

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Denmark Extends Support to Businesses During the COVID-19 Crises

**Country:** Denmark

**Post:** The Hague

**Report Category:** Agricultural Situation

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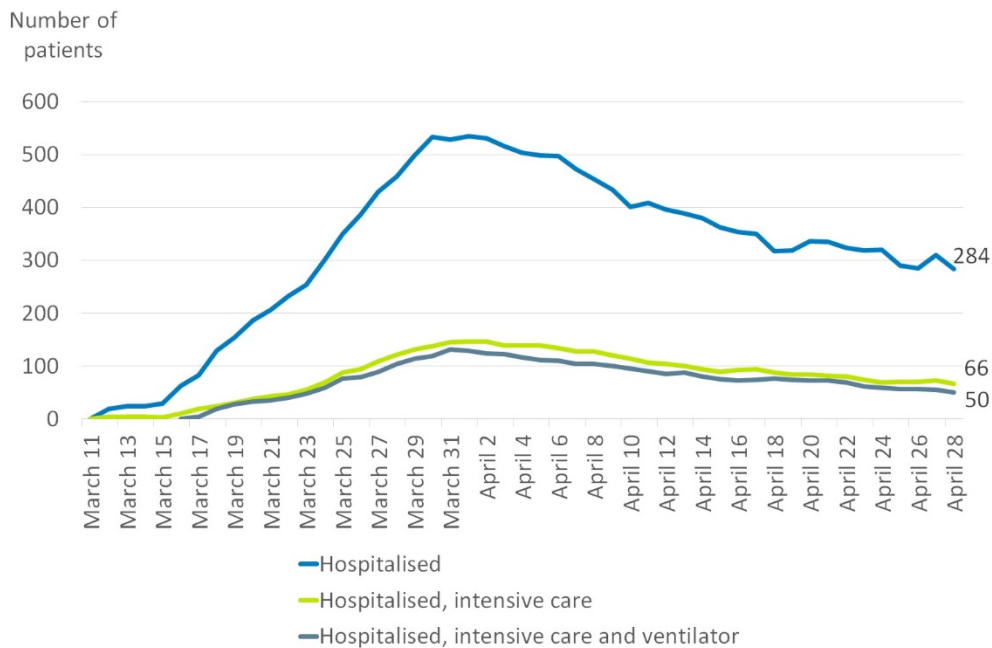
**Approved By:** Christopher Riker

**Report Highlights:**

The government of the Kingdom of Denmark has announced a number of measures to help businesses that have been adversely affected by the coronavirus (COVID-19) pandemic. Herein we consolidate publicly available information on some of the support measures that will be extended to Danish businesses.

In December 2019, an outbreak of a new coronavirus (COVID-19) disease was reported in Wuhan, China. In late February 2020, the first person in Denmark was diagnosed with COVID-19 in the Zealand region. Since then, over 9,000 people have been infected.

**Progression in the Number of Hospitalized Patients with Confirmed COVID-19 (as of April 28<sup>th</sup>)**



Source: [https://www.sst.dk/da/corona-eng/COVID-19-update\\_statistics-and-charts](https://www.sst.dk/da/corona-eng/COVID-19-update_statistics-and-charts)

In response, the Danish Government implemented border control at all of Denmark’s borders, and ordered a temporary ban on nightclubs, discotheques, bars, pubs, hookah cafes, restaurants,<sup>1</sup> indoor sports and recreational facilities, water parks, amusement parks, cinemas, theatres, fitness centers, tanning studios, etc. Those enterprises that remained operational, including supermarkets, were required to ensure a free-floor-area of at least four square meters for each customer. The government also recommended that individuals who had travelled stay home for 14 days, and encouraged people to reduce social contact (including diligently cleaning their homes and asking others to be considerate if they are elderly and/or have a chronic disease). Furthermore, gatherings were limited to fewer than 10 people.<sup>2</sup>

These measures have had a positive effect on the infection rates in Denmark. In fact, on April 6, 2020, the Government announced that it would commence a cautious, gradual, and controlled reopening of

<sup>1</sup> It remained permissible for restaurants, cafes, etc. to sell takeaway food and drinks.

<sup>2</sup> NOTE: more than 10 people can go to a shop, a supermarket, an airport, a train station or the like and move around as usual. The use of public transport (trains, busses, airplanes, ferries, etc.) and ordinary physical presence at a workplace were also not banned.

society, including daycare and schools. Nevertheless, these control measures, like in many other countries, also have had an economic impact.

The Brookings Institute estimated that COVID-19 control measures resulted in 3.1 percent of the Danish workforce being displaced.<sup>3</sup> Moreover, Finance Minister Nikolai Wammen, announced in early April that he believed Denmark's economy could shrink by between 3 and 6 percent this year as the country's businesses struggle with the effects of a lockdown to limit the spread of the new coronavirus.<sup>4</sup>

The Danish food and agricultural sector has not escaped the economic effects of the virus either. The Danish Ministry of Finance has estimated that the Danish catering industry has lost 75 percent of its turnover during the period that COVID-19 restrictions have been imposed.<sup>5</sup> It estimates that since March 11<sup>th</sup>, employment in Danish agriculture, forestry, and fishing has fallen 0.5 percent, while employment in the Danish hotel and restaurant sector declined by 13 percent.<sup>6</sup> The government commented that the rise in unemployment might have been even higher in the absence of relief packages.

To help mitigate the impact of the pandemic, the Danish government has developed comprehensive aid packages totaling DKK 400 billion (\$58.3 billion). Some of the programs include:

- Danish companies that are intending to dismiss at least 30 per cent of their staff, or who intend to dismiss more than 50 employees, can participate in a wage support scheme. Under the program, the government pays 75 percent of an employee's wages (up to 30,000 DKK or \$4,300 per month). In turn, the company will cover the remaining 25 percent, and the employee gives up five vacation days.<sup>7</sup>
- Under a DKK 40 billion (approximately \$5.8 billion) aid program, private companies registered in the Danish Central Business Register (CVR), which have a proven decline in revenue exceeding 40 (attributable to the coronavirus outbreak during the period from March 9, to June 9, 2020) will be entitled to compensation for damages suffered. In particular, they will be compensated, in part or in full, for the fixed costs that they continue to bear. The Danish authorities foresee several levels of compensation according to the level of turnover decline. The maximum aid amount per company is DKK 60 million (approximately \$8.7 million).<sup>8</sup>

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<sup>3</sup> <https://www.brookings.edu/research/the-effect-of-covid-19-and-disease-suppression-policies-on-labor-markets-a-preliminary-analysis-of-the-data/>

<sup>4</sup> <https://www.reuters.com/article/health-coronavirus-denmark-economy/denmarks-economy-may-decline-3-6-in-2020-finance-ministry-estimates-idUSC7N2AL00B>

<sup>5</sup> [https://www.fm.dk/~media/files/nyheder/pressemeddelelser/2020/04/genaabning-fase-2\\_oekonomiske-prioriteringer.ashx?la=da](https://www.fm.dk/~media/files/nyheder/pressemeddelelser/2020/04/genaabning-fase-2_oekonomiske-prioriteringer.ashx?la=da) (in Danish)

<sup>6</sup> Ibid.

<sup>7</sup> [https://virksomhedsguiden.dk/erhvervsfremme/content/temaer/coronavirus\\_og\\_kompensation/artikler/faa-hjaelp-til-loenudgifter-loenkompensation/eba83819-a5c6-4967-8c04-eae3cee2973d/](https://virksomhedsguiden.dk/erhvervsfremme/content/temaer/coronavirus_og_kompensation/artikler/faa-hjaelp-til-loenudgifter-loenkompensation/eba83819-a5c6-4967-8c04-eae3cee2973d/)

<sup>8</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_541](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_541)

- Under a DKK 10 billion (approximately \$1.5 billion) aid program, which will run until June 9, 2020, self-employed individuals registered in the CVR will be entitled to be partially compensated for the losses of turnover suffered as a result of the coronavirus outbreak. The compensation will take the form of grants and will cover 75 percent of the expected loss of turnover for a period of three months, calculated based on the average monthly turnover in 2019. The maximum compensation will be DKK 23,000 (\$3,300) per month and per person.<sup>9</sup>
- The Danish government is also extending loan and liquidity guarantees under an established Growth Fund. For example:
  - For companies with less than 250 employees, they can get help from the fund to guarantee loans or operating credits that can cover their revenue loss due to coronavirus / covid-19. To be considered, a business must have experienced a minimum revenue loss of 30 percent. The guarantee will covers 70 percent of any losses incurred by the bank, leasing company, etc., thus facilitating the company's access to financing. The guarantee has a term of up to 7 years and is on a straight-line basis during the term.<sup>10</sup>
  - For companies with over 250 employees or with a turnover of more than DKK 372 million (\$54 million), and a balance sheet total of over DKK 320 million (\$46.5 million), the fund can guarantee loans or credit to cover losses or expected loss in revenue of at least 30 percent due to COVID-19. Like for SMEs, the guarantee covers 70 percent of the financial institution's risk. The guarantee has a term of up to 6 years and is on a straight-line basis over the term.<sup>11</sup>
- Small and medium-sized companies that expect to lose revenue because of COVID-19 can use Danish Export Credit<sup>12</sup> to obtain assistance via their own bank for increased liquidity. The program can cover 80 percent of the banks' possible losses on new credit lines.<sup>13</sup>
- Large companies whose turnover drops by 30 percent or more as a result of COVID -19 can apply for liquidity with a guarantee from Danish Export Credit to pay expenses such as wages, suppliers, or rent, even if turnover falls.<sup>14</sup>

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<sup>9</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_515](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_515)

<sup>10</sup> [https://virksomhedsguiden.dk/erhvervsfremme/content/temaer/coronavirus\\_og\\_kompensation/artikler/faa-en-laanegaranti-hos-vaekstfonden/3b45ceac-2e72-477c-9fe1-e1d119c23b49/](https://virksomhedsguiden.dk/erhvervsfremme/content/temaer/coronavirus_og_kompensation/artikler/faa-en-laanegaranti-hos-vaekstfonden/3b45ceac-2e72-477c-9fe1-e1d119c23b49/)

<sup>11</sup> <https://vf.dk/covid-19/>

<sup>12</sup> <https://ekf.dk/coronavirus>

<sup>13</sup> <https://ekf.dk/vores-ydelser/kautioner/likviditetskaution-til-smv>

<sup>14</sup> <https://ekf.dk/vores-ydelser/kautioner/likviditetskaution-til-store-virksomheder>

- Another program allows Danish Export Credit to reinsure export orders with a short credit period. The reinsurance scheme has been extended so that Danish Export Credit can also reinsure export transactions in OECD countries (not only in countries outside the OECD, as was the case before the crisis).<sup>15</sup>
- The government has also extended the period for businesses to pay a myriad of taxes. For example, the payment deadline for companies that pay VAT monthly is postponed by 30 days for a period of three to July 27, 2020. For companies that pay VAT on a quarterly basis, the first and second quarters of 2020 will be combined, so that the payment deadline will be September 1, 2020 for both quarters. For companies that pay VAT on a semi-annual basis, the first and second half years are combined, so that the payment deadline becomes March 1, 2021 for both half-years.<sup>16</sup>

Additional information on the economic measures that Denmark has taken, as of April 21, 2020, to support Danish businesses and industries can be found in the attachment.

**Attachments:**

[COVID-19 - Danish Initiatives to Support Danish Economy \(21 April 2020\).pdf](#)

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<sup>15</sup> <https://www.ekf.dk/vores-ydelser/garantier/genforsikring>

<sup>16</sup> <https://www.copcap.com/covid19-tax>