

SPRING 2010 REFORM BAROMETER - DENMARK

1. SUMMARY TABLE

<u>Denmark</u>				Rank among 29 **			Relative Gap	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	29395	27632	-6.0%	10	9	1	LU, IE, NL, AT, BE	-19%
GDP per capita (€ at 2000 prices)	34916	33269	-4.7%	5	4	1	LU, DK, SE, IE, UK	-3%
Labour Utilisation (Annual hours worked per capita)	818	778	-4.8%	13	11	2	CY, SI, GR, CZ, PL	-12%
Annual hours worked per person employed	1587	1556	-2.0%	23	23	0	GR, HU, PL, SI, CZ	-23%
Employment as % of labour force (100-unemployment rate)	96.7	95.5	-1.2	4	2	2	NL, DK, AT, CY, LU	1
Labour participation (labour force as % of active population)	80.8	79.6	-1.2	2	3	-1	NL, DK, SE, DE, UK	2
Dependency ratio (working age population as % of total population)	65.9	65.8	-0.1	26	26	0	SK, PL, CY, CZ, RO	-7
Labour Productivity (GDP per hour worked, in PPP)	34.8	34.4	-1.3%	14	13	1	LU, BE, NL, FR, DE	-20%
Labour Productivity (GDP per hour worked, € at 2000 prices)	41.3	41.4	0.1%	6	6	0	LU, SE, BE, DK, FR	-12%
Capital deepening (capital stock per hour worked)*	5.1	5.2	1.9%	11	11	0	IE, FR, LU, AT, SE	-11%
Total Factor Productivity (level of economic efficiency per hour worked)*	8.1	8.0	-1.8%	4	4	0	LU, UK, DK, SE, BE	-8%
Corporate Investment (private investment excluding non-residential, % GDP)	14.1	12.4	-1.8	5	6	-1	BE, RO, AT, DK, SK	-0.7
Current Account Balance (as % GDP)	2.2	1.9	-0.3	8	9	-1	LU, SE, LV, DE, EE	-4.5
Export market share measured in volume relative to main 35 trading partners (from 2000)	-6.2	-2.8	3.4	20	17	3	RO, LT, HU, CZ, PL	-57.5
Unit labour Costs relative to main 35 trading partners (from 2000)	11.2	13.4	2.2	20	21	-1	DE, PL, AT, SE, GR	20.5
Government gross debt (as % GDP)	33.5	33.7	0.2	10	7	3	EE, LU, BG, RO, LT	15.8
Net lending/net borrowing of general government (as % GDP)	3.4	-2.0	-5.4	3	3	0	BG, DK, SE, LU, FI	0.0
Required budgetary adjustment related to ageing (as % GDP)	N/A	1.8	N/A	N/A	11	N/A	PL, EE, HU, BG, SE	1.7
Public Investment (as % total public expenditure)	3.7	4.1	0.4	26	26	0	BG, RO, EE, CZ, PL	-12.3
Tax burden (as % GDP)	48.3	46.9	-1.5	29	29	0	LV, RO, IE, SK, LT	19.0

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

2. PRIORITIES FOR REFORM: ANSWERS FROM DA AND DI (DENMARK)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	Specific Labour supply measures for older workers	Dismiss early retirement sheme	Only to a minor degree. The retirement age will be increased by 2 years from 2017.	
Priority 2	Labour taxation to stimulate labour demand	Dismiss top bracket income tax		The middle bracket income tax has been removed from 2010 and the income threshold for the top bracket tax has been increased. There are no plans to do more
Priority 3	Education and Life-long learning	Increase the education level, get young people to engage in education earlier and reduce the actual duration of education.	Goals set, but no concrete measusres introduced	
Priority 4	Orientation and sustainability of public finances	Public finances are unsustainable. Growth creating reforms are needed to secure sustainability.		The government has a goal of securing sustainability but no plans to initiate the necessary reforms
Priority 5	Making work pay: interplay of tax and benefit system	Reduce the duration of unemployment benefits to 2.5 years and start to reduce benefits after 3 month		No plans