

TOGETHER WE CREATE GREEN GROWTH





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What is DI's **GREEN** plan all about?

Our long-term financial plan for Denmark, *Together We Create Green Growth* was originally published in Danish. This is an English summary of the full plan.

To get in touch with our economists who did the comprehensive research and calculations for the full plan, please consult the webpage at **di.dk/english/2030**

Let us create **GREEN** growth together



We must reduce Denmark's greenhouse gas emissions by 70 per cent by 2030¹.

That is the goal of the Danish government. That is DI's goal. And we are proud that we have presented the first concrete proposal for how Denmark can reach a long way towards the 70 per cent goal.

Since the publication of our 2030 plan, almost all parties in the Danish Parliament (*Folketinget*) have joined in supporting this target.

We have already begun the work in Denmark. In fact, we have reduced our greenhouse gas emissions by 36 per cent since 1990. And Danish companies export many sustainable solutions to the world – for example, in wind

power and energy-saving technologies such as insulation, pumps and valves. These solutions not only help their customers to save energy and resources, they also create jobs and prosperity that benefit all Danes.

But we are still a long way from reaching our 70 per cent goal. To get there by 2030, we must act quickly. And we must work together – politicians, citizens and businesses.

Businesses are crucial because they perform so many essential tasks in our communities. They transport people and goods. They produce food, windmills and cement. They design our buildings and cities. They produce energy and ensure that it reaches our sockets and factories, to name just a few examples that affect the climate.

Companies also have the innovation and financial muscle needed to create new green technologies that may also be exported to our

¹ When the countries of the world formulated the Kyoto Protocol in 1997, they agreed to measure greenhouse gas reductions relative to 1990 levels. This is also the baseline for the Paris Agreement of 2015.

neighbouring countries and the rest of the world. This way, sustainable Danish solutions can have an even greater impact in addressing global climate change than we can achieve within Denmark's borders.

Therefore, climate policy is also business policy – and vice versa. Both belong at the heart of economic policy; any responsible economic plan must address how the overall development of our economy and society affects the climate.

Therefore, the reduction of greenhouse gases is an integral part of DI's overall, long-term economic plan for Denmark.

Companies will contribute to the green transition in various ways. A law firm, a taxi company and a supplier of offshore wind will affect the climate very differently. But all industries – and all of DI's more than 11,000 member companies – have a responsibility. And they

are all part of the solution. For only with the combined strength of the whole society – and the entire business community – can we achieve our common goal.

DI's 2030 plan contains 160 specific political proposals that together will create more than 120,000 private jobs², make Danes at least 14.7 billion euro richer³ and achieve balanced public budgets, ensuring that we do not pass the bill on to the next generation. Through these proposals, we will also reduce our greenhouse gas emissions by up to 70 per cent.

That, we believe, is true green growth. We can achieve it if we work together in Denmark – *and* with our partners in the EU and globally.

² 120,000 new jobs represent a 5.4 per cent increase in private employment in Denmark.

³ 14.7 billion euro = 110 billion Danish kroner corresponds to 4.2 per cent of Denmark's GDP.

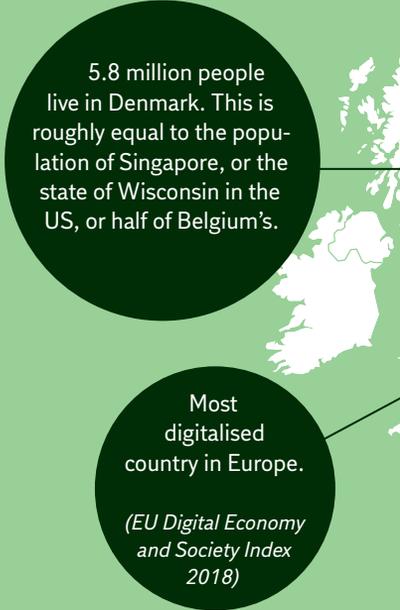
By the way, what is Denmark?

Denmark is a small, open and liberal market economy. The high level of prosperity that Danes enjoy is largely based on trade with other countries – in Europe and the rest of the world. Approximately 40 per cent of private sector jobs in Denmark are linked to exports of goods and services.

Danish companies, among other things, have great exports in life science, food, energy and climate technologies. Over half of all goods exported by Danish companies are of such high quality that they can be sold for prices at least 15 per cent higher than the average of the same product group within the EU.

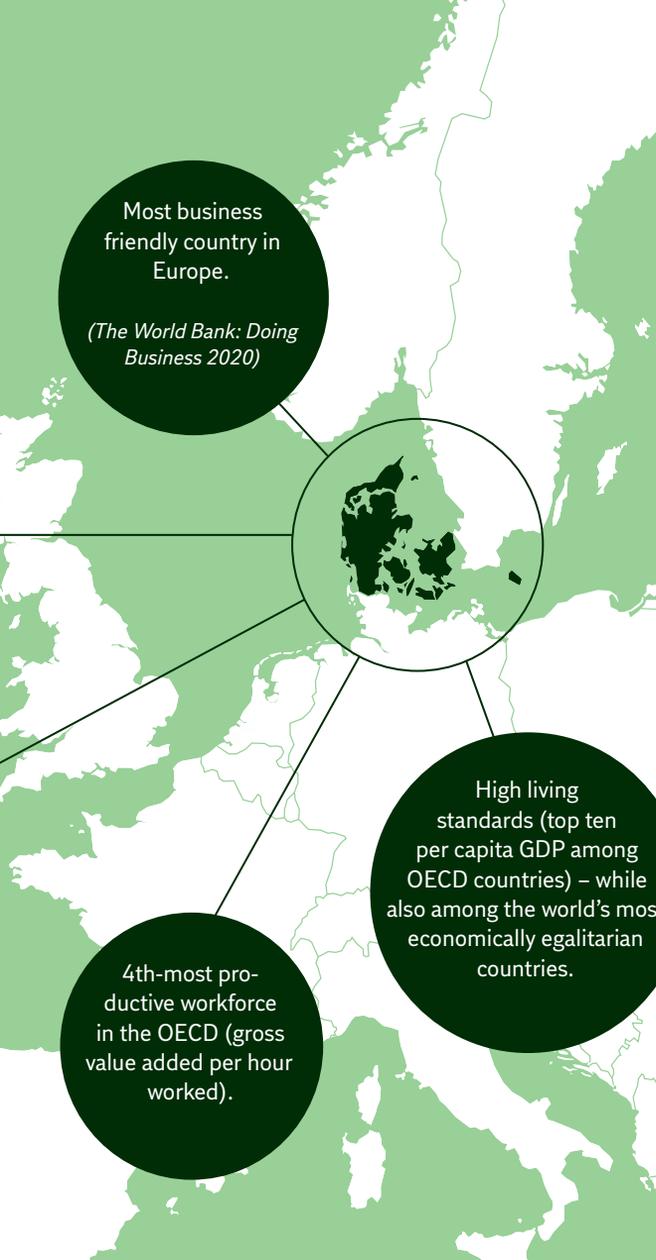
According to the World Bank, Denmark ranks first in Europe for ease of doing business – and fourth out of 190 countries worldwide. The International Institute for Management Development (IMD) ranks Denmark the eighth best country in the world for doing business, despite our high taxes and wages.

An effective public sector, and a long-term focus on policies and reforms that promote a balanced society



5.8 million people live in Denmark. This is roughly equal to the population of Singapore, or the state of Wisconsin in the US, or half of Belgium's.

Most digitalised country in Europe.
(EU Digital Economy and Society Index 2018)



Most business friendly country in Europe.

(The World Bank: Doing Business 2020)

4th-most productive workforce in the OECD (gross value added per hour worked).

High living standards (top ten per capita GDP among OECD countries) – while also among the world’s most economically egalitarian countries.

and a well-functioning private sector, are among the primary reasons for this success.

For, whilst Denmark is amongst the richest countries in the world in per capita GDP, Danes also pay more in taxes than most other countries. In return, citizens enjoy free education from pre-school to post-graduate university level, as well as free world-class health care from their doctor or hospital.

Some of the taxes also go towards securing citizens long-term unemployment benefits, an important prerequisite for the flexible labour market in Denmark. Because employees have the confidence that they can manage for a limited period without pay, employers can also hire employees and dismiss them relatively easy, as they need. This unique model – with security for both employers and employees – is called, “flexicurity”.

The Danish labour market is also characterized by the fact that employees and employers negotiate wages and collective labour agreements with each other without the government playing a role. This is based on a long tradition of trust and “win-win” agreements for both sides.

Well, but what does that plan say?

Denmark should be the world's best country to live in – for all Danes. That is what DI works for.

We want a society where we trust each other, and where everyone gets a share of the wealth we create together – so we both prosper individually and are able to invest more in developing our community. Because Danes want world-class schools, education and research. We want the best treatment when we get ill, and we want dignified care for our elderly. We want a society that continues to expand opportunities for all citizens.

Therefore, it is crucial that Denmark is also the best country in the world to do business in. When companies and their employees succeed in bringing new sales and export revenue home to Denmark, our overall prosperity grows, and we have even more opportunities as a society – whether we choose to spend the

money to lower taxes, create better traffic connections or develop our public services.

That is why we have built DI's 2030 plan around four crucial goals for Denmark:

- Create growth and prosperity to benefit all Danes through reforms and political initiatives that will make Denmark at least **14.7 billion euro richer**, equivalent to 4.2 per cent of GDP.
- Raise private employment by at least **120,000 people**, equivalent to 5.4 per cent.
- **Balance public sector budgets** so we do not pass unpaid bills on to future generations.
- Help lead the world in solving the climate challenge and **reduce greenhouse gas emissions in Denmark by up to 70 per cent** (relative to 1990 levels).

DO WE NEED GROWTH AT ALL?

Unless Danes would like to gradually become poorer compared to our neighbours in countries such as Norway, Sweden and Germany, we need growth. For as long as we need to develop our schools and education system, our roads and train connections, our elderly care, our healthcare and all the other common benefits that we enjoy in Denmark, we need growth.

In other words: Growth is the prerequisite for us to live our lives and have the opportunities we want. Growth makes it possible for us to develop our shared society and to invest in both the green transition and the many other things that make Denmark a great country to live in.

Right now, Denmark's economy is doing well. We export more than ever, and a record number of people work in Denmark. But clouds are starting to appear on the horizon. Growth is declining in many of the markets where we sell our goods and services.

At the same time, the Danish public and its elected representatives largely agree that Denmark must take the lead in solving the global climate challenge. The green transition offers great economic opportunities for Denmark in the longer term, but in the short term, it requires significant investments.

For all these reasons, it is critical that politicians work together to create a good long-term framework for companies to create growth in Denmark.

How much do DI's proposals cost?

If Denmark's elected representatives implement all the proposals in DI's plan, then by 2030 Denmark will invest almost 10 per cent of our public budget to make Danes richer and the world greener. That is 12 billion euro.

DI's plan also shows where politicians can find the money for those investments, without running a public budget deficit.

See an overview of our priorities and funding proposals in the coming pages.



**INVESTMENTS IN THE FUTURE:
1.6 BILLION EURO**



**A BETTER CLIMATE:
2.1 BILLION EURO**

**PUBLIC WELFARE:
4.8 BILLION EURO**

In total: 12 billion euro



**COMPETITIVE COMPANIES:
3.5 BILLION EURO**



IS 12 BILLION EURO A LOT OF MONEY?

We think it is. But to put it in perspective: It is actually less than $\frac{1}{10}$ of the amount we spend each year in Denmark's public sector. On the other hand, it is more than ten times as much as the parties in the Danish parliament (*Folketinget*) typically adjust when negotiating the annual national budget, or Finance Act.

What will DI prioritise?

A BETTER CLIMATE

DI allocates a total of **2.1 billion euro** to reduce Denmark's greenhouse gas emissions.

Among our **31 concrete policy proposals** are:

- We must use energy even more efficiently in our buildings and companies. Politicians must provide a better legal and regulatory framework to enable energy efficiency, including by introducing a green transition financing mechanism for the industry.
- It must be cheaper for everyone to use renewable electricity.
- Denmark must establish two additional offshore wind farms and continue to develop both solar and wind onshore.
- Elected representatives must restructure the taxes on cars to incentivise purchasing cars that emit little or no greenhouse gases. Rules for company cars also need to be adjusted to incentivise purchasing low- or zero-emission cars.
- The annual public investment in research and development of green solutions must be raised by at least 300 million euro by 2022 (in addition to DI's other research proposals, which you can see on the next page).

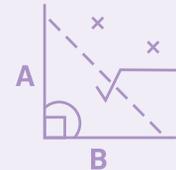


INVESTMENTS IN THE FUTURE

DI recommends a total allocation of **1.6 billion euro** for investments in the future.

Among our **34 concrete proposals** are:

- Denmark must invest more in education and research.
- More people must have competences in technology and IT – both among skilled technical workers and graduates from higher education.
- A broad majority in the Danish parliament must adopt an ambitious and long-term plan for investments in roads, bicycle paths and bus and train connections. This comprehensive plan must reduce congestion and make it easier for all Danes to move around – both when they work and in their free time.
- Politicians need to step up the digitalisation of the public administration to make it more efficient – including by exploiting the opportunities of artificial intelligence.
- The public sector needs to cooperate far more with private companies for better value for money in public service delivery.



COMPETITIVE COMPANIES

DI allocates a total of **3.5 billion euro** to proposals that will give Danish companies even better opportunities to succeed in international markets.

Among our **43 concrete proposals** are:

- We need more people working in Denmark. That is why politicians should lower taxes on labour.
- Elected representatives must eliminate a large number of small taxes that increase the administrative burden for both companies and the responsible public institutions while delivering very little public revenue.
- The EU must adopt common rules on how to calculate the profits from which a company pays corporate tax. It must provide greater clarity and ensure fair competition, both between companies and between countries.
- A broad majority in the Danish parliament must ensure that the corporate tax rate is always in line with the countries we compete with.

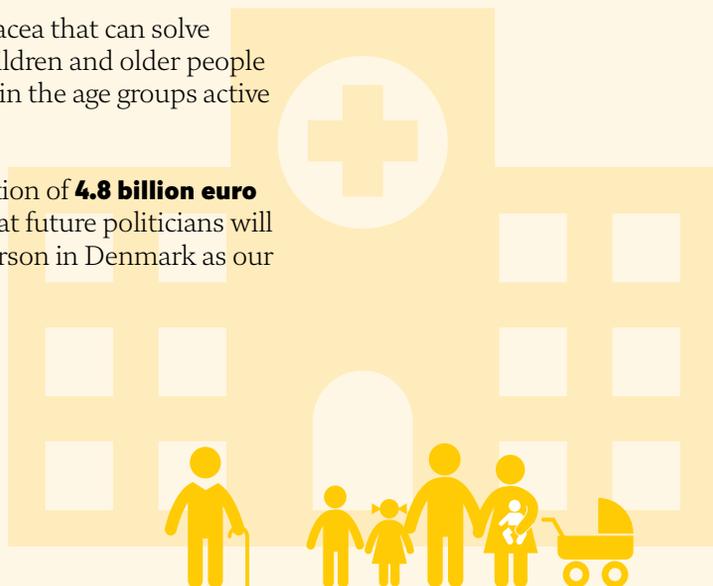


PUBLIC WELFARE

We must continue to develop our public sector so it provides better service to both citizens and businesses. We need to take advantage of the new digital opportunities that allow us to work even smarter, and we need to become better at involving private companies in powerful collaborations to develop our common welfare.

But development and innovation are not a panacea that can solve every challenge. By 2030, there will be more children and older people in Denmark, without a corresponding increase in the age groups active in the labour market.

Therefore, DI also recommends an extra allocation of **4.8 billion euro** for public welfare. In this way, we can ensure that future politicians will have as much money to invest in welfare per person in Denmark as our politicians have today.



Where will DI find the money?

THE FISCAL SPACE

The fiscal space is the amount that Denmark's elected representatives have available to invest in a given year, without incurring a public deficit.

We estimate that this amount will be 6.6 billion euro in 2030. But this is not money safely stored in a bank for the next ten years. These funds will only be available if a majority of the elected representatives in Parliament continue to support the concluded agreements, such as when and under what conditions the Danes can retire.

The fiscal space also depends on companies' continued ability to attract the skilled workers and top talent from abroad.

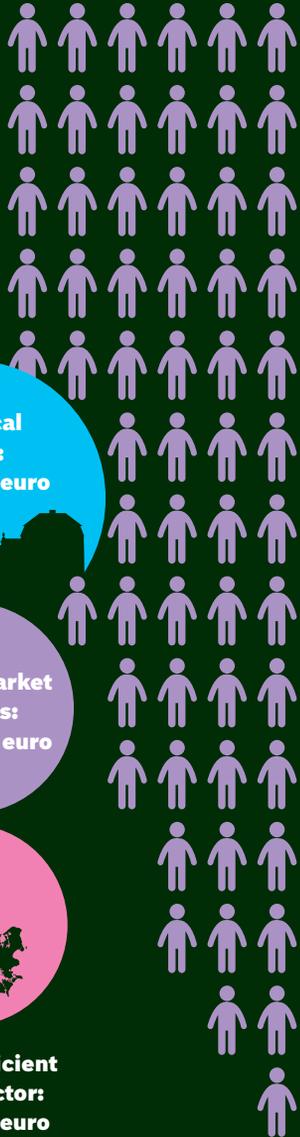
MORE PEOPLE JOINING THE WORKFORCE

More people work in Denmark than ever. But by 2030, there will be relatively fewer in the age groups that are active in the labour market. That is why we need all the talented workers we can get – from dedicated unskilled and skilled professionals to highly specialised researchers.

It requires that we do more to help citizens who can work, but who today are living on public benefits, into the workforce. At the same time, we need to make it easier for companies to hire talented employees from abroad who come to Denmark to work and contribute to society.

We also need to revise the Danish students' Grants and Loans Scheme, both so the money goes further, and so that more are encouraged to choose educations that provide good job opportunities.

DI has a total of **23 proposals** on how we can strengthen our labour market and create more jobs.



**The fiscal
space:
6.6 billion euro**

**Labour market
reforms:
2.9 billion euro**

**A more efficient
public sector:
2.7 billion euro**

A MORE EFFICIENT PUBLIC SECTOR

Not so long ago, when Danes wanted to complain about a parking fine, sign their child up for day care or change their tax deductions, they had to go to City Hall during working hours.

Today, our public administration has become much more efficient. Through large-scale digital tools, everyday life is easier and more efficient for both citizens and businesses. In fact, Denmark is among the most advanced countries in the world when it comes to digitalisation – in public services, in business and in our everyday lives.

We must continue this digital development. Artificial intelligence and other digital innovations offer tremendous opportunities to deliver even more value for money in public service delivery.

At the same time, we should cooperate more in developing the public service to make it both better and more efficient. There are still many products and services where private companies can help deliver better services more efficiently than what we get for our tax money today.

DI has a total of **14 proposals** on how we can solve the tasks even smarter in the public sector.

WHY DOES DI WANT TO INCREASE INEQUALITY IN DENMARK?

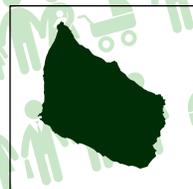
Of course it is not a goal of DI's to increase inequality. Our goal is to create more wealth and more opportunities for all Danes.

There are initiatives in DI's plan that taken individually will increase wealth more for some than for others. For example, if politicians lower equity taxes, it will initially benefit those who have money to invest in equities. But the goal is to attract more investment to smaller companies, in particular, so they can spend the money on digitalisation, automation or development of new products and services. This will benefit all Danes, because it allows the companies to grow and create more jobs that pay better.

The cumulative effect of DI's plan is to make all groups in Danish society more prosperous by 2030. More of us will have jobs and earn a living for ourselves and our families. Our public sector budgets will be balanced, and we will have more money to invest in our public welfare and shared future. We will lead the way to a greener future and export sustainable solutions to countries across the globe.

And Denmark will still be among the most egalitarian countries in the world.





The part of our 2030 plan that has received the most attention is the proposals to reduce Denmark's greenhouse gas emissions.

If you would like to know more about our climate proposals or the full DI plan, please feel free to contact us. Find the contact information for our economists at di.dk/english/2030

HOW DOES DI PROPOSE TO REACH THE 70 PER CENT?

70 per cent



Source: The Danish Energy Agency's Basic Projections 2018, Ea Energy Analysis and DI.

In 2015, the 196 countries of the UN Climate Convention agreed that the planet's average temperature should not rise by more than 1.5 degrees Celsius until the year 2100 relative to the global temperature before industrialisation. This is the agreement we know as the Paris Agreement.

In order to limit global warming, we must significantly reduce greenhouse gas emissions. In Denmark, the government has set a goal of reducing greenhouse gas emissions by 70 per cent by 2030. DI supports this goal.

Greenhouse gas emissions are measured in relation to 1990, as agreed by the signatory countries of the Kyoto Protocol of 1997.

We have come a long way in Denmark, in part, because most of the electricity we use comes from wind or biomass incineration. We are also good at using energy more efficiently in our buildings, businesses and private households. Since 1990, we have reduced our emissions by 36 per cent.

Denmark's emissions will continue to fall by 8 per cent until 2030, if we continue as planned. This is due, in part, to decisions to stop burning coal in the electricity and district heating sectors and to build more offshore wind farms.

In DI's 2030 plan, we provide 31 specific proposals that can reduce Denmark's emissions by an additional 20 per cent.

To reach the last 5 per cent, we need to create technologies and solutions we do not have yet. Therefore, one of DI's proposals is for Denmark to invest at least 300 million euro more in green research, in addition to our other proposed investments in research and education.

Greenhouse gas emissions are already declining – but we are still a long way from 70 per cent

Million tons CO₂

50

40

30

20

10

0

ELECTRICITY AND DISTRICT HEATING

BUILDINGS

INDUSTRY

OTHER

ENVIRONMENT

TRANSPORT

AGRICULTURE



2020

2021

2022

2023

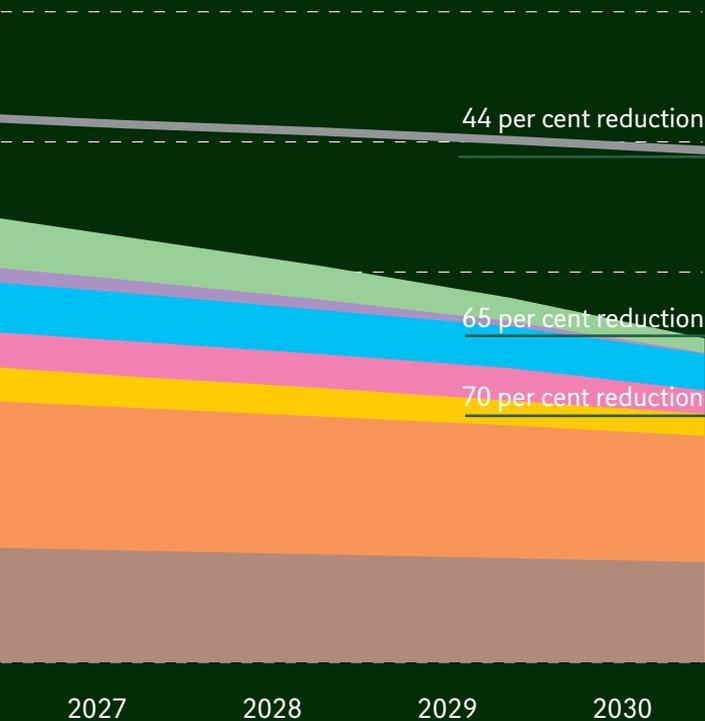
2024

2025

2026



Energy Emissions in Denmark at



If we enact only the initiatives already adopted by our politicians.

If politicians follow all of DI's proposals.

The goal for Denmark's government, parliament and DI.

Source: The Danish Energy Agency's Basic Projections 2018, Ea Energy Analysis and DI.



In declaring our ambition to reduce our greenhouse gas emissions by 70 per cent by 2030, Denmark has taken on a massive challenge. Success will require contributions from everyone in every sector of society; citizens, politicians and businesses in every industry.

Many companies are already leading the way. They take responsibility for their own climate impact, and they provide solutions that help reduce the world's greenhouse gas emissions, while also creating jobs and growth in Denmark.

If politicians create the right framework conditions for green growth, companies can

become an even stronger driver of the green transition.

Our green transition will not be a free ride, either for businesses nor for the public. It costs money to reduce greenhouse gas emissions, which is why we recommend setting aside 1.7 billion euro annually in DI's plan.

In addition, we recommend allocation an additional 300 million euro per year to increase investment for research into sustainable technologies to support the green transition, so that, in total, Denmark will invest 2.1 billion euro in initiatives aimed at reducing our greenhouse gas emissions.

The faster we act, the better our chances are of reaching the goal. For each year we wait, it gets harder to reach 70 per cent. And several of the initiatives in DI's plan need to be implemented over a number of years, so both businesses and citizens have time to adapt. It is therefore critically important that we get started right away.

Equally crucial is that we relentlessly strengthen Danish companies' ability to compete. Neither the Danish economy nor the planet will win if the initiatives we implement challenge companies so much that they must move jobs or production abroad, moving greenhouse gas emissions as well. In this case, emissions are often even greater, as companies in Denmark use energy more efficiently and are, overall, more climate friendly than the majority of their competitors worldwide.

Therefore, it is crucial to green growth in Denmark that Danish companies are strong competitors in international markets.

WE NEED TO USE ENERGY MORE EFFICIENTLY

Compared with other countries, we are al-

DOES IT REALLY MATTER WHAT LITTLE DENMARK DOES?

Denmark accounts for less than one-thousandth of the world's total greenhouse gas emissions. In this context, some argue that we might as well drop the challenge of the green transition – or at least wait to implement it until others have done the hard work.

At DI, we believe that Denmark must take the lead, both for our own sake and for the sake of the climate.

We can show the way for other countries. By the power of our example, we can make a far greater difference to the world's climate than if we only measure the number of tons of CO₂ emitted from Danish territory.

But more than a duty, this challenge also represents an economic opportunity. Denmark can benefit from delivering the green solutions the world needs, creating good jobs for even more Danes and bring more export revenue home to Denmark, benefitting all parts of Danish society.

ready good at utilising energy in Denmark. But we can get much better. In fact, we can save up to a third of the energy in our homes, public buildings and businesses if we build smarter and renovate older buildings, and if businesses get better opportunities to replace oil, coal and gas with renewable energy.

At the same time, we must get better at using the surplus heat that comes from ovens and machines in our factories. District heating plants can use this surplus heat for radiators in homes and offices without emitting more greenhouse gases. But outdated rules and taxes stand in the way, preventing our society from utilising the surplus heat from one sector as an energy source in another sector. As a

result, we let fire go up the chimney in many places.

WE NEED TO USE MORE GREEN ELECTRICITY

Denmark is a world leader in replacing oil, coal and gas with renewable electricity from wind and solar, and we export wind turbines and wind farms to the whole world. We must continue along that path – and we must be even more ambitious.

DI proposes to build two additional offshore wind farms and establish energy islands in the North Sea to connect offshore wind energy



from several countries, so that together, we harness and use the energy more effectively and efficiently. DI also proposes increasing the harnessing of both solar and wind energy on land.

At the same time, we must also use less oil and gas in our companies and all other buildings and replace it with climate-friendly electricity. For this, we will need to install many more electric heat pumps in both homes and businesses.

Danish companies face a major challenge in reducing their greenhouse gas emissions. Politicians can provide significant assistance in providing green financing mechanisms.

Politicians must also lower electricity taxes to incentivise replacing fuel-driven pumps with heat pumps, or large diesel-powered machines with electric-powered machines.

OUR CARS AND TRUCKS MUST BE GREENER

Transport represents a major challenge, when it comes to reducing greenhouse gas emissions. Almost a quarter of emissions in Denmark comes from the transport of people and goods. Although many Danes cycle or take the bus or train in their everyday life, there are still more and more cars on the Danish roads, and we transport goods like never before.



DI recommends making it cheaper to buy those cars that do not emit greenhouse gases, or those that emit very little, such as electric cars, hydrogen cars and plug-in hybrid cars. In lieu of the current registration fee, car owners should pay a recurring fee depending on the car's climate footprint. Likewise, companies should be incentivised to choose green cars. In the intervening years, before all our vehicles are replaced with CO₂-neutral vehicles, we must mix more sustainable biofuels in the gasoline and diesel we still use.

The heavy road transport must also be greener. More trucks should run on biogas, electricity and other climate-friendly alternatives to diesel. Politicians can help pave the way by restructuring the energy taxes so biogas and diesel alternatives become cheaper, while also providing subsidies for carriers to buy new and more climate-friendly trucks.

Finally, the public sector must demand greener transport solutions when purchasing, for example when tendering for private bus operations or waste collection, or when buying vehicles for their employees.





THE EU MUST LEAD THE WORLD'S GREEN TRANSITION

The EU plays a crucial role in the world's green transition. A strong and ambitious EU framework will help member states reduce emissions and create real green growth across Europe. That is why the EU countries must agree to address the global climate challenge together.

Across the EU, we must reduce greenhouse gas emissions by at least 55 per cent by 2030 and be climate neutral by 2050. We should establish an energy super-cluster, and we must develop and implement a strong common strategy to strengthen EU exports of renewable energy solutions to the rest of the world.

In order to finance investment in the green transition, the EU must be bold and ambitious to seize opportunities in all the areas where we can create growth, jobs and prosperity for Europeans. This applies to research, industry and, not least, work to strengthen global regulated free trade.

Who we are

The Confederation of Danish Industry (DI) is Denmark's largest, most representative and most influential business and employers' organisation, covering manufacturing as well as service industries across sectors such as transport, energy, IT, health, trade, and professional services.

We believe a strong society needs strong companies – just as strong companies benefit from a strong society. Companies are crucial to maintaining the prosperity of all Danes, and to achieving societal goals such as a clean and carbon neutral society. Therefore, DI is committed to achieving a Danish society in growth *and* balance.

DI has over 500 employees at our main office in Copenhagen, Denmark. Furthermore, we have offices in Brussels, Moscow, Mumbai, Munich, New York, Sao Paulo, Shanghai and Washington, D.C.





DI's mission is to help Danish companies win, both at home and abroad.

- ② We negotiate collective agreements with the labour unions – a crucial process in the functioning of the strong Danish labour market model – and we advise our members on labour and employment law.
- ② We work to improve business regulation at the local, national, European and global level in daily dialogue with national and international stakeholders.
- ② We provide our members with numerous other services and a variety of relevant networks.
- ② Every day, DI helps Danish companies turn global opportunities into successful business results – locally, nationally and around the world.



Published by DI
Print: Kailow Graphic A/S
Photo: Getty Images
ISBN: 978-87-7144-190-1 (print)
3000.12.19

A long-term plan for green growth

The Confederation of Danish Industry (DI) works to make Denmark the world's best country to live in – and the world's best country to do business in. And those two ambitions are connected.

Private companies and their skilled employees win contracts and bring export revenue to Denmark, providing the basis for good jobs that give the individual Danish citizen prosperity and opportunity. They also give society the resources to invest more in the things we want for our communities: world-class schools, education and research institutions; a green transition that shows the way towards a sustainable economy for other countries; innovative new digital solutions; roads, bridges, railways and bus connections; and quality welfare services like care for our elderly.

At the same time, businesses can thrive only when our society functions well. A sound business environment depends on the high trust in institutions and in each other. Businesses depend on a society where citizens are well-educated and good at developing new ideas together, a society that provides good childcare and the best treatment when we are ill – to mention but a few examples.

Therefore, DI presents a comprehensive plan for how we can develop the entire economy of Denmark – and, at the same time, achieve our ambitious climate goals.

Because a strong community needs strong businesses – and vice versa.

di.dk/english/2030

