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INVEST

FOREIGN DIRECT INVESTMENT

The level of FDI in Denmark is still far below the country's potential. In addition, due to the effects of the Covid-19 pandemic, FDI inflows have slowed down sharply. According to UNCTAD's [2023 World Investment Report](#), FDI inflows reached USD 4.5 billion in 2022, down by 4% year-on-year. In the same year, FDI stocks totalled USD 142.5 billion, around 36.5% of the country's GDP. Denmark is traditionally a net investor; nevertheless, FDI outflows reached a mere USD 3.8 billion in 2022 (compared to USD 27.3 billion one year earlier). Investments are mostly oriented towards finance and insurance, business services, wholesale and retail trade, manufacturing, real estate and information and communication. FDI stocks are mostly owned by Sweden, the Netherlands, Norway, Luxembourg and the UK. FDI to Denmark often pass through the Netherlands and Luxembourg as transit countries; however, if taking into consideration the country that ultimately controls the investments, the USA are the largest investor (around 30% of total FDI, according to the Bank of Denmark). According to the latest figures from the OECD, in the first half of 2023, FDI inflows to Denmark totalled almost USD 3.3 billion, up from USD 2.9 billion in the same period one year earlier.

The country's strengths include a highly skilled and multilingual workforce, a flexible labour market, ultramodern infrastructure (telecommunications, transportation, etc.) and attractive tax incentives for companies. On the other end, the internal market is small and vulnerable to external shocks, and the external debt level is high. In 2021, the "Investment Screening Act" entered into force, introducing two alternative screening procedures: a sector-specific mandatory notification (for sectors related to national security and public order) and a voluntary notification for all other sectors. As of July 1, 2023, Denmark has revised its legislation. The amendment comprises two key elements for specific sensitive sectors and activities: the implementation of a two-phase process for endorsing foreign investments and an extension of the DISA's coverage to include agreements associated with the planned Danish Energy Island in the North Sea, which is a prominent infrastructure initiative led by the Danish Government aiming to establish a new island in the North Sea to serve as a central hub for upcoming wind farms and other renewable energy ventures. Companies intending to engage in contracts associated with the construction, joint ownership, or operation of the Energy Island are required to submit an application to the [Danish Business Authority \(DBA\)](#) and secure prior approval from the authority. Additionally, the Minister holds the authority to stipulate that all participants in tenders related to these contracts must also seek approval from the DBA.

Overall, the Danish business environment is well developed and the country ranks 9th among the 132 economies on the [Global Innovation Index 2023](#) and stands at the 7th position (out of 184 countries) on the [2023 Index of Economic Freedom](#). Moreover, Denmark was once again ranked 1st in the [Corruption Perception Index](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	1,685	4,681	4,494
FDI Stock <i>(million USD)</i>	155,044	142,662	142,569
Number of Greenfield Investments*	113	157	164

Foreign Direct Investment	2020	2021	2022
Value of Greenfield Investments (million USD)	2,198	2,231	4,571

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Denmark	OECD	United States	Germany
Index of Transaction Transparency*	7.0	6.5	7.0	5.0
Index of Manager's Responsibility**	5.0	5.3	9.0	5.0
Index of Shareholders' Power***	8.0	7.3	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN DENMARK

Strong Points

Advantages for FDI in Denmark:

- A skilled and multilingual workforce
- Political stability
- Solid public finances
- High purchasing power
- Well-developed and good quality infrastructure, especially in telecommunications (very high rate of numeric services utilisation)
- Great flexibility
- Vitality of the banking sector
- Variety of energy resources
- Various economic sectors are well-positioned for exports
- A relatively low company taxation rate (22%)
- Expatriates can benefit from a special tax regime

Weak Points

Disadvantages for FDI in Denmark:

- Relatively high income tax rate
- Small domestic market
- High household indebtedness and a high price of real estate
- High proportion of jobs dependent on the public sector

- Lack of labour-force in certain domains
- An economic system that is too dependent on international economic fluctuations

Government Measures to Motivate or Restrict FDI

Laws and regulations implemented by the Government in recent years are orientated towards more openness and are non-discriminatory. The business climate in Denmark is regarded as one of the best worldwide, as its excellent rankings by the international evaluation institutions show. The Danish Government has concentrated its efforts on the improvement of general investment conditions and on reducing structural obstacles to market access. Significant progress has been made in privatisation, de-monopolisation and competitiveness.

According to the [Danish Competition Act](#), companies must receive permission from the EU commission for large-scale mergers and acquisitions. Denmark applies European Union law in regards to investment, and investments coming from member-states are treated the same way as Danish investments. In the eyes of investors, Denmark has the advantage of being strategically geographically situated. It is a natural doorway to Scandinavian countries and to the Baltic region.

The Danish Government has also set up [an investment promotion website](#) for the purpose of attracting potential investors.

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Online sales and traditional retail (textile, cosmetics, consumer goods), oil exploitation (North Sea, Greenland), sea transport, agriculture, information and communication technologies, pharmaceutical industry, renewable energy, catering, real estate, R&D, food-processing industry.

High Potential Sectors

Ecological building, medical technologies and life science, hydrocarbons' extraction machines, tourism, beverage industry, environmental technologies, design.

Privatization Programmes

There is no ongoing privatisation program at the moment.

Tenders, Projects and Public Procurement

[Licitationen](#), Tenders & Projects from Denmark

[Globaltenders](#), Tenders & Projects from Denmark

[Tenders Info](#), Tenders in Denmark

[DgMarket](#), Tenders Worldwide

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

In application of the European Union regulations, Denmark does not make any difference between foreign and national investors.

Restrictions on FDI exist in the following sectors:

- Aviation (products must mainly come from companies based in the EU)
- Defence industry (IDE must be approved by the Ministry of Justice)
- Hydrocarbons exploration (Danish State should own at least 20% of the capital)
- Marine transport (there is a limit for the FDI coming from outside of the EU)
- Real estate (special conditions for FDI coming from outside of the EU)
- Financial market (need to have a subsidiary on Danish soil).

Finding Assistance For Further Information

Investment Aid Agency

[Invest in Denmark \(Ministry of Foreign Affairs of Denmark\)](#)
[Federation of Danish Investment Associations](#)

Other Useful Resources

[Danish Statistics](#)
[Ministry of Industry, Business and Financial Affairs](#)
[Your Danish Life \(The Expat Magazine\)](#)

Doing Business Guides

[Doing Business - Denmark \(World Bank\)](#)
[Mazars' Business Guide for Denmark](#)