

## A small economy open to the world

*Denmark is a service society with nearly no unemployment and an open, modern and stable market economy built on strong international trade relations.*

The Danish economy is small and open, thus greatly dependent upon international trade relations. Denmark has one of the highest foreign trade levels per capita in the world and occupies a leading position in world trade. More than half of GDP consists of exports of goods and services. 70% of Danish trade is done with other EU countries were major trading partners include Germany, Sweden, and England.

In 2006 Denmark exported goods and services for 5474,6 billion Baht, which is an increase of 11.7% from 2005. Exports of goods as crude mineral oil and other products of this, medical and pharmaceutical products and machines and machine accessories amount to 64% of total exports. The export of services makes up 36% of total exports. Since 2001, Danish companies have increased their exports to Asia, which in 2006 amounted to 7.9% of total Danish exports (without energy goods).

### Danish export of goods to main regions 2006 (without energy goods)

Other countries	7.0%
EU12 & Western Europe	76.1%
North America	7.5%
Latin America	1.5%
Asia (Japan included)	7.9%
Total	100%

Source: Statistics Denmark

In 2006 Denmark imported goods and services for 5184,1 billion Baht, which is a real growth of 14% since 2005. In 2006 Asia had a share of the Danish imports of 11%. The Ministry of Foreign Affairs in Denmark forecasts this share to increase to 21% in 2020.

### **Economic growth**

Denmark is currently experiencing a period of economic prosperity. The inflation is very low 1.8% (CIA 2006), and the GDP is high, about 1.12 million Baht per capita (CIA 2006).

As shown in the graph, Denmark has witnessed a remarkable economic growth since 2002, primarily due to a considerable increase in private consumption and accelerating prices in the real-estate sector. During the last couple of years, the growth rates have been steady with an annual real worth of 3.2%. The country's unemployment rate has at the same time fallen and is currently as low as 3%, which means that Denmark is approaching full employment status.

### Economic growth

2002:	0.5%
2003:	0.4%
2004:	2.1%
2005:	3.1%

2006: 3.2%

Source: Statistics Denmark

Note: Gross Domestic product (GDP) in market quotations (the annual real worth in percent)

#### Unemployment:

2005: 6,1%

2006: 5,1%

2007 (January): 3,7%

2007 (October): 3,0%

Source: Statistics Denmark

### **Denmark and the European economy**

Denmark participates fully in the economic collaboration in the EU and the economic policy is therefore largely based on the guidelines jointly agreed by the EU member states to ensure long-term viable development and employment. The government has been successful in meeting and even exceeding the economic criteria for participating in the third phase of the European Economic and Monetary Union. However, Denmark has decided not to join the EURO but the Danish crown (DKR) is tied to the Euro and remains stable.

### **A Service Society**

Even though 65% of Denmark's total area is utilised for agricultural purposes and Denmark traditionally has been considered an agrarian society, the agricultural sector's share of the total production has declined to less than 1.4% of GDP. Today the agricultural sector is modern, high-tech and export oriented.

Fundamental changes to the country's commercial structure have made other sectors comparatively more important. Today the private service sector is the backbone of the Danish economy with 74% of the total production and more than three fourth of the Danish workforce employed here.

#### The industrial structure of Denmark 2006 (percent of GDP)

Agriculture: 1.4%

Service sector: 74%

Industry: 24.6 %

Source: Statistics Denmark