

THE FOREIGN  
INVESTMENT  
REGULATION  
REVIEW

FIFTH EDITION

Editor  
Calvin S Goldman QC

THE LAWREVIEWS

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INVESTMENT  
REGULATION  
REVIEW

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# DENMARK

*Per Vestergaard Pedersen, Michael Klöcker and Hans Madsen<sup>1</sup>*

## I INTRODUCTION

### i Policy, legislation and practices

Denmark consistently receives high rankings in international ratings on establishment of business and market access. The World Bank ranked Denmark as the easiest place in Europe to do business in 2016. Denmark ranks third in the world among 189 countries. Also, *Forbes* magazine ranked Denmark at the top of the global league table Best Country for Business 2016.<sup>2</sup> Denmark is an attractive country for foreign investors as the perfect test market for new products and technologies, and as the entry point for the Nordic countries or the entire European Union (EU). Denmark's main strengths include political stability, low corruption, a skilled and productive workforce and a flexible labour market based on a model called 'flexicurity', making it easy and efficient for companies to hire and fire people.

The Faroe Islands and Greenland are parts of the Kingdom of Denmark. These parts of the realm have comprehensive self-government and are generally receiving increased interest from foreign investors, in particular in the areas of natural resources, infrastructure, fishing and tourism.

As a member of the EU, the Treaty on the Functioning of the European Union (TFEU) applies to Denmark.<sup>3</sup> Under the TFEU, Denmark must grant specific rights and freedoms to businesses based within the EU, including freedom of movement and freedom of establishment. Within the EU, Denmark is among the strongest supporters of trade liberalisation.

Danish corporate law has been reformed in recent years by amending the Danish Companies Act. M&A transactions are largely unregulated under Danish law, and purchase agreements are mainly regulated by general contract law. The primary legal regime for public takeovers in Denmark is the Danish Securities Trading Act and the accompanying Executive Order on Takeover Bids (the Takeover Order) implementing the EU Takeover Directive (2004/25/EC).

Denmark has no legislation that specifically governs foreign direct investments and does not have any policies that aim to differentiate between domestic and foreign investors. As a state with a small national economy and relatively large international trade and investments, Denmark is generally positive towards foreign investments.

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1 Per Vestergaard Pedersen, Michael Klöcker and Hans Madsen are partners at DLA Piper Denmark Law Firm P/S.

2 See <http://www.copcap.com/newslist/2015/denmark-easiest-country-in-europe-for-business> and <https://www.forbes.com/best-countries-for-business/list/>.

3 Greenland and the Faroe Islands are not members of the EU.

## ii Significance of foreign investment in Denmark

The economy is expected to accelerate this year on the back of improvements in the external sector and solid private consumption. However, certain risks are looming. Essentially, it is the downturn in the EU economy, following Brexit and eurozone banking problems, that poses a central risk.

In recent years, Denmark has seen a number of significant foreign investments. The inbound M&A market has been dominated by players from the Nordic countries, the rest of the European countries and investors from North America. Asian and Middle Eastern investors are still relatively rare, but there are signs of increasing interest from Asian investors.

In 2014, the American investment bank Goldman Sachs invested 8 billion kroner in DONG, a state-owned energy producer and supplier. Bain Capital and Advent International are two other international private equity funds that have invested significantly in the Danish market, by acquiring KMD A/S, one of the market leaders in the Danish IT service sector, and NETS, the leading Nordic player within payment services. In 2015, the American sports gear and apparel company Under Armour acquired the Danish social fitness network Endomondo for 575 million kroner. In 2016, the Danish Joe & The Juice, an urban juice bar, was sold to the American equity firm General Atlantic. Furthermore, the American BioTelemetry Inc acquired the ePatch business unit from DELTA Danish Electronics, Light & Acoustics for about US\$9 million.

As illustrated by these examples, the United States has been a key investor in the Danish M&A market in recent years. A significant part of the investments made by companies in Luxembourg and the Netherlands in fact originates from the United States and the United Kingdom.

Denmark is experiencing a new wave of Asian investment interest, which politically has been affirmed by Prime Minister Lars Løkke Rasmussen's recent meetings with Asian heads of state. In autumn 2016, the Danish prime minister visited the president of the Republic of Korea, Park Geun-hye. The visit was the first official visit by a Danish prime minister in more than 25 years. In May 2017, the Danish prime minister met with the Chinese president, Xi Jinping, and in July 2017 with the Japanese prime minister, Shinzo Abe. Asian investment interest has materialised in several investments in Denmark. For example, in 2015, the Japanese Mitsui-Soko Group acquired the transport and logistic companies Prime Cargo A/S and Steamline A/S. In 2016, the Japanese acoustic company Rion, which manufactures and sells hearing instruments, opened its first overseas office in Denmark to support their sales in Europe. In November 2016, Acarix, a Swedish–Danish medical device company, received a double-digit million-kroner investment from the Chinese strategic investor Puhua Jingxin. In May 2017, the Chinese firm Geely International (Hong Kong) bought a share of about 30 per cent of the Danish investment bank Saxo Bank. Chinese companies have also invested in natural resources in Greenland. In September 2016, the Shanghai-listed company Shenghe Resources bought a 12.5 per cent stake in the exploration company Greenland Minerals and Energy. In terms of natural resources, the French oil and gas company Total SA, in August 2017, acquired the Danish Maersk Oil for US\$7.45 billion, paving the way for further investments in the North Sea.

With the Nordic region's airport hub located in Copenhagen, and easily accessible port, railway and road connections, Denmark offers favourable infrastructure options for setting up regional headquarters. In several instances, Denmark has been chosen as a company's centre for Nordic or other European activities. For example, Denmark has proved to be highly attractive for international data-centre operators. In 2015, Apple announced its plans

to establish in Viborg in Denmark one of the world's largest data centres, which is powered by renewable energy. In 2017, Apple decided to increase its data-centre investments in Denmark with a new data centre in Aabenraa in the southwestern part of Denmark. In early 2017, Facebook announced its plans to build a data centre in Odense in Denmark. The Facebook centre is expected to be operational in 2020, and it is only the third such facility outside the United States.

## II FOREIGN INVESTMENT REGIME

As mentioned in Section I, there is generally no formal distinction between domestic and foreign investments in Denmark. Accordingly, there is no Danish legal framework specifically addressing foreign investments. This section contains an overview covering both domestic and foreign investments.

### i Merger control

Investments into Denmark that involve acquisition of control of an existing business or the creation of a joint venture (a transaction constituting a concentration) will often require review under EU or Danish merger control law. Acquisition of control can be established in many ways; for example, by acquisition of shares or assets, by agreement or establishing *de facto* control. The merger control rules do not differentiate between these different means of acquisition of control. This means that the structure of the acquisition is not of relevance in relation to merger control.

The merger control assessment is conducted by the European Commission or by the Danish Competition and Consumer Authority (DCCA), as determined by their respective areas of competence. The object of the review is to ensure that a transaction will not significantly impede competition. Whether a transaction must be notified is generally determined on the basis of certain revenue thresholds. There are certain sector-specific regulations; for example, a transaction within the Danish telecoms sector in most cases requires merger control review regardless of revenue because of sector-specific merger control regulation.

The nationality of the parties to a transaction has no impact on the competition law assessment by the DCCA. Danish law does not include provisions that allow the DCCA to take into account the nationality of a party to a transaction. EU regulation allows inclusion of considerations regarding the nationality of parties to a transaction.

Notification of an acquisition of a minority shareholding of a business (for example, a non-controlling interest) is not required under Danish merger control law. The DCCA does not have a call-in option, that is the DCCA cannot interfere in a transaction or investment for which notification is not required. The Danish merger control regime does not allow parties to notify voluntarily, as is possible in some other jurisdictions, such as Norway.

Under the Financial Business Act, financial undertakings (for example, banks, mortgage credit institutions, insurance companies, pension companies) may not merge with another financial undertaking or parts thereof without prior permission from the Ministry of Business and Growth. According to the Financial Business Act, acquisition of 10 per cent or more of the share capital or voting rights of a financial undertaking or a financial holding company requires permission from the Danish Financial Supervisory Authority (FSA). Under the Danish Securities Trading Act, the acquirer of a controlling interest in a company listed on a stock exchange shall offer to buy from the remaining shareholders in the acquired company their shares on identical terms.

## **ii TFEU**

As a member of the EU, Denmark must comply with the provisions of the Treaty on the Functioning of the European Union (TFEU). The TFEU contains a number of freedoms for nationals of EU Member States, including the prohibition against restrictions on the freedom of establishment for nationals between EU Member States,<sup>4</sup> as well as the prohibition against restrictions on free movement of capital between EU Member States.<sup>5</sup> Along with other provisions that remove barriers to trade, the freedom of establishment and the right to free movement of capital minimise the barriers for foreign direct investment, at least within the EU.

However, there are circumstances where national security interests prevail over the obligations set out in the TFEU. According to Article 346(1) of the TFEU, the provisions of the TFEU do not preclude an EU Member State from keeping secret any information, as well as taking such measures as it considers necessary to protect national security interests.

## **III TYPICAL TRANSACTIONAL STRUCTURES**

### **i Corporate law residency requirements**

Denmark has very quick, informal and cost-efficient establishment procedures. New companies can be set up and registered within a few hours online, and there are no corporate residency requirements for management, including the CEO or the board of directors, regardless of whether a transaction is structured as an asset deal or a share deal.

### **ii Registration of real ownership**

On 23 May 2017, new rules regarding registration of companies' real owners came into force. Pursuant to Act No. 262 of 1 April 2016, which implements the EU Fourth Anti-Money Laundering Directive, companies are now required to register their legal owners as well as their ultimate real owners with the Danish Business Authority. A real owner is defined as a physical person 'who directly or indirectly owns or controls a sufficient part of the shares or the voting rights, or who practises control through other means, with the exception of owners of companies the shares of which are traded on a regulated market'. If a physical person owns or controls approximately 25 per cent (or more) of the business, it indicates that the person is the real owner. A fixed threshold has not been set and it is not only the shares or voting rights that determine whether a physical person is considered a real owner. If, for instance, a physical person owns 10 per cent of the share capital and is entitled to appoint members of the management, the physical person may be considered as a real owner.<sup>6</sup>

### **iii Takeover bids**

Takeover bids may be voluntary or mandatory. The duty to present a public tender offer (a takeover bid) will be triggered if an investor acquires a controlling interest in a company admitted to trading on a regulated market.

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4 TFEU Article 49.

5 TFEU Article 63.

6 See the Danish Business Authority website: <https://danishbusinessauthority.dk/>.

Mandatory takeover bids must be made on the same conditions as the transaction that resulted in the acquisition of a controlling interest. In general, the bid must be on identical terms to all the remaining investors; however, different share classes may justify different price offers to each share class.

Controlling interest is assumed to exist when an investor has one-third or more of the voting rights. The investor may rebut the assumption and avoid the obligation to make a tender offer if the investor can prove that the number of voting rights does not result in a controlling interest in the company; for example, because of a high level of concentration of the other shares. The duty to present a takeover bid may also arise if an investor controls one-third or more of the voting rights by way of arrangements with other investors, an investor has authority to control the financial and operational matters of the company under agreements or articles of association, or an investor has the right to select or depose members of the supreme governing board (typically the executive board) and the board has control of the company.

A mandatory or voluntary takeover bid must be presented publicly as soon as possible and within four weeks from the acquisition of a controlling interest. The investor must ensure that it has the financial means or funding to acquire the shares subject to the takeover bid.

#### **iv Asset or share deal**

There are generally no differences between a domestic investor's and a foreign investor's access to purchasing assets or shares. However, certain industries are subject to intense regulations and other industries involve national security or interests. In both cases, acquisitions will be subject to restrictions and governmental scrutiny, but it is generally irrelevant whether the investor is domestic or foreign. These industries include production and distribution of heat and energy, mining for natural resources, weapon manufacturing and the operation of railways. In these industries, an investor might find it more difficult to invest because of stringent regulation and special requirements.

#### **v Joint ventures**

Foreign investors may enter into a joint venture domiciled in Denmark. Joint ventures are usually established in the form of a company; in most cases a public limited company (A/S) or a private limited company (ApS) or a registered general partnership (i/s). However, this is not a requirement. The structure of the joint venture is important in relation to taxation. Tax-free distribution of dividends from a limited liability company is possible while the partnership structure will enable deduction of deficits. The taxation treatment requires that the investors own at least 10 per cent of the shares of the joint venture.

There is no separate legislation on joint ventures. Limited liability companies are regulated by the Danish Companies Act. General partnerships generally are not regulated by statutory law but subject to case law.

### **IV REVIEW PROCEDURE**

As mentioned in Section I, Danish law does not distinguish between domestic and foreign investments. The review procedure is thus the same for both domestic and foreign investments.

Under EU and Danish competition law, a transaction must be notified if the transaction constitutes a 'concentration'. A concentration is defined as existing in each of the following instances:

- a* where two or more previously independent undertakings merge into one undertaking;
- b* where one or more persons who already control at least one undertaking, or one or more undertakings, by an agreement on purchase of shares or assets or by any other means, acquire direct or indirect control of the entirety of, or parts of, one or more other undertakings; and
- c* where a joint venture, which will perform on a lasting basis all the functions of an independent business entity (a full-function joint venture), is established.

However, it is not all transactions that must be notified. Certain revenue thresholds apply. If the revenue of the undertakings concerned are below the thresholds, no notification requirement applies. If the thresholds are met, a 'one-stop shop' principle applies, and either the European Commission or the DCCA will assess the transaction.<sup>7</sup>

A transaction must be notified to the European Commission if the following conditions in point (a) or (b) are met:<sup>8</sup>

- a* if (1) the combined aggregate worldwide turnover of all the undertakings concerned is more than €5 billion, and (2) the aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than €250 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State; or
- b* If (1) the combined aggregate worldwide turnover of all the undertakings concerned is more than €2.5 billion; (2) in each of at least three Member States, the combined aggregate turnover of all the undertakings concerned is more than €100 million; (3) in each of at least three Member States included for the purpose of point (2), the aggregate turnover of each of at least two of the undertakings concerned is more than €25 million; and (4) the aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than €100 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State.

A transaction must be notified to the DCCA if the following conditions in point (a), (b) or (c) are met:<sup>9</sup>

- a* the aggregate annual turnover in Denmark of all undertakings involved is at least 900 million kroner and the aggregate annual turnover in Denmark of each of at least two of the undertakings concerned is at least 100 million kroner;
- b* The aggregate annual turnover in Denmark of at least one of the undertakings involved is at least 3.8 billion kroner and the aggregate annual worldwide turnover of at least one of the other undertakings concerned is at least 3.8 billion kroner; or

---

7 The EU regime includes various options for a Member State to request a merger case to be transferred to the national regulator. There are also provisions allowing the parties to a merger to request a merger case to be transferred to the EU Commission.

8 Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation), Article 1.

9 The Danish Competition Act, Section 12.

c the Business Authority in accordance with the Act on Electronic Communications Networks and Services has referred a merger between two or more commercial providers of electronic communications networks in Denmark to the DCCA.

When calculating the revenue, the parties must include revenue from the undertakings concerned, that is the target of the transaction and the acquirer (but not the seller). The calculating of the acquirer's revenue shall include the full group revenue and not just the acquiring unit. The DCCA considers all investments by a private equity fund to be part of a group.<sup>10</sup> The calculating of the revenue of a private equity fund must thus include revenue from all its investments.

Consequently, the parties to a transaction must first review whether a transaction must be notified – that is whether a concentration can be identified – and second, review whether the thresholds of either the EU regulation or the Danish regulation are met.

If a financial undertaking is acquired, the transaction may also have to be notified to the Danish Financial Supervisory Authority and the Danish Ministry of Business and Growth.

If the Danish thresholds are met and the EU thresholds are not met, the transaction must be notified to the DCCA, and the DCCA must approve the transaction prior to the closing of the transaction. Under both EU and Danish competition law, it is vital that the acquirer does not exercise control of the acquired undertaking prior to the DCCA's approval.

The procedure for notifications of transactions in Denmark are generally the same as in the EU. There is no time limit for the notification procedure to start. However, as mentioned above, the transaction cannot be finalised prior to approval. Consequently, the DCCA should be notified as early as possible. Officially, a transaction cannot be notified until an agreement has been concluded between the merging parties. However, the DCCA appreciates a 'pre-notification' phase where the merging parties on an informal basis inform the DCCA of the contemplated merger. Draft notifications may be submitted on a confidential basis.

The official period for the examination of a transaction does not commence until a complete notification has been submitted to the DCCA. Within 10 working days after the receipt of the formal notification, the DCCA must inform the notifying parties whether the notification is deemed complete or whether further information is required. The notification will be deemed complete once the DCCA has received all relevant information and the notification fee.<sup>11</sup> When complete, the DCCA will have up to 25 working days to decide whether to approve the transaction (also referred to as a Phase 1 decision) or whether to initiate further investigations (also referred to as a Phase 2 investigation). If the Phase 2 investigation is initiated, the DCCA will have up to 90 days to render a decision. The time limits for both Phase 1 and Phase 2 investigations may under certain conditions be extended. For example, if remedies are offered during the investigation, the DCCA may extend the time limit to assess whether the transaction can be conditionally approved.

When the DCCA assesses a transaction, the DCCA focuses on whether the transaction will lessen competition. The DCCA will prohibit a transaction that would significantly impede competition in the relevant market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position. If the transaction does not significantly impede competition, the DCCA is obliged to approve the transaction. Should

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10 Provided the equity fund controls the undertaking invested in.

11 The fee depends on the transaction in question and the Danish revenue of the undertakings concerned. The fee, however, cannot exceed 1.5 million kroner (approximately €200,000 and US\$225,000).



the DCCA identify reasons to prohibit a transaction, the DCCA may as an alternative approve the transaction conditionally, subject to the merging parties offering and accepting remedies that ensure that competition is not significantly impeded. While the parties to a Danish transaction in a few cases have decided to withdraw a notified transaction, only one transaction has so far been prohibited by the DCCA. Accordingly, the DCCA will often approve a merger or seek remedies that ensure there will be no significant distortion of competition.

A decision prohibiting a transaction may be appealed to the Danish Competition Appeals Tribunal, and the tribunal's decision may be appealed to the courts.

Failure to notify a notifiable transaction or pre-implementation of a transaction (for example, exercising control prior to approval) is likely to result in criminal sanctions (a fine) and potentially a demerger of the merged undertakings.

## V FOREIGN INVESTOR PROTECTION

Denmark has a liberal policy on international trade and investments. This foreign policy has been the key driver for the conclusion of a number of international investment agreements. On the multilateral level, Denmark takes part in the Energy Charter Treaty. In addition, Denmark has negotiated around 50 bilateral investment treaties (BITs) with other states.<sup>12</sup> A BIT is an agreement between two states that contains terms for the mutual protection of investments made in one of the states by nationals, companies and other entities of the other state. Greenland and the Faroe Islands, which are part of the Kingdom of Denmark, are explicitly exempted in all Danish investment protection treaties.<sup>13</sup> Investment chapters may also be inserted into both multilateral and bilateral free trade agreements (FTAs).

The investment protection treaties largely rely on the same standards of treatment covering the host state's obligation to ensure all of the following:

- a* full protection and security;
- b* fair and equitable treatment;
- c* prompt and effective compensation in the event of expropriation or similar measures;
- d* compensation for loss caused by war or insurrections;
- e* guarantees of free transfers of funds; and
- f* non-discrimination and most-favoured-nation treatment.

This catalogue of rights comprises the most common obligations for the host state to protect foreign investments, whereas investment agreements rarely impose obligations of any significance on the capital-exporting state. Additionally, the vast majority of BITs include access to investor–state dispute settlement (ISDS) at the Centre for Settlement of Investment Disputes (ICSID). The Centre and its activities are governed by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention).<sup>14</sup>

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12 Information on bilateral investments treaties, treaties with investment provisions and investment-related instrument made by Denmark is available at the website of the United Nations Conference on Trade and Development: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/57#iiaInnerMenu>.

13 Greenland and the Faroe Islands might in the future negotiate their own investment protection agreements.

14 See the ICSID website: <https://icsid.worldbank.org>.

With the conclusion of the Lisbon Treaty in 2009, investment became a part of the EU's common commercial policy. As a consequence, the European Commission and not the Member States may legislate on investment.<sup>15</sup> Moreover, the EU seeks to replace the ISDS with an investment court system. Because of the transfer of power from the EU Member States to the EU, nine intra-EU BITs with Denmark are currently being terminated. In addition, three of the Danish BITs have recently been terminated (with Bolivia, India and South Africa). The EU may allow Member States, including Denmark, to negotiate and conclude investment agreements with states with which the EU neither has an agreement nor currently intends to negotiate and conclude such an agreement. Denmark is currently considering whether to negotiate further investment protection treaties.

The EU has concluded FTAs that include terms on investment protection with various states, including the Comprehensive Economic and Trade Agreement (CETA) with Canada. Denmark ratified CETA as the second EU Member State, following Latvia. The EU has also negotiated FTAs with investment chapters with Singapore, Vietnam and Japan. Furthermore, the EU is negotiating an investment agreement with China and with the United States. Other future EU FTAs and investment agreements will apply in Denmark as well after the ratification process.

Denmark and the United States are parties to the bilateral Treaty of Friendship, Commerce and Navigation of 1 October 1951. It includes terms on investment protection. Denmark is also a party to the European Convention on Human Rights and Fundamental Freedoms.<sup>16</sup> It includes rules on protection against expropriation that also may apply to expropriation of investments. In the Danish Constitution, Section 73 contains rules on protection against expropriation that also may apply to expropriation of investments.

## VI OTHER STRATEGIC CONSIDERATIONS

As mentioned in Section I, there is generally no formal distinction between domestic and foreign investments in Denmark. Accordingly, there is no Danish legal framework specifically addressing foreign investments.

However, both domestic and foreign investors should be aware of, among other things, the following general strategic considerations:

- a* the identity, type and other particular matters of the company in which the investor would like to invest, or of the company selling assets, to identify the applicable regulations and the competent authorities, including any particular regulations and authorities for specific sectors or matters such as energy production and distribution, exploitation of natural resources (for example, oil, gas or wind for production of electricity) or military or national security matters;
- b* whether the investment has to be made in a particular manner or on particular terms because the company in which the investor would like to invest or the company selling assets operates in a particular regulated sector or area; for example, a sector or an area concerning energy production or distribution, exploitation of natural resources or military or national security matters;
- c* any particular company law requirements, as such requirements may affect the terms, costs and time frame for the investment;

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15 See Article 207 of the Treaty on the Functioning of the European Union (TFEU).

16 See [www.echr.coe.int](http://www.echr.coe.int).

- d* with respect to merger notifications, the investor should consider performing its own assessment as early as possible in the process to ensure deal certainty and to structure and make the investment and the terms of the investment in the most appropriate manner;
- e* the investor should determine how the investment may be structured and made to obtain the most appropriate and efficient allocation of risks and liabilities, including by way of terms on risk and liability allocation and, if appropriate, on adjustments, renegotiation, cancellation, break fees and similar matters.
- f* the jurisdiction of the company in which the investor would like to invest, or of the company selling assets, including whether there are any current sanctions in place in the jurisdiction. The Kingdom of Denmark comprises Denmark, Greenland and the Faroe Islands. Each of the three jurisdictions to some extent has particular authorities and regulations, including in relation to matters concerning foreign investments; and
- g* sanctions or similar matters regarding certain investors or investments; for example, Denmark has currently implemented sanctions against certain Russian individuals, former Ukrainian officials and state-owned entities because of the crisis in Crimea. Sanctions may have various effects in relation to investors or investments; for example, it is prohibited to make funds or economic resources available to these persons and entities.

## VII CURRENT DEVELOPMENTS

There is no pending legislation on foreign investment in Denmark. In September 2015, the Danish ambassador Peter Taksøe-Jensen was asked by the Danish government to define key priorities of Danish foreign policy in a number of policy areas, including trade. The full report was presented to the Danish government on 1 May 2016. It follows from the report that the Danish trade policy should be closely integrated into economic diplomacy with a special focus on free trade and investment protection. Denmark should continue to work to open markets, simplify regulation and ensure effective mechanisms for enforcing fair business conditions.<sup>17</sup>

More generally, the report emphasised the need to make the Middle East a lower priority and to focus more on the Arctic areas. Greenland is a part of the Kingdom of Denmark, and this makes the Kingdom of Denmark an Arctic state. Greenland was granted home rule pursuant to the Home Rule Act as of 1979, and self-governance pursuant to the Self-Government Act as of 2009. Greenland is not a member of the EU. With the melting of the ice, areas that were previously inaccessible are gradually becoming ice-free and navigable. The new accessible areas contain significant natural resources; for example, iron, gold, copper, zinc and uranium, as well as rare-earth elements. It is generally expected that foreign investments in Denmark will increase in the future, in particular investments in natural resources in Greenland, as well as in Arctic infrastructure. Sustainable development in the Arctic will remain a key priority for the Kingdom of Denmark in the years to come.

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<sup>17</sup> 'Danish Diplomacy and Defence in Times of Change: A Review of Denmark's Foreign and Security Policy, May 2016'. The full report (in Danish) and an executive summary (in English) can be found here: <http://um.dk/da/udenrigspolitik/aktuelle-emner/dansk-diplomati-og-forsvar-i-en-brydningstid>.

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