

Factsheet Denmark

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The Øresund Bridge. Photo: Jørgen Schytte.

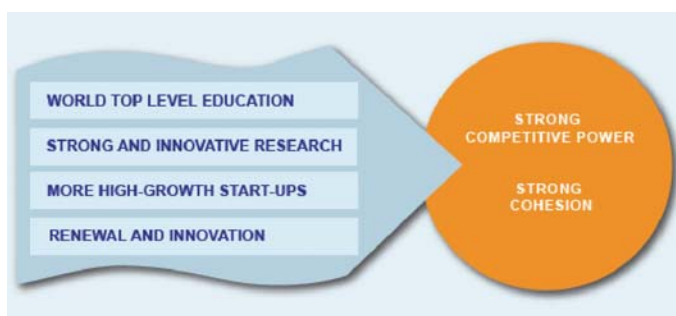
JUNE 2006

GOVERNMENT STRATEGY FOR DENMARK IN THE GLOBAL ECONOMY

The Danish Government has presented a comprehensive strategy for Denmark in the global economy – “Progress, Innovation and Cohesion”. The aim is to enable Denmark to maintain its position as one of the wealthiest countries in the world and as a country with strong social cohesion.

The strategy has materialized from discussions in the Danish Globalisation Council – an advisory council chaired by Prime Minister Anders Fogh Rasmussen and with high level representatives from key sections of the Danish society.

A summary of the strategy is available in English on www.globalisation.dk.

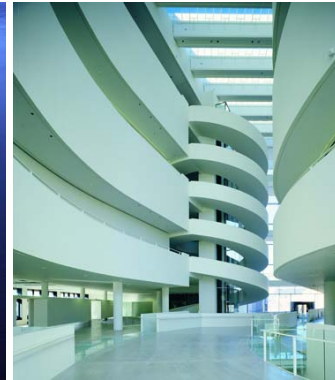


Opportunities and challenges

Globalisation presents opportunities to increase prosperity and ensure better jobs. For consumers, it brings a wider product range to choose from and lower prices. For firms, it brings opportunities for higher efficiency gains and productivity growth. But globalisation also poses challenges. In Europe and the other OECD countries the demand for a highly educated workforce will be increasing, while the demand for some low skilled will be decreasing. A major challenge is therefore to ensure a higher level of education and make everyone able to keep pace with new demands. Research and development should be strengthened in order to make companies more innovative. The aim is to ensure that the globalisation process is beneficial for all.

Denmark has a strong point of departure

Denmark is well equipped to continue benefiting from globalisation. The main strengths are a flexible labour market combined with a welfare state ensuring a high level of income security; a strong economy with low unemployment; an efficient public sector; and a relatively large degree of economic



Documentation

equality. International surveys on competitiveness mention Denmark among the top performers in the world. And the Danish society is based on a shared belief in democracy with room for diversity and on the individual's right to freedom as well as duty to accept responsibility.

But reforms are needed

Although the Danish point of departure is strong, reforms and adjustments are needed in order to reap the full benefits of globalisation and address the challenges. Today, the academic standards in the primary school system are not on par with those found in most other comparable countries. Too few young people complete an upper secondary education programme and too few take a higher education. The research system lacks competition. And too few new companies generate growth. Competition is too weak in several business sectors and in a number of infrastructural areas.

Two objectives: Wealth and cohesion

The Danish Globalisation Strategy aims at preparing Denmark for further globalisation, so that Denmark can continue to be among the wealthiest countries in the world and maintain a strong social cohesion.

The Government's vision for Denmark

Denmark should be among the most attractive countries to live and work in – also in 10 and 20 years from now. Denmark should be a country where everyone is optimally equipped to unfold their abilities and create prosperity for themselves and for others. A country having a global outlook and playing an active role in the world community. A country where everyone participates in the renewal process and where everyone shares in progress and cohesion.

Policy-making based on dialogue — The Danish Globalisation Council

The Government and Parliament cannot carry out the task of gearing Denmark for the future alone. Everyone should assume their share of responsibility and be ready to innovate.

The Danish Government therefore decided to set up a Globalisation Council to prepare the strategy. In line with the Danish tradition for dialogue and cooperation between groups in society across traditional divisions, the Council consists of high level representatives from trade unions, industrial organisations, companies, and the education and research community.

Through an extensive series of meetings and debates, the Council has advised the Government on the strategy for

Denmark in the global economy. However, the content of the published strategy is the sole responsibility of the Government.

The work of the Globalisation Council

The Globalisation Council was set up in April 2005. It has 26 members: 21 high level representatives and 5 key ministers, including Prime Minister *Anders Fogh Rasmussen* (chairman) and Minister for Economic and Business Affairs *Bendt Bendtsen* (deputy chairman). A full list of members can be found on www.globalisation.dk.

Over a period of one year, the Globalisation Council has held 14 meetings. In May and June 2005, the Globalisation Council discussed the challenges of globalisation for Denmark. From August 2005 to February 2006, the Council held a total of nine theme-based meetings on education and training, research, competitive power and innovation. Most meetings ran over two days. The Council has benefited from contributions from 48 leading international and Danish experts, including professor Jagdish Bhagwati (Columbia University), Carl Schramm (Chairman, Kauffman Foundation), Diana Farrell (Director, McKinsey Global Institute), and Janez Potocnik (Commissioner for Science and Research, The European Commission).

It has been the stated aim of the government to have an open and transparent process for formulating the Globalisation Strategy, and to ensure a public debate along the way. All material for Council meetings was made available beforehand for the press and the general public on a special website. Over 100 representatives of organisations and other individuals were invited to participate in the meetings. Every meeting concluded with a press conference.

The Council will meet again in 2007 to follow up on the Government's Globalisation Strategy.

The globalisation strategy – comprehensive with extensive reforms

The strategy contains 350 specific initiatives, which together entail extensive reforms of education and research programmes and substantial improvements in the framework conditions for growth and innovation in all areas of society, including entrepreneurship and innovation policy.

A large part of the proposals aim at strengthening the quality and governance of education and research, promoting entrepreneurship and innovation and increasing the number of young people, who complete an upper secondary education programme and take a higher education. The strategy focuses



Kronborg Castle, Elsinore. Photo: Ole Malling
The Black Diamond, Copenhagen. Photo: Jørgen True
Wind park. Photo: Jørgen Schytte
ARoS, Aarhus Kunstmuseum, Århus. Photo: Poul Ib Henriksen
Jens Enevold Thaulov Andersen researcher of osteoporosis
Technical University of Denmark. Photo: Bo Jarner
Diploma students at the Technical University of Denmark
receive instruction according to the so-called CDIO concept.
Photo: Bo Jarner

Documentation

on improving the efficiency of public spending on education and research, in particular by allocating more public funds in open competition, and on increasing competition and internationalisation in the Danish economy as a whole. It is a central objective that research and development should amount to 3 per cent of GDP by 2010.

The strategy is complemented by the Government's recent welfare reform proposals, which focus on getting young people to complete their studies faster, on postponing the average retirement age, and on improving the integration of immigrants. This reform package will contribute to financing the globalisation strategy (e.g. investments in education and research).

Education - key initiatives

- Reform of the primary and lower secondary school system. Academic standards need to be raised considerably in the core subjects of reading, mathematics, science and English. Evaluation and testing should give teachers, parents and pupils a clear idea of where particular focus is needed. Teachers should become subject specialists. The school's management should be strong and visible, and the local authorities' responsibility for the academic results should be crystal clear.
- Municipalities should have clear responsibility for ensuring that all young people complete a general or vocational upper secondary education programme. Reform of the vocational education and training (VET) programmes with the aim to reduce the drop-out rate and provide programmes suitable for both strong and weak learners.
- At least 50 per cent of young people should complete a higher education programme. Educational institutions should be obliged via development contracts and economic incentives to take steps to retain students. New attractive education programmes should increase enrolment in programmes within engineering, science, ICT and health. Guidance services should be strengthened.
- Reform of the short-cycle and medium-cycle higher education programmes. All institutions engaged in providing medium-cycle higher education should be gathered in few multi-disciplinary university colleges with academically strong and modern study environments. New profession-oriented and practice-oriented education programmes should be developed.
- Reform of universities. The basic funding resources for universities should be allocated following an overall assessment of the actual results and objectives relating to the quality of research, teaching and knowledge dissemination.

- An independent accreditation body should be set up to evaluate all higher education programmes according to international standards. Accreditation should be a precondition for public funding.
- All young people should complete an education programme with a global perspective. Many more young Danes should have the opportunity to pursue a study period abroad. And it should be made more attractive for highly qualified foreign students and teachers to come to Denmark.
- Everyone should engage in lifelong learning. In March 2006 the Government and the social partners agreed on the need to strengthen adult education and continuing training.

Research and development - key initiatives

- Research and development should be strengthened. The objective is that public and private companies and institutions spend a total of at least 3 per cent of GDP on research and development by 2010. Publicly financed expenditure on research and development should reach 1 per cent of GDP by 2010, while private R&D should be spurred by improved framework conditions.
- Reform of the public research system in order to improve the quality and efficiency of research spending. To ensure that public funds are allocated to the best researchers and the best research environments, at least 50 per cent of the funds should be subject to open competition based on quality criteria. A larger share of the funds should be targeted at large, long-term research projects and at strategic research projects. In order to provide enough researchers, the number of PhD students should be doubled.
- Danish companies should be amongst the most innovative. Close relations between companies and universities should contribute to a more rapid dissemination of public sector research results to the business community. New knowledge about more systematic incorporation of customers' needs in companies' innovation should be developed.

Entrepreneurship - key initiatives

- Pupils in primary and lower secondary school should work systematically on developing their creative skills in the existing subjects. In VET programmes and higher education programmes, young people should be offered courses in entrepreneurship.
- Entrepreneurs and small enterprises should have accessi-

Government strategy for Denmark in the global economy

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Documentation

ble and competent advice in centres for new growth businesses. More private venture capital and new financial instruments will give new companies better access to capital. Administrative burdens are to be reduced through easier registration of companies and e-government.

An innovative society - key initiatives

- Stronger competition and greater openness and transparency should strengthen innovation. The authorities should have new effective tools for ensuring competition. The public sector should become better at using the market to deliver the best and cheapest service. Special rules and trade barriers should be abolished. A green card scheme should attract highly skilled foreigners to Denmark. Denmark should have a strong interaction with other

countries and cultures. The Danish people should have good insight into and understanding of other countries and cultures. Sales and marketing efforts to promote

- Denmark as an investment-attractive country should be widened to additional markets. More Danish cutting-edge competences should be marketed globally.

For further information

Danish Globalisation Strategy:

www.globalisation.dk.

On the website you can find names of contact persons in the Danish Central Government.

FACTS ABOUT DENMARK

(All figures are from 2004 unless otherwise noted; OECD figures are simple averages of OECD countries)

Population:

5.41 million.

Government:

Coalition between *Venstre* (Denmark's Liberal Party) and *Det Konservative Folkeparti* (The Conservative People's Party).

GDP per capita (purchasing power parity):

US\$ 32,300 (OECD: 27,800).

Economic key figures:

Annual GDP growth: 1.7 % (OECD: 3.5 %); inflation: 1.2 % (OECD: 2.7 %); unemployment rate (harmonised): 5.4 % (OECD: 7.1 %); general government budget balance: 1.7 % of GDP (OECD: -1.1 %).

Labour Market:

Employment rate: 75.7 % of working-age population (OECD: 66.7 %).

Education:

Percentage of population with at least upper secondary education (2003): 81.8 % (OECD: 68.7 %); percentage of population with a higher education (2003): 31.5 % (OECD: 24 %).

Information technology:

No. 1 in Economic Intelligence Unit's e-readiness ranking (2006) – score 9.0 out of 10 (OECD: 7.6).

Research and development expenditures (2003):

Public sector: 0.8 % of GDP (OECD: 0.7 % of GDP), private sector: 1.8 % of GDP (OECD: 1.5 % of GDP).

Entrepreneurship:

New companies constitute almost 10 % of the total number of companies in Denmark. This is on a level with the best performing entrepreneurial countries.

Good governance (World Bank, index; scale = 0-100):

Voice and accountability: 100 (OECD: 87.9), political stability and absence of violence: 89.8 (OECD: 77.5), government effectiveness: 98.6 (OECD: 87), control of corruption: 98 (OECD: 85.2).

Foreign policy and development aid:

Member of the UN Security Council 2005-2006; among the world's largest donors with an aid level of 0.8 % of GDP.

Attitude towards globalisation (Eurobarometer 2006):

77 % of the Danes see globalisation first and foremost as a good opportunity for companies thanks to the opening-up of markets (EU: 37 %).

Active international partner:

Membership of the European Union, NATO, WTO, United Nations, OSCE, Council of Europe, Nordic Council, OECD, ASEM, the World Bank, IMF etc.

The ranking of Denmark in four international surveys

- No. 1 Economist Intelligence Unit's Global Business Environment Ranking 2006
- No. 5 World Competitiveness Yearbook 2006 (IMD)
- No. 4 Growth Competitiveness Index 2005 (World Economic Forum)
- No. 7 Foreign Policy's Globalisation Index 2005