 billion (approx. EUR 400 mn.) through the digitalization and automation of accounting and financial reporting processes in companies.</p>	PA	2023.1.4 2022.1.3	2
<p>Establishing a new business support system</p> <p>With the <i>Agreement on a Stronger Business Sector (2024)</i>, it was decided to release approximately DKK 900 million (approx. EUR 120 mn.) from business support funds. The released funds will benefit businesses through a permanent increase in the deduction for research and development activities to 120 per cent, with a cap of DKK 1 billion (approx. EUR 135 mn.).</p>	No	2023.1.4 2021.1.3	-
<p>Supporting and developing strengths</p> <p>The government aims to support and develop Danish strengths such as life sciences, shipping, and processed foods, while also fostering the establishment of new areas of strength such as environmental and welfare technology. Building on a foundation of favourable general conditions, this will be pursued through targeted growth plans. In spring 2024, the government established a growth team for the Blue Denmark to subsequently develop a green growth plan for the Blue Denmark.</p>	No	2023.1.4 2021.1.3	2
<p>Reducing burdens on businesses</p> <p>The government will focus on avoiding unintended over-implementation of EU regulations. Additionally, it will work to ensure better collaboration between authorities and businesses. The goal is to create a concrete plan to reduce the number of errors, minimize unnecessary bureaucracy, and improve planning. Part of this effort will involve targeting regulatory oversight and inspections more toward businesses where the risk of non-compliance and fraud is deemed highest. Companies that comply with regulations should face significantly less scrutiny and receive fewer advisory inspections. The aim is an overall reduction of burdens on businesses.</p>	No	2023.1.4 2022.1.3	2
<p>Green research and development</p> <p>In Denmark's Recovery and Resilience plan, a total of DKK 1.8 bn. (approx. EUR 240 mn.) was allocated for green research and development, including a deduction of 130 per cent for R&D expenses from 2020 to 2022 amounting to DKK 1.1 bn. (approx. EUR 150 mn.). This provided Danish companies with a greater incentive to invest in research for green and digital solutions. In June 2024, it was agreed to increase the deduction for research and development activities to 114 per cent with a cap of DKK 1 bn. (approx. EUR 125 mn.) in 2026, 116 per cent in 2027, and 120 per cent from 2028 onwards.</p>	RRF	2022.1.2	1
<p>Green industrial policy</p> <p>The green Danish industrial policy aims to create a "level playing field" where Denmark's ability to attract new investments in green manufacturing jobs is not weakened compared to other countries providing state aid within the EU's temporary state aid frameworks. For this reason, the government introduced a temporary, targeted green investment scheme in 2024 and plans to continue it in 2025. The scheme focuses on the production of wind technology and electrolyzer technology for Power-to-X, thereby contributing to Denmark's and the EU's green ambitions.</p>	No	2022.1.2	1 & 2

3.2 Education and Teaching

Table 3.3
Selected reforms and investments regarding education and teaching

	RRF /PA	CSR	CP
<p>Primary school</p> <p>In March 2024, the government and the primary school settlement parties entered into <i>Agreement on the Quality Program for Primary Schools – Freedom and Depth</i>. This agreement grants greater influence to school boards, allowing for diversity and local solutions. Additionally, it supports a new balance between academic, creative, and practical content in primary education, with initiatives such as junior master apprenticeships and better classrooms.</p> <p>The agreement provides a permanent financial boost of DKK 740 mn. (approx. EUR 100 mn.) annually, along with a total of DKK 2.6 bn. (approx. EUR 350 mn.) from 2025 to 2027 for enhancements to the school's physical facilities.</p> <p>Furthermore, the removal of supporting instruction classes will free up approx. 2.5 billion DKK (approx. 335 million EUR) for new initiatives outlined in the agreement. This boost builds on previous investments in the primary school sector, including the allocation of permanent funds to hire more teachers in primary schools.</p>	No	2019.1.1	2
<p>Youth education</p> <p>The government has allocated DKK 0.3 bn. (approx. EUR 40 mn.) in 2024, increasing to DKK 0.9 bn. (approx. EUR 120 mn.) by 2030, to strengthen vocational education and support more young people in choosing and completing a vocational program. This includes agreements to improve the quality of the Social and Health Care (SOSU) education and to equip future skilled workers with the necessary competencies for the green transition.</p> <p>The government has introduced a new funding model designed to create more equitable conditions between general high schools and vocational schools. This model will also ensure that students across the country have access to a wide range of sustainable youth education programs.</p> <p>Additionally, the government will explore the possibility of co-locating various youth education programs and ways to tighten access to gymnasium programs.</p>	No	2023.4.7 2019.1.1	2
<p>Higher education</p> <p>With the <i>Agreement on the Framework for the Reform of University Education in Denmark</i> (2023), new flexible educational pathways are being established at universities. The reform entails that a portion of future master's students will be admitted to new master's programs of 75 ECTS credits or to a professional master's degree, where students work while studying. The reform also permits universities to create 1,100 English-language ordinary study places each year from 2024 to 2028, and 2,500 ordinary study places annually starting in 2029, which will help attract more international students.</p> <p>Furthermore, the admission criteria for bachelor's programs will be adjusted, allowing for eight per cent fewer students to be admitted than today, aimed at encouraging more individuals to pursue professional and vocational education in the future.</p> <p>On June 4, 2024, the Danish Parliament approved a reform of the student grant system. This means that students will only be able to receive grants for the standard study duration, implying that the maximum limit is being reduced to 58 credits. The option to take out student loans will be extended to up to two years, and an additional 12 credits will be granted to recipients of disability allowances and single parents.</p>	No	2020.2.5	2
<p>Adult and further education</p> <p>In 2023, the government and labour market partners reached a tripartite agreement, which, through long-term investments in adult, continuing, and further education, aims to ensure that the workforce is prepared for the future and meets the needs of the labour market. An allocation of DKK 360 mn. (approx. EUR 50 mn.) has been set aside annually from 2024 onwards to support the initiatives outlined in the agreement.</p>	No	2019.1.1	2
<p>Research</p> <p>With the proposal for the 2025 budget, the government allocates DKK 22.8 bn. (approx. EUR 3 bn.) in 2025 for research and development. This brings the total public research budget to approx. DKK 30.3 bn. (approx. EUR 4 bn.) in 2025, fulfilling the government's goal that public research investments constitute 1 per cent of GDP.</p>	No	2020.2.5	2

Table 3.3**Selected reforms and investments regarding education and teaching**

	RRF /PA	CSR	CP
<p>Cross-cutting initiatives</p> <p>The government aims to invest more in education and training across various educational sectors. At the same time, it will work towards better integration between these sectors and stronger academic programs.</p> <p>In 2023, the government established a well-being commission tasked with providing recommendations on how to prevent and address issues related to distress and vulnerability, as well as how to strengthen resilience and empowerment. The commission will also examine the influence of social media and other significant societal trends. It is expected to conclude its work by the end of 2024 and publish its recommendations in early 2025.</p>	No	2019.1.1	2
<p>Green upskilling</p> <p>Under the <i>Agreement on Green Tax Reform for Industry, etc. (2022)</i>, the government allocates DKK 100 mn. (approx. EUR 15 mn.) annually in 2025 and 2026 to a reserve for green upskilling and reskilling. The funding is sourced from Denmark's allocation under the REPowerEU chapter of the Danish Recovery and Resilience plan.</p>	RRF	2023.4.7 2019.1.1	1 & 2

3.3 Employment and Social Affairs

Table 3.4
Selected reforms and investments regarding employment and social affairs

	RRF/ PA	CSR	CP
<p>Improved work injury system</p> <p>In 2022, the former government reached an agreement to strengthen and improve the workers' injury compensation system, focusing on improving the injured parties' connection to the labour market and shortening processing times for compensation claims. The agreement makes it more appealing for injured workers to pursue vocational training if they can no longer perform their previous jobs. A new scheme is introduced, providing injured individuals with strong financial security during their education, covering 83 per cent of their previous salary. This aims to create better conditions for returning to employment and utilizing the work capacity they still possess. The agreement also includes several initiatives to reduce processing times for workers' compensation claims.</p>	No	-	2
<p>Second Agreement on Rethinking Employment Initiatives</p> <p>As part of the <i>Agreement on a New Right to Early Retirement (2020)</i>, it has been agreed that the rethinking of employment initiatives will achieve overall savings of DKK 300 mn. (approx. EUR 40 mn.) in 2022, DKK 750 mn. (approx. EUR 100 mn.) in 2023, and an annual savings of DKK 1.1 bn. (approx. EUR 145 mn.) from 2024 onwards within the overall scope of job centres. With the first agreement on rethinking employment initiatives (2021), annual savings of approx. DKK 345 mn. (approx. 45 million EUR) were realized in 2022, and about DKK 370 mn. (approx. EUR 50 mn.) annually from 2023. The agreement parties fulfils the remaining savings with the <i>Second Agreement on Rethinking Employment Initiatives (2022)</i> from 2023 onwards.</p>	No	-	2
<p>Abolition of a public holiday</p> <p>The government has abolished an annual public holiday starting in 2024 to increase labour supply. This initiative is expected to raise structural employment by approximately 8,500 full-time equivalents. The proposal is estimated to strengthen the structural public balance by around DKK 3 bn. (approx. EUR 400 mn.) and increase structural GDP by about DKK 9.4 bn. (approx. EUR 1.25 bn.).</p>	No	-	2
<p>Strengthened international recruitment</p> <p>The government will initiate initiatives that facilitate access to foreign labour as long as unemployment is low. Therefore, the previously agreed-upon political agreement on strengthened international recruitment, which establishes an additional pay limit scheme that includes a lower monetary threshold than the regular pay limit scheme, has been made permanent. The agreement also includes, among other things, an expansion of the fast track scheme to companies with as few as 10 employees and an extension of the positive list for individuals with a higher education.</p>	No	-	2
<p>Reform of employment initiatives and job centres</p> <p>The government's platform states its intention to rethink and reform employment initiatives, aiming to reduce costs by DKK 3 bn. (approx. EUR 400 mn.) by 2030. This will include the closure of job centres, freeing municipalities from state procedural requirements, and prioritizing initiatives that help the unemployed get closer to the labour market. The goal of these initiatives is to enable the unemployed to return to work more quickly. In 2023, the government established an expert group that reported its recommendations for the reform of employment initiatives in June 2024.</p>	No	-	2
<p>New residence scheme for certified companies with regulated pay and working conditions</p> <p>The government plans to introduce a new scheme where companies can access international labour with lower salary thresholds for certified companies that adhere to regulated pay and working conditions. This initiative aims to enhance access to international labour while ensuring that working conditions remain orderly in the labour market.</p>	No	-	2
<p>Work requirement</p> <p>The government aims to help more non-Western immigrants integrate into the labour market. Therefore, starting January 1, 2025, the government, together with the Denmark Democrats and the Danish People's Party, will introduce a new work requirement for citizens in the cash assistance system who have integration needs. This requirement will replace passive welfare support with an obligation to contribute up to 37 hours per week.</p>	No	-	2
<p>Reform of the cash assistance system</p>	No	-	2

Table 3.4

Selected reforms and investments regarding employment and social affairs

	RRF/ PA	CSR	CP
The government, along with the Socialist People's Party, the Conservative People's Party, and the Danish Social Liberal Party, has reached an agreement for a new cash assistance system starting July 1, 2025. This reform aims to simplify the cash assistance system, support more individuals in entering the workforce, and assist children by ensuring that those in the cash assistance system have opportunities for an active leisure life. The agreement is based on the recommendations from the Benefits Commission.			
Workplace environment and social dumping The government and several parties have reached an agreement to allocate approximately DKK 450 mn. (approx. EUR 60 mn.) from 2023 to 2026. This funding aims to future-proof workplace safety initiatives and continue developing efforts against social dumping, including a joint regulatory initiative and enhanced oversight of large construction and infrastructure projects.	No	-	2
Social dumping The government and several parties have reached an agreement to strengthen efforts against social dumping. This includes the ability to stop contractors who repeatedly and seriously violate regulations, better monitoring of housing rented by employers to their employees, and enhanced action against the use of illegal labour in Danish workplaces. The first initiatives are expected to take effect in the fourth quarter of 2024.	No	-	2
Permanent right to educational boost at 110 per cent unemployment benefits The government and a broad majority of the parties in the Parliament have allocated DKK 230 mn. (approx. EUR 30 mn.) in 2024 and DKK 300 mn. (approx. EUR 40 mn.) annually thereafter in the 2024 budget. This funding is aimed at permanently granting the right for unemployed individuals – who are either unskilled or have outdated qualifications – to upskill in sectors experiencing labour shortages while receiving 110 per cent unemployment benefit rate.	No	2019.1.1	2
Agreement on Simplifying and Targeting of the Sickness Benefit System The government and parties behind the reform of the sickness benefit system reached a political agreement in 2024 on simplifying the sickness benefit system. Key elements in the agreement involve municipalities being granted greater degrees of freedom in managing their efforts to help sickness benefit recipients back into the labour market.	No	-	2
Spare time jobs The government wants more young people under 18 to take a spare time job. Therefore, the government wants to mitigate and simplify some of the rules for working environment for young people under the age of 18 to decrease the barriers to take a spare time job. The government wants to increase young people's motivation to take a spare time job by exempting people under 18 from paying the labour market contribution of eight per cent.	No	-	2
Young people without education and employment Around 43,000 young people are not employed nor have an education. The government wants to gather responsible parts of the society to find new ways and solutions to engage young people. It is important for the government that no young people are left without a perspective for the future. More young people should be helped to find a job while others need help to complete an education.	No	-	2
New Elderly Care Reform In April 2024, the government, along with the Denmark Democrats, Socialist People's Party, Liberal Alliance, Conservative People's Party, and the Danish Social Liberal Party, agreed on a reform of the elderly care sector. The agreement aims to reduce regulation of the elder care sector and fundamentally reshape how elderly care is organized, executed, and managed. The reform includes several pieces of legislation, notably a new elderly law set to take effect on July 1, 2025. The agreement ensures a permanent quality boost of DKK 1 bn. (approx. EUR 135 mn.) starting in 2027.	No	-	2
Together for Disabilities On May 2, 2024, the government, along with the Liberal Alliance, Conservative People's Party, and the Danish Social Liberal Party, entered into a framework agreement for the long-term and sustainable development of the disability sector. The main objective of the agreement is to ensure a professional and economically sustainable development in this area, focusing on prevention, development, and well-being, while supporting people with disabilities in participating in society. The agreement includes 25	No	-	2

Table 3.4

Selected reforms and investments regarding employment and social affairs

	RRF/ PA	CSR	CP
concrete initiatives, including specialized planning in the disability sector and a tariff model for the entire specialized social area.			
Children First In May 2021, the previous government, along with a broad majority in the Parliament, agreed on the "Children First" reform. The reform aims to assist vulnerable children and families earlier and more effectively than is currently the case. The agreement provides a boost of DKK 2 bn. (approx. EUR 270 mn.) from 2022 to 2025, with a permanent annual allocation of DKK 734 mn. (approx. EUR 100 mn.) fully phased in.	No	-	2
Homelessness Combating homelessness is a government priority, particularly through the expansion of the Housing First approach in the homeless area. In spring 2023, the entire Parliament approved a bill to restructure the efforts against homelessness. The changes took effect on October 1, 2023, and aim to broaden the Housing First approach, significantly reduce the number of homeless individuals, and address long-term homelessness. The background for the bill is the Agreement on the Fund for Mixed Cities (2021), which provides for 4,050 especially affordable housing units to be used in Housing First initiatives for homeless individuals.	No	-	2
Implementation of recommendations from the Expert Committee on the Social Sector The government and Local Government Denmark have reached a partial agreement regarding the specialized social sector as part of the negotiations on municipal finances for 2025. They agree to work on implementing some of the final recommendations from the Expert Committee on the Social Sector, published in April 2024. The agreement includes several measures aimed at increasing the municipal prioritization space, creating greater security and predictability for citizens, and reducing expenses in the specialized social sector.	No	-	2
The Social Exemption Card Scheme In May 2024, the Parliament passed a law making the social exemption card scheme permanent. The law, which will take effect on January 1, 2025, continues and improves upon the previous trial scheme, allowing socially vulnerable individuals to earn up to DKK 41,280 annually (approx. EUR 5,500) (2024 level) without deductions from public benefits. Funding to make the scheme permanent was allocated in the budget for 2024.	No	-	2
Implementation of the Child's Act The government will continue its efforts for children, young people, and families in vulnerable positions. This includes ongoing support for the implementation of the Child's Act, which came into effect on January 1, 2024.	No	-	2

3.4 Healthcare

Table 3.5
Selected reforms and investments regarding healthcare

	RRF/ PA	CSR	CP
<p>Robustness Commission</p> <p>As part of the health reform agreement in May 2022, the previous government established a Robustness Commission for the healthcare system. The commission reported in September 2023 with recommendations for solutions to address the fundamental challenges in healthcare, ensuring robustness in task resolution and access to trained and competent personnel across the country. Several initiatives have been implemented, including agreements to increase incentives for participating in irregular shifts and for increasing work hours, as well as measures in the education sector.</p>	No	2020.1.2	2
<p>10-Year Plan for Psychiatry</p> <p>In September 2022, a broad majority in the Danish Parliament reached a political agreement on a 10-year plan for psychiatry and mental health. The plan aims to ensure the necessary treatment capacity in psychiatry and strengthen the area through an annual funding increase of DKK 0.5 bn. (approx. EUR 65 mn.). The government seeks to further enhance the overall psychiatric sector by prioritizing an additional DKK 3.2 bn. (approx. EUR 430 mn.) for initiatives leading up to 2030, resulting in an overall increase of more than DKK 4 bn. (approx. EUR 535 mn.) since 2019. Of the DKK 3.2 bn. (approx. EUR 430 mn.), about DKK 0.6 bn. (approx. EUR 80 mn.) has already been allocated from 2024 onward.</p>	No	2020.1.2	2
<p>Health Initiative</p> <p>In 2023, the government established a Health Structure Commission. In June 2024, the commission reported a series of recommendations for the future organization of the healthcare system, focusing on creating a cohesive system that emphasizes equity and accessibility. Based on these recommendations, the government presented a proposal for a health reform on September 18, 2024.</p>	No	2020.1.2	2
<p>Emergency plan for the healthcare system</p> <p>In February 2023, the government and Danish Regions agreed on an emergency plan, prioritizing DKK 2 bn. (approx. EUR 270 mn.) from 2022 to 2024 to reduce waiting times in the healthcare system. The plan aims to stabilize and strengthen hospitals in the short term, enhancing emergency departments and reducing waiting lists. The agreement includes a series of initiatives designed to alleviate pressure on capacity and has set three key objectives for normalizing the situation, including the reduction of waiting lists by the end of 2024.</p>	No	2020.1.2	2
<p>Health fund</p> <p>In the government platform "Responsibility for Denmark" (2022), the government has agreed to propose a health fund aimed at ensuring easy and equal access to treatment within the healthcare system. The fund will also address workforce challenges by maintaining and modernizing hospitals and increasing the use of technology and digitalization. A political agreement on the fund's size has not yet been reached, but the government plans to present the proposal for the health fund in 2024.</p>	No	2020.1.2	2
<p>National prioritization council</p> <p>In the government platform "Responsibility for Denmark" (2022), the government has agreed to establish a cross-sector National Prioritization Council. The council's goal is to ensure maximum health outcomes for the investment made, which includes reducing overtreatment and increasing patient involvement in treatment decisions.</p>	No	2020.1.2	2
<p>Tripartite Agreement on Wages and Working Conditions</p> <p>In December 2023, the government and labour market parties reached an agreement for a wage increase of DKK 6.8 bn. (approx. EUR 910 mn.) for various welfare employees, including healthcare personnel. The agreement aims to enhance incentives for working irregular shifts and increasing working hours.</p>	No	2020.1.2	2
<p>Agreement on Foreign Workforce in Healthcare and Elder Care</p> <p>In January 2024, the government reached a broad political agreement with several parties in the Parliament to create better and more flexible frameworks for recruiting foreign healthcare professionals from third countries. The agreement implements measures to facilitate the recruitment of in-demand foreign healthcare personnel from outside the EU/EEA to Denmark's healthcare system and elder care, while also ensuring a smoother and more efficient authorization process for these professionals.</p>	No	2020.1.2	2

3.5 Digitalization

Table 3.6
Selected reforms and investments regarding digitalization

	RRF/ PA	CSR	CP
<p>Denmark's Digitalization Strategy – Together for Digital Development In May 2022, the previous government launched a comprehensive digitalization strategy for Denmark, comprising 61 initiatives aimed at positioning the country as a digital frontrunner. The strategy addresses both the opportunities and challenges that come with digitalization, setting a clear direction for the nation's digital development.</p>	RRF	2022.1.2 2021.1.3 2020.2.3	1
<p>The Joint Public Digitalization Strategy – Digitalization That Elevates Society In June 2022, the previous government launched a new joint public digitalization strategy for Denmark for 2022-2025. This strategy aims to make digitalization a central part of addressing the significant social challenges facing Denmark, while also supporting citizens who find digitalization challenging. The strategy builds upon the strong digital foundation established through 20 years of digital investments.</p>	No	2022.1.2 2021.1.3 2020.2.3	1
<p>Establishment of a Digitalization Council to Advise the Government on Digitalization With the launch of its digitalization strategy, the previous government decided to establish a Digitalization Council for the period 2022-2026. This council, consisting of top leaders and experts in the digital field, is tasked with continuously advising the government on the potentials and challenges of digitalization, as well as monitoring the implementation of the digitalization strategy.</p>	No	2022.1.2 2021.1.3 2020.2.3	1
<p>10-Year Plan for New Technology and Automation in the Public Sector The previous government, in collaboration with Local Government Denmark and Danish Regions, launched a long-term initiative aimed at expanding new technology and automation in the public sector. The goal is to alleviate workforce shortages by freeing up time and resources, targeting the release of 10,000 full-time equivalents over a 10-year period.</p>	No		
<p>Digitalization fund of DKK 500 mn. (approx. EUR 65 mn.) for 2022-2025 The Digitalization Fund, established to follow up on the recommendations of the Digitalization Partnership, allocates DKK 125 mn. DKK (approx. EUR 15 mn.) annually from 2022 to 2025 to support Denmark's digital transformation. The fund, detailed in the 2022 budget, includes initiatives focused on promoting a greener and more digital business environment, increased usage of public data, green solutions and new technologies in the public sector and establishing a legal and ethical framework. The fund encompasses a total of 10 initiatives, addressing digitalization in both public and private sectors, alongside green digital initiatives and efforts focused on data ethics and legislation.</p>	RRF	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1
<p>Strengthening of SMV:Digital Small and medium-sized enterprises (SMEs) do not invest in digitalization to the same extent as larger companies, which risks putting them at a competitive disadvantage. SMV:Digital provides support for the digital transformation of businesses through grants for purchasing private consulting services, competence development programs, mentoring, and networking, as well as guidance on regulations and competitive conditions. This initiative aims to help integrate digitalization, automation, and e-commerce into Danish SMEs. In the 2022 budget, nearly DKK 120 mn. (approx. EUR 15 mn.) was allocated to SMV:Digital for the period from 2022 to 2025. Additionally, almost DKK 65 mn. (approx. EUR 10 mn.) was set aside for SMV:Digital in 2021 as part of Denmark's recovery and resilience plan, which was disbursed in the 2021 budget and the summer business package of June 2021. In total, about 550 SMEs are expected to benefit from the DKK 65 mn. (approx. EUR 5 mn.).</p>	RRF/ PA	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1
<p>Agreement on an Ambitious and Responsible Strategy for Denmark's Digital Development In February 2024, the Danish government reached an agreement on a new digitalization strategy for the period 2024-2027. The strategy aims to promote the use of artificial intelligence, strengthen the digital green transition, enhance digital skills among the population, and support businesses in their digital transformation.</p>	No	2022.1.2 2021.1.3 2020.2.3	1
<p>Establishment of a digital taskforce for artificial intelligence The government, the Local Government Denmark, and Danish Regions have agreed, through the economic agreements for 2025, to establish a Digital Taskforce for artificial intelligence. This taskforce will set the direction and ambitions for the use of artificial intelligence in the public sector, aiming to free up labour, reduce administrative burdens, and enhance quality in public services for the benefit of citizens and businesses, with</p>	No	2022.1.2 2021.1.3 2020.2.3	1

Table 3.6**Selected reforms and investments regarding digitalization**

	RRF/ PA	CSR	CP
<p>the goal of making Denmark a global leader in artificial intelligence within the public sector. The parties have also committed to providing the necessary funding for the taskforce's work and the implementation of specific solutions in future economic agreements. The taskforce will replace the 10-year plan for new technology and automation in the public sector. Some initiated initiatives related to scaling existing solutions (track 1), including those planned for 2024, may be concluded under the current setup by agreement with the Local Government Denmark and Danish Regions, provided there is municipal and regional co-funding, as stipulated in the economic agreements for 2023.</p>			
<p>Continuation of the Broadband Fund Since 2016, the Broadband Fund, which received an additional DKK 100 mn. DKK (approx. EUR 15 mn.) from the EU's Recovery and Resilience Facility in 2021, has ensured that more households and businesses gain access to high-speed broadband (100/30 Mbps) in areas where the market does not provide it on its own. Today, approximately 99 percent of all addresses in Denmark, equivalent to around 2 mn. households and businesses, have access to broadband with 100/30 Mbps.</p>	RRF	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1

3.6 Climate, Environment and Energy Supply

Table 3.7

Selected reforms and investments regarding climate, environment and energy supply

	RRF/ PA	CSR	CP
Agreement on Green Tax Reform for Industry, etc. (2022)			
The agreement was made following the first report from the Expert Group on Green Tax Reform, which provided recommendations for regulating greenhouse gases based on a higher and more uniform CO ₂ e tax. The Green Tax Reform Agreement for Industry, etc. (2022) includes the introduction of a more consistent CO ₂ tax for greenhouse gas emissions from the industrial sector, set to be phased in from 2025 to 2030, as well as further investments in carbon capture and storage (CCS) and other compensatory measures. This agreement is expected to reduce Denmark's CO ₂ e emissions by an additional 4.3 mn. tons by 2030.	RRF	2023.4.1 2022.4.1 2022.1.2	1
Agreement on Kilometre-Based Road Charge for Trucks (2023)			
It has been agreed to introduce a new kilometre-based and CO ₂ -differentiated road charge for trucks starting in 2025, which will replace the existing periodic road usage charge for trucks (the Eurovignette). Additionally, the agreement includes changes to the national regulations concerning the weight and dimensions of trucks in road freight transport. This will lead to greater efficiency in road freight transport, contribute to CO ₂ reductions, and reduce the economic costs associated with the road charge for businesses.	No	2023.4.1 2022.4.1	1
Agreement on Partial Allocation from the Green Fund (2024)			
With the <i>Agreement on Partial Allocation from the Green Fund (2024)</i> , DKK 4.9 bn. (approximately EUR 650 mn.) was allocated from the green budget. This includes funding for the rollout of district heating, the green transition of road freight transport, green agricultural practices through methane-reducing feed, a marine nature fund, a climate adaptation plan, and the management of legacy pollution, among other initiatives. Additionally, it was agreed to increase the diesel tax by 50 øre per litre, excluding VAT, starting January 1, 2025. This tax increase applies to diesel used for road transport and for construction machinery that pays the same diesel tax as road transport. The equalization tax will be proportionally reduced.	No	2023.4.1 2023.4.6 2022.4.1	1
Climate Agreement on Green Electricity and Heat (2022)			
It has been agreed to establish framework conditions that will enable a quadrupling of land-based renewable energy production by 2030. Furthermore, areas will be designated to accommodate at least an additional 4 GW of offshore wind capacity by the end of 2030, provided that offshore wind does not negatively impact state finances during the project period and that there is sufficient capacity in the electricity grid. Additionally, a review and analysis will be initiated to remove barriers in legislation and to streamline case processing, as well as to shorten approval and permitting processes related to offshore wind farms.		2023.4.1 2023.4.2 2023.4.3	
There is an ambition to eliminate the use of gas for heating in households by 2035, and Denmark aims to be 100 per cent supplied with green gas by 2030, partly by accelerating the rollout of district heating. Therefore, several initiatives and improved conditions will be implemented to expedite the deployment of green heat and increase biogas production, thereby reducing the number of households using natural gas and minimizing Denmark's vulnerability in gas supply.	RRF	2023.4.4 2023.4.5 2023.4.6 2022.4.1	1 & 3
A central prerequisite for the green transition is a well-functioning and expanded electricity grid, along with flexible consumption. Therefore, funds will also be allocated for initiatives and analyses regarding proactive expansion of the electricity grid and support for more flexible electricity consumption.			
Green Transition of Road Transport (2020)			
The initiatives aim to increase the incentives for purchasing zero and low-emission vehicles, including through changes in tax regulations, and to support green transport and infrastructure. A total of DKK 1.625 bn. (approx. EUR 220 mn.) is allocated for the period from 2021 to 2025. In 2020, it was estimated that the agreement would result in a reduction of CO ₂ emissions by 1.0 mn. tons by 2025 and 2.1 mn. tons by 2030.	RRF	2023.4.1 2022.4.1	1
Agreement on a Green Denmark (2024)			
On June 24, 2024, the government reached an agreement on a Green Denmark with parties in the green tripartite collaboration: Danish Agriculture & Food Council, the Danish Society for Nature Conservation, the Food Workers Union NNF, Danish Metal Workers' Union, Confederation of Danish Industry, and the Local Government Denmark. The agreement aims to reduce greenhouse gas emissions from agriculture, establish a long-	No	-	1

Table 3.7

Selected reforms and investments regarding climate, environment and energy supply

	RRF/ PA	CSR	CP
term framework for the transformation and adjustment of Denmark's land use, and ensure better conditions for nature, biodiversity, water quality, and drinking water. This will involve land reallocation, with an investment of approximately 40 bn. DKK (approx. EUR 5 bn.) from Denmark's Green Land Fund, along with CO ₂ e taxes on agricultural emissions.			
Agreement on Extended Producer Responsibility for Packaging and Single-Use Plastics (2022)			
An agreement has been reached on the implementation of extended producer responsibility for packaging and single-use plastic products. This agreement is expected to contribute to a CO ₂ reduction of 0.12 mn. tons by 2030 and is part of achieving the anticipated total CO ₂ reduction of 0.7 mn. tons by 2030, as established in the <i>Climate Plan for a Green Waste Sector and Circular Economy</i> from 2020.	No	2023.3.1 2022.3.1	1
Follow-up on the Agreement for the Climate Plan for a Green Waste Sector and Circular Economy (2020)			
The agreement strengthens waste supervision and the control of waste exports and imports. Additionally, it sets an ambitious deadline for municipalities to separately collect textile waste from households. This agreement is a follow-up to the <i>Climate Plan for a Green Waste Sector and Circular Economy (2020)</i> and contributes to achieving the expected total CO ₂ reduction of 0.7 mn. tons by 2030.	No	2023.3.1 2022.3.1	1
Establishment of a national energy crisis task force (NEKST)			
The government has established a National Energy Crisis Task Force (NEKST), inspired by the National Operational Task Force (NOST). NEKST is designed to ensure quicker action on urgent green challenges, such as the rollout of district heating, and to identify barriers to the agreed ambitions for scaling solar and wind energy on land and offshore. The task force will recommend measures to the government that could accelerate development efforts. NEKST will also support the expansion of the electricity grid in areas where capacity issues already exist, helping to remove green barriers and expedite ongoing efforts to facilitate timely and effective investments in the grid. Furthermore, NEKST will examine whether additional measures are needed to utilize the grid more efficiently, including promoting more flexible electricity consumption.	RRF	2023.4.1 2023.4.2 2023.4.3 2023.4.4 2023.4.6	3
Forest plan			
The government will present a forest plan aiming to establish 250,000 hectares of new forest in Denmark by 2045. The creation of new forests is crucial for achieving climate neutrality and ultimately net negative emissions. The forest plan will ensure maximum synergy and balance among the various purposes of the new forest areas. With the Agreement on a Green Denmark (2024), the government proposes a land conversion plan involving approximately DKK 40 bn. (approx. EUR 5 bn) from Denmark's Green Land Fund, focusing on extensive forest establishment.	No	-	1
Green domestic aviation			
With the <i>Agreement on Green Aviation in Denmark</i> dated December 15, 2023, involving the government, SF, and EL, approximately DKK 0.8 bn. (approx. EUR 100 mn.) has been allocated for the period 2025-2029 to support the establishment of a green domestic route. Additionally, around DKK 1.5 bn. (approx. EUR 200 mn.) will be allocated for the period 2027-2033 to support fully green domestic aviation by 2030. Furthermore, a framework of about DKK 1.1 bn. (approx. EUR 145 mn.) is set for the period 2025-2033 for the green transition of aviation. This agreement will be financed through a passenger tax.	No	2023.4.1 2022.4.1	1
Agreement on the Establishment of a Green Fund (2022)			
A total of DKK 1.5 bn. (approx EUR 200 mn.) has been reserved for 2024, along with DKK 3.25 bn. (approx. EUR 435 mn.) annually from 2025 to 2040 within the fiscal framework for the establishment of a new green fund. In total, DKK 53.5 bn. (approx. EUR 7 bn.) is allocated for the green transition towards 2040, of which DKK 10.6 bn. (approx. EUR 1.4 bn.) will be designated for the green tax reform. The green fund will prioritize significant and long-term investments in climate initiatives, green energy, and environmental projects.	No	2023.4.1 2023.4.6 2022.4.1	1 & 3
Agreement on the Development and Promotion of Hydrogen and Green Fuels (Power-to-X Strategy) (2022)			
In 2022, a broad majority in the Danish Parliament supported the PtX agreement, which takes initial steps toward establishing the framework necessary to promote the development of a PtX market in Denmark. The agreement aims for Denmark to build an electrolyzer capacity of 4-6 GW by 2030. The expansion of PtX should occur as much as	PA	2023.4.1 2022.4.1	1 & 3

Table 3.7

Selected reforms and investments regarding climate, environment and energy supply

	RRF/ PA	CSR	CP
possible under market conditions, considering the security of supply for Danish citizens. The PtX agreement also includes a grant scheme of DKK 1.4 bn. DKK (approx. EUR 200 mn., in 2024 prices) for hydrogen production, with the tender held in 2023, resulting in full allocation of the funds.			
Additionally, the PtX agreement stipulates the creation of the necessary frameworks to enable the establishment of hydrogen infrastructure for transportation via pipelines and for underground storage. It also allocates DKK 344 mn. (approx. EUR 45 mn.) from RE-ACT-EU funds under the EU's structural funds and the EU's Just Transition Fund to establish a new investment support scheme aimed at accelerating the maturation and scaling of innovative green technologies, particularly focusing on PtX and hydrogen but also including pyrolysis and CCUS, of which DKK 244 mn. (approx. EUR 35 mn.) has already been allocated. This agreement also supports the EU initiative Net Zero Industry Act.			
Supplementary Agreement on Energy Island Bornholm (2022)		2023.4.1	
As part of the implementation of the <i>Climate Agreement for Energy and Industry</i> , a broad majority in the Danish Parliament decided in 2022 to expand Energy Island Bornholm from the originally planned 2 GW to 3 GW, with expected realization by 2030, contingent upon the project's profitability. The agreement acknowledges the decision to establish a connection between Denmark and Germany, made on July 26, 2022.	No	2023.4.2 2023.4.3 2022.4.1 2022.4.2 2022.4.3	1 & 3
Preparatory Agreement for Energy Island North Sea (2022)		2023.4.1	
As part of the implementation of the <i>Climate Agreement for Energy and Industry</i> , the government entered into an agreement in 2022 that specifies the framework for preparing the tender for Energy Island North Sea. This includes aspects such as the technical concept, company structure, and requirements for private co-ownership and the construction of the energy island. Furthermore, the agreement states that the decision-making body will make a final decision on the continuation of the project based on the final cost allocation model of Energinet's net costs and updated profitability calculations, given the condition that the project must be profitable.	No	2023.4.2 2023.4.3 2022.4.1 2022.4.2 2022.4.3	1 & 3
Supplementary Agreement on Tender Frameworks for 6 GW Offshore Wind and Energy Island Bornholm (2023)		2023.4.1	
In May 2023, a broad majority in the Danish Parliament established the frameworks for the expansion of 6 GW radial offshore wind and 3 GW for Energy Island Bornholm. This agreement potentially allows for the expansion of 14 GW of offshore wind or more, provided that the offshore wind developers take advantage of the flexibility included in the agreement to build the maximum capacity on the designated areas.	No	2023.4.2 2023.4.3	3
Agreement on Pesticide Strategy 2022-2026 (2022)			
The agreement allocates approximately DKK 368 mn. DKK (approx. EUR 50 mn.) for the period 2022-2026 to reduce pesticide load in Denmark. The initiatives in the strategy aim to enhance the protection of water environments, groundwater, and biodiversity, as well as to safeguard public health and food safety.	No		- 1
Agreements on Chemical and Biocide Actions (2022)			
The agreements allocate approximately DKK 304 mn. (approx. EUR 40 mn.) for the period 2022-2025 to enhance Denmark's key priorities in negotiations regarding the EU's future chemical regulations. The funding aims to ensure chemical control, increase knowledge and regulation of endocrine disruptors and allergens, and better equip consumers to avoid purchasing products with harmful chemicals. The biocide agreement includes the introduction of an authorization scheme for insecticides.	No		- 1
Agreement on IPCEI Hydrogen Projects (2021)			
The agreement allocates DKK 850 mn. (approx. EUR 115 mn.) for Denmark's participation in a large-scale European project, Important Project of Common European Interest (IPCEI), focused on hydrogen. Two projects have been selected to support the development of Power-to-X (PtX) technologies in Denmark.	No	2023.4.1 2022.4.1	1 & 3
New law on nature and biodiversity			
The government plans to introduce a comprehensive law on nature and biodiversity aimed at creating a greener Denmark. This law will align with the EU's biodiversity strategy for 2030, which targets 30 per cent of EU land and marine areas to be protected, with 10 per cent designated as strictly protected. The government aims to establish a goal of at least 20 per cent protected nature in the upcoming legislation. These objectives will be developed considering overall land use in Denmark, including coexistence with agriculture and the expansion of renewable energy.	No		- 1

Table 3.7

Selected reforms and investments regarding climate, environment and energy supply

	RRF/ PA	CSR	CP
New plastic action plan			
The government intends to implement a plastic action plan aimed at reducing plastic waste in the Danish environment. The plan will focus on initiatives to minimize plastic pollution and promote sustainable alternatives, contributing to a cleaner natural landscape in Denmark.	No	2023.3.1 2022.3.1	1
New national action plan for PFAS			
In 2024, the government launched a new national action plan for PFAS, ensuring ongoing monitoring and control while addressing knowledge gaps in the field. The plan sets the direction for efforts to reduce PFAS in Denmark, the EU, and internationally.	No	-	1
Marine Plan			
The government has introduced an updated marine plan, where over 30 per cent of Denmark's marine area is protected. By 2030, a total of 10 per cent will be designated as strictly protected. The marine plan balances the need for new activities to ensure Europe's energy self-sufficiency, the interests of current sea users, and the necessity of protecting nature and biodiversity.	No	-	1
The EU's Just Transition Fund			
The fund is targeted at regions most negatively affected by the transition towards a climate-neutral economy by 2050, focusing on Northern and Southern Jutland. Approximately DKK 636 mn. (approx. EUR 85 mn.) is allocated, supporting technology and business development in Power-to-X, improved conditions for green transition in SMEs, brown biorefining like pyrolysis, and the development of local value chains for carbon capture, utilization, and storage.	PA	2023.1.3 2022.2.2 2020.2.3	1
Development of regional business lighthouses			
DKK 1 bn. (approx. EUR 135 mn.) from EU funds has been set aside to support the development of regional business lighthouses, including from the EU's Just Transition Fund, European Social Fund Plus (ESF+), EU's structural funds, and the REACT-EU programme. These lighthouses are strategically important efforts in the 2021-2027 structural fund programmes and aim to support the development of existing and new strengths, particularly in green areas such as Power-to-X, water technology, biosolutions, sustainable construction, and carbon capture. The allocated funds have initiated several local activities to support the development of these business lighthouses, including establishing test and demonstration projects for green technologies and initiatives to expand green infrastructure. The business lighthouses are being developed in public-private partnerships between the state and local actors to support the long-term development of local business strengths and skills.	PA	2020.2.2	-
Green transition of agriculture			
Denmark's Recovery and Resilience plan includes several initiatives within the agriculture and environmental sectors, with a total investment of over DKK 1.3 bn. (approx. EUR 175 mn.) from the recovery and resilience facility from 2021-2025. The initiatives are estimated to reduce emissions by 0.1 mn. tonnes of CO ₂ , with the largest share of DKK 660 mn. (approx. EUR 90 mn.) allocated to withdrawing carbon-rich land from agriculture.	RRF	-	1
Energy initiatives in the National Security Policy Compromise (2022)			
The agreement parties agreed to launch initiatives that phase out gas to make Denmark independent of Russian gas. They will explore options for temporarily increasing gas extraction in the North Sea, increasing biogas usage, advancing Baltic Pipe, or similar measures to help reduce Europe's dependence on Russian gas. Baltic Pipe became fully operational on November 30, 2022, a month earlier than planned. Ørsted and Andel have signed contracts with Equinor for the delivery of Norwegian gas to Denmark via Baltic Pipe, enhancing Denmark's energy security. To increase the share of green gas in Denmark's consumption immediately, the previous government and a parliamentary majority agreed to temporarily maintain the energy crop limit (April 2022), keeping the current 12 per cent cap in place for another year to increase biogas production in 2022 and 2023.	No	2023.4.1 2022.4.1	1 & 3
Agreement on Accelerated Planning for the Phasing Out of Gas for Heating and Clear Communication to Citizens (2022)			
The agreement aimed to accelerate the rollout of district heating. Municipalities in 2022 were tasked with conducting planning efforts and sending letters to homeowners with oil and gas boilers in gas-supplied areas, informing them about the possibility of switching to green heating. Based on this, specific project proposals were to be prepared in 2023 to enable district heating rollout by 2028, where feasible.	No	2023.4.1 2023.4.2 2023.4.6	1 & 3

Table 3.7

Selected reforms and investments regarding climate, environment and energy supply

	RRF/ PA	CSR	CP
<p>Extension of the Lifetime of Three Power Plants (2022) To strengthen the electricity supply situation in the short term, a political mandate was granted in October 2022 to temporarily delay the closure of three power plants. The closure has been postponed until August 31, 2024. The temporary postponement applies to three Ørsted-owned plants: Kyndby Power Plant's Unit 21 (light oil), Studstrup Power Plant's Unit 4 (coal), and Esbjerg Power Plant's Unit 3 (coal).</p>	No	-	3
<p>Robust Framework for Grid Companies' Finances (2024) A political agreement has been reached to ensure that the electricity grid companies, which own and operate Denmark's electricity distribution networks, have the financial framework to support efficient and timely electrification. A new green electrification surcharge is being introduced to the grid companies' revenue caps to cover the additional costs resulting from electrification.</p>	No	2023.4.3	1
<p>Potential for hydrogen infrastructure establishment With the first agreement on the ownership and operation of Denmark's future pipeline-based hydrogen infrastructure from May 2023, the agreement parties decided that pipeline-based hydrogen infrastructure should, in principle, be publicly owned through Evida and Energinet. Additionally, Denmark and Germany signed a bilateral agreement in 2023 to support the establishment of cross-border land-based hydrogen infrastructure between the two countries. The second agreement on the economic framework for hydrogen infrastructure from April 2024 determined the regulation and the overall conditions for Energinet's access to state financing (e.g., equity injections, loans, guarantees) of a potential Jutland hydrogen backbone.</p>	No	2023 4.1 2023 4.2 2022 4.1 2022 4.2	1 & 3
<p>Agreement on Long-Term Framework Conditions for Carbon Capture in the Supply Sector (2024) The agreement aims to create clear framework conditions for carbon capture in the supply sector by removing regulatory barriers, enabling the sector's significant carbon capture potential to be realized. The agreement will be implemented through legislative proposals supporting the participation of utility companies owned by municipalities, including waste incineration plants, in CCS tenders. Additionally, the legislation will create clear financing frameworks for carbon capture activities for both private and municipal utility companies.</p>	No	2020 2.3	1
<p>Climate Agreement for More Green Energy from Onshore Solar and Wind (2023) The Climate Agreement for More Green Energy from Onshore Solar and Wind 2023 enables the state to take a more active role in planning large energy parks onshore, thereby supporting the ambition of a fourfold increase from the 2022 Climate Agreement. Based on the 2023 Climate Agreement, adjustments to the renewable energy schemes have been made, including increasing the rates for the renewable energy bonus and the green fund. This ensures that the owners of renewable energy facilities share a larger portion of the profits from the operation of these facilities with neighbours and local communities, with the aim of securing greater local acceptance of these facilities.</p>	No	2023.4.1 2023.4.2 2023.4.3 2022.4.1	1 & 3

3.7 The Housing Market

Table 3.8
Selected reforms and investments regarding the housing market

	RRF/ PA	CSR	CP
<p>Macroprudential measures in the housing market: A series of regulatory measures have been implemented to strengthen the financial robustness of homeowners, known as macroprudential measures. These include the 2013 executive order on good practice for housing credit, which introduced a down payment requirement of 5 per cent for home purchases in 2015, the Growth Guidance from 2016, and the introduction of a debt-to-income ratio limit, which determines the types of loans borrowers can choose from in the 2018 executive order on good practice for housing credit. In 2024, a sector-specific systemic buffer for exposures to real estate companies was introduced.</p>	No	2022.1.6	2
<p>Housing tax system: A new housing tax system came into effect on January 1, 2024. Under this system, property taxes follow the development in property value. If housing prices fall, property taxes are reduced accordingly. No current homeowners will be taxed higher under the new system compared to the previous system. The new system has also made the temporary freeze arrangement permanent, allowing for the continued deferral of increases in property taxes from 2024. Deferred property taxes must be paid at the latest when the property is sold.</p>	No	2023.1.5	2
<p>Agreement on the Fund for Mixed Cities – More Affordable Housing and a Way Out of Homelessness: With the agreement from November 26, 2021, DKK 5 bn. (approx. EUR 670 mn.) is allocated to a range of new initiatives until 2031 to increase the construction of affordable housing. The initiatives primarily target more social housing in the capital region, where affordable housing may be scarce. The legislation implementing the various initiatives came into force on July 1, 2022. Among the initiatives are:</p> <ul style="list-style-type: none"> • Land purchase loans for new social housing projects of DKK 1.778 mn. (approx. EUR 240 mn.) • Conversion of private rental properties and commercial buildings into social housing totalling DKK 1.545 mn. (approx. EUR 200 mn.) • Support for the establishment of particularly affordable social housing of DKK 900 mn. (approx. EUR 120 mn.) • Support for densification with new social housing of DKK 422 mn. (approx. EUR 55 mn.) <p>The fund will receive an additional 5 bn. DKK (approx. 670 mn. EUR) for the period 2031-2035, which has not yet been allocated to specific initiatives.</p>	No	2023.1.6	2
<p>Comprehensive housing policy proposal The government aims for a mixed housing market where more people can own their homes, and where there is a diverse supply of owner-occupied homes, social housing, cooperative housing, and private rentals. The government will present a comprehensive housing policy proposal.</p>	No	2023.1.6	2

3.8 Defence and Security

Table 3.9
Selected reforms and investments regarding defence and security

	RRF/ PA	CSR	CP
<p>Defence Agreement for 2024-2033 and the Ukraine Fund</p> <p>In June 2023, a broad political majority reached a ten-year framework agreement for Danish defence in 2024-2033, aimed at significantly strengthening Danish defence in the long term. The agreement requires substantial investments in defence and security throughout the agreement period. With the subsequent first and second sub-agreements from the first half of 2024 the parties agreed to further increase the financial framework of the agreement. Thus, the total increase in Danish defence spending over the agreement period amounts to approximately DKK 190 bn. (approx. EUR 25,5 bn.).</p> <p>In addition, with the Ukraine Fund has allocated a total of DKK 64.8 bn. (EUR 8,7 bn.) for military support to Ukraine in the years 2023-2028.</p> <p>The increase in defence spending under the defence agreement and the funds for the Ukraine Fund means that Denmark's total expenditure on defence and security will amount to more than 2 per cent of GDP starting from 2023 (at the time of budgetting).</p>	No	-	4

Appendix A. Macroeconomic projection

Appendix Table A.1

Central variables in the projection of the Danish economy

	2023 (level)	2023	2024	2025	2026	2027	2028
GDP		Yearly change in per cent					
Real GDP		2.5	1.9	2.2	1.0	1.0	0.6
GDP deflator		-3.8	2.0	1.7	2.6	2.0	1.9
Nominal GDP (bn. DKK)	2,805	-1.4	4.0	4.0	3.6	3.0	2.6
Components of real GDP		Yearly change in per cent					
Private consumption expenditure		1.4	1.7	1.8	1.9	1.9	1.9
Government consumption expenditure ¹⁾		0.2	3.3	2.5	0.6	0.9	2.6
Gross fixed capital formation		-6.6	-2.0	1.5	3.5	2.1	0.3
Changes in inventories and net acquisition of valuables ²⁾		-1.7	0.3	0.0	0.3	-0.1	-0.2
Exports of goods and services		10.4	2.5	4.1	3.6	2.7	0.7
Imports of goods and services		3.7	1.9	4.0	5.9	3.8	2.0
Contributions to GDP growth		Percentage points					
Final domestic demand		-0.9	1.1	1.7	1.8	1.5	1.6
Changes in inventories and net acquisition of value		-1.7	0.3	0.0	0.3	-0.1	-0.2
External balance of goods and services		5.1	0.6	0.4	-1.1	-0.5	-0.8
Price level		Yearly change in per cent					
Private consumption deflator		2.9	1.8	2.0	1.9	1.9	1.9
HICP-index		3.4	1.8	2.0	2.0	1.9	1.9
Government consumption deflator		1.7	3.8	3.6	3.6	2.8	2.6
Investment deflator		4.5	1.4	1.7	2.3	1.8	1.7
Export price deflator		-14.0	-0.9	0.7	2.0	1.8	1.8
Import price deflator		-6.8	-1.2	1.5	1.7	1.9	2.0
Labour market		Yearly change in per cent					
Employment (1,000 persons)	3,089	1.3	1.1	-0.1	-0.6	-0.3	-0.4
Average annual hours worked per person employed	1,431	-0.4	0.1	-0.1	0.3	0.2	0.1

Appendix Table A.1**Central variables in the projection of the Danish economy**

	2023 (level)	2023	2024	2025	2026	2027	2028
Real GDP per person employed		1.2	0.8	2.3	1.6	1.3	1.0
Real GDP per hour worked		1.5	0.8	2.4	1.3	1.1	1.0
Compensation of employees (bn. DKK)	1,429	4.7	6.1	3.3	3.4	3.2	3.0
Compensation per employee (1,000 DKK)	490	3.1	5.0	3.4	3.9	3.5	3.4
Unemployment		Per cent					
Unemployment rate		2.6	2.7	2.8	2.9	3.0	3.2
Potential GDP		Yearly change in per cent					
Potential GDP ³⁾		3.0	2.1	2.6	1.2	1.3	0.9
Contributions to growth in potential GDP		Percentage points					
Labour		0.8	0.7	0.2	-0.2	0.1	0.1
Capital		0.7	0.7	0.7	0.4	0.4	0.4
Total factor productivity		1.5	0.7	1.7	1.0	0.7	0.4
		Per cent of GVA					
Output gap ⁴⁾		1.7	1.5	1.2	1.0	0.6	0.3

1) The real growth in public consumption is measured using the input method, excluding depreciation, and thus reflects the growth in resource consumption rather than the progress in services. Therefore, it cannot be compared with the real growth in private consumption.

2) Indicates the contribution of inventory changes to GDP growth.

3) Including a contribution from real indirect duties.

4) The output gap is calculated based on Gross Value Added (GVA).

Source: *Updated 2030-projection*, August 2024 and own calculations.

Appendix Table A.2
External assumptions

	2023	2024	2025	2026	2027	2028
Short term interest rate (yearly average)	2.9	3.4	2.4	2.1	2.2	2.3
Long term interest rate (yearly average)	2.7	2.4	2.2	2.3	2.5	2.6
EUR/USD exchange rate (yearly average)	0.92	0.92	0.92	0.92	0.91	0.91
EUR/DKK exchange rate (yearly average)	7.45	7.46	7.46	7.46	7.46	7.46
Oil price (Brent, USD/barrel)	82.5	82.4	80.5	81.6	83.4	85.5
GDP growth, world excluding EU ¹⁾	-	-	-	-	-	-
GDP growth, EU ¹⁾	-	-	-	-	-	-
Import growth, world excluding EU ¹⁾	-	-	-	-	-	-

1) In the Ministry of Finance's projections, there are no explicit forecasts for GDP growth or import volume in the EU or the rest of the world. Therefore, such forecasts are not included in the current table.

Source: *Updated 2030-projection*, August 2024 and own calculations.

Appendix Table A.3

Public revenue and expenditure

	2023 (level, bn. DKK)	2023	2024	2025	2026	2027	2028
Public revenue		Per cent of GDP					
Taxes on production and imports	388	13.8	13.8	13.8	14.0	14.1	14.1
Current taxes on income, wealth, etc	827	29.5	29.8	29.5	29.0	29.1	29.2
Social contributions	20	0.7	0.7	0.6	0.6	0.6	0.6
Interest revenue ¹⁾	42	1.5	1.5	1.4	1.3	1.3	1.2
Other current revenue	125	4.5	4.5	4.4	5.0	5.0	4.8
Capital taxes	7	0.2	0.2	0.2	0.2	0.2	0.2
Other capital revenue	-3	-0.1	-0.3	-0.2	-0.2	-0.2	-0.2
Total revenue ²⁾	1,406	50.1	50.2	49.8	49.9	50.1	50.0
- of which transfers from the EU ³⁾	7	0.2	0.2	0.2	0.1	0.1	0.1
Total revenue other than transfers from the EU	1,400	49.9	50.0	49.6	49.8	50.0	49.9
p.m. Year-to-year changes in discretionary revenue measures ⁴⁾	-4	-0.1	-0.2	0.1	-0.1	0.0	0.0
p.m. Revenue reductions funded by transfers from the EU	1	0.0	0.0	0.0	0.0	0.0	0.0
p.m. One-offs corrected for by the Danish Ministry of Finance related to revenue	0	0.0	0.0	0.0	0.0	0.0	0.0
Public expenditure		Per cent of GDP					
Compensation of employees	397	14.2	14.4	14.6	14.7	14.7	15.1
Intermediate consumption	227	8.1	8.7	9.1	9.1	9.2	9.4
Interest expenditure	19	0.7	0.7	0.7	0.8	0.7	0.8
Social benefits other than social transfers in kind	400	14.3	14.4	14.6	14.9	15.1	15.3
Social transfers in kind via market producers	37	1.3	1.4	1.4	1.3	1.3	1.3
Subsidies	36	1.3	1.4	1.4	1.2	1.3	1.4
Other current expenditure	83	3.0	2.6	2.7	3.3	3.3	3.1
Gross fixed capital formation	89	3.2	3.3	3.5	3.6	3.7	3.5
- of which nationally financed public investment	89	3.2	3.3	3.5	3.6	3.7	3.5
Capital transfers	29	1.0	1.2	0.9	0.6	0.5	0.4
Other capital expenditure	-3	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
Total expenditure ²⁾	1,314	46.8	48.3	48.7	49.5	49.8	50.2
- of which expenditure funded by transfers from the EU ⁵⁾	6	0.2	0.2	0.2	0.2	0.1	0.1
Nationally financed expenditure	1,307	46.6	48.1	48.6	49.4	49.7	50.0
p.m. National co-financing of programmes funded by EU	1	0.0	0.0	0.0	0.0	0.0	0.0

Appendix Table A.3

Public revenue and expenditure

	2023 (level, bn. DKK)	2023	2024	2025	2026	2027	2028
p.m. Estimated cyclical component of unemployment benefits ¹⁾	-15	-0.5	-0.5	-0.4	-0.3	-0.2	-0.1
p.m. One-offs corrected for by the Danish Ministry of Finance related to expenditures	5	0.2	0.5	0.3	0.1	0.0	0.0
Other temporary factors related to the primary expenditures	3	0.1	-0.1	0.0	0.0	-0.1	0.0
Net nationally financed primary expenditure (before revenue measures)	1,295	46.2	47.4	47.9	48.8	49.2	49.4
Net nationally financed primary expenditure growth in per cent			7.2	5.0	5.7	3.8	2.9
Public budget balance		Per cent of GDP					
Actual budget balance	93	3.3	1.9	1.0	0.4	0.3	-0.1
Primary budget balance	69	2.5	1.1	0.3	-0.2	-0.3	-0.6
Structural budget balance		1.1	0.6	0.2	-0.1	-0.2	-0.3
Primary structural budget balance		0.5	0.0	-0.4	-0.8	-0.8	-0.8
Public debt		Per cent of GDP					
Gross debt	944	33.6	32.8	31.4	32.7	33.9	35.6
Change in gross debt	-26	-0.4	-0.9	-1.3	1.2	1.3	1.7
Contributions to changes in gross debt:							
Primary budget balance		-2.5	-1.1	-0.3	0.2	0.3	0.6
"Snowball-effect"		-0.4	-2.1	-1.9	-1.6	-1.5	-1.3
- of which net interest expenditure		-0.8	-0.8	-0.7	-0.5	-0.5	-0.5
- of which growth		-0.8	-0.6	-0.7	-0.3	-0.3	-0.2
- of which inflation		1.3	-0.7	-0.5	-0.8	-0.6	-0.6
Stock-flow adjustment		2.4	2.3	1.0	2.7	2.5	2.4
p.m. Implicit interest rate on debt		1.9	2.3	2.3	2.5	2.3	2.3

1) Including dividends and the Danish National Bank's surplus.

2) The calculation of the total public expenditures and revenues is based on the classification of Statistics Denmark. This implies, for instance, that the sale of goods and services is included as revenue and not as negative expenditures. As a result, the level of total public expenditures and revenues differ from those listed in *Economic Survey, August 2024* and *Updated 2030-projection, August 2024*, while the government budget balance is unchanged.

3) The transfers consist of the total current transfers and capital transfers from the EU.

4) The estimated effects are calculated based on the immediate impact and thus do not include any revenue or expenditure effects from return flow and behaviour.

5) The expenses covered by EU funds are the total transfers from the EU minus the portion used for tax measures as part of Denmark's recovery and resilience plan. This is because lower tax revenues will appear on the revenue side, not the expenditure side.

Source: *Updated 2030-projection, August 2024* and own calculations.

Appendix Table A.4**Estimated effect of discretionary revenue measures**

	Revenue/ expenditure	On-offs	ESA-code	2023	2024
Revenue measures					
Housing Tax Agreement	Revenue	No	D.5	0	-0.4
Reduction of electricity tax	Revenue	No	D.2	-0.2	0.1
Funding for inflation relief	Revenue	No	D.2	0.1	-0.1
Compensation for rising energy prices ¹⁾	Revenue	No	D.5	-0.1	0.1
Funding for Early Retirement Pension	Revenue	No	D.91	0.1	0
Funding for Green Tax Reform	Revenue	No	D.2	-0.1	0
Tax deduction for R&D	Revenue	No	D.2	0.1	0
Other	Revenue	No		0	0.1
Sum				-0.1	-0.2
One-off expenditures corrected for by the Danish Ministry of Finance					
Extraordinary COVID-19-related expenses in connection with the compensation agreement for mink farmers and related industries, etc	Expenditure	Yes	D.9	0.1	0.3
Repayment of overpaid property tax	Expenditure	Yes	D.9	0.1	0.2
Sum				0.2	0.5

Note: The estimated effects are calculated based on the immediate impact and thus do not include any revenue or expenditure effects from return flow and behaviour.

1) Compensation for rising energy prices includes, among other things, an increase in the employment deduction and a reduction in the electricity tax.

Source: *Updated 2030-projection*, August 2024 and own calculations.

Appendix Table A.5**Debt and key balance forecasts and underlying assumptions (in the baseline scenario)**

	2023	2024	2025	2026	2027	2028	2029	2030
Per cent of GDP								
Gross debt	33.6	32.8	31.4	32.7	33.9	35.6	37.4	38.8
Actual budget balance	3.3	1.9	1.0	0.4	0.3	-0.1	-0.5	-0.5
Cyclical contribution ¹⁾	1.5	1.4	1.2	1.0	0.6	0.3	0.0	0.0
One-offs corrected for by the Danish Ministry of Finance ¹⁾	-0.2	-0.5	-0.3	-0.1	0.0	0.0	0.0	0.0
Other temporary factors ¹⁾	0.8	0.3	0.0	-0.4	-0.1	-0.1	0.0	0.0
Structural budget balance ¹⁾	1.1	0.6	0.2	-0.1	-0.2	-0.3	-0.5	-0.5
Structural net interest revenue	0.6	0.6	0.6	0.6	0.5	0.4	0.4	0.3
Structural primary budget balance	0.5	0.0	-0.4	-0.8	-0.8	-0.8	-0.9	-0.8
Interest expenditure	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.9
Interest revenue ²⁾	1.5	1.5	1.4	1.3	1.3	1.2	1.2	1.2
Per cent								
Long term interest rate (yearly average)	2.7	2.4	2.2	2.3	2.5	2.6	2.7	2.8
Short term interest rate (yearly average)	2.9	3.4	2.4	2.1	2.2	2.3	2.4	2.5
P.m.: Implicit interest rate of debt	1.9	2.3	2.3	2.5	2.3	2.3	2.4	2.5
Change in per cent								
Stock-flow adjustment	2.4	2.3	1.0	2.7	2.5	2.4	2.2	2.1
GDP, yearly change in per cent								
Potential GDP	3.0	2.1	2.6	1.2	1.3	0.9	1.1	1.4
Real GDP	2.5	1.9	2.2	1.0	1.0	0.6	0.8	1.4
GDP-deflator	-3.8	2.0	1.7	2.6	2.0	1.9	1.9	2.0
Nominal GDP	-1.4	4.0	4.0	3.6	3.0	2.6	2.7	3.4

Appendix Table A.5 (continued)**Debt and key balance forecasts and underlying assumptions (in the baseline scenario)**

	2031	2032	2033	2034	2035	2036	2037	2038
Per cent of GDP								
Gross debt	39.4	40.1	40.8	41.6	42.2	43.0	43.7	44.4
Actual budget balance	-0.6	-0.6	-0.7	-0.8	-0.7	-0.7	-0.8	-0.8
Cyclical contribution ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One-offs corrected for by the Danish Ministry of Finance ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other temporary factors ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Structural budget balance ¹⁾	-0.6	-0.6	-0.7	-0.8	-0.7	-0.7	-0.8	-0.8
Structural net interest revenue	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Structural primary budget balance	-0.8	-0.9	-0.9	-1.0	-0.9	-0.8	-0.9	-0.9
Interest expenditure	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4
Interest revenue ²⁾	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Per cent								
Long term interest rate (yearly average)	2.9	2.9	3.0	3.1	3.1	3.2	3.2	3.3
Short term interest rate (yearly average)	2.6	2.7	2.7	2.7	2.8	2.8	2.8	2.8
P.m.: Implicit interest rate of debt	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.2
Change in per cent								
Stock-flow adjustment	1.2	1.1	1.1	1.1	1.2	1.3	1.2	1.2
GDP, yearly change in per cent								
Potential GDP	1.1	0.9	0.9	0.9	1.3	1.2	1.0	1.1
Real GDP	1.1	0.9	0.9	0.9	1.3	1.2	1.0	1.1
GDP-deflator	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nominal GDP	3.1	2.9	2.9	2.9	3.3	3.2	3.0	3.1

1) The structural budget balance is calculated by correcting the actual budget balance for cyclical effects, one-off-measures and the impact of other temporary factors.

2) Including dividends and the central bank's surplus.

Source: *Updated 2030-projection*, August 2024 and own calculations.

Appendix Table A.6**Implicit and contingent obligations that could potentially have a significant impact on state budgets**

	2023
Bn. DKK	
State guarantees	397.2
- Of which to the financial sector	20.0
- Of which EU-related (including EIB)	89.8

Source: *State accounts for the fiscal year 2023*, March 2024 and own calculations.

Appendix Table A.7**Debt projections and additional assumptions (in the baseline scenario)**

	2023	2024	2025	2026	2027	2028	2029	2030
Per cent of GDP								
Gross debt	33.6	32.8	31.4	32.7	33.9	35.6	37.4	38.8
- Rolled over long-term debt	3.3	3.1	2.6	1.7	1.9	2.2	2.4	2.7
- Rolled over short-term debt	0.2	0.5	1.2	1.1	1.1	1.1	1.0	1.0
- New long-term debt	0.0	0.0	0.0	2.3	2.2	2.5	2.7	2.6
- New short-term debt	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
2031 2032 2033 2034 2035 2036 2037 2038								
Per cent of GDP								
Gross debt	39.4	40.1	40.8	41.6	42.2	43.0	43.7	44.4
- Rolled over long-term debt	2.8	3.0	3.1	3.3	3.4	3.6	3.7	3.8
- Rolled over short-term debt	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8
- New long-term debt	1.8	1.8	1.9	1.9	2.0	2.0	1.9	2.0
- New short-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: Denmark's debt management continuously undertakes various market operations that modify the debt's maturity profile, including buybacks and new issuances. The projection reflects expectations for each year's actual maturities, adjusted for the ongoing market operations expected to be conducted.

From 2026 onward, it is assumed that changes in the EMU debt arise solely from changes in the state's bond debt. Additionally, it is assumed that the state's short-term borrowing strategy for 2024 remains unchanged in all subsequent years and that the remaining maturity of the debt is eight years, maintained moving forward. It is thereby assumed that the entire short-term debt portfolio is refinanced annually, and that one-eighth of the debt portfolio, which includes the short-term debt, is refinanced each year. In years where EMU debt is reduced, it is assumed that this occurs by not refinancing a portion of the existing debt.

Source: *Updated 2030-projection*, August 2024 and own calculations.

Appendix B. ‘No-fiscal-policy-change’ (EU NFPC-scenario)

Appendix Table B.1

Debt and key balance forecasts and underlying assumptions (under ‘no-fiscal-policy-change’)

	2023	2024	2025	2026	2027	2028	2029	2030
Per cent of GDP								
Gross debt	33.6	32.8	31.4	32.7	33.9	35.6	37.5	39.0
Actual budget balance	3.3	1.9	1.0	0.4	0.3	-0.1	-0.6	-0.6
Structural primary budget balance	0.5	0.0	-0.4	-0.8	-0.8	-0.8	-1.0	-0.9
Cyclical contribution	1.5	1.4	1.2	1.0	0.6	0.3	0.0	0.0
Interest expenditure	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.9
Per cent								
Long term interest rate (yearly average)	2.7	2.4	2.2	2.3	2.5	2.6	2.7	2.8
Short term interest rate (yearly average)	2.9	3.4	2.4	2.1	2.2	2.3	2.4	2.5
Implicit interest rate of debt	1.9	2.3	2.3	2.5	2.3	2.3	2.4	2.5
GDP, yearly change in per cent								
Potential GDP	3.0	2.1	2.6	1.2	1.3	0.9	1.1	1.4
Real GDP	2.5	1.9	2.2	1.0	1.0	0.6	0.7	1.4
GDP-deflator	-3.8	2.0	1.7	2.6	2.0	1.9	1.9	2.0
Nominal GDP	-1.4	4.0	4.0	3.6	3.0	2.6	2.6	3.4
Fiscal multiplier (0.6) ¹⁾								

Appendix Table B.1 (continued)**Debt and key balance forecasts and underlying assumptions (under 'no-fiscal-policy-change')**

	2031	2032	2033	2034	2035	2036	2037	2038
Per cent of GDP								
Gross debt	39.7	40.4	41.3	42.2	42.9	43.7	44.5	45.4
Actual budget balance	-0.7	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9
Structural primary budget balance	-0.9	-1.0	-1.0	-1.1	-1.0	-0.9	-1.0	-1.0
Cyclical contribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenditure	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4
Per cent								
Long term interest rate (yearly average)	2.9	2.9	3.0	3.1	3.1	3.2	3.2	3.3
Short term interest rate (yearly average)	2.6	2.7	2.7	2.7	2.8	2.8	2.8	2.8
Implicit interest rate of debt	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.2
GDP, yearly change in per cent								
Potential GDP	1.1	0.9	0.9	0.9	1.3	1.2	1.0	1.1
Real GDP	1.1	0.9	0.9	0.9	1.3	1.2	1.0	1.1
GDP-deflator	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nominal GDP	3.1	2.9	2.9	2.9	3.3	3.2	3.0	3.1

Note: The table is based on a 'no-fiscal-policy-change' scenario, including only reforms that has been passed or agreed up by the Parliament. As such it is identical to the planned fiscal path, except that public expenditure projections after 2028, i.e. after the four year expenditure ceilings, are based on demographic changes and do not reflect a political objective of a structural balance at -0,5 per cent of GDP. Note that in 'no-fiscal-policy-change' scenario the structural balance turns out to be identical to the planned fiscal path, despite the projections being based on different underlying assumptions.

- 1) The Danish Ministry of Finance's calculation of fiscal effects (impact of fiscal and structural policy on output relative to potential output) is not based on a single fiscal multiplier but on different multipliers for different fiscal instruments as well as how much these instruments deviates from a neutral scenario (as defined by the Danish Ministry of Finance). Hence, there is not a single aggregate fiscal multiplier that is constant over time. For the purpose of EU surveillance, the Danish Ministry of Finance has in this table listed an average number for the first-year fiscal multiplier, which reflects an "implicit fiscal multiplier" based on the projection.

Source: *Updated 2030-projection*, August 2024 and own calculations.

