Ministry of Economic Affairs

Economic Survey

August 2025

Economic Survey, August 2025

Ministry of Economic Affairs
Ved Stranden 8
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Denmark

ISBN: 978-87-7862-406-2 (digital version)

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

Overview

Over the summer, framework agreements for trade have been signed between the United States and several major trading partners, including the EU. This reduces the uncertainty about the conditions for sales in the US. that has weighed on exporting companies, both domestically and in the rest of the world, in the first half of the year, especially with the shifting announcements from the American side in April and May. However, clarification of the details in the agreements is still pending, and they all entail significantly higher tariffs on US imports of goods.

Amid the major upheavals in global trade conditions, the Danish economy is generally strong. Employment is high and continues to grow, unemployment is low, and inflation has been low and stable for an extended period. Furthermore, savings are high, both in the private and public sectors. This provides economic headroom to respond to weaker trade conditions – and other geopolitical challenges – even though some export companies with large sales in the US may face difficulties.

The American tariff increases will lead to less export to the U.S. and at the same time have a dampening effect on activity in the global economy, thus affecting Danish exports more broadly, *cf. figure 1*. At the same time, the pharmaceutical industry is increasingly challenged by competition in the markets for weight-loss products, including from generic manufacturers. This has dampened growth expectations in the industry. The production and export of pharmaceutical products are still expected to be at a high level, but the pace of growth is not expected to continue at the high level seen in recent years.

Figure 1 Private consumption is picking up, while Export growth slows down

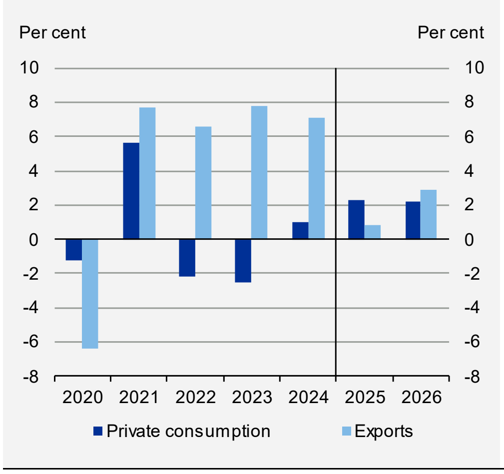
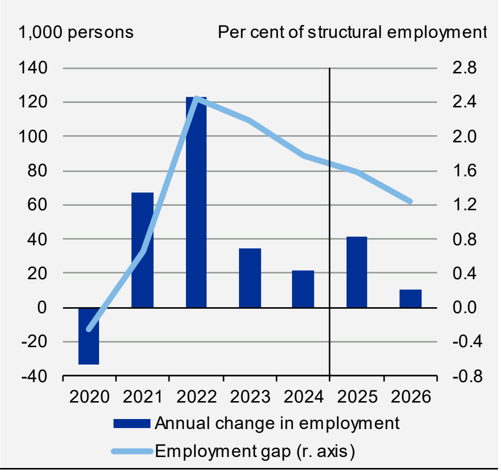


Figure 2 Pressure on the labour market is easing



Note.: Real growth in figure 1. In figure 2, the employment gap is the difference between actual employment and structural employment. The employment gap is an expression of the degree of capacity constraints in the labour market.
Source: Statistics Denmark and own calculations.

On the other hand, household demand is expected to contribute to a greater extent to the growth in the Danish economy this year and next. In a period of decent increases in both wages and transfer incomes, the low and stable inflation is supporting households' purchasing power, and it is expected that private consumption will increase noticeably during the forecast period. Households' willingness to spend is already expressed in the housing market, where both sales and prices are rising. The lower interest rates that have come in line with lower inflation are helping to support the housing market.

Since the latest assessment in the Economic Report, May 2025, Statistics Denmark has published a new national accounts data, with a revision of the historical figures which show, among other things, that the economy measured by gross domestic product in volumes (real GDP) grew significantly less in the period 2021-2024 than previously calculated. This also implies a weakened starting point for growth heading into 2025.

Growth in the first quarter of 2025 has also been weaker than previously expected. Combined with the US tariff increases and lowered expectations for the pharmaceutical industry, this has led to a significant downward revision of the estimated GDP growth for 2025. The estimated growth in 2026, on the other hand, has been revised upwards, partly based on an expectation of increasing private and public consumption. GDP is expected to grow by 1.4 per cent in 2025 and 2.1 per cent in 2026, *cf. table 1*. Compared to the May assessment, this is a downward revision of growth in 2025 of 1.5 percentage points and an upward revision of 0.7 percentage points in 2026. Most of the downward revision for 2025 reflects new information from the national accounts, *cf. chapter 1*.

The more subdued GDP growth through 2025 and 2026 does not change the fact that the economy is still assessed to be in a moderate upturn with some pressure on the labour market, *cf. figure 2*. However, a significant slowdown in employment growth is expected over the next year and a half, and in 2026, only a small annual increase in employment is expected. Inflation is expected to remain low, with an annual growth rate of 1.7 per cent in 2025 and 0.9 per cent in 2026. The very low inflation in 2026 is mainly due to the reduction of the electricity tax to the EU minimum rate.

Although a little more detail has been finalized with the joint statement from the EU and the US on August 21, there is still a considerable degree of unpredictability linked to the US administration's policy, which adds to uncertainty about the development of the international economy and the conditions for Danish export companies. This could weigh on Danish exports and business investment to a greater extent than assumed in the forecast. At the same time, households' already low willingness to spend may be held back by, among other things, concerns about global events and a high price level for certain foods.

However, the risk of a downturn is mitigated by high levels of savings and adaptability among businesses and households. The revised national accounts leave an impression of weak productivity growth in parts of the business sector since 2021, which immediately points to a need for a more subdued development in labour costs in some companies, but there are generally not considered to be major imbalances in the Danish economy that require a rapid adjustment. The Danish economy is generally strong due to good framework conditions for companies and good structures, which are the result of reforms which, together with a large influx of international labour, have significantly boosted structural employment, *cf. chapter 3*.

Table 1 Key estimates of the economic forecast and fiscal policy

	2024	2025	2026
GDP growth, per cent	3.5	1.4	2.1
Inflation, per cent	1.4	1.7	0.9
Hourly earnings in the private sector, per cent	4.8	3.5	3.2
House prices, per cent	3.5	4.7	3.2
Employment, change in 1,000 persons	21	41	10
Gross unemployment, 1,000 persons	87	88	89
Balance of payments, percentage of GDP	12.2	11.4	10.7
Output gap, per cent[1)]	1.4	0.9	0.8
Employment gap, per cent[1)]	1.8	1.6	1.2
Structural balance, per cent of structural GDP	1.8	1.0	-0.1
Actual general government balance, per cent of GDP	4.5	1.8	0.4
Public consumption growth, per cent[2)]	1.8	5.4	2.6
Multi-year fiscal effect, level, percentage points[3)]	-0.6	-0.1	0.2
One-year fiscal effect, percentage points[4)]	-0.2	0.6	0.4
Public debt, per cent of GDP	30.5	29.1	28.3
Public net wealth, per cent of GDP	23.9	24.7	24.8

1) Estimates of how much production and employment deviate from the structural levels. When gaps are positive, it indicates that there are scarce resources in the economy relative to a normal economic situation.
2) The estimated public consumption growth is assumed the same for input and output approaches. For 2024, the growth in public consumption is shown using the input method.
3) The multi-year fiscal effect measures how changes in fiscal and structural policies impact the output gap (level effect relative to 2019).
4) The one-year fiscal effect measures how much the planned fiscal and structural policies contribute to changes in the output gap in a given year.
Source: Statistics Denmark, Confederation of Danish Employers and own calculations.

The strong position of the Danish economy is reflected in the public finances, where there have been surpluses on the actual balance for the past nine years, and surpluses are expected to continue in both 2025 and 2026. The strong public finances largely reflect structural factors. A structural surplus of 1 per cent of GDP is expected in 2025, and an approximate balance on the structural balance is anticipated in 2026, notwithstanding significant investments, particularly in defense and security.

The structural improvements in public finances in recent years are due to several factors, as outlined in the *Updated Medium-Term Outlook, June 2025*. Employment has continuously risen and is currently at a historically high level. This progress has occurred without creating a corresponding increase in pressure on the labor market. The fraction of companies reporting labor shortages is now only slightly above the 2019 level. This indicates that the rise has largely been structural, including as a result of implemented reforms. The labor force has grown due to more international labor, including from the supplementary pay limit scheme, and greater labor market participation among the elderly and resident immigrants.

As employment has increased, contributing to a rise in the Danish economy's production capacity, Danish companies have also expanded their use of M&P activities, where the production and sale of goods take place abroad. This has led to higher earnings for Danish companies and, consequently, an increase in corporate tax revenues, among other things. However, recent uncertainty about the future earnings growth of Danish companies in the pharmaceutical industry in particular, along with unrest in international markets, is expected to dampen these revenues somewhat relative to earlier assumptions.

The capacity pressure in the Danish economy has, as mentioned, eased in recent years and is expected to decrease further throughout 2025 and 2026, mainly due to continued growth in the production capacity. Therefore, no downturn is anticipated in either the labor market or in production.

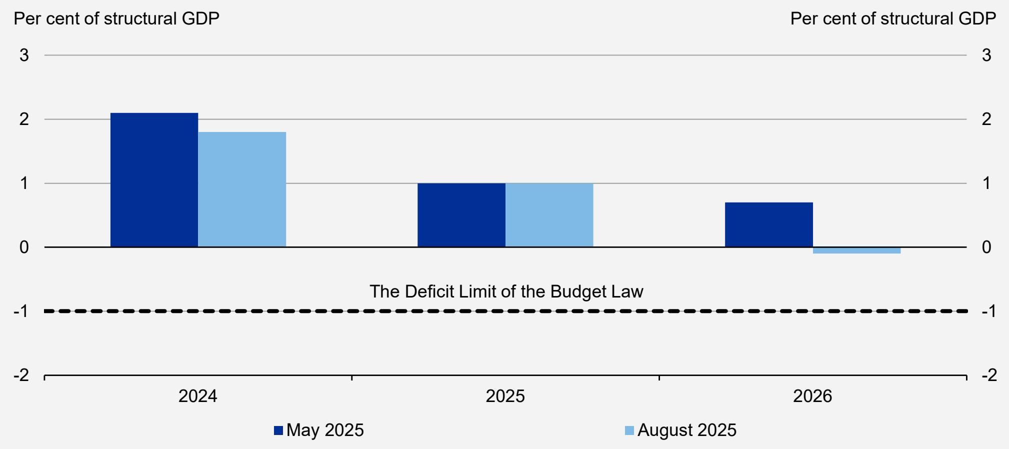
With the proposed budget bill for 2026, the government plans to ease fiscal policy. This easing will provide room to support key priorities, including safety and security, welfare improvements, a continued green transition, and the abolition of a number of excise duties. Additionally, excise duties on electricity will be reduced in 2026 and 2027, which will increase the purchasing power of Danish households. The one-year fiscal effect on the output gap of the fiscal easing is estimated to be 0.4 percentage points in 2026.

The multi-year fiscal effect, which measures the total impact of fiscal and structural policy since 2019, has been negative in recent years. This implies that the fiscal and structural policy since 2019 has on the whole, helped to dampen pressure in the Danish economy. With the easing and the positive one-year fiscal effect, the multi-year fiscal effect is estimated to be slightly positive at 0.2 percentage points in 2026.

The calculated fiscal effects are considered to be an overestimate for the impact on capacity pressure, as parts of the defense-related expenditures are expected to have a higher import content than public purchases in general. This applies, notably, to the purchase of defense equipment abroad.

The estimate for the structural balance in 2025 is unchanged since the May assessment, *cf. figure 3*. The structural balance in 2026, however, has been revised downwards due to the easing in the proposed budget bill and lower estimated revenues from structural equity-related and corporate taxes, etc. These effects are partly offset by reduced spending estimates in certain areas.

Figure 3 **Gradually decreasing structural balance in 2024-2026**



Source: Statistics Denmark and own calculations.

1. The economic outlook

Over the past six months, US trade policy has been a source of uncertainty about the terms for global trade and the outlook for the global economy. Several countries, including the EU, the UK and Japan, have now concluded framework agreements for trade with the US. The finalization of framework agreements reduces the risk of an escalation of trade conflicts and remove some of the unpredictability that has been the consequence of the many and varied tariff announcements from the current US administration. A few more details were agreed with the joint statement from the EU and the US on August 21, but details still need agreed on. The US and China are continuing negotiations after yet another postponement. Therefore, trade policy uncertainty remains significant, *cf. figure 1.1*. Already, the changes in trade policy have resulted in very high tariffs on imported goods to the US seen from a historical perspective. From limited tariffs at the beginning of the year, the US effective tariff rate based on announced policies is currently 18.6 per cent, *cf. figure 1.2*. For a period, the rate was even higher due to the reciprocal retaliatory tariffs that the USA and China continuously escalated throughout April but agreed to reduce in May until a deal between the two countries is finalized.

Figure 1.1 Significant trade policy uncertainty

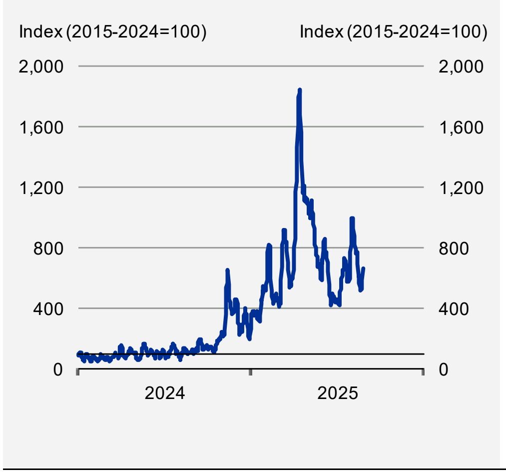
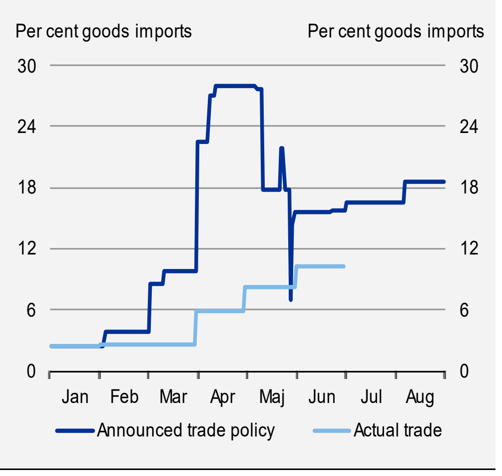


Figure 1.2 US effective tariff rate has risen throughout the year



Note: Figure 1.1 shows the Trade Policy Uncertainty (TPU) index from Caldara et al. (2020). The index is shown as a 7-day moving average. Figure 1.2 shows the average effective tariff rate in the United States based on announced policies and actual trade during 2025. The tariff rate for announced trade policies is based on US imports of goods in 2024 and does not take into account any changes in the composition of imports since then. It is assumed for calculation purposes that the US general tariff rate on goods from the EU of 15 per cent is equivalent in scope to the "retaliatory tariff" on other countries, except that the tariff on the EU also includes cars and car parts. The effective tariff rate on actual trade is calculated as the government revenue from customs duties as a share of total imports of goods for a given month.

Source: Caldara et al. (2020): The economic effects of trade policy uncertainty, *Journal of Monetary Economics 109*, Macrobond, The Budget Lab at Yale (2025): State of US Tariffs: August 7, 2025, U.S. Census Bureau, U.S. Department of the Treasury and own calculations.

The US tariff increases on imports will have economic consequences across countries, including not least for businesses and households in the US. This has already been evident in the country's international trade. US imports of goods grew significantly up to "liberation day" (April 2), when many new tariff increases were announced, *cf. figure 1.3*. Imports from the EU were very high in the months leading up to the tariff announcements, which largely reflects inventory build-up before the expected tariff rate increases. Conversely, imports to the US from China have fallen significantly in the first half of the year and were more than halved in June compared to the 2022 level.

Inflation in the United States has increased slightly in recent months and is currently at 2.7 per cent, *cf. figure 1.4*. Previously, US inflation was slightly higher than the US Federal Reserve's inflation target of 2 per cent. In the euro area, however, inflation has declined, so that it is now in line with the inflation target of 2 per cent in the medium term. A redirection of exports to the EU from China and other countries affected by higher US tariffs could dampen inflation in the euro area further.[1]

Figure 1.3 Large decline in US imports from China

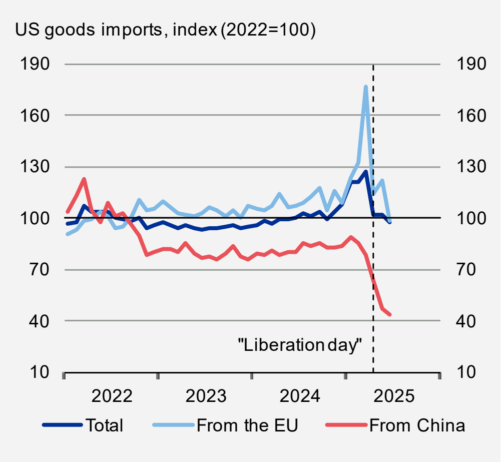
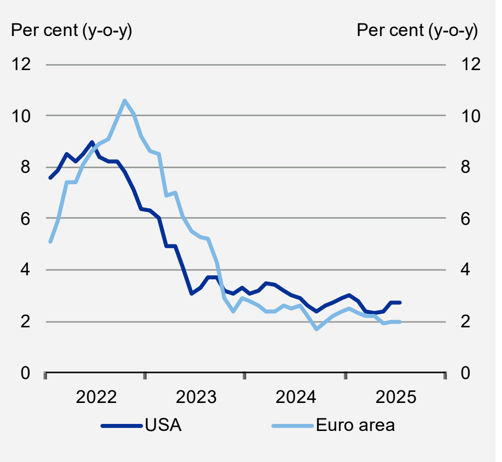


Figure 1.4 Inflation is above the target in the US



Note: Figure 1.4 shows the annual rate of increase in the EU Harmonized Index of Consumer Prices (HICP) for the euro area and the Consumer Price Index (CPI) for the United States, with the latest observation being July 2025.
Source: U.S. Census, Macrobond and own calculations.

The prospect of avoiding a more serious trade conflict has contributed to renewed increases in equity prices, and the decline at the beginning of April has now been more than recovered, *cf. figure 1.5*. However, the Danish stock market has declined again since the end of July, particularly because of the share price development of Novo Nordisk and Ørsted.

[1] According to an analysis from the ECB, additional Chinese exports could reduce overall HICP inflation by around 0.15 percentage points in 2026 and to a lesser extent in 2027, cf. Boeckelmann et al. (2025): China-US trade tensions could bring more Chinese ex-ports and lower prices to Europe, The ECB Blog, 30 July 2025.

In isolation, tariff increases will usually tend to strengthen the currency of the country imposing the tariff.[2] However, the US dollar has weakened significantly since the turn of the year, and especially after the significant tariff announcements in connection with "liberation day", the dollar fell rapidly in value, *cf. figure 1.6*. The weakening of the dollar could be due the sale of US government bonds by foreign investors. The dollar weakening has also occurred at a time when European short-term interest rates have fallen because of monetary policy easing, while US monetary policy interest rates have been kept unchanged inter alia due to the risk of higher inflation because of tariff increases in the US. Thus, the fall in the dollar reflects a perception of a slightly greater risk associated with the US economy and thus a slightly higher risk premium.

Figure 1.5 International stock markets have regained their losses following the turmoil in April

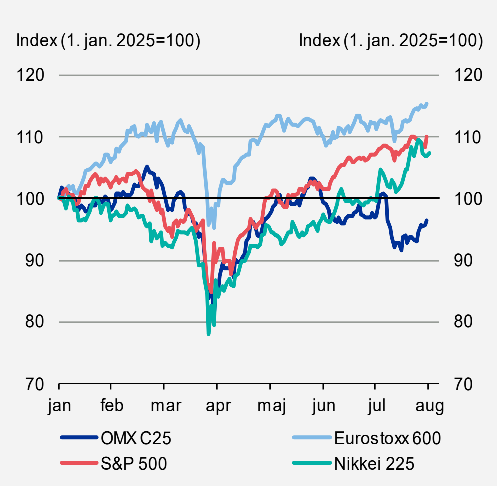


Figure 1.6 The dollar has weakened against the euro despite lower euro area interest rates

Note: Figure 1.6 shows the spread between US and German 2-year government bonds on the right-hand axis and the exchange rate of the euro against the dollar on the left-hand axis. An increase in the latter implies a strengthening of the dollar relative to the euro.
Source: Macrobond and own calculations.

The financial markets expect the US Federal Reserve to reduce interest rates by approximately 1.0 percentage points by the end of 2026, which is one interest rate cut of 0.25 percentage points less than in the spring. The slightly downwardly adjusted expectations for monetary policy interest rate cuts in the US are due to continued slightly elevated inflation, low unemployment and uncertainty regarding the impact of tariff increases on inflation. The European Central Bank (ECB), on the other hand, has indicated that monetary policy in the euro area is assessed to be approximately neutral and that interest rate cuts are close to being completed at this stage.

Long-term interest rates, including on government bonds with a maturity of 10 years, have remained at a higher level. This is due, among other things, to expectations of increasing public

[2] See e.g. J. Hartley and A. Rebucci (2025): Tariffs, the dollar, and equities: High-frequency evidence from the Liberation Day announcement, VoxEU, April 15, 2025.

debt in most advanced economies, including not least the US and most EU countries. In the United States, the passage of the One Big Beautiful Bill Act (OBBBA) in early July has contributed to the fact that public debt is expected to increase by an additional 10 per cent of GDP by 2034.[3] At the same time, NATO countries committed to a significant increase in defense spending and related investments at the June summit.

The real economic consequences in the United States of the trade policy measures and the associated uncertainty so far seem to be mostly a slowdown in activity and not an actual setback. Growth in US GDP has slowed in the first half of the year, *cf. figure 1.7*, and progress in the US labor market has also slowed in recent months. Employment in the United States (excluding agriculture) grew by 106,000 persons from April to July – a significantly lower rate than the previous three months, when employment grew by 380,000 persons overall. In the EU, GDP growth has been increasing since 2023, and GDP grew by 1.5 per cent in the second quarter of 2025. compared to the same quarter in 2024.

Figure 1.7 Economic growth in the US is lower than in the preceding years

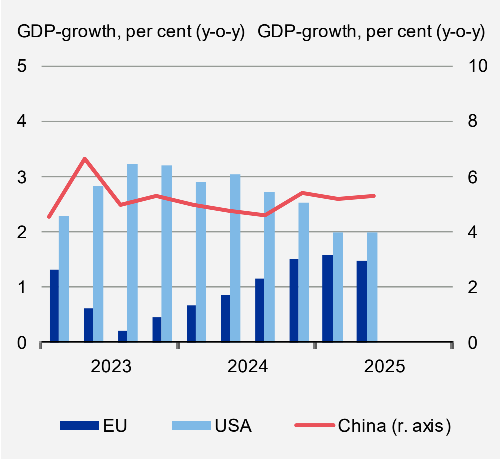
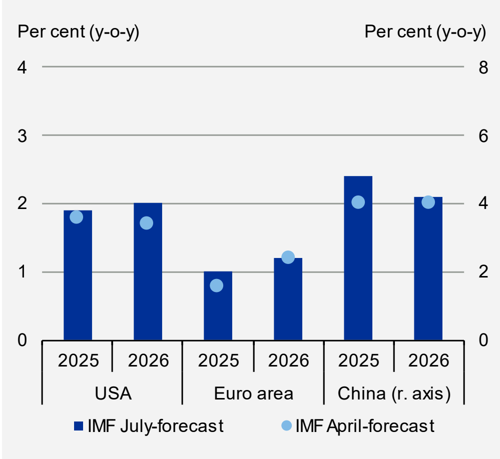


Figure 1.8 The growth outlook for the largest economies has been revised a bit up since april



Note: Figure 1.8 depicts GDP-forecasts from the IMF: *World Economic Oulook*, *April 2025* and IMF: *World Economic Outlook Update*, *July 2025*.
Source: Macrobond, IMF and own calculations.

The growth in the Chinese economy has continued at about the same pace as in the past two years, at around 5 per cent annually, supported by several policy measures, including interest rate cuts and the injection of liquidity into the country's banking system. International organizations have slightly revised up the growth outlook for the largest economies considering lower effective tariff rates than expected in April, *cf. figure 1.8*. However, the range of outcomes for

[3] The Committee for a Responsible Federal Budget (CRFB), which works to promote fiscal responsibility in the United States, estimates the interest costs of the legislative package at around USD 700 billion by 2034. The federal debt is thus expected to increase from about 100 percent of GDP today to 127 per cent of GDP in 2034 – about 10 percentage points higher than without the legislative package.

international economic outlook is still relatively wide, not least because the details of trade agreements between the United States and many countries is still being negotiated, *cf. box 1.1*.

Box 1.1 The state of play of US trade policies

The main trajectory in this forecast is based on current trade policy as of 5 August 2025. This means that it is assumed that current trade policy is maintained and that temporary agreements apply permanently.

In July, the US and the EU entered into a framework agreement that entered into force on 7 August, which sets a US tariff ceiling of 15 per cent on most goods imported into the US from the EU. The framework agreement averted the US "retaliatory tariff" of 30 per cent that was planned to enter into force on 1 August 2025. The 15 per cent tariff ceiling includes the US most favoured nation (MFN) tariff that was previously imposed on top of other tariffs. Tariffs higher than 15 per cent will only be imposed in areas where the current US MFN tariff exceeds 15 per cent. The tariff cap will also apply to cars and certain car parts, as well as any future sector-specific tariffs on pharmaceuticals, semiconductors and timber. The agreement also includes a commitment by the EU to purchase $750 billion in US energy from the US, and EU companies to invest at least $600 billion in a range of US sectors by 2029.[1]

The European Commission and the White House presented a joint statement on 21 August that expands and clarifies parts of the framework agreement. The EU has indicated its intention to remove tariffs on all US industrial goods and provide preferential market access for a number of US food products. A few areas are exempt from the tariff ceiling in the US and will instead be subject to the US MFN tariff from 1 September. This includes aircraft and aircraft parts, certain chemicals and pharmaceuticals, and natural resources that are not found in the US. The US sectoral tariff on certain steel and aluminium products of 50 per cent. still applies for the time being to imports from the EU, while the parties are considering the possibility of cooperating to protect their respective domestic markets from overcapacity, including through quota systems.[2]

Tariffs on trade between the US and China were increased to over 100 per cent in April-May, and China introduced export restrictions on critical minerals. The US and China subsequently entered into a temporary framework agreement, which came into effect on 14 May, which included reductions in tariffs between the two economies. The restrictions on exports of critical minerals from China were subsequently rolled back. Despite the agreement on a mutual reduction in tariffs between the two countries, the effective tariff rate on imports to the US from China is still estimated to be over 40 per cent.[3] The interim agreement between the US and China was originally set to expire on August 12 but has since been extended to November 10, 2025.

The US has entered into framework agreements with several other trading partners in the period following "liberation day" (April 2). This includes developed economies such as the UK (basic tariff of 10%), Japan (basic tariff of 15%), and South Korea (basic tariff of 15%).[4] In addition, a number of agreements have been concluded with Southeast Asian countries (including Vietnam and Thailand), whose goods will be subject to a basic tariff of 19-20 per cent in the United States. The "retaliatory tariff" has also been adjusted for imports from a wide range of countries, including Brazil (10 per cent to 50 per cent, although with many exceptions), Switzerland (31 per cent to 39 per cent) and New Zealand (10 per cent to 15 per cent).[5]

1) European Commission (2025): EU-US trade deal explained, as well as the Danish Business Authority and the Danish Customs Agency at Virksomhedsguiden.dk: Get answers to your questions about the EU-US trade agreement.
2) European Commission and the White House (2025): Joint Statement on a United States-European Union framework on an agreement on reciprocal, fair and balanced trade.
3) Global Trade Alert (2025): Relative Trump Tariff Advantage Chart Book.
4) Trade Compliance Resource Hub (2025): Trump 2.0 Tariff Tracker.
5) The White House (2025): Executive Order 14326: Further Modifying the Reciprocal Tariff Rates.

Global trade conditions affect Danish exports

The framework agreements for trade and the further development of global trade conditions are of great importance for a small, open economy such as the Danish, where total foreign trade (imports and exports) corresponds to approximately 130 per cent of GDP. The importance of exports has grown sharply in recent years, which can largely be attributed to the pharmaceutical industry and exports that do not cross the Danish border but take place in connection with the production and sale of goods abroad, so-called merchanting and processing (M&P). Sales in the US have surged in recent years, and the US is today Denmark's largest export market. Overall, exports of goods to the US, including M&P, accounted for around 20 per cent of total Danish exports of goods in 2024, *cf. figure 1.9*. Excluding M&P, however, the share in 2024 was somewhat smaller at 5 per cent. It is mainly this part of goods exports to the United States that is expected to be affected by the tariff increases.

Figure 1.9 The share of goods exports to the United States has increased significantly in recent years

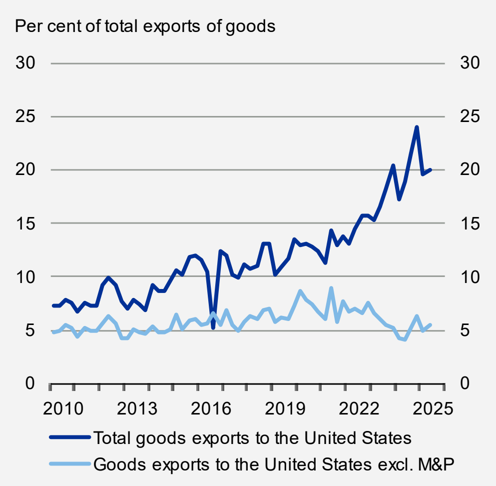
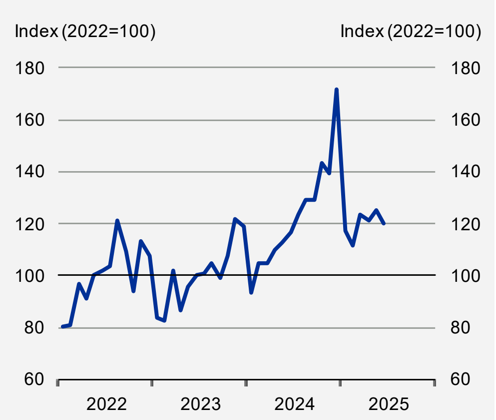


Figure 1.10 Lower exports to the US in the first half of 2025 compared to the end of 2024



Note.: Seasonally adjusted numbers in both figures. Figure 1.9 shows US exports of goods with and without M&P activities as a share of total Danish exports of goods. Figure 1.10 shows the development in Danish companies' nominal exports to the US.
Source: Statistics Denmark and own calculations.

Exports to the US fell significantly in early 2025 after an extraordinarily strong increase in the second half of 2024, *cf. figure 1.10*. The large fluctuations should be seen in the context of stockpiling and a decrease in exports of pharmaceutical products because of increased competition in the market for weight-loss drugs, which has meant that Novo Nordisk has lost market share to other pharmaceutical companies that offer competing treatments for diabetes and weight loss. Furthermore, counterfeit medicines are squeezing sales opportunities on the American market.[4] It is still expected that the export of pharmaceutical products will be of great importance to the Danish economy. However, expectations for growth are not as high as they have been.[5]

Trade agreements have historically contributed to promoting Danish trade, *cf. box 1.2*. The new framework agreement between the EU and the US will lead to higher tariffs, which will worsen Danish companies' trading conditions in the US market, even though US consumers are expected to bear part of the burden in the form of higher consumer prices. Over time, Danish companies can be expected to seek out other export markets to a greater extent, including markets covered by the latest EU trade agreements. However, the increased tariffs in the US will, in isolation, contribute to dampening export growth in the forecast years.

The framework agreement leads to higher tariffs on Danish exports to the US compared to the assumptions for the forecast in the Economic Survey, May 2025, but the agreement will help ensure more predictability about future export opportunities and reduce uncertainty for Danish export companies. A large part of Danish exports to the US also consists of M&P activities, where production taking place in the US will only be directly affected to a lesser extent by the increased tariffs. Against this background it is expected that the isolated effect of the new framework agreement on Danish exports of goods, compared to the forecast in May, will be relatively limited.[6]

[4] Nominal exports and sales of pharmaceutical products to the US in Danish kroner are also affected in a downward direction by the weaker dollar exchange rate since the beginning of 2025. See Novo Nordisk's press release regarding their financial statement for the first half of 2025: "Novo Nordisk's sales increased by 16% in Danish kroner and by 18% at constant exchange rates to DKK 154.9 billion in the first six months of 2025", 6 August 2025.
[5] This is reflected, for example, in the fact that equity analysts at the Financial Times have lowered their expectations for Novo Nordisk's revenue growth from 18.8 per cent to 10.9 per cent in 2025 and from 15.6 per cent to 10.7 per cent in 2026.
[6] In the May forecast, it was estimated that the tariff increases will reduce exports by approximately 1½ per cent and GDP by approximately 0.9 per cent in the first year after implementation, *cf. box 1.2 in the Economic Survey, May 2025*.

Box 1.2 Trade agreements create export opportunities for Danish companies

International trade agreements have helped to create a global market with a level playing field for companies across countries. Access to the global market enables an improved organisation of companies' business models, deeper integration into global value chains and increased benefit from economies of scale. In addition, consumers gain access to a wider range of consumer goods at a lower price. Free trade is one of the pillars of the EU, which has had long-standing trade relations with neighbouring countries, but which has also in recent years entered into several international trade agreements with South Korea, South Africa, Canada and Japan, among others.[1] In addition, the EU reached a political agreement with Mercosur countries at the end of 2024.

Previous trade agreements have primarily focused on reducing trade barriers and thereby strengthening the possibility of trade. In 2017, the EU entered into a trade agreement with Canada, and Danish exports of goods to Canada have since increased by 155 per cent, *cf. figure a*. Compared with the development in total Danish exports of goods, this corresponds to a larger increase of almost 95 percentage points. The same development is seen for South Korea, which has had a trade agreement with the EU since 2011. Here, 10 years after the trade agreement was signed, exports of goods were almost 30 percentage points higher compared with the development of total Danish exports of goods.

At the same time, the reduction of trade barriers enables a specialisation of labour, where companies can locate operations in countries with the best conditions for production. The increased opportunity for specialisation can be seen, among other things, in the fact that the average number of employees in Danish subsidiaries across countries increased in the period immediately around or after the conclusion of the trade agreement, *cf. figure b*. For example, the average number of employees in Danish subsidiaries in Canada was almost twice as large in 2023 compared to the period before the trade agreement was signed. Other studies also find a positive effect of free trade agreements on growth and trade.[2] At the same time, several studies find a significant effect of expanding existing trade agreements that promote deeper economic integration between countries.[3]

Figure a Trade agreements have led to increased export of goods...

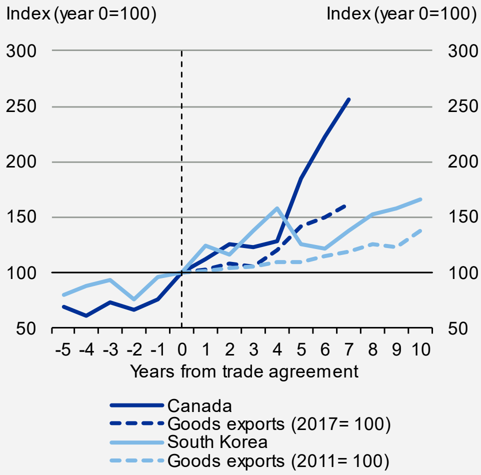
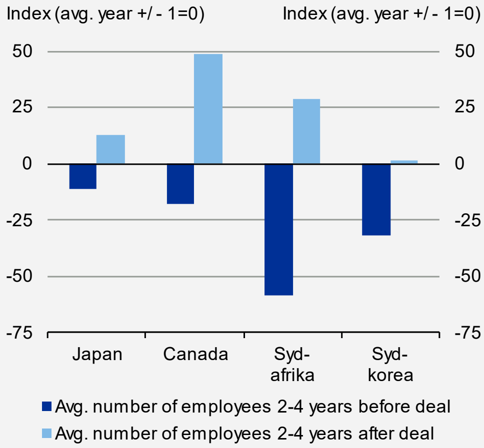


Figure b … and more employees in Danish subsidiaries



Note.: In figure a, the development in exports of goods is based on nominal exports of goods including M&P activities. In figure b is shown the development in the number of employees in Danish subsidiaries abroad compared to the period around the conclusion of the trade agreements (+/- 1 year) across countries.

1) The EU made trade agreements with South Korea in 2011, South Africa in 2016, Canada in 2017 and Japan in 2019.

2) See, for example, Hannan (2016): The Impact of Trade Agreements: New Approach, New Insights, *IMF WP/16/17*, and Decreux (2019): The Economic Impact of the Free Trade Agreement (FTA) between the European Union and Korea, *CEPII Research Report 2010-02*.

3) See, for example, Fontagné et al. (2023): The Economic Impact of Deepening Trade Agreements, *The World Bank Economic Review 37(3)*.

Source: Statistics Denmark and own calculations.

In addition to pharmaceutical goods, exports of goods to the United States, which cross the Danish border, consist of machinery for industrial use and metal products, but also goods from a number of other industries, *cf. figure 1.11*. So far, there are no signs of an insufficient number of export orders among non-pharmaceutical manufacturing firms, and a gradual recovery in activity in the euro area is expected to support growth in exports of goods excluding pharmaceutical and energy exports. At the same time, energy exports are estimated to increase as a result of increased production of oil and gas in the North Sea, while the contribution to the growth in goods exports from the pharmaceutical industry is expected to continue to be positive, but not as large as in previous years. Overall, exports of goods are expected to grow by 2.7% in 2025 and 3.2% in 2026, *cf. figure 1.12*.

Meanwhile, moderate growth in world trade is expected to support maritime transport activity in the forecast years. The remaining exports of services, excluding sea transport, are expected to decline in 2025, reflecting, among other things, a decline in real exports of services, including tourism exports, since the beginning of 2024. However, a gradual recovery in export markets is expected to support a broader recovery in services exports in 2026. Overall, exports of services are expected to decline by 1.6% in 2025 and then increase by 2.5% in 2026.

Figure 1.11 In particular, exports of pharmaceuticals and machinery cross the border into the United States

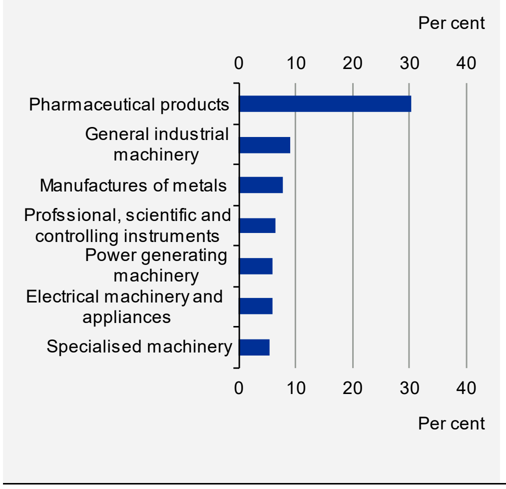
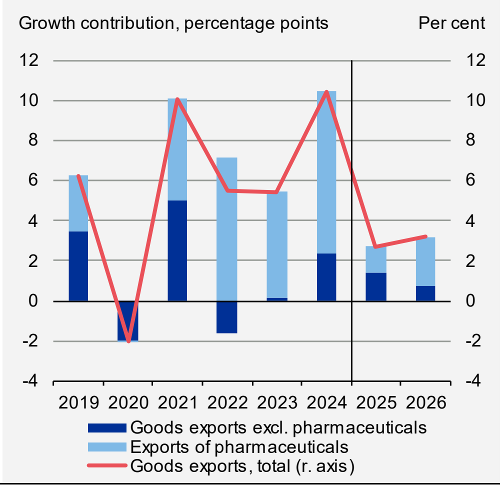


Figure 1.12 Pharmaceutical exports contribute significantly less to exports of goods in the forecast years



Note.: In figure 1.11 is shown the share of Danish exports to the US that cross the Danish border (border crossing principle) distributed across commodity groups for the first half of 2025. The proportions do not add up to 100, as not all item groups are included in the figure. In figure 1.12 is shown the contribution from the pharmaceutical industry estimated based on the pharmaceutical industry's share of the total manufacturing sales of goods produced by subcontractors.
Source: Statistics Denmark and own calculations.

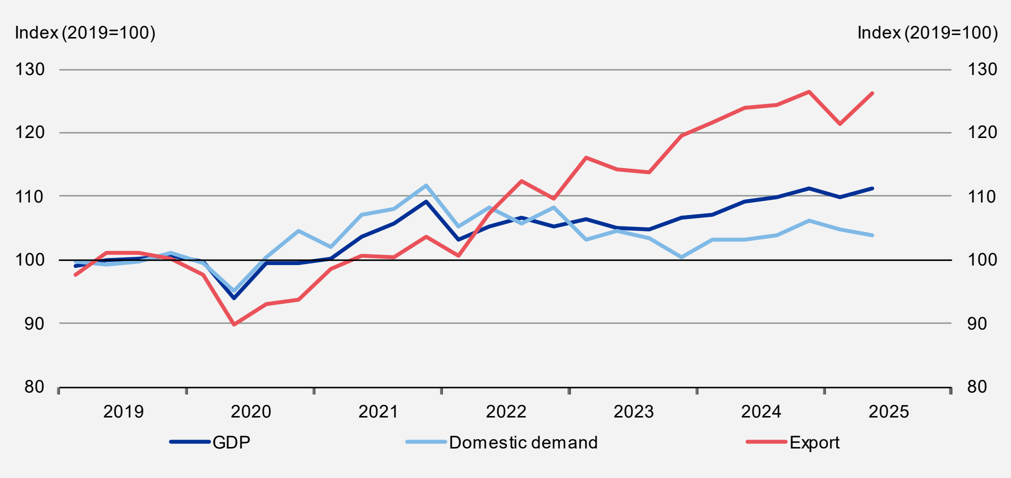
Domestic demand on the rise

Higher tariffs on trade with the USA initially hit export companies. But other companies are also affected, including indirectly through deliveries of goods and services to the exporting companies. The recent months' shifting American tariff announcements have been reflected in indicators of the companies' view of the economic situation.

Business confidence thus fell in the spring in several sectors – especially within the export-heavy industry. Subsequently, the sentiment among some companies has improved somewhat, and especially within the large group of service industries there are currently signs of progress. Overall, this suggests growth among the companies that are more strongly tied to domestic demand.

Domestic demand has been heavily affected by the period of high inflation and high interest rates in 2022 and 2023, which has dampened growth compared to overall exports.[7] However, domestic demand has overall been improving since the end of 2023, which is expected to continue during the forecast period, *cf. figure 1.13*.

Figure 1.13 Increase in domestic demand since the end of 2023



Note: Seasonally and price-adjusted series.
Source: Statistics Denmark and own calculations.

Domestic demand is partly made up of firms' own demand, such as business investment. Business investment depends on a wide range of factors, including the need to expand production capacity. The investment ratio (business investment as a share of GVA) illustrates how much of the value added is spent on new investments in firms and historically follows capacity pressures to some extent. A positive – but narrowing – output gap is expected to continue over the forecast horizon. Together with ongoing investments in larger production facilities in the pharmaceutical industry, among others, it is estimated that business investment will continue in both years, and business investment as a share of GVA is expected to decline only gradually during the forecast period.

In recent years, business investments have been boosted by several major patent purchases abroad, most recently in the order of DKK 27 billion in Q4 2024. There is no immediate basis for assumptions about future patent purchases, and on this basis, business investment is estimated to fall by 6.5 per cent this year. Excluding patent purchases, the forecast indicates a more

[7] The development in total exports reflects a significant increase in the export of pharmaceutical products in particular, while parts of the remaining goods exports were also negatively affected by the period of high inflation and high interest rates.

subdued deflection in the investment ratio in parallel with developments in capacity pressures, *cf. figure 1.14*.

Declines in equity markets may signal lower confidence in future earnings, and uncertainty in financial markets is typically associated with declines in business investment.[8] However, major international equity indices have recovered their losses since the declines in April, and uncertainty in US and EU equity markets is now below historical averages, *cf. figure 1.15*.

Figure 1.14 The investment ratio is expected to gradually decline as capacity pressures ease

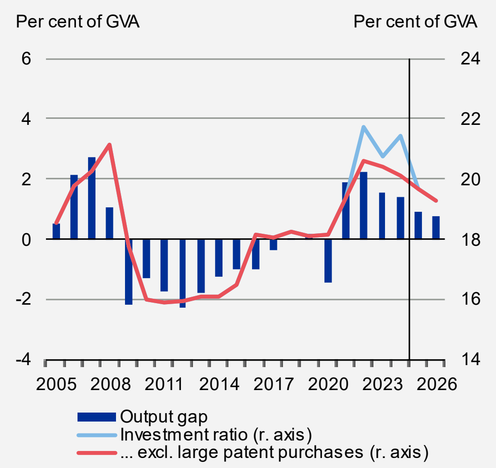
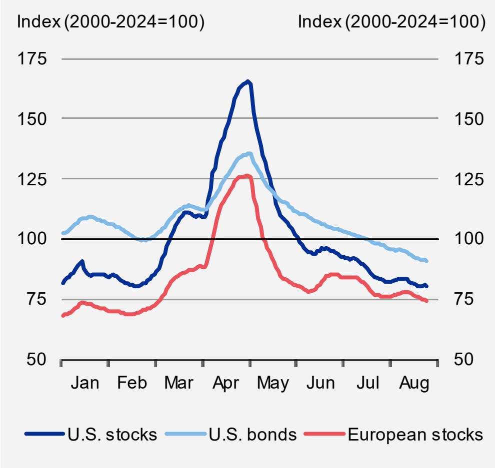


Figure 1.15 Uncertainty in the financial markets has declined since April



Note: In figure 1.14, business investments as a share of GVA are shown excluding extraction of raw materials and maritime transport. The investment ratio excluding large patent purchases illustrates the trend without four major patent acquisitions abroad in 2022–2024, totalling DKK 53.6 billion. In figure 1.15, volatility indices are shown as 4-week averages and include the VIX (U.S. equities), MOVE (U.S. bonds), and VSTOXX (European equities).
Source: Statistics Denmark, Macrobond, and own calculations.

Uncertainty and shifting tariff announcements can also affect households' willingness to spend. Consumer confidence has been on a downward trend since the summer of 2024. In recent months, it has remained at a roughly unchanged low level. Households were already cautious with their spending during the period of high inflation, and real private consumption declined in both 2022 and 2023. As a result, the consumption ratio has also dropped significantly, and in 2023, consumption as a share of disposable income was at a notably low level, according to the latest revision of the national accounts, *cf. figure 1.16 and box 1.3*.

Real private consumption has increased in every quarter since Q4 2023, indicating early signs that households are beginning to translate real wage gains into consumption and are becoming somewhat less cautious. Despite the rise in consumption, households in 2024 have continued to save significantly and spent less than their income. This has contributed to households, overall, having built up substantial wealth and appearing financially very robust, *cf. Chapter 4 of the Economic Survey, May 2025*.

[8] See, for example, the section on risk premiums in Box 1.2 of the Economic Survey, May 2025.

Figure 1.16 Both consumer confidence and consumption ratios are at low levels

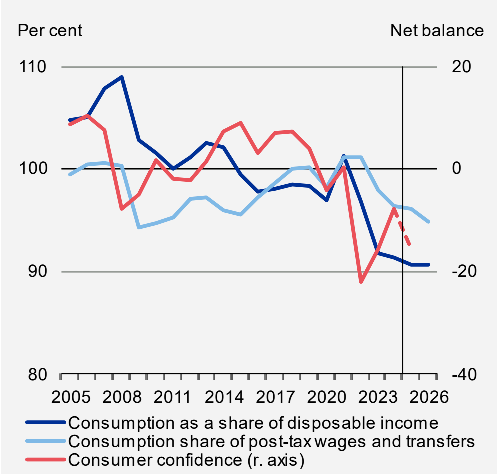
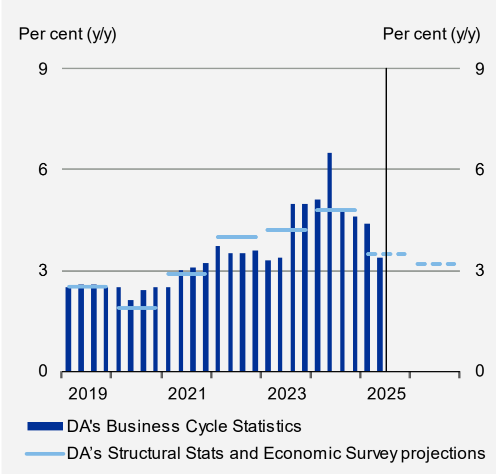


Figure 1.17 Continued income growth in the DA area in Q2 2025



Note: In figure 1.16, consumer confidence on an annual level is calculated as an average over the months of the year. For 2025, however, it is based on an average over the first eight months, as figures for consumer confidence have only been published up to and including August. The average over the first eight months of 2025 roughly corresponds to consumer confidence in August 2025. Wages and transfers after tax include income from self-employed individuals. Tax is approximated by the sum of labour market contributions, municipal tax, basic tax, middle tax, top tax, and additional top tax before estimated deductions for capital income. Wages and transfers after tax form part of disposable income. However, wages and transfers after tax include pension contributions administered by entities other than the households themselves, which are not included in disposable income. Disposable income includes, among other things, net payments from pension schemes not administered by the households themselves, investment income, and imputed rent from owner-occupied housing, which are not included in wages and transfers after tax. Figure 1.17 is based on hourly earnings excluding bonuses from DA's Structure Statistics and DA's Economic Indicator Statistics, respectively. Dashed lines indicate estimates.

Source: Statistics Denmark, Confederation of Danish Employers, and own calculations.

Box 1.3 The latest national accounts revision has significantly reduced consumption ratios

With Statistics Denmark's latest version of the national accounts from 30 June 2025, a revision has been made for the years 2021–2024. As part of the revision, household private consumption has been adjusted down, while disposable incomes have been revised upwards.[1] At current prices, private consumption was revised down by 4 per cent in 2024, while disposable income was revised up by 2 per cent.

These changes mean that private consumption as a share of disposable income (the consumption ratio) has been significantly revised down. In 2024, the consumption ratio was 91 per cent, which is approximately 6 percentage points lower than before the revision, *cf. figure a*. From 2005 to 2022, the consumption ratio averaged 101 percent and fell by 5 percentage points from 2022 to 2023 after the revision. The consumption ratio measured as a share of wage and transfer income (core income) is also at a lower level, but has not been revised to the same extent, as core income remained roughly unchanged with the revision. The lower level is therefore primarily due to the downward revision of private consumption.

The upward revision of disposable incomes reflects several factors. Among other things, there has been a significant upward adjustment of public expenditure on subsidies to institutions referred to as 'non-profit institutions serving households' (NPISH), as well as of insurance compensation payments to households, along with an upward revision of property income. In terms of private consumption, the revision particularly affected consumption of goods other than cars and energy, and services other than housing use (measured in nominal terms), *cf. figure b*. However, consumption of housing, cars, and energy has also been revised downwards. Car consumption saw the largest percentage reduction. These changes should be viewed in the context of declining VAT revenues from 2022 to 2023, which indicate falling private consumption.[2]

For further details on the revision of the national accounts, see box 1.5.

Figure a Consumption ratios at a significantly lower level after the revision

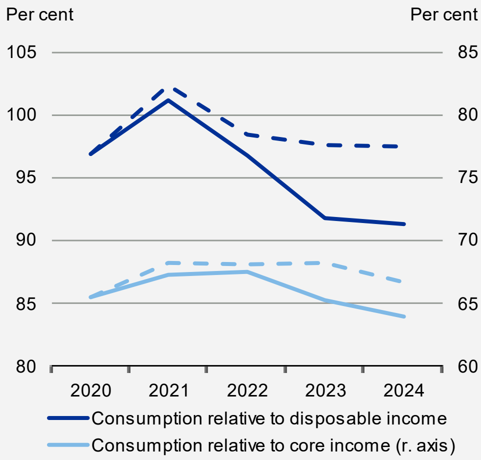
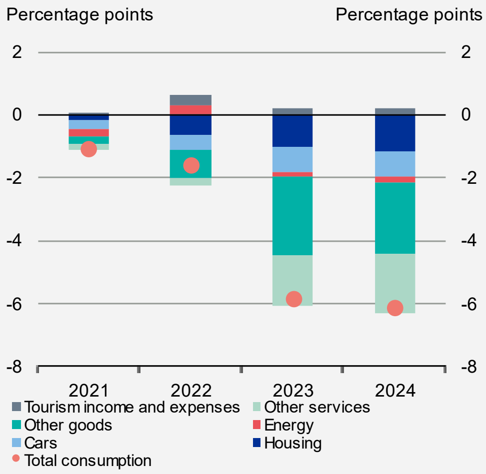


Figure b The consumption of especially other goods accounts for a smaller share of disposable income



Note: In figure a, solid lines show consumption ratios after the revision, while dashed lines show consumption ratios before the revision. In figure b, total consumption shows the change in the consumption ratio as a percentage point share of disposable income, corresponding to the difference between the two dark blue curves in figure a, with the contributions of the individual consumption components to the change also shown.

1) Household consumption and income also include non-profit institutions serving households (NPISH).

2) See also Statistics Denmark (2025): "Revision note for the June 2024 version".

Source: Statistics Denmark and own calculations.

Large net asset holdings and a low consumption ratio imply potential for households to increase their consumption further. This is reinforced by expectations of rising incomes, partly driven by wage increases. The Confederation of Danish Employers' (DA) Economic Survey for Q2 2025 shows an annual wage growth rate of 3.4 per cent, *cf. figure 1.17*. The wage growth rate includes the initial implementations of the central collective bargaining agreements concluded in spring 2025 in the DA/FH area (OK25), *cf. Economic Survey, May 2025*. The growth rate in Q2 2025 roughly corresponds to the reference scenario for OK25, which is a technical calculation describing the outcomes of the collective bargaining.[9]

Wages in the DA area are expected to rise by 3.5 per cent this year and 3.2 per cent next year. These wage growth rates are lower than the very high increases seen in 2023 and 2024. This primarily reflects that the rates of wage increases agreed under OK25 are lower than those under OK23. The lower agreed rates of wage increases are likely due to the fact that real wages in the DA area have on average returned to pre-high inflation levels, which was a key focus during OK23. The projected wage growth rates also reflect an expected slowdown in labour market growth, as well as relatively high wage shares (i.e., the proportion of value added allocated to labour compensation) and relatively weak productivity growth in parts of the economy, *cf. later sections*. These factors suggest less room for wage increases in some sectors and companies. However, the wage increases are still relatively high, above the levels seen in the period 2010–2021, reflecting continued high employment and moderate labour market pressure.

Public sector wages are also expected to increase during the forecast period. Measured by the budgetary impact, which indicates the annual effect on public budgets of the agreed general wage increases, pool funds, estimates for the implementation of the adjustment scheme, and the agreed wage increases resulting from the implementation of the extraordinary framework for wages and working conditions ("the wage boost"), the budgetary impact of public sector wages is estimated to rise by 3.9 per cent in 2025. In 2026, the budgetary impact is calculated, for technical reasons, to be 3.1 per cent.[10]

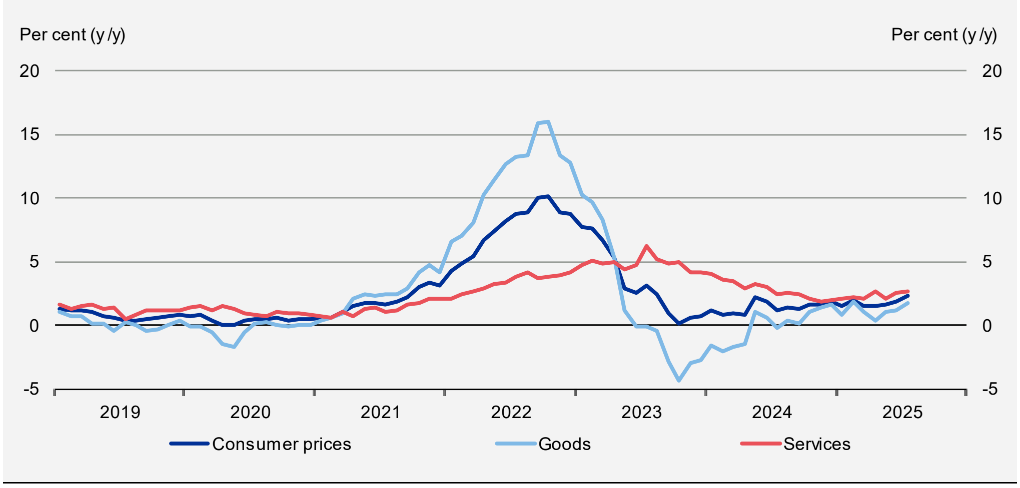
The purchasing power of income transfers is also expected to increase, especially in 2026, when the high wage growth rate in the DA area in 2024 feeds into the rate adjustment. In 2025, the rate adjustment percentage is thus 3.6 per cent, and in 2026 it is 4.5 per cent. For pensioners with the lowest incomes and assets, the senior cheque is furthermore increased by up to DKK 5,000 from 1 January 2025.[11]

[9] The reference trajectory can only be used as a benchmark for wage developments, as actual wage adjustments are largely negotiated locally within individual companies. Historically, there is a strong correlation, as was also the case in Q2 2025.
[10] The current public sector collective agreements (OK24) cover the period from 1 April 2024 to 31 March 2026. In spring 2026, new agreements must be negotiated in the public sector, which means that the estimate for the budget impact in 2026 is based solely on technical assumptions. The estimate for the budget impact of public sector wage developments is therefore purely technical and should not be taken as an expression of the framework for public sector wage increases in the upcoming agreement period.
[11] The senior cheque (the supplementary pension benefit) is increased by up to DKK 5,800 from 2024 to 2025, of which DKK 5,000 (2025 price level) is the agreed permanent increase under *the Agreement on Green Aviation in Denmark (2023)*, while the remaining DKK 800 relates to price level adjustment.

Tax reductions resulting from the Agreement on Personal Income Tax Reform (2023) further support the growth in household incomes. In 2025, taxes are reduced by more than DKK 5 billion, and in 2026 by a further approximately DKK 6 billion (in 2025 prices), the vast majority of which can be attributed to a reduction in tax on labour.

The purchasing power of rising incomes is supported by relatively low inflation. Inflation has remained stable, and the annual rate of increase has averages just under 1.8 per cent in the first seven months of 2025, *cf. figure 1.18*. The low and stable inflation reflects both the price development of goods and services, which is generally in line with historical price developments. In addition, inflation is close to the ECB's inflation target of 2 per cent, which also guides inflation in Denmark over the medium term by virtue of its fixed exchange rate policy. Inflation is expected to remain low, with an annual growth rate of 1.7 per cent in 2025 and 0.9 per cent in 2026. In particular, the very low inflation rate in 2026 reflects the reduction of the electricity tax to the EU's minimum rate. At the same time, tax reductions on coffee and chocolate, as well as the abolition of VAT on books, will also lead to lower consumer prices.

Figure 1.18 Inflation has been low and stable over the past two years



Source: Statistics Denmark and own calculations.

The price development of goods reflects differences across various product groups. For example, the rate of price increase for some food products is relatively high, while cars have fallen in price since the end of 2022. The prices of food are affected by climate conditions, among other things, and typically fluctuate a lot. The large price increases for beef, chocolate and coffee, among others, are largely due to external factors, and there have been corresponding increases in the euro area, *cf. box 1.4*.

Box 1.4 Rising food prices reflect global conditions in particular

The recent large increases in the prices of some food products are particularly related to the development of unprocessed food prices on global commodity markets. The prices of food are affected by climate conditions, among other things, and typically fluctuate a lot. For example, rising coffee prices recently are explained by extreme weather and drought in the largest coffee-producing countries. Furthermore, demand in global markets is of importance. China's imports of beef, for example, have increased significantly. World market prices of unprocessed food have generally been increasing since the beginning of 2024, *cf. figure a*.

Consumer prices for food in Denmark do not necessarily follow the price development of unprocessed food on the world market 1:1. There may be some delay, among other things, due to existing pricing contracts. At the same time, consumer prices also include freight costs, as well as costs for processing, marketing, packaging and final distribution costs. Rising labour costs are thus also helping to explain the rising consumer prices for food. However, there are no indications that domestic consumer prices for food have diverged for price developments in global markets and given that prices continue to rise on the world market, there is not necessarily any prospect of large food price declines for consumers domestically.

Consumer food price increases in Denmark are broadly in line with price increases in the euro area, *cf. figure b*. Since the beginning of 2022, food prices have risen by about the same amount in Denmark and the euro area. However, the development masks differences between subcategories of food. The price of coffee, beef and veal has also risen relatively much in the euro area, but more so in Denmark. On the other hand, the price of tea and pork has increased less in Denmark. Bread and fresh fruit are other examples of goods that have had a smaller price increase in Denmark than in the euro area.

Figure a Food prices are rising worldwide

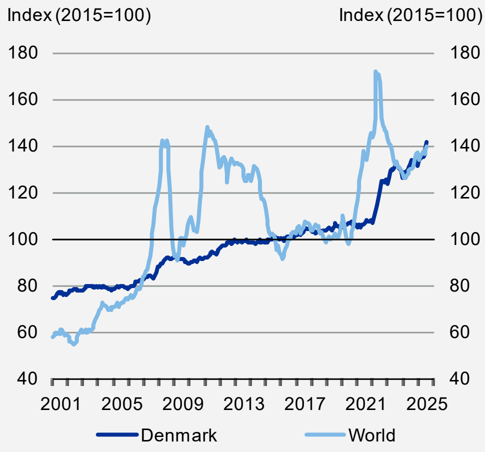
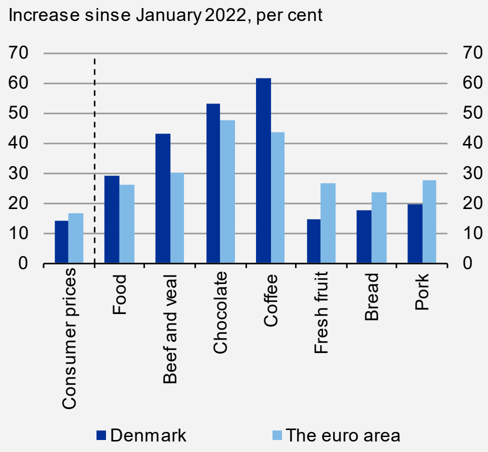


Figure b Overall, the increase in consumer food prices in Denmark is in line with the euro area



Note: In figure a, world market prices reflect commodity prices, while prices for Denmark relate to consumer prices of food i.e. both processed and unprocessed food, Figure b is based on the EU harmonised price index, which can be used for cross-border comparisons. The figure shows the development up to July 2025.
Source: FAO, Eurostat, Statistics Denmark and own calculations.

As inflation is expected to be slightly lower than 2 per cent in 2025 and fall to slightly below 1 per cent in 2026, there is thus a prospect of a relatively large increase in real wages, which in the private sector amounts to 1.8 per cent in 2025 and 2.3 per cent in 2026. [12] The adjustment rate percentage, which forms the basis for the regulation of transfer incomes, is also expected to rise in real terms by 1.9 per cent in 2025 an by as much as 3.6 per cent in 2026. Employment is also expected to continue to grow, *cf. later*. Rising wage and transfer income therefore represents the largest contribution to the increase in real disposable income over the forecast period, *cf. figure 1.19*.

The low consumption ratio and the accumulated wealth of households also provide good conditions for converting the rising incomes into consumption. On this basis, real private consumption is expected to continue to increase by 2.3 per cent in 2025 and 2.2 per cent in 2026, *cf. figure 1.20*. Thus, private consumption will develop slightly weaker than disposable income in 2025 and approximately equivalent to disposable income in 2026. Households are therefore expected to remain relatively cautious, partly due to low consumer confidence, which may reflect uncertainty, among other things, and they are saving significantly.

Figure 1.19 Wage and transfer income make a major contribution to the growth of disposable income

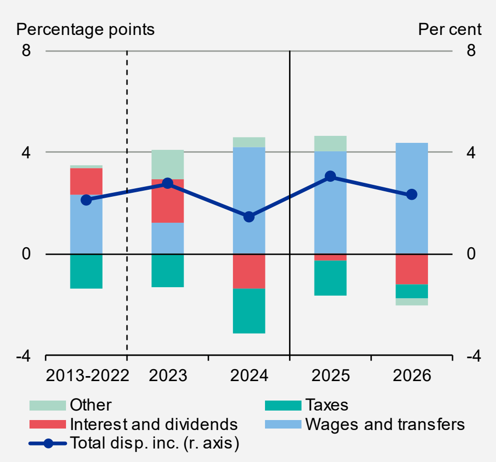
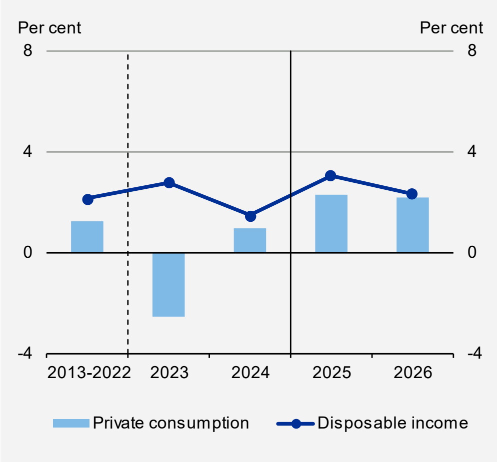


Figure 1.20 Higher income drive private consumption upwards in forecast years



Note: Figure 1.19 shows growth contributions from the individual income types. Wages and transfers include wage income for the self-employed. Tax is primarily withholding taxes and labour market contributions. The expected negative contribution from taxes in 2025 and 2026 should be viewed in the context of higher incomes, which contribute to higher income-related taxes. Interest and dividends are net interest income and dividends excluding those from pension savings. In both figures, incomes are deflated by the deflator for private consumption, and so is private consumption in figure 1.20. The 2013-2022 bars are averages for the period.
Source: Statistics Denmark and own calculations.

[12] In comparison, real wages in the DA area increased by an average of 1.0 per cent annually in the period 2005-2024.

The housing market continues to rise

While households are reluctant when it comes to private consumption, this is not the case in the housing market, where owner-occupied home prices have continued to rise in the first half of the year, *cf. figure 1.21*. Consumer confidence is thus also higher for homeowners than for tenants, but has nevertheless fallen for both owners and tenants, *cf. figure 1.22*.

Figure 1.21 Prices of owner-occupied dwellings continue to rise, especially for owner-occupied flats

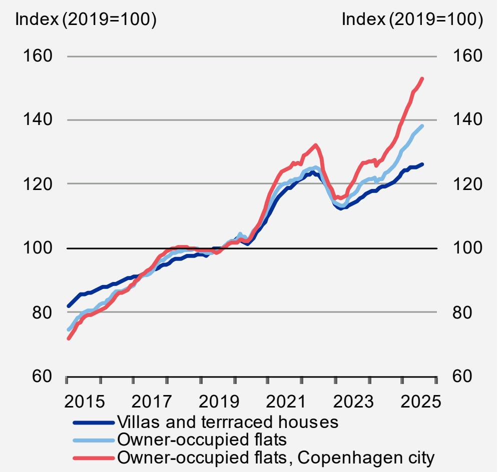
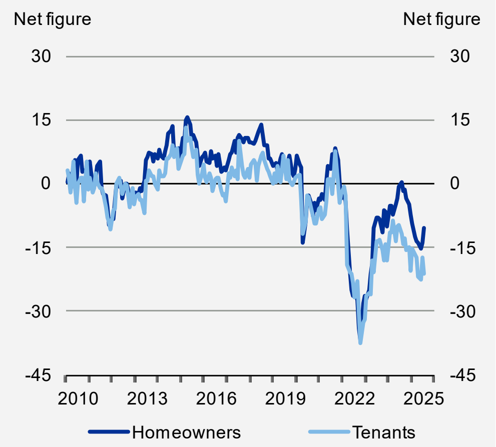


Figure 1.22 Consumer confidence is higher for homeowners than for tenants



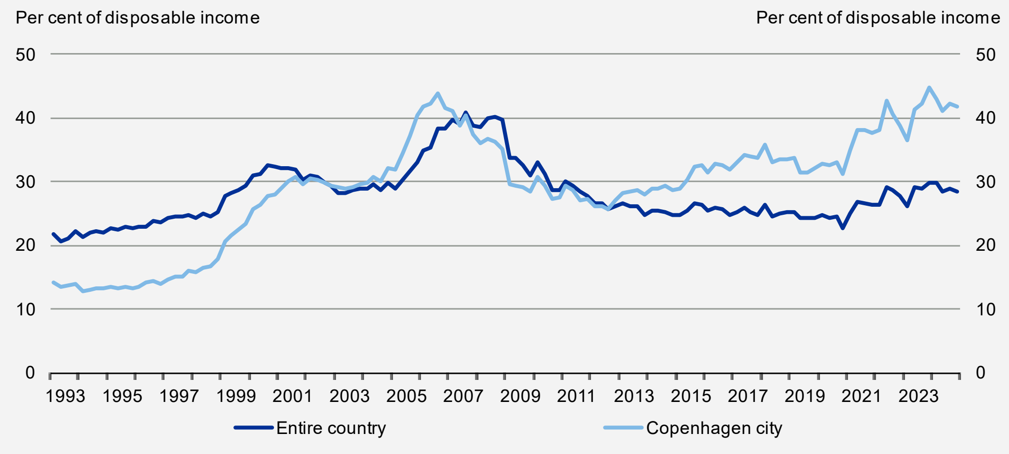
Note: Figure 1.21 shows Boligsiden's market index with own seasonal adjustment. Figure 1.22 shows the development in the overall consumer confidence indicator calculated for homeowners and tenants respectively on the basis of datasets from Lovmodellen. The last observation in both figures is July 2025.
Source: Boligsiden, Statistics Denmark and own calculations.

The rising prices in the owner-occupied housing market must be seen in the light of rising wages, continued high employment and lower interest rates on mortgages. Market expectations indicate that mortgage rates will remain largely unchanged until the end of 2026. The tailwinds from the fall in interest rates since 2023 will therefore subside, and the rate of increase in property prices is expected to slow to 3.2 per cent in 2026 after an increase of 4.7 per cent in 2025.

Prices for owner-occupied flats have increased more than for houses, which reflects the development in the housing market in the capital area, where the price development has been particularly strong. The higher house price increases in the capital area reflect increasing demand as a result of population growth and the fact that the supply of housing has not kept up. Seen over several years, there is a clear tendency for house prices to increase more in areas where population growth is stronger than the development in the number of homes. In the period 2010-2025, the number of inhabitants in the City of Copenhagen has increased approximately 9 percentage points more than the number of homes in the municipality, and the prices of houses have increased almost 150 per cent in the same period. In addition, owner-occupied housing only makes up a limited proportion of the housing stock in Copenhagen. Similarly, the growth in the number of inhabitants has exceeded the growth in the number of homes in many municipalities in the capital area, where increases in house prices have also been relatively strong. On the other hand, the increase in house prices has been lower in many municipalities in the rest of the country, where the growth in the number of homes has exceeded the population growth.

The higher growth in house prices in the capital area has meant that the costs of buying an owner-occupied home at the end of 2024 reached a relatively high level seen in a historical perspective, whereas for an average single-family house they were still at an average level seen for the country as a whole, *cf. figure 1.23*.

Figure 1.23 The housing burden is high in Copenhagen, but at an average level for the whole country



Note: The latest observation is Q4 2024. The housing burden is defined as the costs in the form of instalments and interest payments after tax on an average owner-occupied dwelling financed by 80 per cent fixed-rate mortgage loans with instalments and 15 per cent bank loans repaid over 20 years, divided by the average disposable income. For the City of Copenhagen, prices have been used for an owner-occupied flat of 78 sqm., while for the whole of Denmark, prices have been used for a single-family house of 140 sqm.
Source: The Systemic Risk Council.

Despite the rise in house prices, lending growth remains moderate and household housing debt has fallen overall over several years. Overall, the housing market is thus not characterised by major imbalances that would require an adjustment in the form of a fall in house prices or a consolidation in the homeowners' finances through lower private consumption.

Prospects for more broad-based growth

A slight moderation in export growth and an improvement in domestic demand, particularly among households, suggest more broad-based growth this year and next year. It is thus a continuation of the development that was already underway during 2024. In the period 2021-2023, the economy was more characterised by a clear bifurcation, with domestic demand and parts of exports declining. During the bifurcation period, activity (measured by value added) declined in large parts of the economy, but large contributions from the pharmaceutical industry kept GDP growing in both 2022 and 2023. Since then, however, progress has been made, also excluding oil and gas extraction (*mining and quarrying*) and the pharmaceutical industry, which has continued in the first half of 2025, *cf. figure 1.24*.

Overall, GDP is projected to grow by 1.4 per cent this year and 2.1 per cent next year. In both years, growth is boosted by private consumption and public demand. Compared with previous years, the contribution from the pharmaceutical industry is significantly lower, but still significant, *cf. figure 1.25*. Growth in 2025 will also be boosted by mining and quarrying, which is due to the reopened Tyra field and additional gas condensate in the Harald field.[13]

Figure 1.24 More broadly based GDP growth over the past 1½ years...

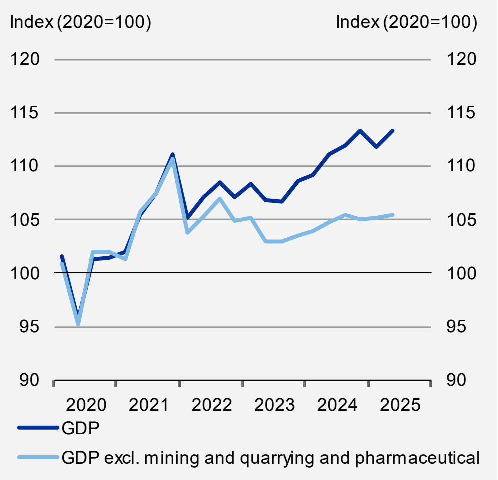
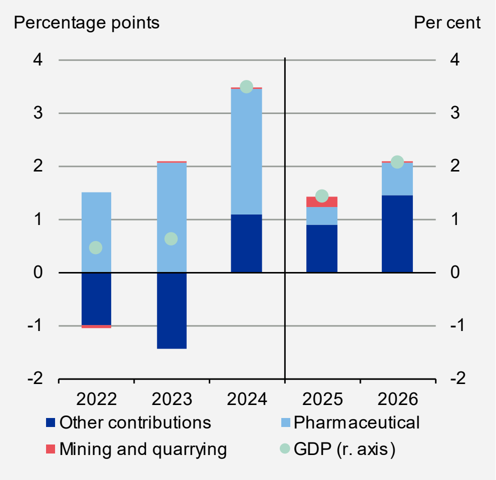


Figure 1.25 ... and the trend of broader-based GDP growth is expected to continue



Note: Real and seasonally adjusted figures. Contributions from mining and quarrying and the pharmaceutical industry are from the industries' GVA.
Source: Statistics Denmark and own calculations.

The estimated GDP growth this year of 1.4 per cent is significantly lower compared with Economic Survey, May 2025, where GDP growth was estimated at 3.0 per cent. The downward adjustment is primarily due to new information about historical developments from the national accounts, which, when viewed in isolation, points towards approximately a halving of the previously estimated GDP growth in 2025. This mechanical effect is mainly due to a larger than previously expected decline in Q1 2025, but also due to weaker growth through 2024.[14]

[13] See press release from TotalEnergies: TotalEnergies discovers new gas condensate resources in offshore Harald field, 29 October 2024.
[14] The latter implies that the so-called *carry-over* into 2025 is lower. In addition to the updated national accounts, there is also a downward adjustment in the expectations for the growth contribution from mining and quarrying in 2025 because of technical problems with the Tyra field during spring. On the other hand, the expectations for the growth contribution in 2026 are higher. The upward adjustment of the growth contribution is due to both a higher production level in 2026 than previously expected and the lower production level in 2025.

In June – as part of their usual annual cycle – Statistics Denmark published a revised version of the national accounts for 2021 and onwards. On the basis of new information, real growth in businesses' value added (and thus GDP) has been revised down significantly since 2021, especially in 2023. Productivity is also significantly lower, *cf. box 1.5*. The new information from the national accounts is important for this forecast, e.g. in the assessment of consumption opportunities among households, *cf. the previous section on private consumption*. The weaker productivity development is also a reinforced sign of a need for adjustment in parts of the economy following a strong increase in employment in recent years, *cf. the next section on the labour market*.

Box 1.5 Lower growth since 2021 according to the latest national accounts

On 30 June, Statistics Denmark published a new version of the national accounts, where the years 2021-2024 have been revised based on new information etc. The years 2021 and 2022 are now final figures, while 2023 and onwards are still preliminary. The publication is part of the ongoing work on the national accounts. However, the revisions this time are remarkably large in a historical perspective.

Compared with the national accounts from 20 May, the latest edition from 20 August shows significantly lower growth in GDP since 2021, in particular in 2023. In Q1 2025, the level of real GDP is thus approximately 5.0 per cent lower (corresponding to DKK 34 bn. in 2020 prices, chain linked volumes). In current prices, however, the downward revisions in GDP are generally somewhat smaller, e.g. -2.1 per cent in Q1 2025 (DKK -16 bn.). The downward revision is seen correspondingly in real GDP excluding direct contributions from the pharmaceutical industry, where the level in Q1 2025 is 5.5 per cent lower compared with the May edition, *cf. figure a*.

The most recent edition of the national accounts thus shows that the level of value added in large parts of the economy remains at a lower level than at the end of 2021, while strong growth in the pharmaceutical industry has meant that total value added has increased slightly in the same period. This *bifurcation* of the economy has been described in previous editions of Economic Survey but now appears more pronounced. This is reflected in hourly productivity, where growth from 2020 to 2024 has almost halved in the latest edition, *cf. figure b*. Looking at hourly productivity for the economy excl. the pharmaceutical industry, the level in 2024 was approximately 3½ per cent lower than in 2020.

By industry, the downward revisions in GVA are mainly in sea transport, construction and agriculture etc., while there have been upward revisions in the pharmaceutical industry. On the demand side, private consumption (see box 1.3) and exports of other goods and services have been revised downwards. According to Statistics Denmark, the background for these revisions is, among other things, more detailed and better utilisation of VAT figures, new information on sea transport prices and businesses' use of energy, materials and services in production (business accounts statistics).[1] The downward revisions in GDP (and correspondingly in GNI, which measures income) are to some extent offset by an improvement in terms of trade. The revision thus implies relatively higher prices for exports compared to imports. Thus, income in Denmark has greater purchasing power.

Figure a **Significantly lower growth in both GDP and GDP excluding the pharmaceutical industry since 2021**

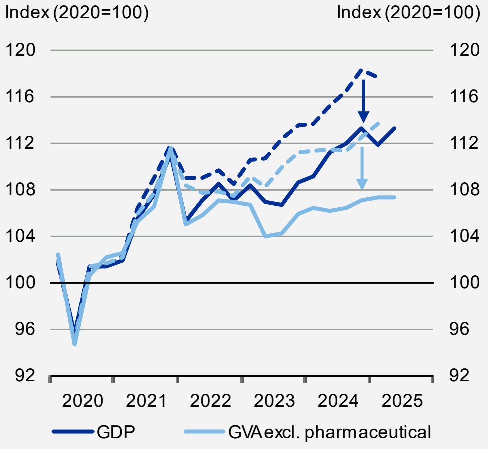
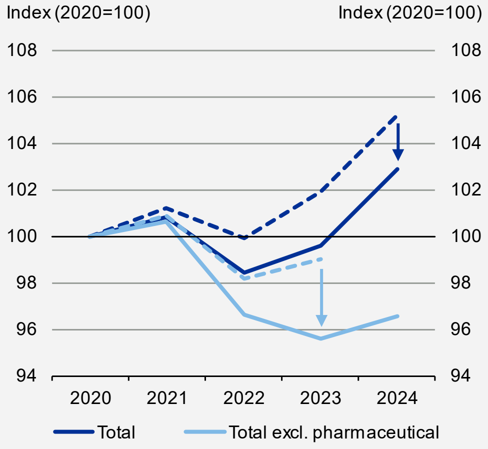


Figure b **Productivity growth since 2020 has almost halved. Without the pharmaceutical industry, the productivity level in 2024 was 3½ per cent lower than in 2020**



Note: Dotted lines are the national accounts from 20 May, while fully drawn lines are the national accounts as of 20 August. In the national accounts from 20 May, there were only hours worked for the pharmaceutical industry up to and including 2023

1) Statistics Denmark (2025): "Revisionsnotat for juniversion 2024".

Source: Statistics Denmark and own calculations.

Continued progress in the labour market

The contraction in domestic demand and in value creation in large parts of the economy during 2022 and 2023 has not materialised in the labour market. Employment has thus increased strongly over the past four years, despite major shocks to the economy in the form of war, inflation and, most recently, trade conflicts, *cf. chapter 3*. Since the end of 2021, 140,000 more employees have found employment, including a continued increase in the first six months of this year of just over 18,000 employees. The increase in employment this year has been broad-based, and there are no clear signs of a slowdown in the industries most exposed to trade with the US, particularly industry as well as trade and transport, *cf. figure 1.26*. [15]

Figure 1.26 Broad-based increase in employment this year

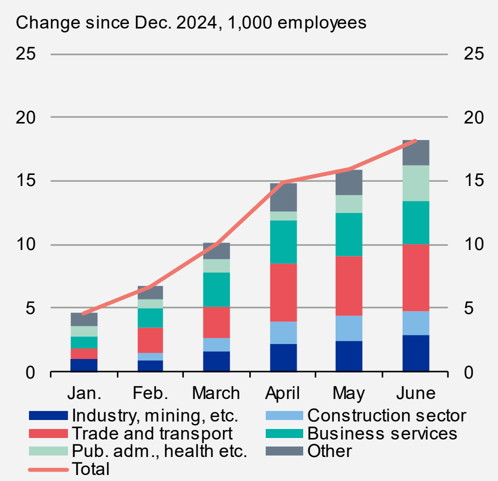
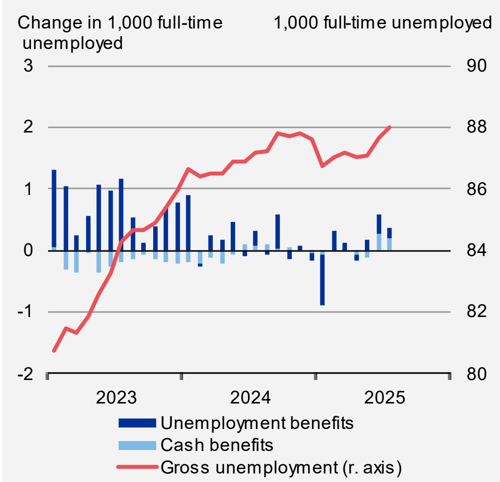


Figure 1.27 Unemployment almost unchanged since the beginning of the year



Note.: In figure 1.27 *cash benefits* includes job-ready recipients of cash benefits, and the bars indicate monthly changes
Source: Statistics Denmark and own calculations.

Overall, unemployment has not changed much so far this year, although small declines at the beginning of the year were most recently replaced by increases in June and July of 600 and 400 full-time employees, respectively, *cf. figure 1.27*. Thus, unemployment has remained unchanged at 2.9 per cent of the labour force, which it has been since the end of 2023. As a result, the trade conflict and the increased uncertainty associated with it have so far had no clear impact on either employment or unemployment developments.

Although there has not been a clear impact on employment measured in persons, the growth in total labour input measured in hours has been less pronounced and more in line with the development of activity in large parts of the economy. Overall, private employment measured in the number of persons has increased by approximately 2.8 per cent since the end of 2022, while the number of hours worked has increased by only 1.2 per cent. This reflects a declining average working hours among employees during the period. Average working hours are thus now back

[15] In industry, respectively trade and transport, it is estimated that around 9 per cent and 7 per cent of employment is linked to US demand, cf. Chapter 4 of the Economic Survey, May 2025.

around the level of 2019, after having been elevated in recent years, particularly in 2022, *cf. figure 1.28*.

This suggests that some companies may have adjusted the labour input in production through lower working hours per employee (intensive margin) rather than by laying off employees (extensive margin). However, the development is also considered to be a consequence of the composition of the new employees, as more seniors and individuals on the margins of the labour market have entered employment, and these groups work fewer hours on average.[16] This is illustrated, for example, by the fact that over the past two years there has been an increase in employees working less than 37 hours per week, while the number working more than 37 hours per week has declined, *cf. figure 1.29*.

Figure 1.28 The number of hours worked in the private sector has remained relatively flat since 2022

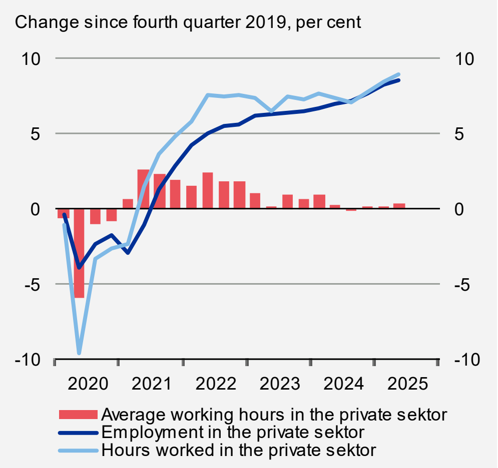
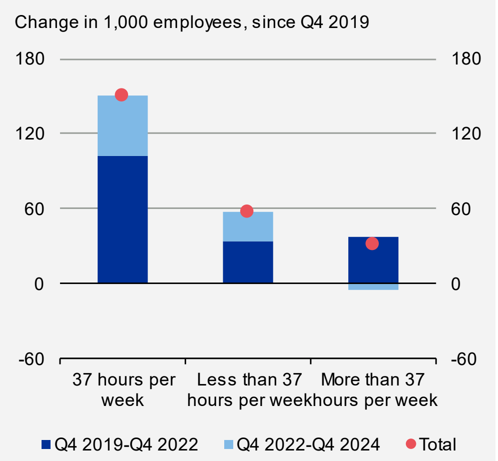


Figure 1.29 A slightly decline in average hours worked since 2022 is partly due to more part-time employees and fewer hours of overtime



Note: Figure 1.29 is based on our own register data extract.
Source: Statistics Denmark and own calculations.

Although the trade conflict has not had a clear impact on the labour market, employment expectations – particularly in industry – have been influenced by the large fluctuations in uncertainty over the past six months, *cf. figure 1.30*.

Within industry, it is particularly the pharmaceutical sector where employment expectations have been scaled back, *cf. figure 1.31*. This is also reflected in the number of vacancies at Novo Nordisk on Jobindex, where the number has fallen from 1,250 to 600 from the first quarter to the second quarter this year. This is well below the peak in the fourth quarter 2023, when there were 2,000 vacancies. However, employment expectations have also weakened in the mechanical engineering sector during the period of trade conflict.

[16] In the Economic Survey, May 2025, it was estimated that the development in the demographic composition of wage earner employment from 2019 to the third quarter of 2024 had reduced the average working hours for wage earners by 0.6 per cent.

Figure 1.30 Employment expectations have been affected by the trade conflict

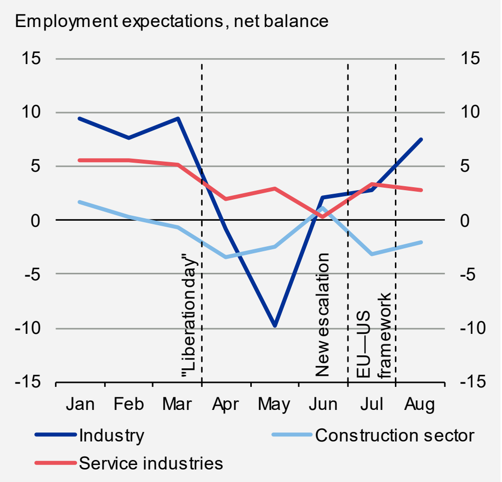
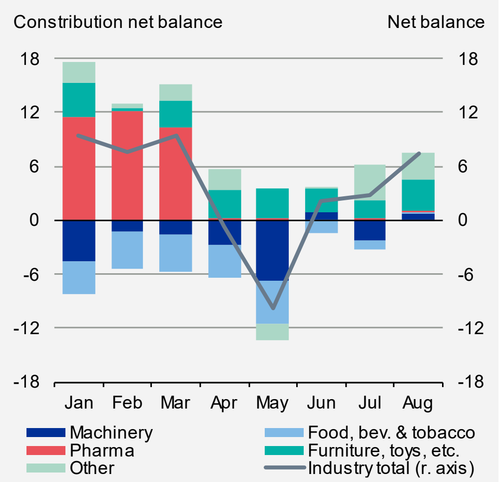


Figure 1.31 Within manufacturing, weakened expectations in the pharmaceutical and machinery sectors have been the main



Note: Own seasonal adjustment in both figures. The service sector in figure 1.30 includes retail trade.
Source: Statistics Denmark and own calculations.

Other labour market indicators likewise do not point to any major impact on employment. Around one-fifth of the companies still report a shortage of labour as a constraint on production, and there are still relatively many vacancies in a historical perspective. In addition, there has been no increase in the number of announced redundancies.

The forecast anticipates a more subdued development in labour demand in the coming years, which must be seen in the light of several factors. First and foremost, uncertainty and the impact of the trade conflict are expected to dampen companies demand for labour. The United States is Denmark's largest export market[17], and a weaker export performance due to higher tariffs must therefore also be expected to have an impact on total employment. In addition, the downward revision of growth expectations at Novo Nordisk, which with an increase in the number of employees in Denmark since the end of 2021 of 15,000 persons have contributed to the overall employment growth during the period.

There are also indications that companies in parts of the economy currently spend a relatively high share of their value added on remuneration of labour, while productivity growth has been relatively weak, *cf. figure 1.32 and figure 1.33.* [18] This is particularly the case in the relatively employment-intensive service sectors and in construction. The high wage shares and weak

[17] It is estimated that approximately 4 per cent of employment is linked to US demand based on the OECD's input-output tables. There is uncertainty associated with this statement, as the calculations are based on global input-output tables from 2019, and in addition, no separate correction is made for M&P activities, which may make the calculation an overestimate. For further information see Chapter 4 of the Economic Survey, May 2025. From a European perspective, Danish employment is around average in relation to exposure to exports to the United States, *cf. Schönwald and Moreau (2025): EU jobs and US trade: Navigating change, VoxEU.*

[18] Developments in both labour income ratios and productivity levels have changed considerably with the lates revision of national accounts, *cf. box 1.5.*

productivity growth in parts of the economy, particularly in the service sectors and construction, point, all else equal, to lower labour demand in the near term. However, it is not assessed that this will translate into an actual decline in overall employment, as underlying activity is expected to remain broadly based. Rather, a more subdued pace of employment growth is expected.

The forecast implies that labour income ratios in 2026 are expected to fall slightly from the currently elevated levels in parts of the economy, while productivity in the economy excluding raw materials extraction and manufacturing is projected to increase modestly. For the private sector as a whole, the labour income ratio remains at a low level in historical perspective, while productivity growth roughly follows the historical trend. Both should be seen in the light of an increased volume of M&P activities. [19]

Figure 1.32 Labour income ratios are high in parts of the economy…

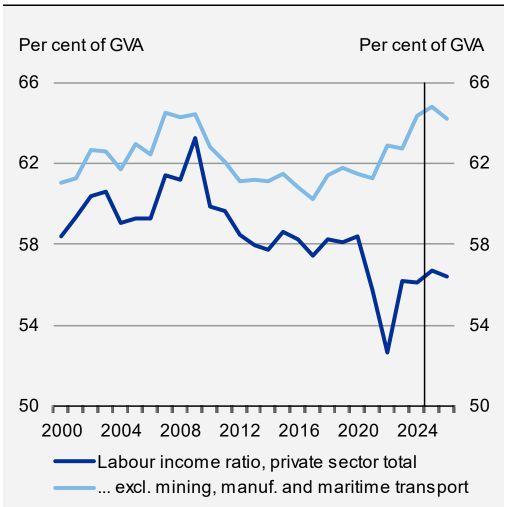
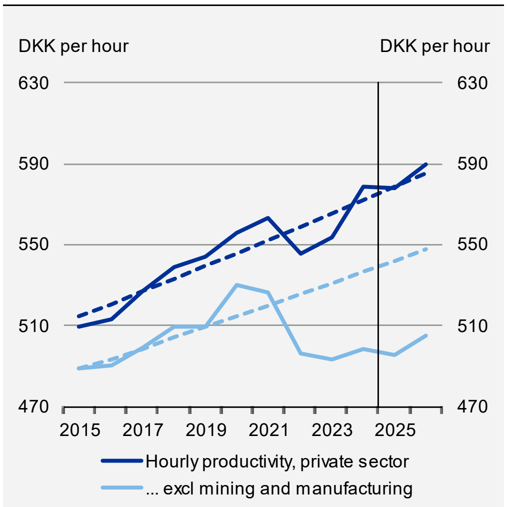


Figure 1.33 … while productivity developments has been relatively weak



Note: In figure 1.31 labour income ratios are adjusted for the fact that self-employed persons contribute to GVA, but are not included in the wage sum. The dashed lines in figure 1.33 represent the exponential trend for the period 2000-2019. Hourly productivity is measured as real GVA per hour worked.
Source: Statistics Denmark and own calculations.

It is estimated that it will primarily be the demand for labour that defines the growth prospects for employment in the short term. Recent years have shown that the labour supply has been more flexible in the short term than previously expected, which has helped to meet companies' high demand for labour. This mainly reflects the influx of international labour and the fact that more seniors are choosing to stay in employment. Seniors' attachment to the labour market will, in isolation, be supported in the coming years via an increase in the senior bonus as well as through a new employment deduction for seniors close to retirement age from 2026.

[19] For more on the impact on labour income ratios and productivity from M&P activities, see e.g. Chapter 2 of the Economic Survey, August 2022 and Chapter 2 of the Economic Survey, December 2024.

An assumed gradual slowdown in employment growth during the second half of 2025, combined with strong growth from the end of 2024 and in the first half of 2025, is expected to result in a significant increase in employment this year of 41,000 persons.[20] In 2026 a more moderate employment growth of 10,000 persons is expected. Gross unemployment is expected to increase slightly by 500 full-time employees this year and at a slightly higher pace in 2026 with an increase of 1,300 full-time employees.

The expected slowdown in labour demand is anticipated to be reflected in a gradual easing of labour market pressures. However, a positive employment gap is expected to remain both this year and next. Overall, the employment gap is estimated to narrow from 1.8 per cent of structural employment in 2024 to 1.6 per cent this year and 1.2 per cent in 2026. In addition to a more subdued demand for labour, increased structural employment – supported by both reforms and short-term demographic developments – is contributing to the easing pressure on the labour market.

Still elevated uncertainty

The US tariff increases constitute a significant shock to the global economy. The consequences are starting to show, but a full adjustment to new trading conditions will take time, and there is still a lot of uncertainty, including in relation to more specific parts of the framework agreements for trade. It is also not clear how the costs of the higher tariffs will ultimately be distributed and to what extent and how quickly affected companies can enter new markets. This means that trade-related uncertainty remains elevated, although it has eased compared with the significant tariff announcements in connection with "liberation day".

Uncertainty makes decision-making more difficult. This applies to both companies and households. Households in particular have been hesitant for some time, and it is possible that the persistence of uncertainty could result in continued subdued consumer spending, which would dampen aggregate demand and growth.

For companies, growth in value creation has been supported by the pharmaceutical industry. Production in the pharmaceutical industry remains at a high level, but growth expectations have been revised downwards, partly due to competitive conditions. The pharmaceutical industry will be less affected by tariff increases, as part of the production takes place in the US, but other types of regulations may affect sales in the coming years. Consequently, there is uncertainty about the extent to which the pharmaceutical industry will be a driving force for the Danish economy in the future.

Overall, the Danish economy appears to be robust, with sound public finances. However, certain factors may require adjustments within companies. Productivity may still pose a challenge, as the forecast implies that in parts of the economy, productivity in 2026 will remain below 2019 levels. Together with high labour income ratios in parts of the economy, this entails a risk of a larger-than-expected adjustment in the labour market.

[20] The development should also be viewed in the context of a lower recorded employment in 2021-2024, following the most recent national accounts revision.

The Danish economy has long been poised for a soft landing. This implies more moderate growth, while still providing a good chance for employment to remain at a high level. The economic turnaround could become more abrupt if some of the aforementioned factors lead to more subdued expectations.

Box 1.6 Revised assumptions compared to the Economic Survey, May 2025

The forecast is based on the national accounts up to and including the first quarter of 2025, as well as a range of indicators, that extend into August for the most high-frequency ones. Compared with the Economic Survey, May 2025, the national accounts have been significantly revised, which is described in more detail in Box 1.3 and Box 1.5. In addition, growth in the first quarter of 2025 was significantly lower than expected in the May forecast. The new information in the national accounts in isolation reduces the GDP estimate for 2025 by approximately 1½ percentage points.

Since the last report, a number of framework agreements have been concluded for trade between the United States and several major trading partners, including the EU. The main trajectory of the current forecast is based on trade policy as of 5 August 2025. This assumes that trade policy as of 5 August will be maintained and that temporary agreements are treated as permanent, *cf. Box 1.1.*

The forecast is also based on more subdued growth expectations for the pharmaceutical industry. The factors mentioned above have contributed to a significant downward revision of the estimate for GDP growth in 2025 from 3.0 per cent in May to 1.4 per cent in the current forecast. In contrast, the growth estimate for 2026 has been revised upwards, partly reflecting expectations of rising private and public consumption. GDP is thus expected to grow by 2.1 per cent in 2026, compared with 1.4 per cent in May. The estimated levels of employment in 2025 and 2026 are broadly unchanged relative to the May assessment.

After the completion of the forecast, Statistics Denmark published on 20 August the first, preliminary version of the national accounts for the second quarter of 2025, which shows slightly higher growth than assumed in the forecast.

In connection with the Economic Survey, August 2025, an updated forecast evaluation has been prepared. [21] It shows that the accuracy of the GDP estimate in the Economic Survey is on a par with other forecasters, *cf. Box 1.7*. However, there are generally significant deviations in forecasts, especially around major business cycle turning points. For 2024, there was also a relatively large forecast deviation (i.e. the difference between the GDP estimate for 2024 in the Economic Survey, December 2023, and the first official estimate of GDP growth in 2024) of 2.2 percentage points. There is also a clear correlation between the accuracy of the forecasts for the international economy and the forecasts for the Danish economy. This illustrates the great importance of external and unforeseen factors (including, for example, the corona pandemic, high inflation and trade conflicts) for the accuracy of the forecasts.

[21] Available on the website of the Ministry of Economic Affairs www.oem.dk.

Box 1.7 The accuracy of estimates in the Economic Report is on par with other forecasters

Forecasts of developments in GDP and other economic indicators are inherently uncertain and at best reflect the most likely developments at any given time. A more accurate forecast constitutes, all other things being equal, a better basis for economic policy. Therefore, the accuracy of the forecasts is evaluated in the Economic Statement and compared with estimates made by other organizations. The main focus of the evaluations is the estimate of GDP growth, which is the most widely used measure of the overall development of the economy.

For the period 1980-2024, the accuracy of the GDP estimate in the Economic Report is at the better end when compared with other forecasters, although this comparison is made with the proviso that different forecasts have been prepared at different times of the year, *cf. Ministry of Economic Affairs (2025): How well does the forecast for GDP in the Economic Report fit?* In general, there are significant forecast deviations, *cf. figure a*. The largest forecast deviations are seen around major setbacks, such as during the corona pandemic in 2020.

There are no signs of systematic forecast deviations in the estimates for GDP growth in the Economic Review, but since 2010 there has been a tendency for estimates of employment growth to be too low. The Danish economy is largely influenced by developments abroad, and there is a clear correlation between the size of the forecast deviations for the international economy – as measured by the forecast deviation in the European Commission's estimate for the euro area – and the forecast deviation in the Economic Report on the Danish Economy, *cf. figure b*. This illustrates the great importance of external and unforeseen factors for the accuracy of forecasts. The forecast evaluation is based on the first preliminary statement of GDP growth, because over a number of years it is most comparable with the information base for the forecast at the time of preparation. However, over the years, there have been significant changes in the calculation of GDP growth, which can subsequently change the picture of the accuracy of GDP estimates. This is the case, for example, for 2023, where growth was revised up from 1.8 per cent to 2.5 per cent in June 2024, but was revised down to 0.6 per cent with the revision in June 2025. Revisions of the national accounts do not change the picture of the accuracy of forecasts over a longer period.

Box 1.7 (cont.) **The accuracy of estimates in the Economic Report is on par with other forecasters**

Figure a **Actual GDP growth and estimates in the Economic Review, December**

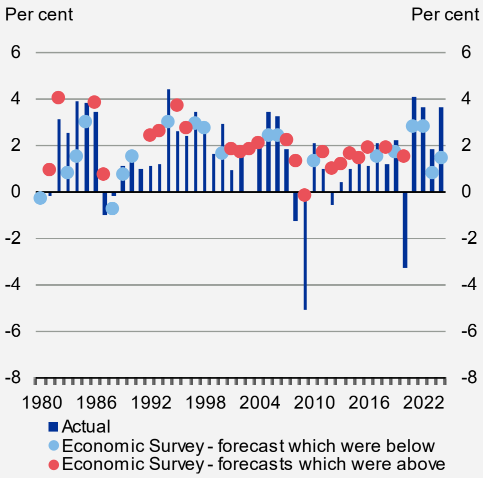
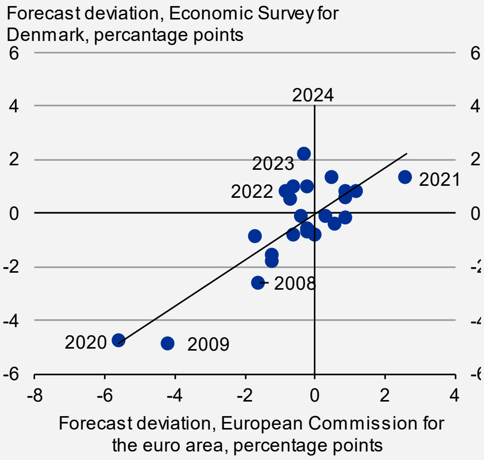


Figure b **Correlation between the accuracy of forecasts for the Danish and international economy**



Note: Figure a shows GDP growth according to Statistics Denmark's first preliminary statement of the national accounts for the year in question and the GDP estimate in the Economic Report, December of the previous year. The first preliminary statement of GDP growth in 2024, which was available on 20 February 2025, is thus compared with the estimate in the Economic Review, December 2023. For 2023, the report is compared with the August report, as no December forecast was published in 2022. Each point in Figure b shows the deviation for one year, of which selected years are explicitly stated. The forecast deviations for the euro area are calculated in the same way as the forecast deviations in the Economic Report for Denmark but are based on the European Commission's estimates for the euro area in the autumn forecasts.

Source: Statistics Denmark, Eurostat, the European Commission, Various editions of the Economic Review/Economic Review, and the Ministry of Economic Affairs (2025): How well does the forecast for GDP in the Economic Review fit?

Annex table

Table 1.1 Key figures from the August 2025 and comparison with the from May 2025 survey

	2024	2025		2026	
		May	Aug.	May	Aug.
Real growth, per cent					
Private consumption	1.0	1.2	2.3	1.2	2.2
Total public demand	1.9	7.7	6.2	0.8	3.2
- of which public consumption[1)]	1.8	4.8	5.4	0.3	2.6
- of which public investments[2)]	2.4	28.2	12.5	3.6	7.5
Housing investment	-10.2	3.2	2.2	2.4	3.7
Business investment	7.6	-1.1	-6.5	-0.3	1.5
Inventory changes[3)]	-0.3	0.0	0.2	0.3	0.0
Total domestic demand	1.2	2.9	2.2	1.2	2.5
Exports	7.1	4.3	0.9	2.3	2.9
- of which manufacturing exports	9.9	5.1	1.9	2.9	3.0
Total demand	3.7	3.5	1.6	1.7	2.7
Imports	4.1	4.4	1.9	2.3	3.7
- of which imports of goods	2.3	4.9	3.9	1.6	3.4
GDP	3.5	3.0	1.4	1.4	2.1
Gross value added	3.8	3.3	1.1	1.5	2.0
- of which in non-farm private sector	5.5	3.7	1.1	2.1	2.6
Change in 1,000 persons					
Labour force, total	25	30	42	6	12
Employment, total	21	29	41	4	10
- of which in the private sector	16	24	37	4	7
- of which in public administration and services	5	5	5	0	3
Gross unemployment	4	1	0	2	1
Business cycle gap, per cent					
Output gap	1.4	0.9	0.9	0.7	0.8
Employment gap	1.8	1.6	1.6	1.1	1.2
Gross unemployment gap	-0.7	-0.7	-0.7	-0.5	-0.5

1) Public consumption is calculated using the input method.
2) Public investment excludes public net purchases of buildings.
3) Contribution to GDP growth.
Source: Statistics Denmark and own calculations.

Table 1.1 (cont.) Key figures from the August 2025 and comparison with the from May 2025 survey

	2024	2025		2026	
		May	Aug.	May	Aug.
Change, per cent					
House prices (single-family houses)	3.5	3.6	4.7	3.0	3.2
Consumer price index	1.4	1.9	1.7	1.7	0.9
Hourly wage in the private sector	4.8	3.5	3.5	3.2	3.2
Real disposable income, households	1.5	3.3	3.0	1.8	2.3
Hourly productivity in private non-farm sector	5.1	3.0	-0.2	2.0	2.4
Percent p.a.					
Interest rate, 1-year adjustable-rate mortgage	3.0	1.8	1.9	1.7	1.8
Interest rate, 10-year government bond	2.2	2.3	2.4	2.4	2.6
Interest rate, 30-year mortgage bond	4.3	4.1	4.2	4.2	4.3
Public finances					
Actual public balance, billion DKK	131	49	55	47	11
Actual public balance, per cent of GDP	4.5	1.6	1.8	1.5	0.4
Structural public balance, per cent of GDP	1.8	1.0	1.0	0.7	-0.1
EMU debt, per cent of GDP	30.5	29.8	29.1	29.2	28.3
Labour market					
Labour force (including leave), 1,000 persons	3,303	3,346	3,345	3,351	3,357
Employment (including leave), 1,000 persons	3,217	3,258	3,259	3,262	3,269
Gross unemployment, 1,000 full-time persons	87	89	88	91	89
Gross unemployment, per cent of labour force	2.6	2.6	2.6	2.7	2.6
External assumptions					
Trade-weighted international GDP growth, per cent	1.5	1.6	1.5	1.7	1.8
Export market growth (industrial goods), per cent	2.5	1.8	2.2	1.7	1.9
Exchange rate, DKK per dollar					
Oil price, dollars per barrel	80.5	67.7	70.7	67.5	69.9
Balance of payments					
Current account balance, billion DKK	357	370	346	366	338
Current account balance, per cent of GDP	12.2	11.9	11.4	11.4	10.7

Source: Statistics Denmark, OECD, Macrobond, Confederation of Danish Employers and own calculations.

2. Public Finances and Fiscal Policy

The Danish economy and public finances have proven highly resilient to recent economic disturbance, including the outburst of high inflation, geopolitical turbulence and trade-related uncertainty. Employment is high, Danish companies are competitive, and public finances have been in surplus for nine years. In 2024, the surplus on the actual public balance was DKK 130 billion, equivalent to 4.5 per cent of GDP, and surpluses are expected to continue in 2025 and 2026.

The public surpluses reflect, among other things, that employment has been steadily increasing and is at a historical high. The remarkable employment trend in recent years is primarily due to rising employment among resident immigrants and their descendants, a large influx of international labor, and greater labor market participation among seniors and younger age groups. This positive development has been supported by reforms.

Furthermore, earnings of Danish companies have increased over a number of years, among others from M&P activities abroad. M&P activities have also led to increased corporate tax revenues but without a corresponding increased pressure on the economy's capacity since the physical production takes place abroad. The developments over the summer – with downward-revised expectations for growth in the pharmaceutical industry, among others, and significant drops in parts of the Danish stock market – have led to downward adjustments of expected government revenues from corporate taxes as well as taxes on dividend income and capital gains. However, this does not change the overall picture of strong public finances.

The persistent surpluses in the public balance are considered to be an expression of both a favorable business cycle and underlying structural factors. In early summer, the positive development in the Danish economy and the introduction of new estimation methods behind the medium-term projections led to a significant upward revision of the estimated structural balance in the current and coming years, as laid out in the *Economic Survey, May 2025* and the *Updated Medium-Term Outlook, June 2025*.

In 2026, the structural budget balance will be eased by almost 0.6 per cent of GDP compared to the latest assessment, allowing parts of the improved underlying balance to be used for new initiatives in the budget bill proposal for 2026. In addition, the structural balance will be eased by a further 0.3 per cent of GDP in 2026 (and further in 2027 and 2028) to handle increased defense and security expenditures in 2026.

The Danish economy is assessed to be in a moderately positive cyclical position, with capacity pressure that has gradually eased in recent years. In 2025 and 2026, capacity pressure is expected to decrease further, underpinned by rising structural production capacity, including through increasing structural employment. Despite the more lenient fiscal policy in 2026, the assessment of capacity pressure in the Danish economy is largely the same as in the *Economic Survey, May 2025*, and inflation is estimated to be below 2 per cent in both 2025 and 2026.

Budget bill proposal for 2026

Against the background of a strong fiscal starting point, the Danish economy and Danish society face a number of important challenges in the coming years, including the expansion of Danish defense and security. At the same time, growth expectations are being dampened by worsened trade conditions in the US market and uncertainty in the international economy, which is expected to further ease capacity pressures in the Danish economy.

Given healthy public finances and decreasing capacity pressure, among other things, the government has decided to ease fiscal policy in 2026 to support key priorities such as defense and security. The easing allows for several new initiatives in the proposed budget bill for 2026, including initiatives related to security and welfare, lower excise duties, and the green transition. Excise duties on electricity will be lowered in 2026 and 2027, which will increase the purchasing power of Danish households.

The planned expenditure and fiscal policy for 2025 and 2026 results in growth rates for public consumption and public investments that are significantly higher than in previous years. The expenditure growth reflects both the effects of new priorities in the budget bill proposal for 2026 and previously decided policies from the 2025 budget bill, the economic agreements with the municipalities and regions, and the establishment of the Acceleration Fund, among others.

In 2026, the next step of the *Agreement on Reform of Personal Taxes* (2023) will be implemented. In 2025, this reform led to a reduction in personal taxes of DKK 3.5 billion (after flowback and behavioral effects), mainly through an increase in the employment deduction allowance. With the next step, personal taxes will be lowered by an additional DKK 3 billion (after tax and behavioral effects) in 2026, primarily through a further increase in the earned income tax credit and a top-tax relief. Along with the reduction of several excise duties in the budget bill proposal for 2026, this will help support household purchasing power and private consumption, which has been low in recent years.

In 2026, real public consumption growth is estimated to 2.6 per cent, while real growth in public investments is estimated to be 7.5 per cent, *cf. figure 2.1 and figure 2.2*. The estimated expenditure growth in 2026 is based on the agreements on municipal and regional budgets for 2026 and the budget proposal for 2026. Real growth in both public consumption and public investments in 2026 has been revised upwards compared to the technical assumptions in *Economic Survey, May 2025*. The upward revisions are primarily due to welfare initiatives, security, and safety in the budget bill proposal for 2026, following the decided easing of the public balance, as well as technical shifts in the expenditure share of material acquisitions in the defense sector in the national accounts, etc.

Figure 2.1 **Real growth in public consumption**

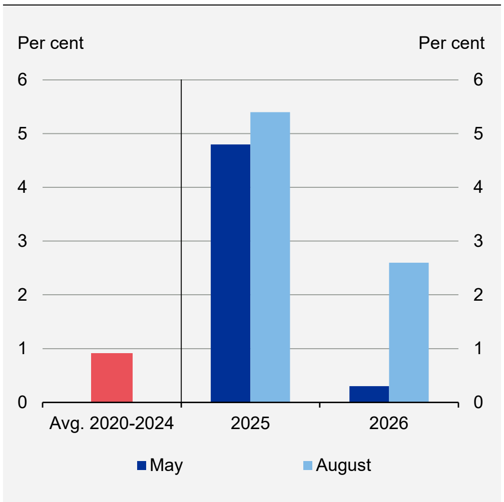
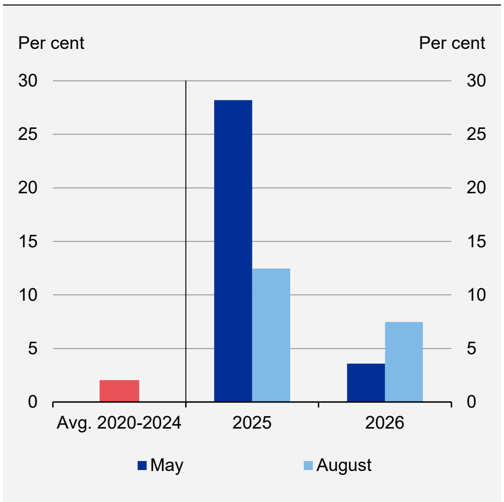


Figure 2.2 **Real growth in public investments**



Source: Statistics Denmark and own calculations.

Based on the budget bill for 2025, the municipal and regional budgets for 2025, and the effects of subsequent political agreements and other new information, real growth in public consumption is estimated at 5.4 per cent in 2025, and real growth in public investments is estimated at 12.5 per cent. The estimated real growth rate for public consumption in 2025 has been revised upward compared to *Economic Survey, May 2025*, while real growth in public investments has been revised significantly downward. These adjustments mainly reflect changes to estimates of the allocation of defense expenditure, among others a shift of expenditures from public investments to public consumption (purchases of goods, etc.).

Fiscal policy is eased in 2026, while capacity pressure eases

Based on the budget bill proposal for 2026, the one-year fiscal effect is estimated to 0.4 percentage points (effect on the output gap), compared to 0.1 percentage points based on the technical assumptions in the May assessment. Conversely, for 2025, the estimated fiscal effect has been revised downwards from 0.8 to 0.6 percentage points, primarily due to lower growth in public investments than assumed in May, *cf. figure 2.2*.

The capacity pressure in the economy, measured by the output gap, is estimated to decrease slightly from 0.9 per cent in 2025 to 0.8 per cent in 2026. The latter represents an upward revision of 0.1 percentage points compared to the May assessment, partly due to the easing of fiscal policy. The output gap estimates are subject to uncertainty, stemming from both the assessment of cyclical factors and the structural levels.

In a somewhat longer perspective, the overall fiscal and structural policies since 2019 (the year before the coronavirus pandemic and a year when the business cycle was broadly neutral) is considered to be approximately neutral, as measured by the multi-year fiscal effects. Fiscal policy was eased in 2020 and 2021 to support the economy during the pandemic and then tightened in 2022-2024 by withdrawing the easing measures and in order to counter the high inflation that followed from the pandemic- and war-related disruptions in the international economy and energy markets.

In 2025, the multi-year fiscal effect is estimated to be close to zero, while it is estimated to be slightly positive in 2026, including the fiscal easing in the proposed budget bill for 2026, *cf. figure 2.3*. The strong structural growth in the labor force in recent years has helped to increase the economy's production capacity and thus dampened the fiscal effects associated with a given spending increase.

In the labor market, capacity pressure is still considered to be elevated but on a declining trajectory over the forecast period, *cf. figure 2.4*, as structural employment is estimated to grow further, while actual employment only increases slightly.

The estimated fiscal effects are considered to be an overestimate in both 2025 and 2026. This is because large acquisitions of military equipment typically have a higher import content than what is assumed in the calculation of fiscal effects. With the significant strengthening of Danish defense in recent years, including via the Acceleration Fund, the import content in public consumption and investments is therefore expected to be higher than normal, and the domestic activity effect will be correspondingly lower than what is stated in the estimated fiscal effects. The calculations of fiscal effects use the general import share in public consumption, etc., as there is no specific information available about the import content of the spending increases.

Figure 2.3 **One-year and multi-year fiscal effects**

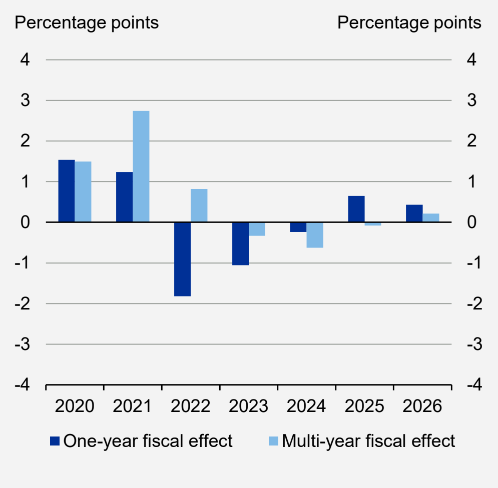
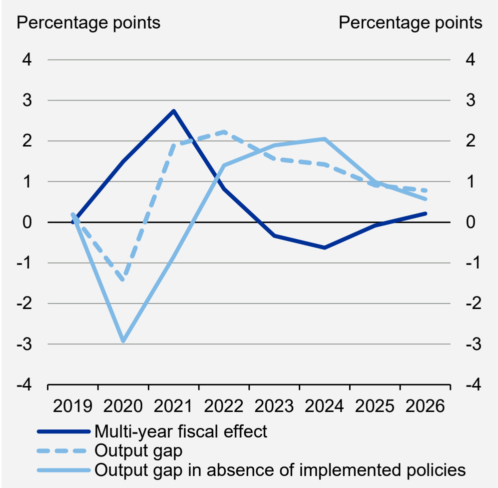


Figure 2.4 **Multi-year fiscal effects compared to the output gap**



Source: Own calculations based on MAKRO.

The structural balance shows healthy public finances

The public finances are fundamentally sound. The structural surplus is estimated to decrease from 1.8 per cent of GDP in 2024 to a small deficit of 0.1 per cent of GDP in 2026. The decrease reflects in particular the significant priorities for defense and security, welfare, and tax and duty reductions, including the effects of the *Agreement on Personal Tax Reform* (2023) and the reduction of the excise duties on electricity. Furthermore, the weakening of the balance should be seen in light of fiscal policy being continuously adjusted toward the medium-term target for the structural balance of -0.5 per cent of GDP in 2030, *cf. figure 2.5*.

The estimate for the structural budget balance is roughly unchanged in 2025 and revised downward by 0.8 per cent of GDP in 2026 since *Economic Survey, May 2025*, *cf. figure 2.6*.[1]

In both 2025 and 2026, the balance is improved by lower estimated expenditures in several areas, including technical shifts in the expenditure share of material acquisitions in Danish defense, among others, in 2026. On the other hand, a downward revision in the structural revenues from share and corporate taxes implies a lower structural budget structural balance, given lower expectations for growth in the pharmaceutical industry and declines in parts of the Danish stock market, *cf. Updated Medium-Term Outlook, August 2025*.

To make room for important priorities on the budget bill proposal for 2026 and managing increased expenditures for defense and security, etc., the government will ease fiscal policy in 2026. Hence, new initiatives in 2026 totaling a net of DKK 27 billion, equivalent to 0.9 per cent of GDP will be implemented without offsetting financing.

Figure 2.5 Structural budget balance towards 2030

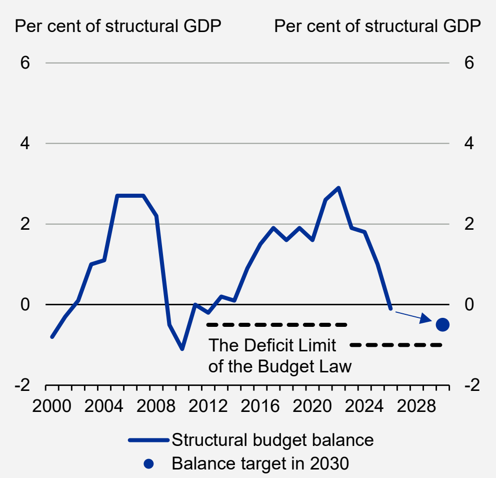
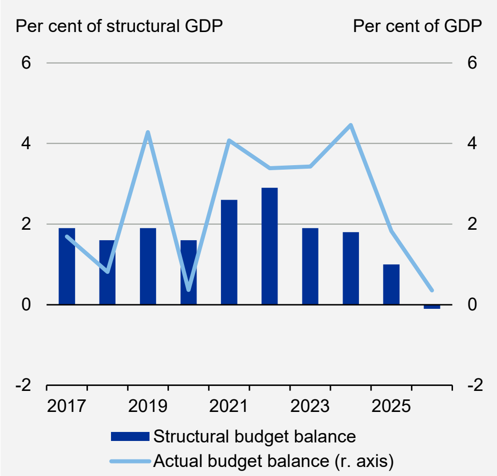


Figure 2.6 Actual and structural budget balance 2024-2026



Source: Statistics Denmark and own calculations.

Decreasing EMU debt and growing public financial net wealth

The strong public finances have contributed to Denmark's EMU debt being among the lowest in the EU and well below the 60 per cent of GDP limit in the Stability and Growth Pact. Denmark's

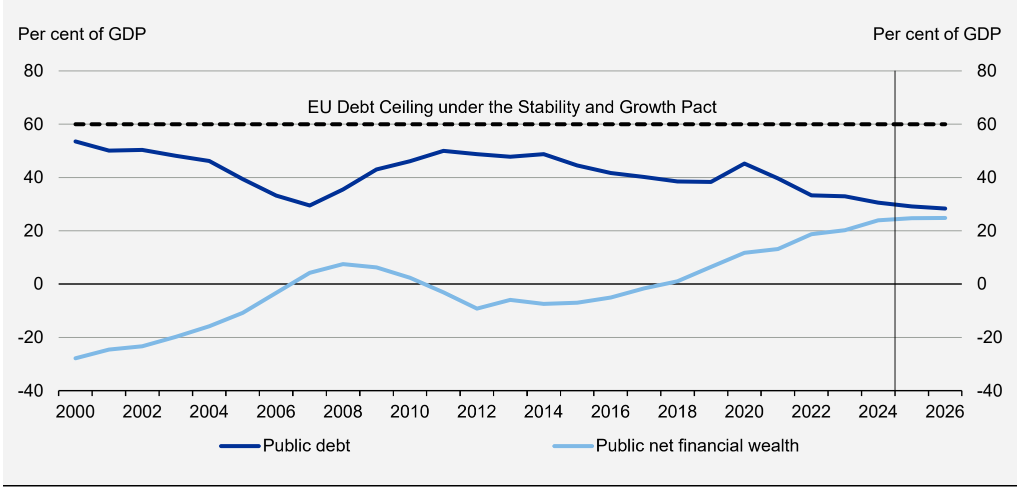
[1] Compared to *Updated Medium-Term Outlook, June 2025*, the structural balance is improved by 0.2 per cent in 2025 and weakened by 0.6 per cent in 2026. In *Updated Medium-Term Outlook, June 2025*, the structural balance was weakened by 0.2 per cent in both 2025 and 2026 compared to *Economic Survey, May 2025*. This primarily reflected updated estimates for structural share tax and corporate tax (excluding the North Sea) as part of the consolidation of the forecast during the methodological review, and that the structural levels in the forecast years also depend on the long-term forecast.

EMU debt is thus estimated to fall from approximately 30½ per cent of GDP in 2024 to just above 28¼ per cent of GDP in 2026, *cf. figure 2.7.*

In addition to contributing to debt reduction, the public surpluses have also resulted in Denmark having a positive public financial net asset position since 2018. In 2026, public financial net assets are estimated to be approximately 24¾ per cent of GDP, which is nearly 1 percentage point more than in 2024.

Table 2.1 shows other key figures for public finances in the period 2024-2026.

Figure 2.7 Public debt and net financial wealth



Source: Statistics Denmark and own calculations.

Table 2.1 Key estimates regarding the fiscal policy

	2024	2025	2026
Structural budget balance, per cent of structural GDP	1.8	1.0	-0.1
Budget balance, per cent of GDP	4.5	1.8	0.4
Real growth in public consumption, per cent.[1)]	1.8	5.4	2.6
Multi-year fiscal effect, level, percentage points[2)]	-0.6	-0.1	0.2
One-year fiscal effect, percentage points[3)]	-0.2	0.6	0.4
Output gap, per cent.[4)]	1.4	0.9	0.8
Employment gap, per cent.[4)]	1.8	1.6	1.2
Public debt, per cent of GDP	30.5	29.1	28.3
Public net wealth, per cent of GDP	23.9	24.7	24.8

1) The estimated public consumption growth is assumed the same for input and output approaches. For 2024, the growth in public consumption is shown using the input method.
2) The multi-year fiscal effect measures how changes in fiscal and structural policies impact the output gap (level effect relative to 2019).
3) The one-year fiscal effect measures how much the planned fiscal and structural policies contribute to changes in the output gap in a given year.
4) Estimate of how much production and employment deviate from structural levels. When gaps are positive, it indicates that there are scarce resources in the economy relative to a normal economic situation.
Source: Statistics Denmark and own calculations.

3. Sound structures behind a robust Danish economy

Over the past five years, a series of major global shocks in the form of the pandemic, war in Ukraine, high inflation, rising interest rates and, most recently, trade conflict have tested economic structures and the resilience of businesses and households at home and abroad. This theme chapter takes stock of where the Danish economy currently stands in relation to comparable countries and sheds light on economic development and the adaptability of the Danish economy in the period since 2020. Finally, the chapter points to some of the significant challenges that are looming, and which underline the necessity of maintaining a strong foundation for the Danish economy. The main conclusions of the theme chapter are:

- Prosperity in Denmark, measured by GNI per capita, is among the highest in Europe due to a high level of productivity and a large share of the population in employment.
- Economic imbalances of the 1980s have turned into positions of strength. This is e.g. reflected in low unemployment, healthy public finances and big private savings.
- The development since the 1980s reflects, among other things, that over the past five decades there has been a significant improvement in economic structures. These include the introduction of the fixed exchange rate policy, labour market pensions and the flexicurity model, the indexation of the state pension age, an increased focus on fiscal sustainability and public budget management, as well as tax and labour market reforms that have increased incentives for savings and investment, as well as strengthened structural employment.
- The strong foundation has reduced the vulnerability of the economy to large, unforeseen shocks and contributed to the Danish economy being adaptable and overall coping well through the series of major global shocks and increased uncertainty over the past five years. High global demand for Danish export goods, especially new pharmaceutical products, a flexible labour market and Danish companies' utilisation of global value chains have been decisive for growth in the economy. GDP has been boosted by an extraordinarily large increase in the pharmaceutical industry, while the increase in employment has been broad-based.
- The economic structures and adaptability will also be tested over the coming decades. The challenges are linked to the current geopolitical and trade policy tensions, demographic developments and competition for labour, as well as to the fulfilment and financing of major and central priorities for defence and security, welfare and the green transition. At the same time, productivity growth in parts of the private sector has been weak in recent years.
- The challenges underline the importance of maintaining the strong economic foundation that has underpinned the current favourable state of the Danish economy and created the conditions for the financing of the welfare society. This will require sharp political prioritisation and due diligence to support the framework for a continued adaptable Danish economy, with a particular focus on ensuring competitive companies, high employment and an efficiently run public sector.

3.1 The Danish economy is strong in an international perspective

The Danish economy is currently in a strong position in an international perspective measured by a wide range of economic parameters. Prosperity in Denmark, measured by purchasing power-adjusted GNI per capita, is among the highest in Europe, *cf. figure 3.1*.[1,2] This is due to the fact that hourly productivity is high, which means that relatively much value can be produced per working hour, and that Denmark is one of the countries with the highest employment rates in Europe. Accordingly, almost 80 per cent of persons of working age are employed in Denmark, *cf. figure 3.2*. The relatively high employment rate should be seen in the light of the Danish distribution of work effort, where many persons in Denmark are working but on average work slightly fewer hours than in the EU.

Figure 3.1 High GNI per capita...

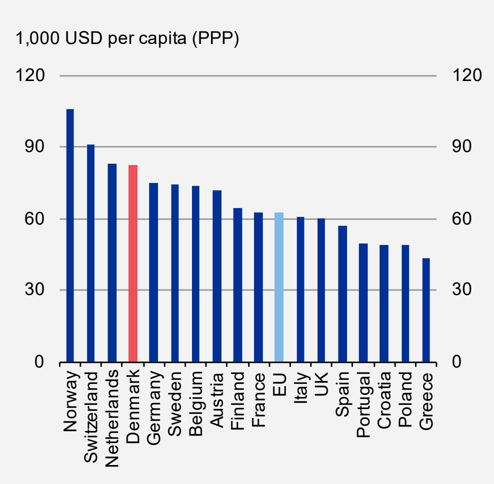
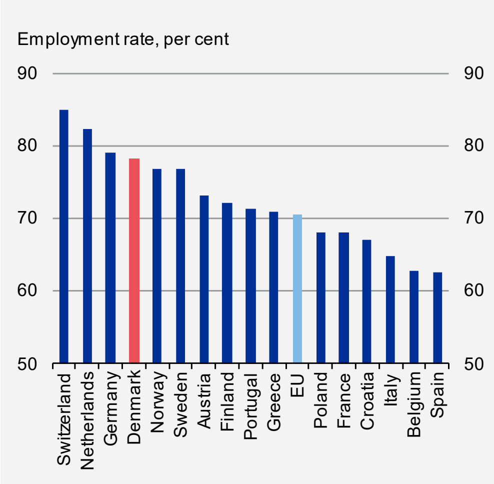


Figure 3.2 ... and high employment rate



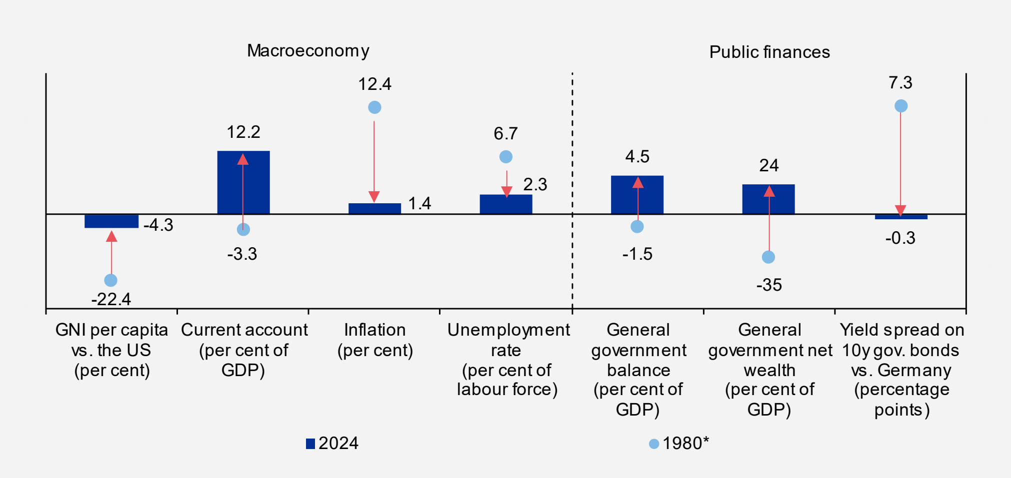
Note.: In both figures values are from 2024. Purchasing power-adjusted GNI per capita in figure 3.1 is calculated at current prices. The employment rate in figure 3.2 is measured as the proportion of the population between the ages of 15 and 69 who are in employment. Employment is calculated on the basis of the national accounts of the respective countries, while the population is calculated on the basis of Eurostat's *Labour Force Survey*. Reservations must be made for commuters to be included in employment, but not in the population stock, which is why countries with many commuters may have a relatively higher employment rate.
Source: The World Bank, Eurostat and own calculations.

The Danish economy is in a much different place than in the early 1980s, when the economy was characterised by several imbalances and performed relatively worse in an international

[1] See also Economic Survey, May 2025.
[2] In the present analysis, comparisons are made with comparable countries in Europe. These have been selected to be Austria, Belgium, *Finland*, France, Germany, Greece, Italy, *the Netherlands*, *Norway*, Poland, Portugal, Spain, *Sweden*, *Switzerland* and the *EU* as a whole. Narrower comparisons are based on the countries in italics. Some countries may be excluded from individual figures due to data limitations.

perspective on several economic key figures. The level of prosperity in Denmark was considerably lower than in the US[3], unemployment and inflation were high, while there was a large current account deficit, *cf. figure 3.3*. At the same time, public finances were characterised by large and recurring deficits as well as rising debt, while yields on Danish government bonds were significantly higher than in Germany. Since then, imbalances have gradually reversed and economic indicators have improved significantly, with higher relative prosperity levels, lower unemployment, more stable price development and lower government bond yields. At the same time, both public finances as well as household and business savings have strengthened significantly.[4]

Figure 3.3 Correction of imbalances in the Danish economy since 1980



Note.: GNI per capita is adjusted for purchasing power. Current account shows the balance on the current account. Unemployment shows net unemployment as a share of the labour force calculated on the basis of MAKRO's databank, which explains the difference to the calculated unemployment rate from Statistics Denmark. Yield spreads are measured on the basis of the effective interest rate on 10-year government bonds. *Values are from 1980 or the earliest possible year of data coverage. Values for general government balance are from 1985, yields on government bonds are from 1984, and general government net wealth is from 1994. For graphical presentation, the graphs are scaled according to historical standard deviations for the respective measurements.

Source: OECD, World Bank, Macrobond, Statistics Denmark, Lars Haagen Pedersen (2020): Dansk økonomi 1979-2019: Økonomisk-politiske bidrag til 40 års fremgang, Samfundsøkonomen 1/2020 and own calculations.

However, the imbalances did not disappear by themselves. With the aim of fixing a number of the economic imbalances that existed in the 1980s – as well as challenges that emerged later, such as the housing bubble during the financial crisis – a number of agreements and reforms of major societal importance have been implemented on an ongoing basis, *cf. box 3.1*. Many of the reforms have been politically difficult along the way and required trade-offs, including, for example, shortened unemployment benefit periods and an indexed state pension age, but as a whole they have contributed to a strong Danish economy with sound structures and considerable fiscal room for manoeuvre.

[3] The United States has been chosen in this context, as the United States is often the central reference point in relation to the measure of prosperity.
[4] Large surpluses in public finances and the current account can also be considered as imbalances in isolation. However, the European Commission assesses that the macroeconomic risks associated with this are relatively small, *cf. box 3.2*.

One of the first decisive measures in the early 1980s was the introduction of the fixed exchange rate policy in 1982, which has since ensured a fixed exchange rate for the Danish krone against first the Deutschmark and later the euro. This has led to an anchoring of inflation initially to price developments approaching inflation in Germany and then around the inflation target of around 2 per cent in the euro area. This has contributed to a narrowing of the interest rate spread to Germany, resulting in lower interest rates and currently marginally lower yields on government bonds in Denmark compared with Germany.

Box 3.1 Selected key measures to ensure sound structures since 1980

1980s: Stable price developments, improvement of the current account and reduction of savings deficits

- *Fixed exchange rate policy (1982)*
  Denmark introduced a fixed exchange rate policy first against the German Deutschmark and since 1999 against the euro. The fixed exchange rate policy has contributed to low and stable price developments, which, together with a fixed exchange rate, has helped to create more predictability about household purchasing power as well as relatively stable competitive conditions for Danish companies.
- *'Kartoffelkuren' (1986) and Tax Reform (1987)*
  The so-called "kartoffelkur" (potato cure) and the tax reform were intended to reduce private consumption and borrowing through, among other things, a reduction of interest deductions. The tax reform also included a reduction in the marginal tax rate on earned income and a reduction in the value of tax deductions.
- *Increased coverage of occupational pension schemes (1987)*
  With the joint declaration of 1987, the government at the time, together with the main labour market confederations (DA, LO, FTF and AC), entered into a tripartite agreement, which was the first step in the increased coverage of labour market pensions to large parts of the labour market. Since then, they have gradually spread via the collective agreements, just as the contribution rate to pension savings has gradually increased.

1990s: Lower unemployment, higher structural employment and more flexible labour market

- *Tax reforms (1994 and 1999)*
  The tax reform from 1994, introduced the labour market contribution and lowered the marginal tax rate as well as the value of interest deductions. The tax reform of 1998 (the so-called 'pinsepakke'), which came into force in 1999, built on the 1994 restructuring with, among other things, a reduction in taxes on labour, while the interest deduction was further reduced. In the 1990s, the corporate tax rate was also reduced.
- *Active labour market policies and more flexible wage formation (1990s)*
  In the 1990s, a number of labour market reforms were implemented that laid the foundation for the active employment initiatives in Denmark and the construction of the Danish flexicurity model. A key element was the establishment of a right and duty-based system, where the unemployed persons obligation to be available for the labour market was tightened. At the same time, more persons gradually switched to collective agreements, where wages are determined to a greater extent in the individual company.
- *Restructuring of the unemployment benefit system (1993, 1996 and 1999)*
  With the labour market reform in 1993, the unemployment benefit period was reduced to 7 years (9 years if 2 years of leave is used) from virtually indefinite. In 1996, the unemployment benefit period was further reduced to 5 years and in 1999 to 4 years.
- *'The youth initiative ('ungeindsatsen) (1996 and 1999)*
  The purpose of the youth initiative was to reduce youth unemployment and encourage education, including through the right and duty for unemployed persons under the age of 25 to education or other activation after 6 months of unemployment.

2000s: Sustainability of public finances and futureproofing in the face of demographic change

- *The Welfare Agreement (2006)*
  The state pension age was linked to the development in life expectancy, so that it increases along with life expectancy. The agreement significantly increased structural employment and improved public finances, which went from unsustainable to sustainable in the long term.
- *Tax reforms (2004, 2007 and 2009)*
  The focus of the changes was to increase incentives to work through, among other things, the introduction and increase of earned income tax credit and the reduction of marginal taxes. In addition, the value of the interest deduction was reduced.

2010s: Increasing structural employment and more prudent lending

- *Unemployment benefit reform as part of the Fiscal Consolidation Agreement (2010)*
  The unemployment benefit period was reduced from 4 years to 2 years, and at the same time, the requirement for re-earning the right to unemployment benefits was changed from 26 to 52 weeks of employment over three years. Subsequently, temporary adjustments were made, and in 2015 the reform was adjusted based on the recommendations of the Danish income support commission ('Dagpengekommissionen').

Box 3.1 (cont'd) Selected key measures to ensure sound structures since 1980

2010s (continued): Increasing structural employment and more prudent lending

- *Agreement on Later Retirement (2011)*
  The voluntary early retirement period was shortened from 5 to 3 years, and the rules for deductions the early retirement benefit from pension assets were tightened. In addition, the gradual increase in the state pension age from the Welfare Agreement was advanced.
- *Tax reforms (2012 and 2018)*
  The tax reform in 2012 included, among other things, an increase in the employment deduction and in the top tax threshold. With the tax reform in 2018, an extra tax deduction was introduced, among other things, for contributions to pensions as well as a new job deduction. The focus was on increasing incentives to work as well as saving for retirement. In addition, the corporate tax was eased in the 2010s with *the political agreements on Growth Plan DK*.
- *The Budget Law and public expenditure ceilings (2014)*
  The Budget Law was adopted in 2012 and took effect, in practice, from the financial year 2014. According to the Budget Law, the annual structural government deficit may not exceed 1 per cent of GDP (0.5 per cent prior to *the National Compromise on Danish Security Policy, March 2022*). At the same time, a new expenditure policy management system was introduced to increase budgetary discipline across the public sector with four-year expenditure ceilings for the central government, municipalities and regions, respectively.
- *Financial regulation (ongoing)*
  In the wake of the housing bubble and the financial crisis, several measures were introduced during the 2010s with to ensure more prudent lending, particularly related to the housing market. The changes targeted both borrowers and credit institutions. Among other things, a requirement was introduced that the borrower must be able to service a fixed-rate 30-year mortgage loan with amortisation, a 5 per cent downpayment requirement on home purchases, stricter credit approval requirements and higher income etc., in the Danish Financial Supervisory Authority's guidelines for credit in areas with high prices of owner occupied hosing, and a cap was set on the proportion of interest-only loans for mortgage banks.

2020s: Increase structural employment, including with a focus on seniors and international labour

- *Tax reform, etc. (2023)*
  With the tax reform, it was decided to lower taxes on labour to make it financially more attractive to work. With the reform, the earned income tax credit was increased, and the top tax rate was reduced. In addition, a new top-top tax was introduced for those with the very highest incomes. Also, in 2023, the 'Great Prayer Day' was abolished as a public holiday to increase the labour supply and thereby strengthen public finances.
- *Abolition of set-off in state pension (2023)*
  Set-off against the basic amount of the state pension and pension supplement of own and spouse's salary income was abolished effective from January 1 2023. This made it financially more attractive to work after the state pension age.
- *Strengthened international recruitment, etc. (2023, 2025)*
  Among other things, the introduction of the supplementary pay limit scheme and the expansion of the fast-track scheme have made it easier to hire international labour. Furthermore, an agreement on a new collective agreement-based business scheme will ensure that Danish businesses have easier access to international labour from selected countries on Danish pay and working terms. At the same time, the government has presented new initiatives against social dumping, including strengthened efforts against the use of illegal labour in Danish workplaces and increased supervision of large building and construction projects.
- *Educational reforms, upskilling and getting graduates faster into jobs (continuous)*
  Agreements in the field of education, including agreements on upskilling, reform of master's degree programmes, SU reform, reform of the professional bachelor's and academy business academy programmes and new vocational and profession-oriented upper secondary education, as well as, among other things, stricter unemployment benefit rules for graduates, have contributed to increasing structural employment, while at the same time the agreements invest in increased quality of the educational programmes.

Note.: In the box is described selected major reforms and other initiatives that have contributed to sound structures, many of which are of great importance for structural employment and public finances. A large number of other reforms have been carried out, which too have contributed to sound structures, including in the area of education and targeted at businesses.
Source: See e.g. Lars Haagen Pedersen (2020): Dansk økonomi 1979-2019: Økonomisk-politiske bidrag til 40 års fremgang, Samfundsøkonomen 1/2020. *(only available in Danish)*

Five years later, another decisive agreement came in the form of the Joint Declaration of 1987, which initiated in the increased coverage of labour market pensions, to which only a few groups of employees had hitherto benefited. The spread took place gradually, and by the year 2000 virtually all areas covered by collective agreements were covered. Since then, the labour market pensions have increased household savings – and thus contributed to improving the current account – and has strengthened public finances by making them less dependent on the age composition of the population. At the same time, in the late 1980s and 1990s, several tax reforms were implemented that reduced the incentive to take on debt and, conversely, increased the incentive to save.

Throughout the 1990s, there was a focus on overcoming high unemployment, including youth unemployment, through a number of tax and unemployment benefit reforms. In continuation of this, there was a development towards a more flexible labour market and wage formation system. This was done with the construction of the flexicurity model, which combines flexibility for employers with a social safety net and an active labour market policy, as well as an increasing amount of decentralised wage formation within the collective agreements.

In the 2000s, there was an increased focus on ensuring long-term fiscal sustainability in the light of demographic developments towards a larger proportion of older persons in the population.[5] With the Welfare Agreement in 2006, it was agreed to index the state pension age with the development in life expectancy. Indexation means that the state pension age is raised every five years on the basis of the development in life expectancy with effect 15 years later.[6] The state pension age was 65 years for everyone in 2006, while today it is 67 years and will rise to 70 years in 2040. The agreement made the largest single contribution to improving structural employment in the past 25 years[7] and shifted fiscal policy from unsustainable to sustainable.

However, new challenges also arose during the 2000s leading up to the financial crisis, when significant imbalances built up, among other things through accommodative lending, which led to significant, unsustainable house price increases. At the same time, wage competitiveness weakened, and there were ongoing overruns of public budgets, especially in the municipalities and the counties at the time. This made the Danish economy vulnerable when the international financial markets collapsed in 2008. Subsequently, the focus was on strengthening financial stability and public spending discipline, including through the Budget Act. The Budget Act and the recovery agreement were introduced, among other things, on the basis of an EU recommendation on a reduction of the public deficit.

Since the 1980s, reforms and other agreements have thus helped to create healthier economic structures and improve economic indicators. At the same time, they have contributed to Denmark generally having good framework conditions for the business community, *cf. later*. The European Commission also assesses that the Danish economy is currently strong and resilient,

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[5] The sustainability of fiscal policy means that the conducted and decided fiscal policy can be continued beyond the planning horizon (e.g. 2030 in the latest medium-term plan from 2023) given a number of technical computational assumptions without leading to a lasting and accelerating increase in public sector debt as a share of GDP.
[6] The increases must be adopted by the Folketing.
[7] Ministry of Finance (2018): Economic Analysis: Reforms have strengthened the Danish economy, November 2018, as well as answers to FIU general part question 104 of 8 January 2025, answer to FIU general part question 295 of 17 August 2023 and answer to FIU general part question 124 of 20 January 2021.

including that Denmark does not have significant macroeconomic imbalances that could have consequences for economic stability, *cf. box 3.2*.

Box 3.2 The European Commission's assessment of macroeconomic imbalances in the Danish economy and resilience

Since 2011, the EU has been working together to systematically monitor macroeconomic imbalances in EU countries. The aim is to identify and prevent potential harmful internal and external economic imbalances at an early stage, or to address imbalances that are developing or have materialised, with a view to correcting them. The procedure was introduced in the aftermath of the financial crisis, which illustrated that it was not only fiscal challenges, but also other macroeconomic imbalances, such as a large balance of payments deficit or overly accommodative lending, that could lead to economic crises. It also became clear that macroeconomic imbalances in one country could negatively affect other countries in isolation or several countries as a whole, including the EU.

Most recently, as part of the implementation of cooperation on macroeconomic imbalances in 2025, the European Commission has identified 10 EU countries where significant imbalances exist. Denmark is not one of the 10 countries, and according to the Commission's analysis, Denmark is characterized by low inflation, low public debt and a healthy financial sector. However, the Commission notes that the Danish balance of payments surplus and gross debt of households and firms are high but assesses that the macroeconomic risks associated with this are limited.

Based on the European Commission's "Resilience Dashboards", it is also assessed that Denmark generally has a relatively high degree of resilience to crises and a high degree of adaptability. The European Commission's dashboard consists of 124 indicators divided into the social and economic areas, the green, digital and geopolitical areas, respectively.

Source: European Commission (2024): Alert Mechanism Report 2025, COM(2024) 702 final, European Commission (2024): Alert Mechanism Report 2025, Accompanying the document, SWD(2024) 700 final, European Commission (2024): "Resilience Dashboards, Spring 2024 Update".

Sound structures, strong economic development and increased spending discipline have helped to reduce public debt significantly over the past decades. For this reason, public finances are currently characterised by being sound, with long-term fiscal sustainability and one of the lowest levels of public debt in Europe, *as shown in figure 3.4*.

The high level of prosperity and activity has not come at the expense of large income differences. Income differences in Denmark are still relatively small in an international context, *cf. figure 3.5*, although they have increased in recent decades. The increase in income differences measured by the Gini coefficient must therefore be seen in the light of the fact that they came from a historically low starting point of between 20 per cent and 22 per cent in the 1980s and 1990s, *cf. box 3.2 in Distribution and Incentives 2018*. The relatively small income differences in Denmark are partly due to the redistributive effect of the progressive taxes and income transfers. In addition, free and equal access to the education and health system supports the possibility of putting the individual's skills into play in the best possible way in the labour market.

Figure 3.4 **Very low public debt**

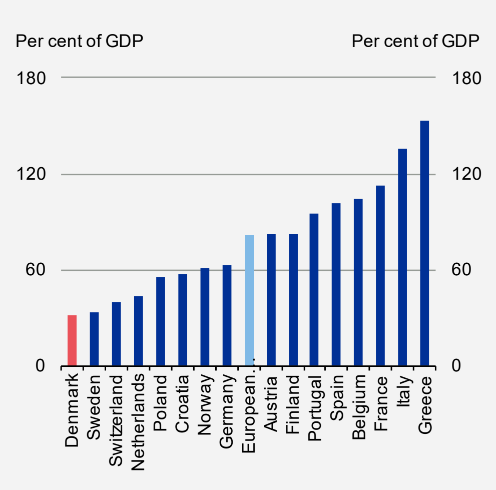
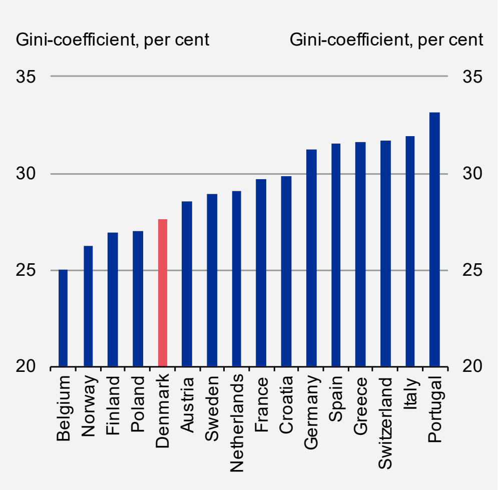


Figure 3.5 **Income disparities are relatively small**



Note.: Figure 3.4 shows figures for EMU debt for 2024 for EU countries, while gross debt is shown for Norway and Switzerland. Figure 3.5 shows figures for the Gini coefficient for disposable income for the most recent calculated years, either in 2021, 2022 or 2023, as calculated by the OECD.
Source: Statistics Denmark, OECD and own calculations.

At the same time as reforms and agreements have changed the Danish structures significantly, major changes have taken place globally in both the conditions for global and European trade, in technology and productivity development, and in demand, which has changed the economic framework for Danish companies and the Danish labour market significantly. Danish companies have continuously managed to translate the major shifts into continued production and productivity growth with relatively smooth reallocation of capital and labour. The transition is reflected, among other things, in the fact that there has been a change in the composition of the industry in Denmark, from agriculture, processing and production towards trade and services, *cf. figure 3.6*. At the same time, the largest companies' share of value added has increased over a longer period.[8] Over the past five years, a particularly large part of the increase in value added can be attributed to some large companies' increased earnings through product innovation and the sale and processing of goods outside Denmark's borders, *see later*.

[8] See, inter alia , Economic Review, August 2022 and Danmarks Nationalbank (2025): Increasing importance of the largest companies.

Figure 3.6 **The primary industry's share of Value added has decreased, while tertiary The share of the business sector has increased**

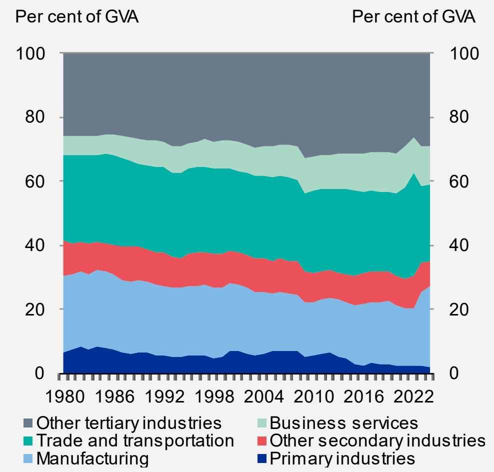
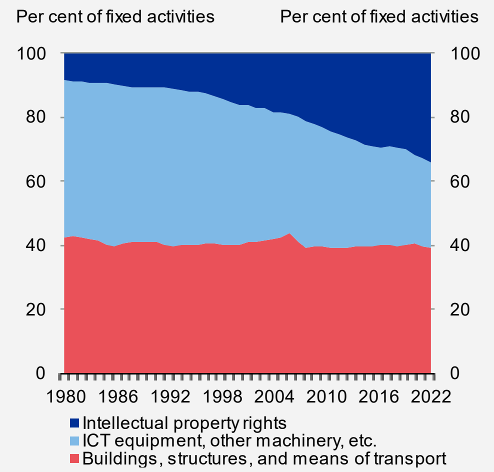


Figure 3.7 **Intellectual property rights constitute an increasing share of capital stock in industry**



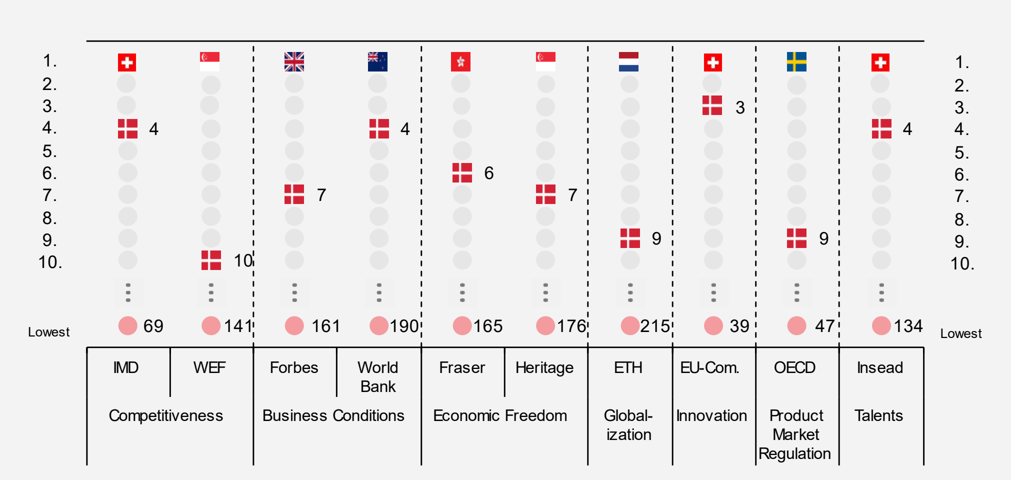
Note.: In Figure 3.6, primary industries include agriculture, fishing, extraction of raw materials, etc., secondary industries include industry, construction, etc., while tertiary industries include service industries. The figure does not include public administration, education and health. The industries' shares of the total value added are calculated on the basis of gva at current prices. In Figure 3.7, the capital stock in manufacturing is calculated as the gross stock of fixed assets at the end of the year at current prices.

Source: Statistics Denmark and own calculations.

At the same time, there has been a shift in the capital stock in industry, so that the value of machinery etc. represents a declining share, while intellectual property rights constitute an increasing share, *cf. figure 3.7*. Companies have increasingly benefited from globalisation and international value chains, illustrated by the fact that the total value of imports and exports has increased from 66 per cent of GDP in 1980 to 132 per cent in 2024. Business growth has supported households through labour demand and rising wages. Households have offered their labour and the employment rate has increased, and they have increasingly been educated. For example, the share of the population aged 65-69 with an education beyond primary school has increased from 55 per cent in 2005 to 76 per cent in 2024.

The transition has been supported by good Danish framework conditions for companies. The good framework conditions are reflected in the fact that Denmark ranks at the top of a number of different measurements of the business climate, *cf. figure 3.8*. Such comparisons must be interpreted with caution, but they nevertheless paint a common picture of a good Danish business climate overall. These include, for example, access to highly educated labour, a well-functioning and flexible labour market, good infrastructure, including digital infrastructure, investments in research and development, low administrative costs, a well-functioning public sector, health and the rule of law. In general, Denmark ranks highly, but there is also potential for improvement, and in some areas, Denmark ranks lower. For example, a high tax level pulls down several statements.

Figure 3.8 **Denmark ranks high in international measurements of business climate**



Note.: The reports are based on different methods and data, and it must generally be noted that the specific choice of methods and data in the individual surveys may have an impact on the ranking of the countries. For further background information behind the individual measurements, see Appendix Table 3.1.
Source: See Annex Table 3.1.

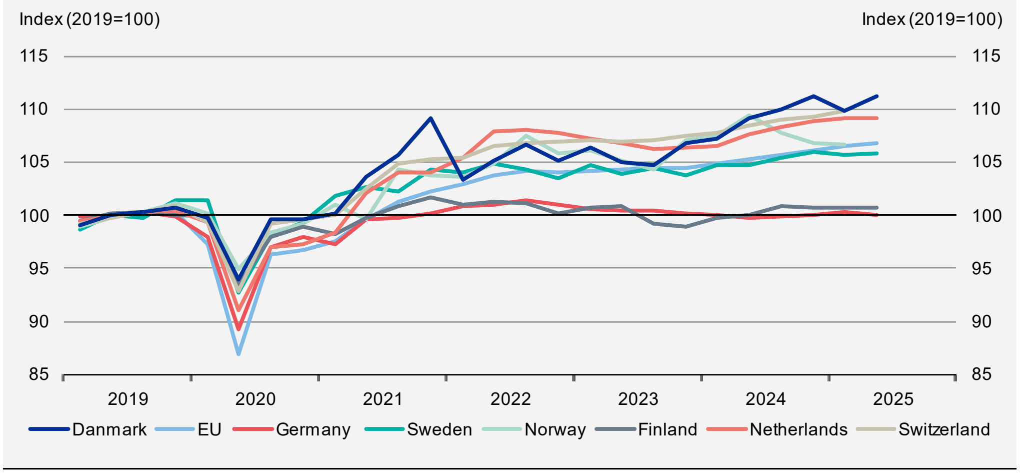
At the same time, business development is largely market-driven and characterised by a high degree of competition and a low degree of government interference. For example, the OECD concludes in their assessment of the degree of regulation of the product markets for goods and services that Danish regulation is relatively pro-competitive in almost all the areas where regulation is measured. The OECD calculates the extent to which regulatory barriers to entry lead to distortions of competition and the degree of distortion of competition through government involvement in the economy.

3.2 Strong economic development despite international turmoil

The past five years have challenged both the Danish economy and the world economy as a whole, with major shocks from first the pandemic, then the war in Ukraine, high inflation and rapidly rising interest rates – and most recently the trade conflict. Nevertheless, the Danish economy has performed strongly over the years on many parameters. The development has been supported by the healthy structures and adaptability that have been built up over the past decades.

Relative to 2019, activity in the Danish economy has grown more than in most of the countries with which Denmark is normally compared, *cf. figure 3.9*. Thus, since then, Danish GDP has grown almost twice as much as in the EU as a whole – and significantly more than in countries such as Germany and Finland, where there has been a virtual standstill for several years. Also compared with expectations from 2019, both GDP and employment in Denmark have surprised positively despite the large external shocks, *cf. box 3.3*.

Figure 3.9 Higher GDP growth in Denmark than in comparable countries in Europe



Source: Eurostat and own calculations.

The fact that the Danish economy has performed so well over a turbulent number of years – both in relation to comparable countries and in relation to previous expectations – highlights a significant adaptability and flexibility in the economy. However, there are also key nuances in the narrative of the relatively high growth in Denmark, which partly reflects the so-called two-tier Danish economy since 2022, where there has been an extraordinarily large increase in activity in the pharmaceutical industry, while there has been a contraction in large parts of the rest of the economy in both 2022 and 2023.

Box 3.3 The Danish economy has performed better than expected over the past five years

Despite the major shocks to the global economy, both GDP and employment in Denmark have surprised positively over the past five years compared to the projections from 2019. Thus, GDP was 2.2 per cent higher in 2024 than the projections from that time indicated, *cf. figure a*. Correspondingly, employment was 4.9 per cent higher – corresponding to just over 140,000 persons, *cf. figure b*. In contrast to Denmark, actual growth in the EU has been lower than expected in 2019, with GDP being 2.6% lower in 2024 for the EU than estimated by the IMF in autumn 2019.

Figure a Overall activity in Denmark has performed better than expected despite global turbulence...

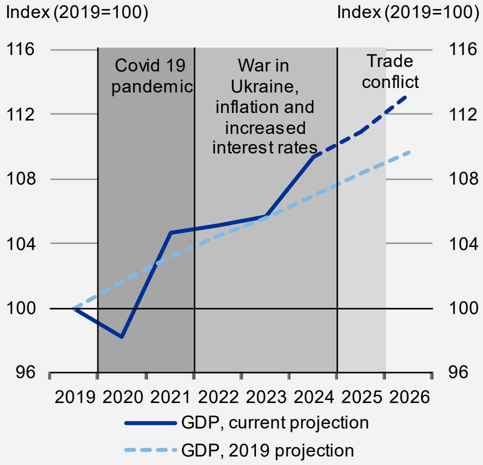
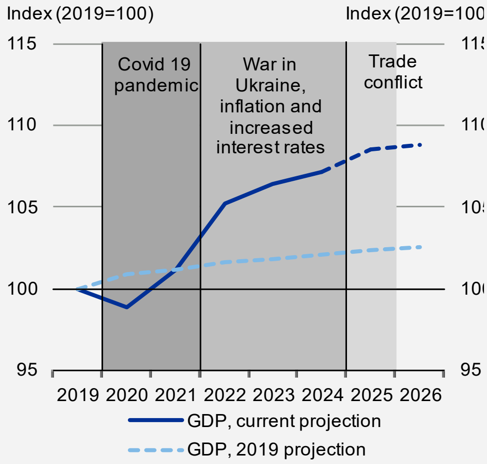


Figure b ... and employment has grown even more



Note.: The years 2019-2020 reflect the forecast in Economic Review, August 2019, while the years from 2021 onwards are based on the medium-term projection from the same date. The medium-term projections reflect estimates of developments at structural levels, so they cannot be interpreted directly as estimates of actual developments. In addition, the projection does not include the effect of policies and reforms that have been introduced after August 2019. Dotted lines indicate projection years, while fully drawn lines are actual data.

Source: Statistics Denmark, the Ministry of Finance, the IMF and own calculations.

The relatively high GDP growth in Denmark should be seen in the light of progress in several factors on both the demand and supply sides. On the demand side, it is mainly exports that have contributed to the growth in activity. This has been supported by a high demand for products and services from some of the largest multinational companies in Denmark, which have managed to succeed despite the major shocks to global demand, among other things through product innovation and new business models. In particular, there has been an extraordinary contribution to growth from the pharmaceutical industry, including to a large extent from the sale of Novo Nordisk's weight-loss medicine. This has contributed to exports making an extraordinarily large contribution to GDP growth over the period from an international perspective, *cf. figure 3.10*.

A large part of this increase is attributable to the export of goods processed and traded outside Denmark's borders (M&P activities), which make up a large part of the activities in the pharmaceutical industry. Excluding these activities, the increase in gross value added has thus been significantly lower during the period and more in line with the EU as a whole, *cf. figure 3.11.*[9]

Figure 3.10 Danish growth has been particularly supported by exports...

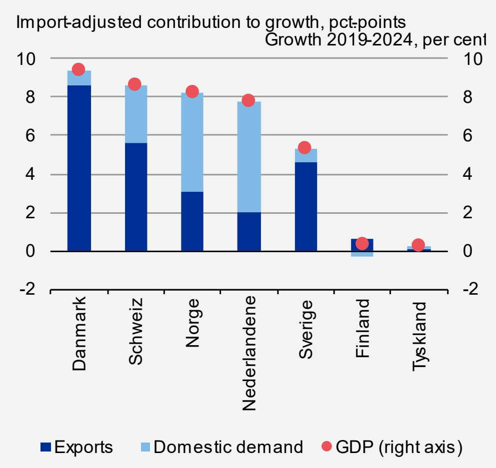


Figure 3.11 ... largely as a result of the production and sale of goods abroad

Note.: In Figure 3.10, import-adjusted growth contributions from exports are calculated on the basis of the OECD's international input-output tables, adjusted for foreign value added content. Contribution from domestic demand is calculated residual. The share of foreign value added content in exports is assumed to remain unchanged from 2020 onwards. This increases the uncertainty of the estimates, but the value-added content generally does not change much over time for the selected countries. For Denmark, the calculated growth contributions for exports are roughly in line with Statistics Denmark's calculation, with a deviation of 0.1 percentage points. In Figure 3.11, the BVT excl. M&P is based on its own estimate, *cf. Box 4.1 in the Economic Review, December 2023*.

Source: OECD, Statistics Denmark and own calculations.

The weaker growth in the economy, excluding M&P activities, reflects the fact that the Danish economy has not been unaffected by the fluctuations in the global economy, even though growth has been relatively strong overall. Domestic demand has generally developed weaker over the past five years than in the years before the corona pandemic. This has been shown, among other things, by a more or less flat development in private consumption – despite rising incomes – but also by a more moderate level of investment. The weaker domestic demand has also been seen in several other countries in Europe, but there are large differences across the board, and there has been somewhat stronger growth in private consumption in the Netherlands and Norway, for example.

The relatively subdued growth in domestic demand must be seen in the light of several factors. Higher prices and interest rates have contributed to dampening households' real purchasing

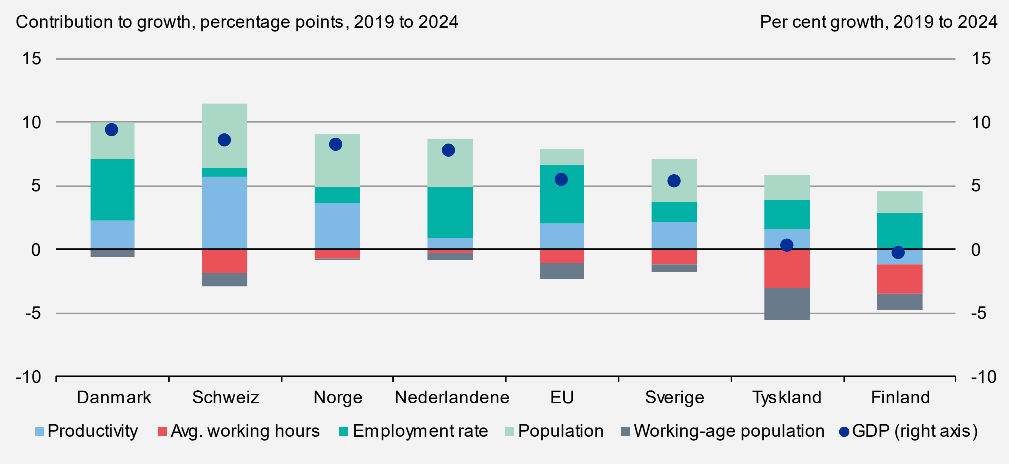
[9] It should be noted that it does not give a true and fair picture for domestic productivity to completely deduct M&P activities from Danish value added, as the activities are to some extent linked to labour, capital and value creation in Denmark from research, intellectual property rights, marketing, etc., *cf. Danmarks Nationalbank (2025): Danish productivity and competitiveness in a globalised world, March 2025.*

power and at the same time have increased their incentive to save rather than consume. In addition, increased uncertainty may have contributed to an increased amount of precautionary savings. The measured growth in business investment must also be seen in the light of higher interest rates and increased uncertainty, which in isolation have made business investment less profitable and given greater uncertainty about future returns.

However, part of the moderation in domestic demand has also been intended in the very short term, as monetary policy rates were raised and fiscal policy tightened in order to dampen demand and price pressures and thereby avoid a mutually reinforcing wage-price spiral, *see below*.

On the supply side, a flexible labour market and an increased labour supply have helped to meet an increasing demand for labour in Danish companies. The increased labour supply is both a consequence of a larger share of the population, including seniors and persons on the edge of the labour market, finding work (increased employment rate) and of the fact that the number of persons of working age has increased – largely as a result of the influx of international labour (increased population), *cf. figure 3.12*. In addition, both the average working hours and the proportion of persons of working age have fallen less in Denmark than in other European countries, including e.g. Germany and Finland. This reflects, among other things, demographic differences.

Figure 3.12 High relative growth in Denmark has been supported by strong progress in the labour market



Note.: The residual between total GDP growth and the sum of the growth contributions is in the figure evenly distributed across approximate growth contributions from the five factors: productivity, average working hours, employment rate, population and proportion of working age (defined as persons between 15 years and 69 years). *Productivity* indicates the contribution of GDP per hour worked, *Average working hours* indicates the contribution to growth from hours worked per employee, *Employment* indicates the contribution of growth from changes in the proportion of persons of working age in employment; *population* indicates the contribution of overall population growth, and *working age* indicates the contribution of changes in the proportion of the working-age population.
Source: Eurostat and own calculations.

Total productivity in Denmark has also been growing, which, all other things being equal, means that Danish companies have been able to increase production for a given amount of domestic capital and labour. This has been supported not least by M&P activities. In a historical context, however, productivity growth has been relatively modest, as has been the case in large parts of Europe.[10] Productivity growth in Denmark has been particularly weak if activity in the pharmaceutical industry is excluded. Overall, productivity growth has been higher in Denmark than in Germany and Finland, for example, but on the other hand lower relative to Switzerland and Norway.

The subdued development in domestic demand combined with rising employment, rising incomes and high export revenues has led to a significant strengthening of both household and corporate savings as a whole – and of public finances through increased tax revenues. This has led to an increase in Denmark's net foreign assets and an increased surplus on the balance of payments, as savings have increasingly exceeded the volume of investment in Denmark, *cf. figure 3.13*. However, this does not reflect a low level of investment in an international perspective, as it is roughly on a par with comparable countries.[11] The savings surplus represents a potential for future growth in demand when it is to be translated into consumption or investment at some point.

Figure 3.13 Companies, households and the public sector have all contributed to increased savings

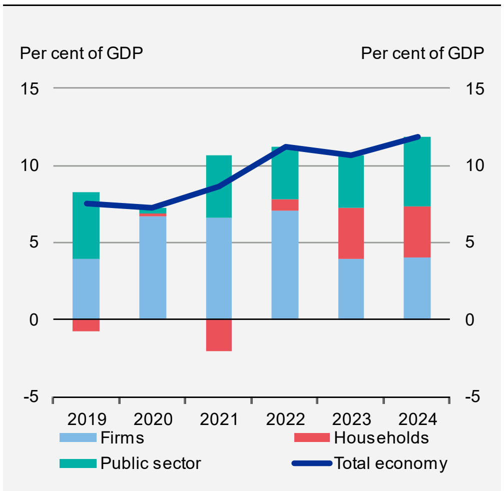
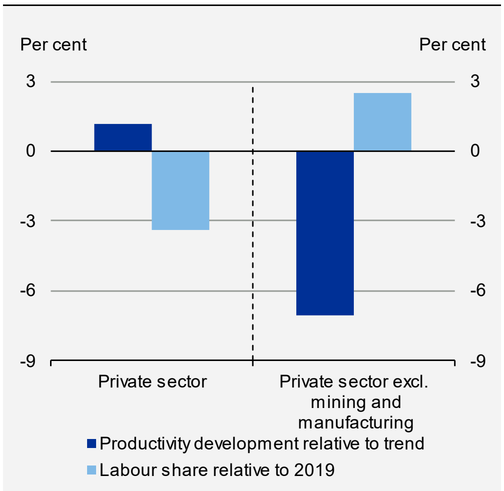


Figure 3.14 In parts of the economy, productivity development has been weak, while Remuneration of labour constitutes an increased part of value added



Note.: Figure 3.13 shows the Danish net acquisition of assets in relation to other countries. Figure 3.14 indicates *Productivity development in relation to trend* productivity level in 2024 compared to a projected exponential trend for the period 2000 to 2019. *Wage ratio compared to 2019* indicates the wage ratio in 2024 relative to the 2019 level. Presentation follows the delimitation of MAKRO.

Source: Statistics Denmark and own calculations.

However, not all parts of the economy currently seem equally cushioned. Thus, the measured increase in activity, combined with a continued increase in employment, masks the fact that productivity growth has been relatively weak in some parts of the economy, *cf. figure 3.14*. At the same time, a growing share of value added goes to the remuneration of labour, i.e. the wage

[10] See also the thematic chapter on this in the Economic Review, May 2025.

[11] Danmarks Nationalbank (2024): The Danish savings surplus: Trends in firm and household savings, *Economic Memo 2024 no. 6*.

ratio has risen in parts of the economy. This is the case, for example, in the service industries (excluding maritime transport) and construction, where there is greater uncertainty about the current robustness and further growth prospects, *cf. Chapter 1*. This can challenge companies' wage competitiveness.

Flexibility and increased labour supply have supported the economic progress

Despite major global shocks and subdued developments in domestic demand and in parts of the business sector, employment growth in Denmark has been high and broad-based. Thus, relative to 2019, there has been an increase in employment across geographies and industries. Since the end of 2019, almost 240,000 more persons have found work, corresponding to a growth of 7.9 per cent. The strong progress stands out when compared internationally. The Netherlands has had about the same increase in employment, but most other comparable countries have had a more subdued and uneven growth, especially Germany, *cf. figure 3.15*.[12]

Figure 3.15 Danish employment growth has has been high in an international perspective

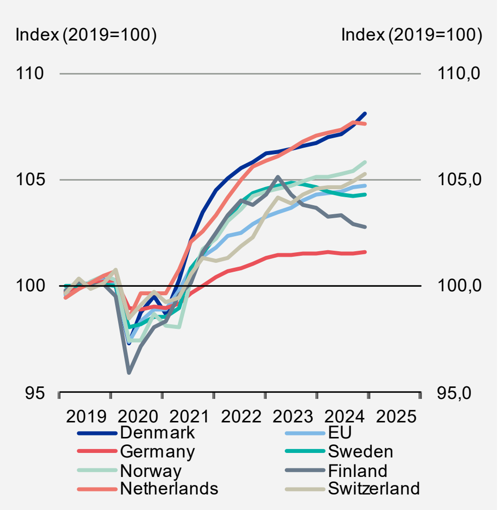
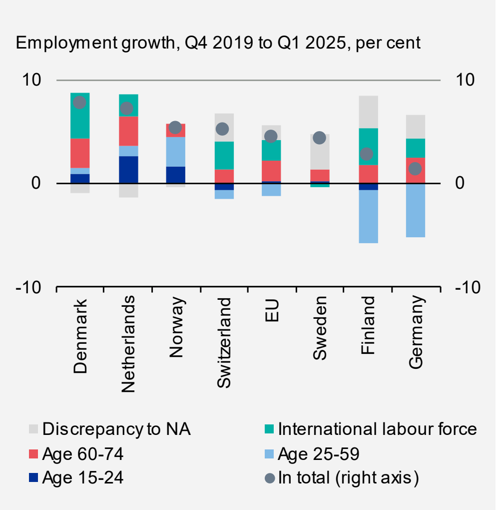


Figure 3.16 Great variation across countries in contribution to employment growth



Note.: In Figure 3.15, employment is based on the national accounts of the respective countries. In Figure 3.16, age groups only include persons with citizenship from the country in question, while international labour includes persons with other citizenships. The figures for Denmark are based on wage earner employment and for other countries based on Eurostat's questionnaire based *Labour Force Survey*. Overall, the questionnaire statement for Denmark shows a slower increase in employment than shown by the register-based statements and the national accounts, especially as a result of a lower contribution from international labour. This is primarily due to lower response rates for this group. Similarly, contributions from international labour may be underestimated in other countries. *Discrepancy to NR* indicates the deviation in percentage points from the growth in employment as measured in the respective countries' national accounts, which may give an indication of the uncertainty associated with this.
Source: Eurostat, Statistics Denmark and own calculations.

On the one hand, the improvement in Danish employment has been based on a high demand for labour in enterprises and, on the other hand, has been supported by flexible labour market structures and reforms aimed at increasing the labour supply and improving incentives to be

[12] If the number of hours worked is considered, the development has also been relatively strong in Denmark, with growth from 2019 to 2024 of approximately 7 per cent, which is more than double the EU as a whole, where there has been an increase of 3.4 per cent.

employed, *cf. earlier*. This has contributed to the labour supply being expanded significantly over a very short number of years, while the labour force has been able to move relatively quickly to the companies where there has been high demand. This has been evident, among other things, in Novo Nordisk, which has gone from 18,000 employees in Denmark in 2021 to having almost 34,000 currently.[13]

There is great variation across European countries in relation to which population groups have contributed to the development of employment. Overall, seniors and international labour have contributed to the majority of the Danish employment growth – and also relatively much when compared with the other countries, *cf. figure 3.16*. On the other hand, there has been a very modest contribution from persons between the ages of 15 and 59. In the Netherlands and Norway, the increase has been more broadly based across ancestry and age groups, while employment in Finland and Germany has had a large decline in the younger age groups, partly as a result of demographic developments. Overall, however, both seniors and international labour have a growing importance for employment development across European countries, but the differences underline that framework conditions play a crucial role in the development of the labour market. Thus, for example, there are large differences in the retirement age across countries, which is central to seniors' attachment to the labour market.

Reforms have played an important role in the development of Denmark. The welfare agreement has ensured that the state pension age increases in line with life expectancy, and as a result of the retirement reforms, the retirement age has gradually been raised from 65 years in 2019 to 67 years in 2025. In addition, in recent years, reforms have been implemented that increase seniors' incentives to stay in employment, including the introduction of the senior premium and the removal of set-off against state pension. In combination with a high demand for labour, this has increased the attachment of Danish seniors to the labour market considerably in recent years, *cf. figure 3.17*. This has meant that the employment rate of Danish seniors is now higher than in both Norway and Sweden, for example, in contrast to 2019.[14]

Also in terms of attracting international labour, structures and reforms in the Danish labour market have played an important role. EU cooperation and the free movement of labour have significantly increased the available labour supply in Denmark[15], but labour from outside the EU is also increasingly important for employment growth. This has been supported by the fact that companies have gradually gained better opportunities to attract labour outside the EU, including the introduction of the Pay Limit Scheme in 2008, the Fast Track Scheme in 2015 and the supplementary Pay Limit Scheme in 2023. This has been demonstrated by a significant increase in the Pay Limit Schemes, *cf. figure 3.18*. Most recently, in June 2025, the government, together with the social partners, presented an agreement on a new collective agreement-based business scheme with a lower pay limit, which will give companies with orderly pay and employment conditions better opportunities to recruit international labour from certain countries.

[13] Calculated for May 2025 as stated on virk.dk.
[14] Measured by employment rates of persons over 65 years of age, based on Eurostat' *s labour force survey*. See also Ministry of Employment (2025): Status of the labour market, June 2025.
[15] See Economic Report, August 2024.

Figure 3.17 Large increase in employment Frequencies for Danish seniors by entry into force of key reforms

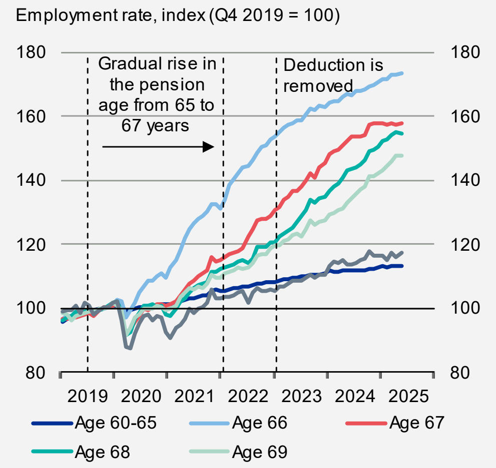
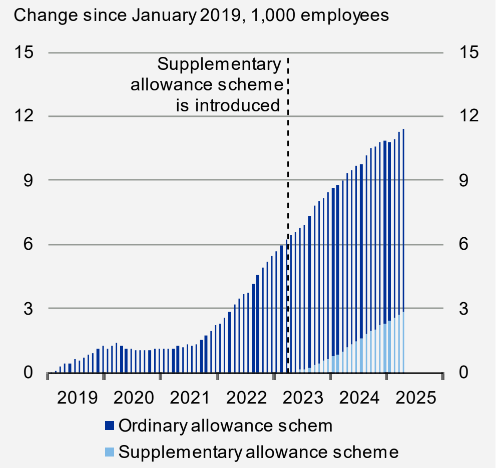


Figure 3.18 Schemes for attracting Labour from outside the EU is increasingly used in Danish companies



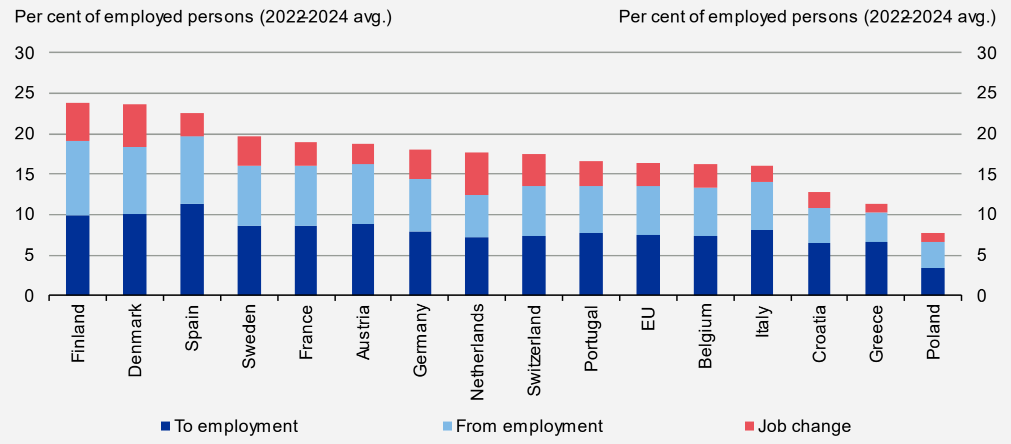
Note.: Own seasonal correction in both figures. The observations of recent months in both figures may underestimate the actual development somewhat due to post-registrations. The removal of the set-off against one's own and spouse's income from the state pension took effect from 1 January 2023, although the removal of the set-off of one's own income from work was not finally adopted until 1 June 2023 with retroactive effect. Pay limit schemes include employees on the pay limit track of the fast track and supplementary pay limit track.

Source: Job effort and own calculations.

In addition to the fact that the labour supply has proven to be relatively flexible and has thus been able to meet a large part of the high demand for labour, mobility in the labour market has also been crucial for the development. Greater flexibility in relation to changing jobs thus means that labour can be allocated more efficiently to the parts of the economy where demand is, which can be key in periods of large fluctuations in the economy.[16] Seen over the past few years, there has been relatively high dynamism in the Danish labour market, with both many job changes and relatively many persons moving in and out of employment, respectively, *cf. figure 3.19*. This should be seen in the context of the Danish flexicurity system, including the social safety net, as well as the collective agreement system's decentralised agreements with a high degree of self-regulation that supports good job matches and that industries and companies can adapt more quickly to fluctuations in demand and supply.

[16] Over the past 20 years, countries with more flexible labour markets have also tended to have higher productivity growth, *cf. Economic Review, May 2025*.

Figure 3.19 Relatively high dynamics in the Danish labour market



Note.: *For employment* indicates the proportion of persons who have entered employment from having been unemployed or outside the labour force, while *From employment* are employed persons who have left the labour force or become unemployed. Based on LFS statements. Job changes are estimated by Eurostat, calculated via their *Labour Force Survey*. The figures are part of Eurostat's experimental labour market statistics. For EU job transfers, an employment-weighted average excl. Malta and Luxembourg due to lack of data.

Source: Eurostat and own calculations.

All other things being equal, the high level of flexibility as well as increased labour supply have helped to alleviate the pressure in the economy and on the labour market in recent years.

A high degree of flexibility and dynamism in the labour market and in companies may also have helped to support productivity, with new companies emerging and growing while the less productive companies exit the market. Analyses in the Economic Review, May 2025, indicate that the Danish business community is relatively dynamic in an EU context. For example, high-growth companies take up more space in Denmark, measured by the share of employees, than in the EU as a whole. This applies to both young high-growth companies and all high-growth companies. Denmark also has a relatively high "business turnover", i.e. a high proportion of companies that open and close, respectively, which can also be an indicator of business dynamics, *cf. figure 3.20*.

Figure 3.20 Business turnover in Denmark is relatively high

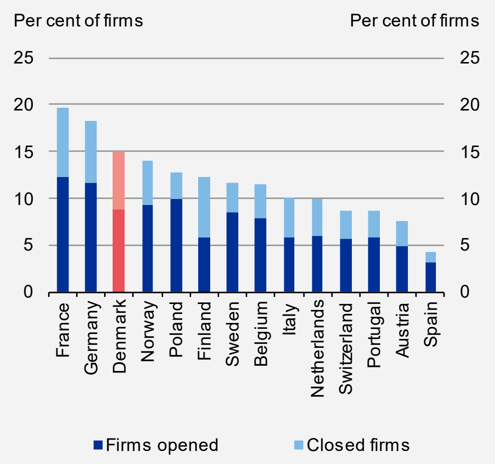
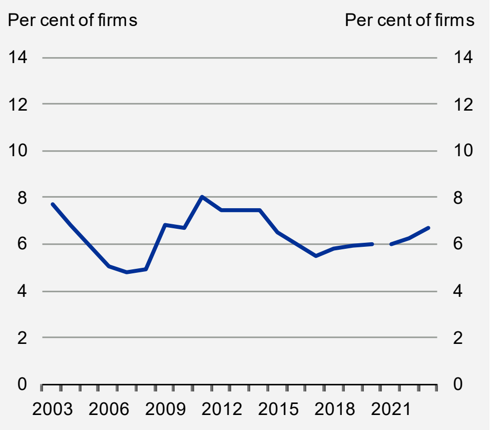


Figure 3.21 Modest share of "zombie companies"



Note.: In Figure 3.20, business turnover is calculated as the number of companies that open and close, respectively, in relation to the total number of companies, as a simple average over the years 2019-2022. In Figure 3.21, zombie companies are defined as companies that have existed for at least 10 years and that for three consecutive years have had lower earnings than corresponding to their interest expenses. The statement is calculated on the basis of the accounting statistics for private urban industries and is shown for enterprises with reported accounting data excluding oil refineries, utilities, shipping, extraction of raw materials, housing use and financing. The enterprises in the accounting statistics have transitioned from being calculated by legal units (1994-2021) to economic units (2019-2023). The scope of zombie companies is therefore shown on the basis of legal entities in 2003-2020 and economic entities in 2021-2023, which causes a data breach.
Source: The World Bank, Statistics Denmark and own calculations.

A further indicator of business dynamics is the proportion of so-called "zombie companies". There is no unambiguous definition of zombie companies in the literature, but these are companies that have low earnings and often have relatively high debt. A large proportion of zombie companies may thus indicate that relatively unproductive companies are holding on to capital and labour that could be better used in more productive companies. Previous analyses have shown that zombie companies take up relatively little space in Denmark compared to other advanced economies, *cf. Economic Review, December 2018 and Danmarks Nationalbank (2019)*. Danmarks Nationalbank explains the low share by the fact that Denmark has a good framework for winding up weak companies, and that a high degree of income protection can reduce resistance to closing companies, as the costs for the affected employees may be lower than in countries with less income protection.[17]

[17] Danmarks Nationalbank (2019): Zombie companies take up little space in Denmark.

An updated statement of the share of zombie companies in Denmark shows a slight increase in recent years, but seen from a historical perspective, there are still relatively few zombie companies, *cf. figure 3.21*. The corona pandemic had a negative impact on many companies' finances, which is why a number of aid packages were launched. The limited increase in the proportion of zombie companies indicates that the bailout packages have not contributed to a greater extent to keeping unprofitable companies alive in Denmark. Two recent reports show that an increased share of zombie companies around or after the corona pandemic has been a global trend.[18]

A crucial factor for productivity growth is adaptability and the acquisition of new technology, which Danish companies are good at in several respects. During the corona pandemic, Danish companies were quick to adapt to the use of remote working, which helped many companies maintain economic activity. This was partly supported by the fact that Danish companies have a high degree of digitalisation[19], which contributed to the decline in activity in Denmark in 2020 being smaller than seen in many other countries in Europe.[20] In the wake of this, Danish companies have also been able to meet a new demand for flexible working methods among their employees. Thus, in 2024 (with 41 per cent), Denmark was the country in Europe with the fifth largest share of employed persons who either mostly (8 per cent) or sometimes (33 per cent) work from home.[21] The high degree of digitalisation has also enabled a rapid implementation of artificial intelligence in companies' workflows and processes, *cf. box 3.4*. Also with other technologies, there has previously been a great technological readiness to adapt in Danish companies. Thus, Danish industrial companies are today among the most automated in the world as a result of a high proportion of industrial robots.[22]

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[18] Benerjee, Doer & Hofmann (2024): Wither the Walking Dead? The Consequence of Artificial Intelligence for Zombie Firms and Albuquerque & Iyer (2023): The Rise of the Walking Dead: Zombie Firms Around the World, IMF WP/23/125. The two reports use different definitions of zombie companies than Figure 3.21. The latter indicates a slightly larger prevalence of zombie companies in Denmark relative to other countries than the previous studies.

[19] Gill et al (2025) argue that the relatively high degree of teleworking in the Nordic countries is supported by good technological infrastructures, digital readiness among the populations and a high level of trust between employer and employee. *Why Are Nordic Workers So Remote?: Potential Causes and (Some) Indirect Labor Market Consequences, Gill, Hensvik and Skans (2025).*

[20] See also Chapter 2 on the consequences of the pandemic on economic activity in the Economic Review, December 2021.

[21] Based on Eurostat figures "Employed persons working from home as a percentage of the total employment". In 2020, the share of persons who mostly worked from home increased to 17 per cent from 8 per cent in 2019, while the share who sometimes work from home fell to 18 per cent from 21 per cent. Overall, the share of persons who worked from home thus increased by about 6 percentage points.

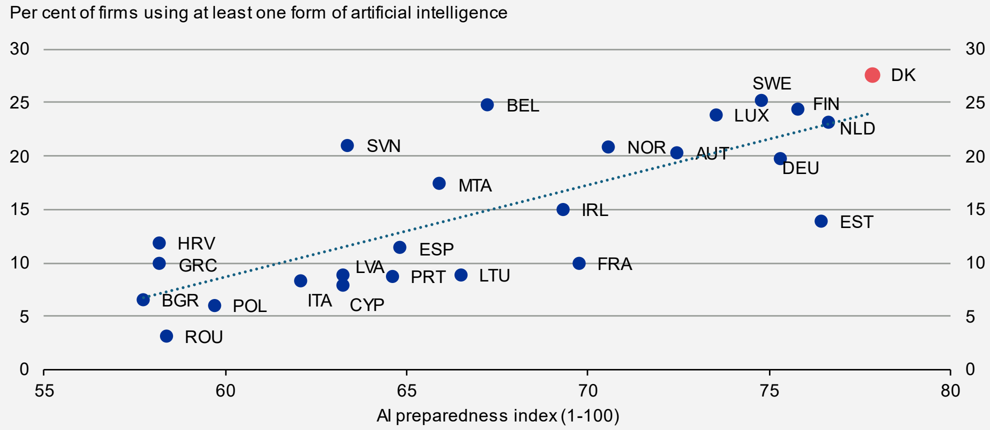
[22] Ministry of Economic Affairs (2023): Robots on the Danish labour market, *Economic analysis*.

Box 3.4 Danish companies have quickly embraced artificial intelligence

Overall, Danish companies are considered to have a good starting point for embracing new technologies, including artificial intelligence, due to a high degree of digitalisation. This has also been shown by the fact that Denmark has the highest proportion of companies in the EU that use at least one form of artificial intelligence in their work. *cf. figure a*. This shows that Danish companies have a great technological adaptability in an international perspective, which is and will remain central to the companies' competitiveness in a period where the emergence of generative artificial intelligence and new ways of working are expected to increasingly influence the development of society. There is a correlation between the use of artificial intelligence by companies and that of the IMF *AI preparedness index*, which measures the prerequisites for deploying AI on a range of objectives, including in terms of human capital, digital infrastructure, labour market policy, innovation, regulation, ethics and economic inclusion.

Previous analyses have shown that Danish jobs generally have a relatively high exposure to artificial intelligence, but also that most of these jobs are highly complementary to the tools that artificial intelligence brings.[1] This may indicate that AI can help increase the productivity of employees in the given job rather than replace them, and can thus help reduce the risk of abrupt and deep changes in the labour market. In addition, adaptable companies and flexible labour markets provide better conditions for reallocating resources and labour and thereby better opportunities to exploit the productivity potentials from the spread of artificial intelligence.

Figure a Readiness and use of AI by businesses



1) See, for example, the IMF (2025): The impact of artificial intelligence on Denmark's labour market, *Selected Issues*, July 2025 and Chapter 5, Economic Review, August 2024.

Source: Eurostat, IMF and own calculations.

Rapid normalisation of inflation after the period of high inflation

Russia's invasion of Ukraine led to energy prices rising very dramatically in many countries. This contributed to an acceleration in inflation in the course of 2022 and in autumn 2022 to above 10% in both Denmark and the euro area, *cf. figure 3.22*. Inflation had already risen before that as a result of increased demand on the back of the coronavirus pandemic, combined with challenges in global supply chains.

Figure 3.22 Inflation slowed down rapidly in Denmark after the period of high inflation

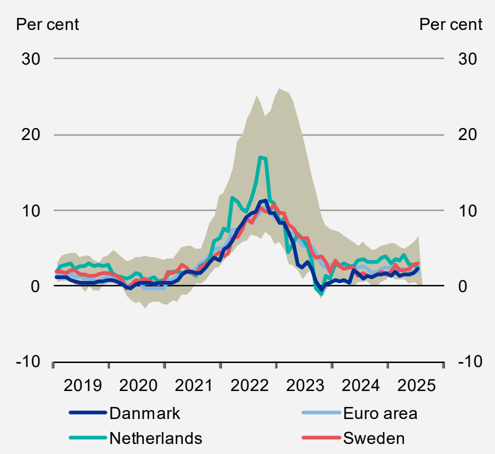
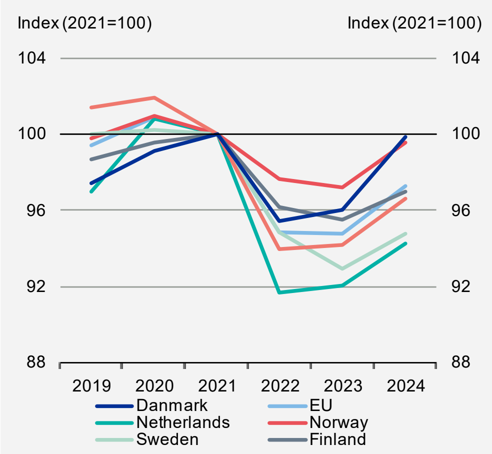


Figure 3.23 Real wages in manufacturing fell less in Denmark than in the EU – and in 2024 were back at the level of 2021



Note.: In Figure 3.22, the brown area indicates the maximum and minimum in the EU. Inflation is calculated as the development in the EU-Harmonised Index of Consumer Prices (HICP). In Figure 3.23, hourly earnings are calculated as hourly earnings in manufacturing according to DA's International Wage Statistics, deflated by developments in the EU-harmonised consumer price index. The EU is excl. Denmark and includes the EU countries included in DA's statistics: Germany, Sweden, France, the Netherlands, Italy, Belgium, Poland, Spain, Finland, Austria, Ireland, the Czech Republic, Hungary, Portugal and Greece. Real wage developments in the EU are weighted by the weights in the effective krone exchange rate index.

Source: Eurostat, the Danish Employers' Confederation, Danmarks Nationalbank and own calculations.

In response to rising inflation, monetary policy was tightened significantly. The ECB raised the interest rate significantly by 4.5 percentage points in the period from July 2022 to September 2023, and Danmarks Nationalbank followed suit and raised the benchmark monetary policy rate in Denmark by 4.2 percentage points in order to maintain the krone exchange rate against the euro. At the same time, a responsible fiscal policy was pursued in Denmark, which contributed to not increasing inflation. Fiscal policy was tightened in 2022 and 2023. In addition, policy support schemes aimed at mitigating the consequences of high inflation for households and businesses were more temporary and targeted and had a smaller scope than in several other EU countries, which contributed to less distortion of price signals in Denmark*, cf. e.g. Danmarks Nationalbank (2023) and Bruegel (2023).*

Inflation moderated from the end of 2022 in both Denmark and the euro area, but it slowed faster in Denmark. This reflects, among other things, the fact that energy prices fell faster in Denmark than in the euro area.[23] Inflation has been low and stable over the past two years. For more on the current price development, see Chapter 1.

High inflation led to an erosion of purchasing power, as wages did not initially keep up with the rise in inflation. However, the relatively rapid fall in inflation in Denmark relative to several other EU countries contributed to a smaller decline in real wages in manufacturing, for example. Danish wage earners received high nominal wage increases seen in a historical perspective on the back of the erosion, but without a wage-price spiral occurring, where the high nominal wage increases and inflation mutually reinforced each other. In 2024, real wages in Denmark were roughly back at the same level as before the period of high inflation, when they remained lower in several EU countries, *cf. figure 3.23*.

The loss of household purchasing power led to a sharp decline in private consumption in 2022 and 2023. The latest national accounts figures also indicate that households adapted by reducing consumption of several of the product groups that have risen the most in price in a downward direction and, conversely, increased consumption of some of the product groups that have fallen or increased less in price.

Sound public finances ensure fiscal room for manoeuvre

Denmark is the only EU country to have a surplus on public finances in all years in the period 2019-2024, *cf. figure 3.24*.[24] At the same time, public debt was among the lowest in 2024, with a significant gap to the 60 per cent of GDP limit in the EU's Stability and Growth Pact, *cf. figure 3.25*. This provides scope for an active, stabilising fiscal policy in the event of an economic downturn without coming into conflict with the debt and balance requirement in the EU's Stability and Growth Pact, *cf. Chapter 2*.

The coronavirus pandemic led to a sudden weakening of public finances in most of Europe due to the need for active fiscal policies to support the economy, with large deficits in 2020 leading to a significant increase in public debt. For many countries, this became a significant burden on already strained public finances. For Denmark, the strong starting point meant that there was considerable fiscal room for manoeuvre to counter the crisis and to pursue a stabilising fiscal policy with a number of targeted and temporary measures – without bringing public debt into conflict with the debt criterion.

The Danish situation is in sharp contrast to a number of other EU countries. Large economies such as Italy and France continue to have very high debt levels of over 100% of GDP. Germany, which has traditionally had a strong focus on keeping public debt stable, has at times exceeded the debt limit (at 60 per cent of GDP). The other EU countries, like Denmark, are facing future spending pressure from ageing populations, continued green transition and strengthening of

[23] See, for example, Danmarks Nationalbank (2023): Inflation – why did it rise and what are the drivers ahead, Bruegel (2023) Dataset, National fiscal policy responses to the energy crisis (bruegel.org), Danmarks Nationalbank (2025): High price level contributes to lower inflation in Denmark than in the euro area, and Danmarks Nationalbank (2023): Falling but still high inflation, *Outlook for the Danish economy*.
[24] Denmark has had a surplus on public finances since 2016 and the largest surpluses among EU countries since 2019.

defence and security, but many are weaker equipped to deal with these challenges given a starting point with high debt levels and limited fiscal room for manoeuvre.

Figure 3.24 Denmark has had significant public finance surplus compared to other EU countries

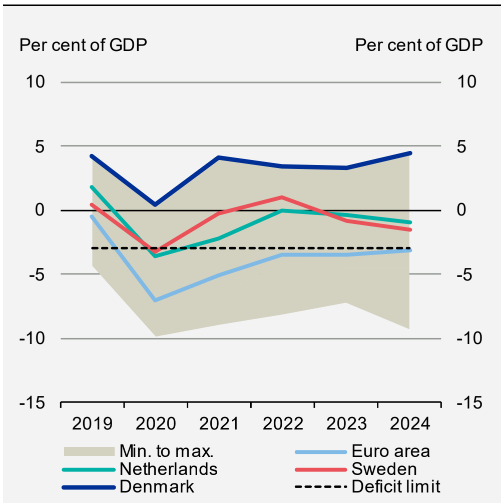
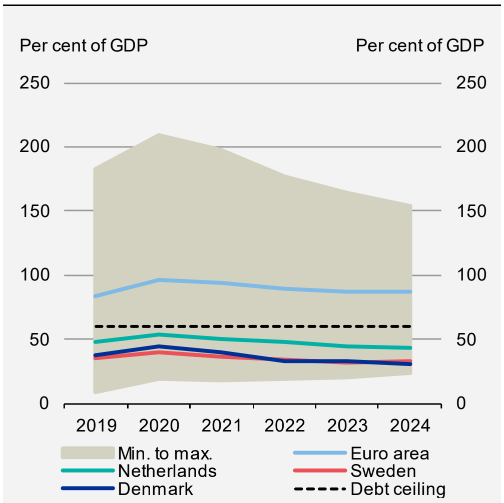


Figure 3.25 Denmark has a low public debt compared to the other EU countries



Note.: The shaded areas show the minimum (bottom) and maximum (top) among the EU member states, respectively. Figure 3.24 shows the deficit in general government, the so-called general government EMU balance. Figure 3.25 shows EMU debt, which is gross public debt measured at nominal value for general government.
Source: Statistics Denmark, Eurostat and own calculations.

The substantial surpluses in public finances in the period 2019-2024 should be seen in the context of the fact that developments in the economy have repeatedly exceeded expectations in several respects, but also with a desire for fiscal restraint given the inflationary pressures and the favourable economic situation. This has meant, among other things, that the general government balance has continuously surprised positively, and that expectations for public finances going forward have been revised up very significantly. The ongoing upward revisions are mainly due to (structurally) higher tax revenues from taxation of share income and corporate profits as well as significantly stronger expectations for structural employment than previously.[25]

3.3 Resilience and adaptability are key to future shocks and structural challenges

The Danish economy currently rests on a strong foundation supported by decades of structural reforms. This has reduced the vulnerability of the economy to large, unforeseen shocks and contributed to the Danish economy being adaptable and overall coping well through the series of major global shocks and increased uncertainty over the past five years.

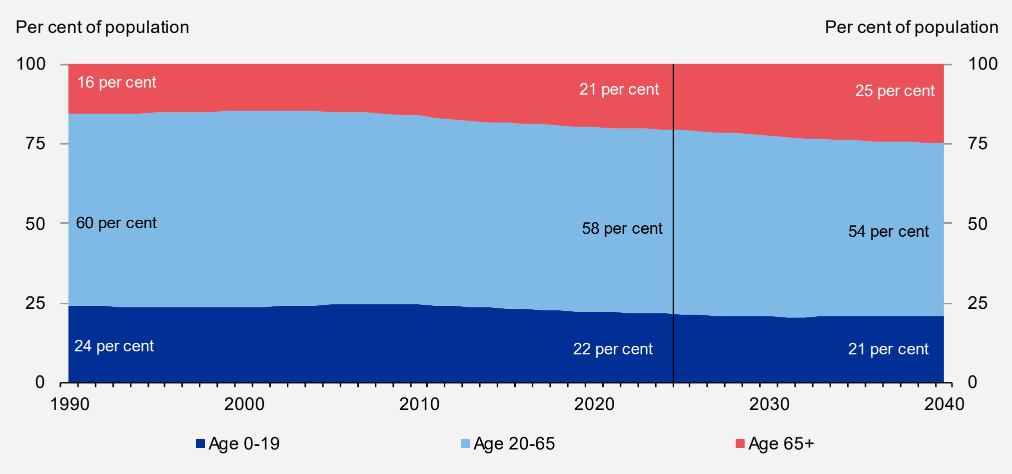
In recent years, a number of initiatives have been taken to support further economic development, including a focus on ensuring accessible and qualified labour. The incentives for seniors

[25] Cf. Ministry of Finance (2025): Updated 2030 Path: Basis for expenditure ceilings 2029.

to stay longer in work have been strengthened, including the removal of set-off in the state pension, and from 2026, a new employment deduction for seniors close to retirement age will be phased in, while the senior premium will be increased. In addition, the companies' opportunities to obtain qualified international labour on orderly pay and working conditions have been improved, most recently with the new collective agreement-based business scheme, *cf. earlier,* while the efforts against the use of illegal labour in Danish workplaces have been strengthened in parallel, and intensified supervision of large building and construction projects has been carried out. In order to strengthen the attachment to the labour market, especially among non-Western immigrants, a work obligation of up to 37 hours per week has been introduced for persons who receive benefits in the social security system and do not meet the residence and employment requirements. In addition, an agreement has been reached on a youth boost that focuses on helping the 43,000 young persons without education or work into the labour market or in education. A number of reforms have also been agreed in the area of education, including the Master's degree reform, and reforms aimed at securing labour with practical experience and skills that are more directly linked to the welfare area and the business community. This is supported, for example, by agreements on upskilling and adult and continuing education, the new vocational and profession-oriented upper secondary education (EPX) and through increased funding for a general quality improvement of vocational and profession-oriented education.

Economic structures and adaptability will also be tested in the coming years. This is not least due to growing pressure from demographic developments, *cf. figure 3.26*. An increase in the proportion of elderly citizens over the coming decades will entail higher costs for key welfare areas such as health and care and, all other things being equal, will contribute to increasing the demand for hands in the public welfare system. In a situation with low unemployment and pressure on the labour market, this will mean that companies may find it more difficult to recruit employees.

Figure 3.26 Seniors will make up an increasing proportion of the population in the future



Note.: Figures in the figure indicate the shares in 1990, 2024 and 2040, respectively. In 2024, the shares do not add up to 100 as a result of rounding.
Source: Statistics Denmark and own calculations.

In addition, the challenges are linked to the current geopolitical and trade policy tensions as well as to the fulfilment and financing of major and central priorities for defence and security, welfare and the green transition. At the same time, productivity growth in parts of the private sector has been weak in recent years. These challenges characterise the forecast in this Economic Report and will also affect the economy in subsequent years, *cf. Updated 2030 Scenario: Basis for expenditure ceilings 2029, Ministry of Finance*. The Danish economy is not alone in facing many of the challenges, which also apply across EU countries. Therefore, strengthening the productivity, competitiveness and resilience of economies is also a key theme on the European agenda, which requires both national reforms and joint EU action, *cf. the thematic chapter of the Economic Review, May 2025*.

Timely due diligence in economic policy has provided the Danish economy with good conditions for dealing with the above challenges. The Danish welfare society and current prosperity are based on the premise that there is a high level of labour market participation and a high level of productivity. This requires that there are healthy incentives to get into employment and be in employment. In addition, it is crucial that companies have good access to qualified labour as well as good framework conditions that can support future productivity growth. In addition, demographic developments in particular mean that effective management of the public sector remains important.

Overall, the previous decades have shown that the construction and continuous improvement of flexible structures as well as good framework conditions and incentives have required high growth and prosperity in Denmark. The current and future challenges underline the importance of maintaining the strong economic foundation that has underpinned the good starting point for the Danish economy and created the conditions for the financing of the welfare society.

Appendix table 3.1 Background information and sources for Figure 3.8 on measurements of the business climate

Measurement	Release	Purpose
Competitiveness	World Competitiveness Ranking, IMD, 2025	Ranking the competitiveness across 69 countries. Switzerland is number 1, while Denmark is number 4 in the ranking.
	Global Competitiveness Index, World Economic Forum, 2019	Ranks competitiveness across 141 countries. Singapore is number 1, while Denmark is number 10 in the ranking.
Terms and conditions	Best Countries for Business, Forbes, 2018	Ranks which countries have the most favourable business environments and are most attractive for capital investment across 161 countries. Great Britain is number 1, while Denmark is number 7 in the ranking.
	Ease of Doing Business, World Bank, 2020	Assessing the extent of regulatory and administrative barriers to business activity in 190 countries. A higher ranking indicates a more effective regulatory environment for business. New Zealand is number 1, while Denmark is number 4 in the ranking.
Financial freedom	Economic Freedom of the World, Fraser Institute, 2024	Measures the degree of economic freedom in 165 countries. Economic freedom is defined as the individual's ability to make his or her own financial decisions. Hong Kong is number 1, while Denmark is number 6 in the ranking (shared with Ireland).
	Index of Economic Freedom, Heritage Foundation, 2025	Ranks the degree of economic freedom in 176 countries. Economic freedom is defined as the individual's freedom in choices of work, production, and investment. Singapore is number 1, while Denmark is number 7 in the ranking.
Globalisation	KOF Globalization Index, ETH Zurich, 2022	Measures the degree of globalisation in 215 countries divided into three dimensions of globalisation: economic, social and political. Each country is assigned a score on a scale from 0 (not globalized) to 100 (fully globalized). The Netherlands has the highest score, while Denmark has the 9th highest score.
Innovation	Innovation Scoreboard, European Commission, 2025	Compares the research and innovation performance of EU countries and 12 neighbouring countries. Switzerland is number 1, while Denmark is number 3 in the ranking.
Product market regulation	Product Market Regulation, OECD, 2023/2024	Measures the degree of regulatory barriers to competition in product and service markets in OECD countries. A low score indicates a more competitive regulatory environment. Sweden has the lowest score, while Denmark has the 9th lowest score in the rankings.
Talents	Global Talent Competitiveness Index, Insead, 2023	Measures the ability of 134 countries to attract, develop and retain talent. Switzerland is number 1 in the ranking, while Denmark is number 4.

Annex Tables

Table B.1 Demand, imports and production

	2024	2025	2026	2024	2025	2026	2024	2025	2026
	DKK bn.			Volume, per cent			Prices, per cent		
Private consumption	1,276	1,327	1,369	1.0	2.3	2.2	1.8	1.7	0.9
Public consumption[1)]	672	734	769	1.8	5.4	2.6	4.5	3.6	2.2
Public investments[)]	93	106	115	2.4	12.5	7.5	1.8	1.4	1.1
Residential investment	137	141	149	-10.2	2.2	3.7	0.7	1.3	1.3
Business fixed investment	453	429	441	7.6	-6.5	1.5	1.2	1.2	1.2
Domestic demand excl. invetory investment	2,631	2,738	2,843	1.5	1.9	2.5	2.3	2.1	1.3
Inventory investment[3)]	4	12	12	0.3	0.2	0.0			
Total domestic demand	**2,627**	**2,750**	**2,855**	**1.2**	**2.2**	**2.5**	**2.4**	**2.4**	**1.3**
Exports of goods and services	2,078	2,110	2,189	7.1	0.9	2.9	0.4	0.7	0.8
Total demand	4,705	4,860	5,044	3.7	1.6	2.7	1.5	1.6	1.1
Imports of goods and services	1,778	1,820	1,899	4.1	1.9	3.7	1.6	0.4	0.6
Gross domestic product	2,927	3,040	3,146	3.5	1.4	2.1	1.5	2.4	1.4
Taxes on products, net	333	351	350						
Gross value added	2,594	2,689	2,795	3.8	1.1	2.0	1.2	2.5	2.0
- Non-farm private sector[4)]	1,801	1,866	1,946	5.5	1.1	2.6	0.0	2.5	1.7
Gross national income	3,020	3,138	3,244						

Note: The division into volume and price components is made based on a fixed price calculation in the previous year's prices. The figures indicate the percentage increase compared to the previous year.
1) The change in volume for public consumption is calculated using the input method. For 2025-2026, growth in public consumption using the input method is assumed to equal growth using the output method.
2) Public investments exclude general government net purchases of buildings, and therefore the figures will deviate from public investments in table B.7.
3) The volume figures reflect changes in inventories compared to GDP.
4) Non-farm private sector consists of manufacturing, construction and private service excluding shipping.
Source: Statistics Denmark and own calculations.

Table B.2 Interest rates, oil price, exchange rates and external assumptions

Interest rates, per cent		2022	2023	2024	2025	2026
USA	Federal Funds Target Rate	1.9	5.2	5.3	4.4	3.6
	3-month LIBOR	2.4	5.4	5.3	4.4	3.5
	10-year government bond	3.0	4.0	4.2	4.4	4.5
Euro area	Main Refinancing Operations Rate	0.6	3.8	4.1	2.3	1.9
	3-month EURIBOR	0.8	3.6	3.0	2.2	1.9
	10-year government bond (Germany)	1.1	2.4	2.3	2.6	2.7
Denmark	Certificates of deposit rate	0.0	2.9	3.3	1.8	1.4
	3-month CIBOR	0.6	3.5	3.5	2.1	1.8
	1-year adjustable mortgage rate	0.9	3.4	3.0	1.9	1.8
	1-year government bond	1.4	2.6	2.2	2.4	2.6
	30-year mortgage interest rate	3.7	4.8	4.3	4.2	4.3
	Average interest rate	1.4	2.8	2.4	2.7	2.7
Oli price						
Dollar per barrel		100.8	82.5	80.5	70.7	69.9
DKK per barrel		713.1	568.2	555.2	476.9	448.1
Exchange rate						
DKK per 100 dollar		707.6	689.0	689.4	674.7	641.3
DKK per 100 euro		744.0	745.1	745.9	746.1	746.4
Effective Krone Rate Index (1980=100)		101.9	104.7	105.0	105.6	107.3
Real growth rate, per cent						
External assumptions						
Export market growth[1)], per cent		7.9	1.1	2.5	2.2	1.9
Trade weighted GDP-growth[2)], per cent		2.7	1.1	1.5	1.5	1.8

Note: The projections are based on data through August 1. 2025. Annual averages are own calculations. For monetary policy interest rates. The interest rate estimate is based on an assessment of the latest announcements by central banks and market expectations. For money market rates and the yield on 10-year government bonds. Estimates are based on market expectations. which are based on the prices of swap interest rates. For the 1-year and 30-year mortgage rate bonds. Data is Finance Denmark's bond rates and estimates are based on spreads to the 3-month money market rate and the 10-year government bond rate respectively. Estimates for exchange rates are calculated technically by assuming that the exchange rate for the remaining forecast period corresponds to the average during the last ten days prior to the estimation. Estimates for the oil price are based on the International Energy Agency: *World Energy Outlook*, October 2024, as well as futures prices.

1) Calculated as the weighted average of import growth in Denmark's 36 most important trade partners. The weights reflect the countries' share of Danish manufacturing exports in 2024.

2) Calculated as the weighted average of the GDP-growth in Denmark's 36 most important trade partners. The weights reflect the countries share of Danish export of goods and services in 2024.

Source: Macrobond, Nordea Markets, The international Energy Agency, OECD: *Economic Outlook*, june 2025 and own calculations.

Table B.3 Population and labour market

	2022	2023	2024	2025	2026
1.000 persons					
Total population	5,890	5,919	5,945	5,971	5,992
- Labour force	3,236	3,278	3,303	3,345	3,357
- Total employment	3,161	3,196	3,217	3,259	3,269
- Gross unemployment (incl. activation)[1)]	76	83	87	88	89
- Net unemployment	65	72	77	74	76
- Outside the labour force	2,653	2,640	2,641	2,625	2,635
- Early retirement pensioners outside the labour force	205	212	219	226	232
- Senior pensioners outside the labour force	17	22	23	24	23
- Voluntary early retirement	47	34	26	20	17
- Persons under 15 years	943	936	928	923	921
- Pensioners outside the labour force	963	966	983	1,001	1,014
- Others outside the labour force	479	469	462	433	428

1) The number of enemployment benefit recipients in activation and labour.market-ready cash benefit recipients includes persons in subsidised employment.
Source: Statistics Denmark and own calculations.

Table B.4 Employment by industry including leave

	2022	2023	2024	2025	2026
1.000 persons					
Employment, total	3,161	3,196	3,217	3,259	3,269
- Service industries	1,697	1,719	1,725	1,751	1,758
- Construction	209	208	209	214	214
- Manufacturing	323	330	339	345	345
- Agriculture	66	67	66	67	67
- Public sector	866	873	878	883	886

Note: The sectoral breakdown in MAKRO is not entirely consistent with the classification used in the national accounts. The sectors of housing and maritime transport are included under service industries, while raw material extraction and energy supply are classified under manufacturing industries.
Source: Statistics Denmark and own calculations.

Table B.5 Unemployment

	2022	2023	2024	2025	2026
1.000 persons					
Gross unemployment	76	83	87	88	89
- Per cent of workforce	2.3	2.5	2.6	2.6	2.6
Net unemployment	65	72	77	74	76
LFS unemployment (per cent)	4.5	5.1	6.2	6.6	6.7

Note: Differences in the definition of the labour force between the Ministry of Economic Affairs and the Ministry of Finance on one side and Statistics Denmark on the other means that the gross unemployment rate in per cent of the workforce is estimated at a lower level.
Soruce: Statistics Denmark and own calculations

Table B.6 Benefit recipients etc.

	2022	2023	2024	2025	2026
1.000 persons					
Unemployment benefits (excl. activation)	55	62	68	65	68
Cash benefits (excl. activation)	64	61	58	53	55
Recipients of unemployment benefits and cash benefits in activation[1)]	21	20	19	22	22
Holiday allowance	2	2	2	2	3
Early retirement pension[2)]	226	234	241	248	255
Senior pension	19	26	29	30	29
Ressource assessment benefit	38	37	36	36	36
Voluntary early retirement	47	34	26	20	17
Early retirement benefit	7	12	12	12	11
Flex job scheme benefit	3	2	1	1	1
Rehabilitation allowance[3)]	2	1	1	1	1
Sickness benefit[4)]	86	79	71	70	71
Maternity leave	53	50	50	54	54
Benefit for unemployed	13	15	15	15	15
Self-support, home-travelling and transitional benefits[5)]	14	14	13	17	15
Total	**650**	**650**	**644**	**647**	**653**
Student grant (SU)[6)]	297	287	284	283	284
Total, including SU	**947**	**937**	**928**	**931**	**937**
Pensioners	1,102	1,108	1,126	1,146	1,161
Total, including SU and pensioners	**2,049**	**2,045**	**2,054**	**2,077**	**2,098**
Subsidised employment[7)]	103	106	108	109	113
Total, including SU, pensioners and subsidised employment	**2,152**	**2,151**	**2,162**	**2,186**	**2,211**

Note: Recipients of education assistance benefit, the special education benefit and other temporary benefits (kontantydelse) are included as cash benefit recipients. From mid-2025, the new cash benefits system will come into effect. The new system abolish educational benefits and self-support, home-travelling and transitional benefits. Self-support, home-travelling and transitional benefits will be replaced by a minimum rate, which is included in the calculation with half-yearly effect in 2025.

1) The data does not cover persons in subsidised employment and thereby differs from other register-based data and table B.3. Furthermore, both labour market ready and non-labour market ready cash benefit recipients are included in the group of recipients of unemployment benefits and cash benefits in activation schemes.

2) Early retirement and retirement pension include pensioners living abroad as well as pensioners, who are employed.

3) Excl. persons on disablement rehabilitation with wage support.

4) The number of sickness benefit recipients does not reflect the total absence due to illness. It includes the part of the sickness absence, which is not covered by the employer. Specifically, this covers sickness absences longer than 30 days as well as sickness among the unemployed.

5) The number of self-support and home-travelling as well as transitional benefits are calculated excl. recipients of wage subsidies.

6) The number of SU recipients are calculated as a simple average based on quarterly data and may differ from other figures due to adjustments made to avoid double counting.

7) Includes persons in employment with wage subsidies (including flexi-jobs and sheltered jobs).

Source: Statistics Denmark, DREAM and own calculations.

Table B.7 Gross investments

	2024 Level DKK bn.	2022	2023	2024	2025	2026
		Real growth rate, per cent				
Gross fixed capital formation	683	1.7	-3.8	3.0	-2.2	2.9
Divided by type:						
- Constructions investments	313	-1.3	-6.6	-2.2	7.9	3.6
- Tangible and intangible investments	370	4.8	-1.0	8.0	-10.7	2.2
Divided by group:						
- Residential investments	137	-6.9	-15.8	-10.2	2.2	3.7
- Public investments[1)]	93	-1.4	-0.9	4.2	12.6	7.6
- Total business investments	453	6.4	0.6	7.6	-6.5	1.5
- Construction investments	134	10.0	4.3	9.5	2.9	1.5
- Tangible and intangible investments	319	5.0	-0.9	6.8	-10.5	1.5

1) Public investments are incl. public acquisitions of buildings, which is why numbers differ from what is stated in table B.1.
Source: Statistics Denmark and own calculations.

Table B.8 Balance of payments

	2022	2023	2024	2025	2026
DKK bn.					
Goods exports	1,043	1,101	1,190	1,232	1,288
Goods import	1,006	913	937	977	1,018
Goods balance, total	**38**	**188**	**253**	**256**	**270**
Service exports	960	832	889	878	901
Service imports	728	768	842	843	880
Service balance, total	**232**	**63**	**47**	**34**	**21**
Balance of goods and services	269	251	300	290	291
- Per cent of GDP	10	9	10	10	9
Investment income from abroad, net	92	107	113	118	120
Wage income from abroad, net	-17	-20	-23	-23	-24
Other current transfers from abroad, net[1)]	-28	-31	-33	-38	-48
Net transfers from abroad, total	47	56	57	56	47
Current account, total	316	307	357	346	338
- Per cent of GDP	11.2	11.0	12.2	11.4	10.7

1) Including EU payments, net.
Source: Statistics Denmark and own calculations.

Table B.9 Exports and imports

	2024	2022	2023	2024	2025	2026
	DKK bn.	Real growth rate, per cent				
Exports						
Goods, total	1,190	5.5	5.4	10.5	2.7	3.2
- Electricity, fuels and gas	47	-5.8	-6.1	24.0	23.4	6.6
- Other goods	1,143	6.0	6.4	9.9	1.9	3.0
Services, total	889	8.1	10.3	2.7	-1.6	2.5
- Maritime transport	383	-2.6	1.1	4.1	1.8	1.7
- Other services	425	13.2	26.4	0.8	-5.0	3.3
Total	**2,078**	**6.6**	**7.8**	**7.1**	**0.9**	**2.9**
Imports						
Goods, total	937	0.2	-4.2	2.3	3.9	3.4
- Electricity, fuels and gas	127	-4.1	8.8	14.3	-0.6	-1.0
- Other goods	810	0.8	-7.0	0.4	4.6	4.0
Services, total	842	15.0	11.7	6.3	-0.3	4.0
- Maritime transport	249	-10.1	28.7	4.0	1.7	1.8
- Other services	592	28.8	2.1	7.3	-1.2	5.0
Total	1,778	6.0	2.5	4.1	1.9	3.7
		Change, per cent				
Export prices						
Goods, total	1,190	12.3	0.1	-2.2	0.9	1.3
Services, total	889	40.6	-21.5	4.0	0.4	0.1
Total	**2,078**	**24.3**	**-10.5**	**0.4**	**0.7**	**0.8**
Import prices						
Goods, total	937	20.9	-5.3	0.3	0.3	0.8
Services, total	842	20.3	-5.5	3.0	0.5	0.3
Total	**1,778**	**20.6**	**-5.4**	**1.6**	**0.4**	**0.6**

Source: Statistics Denmark and own calculations.

Table B.10 Private consumption

	2024	2022	2023	2024	2025	2026
	DKK bn.	Real growth rate, per cent				
Total consumption	**1,276**	**-2.2**	**-2.5**	**1.0**	**2.3**	**2.2**
- Purchase of vehicles	55	-19.7	21.1	4.2	14.0	4.0
- Housing	290	-0.2	0.4	0.8	1.3	1.4
- Electricity, fuels and gas	87	-7.4	-5.1	-0.7	-1.5	0.0
- Other goods	391	-5.4	-8.1	0.6	2.1	2.6
- Other services	475	8.2	-0.8	1.7	2.4	2.6
- Tourism expenditures	57	31.7	23.6	5.4	0.0	2.0
- Tourism revenues	80	90.2	15.8	6.1	0.3	2.5

Note: Total private consumption is the sum of the subcomponents, excluding tourism revenues.
Source: Statistics Denmark and own calculations.

Table B.11 Net lending by sector

	2022	2023	2024	2025	2026
DKK bn.					
Private sector, total	221	202	216	283	320
- Households	22	92	99	155	145
- Corporations	200	110	117	128	175
General government	96	96	131	55	11
Total	**317**	**298**	**346**	**338**	**331**

Note: Net lending of general government corresponds to the general government budget balance. The total (except for the typically small net capital transfers from abroad) corresponds to the current accunt balance, cf. table B.8.
Source: Statistics Denmark and own calculations.

Table B.12 Gross value added (GVA)

	2024	2022	2023	2024	2025	2026
	Share, per cent	Real growth rate, per cent				
Total GVA	**100**	**1.4**	**1.4**	**3.8**	**1.1**	**2.0**
Public sector	19	-0.5	1.0	-0.5	1.1	0.7
Private sector	81	1.8	1.5	4.8	1.1	2.3
Private sector excl. mining and quarrying	81	1.9	1.5	4.8	0.9	2.3
Non-farm private sector[1)]	69	1.8	2.7	5.5	1.1	2.6

1) Non-farm private sector consists of manufacturing, construction and private services excluding shipping.
Source: Statistics Denmark and own calculations

Table B.13 Hourly productivity in selected industries

	Avg. 2005-2024	2022	2023	2024	2025	2026
Real growth rate, per cent						
Total	**1.0**	**-2.3**	**1.2**	**3.3**	**0.2**	**1.7**
Public sector	0.2	-0.9	0.0	-1.4	0.8	0.4
Private sector	1.1	-3.1	1.5	4.5	-0.1	2.0
Private sector excl. mining and quarrying	1.4	-3.0	1.5	4.5	-0.3	2.0
Non-farm private sector[1)]	1.5	-3.4	2.8	5.1	-0.2	2.4

Note: Hourly productivity is defined as gross value added in constant prices relative to the total number of hours.
1) Non-farm private sector consists of manufacturing, construction and private services excluding shipping.
Source: Statistics Denmark and own calculations

Table B.14 Contributions to growth in households' real disposable income[1)]

	2022	2023	2024	2025	2026
Real growth rate, per cent					
Disposable income	2.2	2.8	1.5	3.0	2.3
Contribution, percentage points					
Compensation of employees[2)]	-1.3	1.2	3.4	3.3	3.0
Social benefits	-2.5	0.1	0.8	0.7	1.4
Income taxes	6.7	-1.4	-3.9	0.5	-1.4
Net interst income excl. collective and private pensions	0.2	0.3	-0.8	-0.2	-0.3
Dividend excl. collective and private pensions[3)]	1.9	1.5	-0.6	0.0	-0.9
Net payments from collective pension schemes[4)]	-2.8	-0.1	2.2	-0.8	0.6
Others	0.0	1.4	0.3	-0.5	-0.1

1) The household sector in the Economic Survey includes Non-Profit Institutions Serving Households (NPISH)
2) Covering only employees residing in Denmark
3) Icluding dividends from investment funds.
4) Net payments from pension schemes in life insurance companies and pension funds. Further, it includes returns on pension schemes administered by the households.
Source: Statistics Denmark and own calculations.

Table B.15 Households' net lending[1)]

	2022	2023	2024	2025	2026
DKK bn.					
Disposable gross income	1,277	1,352	1,397	1,464	1,511
Private consumption	1,236	1,241	1,276	1,327	1,369
Gross investment[2)]	141	127	120	107	114
Net capital transfers[3)]	8	5	6	7	3
Direct net lending	**-92**	**-11**	**7**	**36**	**32**
Adjustment for the change in pension entitlements[4)]	113	103	92	118	113
Net lending[5)]	**22**	**92**	**99**	**155**	**145**
Per cent of disposable gross income					
Direct net lending	-7.2	-0.8	0.5	2.5	2.1
Net lending	1.7	6.8	7.1	10.6	9.6

1) The household sector in the Economic Survey includes Non-Profit Institutions Serving Households (NPISH).
2) Households' gross investments include investments in owner-occupied housing and investments in buildings and materials by sole proprietors.
3) Net capital transfers in 2022 include property taxes refunded to owner-occupied property owners, funds for specific challenges as a result of covid-19 and further stimulants as well as reimbursement of contributions to the voluntary early retirement scheme
4) Net payments to and returns (excl. tax on pension yield) on household capital in life insurance companies and pension funds.
5) Households' (net) acquisition of financial assets (incl. shares) in other sectors.
Source: Statistics Denmark and own calculations.

Table B.16 Real estate market and housing construction

	2022	2023	2024	2025	2026
Per cent					
Change in the price of traded single-family houses	1.9	-2.6	3.5	4.7	3.2
Housing gross investment (real growth)	-6.9	-15.8	-10.2	2.2	3.7

Source: Statistics Denmark and own calculations.

Table B.17 Labour wage ratio, wage increases and computational preconditions

	2022	2023	2024	2025	2026
Labour wage ratio, per cent					
Private sector	52.6	56.2	56.1	56.7	56.4
The entire economy	58.6	61.7	61.7	62.3	62.1
Wage increase, per cent					
Private sector					
- Hourly earnings (excl. nuisance bonus)	4.0	4.2	4.8	3.5	3.2
Public sector					
- Hourly earnings (excl. nuisance bonus)	2.3	2.5	4.7	-	-
- Budgetary impact	4.1	2.4	4.7	3.9	3.1
Wage adjustment rate, per cent	1.2	2.7	3.2	3.6	4.5

Note.: The labour income ratio is calculated as aggregate labour income relative to the GVA (gross value added) and adjusted for the number of self-employed. The hourly wage increases in the private sector in 2022-2024 are published by The Confederation of Danish Employers. The hourly wage increases in the public sector are a weighted average of wage indices for the state, the municipalities and the counties, all reported by Statistics Denmark. No estimates are made on the development in public sector hourly earnings. The budgetary impact is based on the contractually agreed wage increases including contributions from the adjustment scheme (reguleringsordningen) but excluding any residual increases. The hourly wage increases for the private and public sectors are not comparable. The adjustment percentage for 2022-2025 follows the published rates in the relevant regulations. The adjustment percentage for 2026 is based on the estimated wage growth in the private sector two years prior.

Source: The Confederation of Danish Employers, Statistics Denmark, and own calculations.

Table B.18 Price developments and explanatory factors

	2022	2023	2024	2025	2026
Year-to-year change, per cent					
Net price index	7.7	4.0	0.9	1.6	1.7
Tariffs and housing benefits, contribution	0.0	-0.7	0.4	0.1	-0.8
Consumer price index	7.7	3.3	1.4	1.7	0.9

Note: The contribution from tariffs and housing benefits is computed as the difference between the consumer price inflation and the net price inflation. Changes in the prices of taxed goods such as energy can therefore influence the contribution from taxes, even though the tax level remains unchanged.

Source: Statistics Denmark and own calculations.

Table B.19 Public finances

	2022	2023	2024	2025	2026
DKK bn., current prices					
Public consumption	624.5	636.8	672.2	733.9	769.3
Income transfers[1)]	387.9	400.3	419.3	437.1	461.9
Investments	87.1	89.4	93.2	106.3	115.5
Interest expenditures	19.9	19.0	22.9	22.2	22.4
Subsidies	39.9	35.9	36.6	41.4	43.4
Other expenditures[2)]	91.1	112.1	112.1	112.5	115.3
Total expenditure[3)]	**1,250.5**	**1,293.5**	**1,356.2**	**1,453.4**	**1,527.8**
Personal income taxes, etc.[4)]	566.1	599.7	631.0	652.2	663.1
Labour market contributions	117.2	122.2	128.4	136.1	140.8
Pension yield taxation	11.2	12.9	43.1	16.4	28.7
Corporate taxes	96.1	102.8	122.7	126.2	128.9
VAT	266.5	260.1	271.9	288.7	298.0
Other duties	143.2	137.1	134.6	137.1	128.6
Other taxes[5)]	2.3	2.1	2.1	2.2	2.3
Interest revenues	29.6	43.0	44.8	44.6	41.8
Other revenues[6)]	121.1	112.8	111.8	109.1	110.6
Tariffs etc. to the EU	-4.6	-3.6	-3.7	-3.7	-3.8
Total revenue[7)]	**1,346.4**	**1,389.1**	**1,486.7**	**1,508.9**	**1,539.0**
General government budget balance	**96.0**	**95.6**	**130.5**	**55.5**	**11.3**
Net interest expenditure	-9.7	-23.9	-22.0	-22.3	-19.3
General government primary balance[8)]	86.3	71.7	108.5	33.2	-8.1

1) Income transfers exclude other regular transfers to households such as mileage allowance and index supplement.
2) Other expenditures include capital transfers, transfers to the Faroe Islands and Greenland, development assistance and the Danish EU-contributions.
3) Total expenditure differs from Statistics Denmark's equivalent. Total expenditure is calculated from a definition of the total expenditure, where all sub-elements of public consumption – e.g. imputed expenditure from depreciation and revenue from sales of goods and services – are defined as expenditures.
4) Personal income taxes include withholding taxes, tax on imputed income from owner-occupied dwellings, specific taxes from households, tax on estates of deceased persons, tax on gifts and other personal taxes.
5) Other taxes include mandatory pension payments for civil servants etc.
6) Other revenues include profits from public enterprises, current and capital transfers from other domestic sectors and the EU, and imputed (calculated) revenues such as contributions to civil servants' earned pension. Moreover, revenues from oil and gas explorations in the North Sea, duty on pipelines, and the hydrocarbon tax are included in other revenues.
7) Total revenue differs from Statistics Denmark's equivalent, where the sales of public goods and services are counted as revenue and not – like here – counted as a part of the total expenditures. Furthermore, total revenue here includes a revenue-counterpart to the imputed depreciation expenditures in public consumption.
8) The general government primary balance states the balance of the general government finances before net interest expenditures.

Source: Statistics Denmark and own calculations.

Table B.20 **Taxes and tax burden**

DKK bn.	2022	2023	2024	2025	2026
Indirect taxes	**405.1**	**393.6**	**402.8**	**422.1**	**422.8**
- VAT	266.5	260.1	271.9	288.7	298.0
- Registration tax	11.5	10.7	7.2	5.3	5.9
- Excise duties	68.4	57.7	64.8	66.9	56.7
- *Energy (incl. PSO)*	36.7	27.5	34.3	34.2	25.1
- *Environmental*	4.0	3.9	4.0	4.7	4.9
- *Tobacco and spirits etc.*	11.4	12.0	11.5	11.7	11.7
- *Others*	16.3	14.3	14.9	16.3	14.9
- Property taxes	33.1	33.5	26.7	27.8	28.2
- Motor vehicle tax paid by businesses	4.3	4.2	4.0	5.6	5.5
- Other indirect taxes	19.2	24.5	25.1	25.7	26.1
Direct taxes	**783.1**	**829.6**	**916.8**	**926.1**	**956.1**
- Withholding taxes[1)]	543.2	575.5	606.2	632.4	642.8
- State tax[2)]	186.2	195.3	207.9	217.3	222.2
- *Bottom tax*	164.1	172.1	182.6	191.1	198.2
- *Middle tax*	0.0	0.0	0.0	0.0	13.5
- *Top tax*	22.0	23.2	25.3	26.2	9.2
- *Top-top tax*	0.0	0.0	0.0	0.0	1.2
- Total municipal tax[2)]	288.5	303.7	320.2	333.4	342.9
- Property value tax	14.4	14.6	14.1	14.4	14.7
- Other withholding taxes[3)]	54.1	62.0	64.0	67.3	63.0
- Pension yield tax	11.2	12.9	43.1	16.4	28.7
- Corporate tax	96.1	102.8	122.7	126.2	128.9
- Other personal taxes	8.4	9.1	9.6	8.4	8.4
- Motor vehicle tax paid by households	7.0	7.0	6.9	6.5	6.5
- Labour market contributions	117.2	122.2	128.4	136.1	140.8
Social security contributions[4)]	2.3	2.1	2.1	2.2	2.3
Capital taxes	7.4	8.1	8.3	4.9	5.4
Customs and import duties (collected by the EU)	4.6	3.6	3.7	3.7	3.8
Total taxes	**1,202.6**	**1,236.9**	**1,333.7**	**1,358.9**	**1,390.3**
GDP	2,831.3	2,787.9	2,926.9	3,039.8	3,145.6
Total taxes, share of GDP	**42.5**	**44.4**	**45.6**	**44.7**	**44.2**

1) For 2020-2024, the distribution of withholding taxes to the state and municipalities is from Statistics Denmark. For 2024-2026, an estimate is used based on the Ministry of Finance's tax base forecast.
2) Also includes individuals with limited tax liability.
3) Includes equity income tax, tax on estates of deceased persons and revenue from the Danish business scheme etc.
4) Includes mandatory pension payments for civil servants in public enterprise etc.
Source: Statistics Denmark and own calculations.

Table B.21 Development in the tax base for municipalities

	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
	DKK bn.					Per cent				
Aug. 2021	1,081.7	-	-	-	-	0.6	-	-	-	-
Dec. 2021	1,104.2	1,153.8	-	-	-	0.9	4.5	-	-	-
May 2022	1,105.9	1,148.2	-	-	-	0.3	3.8	-	-	-
Aug. 2022	1,122.8	1,148.8	-	-	-	-1.2	2.3	-	-	-
Mar. 2023	1,154.2	1,185.7	1,233.2	-	-	1.9	2.7	4.0	-	-
May 2023	1,160.9	1,193.6	1,230.1	-	-	2.5	2.8	3.1	-	-
Aug. 2023	1,140.0	1,195.7	1,249.2	-	-	0.6	4.9	4.5	-	-
Dec. 2023	1,140.0	1,203.3	1,265.4	1,310.3	-	0.6	5.5	5.2	3.6	-
May 2024	1,140.0	1,193.2	1,280.9	1,300.8	-	0.6	4.7	7.3	1.6	-
Aug. 2024	1,138.0	1,197.0	1,285.9	1,315.0	-	0.5	5.2	7.4	2.3	-
Dec. 2024	1,138.0	1,197.9	1,300.4	1,340.7	1,384.3	0.5	5.3	8.6	3.1	3.3
May 2025	1,138.0	1,196.5	1,275.3	1,326.2	1,373.8	0.5	5.1	6.6	4.0	3.6
Aug. 2025	1,138.0	1,196.5	1,271.2	1,323.7	1,361.9	0.5	5.1	6.2	4.1	2.9

Note: Rows show the time of the budgeting of the municipal tax base. The columns show the tax base in the year concerned.
Source: Statistics Denmark and own calculations.

Table B.22 Income transfers

	2022	2023	2024	2025	2026
DKK bn.					
Unemployment benefits (excl. activation)	11.7	13.7	15.6	15.6	16.9
Cash benefits[1)] (excl. activation)	27.8	29.3	30.7	32.0	35.3
Holiday allowance	0.5	0.5	0.6	0.5	0.6
Early retirement pension[2)]	47.7	51.2	54.4	57.4	61.7
Resource rehabilitation allowance	6.6	6.5	6.5	6.6	6.7
Early retirement benefit	7.8	5.7	4.6	3.8	3.3
Rehabilitation benefit	0.4	0.3	0.3	0.3	0.2
Sickness benefit	16.5	14.8	15.2	15.7	16.5
Maternity pay	12.0	11.9	12.5	13.0	13.6
Rent benefit	15.6	16.0	16.7	17.3	18.1
Child and youth benefit	14.9	15.8	16.1	16.6	16.8
Other transfers[3)]	24.6	23.8	22.4	22.4	24.5
Student grants (SU)	20.0	19.9	20.2	21.0	22.0
Public pension scheme[4)]	145.2	151.7	162.0	172.3	182.8
Other pension scheme[5)]	36.5	39.0	41.5	42.6	42.9
Total[6)]	**387.9**	**400.3**	**419.3**	**437.1**	**461.9**
Total, excl. public and other pensions	**206.2**	**209.5**	**215.9**	**222.3**	**236.2**
Total, excl. SU, public pensons and other pensions	**186.2**	**189.6**	**195.6**	**201.3**	**214.2**

Note: The expenditures to income transfers is not directly equivalent to the number of benefits recipients in table B.6.
1) Taxable and non-taxable benefits incl. the integration benefit.
2) Incl. early retirement pension to retired citizens in foreign countries.
3) Activation benefits, dependent child allowance, subsidy for childcare, unemployment benefits. green check and pay scheme for holders of flexi-jobs etc.
4) Incl. differentiated allowances and heating allowance for pensioners. Incl. pension schemes for citizens in foreign countries.
5) Civil servants in public enterprises and part-time early retirement scheme etc.
6) Income transfers exclude other regular transfers to households such as mileage allowance and index supplement
Source: Statistics Denmark and own calculations.

Table B.23 Estimates of key variables at different points in time

	Dec. 2023	May 2024	Aug. 2024	Dec. 2024	May 2025	Aug. 2025
2023						
GDP (real growth rate, per cent)	1.2	1.9	2.5	2.5	2.5	0.6
Gross unemployment (1,000 persons)	84	84	84	84	83	83
Consumer prices (change, per cent)	3.4	3.3	3.3	3.3	3.3	3.3
Balance of pyments (DKK bn.) [1)]	300	304	276	276	276	307
Actual budget balance (DKK bn.)	77	87	93	93	93	96
2024						
GDP (real growth rate, per cent)	1.4	2.7	1.9	3.0	3.7	3.5
Gross unemployment (1,000 persons)	97	89	87	87	87	87
Consumer prices (change, per cent)	2.8	2.1	1.8	1.5	1.4	1.4
Balance of pyments (DKK bn.) [1)]	347	325	307	380	386	357
Actual budget balance (DKK bn.)	44	48	56	86	133	131
2025						
GDP (real growth rate, per cent)	1.0	1.8	2.2	2.9	3.0	1.4
Gross unemployment (1,000 persons)	101	95	89	91	89	88
Consumer prices (change, per cent)	2.1	2.1	2.0	1.9	1.9	1.7
Balance of pyments (DKK bn.) [1)]	339	332	310	365	370	346
Actual budget balance (DKK bn.)	23	21	31	49	49	55
2026						
GDP (real growth rate, per cent)	-	-	-	1.7	1.4	2.1
Gross unemployment (1,000 persons)	-	-	-	91	91	89
Consumer prices (change, per cent)	-	-	-	1.7	1.7	0.9
Balance of pyments (DKK bn.) [1)]	-	-	-	349	366	338
Actual budget balance (DKK bn.)	-	-	-	42	47	11

1) Indicate the current amount on the balance of payments.
Source: Statistics Denmark and own calculations.

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