

Denmark

1. Covid-19 Pandemic and National Recovery and Resilience Plans

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| Question 1 | Based on early indications, how satisfied or dissatisfied are you with the way your country has started implementing the national recovery and resilience plan? | Satisfied |
| Question 2 | How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan? | Neutral |
| Question 3 | How confident are you that the European Commission will enforce strong implementation of the reforms in the national recovery and resilience plans across the EU? | Somewhat confident |
| Question 4 | How do you judge the overall economic policy response in your country over the past 24 months to the COVID-19 recession? (e.g. furlough schemes, tax deferrals, state aid schemes) | Fair |
| Question 5 | How do you judge the overall economic policy response from the European Union over the past 24 months to the COVID-19 recession? (e.g. SURE, Recovery and Resilience Facility, single market) | Very Good |
| Question 6 | To what extent has the COVID-19 pandemic and recession led to scarring i.e. permanent structural damage to your national economy? | No scarring at all |
| Question 7 | To what extent has the COVID-19 pandemic and recession led to scarring i.e. permanent structural damage to the EU27 economy? | To a small extent |
| Question 8 | More specifically, how much lower do you expect GDP in your country to be in 2025 than would have been the case without the crisis? | 0 |

2. Assessment of Country Specific recommendations 2020-2021 in detail

| | | Q1: The recommendation is: | Q2: implementation on effort is: | Detailed comments |
|-------|--|----------------------------|----------------------------------|---|
| CSR 1 | In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers. | Important | Mixed | <p>GDP and employment in Denmark is above the 2019-levels. Public finances on both the short run and medium-term are not harmed by the crisis. The recommendation was timely and relevant when it was given in 2020, but the Danish economy has recovered fast and the fiscal policy should now instead be tightened</p> <p>There is currently a labour shortage in Denmark. There is indeed shortage of health workers, namely in the coming years, but the problem of labour shortage is broader than that. The Government has yet to implement reforms that increases labour supply. There is currently negotiations on the subject.</p> |

| | | Q1: The recommendation is: | Q2: implementation on effort is: | Detailed comments |
|-------|---|----------------------------|----------------------------------|---|
| CSR 2 | Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, sustainable transport as well as research and innovation. Support an integrated innovation strategy with a broader investment base. | Important | Satisfactory | As mentioned above, economic recovery is no longer relevant, but it was indeed relevant in 2020. The Danish response has overall been appropriate with e.g. front-loading public investment, increased investment deductables for firms and stimulus of the household demand. Investments in the green and digital transition remain highly relevant to ensure compliance with the ambitious Danish climate goals and to increase productivity. |
| CSR 3 | Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework. | Irrelevant | --- | --- |

3. Reform Progress in your Member State in 2020 & 2021

How would you assess reform progress in 2020 & 2021, for the following broad areas:

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|--|----------------|
| Taxation and Public Finances | Unsatisfactory |
| Business environment (regulation/access to markets) | Unsatisfactory |
| Labour market | Unsatisfactory |
| Innovation and skills | Mixed |
| Access to finance and Financial stability | Satisfactory |

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2022 Reform Barometer?

4. Reform priorities for 2022

| | I. Policy Area | II. Concrete Recommendations | III. Are the proposed recommendations already in the agenda of your Government? |
|--------------------------|---|---|---|
| <p>Priority 1</p> | <p>Labour supply measures for specific groups (older workers, women...)</p> | <p>Labour shortages is at record levels, and access to labour is the most crucial issue on the short run. A new reform was agreed in January, but with unsatisfactory outcome. The Government and parliament has yet to deliver reforms that result in a significant increase in labour supply. Although it is not yet satisfactory, the agreed reform contains positive elements such as lowered unemployment benefits for dimittends and better incentives for older workers.</p> <p>The Government is recommended to implement af general easing of the payment scheme regulations on international workers. Currently there is a wage floor of approx. DKK 450,000. As a part of the afore-mentioned reform the wage floor is to be temporarily lowered to DKK 375,000 for two years. DI recommend a permanent lowering of the wage floor to DKK 360,000.</p> <p>DI has many other policy recommendations regarding labour supply in our 2030 plan.</p> | <p>No</p> |

| | I. Policy Area | II. Concrete Recommendations | III. Are the proposed recommendations already in the agenda of your Government? |
|-------------------|--|---|---|
| Priority 2 | Sector specific regulation (telecom, energy) | Specifically green transition: Implementation of a higher and uniform CO2-tax. Hereto comes strategies on other areas, including Power-to-X, CCUS and energy efficiency. | Yes |
| Priority 3 | Consolidation of public expenditures | Public consumption and public employment has soared to record levels during the corona crisis. A temporary hike is understandable due to massive vaccination and test programmes, but the Government does not plan an adequate adjustment of the public employment in the coming years. The private sector lacks qualified labour, and the high public employment reduce the growth potential in the current economic boom. | No |
| Priority 4 | Tax reforms | Lower corporate taxes in light of the international OECD tax agreements Simplify capital taxation | No |
| Priority 5 | R&D and Innovation | Take steps towards increasing the public R&D-budget to 1.5 per cent of GDP from the current 1 per cent of GDP. | No |

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