DENMARK

Denmark’s economic freedom score is 77.6, making its economy the 9th freest in the 2023 Index. Its score is 0.4 point lower than last year. Denmark is ranked 6th out of 44 countries in the Europe region, and its overall score remains well above the world and regional averages.

The independent and corruption-free judicial system provides strong protection of property rights. Although the corporate tax rate is competitive, the overall tax burden remains heavy. Government spending accounts for more than half of GDP. With its economy open to global trade and investment, Denmark benefits from high degrees of business freedom.

**ECONOMIC FREEDOM SCORE**

![Economic Freedom Score Chart]

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +10.3**

**RECENT FREEDOM TREND**

![Recent Freedom Trend Chart]

**QUICK FACTS**

- **POPULATION:** 5.9 million
- **GDP (PPP):** $373.5 billion
- **4.1% growth in 2021**
- **5-year compound annual growth 1.8%**
- **$63,946 per capita**
- **UNEMPLOYMENT:** 5.6%
- **INFLATION (CPI):** 1.9%
- **FDI INFLOW:** $5.5 billion
- **PUBLIC DEBT:** 36.6% of GDP

**BACKGROUND:** Denmark has been a member of the European Union since 1973. Mette Frederiksen of the center-left Social Democratic Party is the country’s youngest prime minister and leads a one-party minority government that relies on support from three leftist parties to pass legislation. The Danish public has supported consecutive governments’ continued tightening of immigration policy with an emphasis on assimilation. The government has introduced ambitious greenhouse gas targets and a corporate carbon tax. The economy, heavily reliant on foreign trade and well-integrated into the global marketplace, has a robust private sector that includes world-leading pharmaceutical, maritime shipping, and processed food firms.
The overall rule of law is very well respected in Denmark. The country’s property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

The top individual and corporate tax rates are, respectively, 56 percent and 22 percent. The tax burden equals 46.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 51.3 percent and 2.3 percent of GDP. Public debt equals 36.6 percent of GDP.

The overall regulatory environment remains one of the world’s most transparent and efficient, encouraging entrepreneurial activity. Flexible and modern employment regulations sustain the labor market. Monetary stability is well established, and the most recent available inflation rate is 1.9 percent.

The trade-weighted average tariff rate (common among EU members) is 3.2 percent; more than 600 EU-mandated nontariff measures and 15 country-specific nontariff barriers are in force. Openness to foreign investment is well institutionalized. The overall financial system remains stable.