



VALE COLUMBIA CENTER
ON SUSTAINABLE INTERNATIONAL INVESTMENT
A JOINT CENTER OF COLUMBIA LAW SCHOOL AND
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Columbia FDI Profiles

Country profiles of inward and outward foreign direct investment
issued by the Vale Columbia Center on Sustainable International Investment
May 10, 2013

Editor-in-Chief: [Karl P. Sauvant](#)

Editor: [Padma Mallampally](#)

Managing Editor: [Maree Newson](#)

Outward FDI from Denmark and its policy context

by
Peter Gammeltoft*

Except for a peak in 2011 due to large one-off investments, Danish flows of outward foreign direct investment (OFDI) have been dampened since 2007 by the lingering European sovereign debt crisis, which continues to hamper the Danish economy. Over a longer time span however, the Danish corporate sector has developed a substantial international presence since the 1980s. Today, about half of the workforce in Danish manufacturing industries is employed abroad. Companies plan to expand their foreign operations further still, with 60% of companies with foreign operations planning to expand their production of goods and services abroad toward 2015. The Danish Government supports the internationalization of Danish companies, and recently more emphasis has been put on OFDI into the BRIC countries (Brazil, Russia, India, China) and other growth markets.

Trends and developments

Country-level developments

Denmark's OFDI stock has been growing consistently since the mid-1990s, to reach US\$ 231 billion in 2011 (annex table 1). While several large Danish enterprises, such as the East Asiatic Company, Great Nordic, FLSmidth, and Chr.Hansen, established foreign operations as early as the late 19th century, OFDI on a broad scale is a more recent phenomenon. From 1900 to 1964, investment activity abroad was very sporadic and was primarily in manufacturing in locations with favorable factor conditions. Between 1965 and 1983, the establishment of affiliates abroad by Danish

* Peter Gammeltoft (pg.int@cbs.dk) is Associate Professor at the Department of International Economics and Management, Copenhagen Business School. Data were collected and compiled by student assistant Caroline Bo. The author wishes to thank Morten Falch, Torben Huss and an anonymous reviewer for their helpful comments on this *Profile*. The views expressed by the author of this *Profile* do not necessarily reflect those of Columbia University or its partners and supporters. *Columbia FDI Profiles* (ISSN: 2159-2268) is a peer-reviewed series.

firms increased, predominantly in the form of sales operations to support export growth and develop new markets.¹

The period 1984 to 2000 exhibited a strong growth in OFDI. The foreign presence of Danish industry grew to become similar to that of industries of other countries comparable in size and structure. This strong growth was driven initially by general international trade and investment liberalization, innovations in technology and transport, regulatory reforms in recipient countries, and, later, the further integration of the European Union and the opening up of the Eastern European economies. In this period, firms' foreign operations became more diverse and complex and more explicitly integrated into corporate strategies. Companies internationalized more activities in their value chain -- not only sales and manufacturing activities; service activities and R&D took on increasing importance in OFDI from Denmark.

Outward FDI flows from Denmark plummeted with the 2001 economic downturn and recovered only in 2005 (annex table 2). After peaking again in 2007, OFDI flows receded in subsequent years following the 2008 financial and economic crises and European sovereign debt problems. With unusually large one-off investment and merger and acquisition (M&A) transactions (including Maersk Oil's purchase of exploration licenses in Brazil), OFDI flows from Denmark bounced back in 2011 to above pre-crisis levels. However, they fell back again in 2012, according to the most recent data released by the Danish central bank,² which show that, from 2011 to 2012, Danish OFDI flows decreased by almost 70%, to a level only slightly above the 2010 level.

Danish multinational enterprises (MNEs) have traditionally invested abroad mostly in the services sector: prior to the mid-1980s mainly in sales operations; by 2004, that sector accounted for 70% of total outward FDI stock (annex table 3). However, more recently OFDI has been shifting toward manufacturing and, in 2010, the share of services had declined to 57% of total outward stock. The secondary sector accounted for 37%, increasing from 25% in 2004, while the share of the primary sector was a modest 6%.

Financial intermediation accounts for the largest portion of Danish OFDI stock in services – almost half in 2010, and more than a quarter of total stock (annex table 3). However, a significant part of this is accounted for by the activities of holding companies, which are often active in other industries. Trade and transport are also important, with 17% of total stock. Within trade and transport, sea transport and wholesale trade (excluding that of motor vehicles) account for the majority of stock, sea transport being a traditional stronghold of Danish industry.

Manufacturing accounts for 33% of total OFDI stock, equivalent to nearly all of the stock in the secondary sector (annex table 3). Most stock is in food products, beverages and tobacco, basic metals and machinery, and pharmaceuticals. This reflects inter alia the fact that Danish breweries have intensified the

¹ Torben Pedersen, Poul Schultz and Harald Vestergaard, *Danske virksomheders etableringer i udlandet: Hovedresultater fra en empirisk undersøgelse* (Copenhagen: Handelshøjskolens Forlag, 1993).

² Danmarks Nationalbank, *Quarterly flow statistics on direct investments, 4th quarter 2012*, February 14, 2013, available at: [www.nationalbanken.dk/DNUK/Publications.nsf/side/Dirq20130214TT/\\$file/Dirq20130214tt.pdf](http://www.nationalbanken.dk/DNUK/Publications.nsf/side/Dirq20130214TT/$file/Dirq20130214tt.pdf).

internationalization of their activities in recent years and that the pharmaceutical industry constitutes one of the country's strong industrial clusters. Food products, beverages and tobacco have experienced the highest growth of all industries between 2004 and 2010 in terms of share of total OFDI stock (annex table 3).

The overseas operations of Danish MNEs are primarily located in Europe, which was host to 70% of their total OFDI stock in 2010, with nearly 60% of it in the more narrowly defined EU27 states (annex table 4). A large share (10% of outward stock) is also invested in the United States. The single largest recipient of Danish OFDI is Sweden, with nearly 20% of the total stock; to a large extent however, this reflects the fact that investments in Russia by the Danish brewery Carlsberg are made through its subsidiaries in Sweden. Recently, FDI from Denmark has risen in most of the largest recipient countries, particularly Sweden, the United States, the United Kingdom, and Germany.

From 2004 to 2011, Danish FDI in emerging markets grew strongly.³ Total Danish FDI stock in those economies grew by 164% over the period, compared to a growth of 104% of the stock in the rest of the world.⁴ In spite of this growth, emerging markets still account for less than 10% of Denmark's FDI stock abroad. The share of the BRIC countries in particular was close to 4% in 2010, almost twice the share in 2004. Danish investments in emerging markets are associated with considerably higher return on investment than foreign investments overall (10.7% vs. 7.8%).⁵

Danish FDI in Central and Eastern European countries also grew considerably between 2004 and 2010, from US\$ 4.2 billion to US\$ 8.4 billion.⁶ Even though the total stock in these countries doubled over the period, it remains modest compared to that in Western European countries and the United States. Poland accounted for nearly half of total Danish FDI stock in this sub-region (US\$ 4.1 billion) in 2010.

When Danish enterprises invest in pre-2004 EU member states (EU15), they are more likely to invest in their own industry. When they invest in the new EU member states (EU10) and in the BRIC countries, they are more likely to invest in enterprises in industrial activities other than their own.⁷ This reflects the fact that investments in developed markets tend to be aimed at strengthening the investor's position in the market in question (market-seeking investments), whereas investments in developing countries and in Central and Eastern Europe are relatively more motivated by lower production costs (efficiency-seeking investments).

³ The group of emerging markets included the following: Brazil, Chile, Columbia, Mexico, Peru, Philippines, India, Indonesia, China, Malaysia, Republic of Korea, Taiwan Province of China, Thailand, Poland, Russia, Czech Republic, Turkey, Hungary, Morocco, South Africa, and Egypt.

⁴ Danmarks Nationalbank, *Direkte investeringer ultimo 2011*, October 12, 2012, available at: [http://www.nationalbanken.dk/C1256BE2005737D3/side/DBCCA3E7D9C25FC5C1257A94002F30C1/\\$file/Dira20121012Nyt.pdf](http://www.nationalbanken.dk/C1256BE2005737D3/side/DBCCA3E7D9C25FC5C1257A94002F30C1/$file/Dira20121012Nyt.pdf).

⁵ *Ibid.*

⁶ Retrieved from the statistical database of Denmark's central bank. Central and Eastern European countries are defined as Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Albania, Montenegro, and Macedonia.

⁷ Danmarks Nationalbank, *Monetary Review 2nd Quarter 2008*, available at: [http://www.nationalbanken.dk/DNUK/Publications.nsf/8b8fe2a60c3a10cbc1256be50057a78e/B64D71067870626CC1257481004D88BE/\\$file/mon-2qtr_2008_web.pdf](http://www.nationalbanken.dk/DNUK/Publications.nsf/8b8fe2a60c3a10cbc1256be50057a78e/B64D71067870626CC1257481004D88BE/$file/mon-2qtr_2008_web.pdf).

OFDI has become a primary means for many Danish enterprises to service markets abroad, beyond trade, and of securing access to resources, including labor. It tends to strengthen competitiveness in the corporate sector as it allows companies to build up portfolios of locational assets. It also tends to generate demand for Danish exports and hence contribute to investment and employment growth domestically. On the other hand, concerns are also heard about capital flight and the loss of jobs.

The corporate players

Since the late 1980s, many Danish companies have achieved a high degree of internationalization of their production, not only in terms of FDI but also in other respects, such as outsourcing production activities to enterprises abroad.⁸ The largest Danish companies are highly internationalized and small and medium-sized companies are also increasingly exploiting international opportunities, sustained with public support initiatives where competence and experience is lacking. The traditional Danish industrial clusters such as shipping, pharmaceuticals, breweries, agricultural products, alternative energy, and medical equipment have all become heavily internationalized. This is also reflected in the list of the largest Danish MNEs (annex table 5), which comprise well-known Danish firms such as Maersk, Carlsberg, Novo Nordisk, Vestas, Lego, and Danske Bank, and in the list of the largest cross-border M&As by Danish MNEs (annex table 6).

In 2010, Danish MNEs controlled some 11,200 affiliates abroad, employing 1.2 million people.⁹ This employment abroad was equal to some 50% of total employment and some 90% of private employment within Denmark. The pre-2004 EU member states (EU15) accounted for 36% of the employees abroad, Asia for 27% and the new EU member states (EU10) and the rest of Europe for 10% each. The ten countries with the largest number of employees – the United Kingdom, Sweden, India, China, Germany, Indonesia, France, United States, Thailand, and Poland – together accounted for 52% of the total workforce abroad. The difference between the set of countries with the largest OFDI stock and the set of countries holding the largest number of employees reflects different labor intensities of investments by Danish MNEs' in different countries abroad.

Effects of the global crisis and other recent shocks

As all major markets of Danish industry were hit by the global financial and economic crises that began in 2007, the crises severely affected Danish companies' exports, revenues and profits. This in turn impacted outward FDI flows, which, while remaining positive, declined significantly over the period 2007-2010. From a peak of US\$ 21 billion in 2007, OFDI flows declined 83%, to a modest US\$ 3 billion in 2010. The sustained effects of the crises along with the European sovereign debt problems continue to affect Danish OFDI adversely. The Danish economy appears to be recovering more slowly than other comparable European economies. As a result, while OFDI flows, according to the latest Danish central bank data mentioned in the discussion of country-level developments above, increased slightly in 2012 relative to

⁸ Danmarks Statistik, "Danmark i front med outsourcing til udlandet," *NYT fra Danmarks Statistik*, Nr. 252, June 10, 2008, available at: <http://www.dst.dk/pukora/epub/Nyt/2008/NR252.pdf>.

⁹ Danmarks Statistik, "Danske virksomheders udenlandske datterselskaber," *NYT fra Danmarks Statistik*, Nr. 86, February 23, 2010, available at: <http://www.dst.dk/pukora/epub/Nyt/2012/NR086.pdf>.

2010 (but not relative to those of 2011, given the one-off nature of the large increase in 2011), any substantial recovery of outward flows is yet to be seen.

The policy scene

Denmark's outward FDI is governed legally at three levels: by the European Treaty, by treaties concluded by the European Union and by national bilateral investment treaties. The EU Single Market guarantees the free movement of capital within the European Union, as one of its "four freedoms" (of movement of goods, capital, services, and people). The provision on capital movements is broader than the other three provisions and allows movements not only among member states, but also between member states and third countries, subject to certain exceptions. Violations can be brought before the European Court of Justice. The previous section showed that Danish FDI is predominantly located in other European countries and, hence, the European Treaty is the most important legal framework governing Danish FDI.

The Lisbon Treaty, which entered into force on December 1, 2009, established FDI as an area of exclusive EU competence. Previously, agreements on investment protection were concluded by individual member states, which had resulted in a complex regime where member states had entered into 1,200 bilateral agreements.¹⁰ The EU is now to become the sole negotiator of international investment treaties so that member states can no longer independently negotiate international agreements on FDI with third countries. Existing bilateral agreements remain binding, though. A transitional regime is envisioned through which member states are empowered to conclude or modify bilateral agreements with the Commission's authorization, particularly to bring existing ones into compliance with Treaty obligations.¹¹

Where bilateral EU treaties are concerned, the EU strives for liberalization of capital movements as part of negotiated free trade agreements (FTAs). The EU has signed an FTA with the Republic of Korea and is currently negotiating many FTAs, e.g., with Canada, India and Singapore.

As a small, open economy Denmark has favored liberalization. As a member of the OECD, Denmark acceded in 1961 to a code on liberalization of international capital movements, subject to certain exceptions.¹² When Denmark joined the European Community in 1973, it was subject to essentially the same obligations, with a faster abolition of the exceptions than originally envisioned. Today, Denmark is fully subject to EU requirements.

As regards bilateral investment treaties (BITs), UNCTAD has recorded 55 BITs concluded by Denmark as of June 1, 2012. These are entered into with countries in

¹⁰ European Commission, "New EU Investment package set to boost trade and underpin investor rights," Press release, July 7, 2010, available at: http://europa.eu/rapid/press-release_IP-10-907_en.htm.

¹¹ European Commission, Proposal for a Regulation of the European Parliament and of the Council Establishing Transitional Arrangements for Bilateral Investment Agreements between Member States and Third Countries, COM(2010)344 final, 2010, available at: http://trade.ec.europa.eu/doclib/docs/2010/july/tradoc_146308.pdf.

¹² Carsten Freiberg Jensen and Jens Hald, "Valutaliberalisering og kapitalbevægelser," Danmarks National Bank, *Kvartalsoversigt*, 1. kvartal (*Monetary Review*, first quarter), 1986, pp. 8-16, available at: [http://www.nationalbanken.dk/C1256BE2005737D3/side/1E2D35367DE4CF0DC1256ED3002FE36B/\\$file/1986_KVOI_s8.pdf](http://www.nationalbanken.dk/C1256BE2005737D3/side/1E2D35367DE4CF0DC1256ED3002FE36B/$file/1986_KVOI_s8.pdf).

Eastern Europe, Asia, Africa, and the Middle East, which are in most cases still marginal for Danish OFDI flows. The first of these treaties was concluded with Indonesia in 1968. Many of the treaties were signed in the 1990s, which was a period of intensifying internationalization and opening up of new markets after the collapse of the Soviet Union and the Eastern Bloc.

In addition to the international legal framework, investment policy also includes the investment promotion efforts of the national government. Similar to activities in trade and export promotion, governments promote outward investment through a variety of instruments, ranging from investment incentives to assistance and support schemes. The Danish Trade Council under the Danish Ministry of Foreign Affairs offers advisory services, analyses and support to export and foreign investment efforts of Danish companies, particularly small and medium-sized ones. The Council focuses on both established and emerging markets and places emphasis on green technology, where Denmark exports considerably more than the EU average. It has 300 employees placed in Danish embassies and other diplomatic missions in 60 countries working to support companies overseas.

While the European Union undertakes activities to promote Europe as a destination for inward foreign investment, there are no plans to replace the outward investment promotion efforts of member states with efforts at the EU level.¹³

The Danish state-owned Export Credit Fund (EKF) offers, on commercial terms, to undertake 80% of the risk when a private bank finances an overseas investment in productive assets by a Danish company.¹⁴ The Investment Fund for Developing Countries (IFU) is an independent government-owned fund offering advisory services and co-investing risk capital with Danish companies in 120 eligible developing countries. IFU also acts as an adviser during the initial phases of an investment. The fund makes annual investments of approximately US\$ 90 million in 40-50 companies.¹⁵ GoGlobal is a cooperative effort between the Danish International Development Assistance (Danida), the Danish Trade Council, IFU, and EKF, which offers financing options and advisory services for companies wishing to export or invest abroad, particularly in emerging markets.¹⁶

In May 2012, the Danish Government published a strategy for emerging markets.¹⁷ The strategy proposes operational targets for stepping up commercial engagement with emerging markets and the BRIC countries in particular. The strategy calls inter alia for a more than 50% increase in goods exports to emerging markets between 2011 and 2016, and for emerging markets to invest twice as much in Denmark in that period as during the previous five-year period. While the promotion of outward investment may implicitly support these targets, the strategy does not explicitly address it.

¹³ European Commission, "Towards a comprehensive European international investment policy," Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, COM(2010)343 final, 2010, available at: http://trade.ec.europa.eu/doclib/docs/2011/may/tradoc_147884.pdf.

¹⁴ EKF, "EKF in figures," available at: <http://www.ekf.dk/en/about-ekf/Pages/default.aspx>.

¹⁵ IFU Investment Fund for Developing Countries, "IFU in numbers," available at: <http://www.ifu.dk/en/About+IFU/IFU+in+numbers>.

¹⁶ GoGlobal.dk, available at: www.startvaekst.dk/goglobal.dk/forside/0/2.

¹⁷ Regeringen, 'Regeringens Vækstmarksstrategi', Regeringen, maj.

More generally, while some provisions are made in support of outward FDI, the Government is less active in that respect than in other policy domains. The general policy position, possibly related to concerns over job losses and capital flight, seems to be that outward FDI is better left to industries or enterprises themselves.

Conclusion

In 2012, Danish OFDI fell back from its unusual peak in 2011 and reached a level slightly above the one that prevailed in 2010. Over the longer term, however, Danish enterprises are likely to increase their international presence, in terms of both the quantity and quality (activities) of their OFDI.

According to a survey conducted by the Confederation of Danish Industry, Danish companies plan to expand their activities abroad.¹⁸ More than 60% of companies with foreign operations plan to expand their production of goods and services abroad up until 2015, 40% plan to expand in distribution and logistics and many also plan to expand in other activities such as R&D and human resources (HR) services. The expansions are predominantly driven by the conventional motives of developing new markets or better serving existing customers and accessing environments with lower production costs. Yet, one in four companies indicate that access to qualified labor and talent abroad is a motive. Only four out of 131 companies with operations abroad plan to bring jobs back to Denmark.

In addition to the conventional activities of sales and production, more advanced activities such as R&D, HR services and the recruitment of talent will become more internationalized. Investments in Central and Eastern European countries and in other emerging markets are likely to increase more than the average, even though outward investment in the latter are not addressed in the recently released government strategy on emerging markets. Given that Danish OFDI predominantly flows to neighboring and other European countries, the recovery of Danish OFDI flows is highly contingent on the economic recovery in Europe more generally.

Additional readings

Danmarks Statistik, *Grænseoverskridende virksomheder: Danske datterselskaber i udlandet* (Copenhagen: Danmarks Statistik, 2010).

Danmarks Statistik, *Dansk erhvervsliv i internationalt perspektiv* (Copenhagen: Danmarks Statistik, 2006).

ITEK, Dansk Industri, *Globale muligheder og vækst: En analyse af danske virksomheders outsourcing* (Copenhagen: ITEK, Dansk Industri, 2004).

¹⁸ Confederation of Danish Industry, "Danske virksomheder udvider i udlandet de kommende år", July 21, 2010.

Useful websites

Statistics Denmark, available at:

<http://www.dst.dk/en/Statistik/emner/globalisering.aspx>

Confederation of Danish Industry, available at:

<http://di.dk/English/Pages/English.aspx>

The Danish Central Bank, Danmarks Nationalbank, available at:

<http://nationalbanken.statistikbank.dk/statbank5a/default.asp?w=1600>

* * * * *

Copyright © Columbia University in the City of New York. The material in this *Profile* may be reprinted if accompanied by the following acknowledgment: Peter Gammeltoft, “Outward FDI from Denmark and its policy context, 2012,” *Columbia FDI Profiles* (ISSN: 2159-2268), May 10, 2013. Reprinted with permission from the Vale Columbia Center on Sustainable International Investment (www.vcc.columbia.edu).

A copy should kindly be sent to the Vale Columbia Center at vcc@law.columbia.edu.

For further information please contact: Vale Columbia Center on Sustainable International Investment, Maree Newson at maree.newson@law.columbia.edu.

The Vale Columbia Center on Sustainable International Investment (VCC), led by Lisa Sachs, is a joint center of Columbia Law School and the Earth Institute at Columbia University. It is the only applied research center and forum dedicated to the study, practice and discussion of sustainable international investment, through interdisciplinary research, advisory projects, multi-stakeholder dialogue, educational programs, and the development of resources and tools. (www.vcc.columbia.edu)

Statistical annex

General introductory note

All FDI statistics in the tables below are compiled in accordance with the OECD Benchmark definition of foreign direct investment. When data are stated in national currency, the IMF exchange rate was used to convert them to US dollars. The taxonomy used in the different tables is based on what is considered appropriate in the context.

Danmarks Nationalbank (the Danish Central Bank) is responsible for the statistical recording of Danish FDI flow and stock data. Flow data are published quarterly and stock data are published yearly. The primary source for the compilation of stock data is reporting from a sample of Danish enterprises. These enterprises account for around 90% of total stock. More detailed information about the statistics can be found in the Danish Central Bank's *Declaration of contents: Annual Stock Statistics on Direct Investments* and *Declaration of contents: Quarterly flow statistics on direct investments*, available at www.nationalbanken.statistikbank.dk under table DNDIRA2 and DNDIRQ2, respectively.

Annex table 1. Denmark: outward FDI stock, 1995-2011

(US\$ billion)

Economy	1995	2000	2005	2010	2011
Denmark	24.7	73.1	129.3	214.4	231.3
Memorandum: comparator economies					
Netherlands	172.3	305.5	643.9	961.5	943.1
Sweden	73.2	123.3	206.9	368.8	358.9
Norway	22.5	34.0	92.9	192.9	207.5
Finland	15.0	52.1	81.9	137.0	138.8

Source: UNCTAD's FDI database, available at <http://unctadstat.unctad.org>.

Annex table 2. Denmark: outward FDI flows, 2001-2011

(US\$ billion)

Economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Denmark	13.4	5.7	1.2	-10.4	16.2	8.2	20.6	13.2	6.3	3.5	23.4
Memorandum: comparator economies											
Netherlands	50.6	32.0	55.8	37.0	123.1	71.2	55.6	68.3	28.2	55.2	31.9
Sweden	7.3	10.6	21.1	22.2	27.7	26.6	38.8	31.3	25.9	18.0	26.9
Norway	0.8	5.8	6.1	5.3	22.0	20.8	13.6	25.7	34.4	23.1	20.0
Finland	8.4	7.4	-2.3	-1.1	4.2	4.8	7.2	9.3	4.9	10.5	5.4

Source: UNCTAD's FDI database, available at <http://unctadstat.unctad.org>.

Annex table 3. Denmark: distribution of outward FDI stock, by economic sector and industry, 2004, 2010

(US\$ billion and percent of total)

Sector / industry	2004 (US\$ billion)	2010 (US\$ billion)	2004 (Per cent)	2010 (Per cent)
All sectors / industries	106.0	195.7	100.0	100.0
Primary	4.0	11.1	3.8	5.7
Agriculture, fishing, mining and quarrying	4.0	11.1	3.8	5.7
Secondary	26.8	71.9	25.3	36.7
Manufacturing, of which:	25.2	64.1	23.8	32.8
Food products, beverages and tobacco	7.0	32.8	6.6	16.8
Oil refinery, chemicals and plastic	7.0	7.6	6.6	3.9
Wood and paper	0.3	0.5	0.3	0.2
Pharmaceuticals	5.3	9.6	5.0	4.9
Basic metals and machinery	4.1	10.3	3.9	5.3
Electronic and electrical equipment	0.4	1.8	0.4	0.9
Construction	0.6	0.5	0.6	0.2
Services	74.3	110.9	70.1	56.7
Utility services	1.0	7.3	0.9	3.7
Trade and transport etc., of which:	19.4	32.5	18.3	16.6
Sale of motor vehicles and auto services	0.3	0.6	0.3	0.3
Wholesale trade excl. motor vehicles	10.2	9.7	9.6	4.9
Retail trade	0.4	2.3	0.4	1.2
Sea transport	6.4	18.2	6.1	9.3
Information and communication	4.6	4.5	4.3	2.3
Financial intermediation, of which:	31.9	53.6	30.1	27.4
Credit institutions etc.	4.6	7.3	4.4	3.7
Activities of holding companies (not head offices)	22.7	40.7	21.4	20.8
Insurance services	2.3	4.2	2.2	2.2
Real estate, buying and selling of real estate and renting real estate	0.5	0.9	0.5	0.5

Holiday homes	2.0	3.8	1.9	1.9
Business services, of which:	13.6	11.3	12.8	5.8
Activities of head offices	7.8	4.4	7.4	2.3
Unspecified other industries	0.9	1.8	0.8	0.9

Source: Danmarks Nationalbanks Statistikbank, table DNDIRA2, “Yearly stock statistics on direct investments,” available at <http://nationalbanken.statistikbank.dk>. The end-of-year stock data in DKK were converted into US\$ values by using end-of-year DKK-US dollar exchange rates of the IMF (International Monetary Fund, Exchange Rate Archives by Month, available at www.imf.org/external/np/fin/data/param_rms_mth.aspx).

Note: As from 2009, economic activities are broken down according to NACE Rev. 2 (statistical classification of economic activities in European Community). The breakdown is not comparable with the previously published breakdown levels. The industry is of the Danish enterprise.

Annex table 4. Denmark: geographical distribution of outward FDI stock, 2004, 2010

(US\$ billion)

Region / economy	2004	2010
World	122.6	214.4
Developed economies	107.9	178.2
Europe	92.8	150.6
EU27	n.a.	124.0
Austria	3.0	1.0
Belgium	2.5	2.6
Finland	5.4	6.9
France	6.2	8.9
Germany	9.3	15.3
Ireland	1.4	0.4
Italy	1.5	2.5
Luxembourg	4.6	2.0
Netherlands	7.6	9.3
Sweden	12.2	39.9
United Kingdom	11.9	18.7
EFTA	16.9	23.5
Iceland	0.2	0.4
Norway	7.6	11.9
North America	15.6	24.5
Canada	1.4	3.3
United States	14.1	21.0
Other developed economies	n.a.	n.a.
Australia	0.4	5.3
Japan	0.7	1.0
Developing economies	n.a.	n.a.
Africa	1.2	2.0
South Africa	0.3	0.3

Asia and Oceania a/	5.4	20.1
China	1.3	3.7
India	0.2	0.7
Central America a/	3.1	5.4
South America a/	n.a.	3.0
Brazil	0.7	1.8
Transition economies	n.a.	n.a.
Russia	0.3	1.4

Source: OECD International direct investment database, available at <http://stats.oecd.org>.

a/ Excluding countries that are members of the OECD.

Note: 'n.a' denotes 'not available.'

Annex table 5. Denmark: top MNEs, ranked by world revenue, 2011

Name	Industry	Revenue (US\$ billion)	Number of employees
A.P.Møller - Mærsk A/S	Deep sea freight transportation	53.4	117,080
Danske Bank Group	Commercial banking	21.4	21,522
Carlsberg A/S	Breweries	14.3	42,670
Novo Nordisk A/S	Pharmaceutical preparation, manufacturing	11.0	32,136
Arla Foods Gruppen	Dry, condensed, and evaporated dairy product manufacturing	9.1	17,417
Danish Crown Gruppen	Meat processed from carcasses	8.6	23,557
DSV A/S	General freight trucking, long-distance, truckload	7.2	21,678
Vestas Wind Systems A/S	Turbine and turbine generator set unit manufacturing	7.2	22,721
Danfoss A/S	Heating equipment (except warm air furnaces) manufacturing	5.6	23,430
TDC A/S	Wired telecommunications carriers	4.4	9,816
FLSmidth & Co. A/S	Other heavy and civil engineering construction	3.6	11,228
Grundfos Holding A/S	Pump and pumping equipment manufacturing	3.5	17,481
VKR Holding A/S	Other millwork (including flooring)	2.9	15,113
H. Lundbeck A/S	Pharmaceutical preparation manufacturing	2.7	5,736
Lego A/S	Game, toy, and children's vehicle manufacturing	2.6	8,365
NKT Holding A/S	Current-carrying wiring device manufacturing	2.6	9,038
Rockwool International A/S	Mineral wool manufacturing	2.3	9,368
Novozymes A/S	All other basic inorganic chemical manufacturing	1.7	5,751
Falck Holding A/S	All other transit and ground passenger transportation	1.7	25,262
Coloplast A/S	Surgical appliance and supplies manufacturing	1.7	7,328
IBM Danmark A/S	Electronic computer manufacturing	1.3	4,189
Ecco Sko A/S	Other footwear manufacturing	1.0	15,827
GNSStore Nord A/S	Telephone apparatus manufacturing	0.9	4,675

Source: The above list of the largest Danish MNEs was constructed on the basis of a list of the largest MNEs headquartered in Denmark provided in Torben Pedersen, "The 30 largest firms in Denmark," SMG, Copenhagen Business School, Working Paper No. 12/2009. Data on companies' total global revenue and number of employees are from Gale Business Insights: Essentials Collection, "Business Insights: Essentials", Gale, Cengage Learning, 2012. Data on Danske Bank Group are from "Global 500", *CNN Money*, from the July 25, 2011 issue, available at:

<http://money.cnn.com/magazines/fortune/global500/2011/snapshots/7577.html>

Note: Industry classification is according to NAICS (North American Industry Classification System).

Annex table 6. Denmark: main cross-border M&A deals completed, by outward investing firm, 2009-2011

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Transaction value (US\$ million)
2011	Novozymes A/S	EMD/Merck Crop BioScience Inc	Chemicals and chemical preparations	United States	100.0	283.0
2011	Scandinavian Tobacco Group A/S	Lane Ltd	Cigars	United States	100.0	205.0
2011	Carlsberg Breweries A/S	Hue Brewery Ltd	Malt beverages	Vietnam	50.0	86.4
2011	Fibertex Nonwovens AS	Tharreau Industries SA	Textile machinery	France	85.3	55.5
2011	FLSmith & Co A/S	Essa Australia Ltd	General industrial machinery and equipment	Australia	n.a.	38.3
2011	Axcel IndustriInvestor A/S	Lemminkainen-Roofing Operation	Roofing, siding, and sheet metal work	Finland	n.a.	33.1
2011	Satair A/S	Aero Quality Sales	Electrical apparatus and equipment	United States	100.0	30.0
2011	DONG Energy A/S	Heron Wind Ltd	Cogeneration, alternative energy sources	United Kingdom	33.3	23.3
2011	Axcel IndustriInvestor A/S	Trelleborg AB-Roofing Ops	Brick and structural clay tile	Sweden	100.0	10.2
2011	Glunz & Jensen A/S	Degraf SpA	Printing trades machinery	Italy	83.5	6.8
2010	Rockwool International A/S	CSR-Insulation, Panels&Trading	Mineral wool	China	100.0	109.2
2010	ALK-Abello A/S	DBV Technologies SA	In vitro and in vivo diagnostic substances	France	n.a.	2.6
2010	William Demant Holding AS	Otix Global Inc	Orthopedic, prosthetic, and surgical supplies	United States	100.0	65.7
2010	Carlsberg A/S	Alivaria	Malt beverages	Belarus	20.8	0.2
2010	Coloplast A/S	Mpathy Medical Devices	Surgical and medical instruments and apparatus	United Kingdom	100.0	30.0
2010	Novo A/S	Aerocrine AB	Surgical and medical instruments and apparatus	Sweden	15.3	15.9
2010	Umbrella Holding	Farmaplace SL	Pharmaceutical preparations	Spain	100.0	10.9

2010	Aker Seafoods Denmark A/S	Pesquera Ancora SL	Canned and cured fish and seafoods	Spain	40.0	9.1
2010	DFDS A/S	Norfolkline	Deep sea foreign transportation of freight	Netherlands	100.0	496.3
2010	ALK-Abello A/S	Artu Biologicals NV	Pharmaceutical preparations	Netherlands	100.0	26.3
2009	LEO Pharma A/S	Warner Chilcott PLC-Certain	Pharmaceutical preparations	United States	100.0	1,000.0
2009	H Lundbeck A/S	Ovation Pharmaceuticals Inc	Pharmaceutical preparations	United States	100.0	900.0
2009	Maersk Tankers A/S	Brostroem AB	Deep sea foreign transportation of freight	Sweden	100.0	566.1
2009	LEO Pharma A/S	Peplin Inc	Pharmaceutical preparations	United States	100.0	268.4
2009	Hempel A/S	Hempel-Hai Hong(China)Ltd	Paints, varnishes, lacquers, & allied products	Hong Kong, China	64.0	148.0
2009	TrygVesta Forsikring A/S	Moderna Forsakringar Sak AB	Fire, marine, and casualty insurance	Sweden	100.0	138.5
2009	World Nordic SE	BW Gas Ltd	Natural gas distribution	Bermuda	5.3	69.7
2009	World Nordic SE	BW Gas Ltd	Natural gas distribution	Bermuda	4.5	61.1
2009	World Nordic SE	BW Gas Ltd	Natural gas distribution	Bermuda	12.5	46.4
2009	Investor Group	Neose Technologies Inc-Certain	Biological products, except diagnostic substances	United States	100.0	43.0

Source: The author, based on Thomson ONE Banker, Thomson Reuters.

Note: Industry classification is according to SIC (Standard Industrial Classification system of the U.S. Census Bureau).