

## FACT SHEET

### Overview of Denmark

<b>Geography</b>	
Land area	<ul style="list-style-type: none"> <li>• Denmark, officially the Kingdom of Denmark, is located in northern Europe. It has a total land area of 42 434 sq km divided into five administrative regions. Copenhagen is the capital of the country and seat of government.</li> <li>• Denmark has two autonomous provinces, namely the Faroe Islands in the North Atlantic and Greenland on the North American continent.</li> </ul>
<b>Demographics</b>	
Population	<ul style="list-style-type: none"> <li>• Denmark had a population of about 5.6 million at end-March 2014, comprising mainly Danes (about 90%) and other ethnic minority groups such as Turks, Iranians and Germans.</li> </ul>
<b>History</b>	
Constitutional development	<ul style="list-style-type: none"> <li>• Denmark is one of the oldest monarchies in Europe. It began its constitutional development in 1282 when the nobility forced the king to grant a charter limiting the authority of the monarchy. In particular, the king was forced to share powers with a council of nobles.</li> </ul>
Constitutional monarchy	<ul style="list-style-type: none"> <li>• Denmark became a constitutional monarchy on 5 June 1849 with the adoption of its first democratic <i>Constitution</i>, the <i>Constitutional Act of the Kingdom of Denmark</i>. The <i>Act</i> defined the system of the Danish government as a constitutional monarchy with universal male suffrage. Also enshrined in the <i>Act</i> was the principle of the tripartition of powers into the Legislative, Executive and Judicial Branches.</li> </ul>

<b>History (cont'd)</b>	
Constitutional monarchy (cont'd)	<ul style="list-style-type: none"> <li>Under the <i>Constitutional Act of the Kingdom of Denmark</i>, executive authority is vested in the king. The Legislative Branch consisted of two chambers: the directly-elected Folketinget as the lower House, and the indirectly-elected Landstinget as the upper House. Denmark also established an independent judiciary.</li> </ul>
Democratization	<ul style="list-style-type: none"> <li>In the late 19<sup>th</sup> century, Denmark entered into decades of constitutional struggle between the Conservatives and the Liberals concerning whether the government should be established on the basis of parliamentary government.<sup>(1)</sup> This struggle was finally ended in 1901 with what is known as the "change of system".</li> <li>Under the "change of system", the king acknowledged for the first time that the majority party in the Folketinget had the right to form a government. In addition, the ruling government should be responsible to Parliament and no government may continue in office in the face of opposition majority.</li> </ul>
Two World Wars	<ul style="list-style-type: none"> <li>Denmark remained neutral during World War I. The country also declared its neutrality at the beginning of World War II. However, it was invaded by Germany in April 1940 and occupied until its liberation by the Allied forces in May 1945.</li> </ul>
Post-war years	<ul style="list-style-type: none"> <li>Immediately after World War II, steps were taken to restore the prosperity of the Danish economy and revive the democratic machinery of government. Denmark also abandoned its policy of neutrality after the war. It became a charter-member of the United Nations in 1945 and one of the founding members of the North Atlantic Treaty Organization in 1949. Denmark also became a member of the European Economic Community, a forerunner of the European Union, in 1973 and has actively involved in the European affairs since then.</li> </ul>

Note: (1) At that time, the Liberal Party controlled the Folketinget while the Conservative Party dominated the Landstinget. The Liberals comprised mainly farmers and intellectuals, whereas the Conservatives consisted of landlords and the urban upper class. Although the Liberal Party had a majority in the Folketinget, the king continued to form his Cabinet from the Conservative Party.

<b>History (cont'd)</b>	
Post-war years (cont'd)	<ul style="list-style-type: none"> <li>In 1953, Denmark revised its <i>Constitution</i> to create a unicameral Folketinget elected by proportional representation and permit female accession to the throne.</li> </ul>
<b>Economy</b>	
Gross Domestic Product ("GDP")	<ul style="list-style-type: none"> <li>The Danish economy was the 34<sup>th</sup> largest in the world in 2013, with an estimated GDP of US\$331 billion (HK\$2,567 billion).</li> <li>At US\$59,191 (HK\$459,085), Denmark's GDP per capita ranked 6<sup>th</sup> in the world in 2013.</li> </ul>
Economic structure	<ul style="list-style-type: none"> <li>The estimated GDP composition by sector in 2013 was:               <ol style="list-style-type: none"> <li>agriculture (2%);</li> <li>industry (21%); and</li> <li>services (77%).</li> </ol> </li> <li>Historically an agriculture-led economy, Denmark has shifted towards a service-oriented economy in recent decades. Currently, the services sector is the key growth driver for the Danish economy, employing about three-quarters of the total workforce. Major service industries include trade, transport, finance, business and personal services.</li> <li>The industrial sector is also an important contributor to the Danish economy. Denmark has a reputation for being among the world's foremost producers of furniture, machinery, windmills, and pharmaceutical and metal products.</li> <li>While accounting for a declining share of the total employment and GDP contribution since the 1950s, the Danish agricultural sector is highly developed. In particular, Denmark is one of the biggest exporters of high-quality meat (especially pork), fish and dairy products in the world.</li> </ul>

<b>Economy (cont'd)</b>	
Recent economic performance	<ul style="list-style-type: none"> <li>• After a long consumption-driven upswing, the Danish economy slowed down in 2007 in tandem with the end of the property boom. The GDP growth moderated to 1.6% in 2007 from 3.4% in 2006. The outbreak of the global financial crisis in mid-2008 exacerbated this cyclical slowdown through lower export demand and subdued consumer and investment confidence. As a result, the Danish economy contracted by 0.8% in 2008 and 5.7% in 2009.</li> <li>• The Danish government responded to the economic setback with the implementation of expansionary monetary and fiscal policies to stimulate the local economy. The government's measures, coupled with the pick-up in the external sector amid the rebound in the global economy, helped lift the Danish economy out of recession to grow by 1.4% in 2010.</li> <li>• In 2011, Denmark's GDP growth moderated to 1.1% due to low confidence among households and firms amid the ongoing euro zone debt crisis. The economy re-entered recession in 2012 to contract by 0.4%, as a result of further deterioration in the trading environment and consumer confidence due to the lingering of euro zone debt crisis.</li> <li>• The Danish economy improved in 2013 to grow by a modest 0.4% on the back of the recovery of external demand and revived business investment. The latter was supported by low interest rates and the temporary boost from the "investment window" tax breaks introduced in 2012 to speed up investment in machinery and equipment.<sup>(2)</sup></li> <li>• The Danish economy continues its growth momentum in 2014 supported by increased export earnings and a higher domestic demand, thanks to low interest rates and improved consumer confidence. The country is forecast to grow by 1.4% in the year.</li> </ul>

Note: (2) The temporary measure allowed new machinery and equipment to be depreciated in an amount equal to 115% of the purchase price. The tax incentive measure applied only to the acquisition of newly manufactured (i.e. not used) machinery and equipment acquired on or after 30 May 2012 and up to 31 December 2013.

<b>Change of government</b>	
Government leadership	<ul style="list-style-type: none"> <li>• Like most countries with proportional representation electoral system, Denmark has a multi-party structure featuring the presence of several parties in the Folketinget. The Danish governments are most often minority administrations, governing with the aid of one or more supporting parties. Indeed, no single party has had the majority in Parliament since 1909.</li> <li>• Nevertheless, the ruling power was always garnered by the Social Democratic Party and its coalition partners since the end of World War II. The Social Democratic Party was founded in 1871 and had led a string of coalition governments for most of the second half of the last century (in 1947-1950, 1953-1968, 1971-1973, 1975-1982 and 1993-2001).</li> <li>• The Social Democratic Party was defeated in the 2001 parliamentary election and lost its ruling party's status to a centre-right coalition of the Liberal Party and the Conservative People's Party. Since then, the coalition had remained in power for a decade until the election in 2011.</li> <li>• In the parliamentary election held in September 2011, the incumbent centre-right coalition lost to a centre-left coalition comprising the Social Democratic Party, the Social Liberal Party and the Socialist People's Party. Under the leadership of Social Democrat Helle Thorning-Schmidt, the three-party minority coalition government controlled 77 of the 179 seats in the Folketinget and enjoyed parliamentary support from the far-left Unity List—the Red-Green Alliance securing 12 seats.</li> <li>• In January 2014, the Socialist People's Party withdrew from the coalition amid anger over the government's plan to sell a stake in state-owned energy company, DONG Energy, to a group of investors led by a leading United States investment bank. However, the party still pledges its support for the coalition in Parliament.</li> </ul>

<b>Institutions of the <i>Constitution</i></b>	
Three branches of government	<ul style="list-style-type: none"> <li>• Denmark is a constitutional monarchy. The incumbent monarch, Queen Margrethe II, acceded to the throne on 14 January 1972.</li> <li>• The <i>Constitution</i> empowers the monarch to appoint and dismiss the Prime Minister and other Ministers. In practice, the monarch always appoints the person who receives a majority of support in Parliament as the Prime Minister, and appoints other Ministers as recommended by the Prime Minister. Social Democrat Helle Thorning-Schmidt has been the Prime Minister since October 2011.</li> <li>• The Folketinget is the unicameral legislature of Denmark comprising 179 Members elected by proportional representation. Among them, 175 Members are elected in Denmark, two in the Faroe Islands and two in Greenland. Parliamentary elections take place every four years unless the Folketinget is dissolved earlier.</li> <li>• For the Judicial Branch, it is made up of the Supreme Court, two high courts, 24 districts courts and some other courts (e.g. the Land Registration Court). The Supreme Court is the highest court in Denmark which hears appeals from lower courts.</li> </ul>
<b>Ties with Hong Kong</b>	
Trade	<ul style="list-style-type: none"> <li>• Importance of Denmark to Hong Kong's external trade in the first half of 2014:               <ol style="list-style-type: none"> <li>(a) 31<sup>st</sup> largest trading partner;</li> <li>(b) 40<sup>th</sup> largest export market; and</li> <li>(c) 27<sup>th</sup> largest source of import.</li> </ol> </li> </ul>
Tourism	<ul style="list-style-type: none"> <li>• In the first half of 2014, visitor arrivals from Denmark to Hong Kong decreased by 7.2% year-on-year to 12 169, representing less than 0.1% of the total visitor arrivals during the period.</li> </ul>
Investment	<ul style="list-style-type: none"> <li>• As at June 2013, Danish companies established 18 regional headquarters, 23 regional offices and 19 local offices in Hong Kong.</li> </ul>

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