Denmark

RISK & COMPLIANCE REPORT

DATE: November 2018

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Executive Summary	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Medium Risk Areas:	Non - Compliance with FATF 40 Recommendations

Major Investment Areas:

Agriculture - products:

barley, wheat, potatoes, sugar beets; pork, dairy products; fish

Industries:

iron, steel, nonferrous metals, chemicals, food processing, machinery and transportation equipment, textiles and clothing, electronics, construction, furniture and other wood products, shipbuilding and refurbishment, windmills, pharmaceuticals, medical equipment

Exports - commodities:

machinery and instruments, meat and meat products, dairy products, fish, pharmaceuticals, furniture, windmills

Exports - partners:

Germany 15.9%, Sweden 13.5%, UK 9.6%, US 6.6%, Norway 6.3%, Netherlands 4.6% (2012)

Imports - commodities:

machinery and equipment, raw materials and semimanufactures for industry, chemicals, grain and foodstuffs, consumer goods

Imports - partners:

Germany 20.8%, Sweden 13.3%, Netherlands 7.4%, China 6.3%, Norway 6.2%, UK 5.6% (2012)

Investment Restrictions:

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

Like most other countries, Denmark imposes restrictions on establishing companies providing professional services (e.g., legal, accounting, auditing, and medical services).

Contents

Section 1 - Background

Once the seat of Viking raiders and later a major north European power, Denmark has evolved into a modern, prosperous nation that is participating in the general political and economic integration of Europe. It joined NATO in 1949 and the EEC (now the EU) in 1973. However, the country has opted out of certain elements of the European Union's Maastricht Treaty, including the European Economic and Monetary Union (EMU), European defense cooperation, and issues concerning certain justice and home affairs.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Denmark is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The latest follow up to the Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Denmark was undertaken by the Financial Action Task Force (FATF) in November 2018. According to that Evaluation, Denmark was deemed Compliant for 5 and Largely Compliant for 26 of the FATF 40 Recommendations. It was deemed Highly Effective for 0 and Substantially Effective for 3 of the Effectiveness & Technical Compliance ratings.

Conclusions from follow-up report – November 2018

Overall, Denmark has made good progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated on ten Recommendations. Nine Recommendations remain PC. Denmark fully addressed the deficiencies in Recommendation 12 which is re-rated as C. Denmark has also addressed most of the technical compliance deficiencies identified on R.2, 10, 15, 16, 17, 18, 22, 24 and 33, such that only minor shortcomings remain and these Recommendations are re-rated as LC. Recommendation 3 and 23 remained rated LC. While Denmark complies with the revised requirement of R.7, outstanding deficiencies remain, meaning Denmark remains PC. Denmark complies with the updated requirements of R.18 and R.21. R.18 is being re-rated to LC as noted above and R.21 will maintain its C rating.

Key Findings from Mutual Evaluation Report

Overall, Denmark has a moderate level of understanding of its money laundering and terrorist financing (ML/TF) risks; with TF risks being better understood by authorities. Denmark's assessment of ML risk is comprised of a number of sectoral risk assessments, which underpin the ML national risk assessment (NRA).

The TF NRA was separately prepared. The NRAs were not conducted in a coordinated, whole-of-government manner, and suffered from several methodological deficiencies in terms of inputs, design and scope. Denmark does not maintain comprehensive statistics on matters relevant to effectiveness and efficiency of their AML systems, and this negatively impacted the ML NRA. Overall, while some risk-based actions have been taken in response to the NRAs, it is limited and variable and does not adequately correspond to the risks identified.

Denmark does not have national AML/CFT strategies or policies. The objectives and activities of individual competent authorities are determined by their own priorities and are not coordinated. Coordination and cooperation tends to occur informally and on an ad hoc basis.

The effective functioning of the Money Laundering Secretariat (MLS), Denmark's financial intelligence unit (FIU), is hampered by its lack of human resources and operational autonomy.

Denmark has a handling of stolen goods offence that extends to all criminal proceeds thus encapsulating the laundering of all predicate offences. Based on Danish legal tradition, the offence does not cover self-laundering. In practice, the police focus on prosecuting the predicate offence and information provided suggests that serious ML is not actively pursued. As the ML offence also includes traditional handling of stolen goods, it is not possible to obtain separate data on ML. The criminal penalty of 1.5 years of maximum imprisonment for ordinary ML is not fully proportionate or dissuasive, and though aggravated ML carries a higher penalty of six years, the average of penalties imposed in practice were low and in many cases resulted in suspended imprisonment.

Denmark has a robust legal framework for investigating and prosecuting TF. Every counterterrorism investigation includes an investigation into potential TF. Between 2011 and 2016, Denmark indicted 16 persons with TF offences, resulting in seven convictions. This appears to be in line with the TF risks of Denmark. The maximum penalty for TF is ten years' imprisonment. However, in practice, more lenient sanctions are applied, which limits the dissuasiveness of the relatively high sanctions.

Denmark has a legal system to apply targeted financial sanctions (TFS) [both TF and proliferation financing (PF)]. Implementation of TFS related to UNSCR 1267, 1988, and 1373 (and their successor resolutions) has technical and practical deficiencies due to delays at the European Union (EU) level on the transposition of designated entities into sanctions lists and the absence of any specific measures to freeze the assets of EU internals. Understanding and implementation of TFS by reporting entities is varied and limited, particularly outside the banking sector. With a few exceptions, TFS knowledge and compliance by designated non-financial businesses and profession (DNFBPs) is poor. There is some, but insufficient, compliance with obligations by reporting entities. There is limited monitoring of TFS compliance by supervisory authorities.

Overall, there is an inadequate understanding of risk and weak implementation of AML/CFT measures in almost all segments of the financial sector. With the exception of casinos, DNFBPs' understanding of risk and implementation is also generally poor. The legal framework of preventive measures also includes a number of gaps which negatively impact the effectiveness of the system.

With the exception of the casino sector, a risk-based approach to AML/CFT supervision is limited, and where it exists is in the early stages of implementation. Further, the frequency, scope and intensity of supervision are inadequate. There are also serious concerns related to the severe lack of resources available for AML/CFT supervision in Denmark. The range of supervisory powers to enforce compliance and sanction breaches are insufficient, with referrals to police for investigation and prosecution being the principal used to ensure compliance by financial institutions (FIs). The sanctions that have been applied are not proportionate and dissuasive.

Denmark's extensive system of registers, for both natural (CPR) and legal persons (CVR) provides a solid foundation for obtaining ownership and other information. Beneficial ownership information is relatively easily traced through the Central Business register (CVR) in less complicated structures and where no foreign ownership or control is involved. In these cases (complex and foreign ownership), competent authorities have to obtain beneficial ownership information from FIs/DNFBPs (where the legal person is a customer). However, implementation of AML/CFT measures, including with respect to beneficial ownership, is generally weak. New legislation enacted in 2016, and coming into force in May 2017, will require all legal persons to obtain and hold beneficial ownership information and make it publicly available through the CVR, and this will significantly strengthen the ability of authorities to obtain beneficial ownership information in a timely way.

Denmark has a sound legal framework for all forms of international cooperation. Where there is an absence of a legal framework to provide legal assistance, authorities apply Danish legislation by analogy.

Risks and General Situation

The Kingdom of Denmark consists of Denmark, Greenland and the Faroe Islands. The total annual ML potential in Denmark is estimated by authorities to be approximately EUR 2.8 billion, comprising of proceeds from drugs, human trafficking, car theft, robberies, arms trade, smuggling of tobacco and liquor, tax and excise duty fraud, and other economic crime. Of these crimes, Denmark considers tax and excise duty crime to be one of the most profitable crime areas. Specifically, Denmark estimates that fiscal and value-added tax (VAT) fraud generate the largest proceeds of crime in Denmark. Tax authorities estimate that the Treasury suffers a loss of about EUR 0.4 billion a year from tax fraud alone.

Denmark's ML NRA identifies the following areas as high risk in Denmark: currency exchangers; legal business structures; money remittance providers; and cash smuggling. Medium risks include: banks, gambling sector; purchasing of real-estate; high-value goods; trust company service providers (TCSPs); electronic payment services; and, lawyers and accountants. Low risk areas include only life assurance and pensions funds.

In 2015, a terrorist attack occurred in Copenhagen, resulting in three deaths (including the perpetrator) and five injured. Terrorism is recognised as a significant threat to Denmark, particularly from networks, groups and individuals who adhere to a militant Islamist ideology. Terrorist financing in Denmark is primarily conducted to support terrorist groups and networks abroad, including groups in conflict zones. At the time of the onsite an estimated

US Department of State Money Laundering assessment (INCSR)

Denmark was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Denmark does not have a serious problem in the area of financial crimes. Money laundering activity is generally derived from foreign criminal activity and is primarily related to the sale of illegal narcotics, specifically cocaine, heroin, and amphetamines. Immigrant gangs as well as outlaw motorcycle gangs have been involved in a range of offenses, including narcotics-related offenses, smuggling of goods, and various financial crimes. The Danish Special Crimes unit also believes human trafficking, car theft, robberies, smuggling of alcohol and tobacco, and tax or duties fraud also generate laundered funds. Illegal money remittances and foreign exchange services and their possible link to terror finance pose risks. There are no indications of trade- based money laundering as it relates to drug trafficking in Denmark, and public corruption is virtually non-existent. Denmark is geographically vulnerable to serving as a transit country for smuggling into Sweden and Norway.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: NO

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO KYC covered entities: Banks, electronic money institutions, and currency exchanges; insurance brokers and intermediaries; pension and mutual funds; securities brokers and dealers; portfolio, asset, and capital managers; financial leasing and factoring entities; issuers and processors of credit cards, traveler's checks, and money orders; accountants and auditors; real estate agents; trust and company service providers; attorneys; real estate agents; and casinos

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 14,051: January 1 – November 23, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: Banks, electronic money institutions, and currency exchanges; insurance brokers and intermediaries; pension and mutual funds; securities brokers and dealers; portfolio, asset, and capital managers; financial leasing and factoring entities; issuers and processors of credit cards, traveler's checks, and money orders; accountants and auditors; real estate agents; trust and company service providers; attorneys; real estate agents; and casinos

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: Not available
Convictions: Not available

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Denmark is a member of FATF.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The Government of Denmark has a comprehensive AML/CFT regime.

Businesses which do not have a reporting obligation under the AML legislation, for example, car dealerships, are prohibited from receiving cash amounts of 50,000 DKK (approximately $7,500) or more. The Danish Customs Act mandates cross-border currency declarations for amounts over 10,000 EUR (approximately $11,140). Businesses and private citizens are obligated to pay for goods and services digitally if the amount exceeds 10,000 DKK (approximately $1,500), including value added tax (VAT).

The Somali immigrant community sends large sums out of Denmark every year. It is believed a substantial amount is sent to designated terrorist organizations via informal remittances. Much of the funding is routed via Dubai.

The Danish Special Crimes Unit sees the doubling of suspicious transaction reports from 2014 to 2015 as the result of increased awareness and sustained action to combat money laundering and threat finance. The Unit estimates the money laundering potential in Denmark as approximately $3 billion per year. The Unit believes money remittance and foreign exchange services pose the greatest risks and is therefore focusing on these areas. In 2015, the authorities issued a reprimand and placed administrative orders with Euronet, a foreign exchange service company and subsidiary of Euronet Worldwide Inc.

Denmark should continue to enhance its laws and regulations as necessary to adhere to international standards, including by extending its AML/CFT requirements to cover gaming establishments and internet gaming providers. Authorities should closely monitor informal alternative remittance systems, such as hawala, and possible links to money laundering and terror finance.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Denmark does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Denmark is on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Denmark is not considered to be an Offshore Financial Centre

Reports

US State Dept Trafficking in Persons Report 2016:

Denmark Is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Denmark is primarily a destination and transit country for men, women, and children subjected to forced labor and sex trafficking from Eastern Europe, Africa, Southeast Asia, and Latin America. Migrants are subjected to labor trafficking in agriculture, domestic service, restaurants, hotels, and factories through debt bondage, withheld wages, abuse, and threats of deportation. Unaccompanied migrant children are vulnerable to sex trafficking and forced labor, including theft and other forced criminality. Since 2009, 25 children have been identified as victims of trafficking in Denmark, nine forced into pickpocketing, three into cleaning restaurants, five into forced criminal activity, and eight into selling sex. Copenhagen's relatively small red-light district represents only a portion of the country's larger commercial sex trade, which includes sex trafficking in brothels, bars, strip clubs, and private apartments. The rise in migrants, asylum seekers, and refugees entering and transiting Denmark increases the size of the population vulnerable to human trafficking.

The Government of Denmark fully meets the minimum standards for the elimination of trafficking. In May 2015, the government approved its 2015-2018 national action plan against human trafficking, which expanded the funding and scope of the government's efforts to combat trafficking, focusing on prevention, outreach, victim support, and partnerships with NGOs. The government identified an increased number of victims of trafficking and trafficking-related crimes and continued to fund victim service providers. The government used its human trafficking law to convict three individuals of crimes related to labor trafficking. However, the government's default approach to trafficking cases involving victims without EU residency was to repatriate victims to their countries of origin. The effective lack of alternatives to removal impeded the ability of law enforcement to pursue traffickers and left victims vulnerable. In the last four years, only four victims have been granted asylum, despite the government officially identifying almost 300 victims. The temporary residence permit that exists for trafficking victims, authorized through a 2013 amendment to the Aliens Act, gave authorities the ability to stay deportation in order for victims to assist in an investigation; this legal tool has never been used for trafficking victims.

US State Dept Terrorism Report 2016

Overview: The Kingdom of Denmark (which includes the self-governing areas of Greenland and the Faroe Islands) devoted significant assets to counterterrorism programs and initiatives to counter violent extremism, domestically and abroad. Denmark cooperates closely with the United States, the United Nations (UN), and the European Union (EU) on specific counterterrorism initiatives, including the Global Counterterrorism Forum (GCTF). Denmark is a member of the Global Coalition to Defeat ISIS, and has contributed strike and support aircraft, including 7 F-16s deployed to Incirlik Air, support personnel at the Coalition regional headquarters, and military trainers to the Coalition.

According to the Danish Police Intelligence Service (PET), at least 135 Danish citizens and residents have voluntarily left Denmark to fight in Syria and Iraq since the summer of 2012. PET assessed that those who engage in combat in Syria and Iraq do so primarily as members of ISIS, and that nearly half of the individuals who traveled to Syria and Iraq for combat have returned to Denmark. Danish security services monitored individuals who have departed Denmark for combat and tracked returnees. PET remained concerned that Danish fighters returning to Denmark with terrorist training would seek to radicalize others.

Danish security agencies worked together to counter ISIS's attempts to recruit foreign terrorist fighters and prevent terrorist attacks in the country.

Legislation, Law Enforcement, and Border Security: Denmark continued to use its 2006 terrorism legislation that allows information sharing between Denmark's two intelligence services, PET and the Danish Defense Intelligence Service (DDIS). The legislation also permits surveillance and wiretapping of terrorist suspects with a warrant. Danish security and law enforcement agencies share information via the PET-administered Center for Terror Analysis (CTA), which – as the Danish government's intelligence fusion center – constitutes the focal point for reporting from the Danish National Police, PET, DDIS, the Ministry of Foreign Affairs, and the Danish Emergency Management Agency.

The Danish National Police and PET are responsible for the country's counterterrorism mission. These two divisions under the Ministry of Justice coordinate their responses with the DDIS and the Danish Commission on Counterterrorism and Foreign Terrorist Fighters.

Denmark's national police force is organized into 14 districts that also include the Faroe Islands and Greenland. Travel to ISIS-controlled areas of Syria or Iraq without permission from the Justice Ministry can result in loss of a traveler's Danish passport, and under newly implemented legislation, individuals who participate in terrorist activities can lose their Danish citizenship if it does not render the individual stateless. Denmark possesses biographic and biometric screening capabilities at ports of entry and readily shares information within its own government and with other countries, as appropriate. Security forces patrol and control Denmark's land and maritime borders. Denmark is a member of the Schengen Agreement. During 2016, Denmark instituted border checkpoints at land crossings and instituted tighter passport travel controls at air and sea ports. When Sweden introduced border controls in January 2016, in relation to the migrant and asylum seeker crisis in Europe, Denmark quickly implemented temporary border controls along its border with Germany to prevent migrants from being "trapped" in Denmark. These controls, which include checks for identification, are authorized through May 2017 and may be extended further. There were no passport controls at land borders or airport terminals servicing Schengen area flights in 2016. Copenhagen International Airport has installed automated passport control gates for travelers departing the Schengen area; travelers arriving from beyond the Schengen area must undergo standard passport control.

Countering the Financing of Terrorism: Denmark is a member of the Financial Action Task Force (FATF). Its financial intelligence unit (FIU), the Money Laundering Secretariat, is a member of the Egmont Group of Financial Intelligence Units and cooperates closely with other Nordic FIUs. Danish authorities can freeze assets within hours or days with a valid court order, although the confiscation process requires a full trial and is subject to an appeals process.

The Danish government continued an initiative focused on countering money laundering and terrorist financing in East Africa and Yemen. Denmark continued its efforts to build partnerships that teach anti-money laundering and counterterrorist finance techniques to the governments of Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Tanzania, Uganda, and Yemen.

In October, then Minister of Business and Growth Troels Lund Poulsen introduced legislation to implement the EU's Fourth Anti-Money Laundering Directive.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	88
World Governance Indicator – Control of Corruption	99

Denmark is regarded as one of the world's least corrupt countries, and bribery and other corrupt practices are not considered obstacles to business. The Danish Criminal Code (in Danish) forbids active and passive bribery and most other forms of corruption offences contained in international anti-corruption conventions. It is also forbidden to bribe foreign public officials, and companies can be held criminally liable for acts of corruption committed by individuals working on their behalf. There is no distinction made between bribes and facilitation payments, and the propriety of gifts and hospitality depends on their intent and the benefit obtained. Safeguards against corruption and abuse of power in Denmark primarily rest with a strong practice of integrity rather than with formal rules and regulations. Despite a very low level of corruption, international monitoring institutions have criticised Denmark for its non-transparent rules on financing of political parties, and for insufficient enforcement of foreign bribery laws. Nonetheless, the government enforces their anti-corruption policies and laws effectively. **Information provided by GAN Integrity.**

US State Department

According to the 2013 Corruption Perceptions Index by Transparency International, Denmark is the least corrupt country in the world, along with New Zealand. Transparency International has local representation in Denmark.

Corruption is covered under the Danish Penal Code, and the Ministry of Justice is responsible for combating corruption. Penalties for violations range from fines to imprisonment of up to four years for a private individual's involvement and up to six years for a public employee's involvement. Since 1998, Danish businesses cannot claim a tax deduction for the cost of bribes paid to officials abroad. Denmark is a signatory of the OECD Convention on Combating Bribery and the UN Anticorruption Convention, and a participating member of the OECD Working Group on Bribery. In the Working Group's Phase 3 report on Denmark, they urged Denmark to be more proactive in its investigations.

Corruption and Government Transparency - Report by Global Security

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Section 3 - Economy

This thoroughly modern market economy features a high-tech agricultural sector, advanced industry with world-leading firms in pharmaceuticals, maritime shipping and renewable energy, and a high dependence on foreign trade. Denmark is a net exporter of food, oil, and gas and enjoys a comfortable balance of payments surplus, but depends on imports of raw materials for the manufacturing sector. Danes enjoy a high standard of living and the Danish economy is characterized by extensive government welfare measures and an equitable distribution of income. An aging population will be a major long-term issue.

Denmark is a member of the EU; Danish legislation and regulations conform to EU standards on almost all issues. Despite previously meeting the criteria to join the European Economic and Monetary Union, Denmark has negotiated an opt-out with the EU and is not required to adopt the euro. Within the EU, Denmark is among the strongest supporters of trade liberalization.

After a long consumption-driven upswing, Denmark's economy began slowing in 2007 with the end of a housing boom. Housing prices dropped markedly in 2008-09 but, with significant regional differences, have since recovered. Household indebtedness is still relatively high at more than 305% of net disposable income in 2014, while household net worth - from private pension schemes and other assets - amounted to 546% of net disposable income.

The global financial crisis exacerbated this cyclical slowdown by increasing domestic borrowing costs and lowering foreign demand for Danish exports. Denmark maintained a healthy budget surplus for many years up to 2008, but the budget balance swung into deficit in 2009. The structural budget deficit has remained below 1% and is estimated at -0.4% in 2016. Denmark is experiencing a lackluster economic recovery, having still not regained the GDP level of 2008. GDP contracted in 2012 and 2013, followed by real growth of 1.3% in 2014, and 1.2% in 2015. The government projects 1.9% growth in 2016, while private sector estimates are about 1% growth. A historically low level of unemployment rose with the economic downturn but the labor market has strengthened since 2013, and unemployment stood at about 4.5% in early 2016, based on the national measure. Productivity growth was significantly below the OECD average in 2012–2014.

Agriculture - products:

barley, wheat, potatoes, sugar beets; pork, dairy products; fish

Industries:

iron, steel, nonferrous metals, chemicals, food processing, machinery and transportation equipment, textiles and clothing, electronics, construction, furniture and other wood products, shipbuilding and refurbishment, windmills, pharmaceuticals, medical eq

Exports - commodities:

machinery and instruments, meat and meat products, dairy products, fish, pharmaceuticals, furniture, windmills

Exports - partners:

Germany 17.8%, Sweden 11.6%, US 8.4%, Norway 6.3%, UK 6.3%, Netherlands 4.4%, China 4.2% (2015)

Imports - commodities:

machinery and equipment, raw materials and semimanufactures for industry, chemicals, grain and foodstuffs, consumer goods

Imports - partners:

Germany 20.4%, Sweden 12.3%, Netherlands 8.1%, China 7.3%, Norway 6.1%, UK 4.4% (2015)

Banking

The vast majority of small-to-medium-sized Danish firms are financed by commercial bank lines of credit. The credit line is typically extended on a continuous, revolving basis and is not subject to an annual settlement. Such credit lines are usually established to finance day-to-day operations, including inventory financing. Larger corporations may obtain capital through stock offerings on the Copenhagen Stock Exchange. Some larger Danish companies may also make use of other international stock exchanges. Institutional investors, such as pension funds, also play a major role in financing Danish companies, and such investments are usually carried out following individual negotiations. Financing is often a problem for small-to medium-sized companies with high growth, or growth potential. Frequently, such companies choose to or are forced to solve their financing problems by selling out to foreign corporations. During the last decade, the concept of venture capital has also caught on in Denmark and can now be described as an established method of financing. However, venture capital funding applies primarily to IT and biotechnology companies.

Stock Exchange

The Danish stock market functions efficiently and in 2005, the Copenhagen Stock Exchange became part of the integrated Nordic and Baltic market place, OMX Exchanges, headquartered in Stockholm. Besides Stockholm and Copenhagen, OMX also includes the stock exchanges in Helsinki, Tallinn, Riga and Vilnius. In order to increase the access to capital for primarily small companies, the OMX in December 2005 opened a Nordic alternative marketplace -- "First North" -– in Denmark. In February 2008 the exchanges were acquired by the Nasdaq OMX Group.

Section 4 - Investment Climate

Executive Summary

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

Within the EU, Denmark is among the strongest supporters of liberal trade policy. The country suffered from the 2008 financial crisis, exacerbated by previous over-investment in commercial, private, and agricultural real estate, and by personal over-leveraging by Danish consumers, which contributed to a low level of private investment and consumption. While private consumption is improving, Denmark still faces challenges from generally disappointing growth in exports and lack of investment.

The Danish economy has experienced a period of lackluster growth following the 2008 global financial crisis and subsequent economic recessions. Real GDP grew by just 1.2 percent in 2015, slightly better than the 0.8% annual growth average for 2010 – 2015. The government estimates 1.1% GDP growth for 2016, accelerating to 1.7% in 2017. Private sector estimates are more subdued, in the 0.5% to 0.8% range for 2016. One of the main headwinds in the economy in recent years - restrained private consumption – abated in early 2015. Contributing factors were decreasing unemployment, a weaker kroner (due to its linkage to the Euro), declining oil prices and record low interest rates. However, the main driver for growth – exports – has exhibited weaknesses since the second half of 2015. Denmark is reliant on international trade (which accounts for about 50 percent of GDP) and developments in its major trading partners – Germany, Sweden, UK and the United States – have substantial impact on Danish national accounts. Gross unemployment, a national definition, was 4.2 percent in March 2016, and is forecast to decrease slightly in coming years as the economy improves and structural reforms take effect. The OECD Harmonized Unemployment Rate was 5.8 percent in March 2016.

Denmark is a major international development assistance donor, contributing DKK 15,546 million (USD 2.31 billion) or 0.74 percent of GNI to development assistance in 2015, with 78.4 percent of Danish assistance bilateral and 21.6 percent multilateral.

Underlying macroeconomic conditions in Denmark are sound, and the investment climate is favorable. Denmark is situated strategically, linking continental Europe with the Nordic and Baltic countries. Transport and communications infrastructures are efficient. Denmark is among world leaders in industries such as information technology, life sciences, clean energy technologies, and shipping. Exchange rate conversions throughout this document are based on the 2015 average exchange Danish Kroner (DKK) 6,727= 1 USD.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	1 of 175	transparency.org/cpi2015/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	3 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	10 of 143	globalinnovationindex.org/ content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2015	USD 14.1 billion	www.BEA.gov
World Bank GNI per capita	2014	USD 61,310	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

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

In general, investment policies are forward-looking and aimed at fostering and developing businesses, especially in high-growth sectors. A 2014 business environment survey from the Economist Intelligence Unit (EIU) for the period 2014–2018 ranked Denmark tenth globally and fourth regionally as the most attractive nation for foreign investment. The EIU characterizes Denmark's business environment as among the most attractive in the world, reflecting a sound macroeconomic framework, excellent infrastructure and a highly flexible labor market. Principle concerns relate to a shrinking labor supply and the prospects for macroeconomic instability, stemming from possible contagion from the Euro Area's sovereign debt crisis. Several factors are included in the survey, and Denmark scores top marks in various categories, including the political and institutional environment, macroeconomic stability, policy towards private enterprise, foreign investment policy, financing and infrastructure.

As of February 2016, the EIU rated Denmark an "A" country on its Country Risk Service, with a stable outlook. Sovereign risk rated "AA," and political risk "AAA." Denmark ranked twelfth on the World Economic Forum's 2015-2016 Global Competitiveness Report, third on the World Bank's 2015 Doing Business ranking, and fifth on the EIU 2015 Democracy Index. "The Big Three" credit rating agencies (Standard & Poor's, Moody's, and Fitch Group) all score Denmark AAA.

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

Other Investment Policy Reviews

The most recent investment policy review from the OECD was completed in 1995, available here: http://www.oecd.org/denmark/34384070.pdf. The most recent UNCTAD review is from March 2013, available here: http://unctad.org/en/PublicationsLibrary/webdiaeia2013d2_en.pdf. There is no specific mention of Denmark in the latest WTO Trade Policy Review of the European Union from June 2015.

An EU Commission Staff Working Paper on the investment environment in Denmark is available here: http://ec.europa.eu/europe2020/pdf/2016/ags2016_challenges_denmark_en.pdf while a 2015 private sector investment and taxation review by Deloitte can be found here: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-denmarkguide-2015.pdf.

Denmark ranked first out of 175 in Transparency International's 2015 Corruption Perceptions Index, which was unchanged from the prior year. It received a ranking of 3 out of 189 for "Ease of Doing Business" in the World Bank's 2015 Doing Business Report, in which it ranked 1st in Europe. In the World Economic Forum's Global Competitiveness report for 2015-2016, Denmark was ranked 12 out of 140 countries.

Of 61 economies covered by the International Institute for Management Development's annual World Competitiveness Yearbook, Denmark was ranked 8 in 2015. The Economist Intelligence Unit's Democracy Index for 2015 gave Denmark a rank of 5 out of 167 countries. The Global Innovation Index ranked Denmark 10 out of 141 in 2015.

Laws/Regulations on Foreign Direct Investment

As an EU member state, Denmark is bound by EU rules on free movement of goods, capital, persons and certain services. Denmark welcomes foreign investment and does not distinguish between EU and other investors. There are no additional permits required by foreign investors, nor bias against foreign companies from municipal or national authorities.

Business Registration

The Danish Business Authority (DBA) is responsible for business registrations in Denmark. As a part of the Danish Business Authority, "Business in Denmark" provides information on relevant Danish rules and online registrations to foreign companies in English, German, Polish and Lithuanian. The Danish business registration website is www.virk.dk. It is the main digital tool for licensing and registering companies in Denmark and offers a business registration processes that is clear and complete.

Registration of sole proprietorships and partnerships is free of charge, while there is a fee for registration of other business types: DKK 670 (USD 100) if the registration is done digitally and DKK 2150 (USD 320) if the registration form is sent by e-mail or post.

The process for establishing a new business is distinct from that of registration. The Ministry of Foreign Affairs "Invest in Denmark" program provides a step-by-step guide to establishing a business, which can be found here: www.investindk.com/Downloads. The services are free of charge and available to all investors, regardless of country of origin.

Processing time for establishing a new business varies depending on the chosen business entity. Establishing a Danish Limited Liability Company (Anpartsselskab - ApS), for example, generally takes 4 to 6 weeks for a standard application. Establishing a sole proprietorship (Enkeltmandsvirksomhed) is simpler, with processing generally taking about one week.

Those providing temporary services in Denmark must provide their company details to the Registry of Foreign Service Providers (RUT). The website (www.virk.dk) provides English guidance on how to register a service with RUT, a process which requires a Danish digital signature/NemID employee signature. A digital signature/NemID is also required for those wishing to register a foreign company in Denmark.

In the Danish Financial Statements Act no. 1580 of 10 January 2015 section 7(2), small enterprises are defined as enterprises with fewer than 50 employees and whose annual turnover does not exceed DKK 89 million (approx. USD 13.2 million) or annual balance sheet total does not exceed DKK 44 million (approx. USD 6.5 million). Medium-sized enterprises are defined as enterprises with fewer than 250 employees and either have an annual turnover that does not exceed DKK 313 million (approx. USD 46.5 million) or annual balance sheet total does not exceed DKK 156 million (approx. USD 23.2 million).

Industrial Promotion

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

Limits on Foreign Control and Right to Private Ownership and Establishment

The Danish central and regional governments actively encourage foreign investment on a national-treatment basis, with relatively few limits on foreign control. A foreign or domestic private entity may freely establish, own, and dispose of a business enterprise in Denmark. The capital requirement for establishing a corporation (A/S) is DKK 500,000 (approx. USD 74,400) and for establishing a private limited liability company (ApS) DKK 80,000 (approx. USD 11,900). An "Entrepreneurial Company" (IVS) can be established for DKK 1 (USD 0.15). No restrictions apply regarding the residency of directors and managers of A/S or ApS.

Since October 2004, a private entity may establish a European public limited company (SE company). The legal framework of an SE company is to a large degree subject to national company law, but it is possible to change the nationality of the company without liquidation and re-founding. An SE company must be registered at the Danish Business Authority if the official address of the company is in Denmark. The minimum capital requirement is 120,000 Euros (approx. USD 134,000).

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

Ownership restrictions are applied in the following sectors:

- Hydrocarbon exploration: Requires 20 percent Danish government participation, but on a "non-carried interest" basis.
- Defense materials: The law governing foreign ownership of defense companies (L538 of May 26, 2010) stipulates that the Minister of Justice has to approve foreign ownership of more than 40 percent of the equity or more than 20 percent of the voting rights, or if foreign interests gain a controlling share in a defense company doing business in Denmark. The approval will be granted unless there are foreign policy considerations or security issues weighing against approval.
- Maritime: There are foreign (non-EU resident) ownership caps on Danish- flagged vessels other than those owned by an enterprise incorporated in Denmark. Ships owned by Danish citizens, Danish partnerships or Danish limited liability companies are eligible for registration in the Danish International Ships Register (DIS). Ships owned by EU or European Economic Area (EEA) entities with a genuine link to Denmark are also eligible for registration, and foreign companies with a major Danish influence can register a ship in the DIS.
- Aviation: For an airline to be established in Denmark, it must have majority ownership and be effectively controlled by an EU state or a national of an EU state, unless otherwise provided for through an international agreement to which the EU is a signatory.
- Securities Trading: Non-resident financial institutions may engage in securities trading on the Copenhagen Stock Exchange only through subsidiaries incorporated in Denmark.
- Real Estate: There are certain restrictions on the acquisition of real estate in Denmark by foreigners. EU citizens and companies from EU member states can purchase any type of real estate, except vacation properties, without prior authorization from the authorities. Companies and individuals from non-EU countries that have been present/resident in Denmark for at least five years in total and are currently resident in Denmark can also purchase real estate, except vacation properties, without prior authorization. Non-EU companies or individuals that do not meet these requirements can only purchase real estate with the permission of the Danish Ministry of Justice. Permission is freely given to people with a Danish residency permit, except with regard to purchases of vacation properties. Purchases of designated vacation properties are restricted to citizens of Denmark.

Privatization Program

Not applicable.

Screening of FDI

There is no mandatory screening of foreign investment.

Competition Law

The Danish Competition and Consumer Authority (CCA) review transactions for competition-related concerns. According to the Danish Competition Act, the CCA requires notification of mergers and takeovers if the combined turnover of the participating companies exceeds DKK 50 million (approx. USD 7.4 million). However, notification is not required if one of the participating companies has turnover of less than DKK 10 million (approx. USD 1.5 million). If the combined turnover of the merging companies exceeds DKK 900 million (approx. USD 134 million) and at least two of the merging companies each have turnover exceeding DKK 100 million (approx. USD 14.9 million) or if one of the merging companies has domestic annual turnover exceeding DKK 3.8 billion (approx. USD 565 million) and at least one of the merging companies has global annual turnover exceeding DKK 3.8 billion (approx. USD 565 million), the merger or takeover is also subject to approval by the CCA. Large scale mergers also require EU Commission approval.

Other Areas of the Kingdom of Denmark

Greenland

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

The Greenlandic Government proposes to increase revenues by promoting greater development in fisheries, minerals, and tourism, and by trimming the public sector through privatization of enterprises currently owned by the Greenlandic government. Key initiatives include improving access to financing for new businesses and enhancing Greenland's corporate tax competitiveness. Rising prices for fish and shellfish, the predominant Greenlandic exports, have generated good earnings for large parts of the fisheries sector, although catches of prawn, which is by far the most important single species, continue to fall. The decrease is believed to be climate-related. Catches of other traditional species have not made up for this decline, though mackerel stocks are on the rise. Efforts to develop tourism include increases in accommodation capacity, a reduction in passenger tax for cruise ships, and a focus on promoting foreign language education to create a more multilingual workforce. The Government also calls for stricter safety requirements for navigation in Greenlandic waters. In the mineral sector, two mines (ruby and anorthosite respectively) are expected to come online in 2016, while two other companies have applied for permission to extract rare earth elements in southern Greenland, in one case combined with extraction of uranium. The government endorses maintaining the previous government's relaxation of a ban on uranium mining, and states that all IAEA and EURATOM standards must be met. However, the issue of uranium mining in Greenland is still contentious.

Greenland Economic Outlook

While Greenland escaped the worst effects of the financial crisis, experiencing GDP growth of 7.5 percent from 2008 to 2011, Greenland's highly specialized economy – over 90 percent of exports is fisheries – is facing significant challenges. Natural resource exploration (i.e. oil and minerals), and large-scale construction activity in the capital of Nuuk and the larger cities have subsided in recent years, and Greenland's undiversified economy is lacking in new revenue streams as a demographic burden puts greater pressure on the public budgets. Exploration for hydrocarbons off the west coast of Greenland, previously estimated to generate approximately DKK 5 billion (USD 745 million) in 2010 – 2011, has since declined. No exploration was conducted in 2012 to2014 and in spring 2016 all but one oil company handed back licenses for oil exploration off West Greenland. There is significant potential for offshore hydrocarbons and rare earth elements in Greenland, but reserves are unproven and particularly given depressed world commodity prices it is unclear when further exploration and exploitation on a commercial basis will become viable.

Economic activity contracted for three consecutive years up to and including 2014 and emigration has reduced the population. Due to an expected increase in investment in building and construction, estimates point to positive economic growth in 2015. After that, developments in the dominant fisheries sector will presumably determine whether activity rises or falls. The Greenland Economic Council – an independent advisory council – estimates that Greenland's economy will grow in 2015 at 2.7 percent of GDP, and accelerate to 2.9% in 2017 due to a normalization of construction activity and one-time increased public investments. The Council's 2014 report concluded, "Five years after the implementation of the Self-Rule Government, the reforms that would be necessary for the creation of a self-sustaining economy have not been put into place." The 2015 report concludes that no significant reforms were implemented in the intervening years to avoid what has been dubbed the "jaws of death" in the Greenlandic press, i.e. rising public expenditures and falling revenues. Public expenditures are increasing as demographic shifts push larger portions of the population into retirement, while fewer Greenlanders are active in the labor market. The government expects a budget deficit in 2016 of DKK 56.8 million (USD 8.5 million), but estimates that Greenland will have a budget surplus for the 2016 – 2019 period of DKK 29.7 million (USD 4.4 million). However, the Greenland Economic Council estimates that, since much needed reforms have not been implemented, it is unlikely that the budget surpluses will materialize in that time frame.

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

Greenland exported DKK 2.656 billion (USD 395 million) in 2015, a 12.3 percent decrease from 2014. 89 percent of Greenlandic exports were fish products, with the remainder being raw materials and machinery. Exports went primarily to Denmark (81 percent), followed by Portugal (7.2 percent), and Iceland (2.9 percent). Greenland imported goods worth DKK 3.942 billion (USD 586 million) in 2015, primarily machinery (24.1 percent), foods (21.7 percent), intermediate products (12 percent) and fuels (9.1 percent). Imports came from Denmark (73.2 percent), Sweden (9 percent), and China (2.7 percent) among others. Imports from the United States represented 1.1 percent of total imports. Foreign Direct Investment into Greenland from Denmark totaled DKK 1.7 billion (USD 253 million) in 2014. Due to its vast geographic expanse, Greenland's physical and telecommunications infrastructure is less interconnected and developed than in other parts of the Kingdom of Denmark. The labor force was comprised of 26,764 people in 2014, and the average unemployment rate was 10.3 percent. The Greenlandic government is actively trying to attract investments to Greenland to diversify the economy and integrate the Greenlandic economy into the world economy as part of a path toward independence from Denmark.

Establishing a Company in Greenland

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

A foreign company can establish a commercial enterprise in Greenland in one of the following ways: through a subsidiary, a registered affiliate, a representative office or a taxable entity. A subsidiary is only liable for its own assets. The capital requirement for establishing a corporation (A/S) is DKK 500,000 (approx. USD 74,400) and for establishing a private limited liability company (ApS) is DKK 125,000 (approx. USD 18,600). At least one of the founders of an A/S must be a resident of Greenland. The Danish Ministry for Business and Growth can, however, grant exemptions to this requirement.

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

A representative office is not regulated or defined; however, a representative office may not enter contracts or deliver services. It is meant to be a marketing office, or an office to establish contacts with the goal of eventually entering the market.

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

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

Greenland Tax

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

The corporate income tax rate is 30 percent. An additional surcharge of six percent of the tax payable is charged, bringing the total corporate tax rate to 31.8 percent. Companies which are operating under the Mineral Resources Act can apply for an exemption of the surcharge, thereby lowering the tax rate to 30 percent.

Taxation of royalty payments is 30 percent. Greenland has no value added tax (VAT) system, sales tax or similar taxes. There are, however, some payable duties, such as taxes for cruise liners, ports duties, etc. There are four types of depreciation in the Greenlandic tax law. Buildings can be depreciated five percent annually. Ships, planes, and hydrocarbon prospecting can be depreciated 10 percent annually. Mineral licenses can be depreciated 25 percent annually, and operating equipment can be depreciated at a rate of 30 percent annually. Assets with a cost of less than DKK 100,000 (USD 14,900) may be depreciated in the year of acquisition.

Greenland Labor

The Greenlandic labor force was 26,764 persons in 2014. Average unemployment for 2014 was 10.3 percent – higher than the OECD average of 7.4 percent, and an increase from 10.1 percent in 2013. Based on 2012 figures, 34.7 percent of the Greenlandic population has an education beyond primary school, and 42.8 percent of those have a vocational education, with nurses and teachers making up the two largest groups at 12.1 percent of the educated population.

In December 2012, Greenland passed legislation known as the "Large Scale Act," which allows companies to use foreign labor during the construction phase of development when project costs exceed DKK 5 billion (USD 745 million) and workforce requirements exceed the local labor supply. The Act is intended for potential mining or infrastructure projects in Greenland. The Act allows workers from outside Greenland to operate under a foreign labor accord, but these agreements cannot violate Greenland's laws or Denmark's international obligations.

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

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

Investment in Natural Resources

Greenland possesses significant mineral deposits, including the rare earth elements, zinc, lead, molybdenum, uranium, gold, platinum, ruby and pink sapphires, and other critical minerals. Greenland is also believed to have large quantities of iron ore and copper, although there has been limited exploration to date. Despite harsh climate and ice coverage in Greenland, satellite images taken over the past several decades record a continuing significant disappearance of surface ice from the island. If the trend continues as expected, mining industry experts anticipate the retreating ice will make the island's rich stores of raw materials more easily accessible.

Greenland's policy framework is relatively attractive for most mining activities (with the exception of mining radioactive minerals). In October 2013, the Greenlandic Parliament abolished the country's 25-year "zero-tolerance" policy towards uranium and other radioactive minerals, lifting the ban on mining where uranium is present. This decision will facilitate the exploitation of rare earth mineral deposits, which are often found co-mingled with radioactive minerals in Greenland.

With the 2009 SRA, Greenland gained the rights to its mineral and hydrocarbon resources, and acquired the regulatory authority over these on January 1, 2010. The SRA also created a revenue mechanism: if exploitation of Greenland's natural resources becomes commercially viable, Greenland will keep the first DKK 75 million (USD 11.2 million) in annual revenues derived from these resources, with further revenues split equally between the Danish and Greenlandic Governments. Denmark's share will be transferred by deducting the equivalent amount from the annual block grant to Greenland of DKK 3.6 billion (USD 535 million). Once the value of the block grant has been reached, any additional revenue will be subject to negotiations between the Danish and Greenlandic governments. The Greenlandic Government welcomes this lucrative eventuality, but remains aware of the potential impact that an influx of wealth from these activities could have on Greenlandic society.

Greenland is endowed with several rare earth element deposits (at least two are deemed world-class). All the well-known deposits are licensed by the Bureau of Minerals and Petroleum and some have reached advanced stages of exploration. Greenland was granted the award for "best country to do mining in 2013-2014," together with Mongolia, Azerbaijan, and Australia, at the Mines & Money conference in December 2013. However, in 2014, Greenland's ranking slid from the top-ten in the annual mining survey from Canadian Fraser Institute, to 26th out of 109 mining jurisdictions surveyed, in terms of investment attractiveness.

Greenland General Business Information

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

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

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

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

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

The Faroe Islands

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

The Faroes were less affected by the economic crisis in 2008/09 than the rest of Europe, in part due to increasing world prices for fish. In 2013, the Faroese economy took off on a strong recovery, after a few years of stagnation. The Economic Council for the Faroe Islands estimates that nominal GDP rose 5.1 percent to DKK 14.34 billion (USD 2.13 billion), followed by estimated growth of 5.9% in current year prices in 2014 and upwards of 6.4% in current year prices for 2015. Growth in nominal GDP in 2014 was mainly export driven while growth in 2015 and 2016 is primarily driven by domestic demand. The Council estimates nominal growth of 2.8% in 2016. Fish exports, with increased catches of mackerel and herring as well as higher prices for salmon globally, contributed significantly to growth. Private demand is also improving after a few years of lower household spending. Unemployment is low and falling at 2.3 percent in November 2015, down from 8 percent in 2011. The fall in oil prices acted as a stimulus by improving the terms of trade considerably.

Looking ahead, the Faroe Islands face a demographic challenge. Currently there are 4.5 people in the working age group aged 16 – 66, for every person aged 67 or older. By 2050, the number will have decreased to 2.1 persons for every dependent elder. The Economic Council for the Faroe Islands estimates that a permanent fiscal improvement of 5 percent of GDP will be required in order to stabilize government debt, which is currently at a low level.

The outlook for the Faroese economy is highly dependent on the amount and price of seafood, both catches and farmed, which can be highly volatile. The Faroe Islands have in recent years engaged in several disputes with the EU over fishing quotas. The disagreements escalated in September 2012, when the EU adopted measures which allowed it to impose sanctions on the Faroe Islands. In March 2013, the Faroe Islands unilaterally increased their quota for herring and mackerel. EU member states responded by voting in favor of imposing sanctions which went into force in August 2013. Sanctions were lifted a year later after a political understanding between the two parties was reached on herring catches. Subsequently a five year agreement with the other coastal states in the North Atlantic was signed on mackerel quotas, reducing uncertainty for fisheries and improving profitability, since the agreement allows for better capacity utilization. Fisheries account for close to one-sixth of the total gross value added in the Faroe Islands and about 95 percent of goods exports, excluding ships and aircraft. As a non-EU member, the Faroe Islands continue to have open access to the Russian market despite Russia's retaliatory trade embargo on certain food imports from the EU. This has allowed the Faroese to sell increased quantities of salmon to the Russian market at higher than normal prices, even while prices have dropped significantly in the European market.

In August 2015, credit agency Moody's rated the Faroe Islands Aa3, high quality and very low credit risk, with a stable outlook, reflecting its fiscal autonomy and revenue and expense flexibility with a track record of prudent budgeting. The stable and historical relationship with Denmark is deemed an additional strength.

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

The labor force comprised about 25,180 people in December 2015. In many areas, the Faroese labor market model resembles that of the other Nordic countries, with high standards of living, well-established welfare schemes and independent labor unions. A majority of people in the Faroe Islands are bilingual or multilingual, with Danish and English being most widely spoken after Faroese. The Islands boast well-developed physical and telecommunications infrastructure and have well-established political, legal, and social structures. The standard of living for the total population (about 49,000) is high by world standards, and Gross National Disposable Income per capita eclipsed that of Denmark in 2014. The Faroe Islands opened their own securities exchange in 2000; active trading of shares followed in 2005. The exchange is collaboration with the VMF Icelandic exchange on the Nasdaq OMX Nordic Exchange Iceland.

The Islands exported approximately DKK 6.852 billion (USD 1.02 billion) worth of goods in 2015, 97 percent of which were fish products, with the remainder being marine vessels and aircraft. In recent years, construction, transportation, banking, and other financial services sectors have grown, and offshore oil and gas exploration is developing, though commercially viable finds have not been made. In 2014, the majority of exports went to Russia (16.7 percent), the UK (10.4 percent), followed by the U.S. (10.4 percent), Germany (10.1 percent), and Denmark (6.7 percent). Goods imports totaled DKK 6.095 billion (USD 907 million) in 2015. The vast majority of imports came from Europe; 1.08 percent originated in the United States. Denmark provided 27.21 percent of imports, Norway 19.73 percent, Germany 9.17 percent, Sweden 7.75 percent, China 4.85 percent, and Poland 4.11 percent. Imports consist of items for household consumption (22 percent), e.g. food, tobacco and beverages (10.1 percent); fuels (13.2 percent); input to industry (23 percent) and machinery (9.9 percent).

The most recent figures available show Foreign Direct Investment into the Faroe Islands totaled DKK 1.6 billion (USD 238 million) in 2012, about half of which originated from Denmark. The Faroese government has indicated interest in attracting further foreign investment. "Invest in the Faroes" is the Faroese government unit promoting Faroese trade. The website is http://www.government.fo/ . The Faroe Islands is working to sign a Foreign Accounts Tax Compliance Act (FATCA) agreement with the United States.

2. Conversion and Transfer Policies

Foreign Exchange

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

Denmark has not adopted the Euro currency. The country meets the EU's economic convergence criteria for membership and can join if it wishes to do so. Denmark conducts a fixed exchange rate policy with the Danish Krone linked closely to the Euro within the framework of ERM II. The Danish Krone (DKK; plural: Kroner, in English, "the Crown") has a fluctuation band of +/- 2.25 percent of the central rate of DKK 746.038 per 100 Euro. The Danish Government supports inclusion in a European Banking Union, as long as it can be harmonized with the Danish Euro opt-out and there is a guarantee that the Danish mortgage finance system will be allowed to continue in its present form.

The Danish political reservation concerning Euro participation can only be abolished by national referendum, and Danish voters have twice (in 1992 and 2000) voted it down. The government has stated that in principle it supports adopting the Euro, but no referendum is expected for the foreseeable future. Regular polling on this issue shows a majority of public opinion remains in favor of keeping the Krone. According to the Stability and Growth Pact, a Euro country's debt to GDP ratio cannot exceed 60 percent and budget deficit to GDP cannot exceed 3 percent. Denmark's debt to GDP ratio was 40.2% in 2015. Denmark ran a budget deficit of 2.1% in 2015. The government estimates budget deficits for 2016 and 2017, projected at 2.8% and 2.0 respectively, all within the Stability & Growth Pact parameters.

Remittance Policies

Not applicable.

3. Expropriation and Compensation

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

4. Dispute Settlement

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

There have been no major disputes over investment in Denmark in recent years. The judicial system is extremely well-regarded and considered fair. The legal system is independent of the legislative branch of the government and is based on a centuries-old legal tradition. It includes written and consistently applied commercial and bankruptcy laws, and secured interests in property are recognized and enforced. The World Economic Forum's 2015-2016 Global Competitiveness Report, which ranks Denmark as the world's twelfth most competitive economy and sixth among the 28 EU member states, characterizes it as having among the best functioning and most transparent institutions in the world. In addition, Denmark ranks high on indices related to ethical behavior of firms (ranked third), irregular payments and bribes (ranked sixth), reliability of police services (ranked 15th), judicial independence (ranked fifth), intellectual property protection (ranked 21st), and efficiency of legal framework in settling disputes (ranked 19th).

Bankruptcy

Monetary judgments under the bankruptcy law are made in freely convertible Danish Kroner. The bankruptcy law addresses creditors' claims against a bankruptcy in the following order: (1) costs and debt accrued during the treatment of the bankruptcy; (2) costs, including the court tax, relating to attempts to find a solution other than bankruptcy; (3) wage claims and holiday pay; (4) excise taxes owed to the government; and (5) all other claims. Denmark ranks 9th in "resolving insolvency" in the World Bank's 2016 Doing Business Report.

Investment Disputes

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

International Arbitration

ICSID Convention and New York Convention

Denmark has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1968. ICSID has also been extended to the Faroe Islands and Greenland. Denmark is a party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, meaning local courts must enforce international arbitration awards that meet certain criteria. Subsequent Danish legislation makes international arbitration of investment disputes binding in Denmark. In addition, Denmark is a party to the 1961 European Convention on International Commercial Arbitration and to the 1962 agreement relating to the application of this Convention. Denmark adopted the UNCITRAL Model Law on International Commercial Arbitration in 1985.

Denmark adheres to the New York Convention and declared in 1976 that the Convention applies to the Faeroe Islands and Greenland.

Duration of Dispute Resolution – Local Courts

Not applicable.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Denmark adheres to the WTO Agreement on Trade-related Investment Measures (TRIMs). No inconsistencies have been reported.

Investment Incentives

Performance incentives are available to both foreign and domestic investors. For instance, foreign and domestic investors in designated regional development areas may take advantage of certain grants and access to preferential financing. Investments in Greenland may be eligible for incentives as well. Foreign subsidiaries located in Denmark can participate in government-financed or subsidized research programs on a national-treatment basis.

Research and Development

Not applicable.

Performance Requirements

Performance requirements are applied only in connection with investment in hydrocarbon exploration, where concession terms normally require a fixed work program, including seismic surveys, and in some cases exploratory drilling, consistent with applicable EU directives. Performance requirements are mostly designed to protect the environment, mainly through encouraging reduced use of energy and water. Several environmental and energy requirements are systematically imposed on households as well as businesses in Denmark, both foreign and domestic. For instance, Denmark was the first of the EU countries, in January 1993, to introduce a carbon dioxide (CO_2) tax on business and industry. This includes certain reimbursement schemes and subsidy measures to reduce the costs for businesses, thereby safeguarding competitiveness.

Performance requirements are governed by Danish legislation and EU regulations. Potential violations of the rules governing this area are punishable by fines or imprisonment.

Performance requirements are applied uniformly to both domestic and foreign investors.

Data Storage

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

6. Protection of Property Rights

Real Property

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

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

Intellectual Property Rights

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

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

Resources for Rights Holders

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

Contact at Embassy Copenhagen covering IP: Economic Officer Stephen S. Wheeler. CopenhagenICS@state.gov.

7. Transparency of the Regulatory System

Danish laws and policies granting national treatment to foreign investments are designed to support the Danish goal of increasing FDI in Denmark. Denmark applies high standards with regard to health, environment, safety, and labor laws. These policies are universally applied and are not used to impede foreign investment. Danish corporate law is generally in conformity with current EU legislation. The legal, regulatory and accounting systems are relatively transparent and in accordance with international standards. Bureaucratic procedures are streamlined and transparent, and proposed laws and regulations are published in draft form for public comment. Under the government's "Vækstplan DK" stimulus plan from 2013, the corporate tax rate will gradually be reduced by 2016 to 22 percent from 25 percent. The rate was 23.5 percent as of 2015.

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

The government uses transparent policies and effective laws to foster competition and establish "clear rules of the game". The legal, regulatory, and accounting systems are transparent and consistent with international norms and they apply equally to Danish and foreign entities. The Danish Competition and Consumer Authority work to make markets well-functioning so businesses compete efficiently on all parameters. The Authority is a part of the Ministry of Business and Growth and enforces the Danish Competition Act. The purpose of the Act and Danish consumer legislation is to promote efficient resource allocation in society, to prevent the restriction of efficient competition, to create a level playing field for enterprises and to protect consumers.

Publicly listed companies in Denmark must adhere to the Danish Financial Statements Act when preparing their annual reports. The accounting principles are International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and Danish Generally Accepted Accounting Principles (GAAP); financial statements must be prepared annually. The Danish Financial Statements Act covers all businesses. According to the Act, personally owned businesses, personally owned general partnerships (multiple owners) and general funds are not required to prepare Financial statements and are included only if they voluntarily choose to prepare a Financial statement that are not used exclusively for the own use. In such cases, they are covered by the accounting class A (§18-21).

Private limited companies, public limited companies and corporate funds are obliged to prepare financial statements in accordance with which accounting class the company should follow based on size, as follows:

- Small businesses (Class B): Total assets DKK 36 million (USD 5.4 million), net revenue DKK 72 million (USD 10.7 million), average number of full-time employees during the financial year of 50.
- Medium-sized enterprises (Class C medium): Total assets DKK 143 million (USD 21.3 million), net revenue DKK 286 million (USD 42.6 million), average number of full-time employees during the financial year of 250.
- Large companies (Class C large): Companies that are neither small nor medium companies.

All government draft proposed regulations are published at the portal for public hearings, "Høringsportalen" (www.hoeringsportalen.dk) for consultation. After receiving feedback from the consultation process, and possibly undergoing amendments, proposed regulations are published at the Danish Parliament's website (www.ft.dk). Final regulations are published at www.lovtidende.dk and www.ft.dk. Although it is not required by law, since 15 June 2005 all ministries and agencies have been required to publish proposed regulations. Denmark has a World Bank composite score of 6, the highest score available, for the Global Indicators of Regulatory Governance.

8. Efficient Capital Markets and Portfolio Investment

Denmark has fully liberalized foreign exchange flows, including those for direct and portfolio investment purposes. Credit is allocated on market terms and freely available. Denmark adheres to its IMF Article VIII obligations. The Danish banking system is under the regulatory oversight of the Financial Supervisory Authority. Differentiated voting rights – A and B stocks –

are used to some extent, and several Danish companies are controlled by foundations, which can restrict potential hostile takeovers, including foreign takeovers.

The Danish stock market functions efficiently. In 2005, the Copenhagen Stock Exchange became part of the integrated Nordic and Baltic market place, OMX Exchanges, which is headquartered in Stockholm. Besides Stockholm and Copenhagen, OMX also includes the stock exchanges in Helsinki, Tallinn, Riga and Vilnius. In order to increase the access to capital for primarily small companies, the OMX in December 2005 opened a Nordic alternative marketplace -- "First North" — in Denmark. In February 2008, the exchanges were acquired by the NASDAQ-OMX Group.

Money and Banking System, Hostile Takeovers

The major Danish banks are rated by international agencies, and their creditworthiness is rated high by international standards. They have all passed European and national stress tests with a considerable margin.

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

In January 2009 a second initiative was passed, "Bank Package 2," which provided government lending to financial institutions in need of capital to uphold their solvency requirements. Only Danish banks were eligible for inclusion in the second initiative: a total of 43 applicants received DKK 46 billion (approximately USD 6.8 billion). A government-run Financial Stability Company was initiated to take over failed banks. By the end of 2010, ten banks had been taken over or divided and sold by the Financial Stability Company.

A third package was enacted in July 2010 without a set expiration date, which ensured the orderly winding down of failed banks through the Financial Stability Company in the period after September 30, 2010, when Bank Package I expired. The package guarantees all deposits up to DKK 750,000 (approx. USD 111,600). The third Bank Package received much national and international scrutiny for making Denmark one of the EU's toughest jurisdictions in terms of dealing with banks in distress. The package included provisions stipulating that senior debt holders would shoulder losses in the event of a bank failure.

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

On October 10, 2013, the Danish Minister for Business and Growth concluded a political agreement with broad political support which, based on the most recent financial statements, identified seven financial institutions as "systemically important": Danske Bank, Nykredit, Nordea Bank Danmark, Jyske Bank, BRFkredit, Sydbank and DLR Kredit.

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

Experts expect a revision of the Danish system of troubled financial institution resolution mechanisms in connection with a decision to join the EU Banking Union. The national payment system, "Nets" was sold to a consortium consisting of Advent International Corp., Bain Capital LLC, and Danish pension fund ATP in March 2014 for DKK 17 billion (USD 2.5 billion). The assets of the three largest Danish banks – Danske Bank, Nordea Bank Danmark, and Jyske Bank – constitute approximately 75 percent of the total assets in the Danish banking sector.

9. Competition from State-Owned Enterprises

Denmark is party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO). State owned entities (SOEs) hold dominant positions in rail, energy utility and broadcast media in Denmark. Large scale public procurement must go through public tender in accordance with EU legislation. Competition from SOEs is not considered a barrier to foreign investment in Denmark. The World Economic Forum's 2015-2016 Global Competitiveness Report ranks Denmark as fifth when it comes to judicial independence and finds that Denmark has some of the best functioning and most transparent institutions in the world.

OECD Guidelines on Corporate Governance of SOEs

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

Sovereign Wealth Funds

Not applicable.

OECD Guidelines for Multinational Enterprises

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

10. Responsible Business Conduct

The Danish Business Authority has published a National Action Plan to advance Corporate Social Responsibility (CSR) and RBC in Denmark; the most recent plan covers the 2012 – 2015 period and contains 42 initiatives focusing on business-driven CSR. A survey by the London Business School and Harvard Business School concluded that corporate management is considered the most trustworthy in Denmark, Finland and Singapore. All major companies in Denmark have a public CSR strategy. As an OECD member, Denmark promotes, through the Danish Business Authority, the MNE Guidelines and the UN Guiding Principles on Business and Human Rights. Contact information: http://mneguidelines.oecd.org/ncps/denmark.htm

11. Political Violence

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

12. Corruption

According to the 2015 Corruption Perceptions Index by Transparency International, Denmark is the least corrupt country in the world, followed by Finland. Transparency International has local representation in Denmark. Corruption is covered under the Danish Penal Code, and the Ministry of Justice is responsible for combating corruption. Penalties for violations range from fines to imprisonment of up to four years for a private individual's involvement and up to six years for a public employee's involvement. Since 1998, Danish businesses cannot claim a tax deduction for the cost of bribes paid to officials abroad.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Denmark is a signatory to the OECD Convention on Combating Bribery and the UN Anticorruption Convention, and a participating member of the OECD Working Group on Bribery. In the Working Group's 2014 Phase 3 report on Denmark, the country was urged to be more proactive in its investigations and to prosecute foreign bribery allegations.

Resources to Report Corruption

Contact at government agency or agencies that are responsible for combating corruption:

The Danish State Prosecutor for Serious Economic and International Crime,
Kampmannsgade 1
1604 Kobenhavn V.
Phone: +45 72 68 90 00
Email: saoek@ankl.dk

Ministry of Foreign Affairs of Denmark's development assistance agency DANIDA to report any knowledge of corruption within DANIDA projects or among staff or DANIDA partners.
http://um.dk/en/danida-en/about-danida/Danida-transparency/Report-corruption

Contact at "watchdog" organization

Transparency International Danmark
c/o CBS
Porcelaenshaven 18a, lokale 0.113
2000 Frederiksberghttp://transparency.dk/
Chairman Knut Gotfredsen,
Phone: 4020 8333,
Email: kgotfredsen@transparency.dk

Contact at Embassy Copenhagen responsible for combating corruption:

Iain Crawford
Political Officer
U.S. Department of State
Dag Hammarskjolds Alle 24, 2100 Copenhagen, Denmark
+45 3341 7100
CopenhagenPolEcon@state.gov

13. Bilateral Investment Agreements

The United States and Denmark have shared a Friendship, Commerce, and Navigation Treaty since 1961 that, among other things, ensures National Treatment, Most-Favored Nation status, transparency of the regulatory process, and competitive equality with state-owned enterprises. Denmark has concluded investment protection agreements with the following 45 countries (and Hong Kong): Algeria, Albania, Argentina, Belarus, Bolivia, Bulgaria, Czech Republic, Chile, China, Croatia, Egypt, Ethiopia, Estonia, Ghana, Hungary, India, Indonesia, Kuwait, Latvia, Lithuania, Malaysia, Mexico, Mongolia, Mozambique, Nicaragua, North Korea, Pakistan, Peru, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Korea, Sri Lanka, South Africa, Tanzania, Tunisia, Turkey, Uganda, Ukraine, Venezuela, Vietnam, and Zimbabwe. Further, Denmark has signed investment protection agreements with Bangladesh, Bosnia Herzegovina, Brazil, Cuba, Laos, Montenegro, Morocco and Serbia, but these agreements await ratification. There has been no change to the status of the investment protection agreements since the enactment of the European Union's Lisbon Treaty, which moved competency to the EU Commission.

Bilateral Taxation Treaties

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

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2014	345,720	2014	342,362	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014	8,026	2014	14,108	BEA data
Host country's FDI in the United States ($M USD, stock positions)	2014	23,278	2014	12,912	BEA data
Total inbound stock of US FDI as % host GDP	2014	2.3%	2014	4.1%	N/A

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

Table 3: Sources and Destination of FDI

The total stock of FDI inbound to Denmark in 2014 corresponded to 28.1 percent of GDP (current prices, exclusive of pass-through investments). Danish outbound direct investment corresponded to 51.3 percent of GDP in 2014. The largest foreign investor in Denmark in 2014 was Sweden, followed by the Netherlands, Norway, Luxembourg and the United Kingdom. U.S. investment accounted for 5.2 percent of the total 2014 FDI stock in Denmark, the eighth largest source of FDI.

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

The main destinations for Danish FDI are Sweden (16.4 percent), United Kingdom (13.2 percent), Germany (9.9 percent), the United States (9.7 percent) and Singapore (6.2 percent). EU countries held 69.6 percent of the stock in Denmark in 2014.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations 2014 *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	153,120	100%	Total Outward	240,470	100%
Sweden	32,590	21%	Sweden	39,350	16%
Netherlands	19,800	13%	UK	31,860	13%
Norway	13,580	9%	Germany	23,790	10%
Luxembourg	13,280	9%	United States	23,280	10%
UK	12,780	8%	Singapore	15,000	6%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: Nationalbanken, the Central Bank of Denmark

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	427,375	100%	All Countries	216,203	100%	All Countries	211,172	100%
United States	111,635	26%	United States	80,217	37%	Germany	55,381	26%
Germany	64,318	15 %	Luxembourg	27,664	13%	United States	31,418	15%
Luxembourg	32,722	8%	United Kingdom	15,579	7%	Sweden	12,947	6%
United Kingdom	25,117	6%	Ireland	10,248 t	5%	France	12,332	6%
Sweden	21,251	5%	Japan	9,076	4%	Netherlands	11,391	5%

Source: IMF Coordinated Portfolio Investment Survey

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments]

Legal system:

civil law; judicial review of legislative acts

International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council, Australia Group, BIS, CBSS, CD, CE, CERN, EAPC, EBRD, EIB, EITI (implementing country), ESA, EU, FAO, FATF, G-9, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NATO, NC, NEA, NIB, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, Schengen Convention, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNMIL, UNMISS, UNRWA, UNTSO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

There are no exchange controls in Denmark on inward or outward investment.

Treaty and non-treaty withholding tax rates

Denmark has signed **121 agreements** (**69 DTC** and **52 TIEA** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Andorra	TIEA	24 Feb 2010	13 Feb 2011	Yes	Yes
Anguilla	TIEA	2 Sep 2009	11 Mar 2011	Yes	Yes
Antigua and Barbuda	TIEA	2 Sep 2009	23 Feb 2011	Yes	Yes
Argentina	DTC	12 Dec 1995	3 Sep 1997	Yes	No
Armenia	DTC	21 Oct 1986	28 Sep 1987	Unreviewed	No
Aruba	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes
Australia	DTC	1 Apr 1981	27 Oct 1981	Yes	No
Austria	DTC	25 May 2007	28 Mar 2008	Yes	Yes
Azerbaijan	TIEA	25 Jan 1988	1 Oct 2004	Unreviewed	No
Bahamas, The	TIEA	10 Mar 2010	9 Sep 2010	Yes	Yes
Bahrain	TIEA	14 Oct 2011	5 Sep 2012	Yes	Yes
Bangladesh	DTC	16 Jul 1996	18 Dec 1996	Unreviewed	No
Barbados	TIEA	3 Nov 2011	14 Jun 2012	Yes	Yes
Belarus	DTC	21 Oct 1986	28 Sep 1987	Unreviewed	No
Belgium	DTC	16 Oct 1969	31 Dec 1970	Yes	Yes
Belize	TIEA	15 Sep 2010	9 Mar 2011	Yes	Yes
Bermuda	TIEA	16 Apr 2009	25 Dec 2009	Yes	Yes
Botswana	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes
Brazil	DTC	27 Aug 1974	5 Dec 1974	Yes	No
Brunei Darussalam	TIEA	27 Jun 2012	15 Mar 2013	Unreviewed	Yes
Bulgaria	DTC	2 Dec 1988	27 Mar 1989	Unreviewed	No
Canada	DTC	17 Sep 1997	2 Mar 1998	Yes	No
Cayman Islands	TIEA	1 Apr 2009	6 Feb 2010	Yes	Yes
Chile	DTC	20 Sep 2002	21 Dec 2004	Yes	No
China	DTC	16 Jun 2012	28 Dec 2012	Yes	Yes
Chinese Taipei	DTC	30 Aug 2005	23 Dec 2005	Unreviewed	No
Cook Islands	TIEA	16 Dec 2009	5 Oct 2011	Yes	Yes
Costa Rica	TIEA	29 Jun 2011	not yet in force	Yes	Yes
Croatia	DTC	14 Sep 2007	22 Feb 2009	Unreviewed	No
Curaçao	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes
Cyprus	DTC	11 Oct 2010	18 May 2011	Yes	Yes

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Czech Republic	DTC	25 Aug 2011	17 Dec 2012	Yes	Yes	
Dominica	TIEA	19 May 2010	1 Feb 2012	No	Yes	
Egypt	DTC	9 Feb 1989	12 Apr 1990	Unreviewed	No	
Estonia	DTC	4 May 1993	30 Dec 1993	Yes	No	
Faroe Islands	TIEA	7 Dec 1989	9 May 1991	Unreviewed	No	
Finland	TIEA	7 Dec 1989	8 May 1991	Yes	No	
Former Yugoslav Republic of Macedonia	DTC	20 Mar 2000	14 Dec 2000	Yes	No	
France	EEC directive	30 Mar 2011	1 Jan 1978	Yes	No	
Georgia	DTC	10 Oct 2007	1 Jan 2009	Unreviewed	Yes	
Germany	DTC	22 Nov 1995	25 Dec 1996	Yes	No	
Gibraltar	TIEA	2 Sep 2009	13 Feb 2010	Yes	Yes	
Greece	DTC	18 May 1989	18 Jan 1992	Yes	No	
Greenland	TIEA	7 Dec 1989	9 May 1991	Unreviewed	No	
Grenada	TIEA	19 May 2010	14 Feb 2012	Yes	Yes	
Guatemala	TIEA	15 May 2012	not yet in force	No	Yes	
Guernsey	TIEA	28 Oct 2008	6 Jun 2009	Yes	Yes	
Hungary	DTC	27 Apr 2011	15 Jul 2012	Yes	Yes	
Iceland	TIEA	7 Dec 1989	9 May 1991	Yes	No	
India	DTC	8 Mar 1989	13 Jun 1989	Yes	No	
Indonesia	DTC	28 Dec 1985	29 Apr 1986	Yes	No	
Ireland	DTC	26 Mar 1993	8 Oct 1993	Yes	No	
Isle of Man	TIEA	30 Oct 2007	26 Sep 2008	Yes	Yes	
Israel	DTC	9 Sep 2009	29 Dec 2011	Yes	Yes	
Italy	DTC	5 May 1999	27 Jan 2003	Yes	No	
Jamaica	DTC	16 Aug 1990	10 Oct 1991	Yes	No	
Jamaica	TIEA	4 Dec 2012	not yet in force	Yes	Yes	
Japan	DTC	3 Feb 1968	26 Jul 1968	Yes	No	
Jersey	TIEA	28 Oct 2008	6 Jun 2009	Yes	Yes	
Kenya	DTC	13 Dec 1972	15 Mar 1973	Yes	No	
Korea, Republic of	DTC	11 Nov 2007	8 Jan 1979	Yes	No	
Kuwait	DTC	22 Jun 2010	not yet in force	Unreviewed	No	
Kyrgyzstan	DTC	21 Oct 1986	28 Sep 1987	Unreviewed	No	
Latvia	DTC	10 Dec 1993	27 Dec 1993	Unreviewed	No	
Liberia	TIEA	10 Nov 2010	18 May 2012	Yes	Yes	
Liechtenstein	TIEA	17 Dec 2010	7 Apr 2012	Yes	Yes	
Lithuania	DTC	13 Oct 1993	30 Dec 1993	Yes	No	
Luxembourg	DTC	17 Nov 1980	22 Mar 1982	Yes	Yes	
Macao, China	TIEA	29 Apr 2011	15 Oct 2011	Yes	Yes	
Malaysia	DTC	4 Dec 1970	4 Jun 1970	No	No	
Malta	DTC	13 Jul 1998	30 Dec 1998	Yes	No	
Marshall Islands	TIEA	28 Sep 2010	3 Dec 2011	Yes	Yes	
Mauritius	TIEA	1 Dec 2011	1 Jun 2012	Yes	Yes	
Mexico	DTC	11 Jun 1997	22 Dec 1997	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Monaco	TIEA	23 Jun 2010	2 Oct 2010	Yes	Yes
Montenegro	DTC	19 Mar 1981	10 Jan 1982	Unreviewed	No
Montserrat	TIEA	22 Nov 2010	21 Oct 2011	Yes	Yes
Morocco	DTC	8 May 1984	25 Dec 1992	Unreviewed	No
Netherlands	DTC	1 Jul 1996	6 Mar 1998	Yes	No
New Zealand	DTC	10 Oct 1980	22 Jun 1981	Yes	No
Niue	TIEA	16 Oct 2013	not yet in force	Unreviewed	Yes
Norway	TIEA	7 Dec 1989	9 May 1991	Yes	No
Pakistan	DTC	22 Oct 1987	22 Oct 1987	Unreviewed	No
Panama	TIEA	16 Nov 2012	not yet in force	Unreviewed	Yes
Philippines	DTC	30 Jun 1995	24 Dec 1997	Yes	No
Poland	DTC	6 Dec 2001	1 Jan 2003	Yes	Yes
Portugal	DTC	14 Dec 2000	24 May 2002	Yes	No
Qatar	TIEA	6 Sep 2013	not yet in force	Yes	Yes
Romania	DTC	13 Dec 1976	28 Dec 1977	Unreviewed	No
Russian Federation	DTC	8 Feb 1996	27 Apr 1997	Yes	No
Saint Kitts and Nevis	TIEA	2 Sep 2009	23 Feb 2011	Yes	Yes
Saint Lucia	TIEA	12 Oct 2009	8 Oct 2011	Yes	Yes
Saint Vincent and the Grenadines	TIEA	1 Sep 2009	1 Apr 2011	Yes	Yes
Samoa	TIEA	16 Dec 2009	22 Mar 2012	Yes	Yes
San Marino	TIEA	12 Jan 2010	19 May 2010	Yes	Yes
Serbia	DTC	15 May 2009	18 Dec 2009	Unreviewed	Yes
Seychelles	TIEA	30 Mar 2011	28 Jul 2012	Yes	Yes
Singapore	DTC	3 Jul 2000	22 Dec 2000	Yes	Yes
Sint Maarten	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes
Slovakia	DTC	5 May 1982	27 Dec 1982	Yes	No
Slovenia	DTC	2 May 2001	3 Jun 2002	Yes	No
South Africa	DTC	21 Jun 1995	3 Dec 1997	Yes	No
Spain	TIEA	12 Nov 2009	1 Dec 2010	Yes	No
Sri Lanka	DTC	22 Dec 1981	23 Feb 1983	Unreviewed	No
Sweden	TIEA	7 Dec 1989	9 May 1991	Yes	No
Switzerland	DTC	23 Nov 1973	15 Oct 1974	No	Yes
Tanzania	DTC	6 May 1976	31 Dec 1976	Unreviewed	No
Thailand	DTC	23 Feb 1998	11 Feb 1999	Unreviewed	No
Trinidad and Tobago	DTC	20 Jun 1969	17 May 1971	No	No
Tunisia	DTC	5 Feb 1981	28 May 1981	Unreviewed	No
Turkey	DTC	30 May 1991	20 Jun 1993	Yes	No
Turks and Caicos Islands	TIEA	7 Sep 2009	25 Jan 2011	Yes	Yes
Uganda	DTC	14 Oct 2000	8 May 2001	Unreviewed	No
Ukraine	DTC	5 Mar 1996	20 Aug 1996	Unreviewed	No
United Kingdom	DTC	11 Nov 1980	17 Dec 1980	Yes	No
United States	DTC	19 Aug 1999	29 Jan 2001	Yes	Yes
Uruguay	TIEA	14 Dec 2011	not yet in force	Yes	Yes

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Vanuatu	TIEA	13 Oct 2010	not yet in force	No	Yes
Venezuela	DTC	3 Dec 1998	21 Jun 2001	Unreviewed	No
Viet nam	DTC	31 May 1995	24 Apr 1996	Unreviewed	No
Virgin Islands, British	TIEA	18 May 2009	15 Apr 2010	Yes	Yes
Zambia	DTC	13 Sep 1973	18 Oct 1974	Unreviewed	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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