

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-DENMARK BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Kingdom of Denmark is situated in northern Europe. It consists of the peninsula of Jutland, the islands of Zealand, Funen, Lolland, Falster and Bornholm, and 401 smaller islands. The country lies between the North Sea, to the west, and the Baltic Sea, to the east. Denmark's only land frontier is with Germany, to the south. Norway lies to the north of Denmark, across the Skagerrak, while Sweden, the most southern region of which is separated from Zealand by a narrow strait, lies to the north-east. Outlying territories of Denmark are Greenland and the Faroe Islands in the North Atlantic Ocean. Denmark is a member of the UN, WTO, BIS, NATO, OECD, the EU, Council of Europe, OSCE, CERN, Nordic Council, Council of the Baltic Sea States, Inter-American Development Bank, Asian Development Bank, IOM and the Antarctic Treaty.

Denmark has the fourth highest ratio of tertiary degree holders in the world. The country ranks highest in the world for workers' rights. GDP per hour worked was the 13th highest in 2009. The country has a market income inequality close to the OECD average, but after taxes and public cash transfers the income inequality is considerably lower. According to Eurostat, Denmark's Gini coefficient for disposable income was the 7th-lowest among EU countries in 2017. According to the International Monetary Fund, Denmark has the world's highest minimum wage. IMF Executive Board Concludes 2023 Article IV Consultation with Denmark June 26, 2023, the Danish economy recovered strongly from the pandemic. Following a relatively mild contraction in 2020, the economy grew by around 5 percent in 2021 and 3¾ percent in 2022. With the level of output now well above its pre-pandemic trajectory, tight labour markets, and much-elevated import prices, headline harmonized consumer price index inflation reached a 40-year high in October 2022 before decelerating. More recently, there are signs that economic activity is cooling, as inflation is lowering real incomes, financial conditions are tightening, and external demand is weakening, but labour markets remain relatively tight.

A snapshot of Denmark's select economic indicators is as under

Table 1

Denmark: Selected Economic Indicators, 2022–24			
	2022	2023	2024
		proj.	
Output			
Real GDP growth (%)	3.8	1.3	1.4
Employment			
Unemployment rate (%)	4.5	5.0	5.0
Prices			
Inflation (% , Q4 on Q4)	10.2	3.3	2.6
General government finances			
Revenue (% GDP)	48.6	49.5	49.3
Expenditures (% GDP)	45.3	47.5	48.4
Fiscal balance (% GDP)	3.3	2.0	0.9
Public debt (% GDP)	30.1	30.5	30.3
Money and credit			
Domestic credit growth (%)	-4.0	...	...
3-month interbank interest rate (%)	0.3	...	...
10-year government bond yield (%)	1.2	...	...
Balance of payments			
Current account (% GDP)	13.1	9.1	7.8

International reserves (% change)	1.9	...	...
Exchange Rate			
ULC-based REER (% change)	-1.8	...	...
Sources: Statistics Denmark, OECD and Fund staff calculations.			

Sources: IMF Executive Board Concludes 2023 Article IV Consultation with Denmark June 26, 2023.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Denmark are Special Categories, Germany, Sweden, Norway and United Kingdom. On the other hand five major import partners of Denmark are Germany, Sweden, Netherlands, China and Poland. Major five exported goods of Denmark are (i) medicaments of mixed or unmixed products, (ii) Human and animal blood; microbial cultures; tox (iii) Petroleum oils, etc, (excl. crude); preparation (iv) Electric generating sets, nes and (v) Frozen swine meat, nes. On the other hand major five imported goods are (i) Petroleum oils and oils obtained from bituminous (ii) Other medicaments of mixed or unmixed products (iii) Automobiles nes including gas turbine powered (iv) Transmission apparatus, for radioteleph incorpo and (v) Petroleum oils, etc, (excl. crude); preparation.

4. Denmark's total exports in 2019 were of the order of US\$ 109,879 million. It has scaled upto US\$ 136,074 million in 2023 with 17.32% increase recorded in 2021. During the period from 2019 to 2023. the annual average compound rate of growth of exports was 5.49%.

5. Denmark's total imports in 2019 were of the order of US\$ 97007 million and which has touched US\$ 126397 million mark in 2023. During the period from 2019 to 2023, with 25.56% increase recorded in 2021. During the period 2019 to 2023 the annual average compound rate of growth of imports was 6.84%.

6. Denmark runs an overall Balance of Trade surplus from 2019 to 2023 which has scaled up to USD 9677 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 6.13%.

A snapshot of Denmark's overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. Denmark is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. As per Denmark Statistics, the total volume of bilateral trade in goods and services between India and Denmark is around USD 5,3 billion in 2023 as compared to around USD 6.64 billion in 2022 . It was USD 4.96 billion in 2021. Indian exports (in goods and services) reached USD 2.71 billion in 2023 while imports amounted to around USD 2.519 billion. Denmark ranked 68th as an export destination in FY 2023-24 India exports to Denmark 0.20 % of it's total export value in FY2023-24. In the same financial year imports from Denmark was 0.14% of India's total import value. Denmark was the 58th largest import partner of India in FY 2023-24. Almost 0.16% of India's international trade value was between India and Denmark as has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo- Denmark total volume of bilateral trade in FY 2019-20 was of the order of US\$ 1,366.36 million. It has scaled to US\$ 1,773.95 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 6.74%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with Denmark. Exports from India to Denmark had steeply increased by 25.01% in FY2021-22. The

annual average compound rate of growth of Exports was 3.93%. On the other hand, imports from Denmark to India increased by 50.85% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 9.76%.

10. **Additionally, from Tables 4 & 5 presented at Annexure-II below the following are stated:**

- a. **Iron and Steel, RMG Cotton Including Accessories and RMG Manmade Fibres** are occupying the top three slots in India's exports to Denmark in the year 2023-24. Iron And Steel occupying the 13.97% share of export value India to Denmark.
- b. **Electric Machinery and Equipments, Drugs Formulations Biologicals and Residual Chemical And Allied Products** are the three major commodities in India's imports list from Denmark in the year 2023-24, India's imports a significant amount **Electric Machinery And Equipments** from Denmark with a share of 18.89% of total imports from Denmark recorded in 2023-24.

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TABLE - 2
DENMARK'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 - 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	109879		97007		2,06,886		12872
2020	106871	-2.74	95778	-1.27	2,02,649	-2.05	11093
2021	125385	17.32	120260	25.56	2,45,645	21.22	5125
2022	129811	3.53	127078	5.67	2,56,889	4.58	2733
2023	136074	4.82	126397	-0.54	2,62,471	2.17	9677
Annual Growth Rate	Compound						
		5.49		6.84		6.13	

NOTE : Figures relate to calendar year (January to December)

SOURCE

: **UN COMTRADE PUBLICATION**

Figure - 1

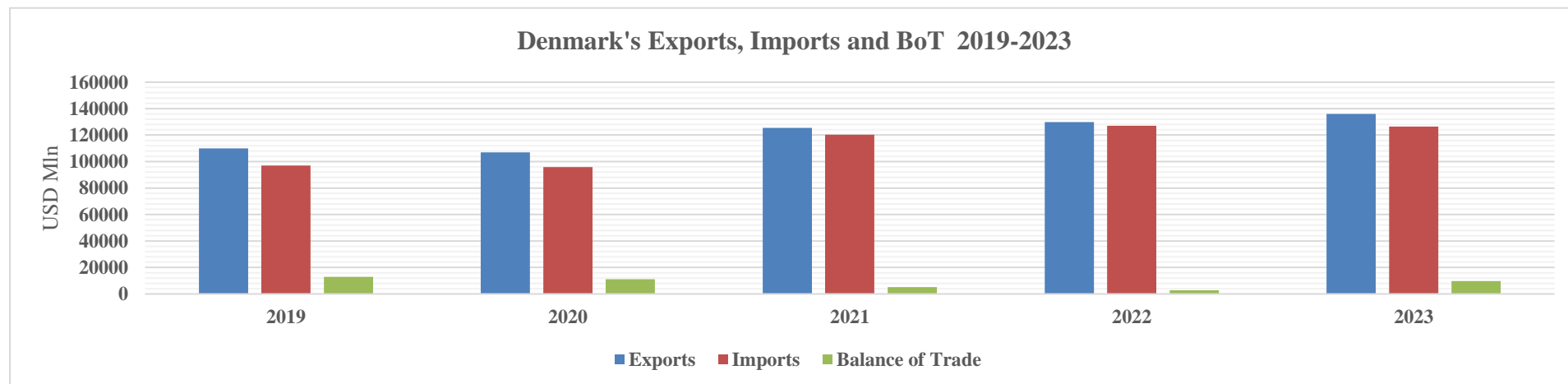


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO DENMARK
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Iron And Steel	19.77	29.70	62.77	65.68	119.62	50.23	111.35	4.64	82.13
	Share in total export	2.69	3.93	6.65	7.21	13.97				
2	RMG Cotton Including Accessories	81.97	83.57	110.81	111.78	103.09	1.95	32.60	0.88	-7.77
	Share in total export	11.17	11.07	11.74	12.26	12.04				
3	RMG Manmade Fibres	110.92	83.71	80.21	104.83	72.11	-24.53	-4.18	30.69	-31.21
	Share in total export	15.11	11.08	8.50	11.50	8.42				
4	Electric Machinery And Equipments	22.86	36.41	57.22	34.24	39.78	59.27	57.15	-40.16	16.18
	Share in total export	3.11	4.82	6.06	3.76	4.65				
5	RMG Of Other Textile Materials	27.66	31.45	40.73	43.22	37.94	13.70	29.51	6.11	-12.22
	Share in total export	3.77	4.16	4.31	4.74	4.43				
6	Products Of Iron And Steel	29.32	26.98	40.16	38.45	36.58	-7.98	48.85	-4.26	-4.86
	Share in total export	3.99	3.57	4.25	4.22	4.27				
7	Drugs Formulations Biologicals	30.45	39.89	36.13	40.20	36.21	31.00	-9.43	11.26	-9.93
	Share in total export	4.15	5.28	3.83	4.41	4.23				
8	Cotton Fabrics, Madeups Etc.	40.38	40.91	53.80	38.14	34.20	1.31	31.51	-29.11	-10.33
	Share in total export	5.50	5.42	5.70	4.18	3.99				
9	Other Misc. Engineering Items	21.40	20.82	28.85	22.92	29.04	-2.71	38.57	-20.55	26.70
	Share in total export	2.92	2.76	3.06	2.51	3.39				
10	Indl. Machinery For Dairy Etc.	13.55	10.61	18.41	23.86	27.85	-21.70	73.52	29.60	16.72
	Share in total export	1.85	1.40	1.95	2.62	3.25				
	Total export to DENMARK	733.96	755.25	944.15	911.39	856.24	2.90	25.01	-3.47	-6.05

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM DENMARK
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Electric Machinery And Equipments	58.37	28.04	33.14	31.03	173.34	-51.96	18.19	-6.37	458.62
	Share in total imports	9.23	4.76	3.73	4.03	18.89				
2	Drugs Formulations Biologicals	84.34	89.50	121.08	166.82	161.34	6.12	35.28	37.78	-3.28
	Share in total imports	13.34	15.19	13.62	21.65	17.58				
3	Residual Chemical And Allied Products	42.65	40.54	41.09	48.65	61.33	-4.95	1.36	18.40	26.06
	Share in total imports.	6.74	6.88	4.62	6.32	6.68				
4	Indl Machinery For Dairy Etc.	66.70	44.13	45.37	44.32	53.97	-33.84	2.81	-2.31	21.77
	Share in total import	10.55	7.49	5.11	5.75	5.88				
5	Electronic Instruments	43.19	34.04	37.74	50.79	50.36	-21.19	10.87	34.58	-0.85
	Share in total import	6.83	5.78	4.25	6.59	5.49				
6	Medical And Scientific Instruments	33.47	32.48	37.54	37.80	40.02	-2.96	15.58	0.69	5.87
	Share in total import	5.29	5.51	4.22	4.91	4.36				
7	Ship, Boat And Floating Structures	30.15	47.49	6.93	11.74	37.98	57.51	-85.41	69.41	223.51
	Share in total import	4.77	8.06	0.78	1.52	4.14				
8	Iron And Steel	19.48	23.60	28.17	54.43	33.32	21.15	19.36	93.22	-38.78
	Share in total import	3.08	4.01	3.17	7.07	3.63				
9	Bulk Drugs, Drugs Intermediates	43.15	41.90	46.32	29.82	31.20	-2.90	10.55	-35.62	4.63
	Share in total import	6.82	7.11	5.21	3.87	3.40				
10	IC Engine And Parts	1.61	0.70	1.35	0.93	28.60	-56.52	92.86	-31.11	2975.27
	Share in total import	0.25	0.12	0.15	0.12	3.12				
	Total import from DENMARK	632.40	589.13	888.73	770.37	917.71	-6.84	50.85	-13.32	19.13

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I