



**MINISTRY OF BUSINESS AND GROWTH  
DENMARK**

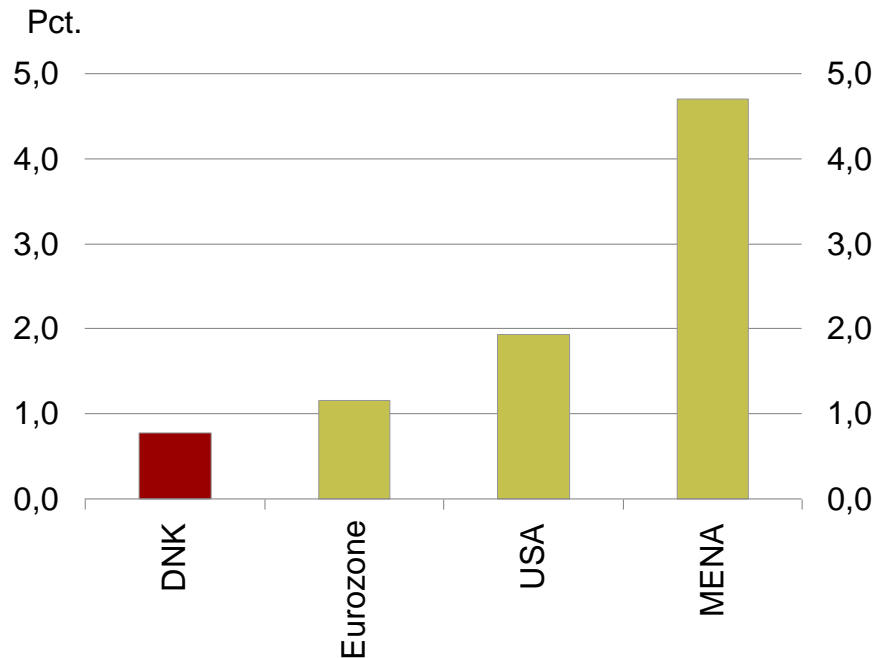


# OPPORTUNITIES AND CHALLENGES FOR GROWTH IN DENMARK

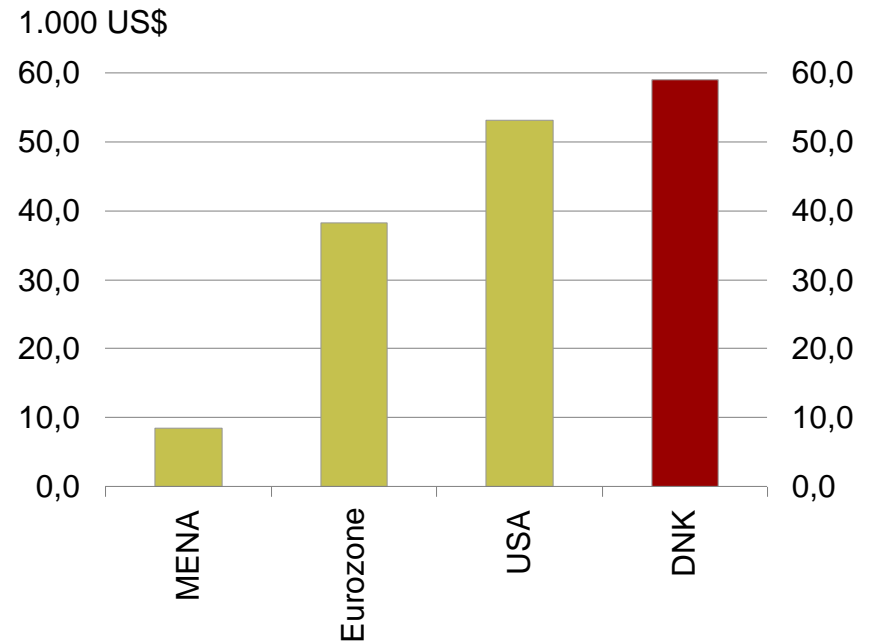
DEPUTY DIRECTOR GENERAL DR. ANDERS HOFFMANN  
SEPTEMBER 2014

# LOW GROWTH IN EUROPE BUT STILL A LOT TO CATCH UP FOR MENA

Average annual growth in real GDP, 2000-2013



GDP pr. capita, 2000-2013

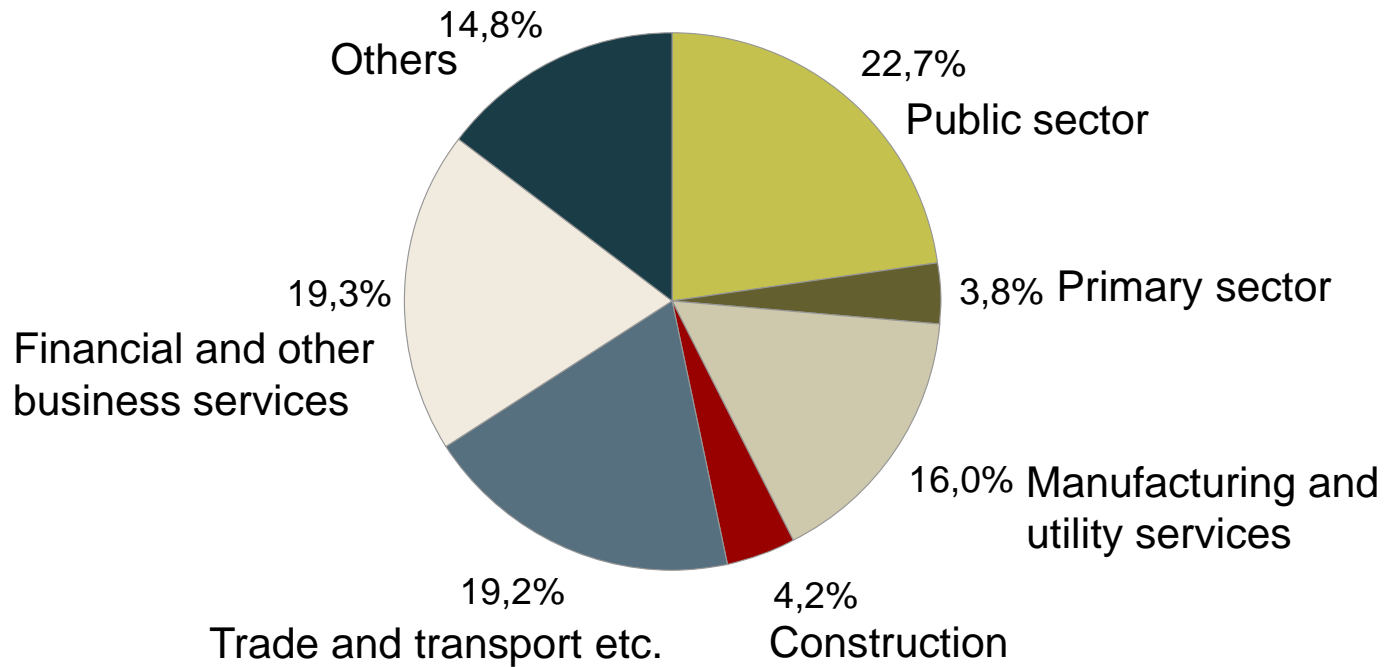


# WHY IS IT HARD TO INCREASE GROWTH IN EUROPE?

- Financial and economic crisis at the same time
  - Traditional measures has been exhausted:
    - Fiscal policy: A lot has been tried, but there is still crisis in Southern European countries
    - Monetary policy: At a historically low level
  - Structural reforms should stimulate growth, but it takes time
  - Gradual consolidation of the financial sector
  - Demographic challenges as the population is ageing
  - Geopolitical challenges (Ukraine)
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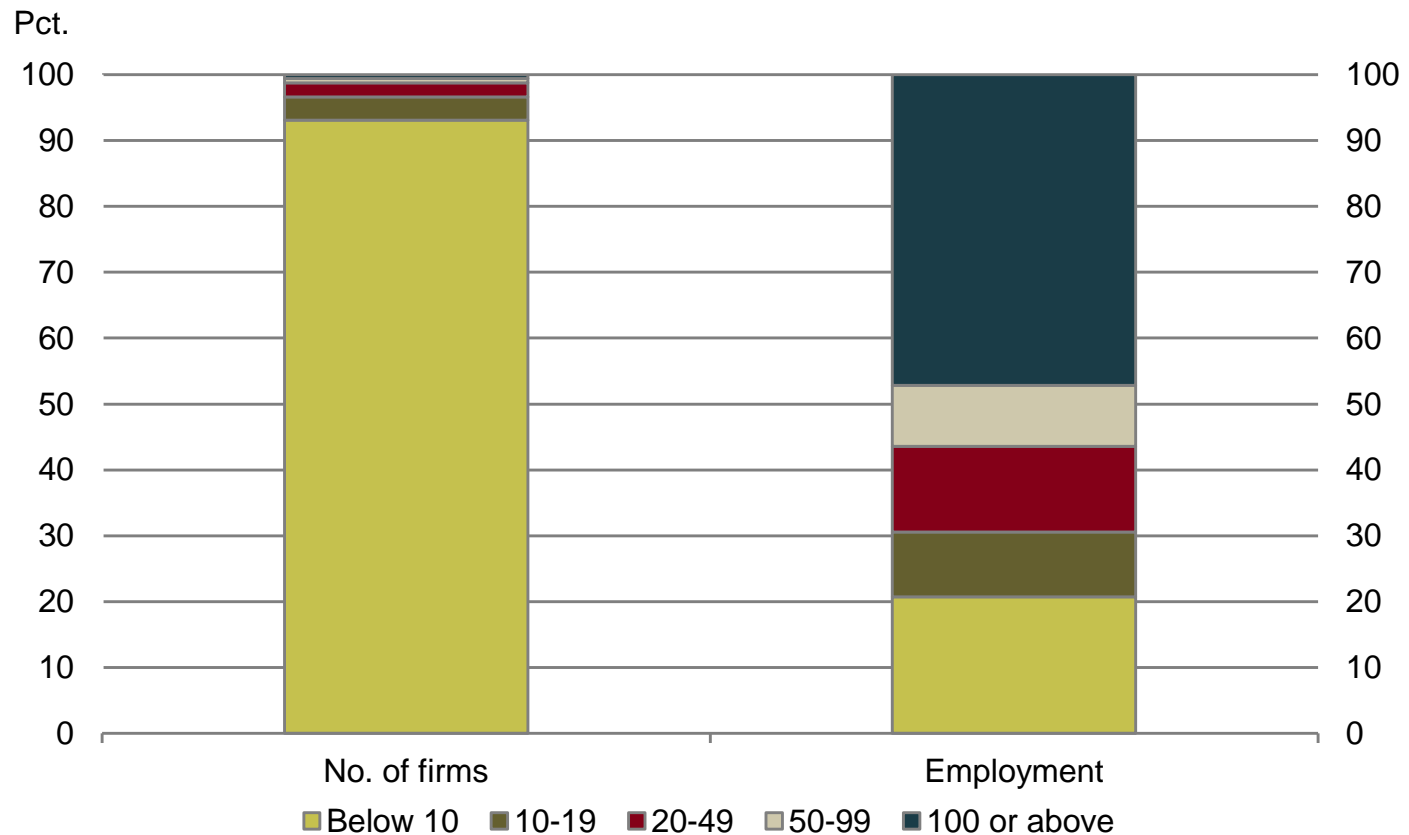
# THE DANISH ECONOMY

Value-added by sector, 2013



# BUSINESSES IN DENMARK

Business structure in Denmark by the number of employees , 2012



# STRENGTHS AND WEAKNESSES IN DENMARK

## Danish strengths

- Low corruption
- Business regulation
- Responsible economic policy and healthy public finances
- Investments in research
- Energy efficiency

## Danish weaknesses

- Low productivity growth
  - High prices
  - Few working hours
  - Level of competences
  - Too few business grow large
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# WORLD BANK EASE OF DOING BUSINESS 2014

*Ease of Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies.*

<b>Ranking</b>	1	2	3	4	5	125	128
<b>Country</b>	Singapore	Hong Kong	New Zealand	USA	Denmark	Ethiopia	Egypt

# DANISH SME POLICIES

- **Regulation**

*It's all about creating the proper framework for business to grow and prosper...*

- **Financing**

*...but small business need financing in order to invest...*

- **Advice**

*...and advice on how to do business*

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# REGULATION

- Businesses create growth, governments sets the general framework
  - The Ministry is responsible for a number of policy areas which are important for the general business environment, including business regulation, Intellectual Property Rights, competition and consumer policy, the financial sector and shipping.
  - All legislation includes an assessment of economic and administrative consequences for businesses
  - Regulation should aim at making it easy and attractive to set up a business:
    - *Easy* meaning that rules and regulations are understandable and easy to administer for the businesses.
    - *Attractive* meaning that we understand the needs of businesses and adjust the business conditions to these needs as they arise.
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# REGULATION

- Business Forum for Simpler Rules
  - Independent advisory body since 2012
  - 20 members: businesses, organizations and experts
- Comply-or-explain principle
- 385 simplification proposals send to the government so far
  - 124 complied, 126 partly complied, 53 explained and 82 awaiting reply
- Public access to all proposals and answers from government at [www.enklereregler.dk](http://www.enklereregler.dk)

# FINANCING

## *The growth Fund*

- Government fund established in 1992
  - Promoting growth in SMEs, by
    - Providing loans and guarantees
    - Investing equity
  - Funded by lending in the market. Some products are backed by a government guarantee
  - Cooperates with private partners when possible
  - The growth fund has co-financed more than 5.000 Danish SMEs since 1992
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# THE GROWTH FUND – EXAMPLES OF NEW PRODUCTS

## **Growth loans**

- Individual loans of more than DKK 2 million (app. € 270,000)
- To well-established SMEs with investment plans
- Subordinated to private loans
- Market-based pricing
- Special variants for entrepreneurs and for green transition with subsidies

## **Acceleration pool**

- Pool of DKK 0,5 billion (app. € 65 million)
  - For equity investments in SMEs with special growth potential
  - To support development from SME to larger firm in a Danish setting
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# ADVICE ON HOW TO START UP A BUSINESS

*Vækstguiden (Guide to Growth)* provides a general view of all public-sector schemes aimed at generating enterprise growth and development.

*Regional Business Development Centres* are formed by local governments to chart the growth opportunities for entrepreneurs and SMEs and refer them to private-sector and public-sector schemes which can help them to realise their potential.

*Startvækst* is a fast short-cut to comprehensive and useful information and advice for entrepreneurs and established enterprises with growth potential.

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# ADVICE ON HOW TO “CLOSE” A BUSINESS – EARLY WARNING

- Early Warning has worked with more than 3000 companies since 2007.
- Ten Early Warning consultants spread throughout Denmark
- Around 110 experienced, voluntary advisers
- A collaboration with 15-20 of Denmark’s best insolvency lawyers

# COOPERATION WITH BUSINESS MEMBER ORGANISATIONS

- Systematic stakeholder participation in all legislative activities
  - Day-to-day meetings and events
  - Publications, opinion papers etc.
  - Growth Teams, The Danish Growth Council, Business Forum for Simpler Rules
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