

The political-economic calendar for 1993-2002 comprises a summary overview of important financial and political measures and events which may be of significance when assessing the time series of the ten-year review. The heading dates provided for Acts indicate the time of adoption by the Danish Parliament. The date accompanying the number of the relevant Act refers to the date of ratification.

1993

1 January *Czechoslovakia is split*
Czechoslovakia is split, giving rise to two new states: the Czech Republic and Slovakia.

14 January *The Tamil Report is published*
On the basis of the findings of the report prepared on the Tamil case, the Prime Minister, Poul Schlüter, tenders the resignation of the KV government.

25 January *New Danish government*
The negotiations on the formation of a new government result in a government comprising the Social Democratic Party, the Centre Democrats, the Social Liberal Party, and the Christian People's Party. The new Prime Minister is Poul Nyrup Rasmussen.

15 February *Collective agreement within the industrial sector*
The Central Organisation of Industrial Employees in Denmark and the Confederation of Danish Industries enter into an agreement which entails increases to the minimum wage: DKK 1 per hour as of 1 March 1993, DKK 1.35 as of 1 March 1994, and another DKK 1.35 as of 1 February 1995. This brings the minimum wage rate up to DKK 69.70 per hour. In addition to the increases to the minimum-wage rates, the industrial sector has secured full pay during the first two weeks of absence due to sickness for its employees as of 1 March 1994, and the rate to be paid for the labour-market pension scheme is increased from the current 0.9 per cent of total pay to 1.2 per cent as of 1 July 1994.

19 February *Collective agreement for state employees*
The state employees, as represented by the Joint Committee of the Central Organisations, agree on a settlement with the Danish Minister of Finance. This agreement entails a 2.5 per cent pay rise for state employees during the course of the next two years. The first year will see a pay rise of 0.5 per cent, whereas the following year will see an additional 1.0 per cent pay rise. The remaining 1.0 per cent is allocated for measures such as the annual 0.9 per cent extension of the pension scheme and funding for a scheme which means that approximately 1,000 state employees can take up to 20 weeks of leave for training and receive leave benefits plus additional funding to cover the difference between such benefits and their normal pay. The automatic adjustment scheme remains in effect and is expected to occasion a 0.6 per cent pay rise in 1993. The local performance-related pay scheme is extended by 0.2 per cent, which is funded by the adjustment scheme.

25 February *Local-authority collective agreement*
Local government employees, as represented by KTO (The Association of Local Government Employees' Organisations), agree on a settle-

ment with local-authority employers. The result of this collective agreement is largely similar to the agreement made for state employees. The agreement entails a 2.52 per cent pay rise during the next two years. Local government employees will receive a 0.51 per cent pay rise on 1 April, a 0.49 per cent pay rise in October 1993, and a 1.52 pay rise in April 1994. Moreover, the agreement comprises a DKK 300 million expansion of pension schemes and a 40 per cent increase in the local-pay scheme.

30 April *Stamp duties withdrawn*
Effective as of 24 March 1993, the Danish Parliament repeals legislation dealing with payment of stamp duties in connection with property purchases, loans for consumption purposes, credit, etc. Deeds in connection with transferral of property are also exempt from stamp duties until the end of October 1993. (No. 244/3 May).

18 May *Referendum on the EU*
The result of the referendum on the EU is a 'yes' to Danish accession to the European Union. Of the votes cast, 56.7 per cent were in favour of Danish accession, whereas 43.3 were against.

24 June *The tax reform*
The Danish Parliament adopts a series of Acts; which comprise the tax reform. *Personal income tax*: the tax scales are subjected to a restructuring with the following main features: the current state tax, which amounts to 22 per cent of taxable income, is reduced and divided into two tax brackets: in 1994, taxable incomes up to DKK 130,000 will be taxed a basic tax rate of 14.5 per cent. This basic tax rate will be gradually reduced to 8 per cent in 1998. Deductible expenses and basic personal allowances are always deducted from this tax bracket. Taxable incomes greater than DKK 130,000 per year will be subject to a new intermediate tax, which amounts to 4.5 per cent in 1994. This tax rate will increase to 6 per cent for the 1997 income year. The present so-called "6 per cent tax" is to be phased out over a three-year period and will be completely withdrawn in 1996. As of next year, unearned income (income from capital and investments) will no longer be included in the tax base within this tax bracket. The "12 per cent tax" - now also known as the top tax - will be gradually increased to 15 per cent in 1996. In addition to earned income, the tax base for this tax bracket now also includes unearned income greater than DKK 20,000 for unmarried individuals and DKK 40,000 for married couples. The tax ceiling is reduced to 65 per cent in 1994 and will be reduced to 58 per cent in 1998. Also, the 3 per cent allowance hitherto in force is repealed as of 1994. (No. 480/30 June).

The regulations on mileage allowances are amended, so that it is only possible to qualify for a tax allowance for distances in excess of 24 kilometres. Mileage allowances for distances between 54 and 100 kilometres are increased by increasing the rate per kilometre from DKK 0.29 to DKK 1.17; for distances greater than 100 kilometres, the rate is DKK 0.29 per kilometre. (No. 482/30 June).

As of 1994, rental value rates directed against home-owners are reduced: from 2.5 to 2.0 per cent for houses with a value of less than DKK 1.4 million, and from 7.5 to 6.0 per cent for properties with a value of more than DKK 1.4 million. (No. 423/25 June).

24 June *Tax and duty amendments*
The Danish Parliament adopts a series of tax and duty amendments, the so-called green

taxes: a tax on carrier bags is introduced from 1994. This tax amounts to approximately DKK 0.50 per standard bag. (No. 488/30 June). From 1994, petrol taxes are increased by DKK 0.30, a figure which will rise to DKK 0.47 in 1998, and diesel taxes increase by DKK 0.10 per litre as of 1997. Both taxes will increase by an additional DKK 0.46 per litre if Germany introduces tax increases. (No. 489/30 June). Duties on coal, lignite and coke are gradually increased by DKK 350, 621, and 259 per tonne during the period from 1995 to 1997. (No. 490/30 June).

The charge on electricity will be gradually increased during the course of the 1994-1998 period. This increase amounts to DKK 0.03 per kWh in 1994 and will rise to DKK 0.19 in 1998. (No. 491/30 June).

As of 1 January 1994, water charges to the amount of DKK 1 per cubic metre are introduced; this rate will increase to DKK 5 per cubic metre in 1998. Enterprises which are registered for VAT will qualify for reimbursement of this water charge; however, this does not apply to the professions and the entertainment sector. (No. 468/30 June).

Waste charges are increased as of 1 January 1997, and will be differentiated as follows:

- 1) Waste for incineration will be subject to a charge of DKK 210 per tonne.
- 2) Waste for landfilling will be subject to a charge of DKK 285 per tonne.
- 3) Waste which is used for energy-recovery purposes in electricity generation or joint generation of electricity and heating will be subject to a charge of DKK 160 per tonne, which is the current charge imposed on incineration waste. (No. 493/30 June).

The car tax (for vehicle certificates) on vans weighing between 2 and 3 tonnes is increased to DKK 30,000, whereas the car tax on vans weighing between 3 and 4 tonnes is increased to DKK 19,000. Small buses which are not used for commercial purposes will be subject to a 60 per cent tax on the taxable value in excess of DKK 6,100. The vehicle tax (vehicle-certificate tax) on motorcycles is reduced, whereas rental cars are exempt from this tax. (No. 429/25 June).

25 June *Labour-market reform*
As part of the labour-market reform, the Danish Parliament decides to restructure the unemployment benefit system as of 1 January 1994. The new regulations mean that unemployed individuals can remain within the unemployment benefit system for a total of nine years, including two years of leave for education/training or child care. The seven-year period where it is possible to claim unemployment benefit comprises two parts:

- 1) The first part is a four-year period, where unemployed individuals can claim unemployment benefit in accordance with current unemployment benefit regulations. During this period, unemployed individuals are entitled to one year of education and/or job activation. After one year of unemployment, it is possible to elect to combine unemployment benefits with income from casual work for a one-year period: in addition to receiving 80 per cent of the maximum unemployment benefit rate, it is also possible to earn a maximum of DKK 27,500 within this one-year period. During this period, the obligations regarding labour-market availability do not apply.

- 2) The second part, which is a three-year period, can also be extended by a period of leave. During this period, it will also be possible to combine unemployment benefits with income from casual labour in accordance with the scheme outlined in the above.

The new regulations on unemployment benefits also ensure that no unemployed individuals over the age of 50 who qualify for early retirement benefit will lose their right to receive unemployment benefit prior to their early retirement. Until the end of 1996, unemployed individuals over the age of 50 will also be able to receive transitional benefits corresponding to 82 per cent of the maximum unemployment benefit rate; these transitional benefits are currently available to unemployed individuals between the ages of 55 and 59. As part of a pilot scheme, transitional-benefit recipients will also have the opportunity to combine this benefit with income from casual labour. (No. 436/30 June).

Other elements of the labour-market reform include the following: as of 1 January 1994, it will be possible to choose between three types of leave for periods of up to one year. This involves extensions in the duration and scope of the existing schemes.

- 1) Leave for education and training. This scheme is available to persons over the age of 25 who are members of an unemployment insurance fund and who have been in employment for a minimum total period of three years within the last five years. The terms of this leave must be agreed upon with the employer. Unemployed members of unemployment insurance funds and self-employed individuals also qualify for education/training leave. During the period of leave, scheme participants will receive benefits corresponding to the maximum unemployment-benefit rate. However, as of 1 April 1995, this benefit is reduced to 80 per cent of the maximum unemployment-benefit rate.
- 2) Sabbatical leave. The conditions for sabbatical leave are the same as for education/training leave. However, an additional requirement stipulates that employers must hire an unemployed person for the duration of the leave period. Leave benefits correspond to 80 per cent of the maximum unemployment-benefit rate.
- 3) Parental leave to care for children between the ages of 0-8 years. Parents who are in employment, self-employed, unemployed members of an unemployment insurance fund, or cash-benefit claimants can take parental leave to care for their children for a maximum period of 52 weeks. (No. 435/30 June).

25 June Labour-market contributions introduced
As part of the tax reform process, the Danish Parliament decides to introduce a new gross tax to help finance three new labour-market funds: an unemployment-benefit fund, an activation fund, and a sickness-benefit fund. As of 1 January 1994, employees and self-employed individuals must pay 5 per cent of their gross earnings. The gross tax - or labour-market contribution, as it is also known - will increase gradually to 8 per cent in 1997. Employers will not be called upon to pay contributions before 1997 at the earliest. (No. 448/30 June).

25 June Cash benefits converted to gross earnings
The Danish Parliament decides to restructure the cash-benefit system, so that benefit claimants

receive taxable gross benefits similar to unemployment benefits. As of 1 January 1994, cash-benefit claimants who support children will receive 80 per cent of the maximum unemployment-benefit rate, i.e. DKK 8,852. Claimants with no obligation to maintain others will receive DKK 6,634. The regulations regarding young people under the age of 23 will remain in force, even though cash benefits are also converted to gross income for this group.

2 August Changes to the EMS
The fluctuation margins for all currencies within the European Monetary System (EMS) have been changed to ± 15 per cent. However, Germany and the Netherlands have announced that they have entered into a bilateral agreement which ensures that the intervention rates hitherto in force between the German Deutschmark and the Dutch guilder remain in force.

This results in the following intervention rates between Danmarks Nationalbank and foreign-exchange dealers:

Buying rate: 328.461	DKK per 100 DEM
Buying rate: 97.943	DKK per 100 FRF
Buying rate: 15.9266	DKK per 100 BEF
Buying rate: 291.544	DKK per 100 NLG
Buying rate: 792.014	DKK per 100 IEP
Buying rate: 4.1519	DKK per 100 ESP
Buying rate: 3.3209	DKK per 100 PTE
Asking rate: 442.968	DKK per 100 DEM
Asking rate: 132.066	DKK per 100 FRF
Asking rate: 21.4747	DKK per 100 BEF
Asking rate: 393.105	DKK per 100 NLG
Asking rate: 1067.92	DKK per 100 IEP
Asking rate: 5.5985	DKK per 100 ESP
Asking rate: 4.4777	DKK per 100 PTE

The central rates in relation to the ECU remain unchanged. The theoretical central rates for the British pound, Italian lira, and Greek drachma, which do not take part in this monetary system, also remain unchanged.

16 December Adoption of the Finance Act
The government parties, the Danish Liberal Party, and the Conservative Party adopt the 1994 Finance Act. The Socialist Peoples' Party and the Progress Party are against this budget. The total revenues within the operating budget, public works budget, and lending budget for 1994 are estimated at DKK 334.5 billion, and total expenditure, including interest on national debts, is estimated to amount to DKK 388.9 billion. The corresponding figures for 1993 are estimated at DKK 310.6 billion and DKK 362.3 billion, respectively. The gross public-sector borrowing requirement (gross cash deficit) in 1994 is expected to amount to DKK 119.9 billion; the corresponding 1993 figure being DKK 137.8 billion. The 1994 Finance Act estimates that the nominal national debt (without deductions for the assets of *Den Sociale Pensionsfond* ["the Social Pensions Fund"]) will amount to DKK 701.4 billion at the end of 1994; the corresponding figure for the end of 1993 being DKK 645.4 billion. The interest burden on this debt is estimated at DKK 62.7 billion in 1994, the 1993 interest burden being DKK 61.5 billion.

17 December Simpler rules for inclusion in unemployment insurance funds

The Danish Parliament adopts legislation to simplify the rules governing admittance to unemployment insurance funds. Employees must be in employment, with or without public subsidies, when applying for membership. The right to receive unemployment benefit remains subject to the same prerequisites as before: one year of

membership of an unemployment insurance fund and 26 weeks of employment within the last three years. Publicly subsidised employment no longer qualifies with regard to this employment requirement. (No. 1062/22 December).

1994

19 April Reduced home-improvements subsidies
The Danish Parliament reduces the subsidies granted for property improvements. The subsidy rate is reduced from 50 to 40 per cent, and the maximum grant is reduced from DKK 10,000 to DKK 7,000 for all types of homes, except listed buildings and buildings of special architectural or historic interest: for such properties, the maximum subsidy available is reduced from DKK 50,000 to DKK 25,000. Properties which are not used as permanent residences now only qualify for a grant for meters to monitor consumption of water, electricity, gas, etc. The grant available for individual meters is reduced from DKK 8,000 to DKK 7,000, while the grant for common meters is reduced from DKK 25,000 to 20,000.

5 May Annual property valuations
As of 1 January 1996, official property valuations will be conducted annually; this will include access to appeal the decisions made. A special transitional scheme will, however, be in force during the 1996-98 period, and current regulations on schematic annual adjustments between the general valuations will be applied for the last time on 1 January 1997. A new structure is also introduced within the field of property evaluation; however, the valuation organisation will remain under the auspices of the Danish state. The Minister for Taxation appoints a valuation council comprising a chairman and two real estate appraisers.

24 May Partial early-retirement benefit for the 60-66 year-olds.

As of next year, 60-66 year-olds will qualify for partial early-retirement benefit if they reduce their number of working hours. This scheme supplements the standard early-retirement benefit scheme, and the same preconditions apply to both types of benefit. The Partial Early-Retirement Benefit Act stipulates that this benefit is calculated as a set payment of 82 per cent of the hourly maximum unemployment benefit rate per one-hour reduction in working hours.

9 June Election for the European Parliament
An election is held for the European Parliament, which results in the following distribution of votes (in per cent):

The Social Democratic Party	15.8
The Social Liberal Party	8.5
The Conservative Party	17.7
The Centre Democrats	0.9
The Socialist Peoples' Party	8.6
The June Movement	15.2
The People's Movement against the EU ..	10.3
The Christian People's Party	1.1
Venstre (Denmark's Liberal Party)	19.0
The Progress Party	2.9
Total	100.0

This distribution of votes entails the following distribution of seats: four members for the Danish Liberal Party, three members each for the Social Democratic Party and the Conservative Party, two members each for the June-Movement and the People's Movement against

the EU, and one member each for the Social Liberal Party and the Socialist Peoples' Party.

29 August *A general election is announced*
The Prime Minister, Poul Nyrup Rasmussen, announces that a general election will be held on 21 September.

21 September. *General election*
The general election results in the following distribution of seats in the Danish Parliament (for the previous distribution of seats, please see »12 December 1990«):

The Social Democratic Party	62
The Social Liberal Party	8
The Conservative Party	27
The Centre Democrats	5
The Socialist Peoples' Party	13
Venstre (Denmark's Liberal Party)	42
The Progress Party	11
The Danish Red-Green Alliance	6
Others	1
Total	175

An additional four members were elected for Greenland and the Faroe Islands, two from each region.

A new minority government is subsequently formed (on 27 September), comprising the Social Democratic Party, The Social Liberal Party, and the Centre Democrats, with Poul Nyrup Rasmussen as Prime Minister.

21 November *Agreement on the Finance Act*
The government enters into an agreement with the Danish Liberal Party and the Conservative Party on the 1995 Finance Act. This agreement includes the following elements:

- The leave schemes for the purposes of education/training and child care will continue beyond 1996, and the pilot scheme on sabbatical leave will continue to the end of 1999. Leave benefits are reduced for participants in child-care and sabbatical leave schemes: from 80 to 70 per cent of the maximum unemployment benefit rate. This reduction has already been introduced: the proposal was in effect from the time of its submission to the Danish Parliament. Further reductions to these benefits will be carried out (to 60 per cent) in 1997. Leave benefits with respect to education/training remain at 100 per cent of the maximum unemployment benefit rate. (No. 1084/21 December).
- The sibling discount scheme is amended, so that parents must pay full rates for the most expensive place and 50 per cent of the rates for all other children attending day-care centres, kindergarten, recreation centres, etc. The added cost burden will be greater for families with small children. Consequently, child allowances are increased by DKK 1,000 for the 0 - 2 age bracket. The final payment of special baby allowances will be made in the quarter where the child in question turns three. (No. 1116/21 December).
- Regulations governing labour-market availability are tightened. Greater opportunities will be introduced for assigning unemployed individuals to work outside the scope of their own sector after 12 months of unemployment. The long-term unemployed will be obliged to accept activation offers to uphold their right to receive unemployment benefits. This Act was passed with amendments regarding issues such as regulations on income guarantees, income ceilings, and unemployment benefits. (No. 1985/21 December).

- The regulations governing activation of benefit claimants are simplified. Benefit claimants under the age of 25 who receive trainee benefits will be under an obligation to be activated for a minimum of 30 hours a week; the current minimum is 20 hours a week. Young student recipients of student grants (SU) do not qualify for cash benefits if they take leave from their studies. The age limit for the so-called youth rates, which amount to approximately 50 per cent of the cash benefit rate for adults, is raised from 23 years to 25 years. The cash-benefit system also sees a tightening of regulations on a series of other issues.

(No. 1127/21 December).

- Mileage allowances are increased as of the 1995 tax year. Rates for the longest stretch of travel are amended from 25 to 50 per cent of the normal rates, bringing the allowance rate up to DKK 0.595 per kilometre. Persons using the transitional rule on own-vehicle transportation will receive a corresponding DKK 0.2975 per kilometre increase in the allowance rate for travel/commuting in excess of 100 kilometres.

(No. 1117/21 December).

- The scheme on state grants for improvements to permanent residences and holiday homes is repealed. (No. 1086/21 December).

24 November *Longer time limits for restructuring cash loans*

The Danish Parliament decides to increase time limits in connection with restructuring cash loans, thus providing borrowers with greater opportunities for choosing the time for any loan restructuring. The objective is to take into consideration those home-owners who - during the previous period of low interest rates - terminated their old cash loans without hedging their new loan. Tax allowances are usually made for losses incurred in connection with this type of loan restructuring, on the condition that the regulations on time limits regarding the period between termination of the old loan and raising of the new loan are complied with. With this Act, the requirement on simultaneousness is stipulated in a manner which generally allows for a lapse of up to one year between these two transactions. These amendments apply to restructuring which has been carried out after 27 June 1993. (No. 1112/21 December).

15 December *Adoption of the Finance Act*

The government parties, the Danish Liberal Party, and the Conservative Party adopt the 1995 Finance Act. The Socialist Peoples' Party, the Progress Party, and the Danish Red-Green Alliance are against the Act.

The total revenues within the operating budget, public works budget, and lending budget for 1995 are estimated at DKK 350.2 billion, and the total expenditure, including interest on national debts, is estimated at DKK 390.2 billion. The corresponding figures for 1994 are estimated at DKK 342.6 billion 386.7 billion, respectively. The gross public-sector borrowing requirement (gross cash deficit) for 1995 is expected to be DKK 168.1 billion; the corresponding 1994 figure being DKK 134.3 billion.

The 1995 Finance Act estimates that the nominal national debt (without deductions for the assets of *Den Sociale Pensionsfond* ["the Social Pensions Fund"]) will be DKK 745.6 billion at the end of 1995, whereas the corresponding figure for 1994 was DKK 695.2 billion. The interest burden on this debt is

estimated at DKK 59.3 billion in 1995; the 1994 figure being DKK 62.0 billion.

1995

1 January *New members of the EU*
Finland, Sweden, and Austria are accepted as members of the European Union, bringing the number of Member States up to 15.

9 January *Austria enters the EMS*

As of 9 January, the Austrian schilling takes part in the European Monetary System (EMS) with fluctuation limits of 15 per cent each way. As part of the admission process, intervention rates have been stipulated for the Austrian schilling in relation to the other participating currencies. The intervention rates for the Danish krone are as follows:

Buying rate: DKK 46.6910 per ATS 100
Asking rate: DKK 62.9561 per ATS 100

The ECU central rate for the Danish krone remains unaltered: ECU 1 = DKK 7.43679. The intervention rates between the other currencies who participated in the EMS prior to this date also remain unchanged.

16 February *Collective agreement for state employees*

The state employees, as represented by the Joint Committee of the Central Organisations, agree on a settlement with the Danish Minister of Finance. The total pay framework for the two-year agreement period amounts to 3.5 per cent. General pay rises account for 2.25 per cent, which will be distributed as follows: 0.70 per cent on 1 April 1995, 0.75 per cent on 1 April 1996, and 0.80 per cent on 1 October 1996. The remaining 1.25 per cent are set aside for pensions and other schemes. The agreement also comprises a continuation of an adjustment scheme in relation to pay developments within the private labour market. Moreover, this collective agreement involves the following main issues:

- Local performance-related pay: in 1995, 0.87 per cent of the total pay will be subject to local pay negotiations; this figure will increase to 1.04 per cent in 1996. These percentages are, however, maximum rates, and public enterprises are under no obligation to apply this scheme, which will be discontinued during the next two years.
- Pensions: employees without full pension schemes will receive an additional 2.1 per cent for pensions as of 1 October 1995. This brings the level of these schemes up to approximately 10 per cent of wages. The ultimate target is 12 per cent; this objective is expected to be met in 1997.
- Parental care days: in future, parts of the maternity/paternity leave period can be used for parental care days. State-employed women are entitled to maternity leave eight weeks before term; if they elect to wait until six weeks before term, however, they will be entitled to take ten individual days off work during the first year after the date of birth. Moreover, both mothers and fathers can accumulate any overtime, and use it to care for a sick child.
- Education/training: more state employees can receive full pay during education and training. During the last period, funds were set aside for a total of 27,000 weeks of education and training; this has been increased to 47,000 weeks with this agreement.

- Trainee pay: recently qualified academics with one year of unemployment can be employed as trainees at 80 per cent of the usual starting pay. To counterbalance this reduction in pay, 20 per cent of the working hours are to be used for training and education.
- Social chapter: the parties agree to join in common efforts to increase state employment rates for those groups who find it difficult to gain a foothold within the labour market. For example, agreements have been entered into on how such positions can be established on special terms with regard to pay and working hours.

19 February

Local-authority collective agreement

Local government employees, as represented by KTO (The Association of Local Government Employees' Organisations), agree on a settlement with local-authority employers.

The total framework for pay improvements is 3.5 per cent. General pay rises account for 2.22 per cent, which will be distributed as follows: 0.66 per cent on 1 April 1995, 0.78 per cent on 1 April 1996, and 0.78 per cent on 1 October 1996. The remaining 1.28 per cent are set aside for pensions and other schemes. Moreover, the local-pay scheme is repealed in favour of decentralised pay. There are maximum limits on local-authority expenditure on decentralised pay. As of 1 April 1995, the upper limit is 0.6 per cent of the total payroll costs. On 1 April 1996, this figure is increased to 0.8 per cent. Employees contribute 0.48 per cent to this schemes, while employers contribute 0.32 per cent. A new feature of this decentralised pay scheme is that it can also be used for reorganisational purposes and supplementary training. The greatest innovation of this agreement is the introduction the "child care days" scheme, which enables parents to take ten days off work per child to care for their children. The present pay-adjustment scheme continues, albeit with amendments, thus ensuring that pay rises within the private labour market will automatically occasion pay rises for employees within the public sector. The new collective agreement also extends the scope of pension schemes for employees who do not have full pension schemes as yet; contributions are increased by 2.4 per cent.

20 February

Collective agreement within the industrial sector

The Confederation of Danish Industries and the Central Organisation of Industrial Employees in Denmark enter into a collective agreement, which is valid for the next three years. This agreement entails the following increases to the minimum wage: DKK 1.60 as of 1 March 1995, DKK 1.75 as of 1 March 1996, and DKK 1.60 as of 1 February 1998. In addition to this, wage negotiations will take place at individual workplaces. The agreement also includes the following elements:

- Pensions: pension contributions are increased by 0.6 per cent on three occasions: 1 March 1995, 1 March 1996, and 1 March 1997; employers pay 0.4 per cent, employees the remaining 0.2 per cent.
- Nuisance bonuses are increased by 6.0 per cent and apprentice rates are increased by 6.2 per cent.
- Working hours: working hours can become more flexible if employees agree to this. In future, it will be possible to calculate the average working week over a period of six

months, rather than six weeks. Previously, employers were able to demand 40-hour weeks; the new collective agreements ensures that the weekly working hours can only exceed 37 hours when the employees consent to this.

- Terms of notice: a new two-week term of notice is introduced for employees after six months of employment.
- Sickness: the period of full pay during sickness is extended from two to four weeks as of 1 March 1996.
- Maternity / paternity leave: as of 1 March 1997, women are entitled to full pay (up to a maximum of DKK 95 an hour) for 14 weeks of maternity leave. Men receive full pay during the two weeks of paternity leave.
- Supplementary training: employees receive full pay during periods of supplementary training when their participation meets with consent from their employers and where such participation qualifies for a state subsidy.
- Social chapter: no specific social chapter is included. Enterprises must, however, initiate pilot schemes to increase employment amongst those groups of young people who find it difficult to gain a foothold within the labour market.

6 March

Amendments to the EMS

As a result of the currency-rate adjustments adopted within the European Monetary System (EMS), the central rates for the Spanish peseta and the Portuguese escudo have been devalued by 7.00 and 3.50 per cent, respectively.

This results in the following intervention rates for the Spanish peseta and the Portuguese escudo between the Danmarks Nationalbank and foreign-exchange dealers.

Buying rate:	DKK 3.8614 per	100 ESP
Buying rate:	DKK 3.2046 per	100 PTE
Asking rate:	DKK 5.2064 per	100 ESP
Asking rate:	DKK 4.3210 per	100 PTE

The intervention rates for the German Deutschemark, French franc, Belgian franc, Dutch guilder, Irish punt, and Austrian schilling remain unaltered.

This adjustment means that the central rates in relation to ECU are changed for all EMS currencies. The new central rates are as follows:

Denmark	ECU 1 =	7.28580 DKK
Germany	ECU 1 =	1.91007 DEM
France	ECU 1 =	6.40608 FRF
Belgium	ECU 1 =	39.3960 BEF
The Netherlands	ECU 1 =	2.15214 NLG
Ireland	ECU 1 =	0.792214 IEP
Spain	ECU 1 =	162.493 ESP
Portugal	ECU 1 =	195.792 PTE
Austria	ECU 1 =	13.4383 ATS

The British pound, Greek drachma, and Portuguese escudo do not participate in this monetary system; the theoretical central rates for these currencies are as follows:

Great Britain	ECU 1 =	0.786652 GBP
Italy	ECU 1 =	2106.15 ITL
Greece	ECU 1 =	292.867 GRD

23 May

Tryg takes over Baltica

The Tryg insurance company acquires the insurance company Baltica from Den Danske Bank. This makes the Tryg-Baltica insurance company the largest insurance company in Denmark.

24 May

Welfare Commission Report is published

The Welfare Commission presents its report, which includes the following findings:

- The education system: the Commission proposes a reform of the education system with a view to ensuring that the business community will enjoy a highly qualified and flexible labour force in future, and to improving opportunities for all citizens to gain a permanent foothold within the labour market. Problems are evident within vocational education, which has an annual drop-out rate of approximately 30 per cent. Standards are falling at institutions of higher education, a fact which impairs Denmark's opportunities for maintaining its position amongst the wealthiest countries in the world.
- The labour market: the Commission agrees that lower unemployment benefits and lower minimum wages will not solve the entire unemployment problem. Such measures could entail a reduction in living standards among the weakest social groups; this would be completely unacceptable. However, the activation system and unemployment-benefit system should be structured in a way which means that taking a job or an education will always be beneficial in financial terms. It is recommended that more effective and efficient testing of the regulations governing labour-market availability be carried out.
- Taxation: the Danish taxation structure presents two significant problems: the high marginal tax rates and the comparatively large income tax burden placed on low-income groups. The high levels of unemployment amongst low-income groups and those with low-level education might speak in favour of lowering taxes on low incomes. Public finances, however, require full funding. This indicates a need for long and thorough preparation of the next tax reform.
- Leave schemes: the Commission proposes a reform of the leave schemes for education and childcare, as well as an abolition of the sabbatical leave scheme.
- Transfer payments: the weakest point of the Danish economy is the high level of unemployment and the large cost of transfer payments. The Commission considers these large costs to be symptoms of more fundamental weaknesses in the Danish economy. They may also be symptoms of attitudes which have been partly created by the welfare system and the long period of recession.
- The service sector: the service sector presents great potential for employment. It is recommended that the demand for services be stimulated - e.g. by means of target-specific subsidies such as the home-help scheme. Emphasis should also be placed on education of service employees. The interplay between the public and private sectors must be increased within welfare service.

1 June

Tax and duty amendments

The Danish Parliament adopts a series of amendments regarding taxes and duties: as of 1 January 1996, petrol duties increase by DKK 0.17. The old Act on inheritance taxes and gift taxes is repealed, and is replaced by a new estate tax and a supplementary tax. The inheritance tax hitherto in force is replaced by the estate tax, where estates are taxed 15 per cent after a deduction of a DKK 180,000 basic allowance. Inheritances for more remote blood relatives and

organisations will also be subject to a supplementary tax of 25 per cent. The taxation base for this supplementary tax is the amount left after allowances and inheritance taxes. Inheritance and gifts between married couples are completely exempt from tax. As regards gifts, parents may each give their children and grandchildren tax-free gifts up to an amount of DKK 40,000 a year per recipient. A 15 per cent tax is charged on gifts which exceed this amount, the taxation base being the value in excess of DKK 40,000. (No. 426/14 June).

It becomes possible to carry out premature withdrawals of capital pensions. A 60 per cent tax will be charged on pension funds which are withdrawn prematurely. This does not, however, apply to pension funds which are withdrawn during parental leave, educational/training leave, or sabbatical leave. In such cases, normal income taxes will apply to the amounts withdrawn. (No. 431/14 June).

2 June *Tax/duty amendments*

The Danish Parliament adopts a series of levies which constitute a part of the agreements on green taxes: a new sulphur tax of DKK 20 per kilogram of sulphur is introduced. This tax applies to sulphurous fuels and propellants, and thus extends to both mineral oil products, coal, and natural gas as well as wood, hay, and waste. Fuels with sulphurous contents of less than 0.05 per cent are exempt from taxation, which means that petrol, paraffin oil, and light diesel are exempt. From 1 January 1996 to 31 December 1999, electricity generation will be exempt from the sulphur tax. (No. 421/14 June). A new CO₂ tax is introduced on natural gas and town gas. This tax will be introduced gradually during 1996-97 and take full effect in 1998. This will not, however, apply to a number of power plants. This tax corresponds to a cost of DKK 100 per tonne of CO₂. This affects consumers by increasing the cost of natural gas by DKK 0.22 per cubic metre. (No. 420/14 June).

Taxation of energy-efficient and energy-intensive processes is restructured. As of 1997, taxation on energy consumption for energy-efficient processes is increased annually by DKK 10, from the current DKK 50 per tonne of CO₂ to DKK 90 per tonne of CO₂ in 2000. In practical terms, this is done by reducing reimbursements from the existing 50 per cent to 10 per cent in the year 2000. The annual reduction will be 10 per cent per year, with the first reduction taking place on 1 January 1997. The taxation rate for energy-intensive processes will be increased by an annual DKK 5 per tonne of CO₂ until the level of taxation reaches DKK 25 per tonne in 2000. In practical terms, this is done by carrying out gradual reductions to the relevant reimbursements from 95 per cent in 1996 to 75 per cent of the CO₂ tax in 2000. (No. 417/14 June). A new tax on natural gas and town gas is introduced. This tax amounts to DKK 0.01 per cubic metre of standard natural gas. For taxable gas used as motor fuel, the tax is DKK 2.31 per cubic metre of gas. (No. 419/14 June). The payroll tax is increased as of 1 January 1997. However, these increases will not take full effect until the year 2000, thus coinciding with a concurrent reduction in labour-market contributions. (No. 423/14 June).

27 June *EU Summit in Cannes*

At an EU Summit in Cannes, the 15 Member States agree to postpone the commencement of the final stage of the Economic Monetary Union (EMU) by two years until 1 January 1999. A

decision was also made to initiate police collaboration under the auspices of Europol, whereas the debate on an extension of jurisdiction of the European Court of Justice was postponed for a year. The EU Member States also decided to allocate, over the course of the next five years, approximately DKK 190 billion to Eastern and Central Europe, the Mediterranean area, and the 70 countries which fall within the scope of the Lomé Convention. Eleven applicant states participated in this summit; however, the Heads of State and Government from the 15 EU Member States did not advance any new estimates on when new countries can accede to the EU.

24 August *Finance Act proposal (Budget)*

The Minister of Finance introduces a Bill No. L 266 of 24 August: the 1996 Finance Act.

26 September *Bank merger*

Bikuben and Giro Bank announce their plans to merge in 1996.

3 October *Government policy statement*

The Danish Parliament is back in session, opened by a policy statement from the Prime Minister. The main issue of this opening statement is a labour-market reform involving a shorter period of right to receive unemployment benefits and more efficient and effective activation measures. This labour-market reform is to be completed in 1998. The main elements of the reform are:

- The age limit with regard to unemployment benefits is increased: unemployment-benefit claimants must now be 18 rather than 16 years of age.
- All individuals without qualifications under the age of 25 must be offered at least 18 months of education/training after a six-month unemployment period.
- If the young person in question refuses this educational offer, the right to receive unemployment benefit is forfeit, and they will be referred to the cash-benefit system. Within this system, activation is extended from six to eighteen months.
- The current unemployment-benefit period comprises two parts, with the first part lasting four years and the second part lasting three years; both part periods can be extended by an educational leave period with a duration of up to one year, thus bringing the entire period up to a total of nine years. The government proposes that the first part be shortened from four to two years, whereas the second part will retain its three-year duration. This means that unemployment-benefit claimants will be under an obligation to commence education or a job offer no later than after two years on unemployment benefit. During the last three years, permanent activation will be required, and it will not be possible to extend the unemployment-benefit period by means of leave for education or training.
- Special job schemes or pools are to be established with regard to the environment and public care, and possibly within the cultural sphere as well. These pools will eventually replace the familiar vocational training positions. This might entail the creation of up to 25,000 jobs within these job pools. The objective for 1996 is to create 10,000 jobs of this type within local authorities and 5,000 jobs at state level. The unemployed can hold a job from this job pool

for up to three years, and the job can be combined with training.

- The opportunities for making up to DKK 40,000 a year without occasioning benefit cuts during the first period are repealed.
 - The benefit scheme for entrepreneurs is abolished as a right; it does, however, remain an option.
 - The transitional benefits for unemployed individuals within the 50-59 age bracket are repealed as of the turn of the year. However, unemployed individuals who turn 50 in 1996 and meet the relevant criteria can qualify for transitional benefits by submitting their applications before the turn of the year.
 - More opportunities for flexible work, gradual retirement, and light duties must be created for unemployed high-risk groups and elderly individuals.
 - A proposal is submitted for increasing the requirements stipulated for minimum membership numbers for unemployment insurance funds, so that this minimum is raised to 50,000 members.
- The opening statement also includes policy statements such as the following:
- The state is to pay contributions to the Danish Labour Market Supplementary Pension Scheme for cash-benefit claimants, and unemployment-benefit claimant contributions are to be doubled.
 - As of 1 January 1996, the registration fee for registration in the Land Registry is increased to DKK 900, and the excise duty on compact discs is repealed.
 - The home-help scheme will continue with a view to creating more jobs for those with short-term education.
 - State export credit must be rendered simpler, more effective, and more efficient with a view to providing Danish enterprises with guarantees and financing opportunities in line with those of their foreign competitors. As a result, the Danish Export Credit Fund is set up under the auspices of the Ministry for Trade and Business.
 - The Housing Benefits Act is amended with a view to reduce the growth in public expenditure on housing benefits.
 - Radio Denmark and TV 2 will have the opportunity to establish satellite channels.

26 October *Amendment to the tax ceiling*

The Danish Parliament adopts an amendment to the Personal Income Taxation Act with a view to bringing about a slight reduction in the tax ceiling: while the tax reform stipulated that this tax ceiling was to be lowered from 63.5 per cent in 1995 to 61 per cent in 1996, this amendment means that the tax ceiling will only be lowered to 62 per cent in 1996.

29 November *Agreement on the Finance Act*

The government enters into an agreement with the Conservative Party on the 1996 Finance Act. This agreement includes the following elements: the unemployment-benefit period is reduced from seven to five years. Even where unemployed individuals have not received an offer after five years, this period cannot be extended. With regard to unemployment-benefit claimants under the age of 25, the following regulations apply: the lower age limit for admission to an unemployment insurance fund is raised to 18 from 16 years. Young unemployed people who have had no work for six months within a nine-month period must accept an offer of education or training for a minimum period of 18 months.

In the event that they refuse this offer, their right to receive unemployment benefit is forfeit, and they are referred to the cash-benefit system. As regards to unemployment-benefit claimants over the age of 25, they have a right and obligation to receive a three-year activation offer after two years of unemployment. Such activation offers may involve education and/or training, or they may take the form of so-called pool jobs: public-sector jobs within the environmental area or as care providers. The pay corresponds to the relevant contractual wages and salaries within the relevant area, but cannot exceed the maximum unemployment-benefit rate. With respect to cash-benefit claimants under the age of 25, individual action plans must be prepared. Such action plans should aim to induce the young person in question to acquire an education. For young people with no vocational training, the duration of activation offers is extended from six to eighteen months. During activation, participants will receive a maximum benefit of DKK 5,600 a month (cash benefit plus an additional activation bonus of DKK 8 per hour. This bonus has been halved). In order to qualify for the cash-benefit rate for adults (DKK 6,803 per month), the under-25s must have had eighteen months of unemployment, rather than the current twelve months. Cash-benefit claimants over the age of 25 may receive the DKK 8 activation bonus in addition to the cash benefit during activation. An action plan must be prepared no later than after six months on cash benefit. After this period, cash-benefit claimants are entitled to participate in adult education and supplementary training. The transitional benefits for unemployed individuals within the 50-59 age bracket are repealed as of 31 December 1995. However, unemployed individuals who turn 50 in 1996 and meet the relevant criteria can qualify for transitional benefits by submitting their applications before the 31 January 1996.

(No. 1058-1059 and 1112-1113/20 December) Persons who find themselves unemployed on a temporary or more long-term basis must now pay contributions to the Danish Labour Market Supplementary Pension Scheme to a much larger extent than was previously the case. For example, this applies to persons claiming transitional benefits, early retirement benefits, partial pension, and cash benefits. At present, these groups do not contribute to the Danish Labour Market Supplementary Pension Scheme (ATP), nor to any labour-market pension scheme. This Act enters into force at the turn of the year; certain exceptions do, however, apply, and some elements within this Bill require two-year gradual introduction periods.

(No. 1057/20 December) The capital tax rate is reduced from 1 per cent to 0.7 per cent, and the basic allowance with regard to this tax is increased from DKK 1.6 million to DKK 2.4 million. The capital tax is repealed completely as of 1997.

(No. 1105/20 December) As of 1 January, the standard allowance for owner-occupied homes is increased from DKK 2,000 to DKK 3,000. (No. 1107/20 December) As of 1 January, insurance companies and pension funds will only have one month to pay taxes to the state when paying out capital pensions. (No. 1106/20 December)

A number of amendments are made to the legislation on energy taxation and the CO₂ tax. Among other things, energy taxes will be levied on bitumen, tallow oil, wood tar, pitch, etc., when used as fuel. Coal for steam ships is

exempt from taxes. Moreover, there are signs that the European Commission will accept a special tax reduction for petrol sold from environmentally-friendly petrol stations.

(No. 1101/20 December) As of 1 January, excise duties on compact discs are repealed, while the duties on tobacco and cigarette paper are increased; this causes the price of a home-made cigarettes to increase by DKK 0.07 - 0.11. (No. 1103/20 December and No. 1090/20 December)

The regulations governing settlement of corporation taxes and pension taxes between the state and local authorities are amended as of 1 January. This entails that local authorities will receive an advance payment with respect to corporation taxes, pension taxes, etc.; this advance payment will correspond to the amounts featured in the local-authority budgets. Final settlement is postponed until two years after the advance payment was made; adjustments are then made on the basis of the actual accounts.

(No. 1078/20 December) The triviality limit with regard to housing benefits is increased from DKK 900 a year to DKK 2,000 a year. Housing benefits for home owners are also restructured, so that the entire benefit is converted into a loan option. Until now, 80 per cent of this benefit has been paid out as a loan and 20 per cent as a grant. Housing benefits for OAPs living in housing co-operatives, etc., are restructured so that 40 per cent is a grant and 60 per cent is an optional loan. (No. 1067/20 December)

The scheme on private urban renewal will continue to the year 2000 with annual funding to the amount of DKK 0.8 billion.

(No. 1069/20 December) In future, early-retirement benefits will not be backdated, and the age limit with regard to rehabilitation benefits is increased from 23 to 25 years: claimants below the age of 25 will receive 50 per cent of the normal rehabilitation-benefit rate.

A five-year agreement on Danish defence entails rationalisations to an amount of DKK 800-900 million in relation to 1994 levels. The Odense and Randers barracks will be closed down, and the standing force is set at 58,000 men.

A four-year agreement on the police force has been entered into; this agreement means that the current size of the police force is maintained. After the turn of the year, students who receive student grants (SU) are allowed to make an additional DKK 1,000 a month without occasioning cuts in their grant. Students are henceforth allowed to make a total of DKK 4,587 a month without losing any of their student grant.

5 December VAT and customs duty amendments

As of 1 January 1996, the Danish Parliament adopts a series of amendments with respect to VAT and customs duty to approximate legislation within these areas to accommodate a simplification directive from Brussels. In special cases, enterprises need no longer register for VAT in other EU Member States, thus saving administration costs. The limit for adjustments to the VAT receivable on capital goods is increased from DKK 50,000 to DKK 75,000. Regulations are also eased for customs duties. If necessary due to financial reasons, goods from third-party countries outside of the EU may now be stored by the recipient without having had VAT and excise duties levied on them.

14 December *Peace agreement is signed*
The peace agreement for Bosnia is signed in Paris by the presidents of Bosnia, Serbia, and Croatia.

14 December *Adoption of the Finance Act*
The government parties, the Danish Liberal Party, and the Conservative Party adopt the 1996 Finance Act. The Socialist Peoples' Party, the Progress Party, and the Danish Red-Green Alliance vote against the Act.

The total revenues within the operating budget, public works budget, and lending budget for 1996 are estimated at DKK 355.5 billion, and the total expenditure, including interest on national debt, is estimated at DKK 384.3. The corresponding figures for 1995 are estimated at DKK 351.7 billion and DKK 388.1 billion, respectively. The gross public-sector borrowing requirement (gross cash deficit) for 1996 is expected to be DKK 130.0 billion, with the corresponding 1995 figure being DKK 170.2 billion.

The 1996 Finance Act estimates that the nominal national debt (without deductions for the assets of *Den Sociale Pensionsfond* ["the Social Pensions Fund"]) will amount to DKK 763.8 billion at the end of 1996; the corresponding figure at the end of 1995 was DKK 734.0 billion. The interest burden on this debt is estimated at DKK 60.6 billion in 1996; the corresponding 1995 figure being DKK 58.9 billion.

16 December *EU Summit in Madrid*

At the EU Summit in Madrid, the 15 Member States agree that the name of the single EU currency will be the Euro. No agreement is reached on the issue of when accession negotiations with the 12 applicant countries from Eastern and Central Europe are to open. It is, however, agreed that accession negotiations with Malta and Cyprus can be opened in 1998.

1996

15 March *Spies-Tjæreborg is sold*

The Spies-Tjæreborg travel agency is acquired by the Scandinavian Leisure Group, thus coming under British ownership.

27 March *EU export ban*

The European Commission adopts a world-wide ban on export of British beef products.

30 March *EU Summit in Torino*

At the EU Summit in Torino, the 15 Member States debated the document for the government conference, which is to take the objectives of Maastricht further and pave the way for a new Treaty on the European Union. The coming negotiations, which take place under the heading "Government Conference", are expected to last for the next 15 months, and as yet the only point of agreement is that the most important task of this Government Conference will be to prepare the accession of the 12 applicant countries from Eastern and Central Europe.

3 April *Destruction of British cattle herds*

The EU decides that 4.7 million British cattle must be destroyed within a 30-month period. The EU will pay 70 per cent of the cost of this destruction, while Britain is to pay the remaining 30 per cent. The cost of just slaughtering the cattle is estimated at DKK 20 billion.

16 April *Government presents new energy plan*

The Danish government presents a new action plan for the energy of the future. The

government retains the overall objective of reducing CO₂ emissions by 20 per cent by the year 2005 when compared to emission levels in 1988. The government will work to ensure that agreements are entered into with the car industry at EU level with a view to ensuring that CO₂ emissions from new cars are reduced by 25 per cent by the year 2005. New cars are to be even more energy-efficient than before, and a new type of vehicle excise duty is to be introduced which favours energy-efficient cars. The energy plan also comprises proposals for more effective use of the energy systems, increased use of sustainable energy sources, and proposals for greater efforts to induce consumers to conserve energy.

23 April *Amendments to pension schemes*

The Danish Parliament adopts a series of amendments to the pensions. These amendments include the following elements:

- In future, an employee's former employer will be entitled to make tax-free payments of e.g. severance pay to the employee's annuity pension scheme or capital pension scheme.
- The regulations on the distribution of annuity pension schemes or capital pension schemes in connection with divorce are amended. Among other things, this means that the party who receives the settlement after the administration and distribution of the joint property will retain their right to make tax-deductible deposits to their part of the pension scheme.
- More flexible opportunities for the placement of pension funds in connection with job changes are created.
- On certain conditions, policy-holders become entitled to make tax deductions for deposits made to disability-insurance schemes with general insurance companies during the 1996 income year. (No. 312/24 April)

29 April *B&W goes bankrupt*
Burmeister & Wain submits a bankruptcy petition to the Bankruptcy Court in Copenhagen.

14 May *Restructuring of alcohol duties*
As of 1 July 1996, the Danish Parliament reduces alcohol duties by DKK 17 per litre and increases taxes on beer and wine: the cost of a 30-bottle crate of beer will increase by DKK 1.15, whereas wine will cost an additional DKK 0.25 (approx.) per bottle.

31 May *Tax amendments*

The Danish Parliament adopts a series of tax amendments: a new sewage tax is introduced. This tax comprises all common sewage-treatment plants, single-source discharges within the industrial sector, and properties which discharge sewage outside the common sewage plants. The liability to pay tax comprises the final discharge of sewage to watercourses and oceans and percolation. The amount of sewage discharged is mainly established by means of measurement, but regulations have also been adopted on standard determination of discharge amounts for smaller sewage-treatment plants. Moreover, discharges from fish farms and mussels-cleaning plants can under certain conditions be exempt from tax, and less rigorous regulations apply to sewage-treatment plants which have established pools which prevent overflow outside these plants. (No. 490/12 June)

Taxes on new cars have hitherto been levied on the basis of sales prices which have been determined in advance. However, the adoption of a new regulation issued by the European

Commission means that car importers can no longer determine fixed sale prices for new cars, and thus can no longer report such prices to the tax authorities. As a result, the provisions on reporting fixed prices which cannot be exceeded have been amended so that it becomes possible to submit notification of prices which can be used as the taxable value of the vehicle, but which are not set. It has also been decided that when vehicles are sold at prices greater than those reported to the tax authorities, the higher amount constitutes the tax base.

(No. 489/12 June)

31 May *Permanent home-help scheme*

The home-help scheme - which has made it possible to receive subsidies of DKK 85 an hour for services such as cleaning, cooking, and other domestic chores - becomes permanent. The subsidy is amended so that customers must pay 50 per cent of labour costs themselves, and the maximum subsidy per household per quarter is DKK 10,000. The process of settlement between customers and enterprises is also amended. Customers must now pay their share of the cost by means of giro, and enterprises will receive the state subsidies from the Danish Commerce and Companies Agency. (No. 463/12 June)

1 October *The government's policy statement*

The Danish Parliament is back in session and is opened by the Prime Minister's opening speech. The main themes concern initiatives to combat violence and crime and modernisation of the welfare society and the public sector. The most important policy statements in the speech address the following issues:

- A revision and restructuring of the *Bistandslov* ["the Social Security Act"]. It is proposed that this Act be divided into two separate Acts: one on active social policies and one on social services. The former Act is to comprise cash benefits, activation schemes, etc., whereas the latter comprises regulations on service as laid down in the Social Security Act.
- A scheme similar to the early-retirement benefit scheme should be introduced for those who have held part-time jobs due to reduced work ability and thus do not qualify for early retirement. Long-term membership of an unemployment insurance fund will be required in order to qualify for this benefit
- The regulations on "light jobs" for those with special needs are to be improved. The state is to relieve counties of their share of the funding of light jobs within the public sector, while the responsibility for establishing these positions is to be relegated to the local authorities.
- The Act on individual housing benefits is to be amended. This amendment will entail a simplification of local-authority administration of the complex benefit regulations as well as a reduction in the growth of the costs for individual housing benefits. The objective is to target affluent OAPs, etc.
- A scheme is to be established to enable local authorities to test various methods for allocation of council housing, etc. This will provide local authorities with a tool to prevent certain areas from becoming immigrant ghettos.
- Vehicle taxes are to be restructured. A new periodic duty on new passenger cars is to be tied in with fuel consumption; this duty will replace the vehicle excise duty. A proposal for differentiating petrol taxes in accordance

with benzene contents is presented, and farmers are no longer to have access to tax exemptions on petrol.

- New legislation on environmental issues is to be introduced. This so-called "Law and Order"- scheme will comprise opportunities for revoking authorisations for contaminating enterprises, sentences of up to four years in prison for gross violations of environmental regulations, more rigorous rules on accountability and responsibility in connection with issue of authorisations, and improvements to local-authority and state supervision on environmental issues.
- DSB (the Danish National railways) are to be reorganised. The government presents plans for a series of initiatives - patterned on the Swedish model - to divide the Danish national railways into two parts: an organisation in charge of the railway tracks, and an independent traffic company. Such a division will also entail consequences to DSB payments for its share of the Great Belt bridge and tunnel; these costs would not affect the traffic company.
- New quality labels are to be introduced. These labels will guarantee that labelled food products have been produced without the use of growth stimulants and comply with a series of requirements with regard to health, animal welfare, and quality.
- The Danish "Iurmærke" (Iur brand) is to be privatised in order to prevent manufacturers from other EU countries from using this label.
- The temporary ban on the building of new shopping centres is to be replaced by an amendment to the Planning Act which is to instruct local authorities and counties to promote decentralised outlet patterns which ensure that city centres retain their central position.
- Women are to be able to enter compulsory military service on the same terms as for men.

2 October *Finance Act proposal (budget)*

The Minister of Finance introduces Bill No. L 1 of 2 October: the 1997 Finance Act.

14 October *Finland joins the EMS*

As of 14 October, the Finnish markka enters the European Monetary System (EMS) with fluctuation margins of 15 per cent each way. In this connection, intervention rates have been stipulated for the Finnish markka in relation to the other participating currencies. Intervention rates for the Danish krone are as follows:

Buying rate: DKK 108.057 per FIM 100
Asking rate: DKK 145.699 per FIM 100

The ECU central rate for the Danish krone remains unaltered: ECU 1 = DKK 7.28580 DKK. The intervention rates between the other currencies which participated in the EMS prior to this date also remain unchanged.

24 October *Agreement on the Danish National Railways (DSB)*

The government parties, Venstre (Denmark's Liberal Party), and the Conservative Party enter into an agreement on the Danish national railways which entails a division of this organisation into two parts: a railway section and an operations section. The inter-city trains (IC3) and so-called S trains (local-traffic trains in the greater Copenhagen area) are grouped in two independent companies, while the state retains regional traffic and freight trains. The railway tracks will fall within the auspices of a special

National Railways Agency, and outsourcing will take place within many areas, so that foreign service providers may also operate on Danish rails. This agreement entails the investment of DKK 15-20 billion on projects and schemes such as an extension of the Frederikssund railway, modernisation of the Aarhus-Fredericia tracks, purchase of new high-speed trains, and improvements to rails within the Copenhagen area. The agreement also includes a stipulation of user fees for the use of the Great Belt bridge and tunnel, which means that passenger cars and lorries will pay approximately 20 per cent less than was hitherto planned.

25 November *Italy re-enters the EMS*
As of 25 November, the Italian lira is once again part of the European Monetary System (EMS) with fluctuation margins of 15 per cent either way. In this connection, intervention rates have been stipulated on the lira in relation to the other EMS currencies. For the Danish krone, the intervention rates are as follows:

Buying rate: DKK 0.33181 per ITL 100
Asking rate: DKK 0.44740 per ITL 100

The re-entry of the lira entails changes to the central rates in relation to the ECU for all EMS currencies. The new central rates are as follows:

Denmark	ECU 1 =	7.34555 DKK
Germany	ECU 1 =	1.92573 DEM
France	ECU 1 =	6.45863 FRF
Belgium	ECU 1 =	39.7191 BEF
The Netherlands	ECU 1 =	2.16979 NLG
Ireland	ECU 1 =	0.798709 IEP
Spain	ECU 1 =	163.826 ESP
Portugal	ECU 1 =	197.398 PTE
Austria	ECU 1 =	13.5485 ATS
Finland	ECU 1 =	5.85424 FIM
Italy	ECU 1 =	1906.48 ITL

The British pound and Greek drachma do not participate in this monetary system; the theoretical central rates for these currencies are as follows:

Great Britain	ECU 1 =	0.793103 GBP
Greece	ECU 1 =	295.269 GRD

28 November *Agreement on the Finance Act*
The government enters into an agreement with the Socialist Peoples' Party on the 1997 Finance Act. This agreement includes the following elements:

- The gross tax is increased from 7.9 per cent to 8.0 per cent.
- An additional 2,400 places will be established within higher education. These increased admission rates will be centred on the pedagogic area, but the humanities, social sciences, and natural sciences are also included in this scheme.
- Pay subsidies are granted for enterprises which employ adult (mature) trainees. The number of trainee positions for adults is to be increased by at least 2,000.
- Disadvantaged young people and young immigrants must have better opportunities for securing trainee positions. This is to be done by means of increased efforts at the public employment service and by rewarding employers who establish trainee positions.
- The financial situation of daytime folk-high schools is to be improved by means of increases to the subsidies granted in connection with activation of the unemployed at such institutions.
- Employed individuals over the age of 25 who attend supplementary training in the form of evening classes may, in the event of un-

employment, continue their training without losing their right to unemployment benefits.

- Local-authority employers will have access to applying for subsidies for the purpose of establishing normal jobs for long-term unemployed participants in the so-called "pool job" schemes. It is expected that 4,000 individuals affected by long-term unemployment will obtain permanent employment, presumably centred on day care and care for the elderly.
- Casual labourers who find themselves unemployed and taking part in an activation scheme must have better opportunities for taking on casual labour without suffering adverse effects to their position within the unemployment-benefit system.
- The working environment must be improved by means of rewards for employers who carry out measures to prevent accidents, etc.
- Steps must be taken to support entrepreneurs. Funds are set aside for new initiatives regarding small and medium-sized enterprises; this includes a new scheme on capital contributions to entrepreneurs.
- Overtime within the state sector and local authorities must be limited by introducing a tax on paid overtime. This tax is calculated as a percentage of payments made by ministries for overtime and extra work, and will be paid from the funds set aside by individual institutions for other operating expenses. An overall reduction in overtime of 30 per cent is expected. Such a reduction will release DKK 160 million, which can be used to employ more people on normal terms.
- Starting on 1 January 1997, the Danish state will collect DKK 100 million of the interest accrued on the large unclaimed holiday funds which are administered by the Labour Market Holiday Fund. This Act also entails provisions to the effect that part of the holiday allowances which people forget to withdraw before the end of the holiday year will be claimed by the Danish state.
(No. 1199 of 27 December)
- A number of amendments are carried out for various regulations on energy levies. For instance, waste taxes are increased by DKK 50 per tonne, and taxes are introduced on sludge which is incinerated at sewage treatment plants. (No. 1224 of 27 December)
- An easing of the CO₂ taxes levied on refineries which entails that their use of taxable products in connection with manufacturing processes are exempt from taxation. This does not, however, apply to the use of mineral-oil products and gas when used as motor fuel. (No. 1220 of 27 Dec.)
- The tax exemption hitherto in force on energy taxes levied against coloured petrol used within agriculture, forestry, etc., is repealed.
(No. 1214 of 27 December)
- The electricity tax is increased by a so-called "electricity-conservation tax" to the amount of DKK 0.006 per kWh. This means that the electricity tax on electricity used for heating permanent residences will be DKK 0.401 per kWh; for electricity used for any other purpose, this figure will be DKK 0.466 per kWh. (No. 1211 of 27 December)
- The subsidy for power plants which manufacture electricity by means of decentralised combined heat/power generation based on natural gas or industrial CHP generation based on natural gas is reduced from DKK 0.1 to DKK 0.07 per kWh.
(No. 1210 of 27 December)

30 December *Reformation of the government*
Following the decision made by the Centre Democrats to step down from the government, the Prime Minister (Poul Nyrup Rasmussen) forms a new minority government comprising the Social Democratic Party and the Social Liberal Party.

1997

21 February

Collective agreement for state employees

The state employees, as represented by the Joint Committee of the Central Organisations, agree on a settlement with the Danish Minister of Finance. The overall pay framework for the two-year agreement period constitutes 4.25 per cent. Of this figure, 2.9 per cent is set aside for general pay rises, which will occur on the following dates: 1 April 1997 (0.5 per cent), 1 April 1998 (0.9 per cent), and 1 October 1998 (1.5 per cent). The remaining 1.35 per cent have been earmarked for special purposes such as improvements to pension schemes, supplementary training, regulations on special benefits, and restructuring. The agreement also maintains the automatic adjustment scheme, which provides state employees with an annual pay rise (on 1 April) if their pay has failed to keep up with those found within the private labour market. Moreover, the agreement comprises a framework agreement on pilot projects with regard to new pay systems. The trial period commences on 1 January 1998 and is expected to end on 31 March 2001. The idea is that cross-functional personnel groups within ministries and agencies or all personnel within individual agencies can sign up to participate in these pilot schemes. The participating parties can then enter into agreements on pay systems which are founded on a fixed base pay plus additional pay which may be allocated as function-related pay, performance-related pay, etc. It has also been agreed to complete the pension schemes which were initiated in 1989 to full term. On 1 October 1997, total pension contributions for state employees which fall within the scope of these schemes will amount to 12 per cent of their pay.

27 February *Local-authority collective agreement*
Local government employees, as represented by KTO (The Association of Local Government Employees' Organisations), agree on a settlement with local-authority employers.

The overall pay framework for the two-year agreement period constitutes 4.25 per cent. Of these funds, 2.95 per cent are set aside for general pay rises, which will take place on 1 April 1997 (0.5 per cent), 1 April 1998 (0.95 per cent), and 1 October 1998 (1.5 per cent). The remaining 1.3 per cent have been earmarked for a number of special purposes: decentralised pay, new types of pay, extra pay rises for management and middle management, extension to the pension schemes for trade unions under the auspices of the Danish Federation of Trade Unions, and for special negotiations carried out by individual trade unions. The so-called adjustment scheme is maintained, occasioning a general pay rise of 1.1 per cent on 1 April 1997. The framework for a new pay system has also been established. As of 1 April 1998, it becomes possible for organisations, trade unions, or personnel groups to transfer to a pay system which comprises basic pay with opportunities for pay improvements by means of function-related pay, performance-related pay, etc.

8 April *Amendments to taxes/duties*
As of 1 May 1997, the Danish Parliament increases taxes on beer and wine by almost four per cent. This amendment entails a DKK 1.15 price increase on a crate of 30 bottles of standard lager, whereas the tax increase on wine will come to nearly DKK 0.25 for a bottle of table wine and nearly DKK 35 for a bottle of fortified wine. (No. 275/15 April).

30 April *Denmark "2005"*
The SR government presents a plan for the development of Danish society until the year 2005. Government objectives include the creation of 240,000 new jobs during the next eight years, thus occasioning a 5 per cent reduction in unemployment. The total number of transfer-benefit claimants is to be reduced: from 920,000 claimants this year to 750,000 claimants in the year 2005. Foreign debt must be repaid before 2005, and public debt must be reduced from 67 per cent of GDP to approximately 40 per cent. As regards the environment, CO₂ emissions must be reduced by 20 per cent in relation to 1988 levels. The government intends to increase the gross tax by one per cent per year during the years to come, and to increase green taxes. These tax increases are to finance a reduction in personal-income tax, particularly for low-income groups.

5 May *Tax package*
The government enters into an agreement with the Socialist Peoples' Party and the Danish Red-Green Alliance on a tax package which means that transportation by means of domestic flights and cars becomes more expensive, whereas travel on trains and buses becomes cheaper. The agreement comprises a ten per cent reduction in fare rates which extends to local traffic in Copenhagen (trains and buses), interregional trains, private railways, and regional traffic companies within counties and local authorities. The tax package includes the following key elements: the introduction of a so-called green vehicle-ownership tax, which is based on the normal fuel (petrol or diesel) consumption of the car in question. This Act means that new cars will be divided into approximately 25 categories in accordance with their mileage performance per litre of fuel. The difference in tax rates from one category to the next will be between DKK 400 to DKK 800 per year. This Act applies to cars which were first registered on 1 July 1997 or later. (No. 360/2 June).
Vehicle-registration taxes and car excise duties are amended as a result of the green taxation scheme. Car excise duties are abolished for new passenger cars; these vehicles will fall within the scope of the new green vehicle-ownership tax instead. A reduction in the tax allowances hitherto in force for airbags is introduced. The scale brackets used when calculating vehicle-registration taxes are increased; this means that the tax on new cars comes to 105 per cent of DKK 48,800 and 180 per cent of the value in excess of this figure. (No. 361/2 June)
Taxes on vans are restructured, causing the unit tax on vans to be replaced by a value tax. The present vehicle-registration tax of DKK 30,000/19,000 no longer applies to vans. Instead, a 30 per cent tax is introduced on the value which exceeds DKK 30,000 (including VAT, excluding tax). Also, the tax allowances with respect to the vehicle-registration tax for ABS-brakes and other security equipment has been restructured, so that deductions are now made to the taxable value of the vehicle in

question. This allowance comes to DKK 4,165 for ABS brakes and DKK 1,280 per airbag (up to a maximum of four airbags). The regulations on profits on vehicles are also amended: a minimum value is introduced with respect to the taxable value of retailers' purchase prices plus 5 per cent, and profit rates for importers cannot be negative. Finally, the car excise duty is amended to introduce an additional charge of DKK 5,000 on large vans which are used for private transportation; the corresponding rate for small vans is DKK 1,000. The additional charge for vans which are used for both private and business purposes has been set at 50 per cent. (No. 363/2 June).

As of 1 January 1998, Danish tax regulations on air travel will be in line with EU legislation. Currently, a DKK 65 tax is levied on all passengers departing from Denmark to foreign destinations, whereas no tax on domestic airline passenger departures exists. In future, domestic airline passengers will also fall within the scope of taxation. As part of the current rigorous economic policy, the tax rate per departing passenger is increased from DKK 65 to DKK 75. This means that the legislation stipulates that a tax of DKK 75 be paid to the Danish state per departing passenger, thus occasioning a DKK 150 tax for domestic round-trip tickets and a DKK 75 tax on round-trip tickets for foreign destinations. (No. 449/10 June).
Finally, the agreement comprises an increase in the land registration fee from DKK 700 to DKK 1,200. (No. 369/3 June).

15 May *New Social Security Act*
The government enters into a broad agreement on new legislation on social security. This agreement means that as of 1 July 1998, the 1976 *Bistandslov* ["Social Security Act"] is replaced by four new social Acts. The main points in these four Acts are outlined below:

- 1) Act on active social policies:
 - The age limit with regard to activation is changed to 30 rather than 25 years. Young people under the age of 30 must commence activation after 13 weeks on cash benefits at the latest. In the event that a person is absent from activation, local authorities can reduce or refuse financial aid. Local authorities come under an obligation to activate all cash-benefit claimants with problems other than unemployment.
 - Local authorities cannot provide aid where applicants or their spouses have capital which can cover the need. Amounts of up to DKK 10,000 per person are ignored.
 - Persons who find themselves on social security cannot be forced to withdraw their capital pensions until a six-month period has elapsed. Capital pensions of less than DKK 50,000 are completely exempt from this scheme.
 - After six months on cash benefit, it will no longer be possible to receive benefits greater than the maximum unemployment-benefit rate. This is to induce the highly paid to become members of an unemployment insurance fund..
 - The scheme for a 50 per cent pay subsidy for "light jobs" for those with special needs is continued.
- 2) Act on social services:
 - In general, users must have greater influence on social services, and it should be very simple for users to establish an overview of their rights and obligations.

- Users must have greater co-determination with regard to the services rendered, e.g. assistance with personal care. Formal complaints with regard to aid will be facilitated.
 - Day-care institutions are reminded of their obligation to adhere to the official waiting lists and refrain from relegating particular groups, such as children of unemployed parents, to the bottom of such lists.
 - Parents who are entitled to day care for their children may elect to receive a reimbursement of up to 70 per cent of the labour cost of e.g. a nanny instead. However, such subsidies cannot exceed 85 per cent of the cost of the cheapest child-care opportunities within the relevant local authority.
- 3) Act on social administration:
 - Local authorities and counties must stipulate the shortest time limits possible with regard to administration and case processing. The public must have the opportunity to take an active part in case processing.
 - Local authorities and counties must carry out more rigorous monitoring and supervision of institutions working with e.g. child care, drug addicts, or the disabled.
 - 4) The Pensions Act:
 - Local authorities assume all authority as regards allocation of early-retirement pensions. All opportunities for rehabilitation must be exhausted before early retirement is awarded.

30 May *Tax and duty amendments*
The Danish Parliament adopt a number of amendments to taxes and duties:

The charges levied on natural gas and town gas are increased from DKK 0.01 to DKK 1.64 per cubic metre. However, from the time of entry into force in 1997 until 31 December 2008, this tax will be DKK 1.23 per cubic metre, which corresponds to 75 per cent of the final tax rate. During a transitional period, the five regional natural-gas companies will receive individually determined allowances with regard to this charge. (No. 443/10 June).
The petrol tax is differentiated in accordance with benzene content. During a transitional period, from 1 January 1998 to 31 December 1999, petrol taxes are reduced by DKK 0.04 per litre for petrol with benzene content of less than 1 per cent per litre. For petrol with benzene content between 1 and 2 per cent, the petrol tax is reduced by DKK 0.02 per litre. No change is made to the petrol tax for petrol with benzene content between 2 and 3 per cent. The tax is increased by DKK 0.02 per litre for petrol with benzene content between 3 and 4 per cent, and by DKK 0.04 per litre for petrol with benzene content between 4 and 5 per cent. (No. 450/10 June).

18 June *EU summit in Amsterdam*

The Heads of State and Government of the EU enter into an agreement on a new EU Treaty. A special Protocol based on the 1992 Edinburgh Agreement (where the four Danish opt-outs were established) means that Denmark will be outside future cooperation on defence policies, asylum policies, and visa policies, to the extent that such cooperation is supranational. Denmark has acceded to the Schengen Agreement, which will constitute a part of the new EU Treaty. According to the Protocol, Denmark has a time limit of six months to announce whether it will follow the decisions made by the other countries or pursue its own course. In the event that Denmark does not comply with the regulations

of other countries, it is up to these countries to decide whether or not this will have any impact on the open borders between Denmark and e.g. Germany or Sweden. A referendum on the new EU Treaty is projected for spring 1998.

Among other things, the Amsterdam Agreement addresses the following issues:

- A common strategy to combat unemployment must be prepared. The EU can contribute to pilot projects on job creation.
- The social chapter becomes part of the Treaty. As yet, the social chapter addresses the issue of joint maternity/paternity leave and the issue of employee's right to co-determination and consultation, e.g. when large enterprises face major restructuring processes.
- The environmental guarantee, which entitles any Member State to maintain stricter environmental regulations than those of other Member States, is expanded in scope to include public health.
- Immigration, visa regulations, and asylum issues become common EU policies. In five years from now, the issue of which decisions can be made by means of a qualified majority vote will be determined.
- The EU and the WEU Union will collaborate closely. However, a merger of the two entities is postponed indefinitely.
- The President of the European Commission must be appointed by the Heads of State and Government of the EU, but must be approved by the European Parliament. The number of EU Commissioners will remain 20; this means that the major Member States will surrender their second Commissioner when the EU accepts new Member States. To compensate for this, however, voting procedures will be amended to provide the major Member States with greater influence.

26 August Finance Act Proposal (Budget)
The Minister of Finance introduces Bill No. L 1 of 26 August 1998: the 1998 Finance Act.

7 October The government's policy statement
The Danish Parliament is back in session and is opened by the Prime Minister's opening speech. With a view to reducing economic activity and prolonging the period of economic recovery, the government wishes to implement a series of initiatives to promote private and public saving. The most important policy statements in this speech are listed below:

- A special 1 per cent pension contribution to the Danish Labour Market Pension Fund (ATP) will be levied on employees, self-employed individuals, and unemployment-benefit and cash-benefit claimants.
- In an effort to reduce private consumption which has been financed by means of mortgages on equity which has been created by the significant increases to property prices, stamp duties on additional mortgages are increased from 1.5 per cent to 5 per cent. This increase is temporary and expires at the end of 1998.
- A number of cuts and economies are to be carried out in an effort to reduce public expenditure by DKK 2 billion in 1998.
- Labour-market flexibility and mobility must be increased by requiring that unemployed individuals accept reasonable employment after a six-month period of unemployment. The concept of "reasonable employment" is clarified. At the same time, unemployed individuals are required to apply for jobs outside

of their immediate sphere of competence after a period of six months of unemployment. Steps are taken to clarify that retraining which can increase the possibility of employment is always compulsory. With a view to avoiding situations where large differences exist in unemployment rates between neighbouring regions, cross-regional public employment services are promoted and the requirements with regard to geographic mobility are made more rigorous.

- The current right to take parental leave with pay in the form of unemployment benefit during the first 14 weeks after the child is born is extended from two to four weeks.
- Environmental taxes directed against the agricultural sector must be increased. A bill will be presented on the introduction of a nitrogen tax. Also, a "significant increase" in the tax on pesticides and herbicides is also proposed. Options are also being considered with regard to reimbursing taxes on CO₂ and SO₂ to the agricultural sector. This has hitherto been done by means of reductions to charges with regard to plant and veterinary services, but may well - if the agricultural sector so desires - be carried out on the basis of turnover plus VAT.
- The so-called "millionaire break" with regard to the rental-value tax on properties is increased, so that the high rental-value tax rate (six per cent) will only be levied on the part of the publicly assessed property value which exceeds DKK 2.1 million.
- Private employers must pay sickness benefits for a period of three weeks rather than the current two weeks. At the same time, employers will have the opportunity to choose whether they wish to pay the cost of sickness benefits for the first two days of absence due to sickness themselves, or if they wish to pay higher premium rates to the insurance schemes instead.
- Buying and selling your own home should be easier and cheaper. This is to be effected by means of a number of amendments to the legislation governing property trade, amendments which are to be based on the catalogue of ideas which were presented by a working group in February. Paperwork should be simplified, costs should be brought down, and market transparency should be increased by introducing a rule which stipulates that all properties which are put up for sale must be presented on the Internet.
- New legislation is to be introduced with regard to rental housing. Within the private housing market, landlords must be urged to maintain their properties. Tenants must be consulted on issues regarding maintenance and improvements. With respect to non-profit rental housing, tenants must have access to submit formal complaints.
- It must be easier to repay student loans and - in special cases - to have them cancelled. A bill provides opportunities for reducing interest rates on state-guaranteed student loans. Such reductions are to be effected by means of refinancing of the relevant debt in the Mortgage Bank.
- It should be possible to sign electronic documents by means of a so-called digital signature. The objective is for this digital signature to be as valid in legal terms as signatures by hand.

7 October Announcement of referendum on the Amsterdam Treaty

In connection with the opening of the Danish Parliament, the Prime Minister announces that the coming referendum on the Amsterdam Treaty will take place on Thursday, 28 May 1998.

10 October Agreement on limitations on private consumption

As part of the efforts to limit private consumption by means of savings, the government enters into an agreement with Venstre (Denmark's Liberal Party) and the Conservative Party. This agreement will be in force in 1998 and includes the following elements:

Temporary pension savings will be collected from employees, self-employed individuals, and unemployment-benefit and cash-benefit claimants. The amount to be collected constitutes one per cent of the labour-market contribution base. An amount of up to DKK 34,500 will be exempt from this temporary pension contribution. An annual amount of DKK 1,300 is deposited for unemployment-benefit and cash-benefit claimants. The Act entails a transfer of the contributions made from the tax authorities, unemployment-insurance funds, and local authorities to the Danish Labour Market Pension Fund. In November 1999, the Danish Labour Market Pension Fund will distribute these contributions into separate, individual accounts. Interest will be accrued on these accounts, and the resultant funds will be administered separately from the Danish Labour Market Pension Fund's common capital. At retirement age, 67 years, the funds in these individual accounts will be paid out to the relevant account holders. In the event of death before retirement age, the account funds are paid out to the estate.

(No. 803/24 October).

It will be possible to establish home-savings accounts with up to ten years of tax exemption on the accumulated interest. The scheme stipulates that the maximum deposit per person for such accounts is DKK 12,000 for 1998, while the minimum deposit is DKK 1,200. The objective of this home-savings account must be to purchase a home or land on which such a home is to be built; the account funds may also be used to pay deposits or advance rent for rented housing, or to purchase shares in companies, societies, etc., which offer right of use on a permanent residence. No deposits may be made to this account after 1998. The amount saved may not be withdrawn until a three-year period has elapsed after the original deposit was made, and the funds must be withdrawn no later than ten years after this date in order to maintain tax exemption on the accumulated interest. Withdrawal of these funds requires that documentation be submitted to the relevant bank, proving that they will be used for one of the purposes outlined in the above.

(No. 808/29 October).

23 October Stamp duties increase

The Danish Parliament adopts the projected temporary increase in the stamp duty on mortgage deeds on permanent residences and holiday homes. The Act enters into force on 25 October 1997 and is effective as of 23 October 1997 and until 31 December 1998. The Act entails an increase from 1.5 per cent to 5 per cent.

(No. 804/24 October).

27 October The Danish government sells Tele Danmark shares

The Danish government sells its shares in Tele Danmark to the American telecommunications group Ameritech.

The agreement between Tele Danmark and Ameritech is expected to entail a complete privatisation of Tele Danmark, and to assign full control of Tele Danmark to the American partner. Ameritech buys 34.4 of the share capital in Tele Danmark from the Danish government for approximately DKK 21.1 billion, and when Tele Danmark buys DKK 10 billion worth of shares back from the Danish state, Ameritech becomes the largest shareholder by far with a holding of 42 per cent of all shares.

27 October *Global unrest at stock exchanges*

The substantial falls in prices seen at Asian stock exchanges during recent days hits Europe in the morning and then moves on to hit the USA, where the New York stock exchange takes the unprecedented step of suspending all dealing for the remainder of the day after substantial declines to the prices of benchmark shares as a result of the financial crisis in Asia.

21 November *ØK moves to Singapore*

As a result of the financial hardships of ØK, the management announces that the company headquarters will be moved from Copenhagen to Singapore at the beginning of 1998 in order to be closer to the main activities in Asia.

21 November *EU summit on unemployment*

The Heads of State and Government within the EU meet at an EU Summit to discuss ways in which to combat European unemployment. In spite of disagreement with regard to specific objectives and initiatives to combat unemployment, a Job Action Plan is prepared. This action plan includes the following declarations of intent:

- Young people must be offered jobs or education within a six-month period, and the long-term unemployed must receive similar offers within a twelve-month period.
- 20 per cent of all unemployed individuals must be offered vocational training.
- All EU Member States must prepare action plans addressing the unemployment issue. These action plans are to be presented at the EU Summit in Cardiff in June 1998. The Member States have a five-year period to meet these objectives.

1 December *Agreement on the Finance Act*

The government concludes the negotiations on the 1998 Finance Act. The government parties, Venstre (Denmark's Liberal Party), the Conservative Party, the Socialist Peoples' Party, the Centre Democrats, and the independent MP Jacob Haugaard vote in favour of the overall 1998 Finance Act. The final settlement on the Finance Act comprises a number of sub-agreements which have been entered into with various parties. Among other things, these sub-agreements include the following elements:

- New taxes are introduced on chocolate, ice cream, coffee, tea, and mineral water. This entails the following increases in cost: The price of chocolate increases by DKK 1.75 per kilogram; ice cream is up by DKK 0.40 per litre, coffee is up by DKK 1.65 per kilogram, tea by DKK 1.55 per kilogram, and mineral water rises by DKK 0.25 per litre. Moreover, packaging taxes are introduced on all bottles. This does not, however, apply to bottled dairy products and pharmaceutical products.
- Stricter regulations will be introduced with respect to labour-market availability. Among other things, this entails that unemployed individuals must apply for work outside their

own sector after only six months of unemployment. Moreover, the unemployed must - in special cases - be prepared to commute for up to four hours a day. Cash-benefit claimants must be registered with the Public Employment Service and be subjected to more thorough assessment as regards labour-market availability.

- User charges are to be abolished within labour-market training, and DKK 75 million are set aside for training (activation) of unemployed individuals with higher education.
- An additional 1,000 students are to be admitted to higher education. An additional DKK 15 million must be set aside for the Folk High Schools due to a reduction to student applicants. Moreover, a new type of education is established: "alcoholology". The objective is to provide a training scheme within the scope of the so-called Minnesota model for treatment of alcohol abuse, where former alcoholics treat those who are still afflicted by the addiction.
- As of 1 April, the paternity-leave period is doubled: from two to four weeks. The additional two weeks are to be taken after the expiry of the mother's maternity leave, and the total parental leave period is extended from 24 weeks to 26 weeks.
- Pesticide taxes are doubled in an effort to reduce the use of pesticides, thus securing drinking-water reserves. Moreover, nutrient discharges from the agricultural sector are to be reduced by means of lower norms for fertiliser usage and levies on usage which exceeds this tax.
- An additional DKK 5 million is set aside for sale and marketing of environmentally friendly (organic) products. Levies on control of organic farming are also removed.
- DKK 250 million are set aside for improvements of home help. Senior citizens are to have greater freedom of choice in determining how the allocated assistance is to be utilised. New regulations are to ensure that home help is in actual fact provided, and that compensation is made for any cancellations.
- DKK 200 million are set aside over a three-year period for improvements to the Copenhagen-Ringsted railway tracks. Moreover, better and longer trains are to operate in Jutland, and the S-train network in the Copenhagen area must be improved and extended.
- Funds will be set aside in 1998 to an amount of DKK 250 million for new premises for the Danish National Archives. These new premises are to be situated in Ørestaden.
- An additional DKK 100 million are set aside in 1998 for measures directed against special crime issues in the larger cities, and an additional DKK 80 million is allocated to the courts in an effort to reduce waiting times within the judicial system.
- The depreciation period for goodwill is reduced from 10 to 7 years in order to ease the problems which arise in connection with generational handovers of enterprises.

1998

16 February *Agreement on the aquatic environment*

The government parties, Venstre (Denmark's Liberal Party), the Conservative Party, and the Socialist Peoples' Party enter into agreement on

a new action plan on the aquatic environment. The overall objective is to reduce nutrient emissions and discharges by 37,100 tonnes during a five-year period. The following measures are to facilitate this:

The use of fertilisers within the agricultural sector is to be reduced by 10 per cent, and manure from livestock must be utilised more effectively.

This autumn sees the beginning of fines directed at farmers who use too much fertiliser. For excess use of up to 30 kilograms per hectare, these fines will be set at DKK 10 per kilogram; greater excess usage is punishable by fines of DKK 20 per kilogram.

A general tax is to be introduced on fertilisers to the amount of DKK 5 per kilogram.

Extra funds are to be allocated for establishing wet meadows, afforestation projects, and initiatives with a view to changing agricultural production methods from traditional farming to organic farming. All these initiatives are to replace intensively farmed agricultural land, thus occasioning a decrease in the discharge of nutrients.

After harvesting, farmers must sow additional crops in order to absorb nutrients (nitrogen).

11 March *General Election*

The general election results in the following distribution of seats in the Danish Parliament (for the previous distribution of seats, please see »21 September 1994«):

The Social Democratic Party	63
The Social Liberal Party	7
The Conservative Party	16
The Centre Democrats	8
The Socialist Peoples' Party	13
The Danish People's Party	13
The Christian People's Party	4
Venstre (Denmark's Liberal Party)	42
The Progress Party	4
The Danish Red-Green Alliance	5
Total	175

An additional four members were elected for Greenland and the Faroe Islands; two from each region. As a result of the general election, the minority government hitherto in power will continue with Poul Nyrup Rasmussen as Prime Minister.

16 March *Amendments to the EMS*

As a result of a decision to carry out adjustments to currency rates, the Irish punt has been revalued by 3 per cent. The Greek drachma has entered the EMS with fluctuation margins of 15 per cent each way. This results in the following intervention rates for the Irish punt and Greek drachma between Denmark's Nationalbank and foreign-exchange dealers:

Buying rate: DKK 815.774	per 100 IEP
Buying rate: DKK 1.81948	per 100 GRD
Asking rate: DKK 1,099.95	per 100 IEP
Asking rate: DKK 2.45331	per 100 GRD

The intervention rates for the other EMS currencies remain unaltered. This adjustment means that the central rates in relation to the ECU are altered for all EMS currencies. The new central rates are as follows:

Denmark	ECU 1 =	7.54257 DKK
Germany	ECU 1 =	1.97738 DEM
France	ECU 1 =	6.63186 FRF
Belgium	ECU 1 =	40.7844 BEF
The Netherlands	ECU 1 =	2.22799 NLG
Ireland	ECU 1 =	0.796244 IEP
Spain	ECU 1 =	168.220 ESP
Portugal	ECU 1 =	202.692 PTE
Austria	ECU 1 =	13.9119 ATS

Finland	ECU 1 =	6.01125 FIM
Italy	ECU 1 =	1,957.61 ITL
Greece	ECU 1 =	357.000 GRD

While the British pound does not take part in this monetary system, the theoretical central rate is:

Great Britain	ECU 1 =	6.653644 GBP
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23 March *Collective agreement within the industrial sector*

The Confederation of Danish Industries and the Central Organisation of Industrial Employees in Denmark enter into an agreement which entails increases in minimum-wage rates: an extra DKK 2 an hour as of 1 March 1998 and 1 March 1999. The agreement also includes the following elements:

Nuisance bonuses: nuisance bonuses are increased by 8.5 per cent on 1 March 1999.

Pensions: Pension contributions increase by 0.9 per cent on 1 July 1998 and 1 July 1999. As of the summer of 1999, wage-earning employees will save up a total of 5.7 of their pay as pensions; the corresponding figure for salaried employees will be 4.8 per cent.

Working hours: On 4 October 1999, working hours for shift work are reduced from 35 to 34 hours a week. Moreover, local agreements may cause weekly working hours to exceed 37 hours, even though the number of annual working hours remains at 1924. An extra holiday per year is granted as 24 December is turned into a paid holiday.

Maternity leave: Pay during the 14 week period of maternity leave is increased to DKK 115 an hour from April 1998. For salaried employees, the maximum monthly pay during maternity leave is increased to DKK 18,438.

Telework: The labour-market parties have agreed on a framework on teleworking. This framework will be filled in by means of local agreements.

23 March *List of ministers*

Following the recent general election, the Prime Minister presents the new Danish government, which comprises 19 ministers:

Prime Minister	Poul Nyrup Rasmussen
Minister for Economic Affairs and Minister for Nordic Cooperation	Marianne Jelved
Minister for Finance	Mogens Lykketoft
Minister for Foreign Affairs	Niels Helveg Petersen
Minister for Justice	Frank Jensen
Minister for Taxation	Ole Stavad
Minister for the Environment and Energy	Svend Auken
Minister for the Interior	Thorikild Simonsen
Minister for Defence	Hans Hækkerup
Minister for Labour	Ove Hygum
Minister for Trade and Industry	Pia Gjellerup
Minister for Social Affairs	Karen Jespersen
Minister for Food, Agriculture, and Fisheries	Henrik Dam Christensen
Minister for Health	Carsten Koch
Minister for Transport	Sonja Mikkelsen
Minister for Culture	Elsebeth Gerner Nielsen
Minister for Education	Margrethe Vestager
Minister for Research	Jan Trøjborg
Minister for Housing and Urban Affairs	Jytte Andersen
Minister for Development Aid	Poul Nielson

24 April *No to collective agreement*

The result of the collective-bargaining negotiations between the Confederation of Danish Industries and the Central Organisation of Industrial Employees in Denmark is refused by employees. Within a voting turnout of 47 per cent, 55 per cent voted against the draft settlement, whereas

45 per cent voted in favour of it. The employees' no to the result of the negotiations means that Denmark faces the first large-scale industrial conflict in 13 years from Monday, 27 April.

3 May *EU Summit in Brussels*

The Heads of State and Government of the EU appoint Wim Duisenberg (from the Netherlands) as the first president of the European Central Bank (ECB), which is formed as of 1 January 1999. After strong pressure from France - and in contravention to the intentions of the Maastricht Treaty, which stipulates an eight-year period of office - a compromise is reached at the EU Summit to the effect that Wim Duisenberg will be replaced after a period of four years by Jean-Claude Trichet from France, who will then be president of the ECB for the following four-year period.

6 May *Government action on the labour-market conflict*

Following the breakdown of negotiations between the Danish Employers' Confederation and the Danish Confederation of Trade Unions, the government introduces the political action which terminates the trade conflict in Denmark. The measures taken entail the following consequences:

- Two extra holidays per year for all employees with more than nine months of employment with their enterprise. For those with full pay during sickness, these holidays are also with full pay.
- Three care days (two days in 1998 and one additional day in 1999) are awarded to employees with children under the age of 14 if these employees have been with their enterprise for more than 6 months. For employees who are entitled to full pay on their children's first day of sickness, these care days are also with full pay.
- The projected pension contributions are reduced for employers who have been affected by the conflict: instead of the 0.9 per cent planned, they will only have to pay 0.5 per cent.
- As of 1 January 1999, all employers will be exempt for payment of the new sickness-benefit contribution of DKK 325 per employee.

These agreements enter into force at midnight between 7 and 8 May and will remain in force until 1 March 1999. The agreements apply to employees and employers who fell within the scope of the conciliators' draft settlement of 31 March 1998. Thus, there will be no extra holidays and care days for employees who did not take part in the strike ballot. The government's motion for action was adopted by the Danish Parliament on 7 May. Most parties voted in favour of this government action with the exception of the Socialist Peoples' Party and the Danish Red-Green Alliance, both of which voted against the motion, and the Danish People's Party which refrained from voting.

11 May *Tele Danmark in major merger*

The main shareholder in Tele Danmark, Ameritech, enters into an agreement to merge with the American telecommunications company SBC Communications Inc.

28 May *Referendum on the Amsterdam Treaty*

The referendum on the Amsterdam Treaty results in a Danish yes to the new EU Treaty. Of the votes cast, 55.1 per cent were in favour of this new treaty, while 44.9 were against.

17 June

The Whitsun Package

The government enters into an agreement with the Danish Red-Green Alliance and the Socialist Peoples' Party on the Whitsun Package. The agreement includes the following elements:

The temporary one per cent increase in the Danish Labour-Market Pension Fund contribution which was introduced in autumn 1997 is now rendered permanent. At the same time, the scheme is amended: all employees will receive the same disbursement, regardless of the individual amount deposited. Deposits for the compulsory pension-savings scheme must be made by all citizens between the ages of 17 and 66. After age of 67, these savings will be paid out in instalments over a ten-year period.

(No. 468/1 July)

The agreement on the Whitsun Package entails a long series of amendments to personal-income tax regulations. These amendments include an increase of the tax ceiling from 58 per cent to 59 per cent, and a reduction in the bottom tax from 8 per cent to 5.5 per cent in 2002. This reduction will occur gradually: a 0.5 per cent reduction in both 1999 and 2000, and a 0.75 reduction in both 2001 and 2002. The basic personal allowance as regards intermediate taxes is increased by DKK 8,000 per year, resulting in an increase for this tax bracket from DKK 139,000 in 1998 to DKK 171,000 in 2002. The tax rate for the intermediate tax remains unchanged at 6 per cent. As of 1999, interest expenses are no longer deductible to the intermediate-tax base. From the year 2000, interest expenses can only be deducted by 50 per cent in the bottom-tax base. As of 2001, interest expenses cannot be deducted from the bottom-tax base at all. A transitional scheme is established for persons with interest expenses greater than 20 per cent of their personal income. The discount amounts to 4 per cent in 2000, 8 per cent in both 2001 and 2002, 6 per cent in 2003, 4 per cent in 2004, and 2 per cent in 2005. This discount scheme becomes obsolete in 2006. Tax deductions such as trade-union membership fees, unemployment-insurance fund membership fees, and mileage allowances can no longer be included in calculations concerning the lower tax bracket from the year 2002. As of 1999, deposits made in connection with capital-pension schemes are no longer deductible in the tax base for the top tax (the top tax rate remains unaltered at 15 per cent). (No. 423/26 June)

The gross tax remains unaltered at 8 per cent. However, the present division of gross-tax funds into three different funds is abolished. As of 1999, an overall labour-market fund replaces the previous unemployment-benefit fund, activation fund, and sickness-benefit fund. Moreover, gross-tax funds will now also be used to finance early-retirement pensions.

(No. 424/26 June).

As of the 2002 income year, taxpayers with incomes of less than DKK 136,100 can deduct an additional 25 per cent of their mileage allowance to a maximum of DKK 6,000. Tax values for company cars are increased from 23 per cent to 25 per cent. As of 1999, value limits with regard to company cars are increased from DKK 150,000 to DKK 160,000 and from 400,000 to 450,000. (No. 427/26 June).

The rental-value tax on properties and the standard allowances associated with this tax are repealed as of 2000. The rental-value tax is replaced by a municipal property tax, which is based on the public valuation. For properties with a value of up to DKK 2.15 million, this tax will amount to 0.1 per cent of the official value -

present home-owners, however, will only be charged 0.08 per cent. Where the public valuation of a property exceeds DKK 2.15 million, a 0.3 per cent tax will be levied on the value in excess of this amount. The present standard deductions for current home-owners are replaced by a 0.4 per cent deduction to the property tax; this deduction cannot, however, exceed DKK 1,200. OAPs over the age of 67 qualify for a 0.4 per cent reduction in the calculated property tax. This reduction cannot, however, exceed DKK 6,000 for permanent residences and DKK 2,000 for holiday homes. From 2000, all participants in any type of retirement-benefit scheme who are over the age of 60 will be protected by a regulation which stipulates that this property tax cannot increase by more than DKK 500 per year. (No. 425 and 426/26 June). As of 1 January 1999, the present tax levied on the real rate of interest is replaced by a set capital-income tax of 26 per cent. (No. 430/26 June). As part of the Whitsun Package, the Danish Parliament adopts a series of tax increases: The new green taxes will be introduced during 1998 - 2002:

The petrol tax is increased by DKK 0.50 per litre (incl. VAT) on 1 January 1999. On 1 January 2000, it is increased by another DKK 0.125 per litre (incl. VAT), a process which is to be repeated on 1 January 2001 and 1 January 2002. However, all tax increases beyond 1999 will require corresponding tax increases in Germany. The cost of heating fuel oil will increase by DKK 0.21 per litre on 1 July 1998, and by a further DKK 0.03 on 1 January 2002.

The cost of electric heating will increase by DKK 0.015 per kWh on four separate occasions: 1 January 1999, 2000, 2001, and 2002, respectively.

The cost of electricity used for purposes other than heating will increase by DKK 0.06 per kWh to DKK 0.52 per kWh. However, this increase will be supplemented by an increase of DKK 0.015 per kWh on 1 January 1999, 2000, 2001, and 2002, respectively.

The cost of natural gas increases from DKK 1.64 per m³ to DKK 2.02 per m³. (No. 437/26 June).

25 August Finance Act Proposal (Budget)
The Minister of Finance introduces Bill No. 120 of 25 August: the 1997 Finance Act.

4 September Abattoir merger
The two largest abattoirs/meat-product manufacturers in Denmark, Danish Crown and Vestjyske Slagterier, announce a merger of the two enterprises.

1 October Sharp drops in share prices
Negative news on the financial crisis in Japan wreaks further havoc with global finances. Stock markets in the USA and Europe see sharp drops in share prices, occasioning a global surge of interest in less risky bonds.

6 October The government's policy statement
The Danish Parliament is back in session and is opened by the Prime Minister's opening speech, which includes the following policy statements:

- All individuals affected by long-term unemployment must receive a job offer or an offer of training/education no later than after the first twelve months of unemployment. All young people under the age of 25 must receive such an offer after a maximum period of six months of unemployment. At least 75 per cent of the subsequent unemployment period must be used for activation.

- The unemployment-benefit period is to be reduced from five years to four years. During this period, claimants can receive unemployment benefit for one year and must take part in activation schemes during the remaining three years. The special regulations on the 50-54 age bracket are to be repealed, thus bringing regulations on this group in line with those applying to the rest of the population. This means that this age group will also be subject to the right and obligation to participate in training and activation with a view to securing permanent employment. Activation is to be increasingly directed at specific jobs or specific enterprises, and employers will have greater responsibility and obligations with regard to taking in unemployed individuals as part of vocational-training schemes and to hiring adult trainees.

- Regulations are to be tightened as regards sickness during unemployment. For example, more rigorous assessment with respect to labour-market availability will be carried out when unemployed individuals have called in sick twice during public-employment measures or activation.

- Unemployment benefits are to be calculated in a new way: current regulations stipulate that unemployment benefits be calculated on the basis of the income of the last 12 weeks; in future, the total annual income will be used instead. These new regulations will not enter into force until 2001 after consultation with labour-market parties.

- Early retirement is to be guaranteed for all citizens over the age 60.

- Housing benefits are to be reduced, especially as regards affluent OAPs. A lower threshold is also to be introduced with regard to housing benefits, so that all individuals must pay a minimum of DKK 883 per month (DKK 10,000 per year) of their rent.

- Company taxes are to be reduced from 34 per cent to 32 per cent.

- The child-care leave scheme must be more flexible; this entails a relaxation of the requirement stipulating that scheme participant must take at least 13 weeks leave.

- It must be made easier for parents to have their children cared for within the private sector. Local authorities will be authorised to increase subsidies for parents who elect options other than local-authority day-care centres and kindergartens.

- Single parents should be helped more. Single parents who cannot accept a job because their local authority cannot provide day care for their children should no longer be forced to live on less than the normal cash-benefit rate. The current situation forces these parents to take child-care leave, which entails a low income of 60 per cent of the maximum unemployment-benefit rate. Legislative amendments will entitle single parents to an additional benefit, which will bring their total income in line with normal cash-benefit rates for parents.

- Buying and selling property should be simpler and cheaper. At the same time, amendments must be carried out within significant areas of real-estate agent operations. Estate agents will fall under an obligation to establish a joint search system by means of a public media. In practical terms, this means that all properties will be put up for sale in a common register on the Internet. In future, contracts of sale must be prepared in

a manner which clearly distinguishes the actual sale from the financial terms.

- A maximum limit on CO₂ emissions must be stipulated. This limit must comply with Denmark's obligations under the Kyoto Agreement.

- Driving a diesel car should be made more expensive. This will be done to prevent people from replacing petrol-fuelled cars with diesel cars when petrol taxes increase in accordance with the Whitsun Package.

25 November Agreement on the Finance Act

The government concludes negotiations on the 1999 Finance Act. The government parties, Venstre (Denmark's Liberal Party), the Conservative Party, the Centre Democrats, and the Christian People's Party vote in favour of the overall 1999 Finance Act. The Finance Act comprises a series of reforms within areas such as early retirement, pensions, the labour market, and housing benefits. In an effort to ensure slower and more gradual withdrawals from the labour market, a new withdrawal system is introduced as of 1 July 1999. These amendments will not affect those who have turned 60 before 1 July 1999. The retirement age is reduced to 65 years.

A special early-retirement subscription fee is introduced. All individuals must pay this fee for a period of 25 years in order to qualify for early retirement benefit.

As of 1999, unemployment-insurance fund contributions will comprise two parts: one contribution which entails a right to receive unemployment benefits in the event of unemployment, and another which entails a right to early-retirement benefits. Employees must pay the special early-retirement contribution for a full 25 years if they wish to subscribe to the early-retirement scheme.

Those who take early retirement at the age of 60 will only receive 91 per cent of the maximum unemployment-benefit rate during the entire early-retirement period, and all types of pension payments will be deducted from this rate, even if they are not paid out. However, employees who elect to continue to work until the age of 62 will receive full unemployment benefit during the entire early-retirement period, and any pension payments will not be deducted from this benefit.

Individuals who are entitled to receive early-retirement benefits, and who continue work for a period of up to two years after attaining the right to take early retirement, become entitled to tax reductions at the official retirement age to the amount of DKK 33,600 per year.

A single-rate early-retirement benefit of approximately DKK 68 an hour is introduced.

The unemployment-benefit period is reduced from five to four years. All young people under the age of 25 become subject to the right and duty to participate in activation after six months of unemployment. This represents an amendment of current regulations, which only stipulate early activation for young people with no qualifications.

The oldest groups within the labour market must also be activated. This means that unemployed individuals in the 50-55 age bracket now also become subject to the right and duty to participate in activation.

The special regulation on extended unemployment-benefit periods for the 50-59 year-olds is reduced in scope: it now applies only to the 55-59 year-olds. Those falling within the scope of this special regulation will now also be subject to the right and duty to participate in activation.

Housing benefits for OAPs are restructured in a manner which ensures that pensioners with annual incomes of DKK 110,000 or less cannot lose more than DKK 500 a year as a result of this restructuring.

The extraordinary increase to the stamp duty on supplementary mortgages on property from 1.5 per cent to 5.0 per cent is maintained until 1 December 1999.

In an effort to reduce activity within the building sector, a DKK 5 billion ceiling is imposed with respect to construction works within non-profit rental housing; this corresponds to a maximum limit of 6,000 new dwellings in 1999. The number of co-operative flats is also reduced from 1,000 to 750.

Company-tax rates are reduced from 36 per cent to 32 per cent in 1999, and work is being carried out to ensure a further reduction (to 30 per cent) in the year 2000.

The gross tax on employers - the labour-market contribution - is repealed as of 2000. A large number of regulatory amendments facilitate easier administration for small enterprises.

A waiting-list guarantee is introduced with regard to potentially fatal diseases. This guarantee is aimed specifically at heart disease and breast cancer, lung cancer, and intestinal cancer. If the county of residence proves unable to provide treatment at a public hospital, a private hospital, or at foreign health-care facilities, this task falls upon the National Board of Health. In the event that the Board of Health should also fail to secure treatment, patients are entitled to seek treatment in Denmark or abroad at the expense of their county of residence.

The subsidy system for medication is restructured so that greater expenses entail greater public subsidies. Medication costs of less than DKK 500 do not qualify for subsidies.

The early-retirement system is to be reformed, so that local authorities fall under an obligation to monitor and control vocational training and rehabilitation of clients at private enterprises. The state share of the cost of early retirement is reduced. Sickness-benefit regulations are amended in order to impose greater costs on local authorities, thus inducing local authorities to promote rehabilitation with a view to reducing sickness-benefit costs.

1999

1 January *Single EU currency is introduced*
EU enters the third stage of the Economic and Monetary Union, and 11 EU Member States (Finland, Germany, Luxembourg, the Netherlands, Belgium, Ireland, Austria, France, Spain, Portugal, and Italy) officially abolish their currencies and enter into collaboration on a single currency, the Euro.

1 January *Central rates and fluctuation margins for the Danish krone in ERM II*
As of 1 January 1999, the Danish krone accedes to the new EU currency mechanism, ERM II. Following the adoption of set rates of exchange with regard to the Euro and the national currencies hitherto in force for those countries which introduce the Euro on 1 January 1999, Denmark, Greece, the Euro countries and the European Central Bank, the ECB, have stipulated central rates for the Danish krone and the Greek drachma in relation to the Euro. The central rate for the Danish krone in relation to the Euro has been calculated on the basis of the central rate hitherto in force in relation to the German

Deutschmark within the EMS (DKK 381.443 per DEM 100) and the exchange rate between Deutschmark and Euro:

Central rate: DKK 746.038 per EUR 100

The fluctuation margin for the Danish krone has been set at 2.25 per cent each way, and the intervention rates are:

Buying rate: DKK 762.824 per 100 EUR

Asking rate: DKK 729.252 per 100 EUR

The irrevocably set exchange rates between the Euro and the national currencies of those EU Member States who accede to the Euro on 1 January 1999 are as follows:

EUR 1	=	40.3399	Belgian franc
	=	1.95583	German Deutschmark
	=	166.386	Spanish peseta
	=	6.55957	French franc
	=	0.787564	Irish punt
	=	1 936.27	Italian lire
	=	40.3399	Luxembourg franc
	=	2.20371	Dutch guilder
	=	13.7603	Austrian schilling
	=	200.482	Portuguese escudos
	=	5.94573	Finnish markka

25 February *Local-authority collective agreement*

Local government employees, as represented by KTO (The Association of Local Government Employees' Organisations), agree on a settlement with local-authority employers. This agreement provides three additional days of holidays for local-authority employees; one of these extra days will be awarded during each of the three years of the agreement period. Employees may choose to take a cash payment in lieu of these holidays. The agreement entails total pay rises of 7.55 per cent during the next three years. However, the general pay rises comprised within this overall framework will only be 5.46 per cent. The remaining funds will be distributed as follows: 0.97 per cent are allocated to special pay pools, 1 per cent will be used to finance the extra holiday, and 0.19 per cent will be used for pensions. These pay rises do not include the effect of the adjustment scheme, which prevents the difference between pay within the public and private sectors from becoming too large. This adjustment scheme will entail a 0.70 per cent pay rise in the first year of this agreement period. Employers will have more flexibility to dictate employees' working hours. It becomes possible carry out local/regional departures from central regulations on working hours, and reimbursements for overtime can take the form of cash payments rather than time off. Employees aged 21 or more who have already been in permanent employment for at least one year will have access to labour-market pension schemes. Previously, this requirement involved a minimum age of 25 years and four years of employment. Employers' right to fire employees with more than 120 days of absence due to sickness within a one-year period is repealed.

26 February *Collective agreement for state employees*

The state employees, as represented by the Joint Committee of the Central Organisations, agree on a settlement with the Danish Minister of Finance. This agreement is largely similar to the agreement entered into by local-government employees. This agreement entails a 7.5 per cent pay rise and a continuation of the pay-adjustment scheme. State employees will receive an additional three days of holidays during the next three years. The first additional day becomes available on 1 April 1999 for all em-

ployees with more than six months of employment within the state sector. The additional days can also be paid out. State employees, like the local-government employees, must prepare to be more flexible as regards working hours, as exact working hours will be determined locally. Emphasis is placed on skill-raising schemes; these include the formation (on 1 April 2000) of a special state Centre for Competencies and Quality Development.

10 March *Dairy merger*

The two largest dairy companies in Denmark, MD Foods and Kløver Mælk, announce their plans to merge.

10 March *Merger in the financial sector*

Unibank announces their acquisition of the Tryg-Baltica insurance company.

24 March *NATO action against Yugoslavia*

NATO initiates aerial attacks on military targets in Yugoslavia with a view to putting an end to Serbian aggression against the Kosovo-Albanian population.

10 June *Election for the European Parliament*

The election for the European Parliament results in the following distribution of votes (per cent)

The Social Democratic Party	16.5
The Social Liberal Party	9.1
The Conservative Party	8.5
The Centre Democrats	3.5
The Socialist Peoples' Party	7.1
The JuneMovement	16.1
The People's Movement against the EU	7.3
The Danish People's Party	5.8
The Christian People's Party	2.0
Venstre (Denmark's Liberal Party)	23.4
The Progress Party	0.7
Total	100.0

This results in the following distribution of candidates: 5 candidates for Venstre (Denmark's Liberal Party), 3 candidates each for the Social Democratic Party and The JuneMovement, and 1 candidate each for the Social Liberal Party, the Conservative Party, the Socialist Peoples' Party, the People's Movement against the EU, and the Danish People's Party.

10 June *Peace plan for Kosovo*

The UN Security Council adopts a peace plan for Kosovo. This peace plan means that the peace force is able to start moving in, while the Yugoslavian force begins their withdrawal.

10 July *New ministers*

The present Minister for Research, Jan Trøjborg, takes over the Ministry of Development Aid from Poul Nielson, whereas Birte Weiss is appointed as the new Minister for Research.

31 August *Finance Act Proposal (Budget)*

The Minister of Finance introduces Bill No. 249 of 31 August: the 2000 Finance Act.

5 October *The government's policy statement*

The Danish Parliament is back in session and is opened by the Prime Minister's opening speech, which includes the following policy statements:

- The use of PVC and phthalates is to be reduced by means of new taxes.
- Pesticide use in agriculture, forestry, and private gardens must be reduced.
- New regulations are to be introduced on registration of sales and use of feedstuffs and additives at individual farms. It is also proposed to provide legal opportunities for holding back shipments of feedstuffs where these feedstuffs are suspected to contain

- undesirable substances or dangerous bacteria.
 - A proposal is advanced for the repeal of the regulations on reimbursement of enterprise costs in connection with the administration of taxes and costs.
 - Less rigorous and more uniform taxation should be levied on employers' contributions for training/education and transport in relation to this. Among other things, this proposal is to enable enterprises to help redundant employees with re-training programmes without subjecting such employees to additional taxes due to such schemes.
 - A reform of the adult-education and supplementary-training system is planned. This system is to aim more specifically at those with short-term education and at education/training which provides real labour-market competencies. The objectives of various types of general education should also be clarified.
 - A two-year pilot project is to provide local-authorities with opportunities for taking on mature long-term unemployed individuals in permanent positions on standard terms. The proposal regarding these so-called "senior jobs" is an extension of the June government agreement with local authorities.
 - Those with flex jobs should have improved rights.
 - A proposal is advanced for an amendment to the legislation on leave, so that families with young children have more flexible access to leave.
 - Local authorities with guarantee schemes as regards child care will have the option of increasing parent contributions by 1 per cent a year; however, the 2002 rate cannot exceed 33 per cent.
 - The projected amendments to the regulations on the home-service scheme will be presented in October. A majority within the Danish Parliament have already agreed that in future, no subsidies will be available for window cleaning, and that subsidies for gardening work should be reduced.
 - A proposal is advanced for allowing the construction of a new type of cooperative housing, where the only element of public participation will be a municipal guarantee on the low-priority loans. This proposal will make it easier for the elderly – especially the affluent group – to form collective cooperative housing communities. This will not affect the present quota of cooperative housing with public support.
 - An EU Directive stipulates that a ban on adverts on tobacco be introduced. This ban will comprise all types of advertising, sponsorships, and free distribution of tobacco.
 - All public institutions, including day-care institutions, schools, and hospitals, are to introduce no-smoking environments. Teachers may still smoke; all smoking must, however, take place in designated areas. This also applies to employees at day-care institutions. Hospital employees will be banned from smoking at all on hospital premises. However, this ban does not enter into force until a transitional period has elapsed. Patients and their families will not be affected by this ban.
 - The Aliens' Act is to be amended with a view to compliance with the Schengen agreement. Denmark is expected to accede to this cooperation scheme on 1 October 2000.
 - The first step with regard to a reform of legislation on gambling will be taken this year. This reform will include issues such as taxes on gambling, and the first area to be addressed will be slot machines.
 - The legislation on competition is to include the issue of mergers, thus improving state control in connection with major mergers.
 - An amendment to the Penal Code is to facilitate more frequent use of community service as punishment for drink driving.
 - Camera surveillance of traffic is to be authorised.
- 5 October Danish/Swedish dairy merger*
MD Foods and the Swedish Arla announce their plans to merge, thus creating the largest dairy company in Europe, which will be called Arla Foods.
- 16 November Tax and duty amendments*
As of 26 October 1999, the Danish Parliament adopts higher taxes on used, imported vans. A graded scale is introduced, with tax brackets being adjusted in accordance with the age of the vans, just as for used passenger cars. The taxable value is increased by DKK 6,100 for used cars which are registered for the first time in Denmark and which do not feature a catalytic converter or a similar device. Moreover, the taxable value is increased by DKK 7,450 for used passenger cars and vans which have no airbags, and by DKK 3,725 for vehicles with just one airbag. This Act applies to vehicles which are reported for taxation as of 26 October 1999; certain modifications do, however, apply. (No. 837/17 November)
- 30 November Agreement on the Finance Act*
The government concludes the negotiations on the 2000 Finance Act. This agreement comprises many sub-agreements featuring agreements with several different constellations of parties. The following agreements have been entered into: A five-year traffic agreement, a four-year police agreement, an agreement on service jobs, a reform of the adult-education and supplementary-training system, an agreement on early retirement, a health-care agreement, and a series of smaller agreements. The various agreements and settlements include the following elements:
- Traffic agreement: (participants: the Social Democratic Party, the Social Liberal Party, the Socialist Peoples' Party, the Danish Red-Green Alliance): An annual DKK 1.1 billion is to be allocated to collective transport during the next five years. The Danish National Railway are to use this money for new high-speed trains for the services between Copenhagen, Aarhus, and Aalborg, and to improve S-train connections between Copenhagen Central Station and Østerport Station. A series of projects are also brought forward, especially in the Copenhagen area. Annual funds of DKK 530 million will be allocated to the Danish National Railways Agency for improvements to railway tracks. This is to be financed by means of taxes levied on diesel and natural gas, to an amount of approximately DKK 500 million per year, and by converting the Port of Copenhagen to a state port. Diesel taxes increase by DKK 0.23 per litre, and a new tax on natural gas is introduced. This tax will mainly be levied against natural-gas companies.
 - Police agreement (participants: the Social Democratic Party, the Social Liberal Party, the Socialist Peoples' Party, the Centre Democrats, Venstre (Denmark's Liberal Party), the Conservative Party): This four-year agreement allocates extra funding to the police to a total amount of nearly DKK 2.4 billion. An additional 540 positions will be filled, of which 230 will be police officers. Agreements have been entered into on improvements in local police work, stronger efforts directed against violent crime and gangs, and more patrol work. Part of the funding is to be spent on border control in connection with the Schengen agreement and on improvements to police IT and emergency exchanges. A number of fines are increased in order to supply police funding. Additional funding is secured by cuts to funeral activities and by abolishing the postage subsidies previously in force for journals.
 - Agreement on service jobs (participants: the Social Democratic Party, the Social Liberal Party, the Centre Democrats, the Socialist Peoples' Party, the Danish Red-Green Alliance): A two-year pilot scheme on service jobs is established with a view to enabling local authorities, counties, and state institutions to employ mature (48+) unemployed individuals in real jobs. This pilot scheme provides unemployed individuals over the age of 48 who have taken part in an activation scheme for at least six months with opportunities for securing a real job within e.g. health care or the traffic sector. Such jobs can entail assistance to qualified health-care providers, surveillance of train stations, etc. The Danish state provides an annual subsidy of DKK 100,000 to the relevant county or local authority for the duration of employment. The target group comprises 36,000 unemployed individuals and 25,000 transitional-benefit claimants.
 - Reform of the adult education/supplementary training system (participants: the Social Democratic Party, the Social Liberal Party, the Socialist Peoples' Party, the Centre Democrats): State contributions to adult education and supplementary training are frozen at DKK 3.5 billion. After a few years, the labour market must finance courses which are specifically aimed at enterprises by means of contributions to the newly established *Arbejdsmarkedets Uddannelsesfinansiering* ('Labour Market Education Fund'), also known as AUF. The scope of these contributions is determined by the board of management of the AUF, which comprises the labour-market parties. Calculations issued by the Ministry of Labour show that a total boost of DKK 200 million will entail contributions of DKK 100 per full-time employee. Public efforts are to aim specifically at providing boosts for those with short-term education. The plethora of courses offered is subjected to rigorous scrutiny, whereas education-benefit rates remain at 100 per cent of the maximum unemployment-benefit rate.
 - Agreement on early retirement (participants: the Social Democratic Party, the Social Liberal Party, Venstre (Denmark's Liberal Party), the Conservative Party, the Centre Democrats, the Christian People's Party, the Socialist Peoples' Party): A framework agreement on a reform of the early-retirement system is entered into. This reform is

expected to enter into force in 2003. This reform changes the current four types of benefit to just two. Those who cannot work at all will receive benefit, while those who retain some capacity for work will receive a lower benefit. Such benefit claimants will, however, also become entitled to suitable employment, thus providing them with opportunities for augmenting this benefit if they so desire.

- Labour-market reform (participants: the Social Democratic Party, the Social Liberal Party, Venstre (Denmark's Liberal Party), the Conservative Party, the Christian People's Party, the Centre Democrats): This agreement is an adjustment of the latest labour-market reform. The most significant amendment entails less rigorous requirements as regards activation of unemployed individuals aged 58-59 who are entitled to early retirement at the age of 60. In future, this group of unemployed people will not automatically be forced to take part in activation schemes. Each case will be assessed individually. The unemployed's opportunities for gaining a foothold within the labour market must be improved by using trainee periods at enterprises as a tool in activation efforts.
- Health-care agreement: the Social Democratic Party, the Social Liberal Party, the Socialist Peoples' Party, the Centre Democrats, the Conservative Party, Venstre (Denmark's Liberal Party): DKK 495 million are set aside for increased efforts to combat cancer during the period 2000-2002. The funds are to be used to buy equipment (scanners) and to train specialist health-care staff. These funds do not include the DKK 850 million for cancer treatment which form part of the agreement on county finances for 2000. Opportunities for choosing hospice care are improved, and the psychiatric sector will receive an additional DKK 750 million during the period 2000-2002. The funding for this health-care agreement is to be raised by means of cuts to state subsidies for medication. Tenders are to be invited with respect to a number of pharmaceuticals. Also, public subsidies for new pharmaceuticals may in future be calculated on the basis of European average prices.
- Various agreements (participants: the Social Democratic Party, the Social Liberal Party, the Socialist Peoples' Party, the Centre Democrats): The home-service scheme is extended in scope, so that it is also possible to receive subsidies for services such as grocery shopping and collection of children from day-care institutions. In future, payment of social pensions will terminate on the date of the recipient's death. Such pensions are currently paid out to the estate for the rest of the month in question. The double personal allowance for bereaved spouses is also abolished. Fees for new passports are increased to DKK 600. The price of passports for children remains unaltered. Taxes in connection with legal action are increased from one to two per cent of amounts in excess of DKK 6,000.

4 December *WTO Summit in Seattle*
The WTO negotiations end in a breakdown which is largely ascribed to the large contrasts between the USA, EU, and the developing countries. The developing countries are dissatisfied by the way in which the USA and EU force through their proposals, and by the fact that

developing countries have no place in the small inner circle of countries which set the agenda for WTO negotiations on free trade.

9 December *Tryg-Baltica buys a Norwegian insurance company*

The Unidanmark Group expands in accordance with its Nordic strategies by acquiring the Norwegian insurance company Vesta, thus creating of the largest insurance groups in the Nordic countries.

11 December *EU Summit in Helsinki*

The Heads of State and Government of the EU decide to expand the number of countries who wish to become members of the EU. Six new countries are invited to enter into negotiations on membership: Bulgaria, Latvia, Lithuania, Malta, Slovakia, and Rumania. At the same time, Turkey's application for membership is approved by the EU. The Heads of State and Government decide that the EU must be ready to accept new members as of 1 January 2003.

20 December *Danisco Distillers sold*

The state-owned Swedish company Vin & Sprit announce their acquisition of 51 per cent of the company Danisco Distillers, thus taking over classic Danish brand names such as "Aalborg Akvavit" and "Gammel Dansk". The sale of Danisco Distillers heralds a return for "De Danske Spritfabrikker", as Vin & Sprit restores the company's original name as part of the transaction.

2000

10 January *Media merger*

A merger between the news and entertainment group Time Warner and the largest international Internet supplier American Online creates the largest media company in the world. This fusion will set entirely new standards with regard to the ways in which the media and entertainment industries will distribute their products to consumers. Time Warner is behind enterprises such as CNN, Warner Music Group, and Fortune, whereas American Online operates businesses such as Netscape and CompuServe.

22 January *Collective agreement within the industrial sector*

The Confederation of Danish Industries and the Central Organisation of Industrial Employees in Denmark enter into a collective agreement which extends to the next four years. This agreement entails an annual DKK 2 increase in the minimum wage to DKK 82.40 on March 2000, rising to DKK 84.40 and DKK 86.40 during the following two years. New negotiations are scheduled for 2003. The four-year agreement also includes the following key elements:

- Holiday: Four additional holidays next year and an additional five so-called "feriefridage" from 2003. These "feriefridage" are holidays which must be taken individually and upon agreement between employers and employees.
- Pensions: On 1 July 2000, pension contributions increase to 6.3 per cent, followed by increases during the next three years which entail the following total rates: 6.6 per cent, 7.8 per cent, and 9.0 per cent.
- Nuisance bonuses: nuisance bonuses apply to work between the hours of 6 p.m. and 6 a.m. These bonuses are increased by 5 per cent in 2000 and by a further 2 per cent in 2002. Negotiations will resume in 2003.

- Maternity leave: On 1 May, full pay during the first 14 weeks of maternity leave is amended to a maximum rate of DKK 120 an hour. From 1 May 2003, this is amended to full pay for 14 weeks.
- Sickness: The period of full pay during sickness is increased to five weeks as of 1 July 2000.

23 February *New ministers*

The Danish Prime Minister, Poul Nyrup Rasmussen, announces a government reshuffle. The Minister for the Interior, Thorkild Simonsen, and the Minister for Health, Carsten Koch, step down as ministers. Ritt Bjerregaard and Jacob Buksti are appointed as Minister for Food, Agriculture, and Fisheries and Minister for Transport, respectively, while the current Minister for Social Affairs, Karen Jespersen, is appointed as the new Minister for the Interior, the current Minister for Food, Agriculture, and Fisheries, Henrik Dam Kristensen, is appointed as the new Minister for Social Affairs, and the current Minister for Transport, Sonja Mikkelsen, assumes the position as Minister for Health. Following these changes, the Danish government comprises the following ministers:

Prime Minister: Poul Nyrup Rasmussen (S)
Minister for Economic Affairs And Minister for Nordic Cooperation: Marianne Jelved (R)
Minister for Finance: Mogens Lykketoft (S)
Minister for Foreign Affairs:

Niels Helveg Petersen (R)
Minister for Justice: Frank Jensen (S)
Minister for Taxation: Ole Stavad (S)
Minister for the Environment

and Energy: Svend Auken (S)
Minister for the Interior: Karen Jespersen (S)
Minister for Defence: Hans Hækkerup (S)
Minister for Labour: Ove Hygum (S)
Minister for Trade and Industry: Pia Gjellerup (S)
Minister for Social

Affairs: Henrik Dam Kristensen (S)
Minister for Food, Agriculture, and Fisheries: Ritt Bjerregaard (S)
Minister for Health: Sonja Mikkelsen (S)
Minister for Transport: Jacob Buksti (S)
Minister for Culture: Elsebeth Gerner Nielsen (R)
Minister for Education and Ecclesiastical Affairs: Margrethe Vestager (R)
Minister for Research: Birte Weiss (S)
Minister for Housing and Urban Affairs: Jytte Andersen (S)
Minister for Development Aid: Jan Trøjborg (S)

28 February *BSE in Denmark*

After the discovery of a single dairy cow infected with BSE (mad-cow disease) at a Danish farm, the Minister for Food, Agriculture, and Fisheries demands that a series of beef products be removed from Danish shops in order to protect consumers and secure Denmark's export of beef.

6 March *Unidanmark in major merger*
Unidanmark and the Finnish-Swedish Merita Nordbanken announce their merger.

9 March *Euro referendum*

The Prime Minister, Poul Nyrup Rasmussen, announces that a referendum on Danish accession to the Euro will be held on Thursday, 28 September. This date will not be absolutely set until the Social Democratic Party votes in favour hereof on 30 April.

23 March *Amendment to mileage allowances*
Due to the increased cost of petrol, mileage-allowance rates for commuters are increased.

Thus, the following rates are in force as of 20 March 2000:

0-24 kilometres:	no allowance
25-100 kilometres:	DKK 1.54 per km
More than 100 kilometres:	DKK 0.77 per km

24 March *EU Summit in Lisbon*

At the Lisbon Summit, the Heads of State and Government of the EU adopt a welfare plan for the 15 Member States. The EU plan is aimed at central aspects of welfare, including pension systems, taxation, social policies, and education. The key elements of this welfare programme are listed below:

- Employment rates must be increased to approximately 70 per cent of the total population in 2010; the current employment rate is 61 per cent. Governments are urged to set national targets and objectives with regard to unemployment.
- Employment rates for women must be increased from the current 51 per cent to more than 60 per cent in 2010. Better child-care opportunities are to facilitate this.
- The number of young people (18-24) with no more than ten years of school must be halved.
- Steps must be taken to ensure that all schools have Internet access.
- The development of European pension systems until 2020 must be analysed.
- Increased efforts must be directed against social exclusion, with particular focus on housing, education/training, and health issues.
- Public services must be available electronically in 2003.
- The telecommunications sector must be fully liberalised in 2001, thus ensuring cheaper Internet access.

19 May *Trade agreement with China*

The EU and China enter into an agreement on the conditions for China's accession to the World Trade Organisation, WTO. The last major obstacle is overcome as the framework with regard to China's accession to the WTO is determined. The final admission to the WTO will probably take place during 2000.

31 May *Carlsberg merger*

Carlsberg and the Norwegian brewery Orkla announce that they will pool their brewery activities in a new, jointly owned company entitled Carlsberg Breweries. To Carlsberg, this merger with Orkla means that the company target - being among the five largest breweries in the world - is within much closer range.

19 June *Merger between ISS and Jydsk Rengøring*

ISS, Denmark's largest cleaning company, announces its purchase of Jydsk Rengøring.

29 August *Budget*

The Minister for Finance presents Bill No. 293 of 29 August, detailing the proposed Budget for the fiscal year 2001.

12 September *Sanctions against Austria lifted*

The 14 EU Member States lift their sanctions against Austria. These sanctions were introduced on 4 February 2000 as a response to the new right-wing government of Austria, comprising the conservative party ÖVP and the extreme right-wing party FPÖ, headed by Jörg Haider.

28 September *No to the euro*

Danish voters say "No" to Danish participation in the third phase of the European Monetary Union, concerning the euro – the single currency.

YES votes: 1,621,937 (46.9 per cent)
NO votes: 1,838,026 (53.1 per cent)
Voter turnout: 87.5 per cent.

2 October *Bank merger*

Danske Bank and RealDanmark, the parent company of BG Bank, announce that the two companies merge to form a single group. The areas of activity of this new group comprise retail banking (standard banking), mortgage-credit banking, life insurance, pensions, and investment associations. The group itself is entitled Danske Bank and is henceforth one of the largest banks in the Nordic countries, with a total balance sheet of DKK 13,000 billion and an equity capital of DKK 58 billion.

3 October *Government programme*

The Danish Parliament – Folketinget – is back in session. The Prime Minister's opening speech includes the following declarations of intent:

- Urban renewal must be improved by means of amendments to the regulations on financing, ensuring that more private funds are involved in such renewal. Also, greater emphasis must be placed on basic renewal.
- Research must be strengthened, e.g. by training more PhD students, and the interplay between research conducted within the private and public sectors must be improved with a view to benefiting Danish businesses and commercial interests. The Technical University of Denmark is to be a private foundation.
- Danish public administration goes digital. Danish citizens and enterprises must have the opportunity to communicate with public authorities 24 hours a day, and to utilise electronic self-service to a much wider extent than has hitherto been the case.
- In future, the agricultural sector must pay fees for the processing of applications submitted to various EU subsidy schemes. Efforts regarding nutrition and health must be improved, and research on food must be promoted.
- The Danish Government and Greenland's Home Rule Government are to renegotiate a new agreement on subsidies for the Home Rule.
- Submitting information on employee wages and salaries must be made easier for Danish enterprises. This is to be effected through the introduction of a new "Letløssystem" ("Easy-Pay System"), which means that notification need only be submitted to a single authority, that the information submitted need not be as detailed as earlier, and that notification need not be carried out as frequently.
- The process of registering designs must be made cheaper and easier, and regulations within this area must be harmonised to bring them in line with general EU regulations.
- Denmark must adopt legislation which effects Denmark's accession to the establishment of a permanent international criminal court.
- The objective of the Danish defence must be amended to place greater emphasis on international commitments, and professional members of the Home Guard should be assigned to international duty.

- Denmark's accession to the Schengen Cooperation must be followed up by various bills, including one on Danish accession to the common European fingerprint system Eurodac.
- The Minister for Education once again advances her proposal regarding the educational environments of pupils and students.
- As regards the environment, a new bottle deposit and return system is to be introduced, allotment gardens must be secured, and more taxes are to be introduced in order to minimise packaging consumption. The Kyoto Protocol on limitations on greenhouse gases must be ratified. The environmental efforts made by individual enterprises must be strengthened by means of stricter requirements on green enterprise accounts.
- A reduction in the corporate tax from 32 per cent to 30 per cent is proposed. It must be easier to resolve tax issues in connection with generational change within enterprises. Enterprises must have the opportunity to write off expenditure on purchases of art. If voluntary agreements are not entered into, the Danish government will make a proposal for the introduction of taxes on the following environmentally harmful substances: MTBE, ETBE, and TAME. These substances are typically found in petrol. The road is paved for write-offs on industrial greenhouse gases such as chlorocarbons and halons. Amendments are proposed to the regulations on the "home PC schemes", which allow enterprises to buy computers on behalf of their employees. Simplified taxation of income from stocks.
- Aerial security must be improved by making it easier for pilots and air-traffic controllers to report minor errors.
- A bill will be presented with a view to preventing relations from being able to oppose the desire of a deceased person to be an organ donor when such a desire has been stated in writing. Massive effort must be made to prevent children and young people from taking up smoking. Day-care institutions and schools must be non-smoking environments as regards all areas to which children have access. Alcohol consumption must be reduced, particularly amongst the young. The health sector is to provide more advice and guidance on a healthy lifestyle. The Danish government has assigned priority to activities within the cancer area. In the years to come, resources will also be allocated for significant increases in the capacity for cancer treatment, specifically in the form of more scanners and radiation equipment.
- The Danish government wishes to ensure that financially challenged pensioners receive better, more uniform treatment throughout the entire country. Personal supplementary subsidies must be consistently awarded in accordance with individual need, regardless of the relevant pensioner's exact location within Denmark. Also to be addressed is the issue of whether the regulations on heating subsidies provide adequate compensation for the increasing energy prices.
- The Danish government will increase the efforts made to secure greater employment, primarily by ensuring that the labour market can accommodate everybody. People with

reduced capacity for work, the remaining long-term unemployed individuals, and – by no means least – immigrants and their descendants must be ensured a place within the labour market.

- During the coming parliamentary session period, the Government will present Bills on a reform of the early-retirement scheme. The objective of this reform will be to provide opportunities for employment for the large group of people who want a job, even though they do not enjoy full working capacity.

5 November

Budget Agreement

The government concludes its negotiations on the 2001 Budget and is able to present an agreement entered into with the Socialist People's Party and the Unity List – with the Centre Democratic Party taking part in a number of sub-agreements. Among other things, the overall agreement includes the following elements:

- Education: The agreement entails more and better opportunities for trainee placement, a reform of the education system for social and health assistants, etc., greater access to production schools and emphasis on the principle regarding equal access to all youth education (upper secondary education), regardless of social and/or financial background.
- Research: A new concept is to be introduced, involving the so-called "major interdisciplinary research groups" ("større tværgående forskergrupper"), which are to stimulate quality assurance and competition for research funds, as well as to promote innovation in research through collaboration across professional demarcations, institutions, sectors, and the public/private sectors. A total of DKK 30 million a year will be allocated for this purpose in the Budget. In 2001, an additional DKK 45 will be allocated under the government's strategy for the business community. In addition to this, DKK 20 million a year has been allocated for the continuance of certain research programmes which are near expiry, where such programmes are deemed to have future potential in terms of research and social issues. DKK 10 million a year is allocated for more PhD scholarships.
- The Environment: A four-year pool for ecological initiatives, comprising a total of DKK 178 million, is allocated with a view to promoting urban-ecology initiatives, measures concerning ecological building, etc., and measures to promote ecological behaviour and solutions within local communities. The efforts to develop new energy technologies continue, and a total of DKK 35 a year will be allocated during the period 2001-2004. A four-year chemicals plan is implemented in order to reduce the quantities and impact of chemicals. The cost of this plan will be DKK 36.8 million in 2001, and an annual average of DKK 31.3 million in 2002-2004. This Plan comprises a large number of initiatives which will boost future efforts on chemicals. Enhanced nature administration will be instigated. This will include nature rehabilitation, afforestation, nature guides/communication of issues concerning nature, and preservation of culture environments. A total of DKK 80 million a year will be allocated for this purpose.

The Green Job Pool is to be elaborated and extended for a four-year period. The annual cost will be approximately DKK 42 million, including administration.

- Children and young people: A special child-maintenance payment of DKK 5,000 is introduced for students. This subsidy will be adjusted according to income levels. The expansion of municipal day care remains a priority, and Danish university cities are called upon to utilise the existing favourable regulations in order to establish more youth housing.
- Senior citizens: The agreement on the "senior citizen package" entails better and more consistent conditions for financially challenged pensioners. In addition to this, agreement has been entered into on allocating DKK 259 million to various issues concerning senior citizens; e.g. for the building of more dwellings for senior citizens, better care and general quality of service, subsidies for municipalities for trading of new service employees working with senior citizens.
- Food: The Danish Veterinary and Food Administration is to be significantly strengthened, so that a total of DKK 35.7 million will be allocated in 2001 in order to ensure continuation and promotion of high levels of food security and veterinary quality.
- Transport: A total of DKK 100 million is allocated for the period 2001-2004 for further development of safety on Danish railroads. For example, ATC systems are to be established on the sections Vejle-Struer, Esbjerg-Holsterbro, and Odense-Svendborg, and funds are allocated to abolish private crossings. The limitations on free fares for children in collective transport are expanded, so that a single paying adult passenger can bring up to two children under the age of 12 free of no charge. The cost of these measures is estimated at DKK 7.5 million in 2001 and at DKK 10 million per year in the following years. A total of DKK 60 million is allocated for the period 2001-2004 for promotion of traffic safety, environmental issues, and accessibility.
- Health: Funding has been made available for Danish counties to increase expenditure within the health-care sector by two per cent, corresponding to DKK 0.8 billion. As regards preventive work, a total of DKK 146.1 million has been allocated in 2001, of which DKK 30 million has been earmarked for alcohol-related issues, DKK 21 million for HIV/AIDS work, and DKK 5 million has been earmarked for the government's abortion action plan.
- Trade and Industry: In February, the Ministry of Trade and Industry presented its new business strategy, entitled .dk21. This strategy constitutes the vision and strategy of the Danish government for a competitive Danish business community. A total of DKK 329.5 million is allocated for initiatives regarding the five focus areas of this strategy, which includes the following targets: Denmark must have a constructive partnership between the business community and the public sector on the formulation of new legislation and rules intended to help ease the administrative burdens imposed on enterprises; Denmark must be more competitive and enjoy better, more successful markets, and Denmark must evolve into being an even more international community, e.g. by means of "export-growth groups", etc.

Another target states that Danish citizens and enterprises must be able to conduct all standard business with the public sector via the Internet and other new communication forms within a short span of years. A total of DKK 21 million is allocated for a four-year period for the "Denmark on the Net"-scheme; measures under this scheme include free access to Statistics Denmark's StatBank Denmark.

- Legal affairs: An extra DKK 200 million is allocated for the Danish courts in 2001. Among other things, these funds facilitate continued reductions in the number of cases pending at the High Courts, so that the days of trial can be assigned within a shorter period of time. DKK 21 million is allocated for an increase in the remuneration offered to lay assessors. Also, a nationwide system of automatic speed control will be established; DKK 42 million will be allocated for this purpose.
- Income, corporate tax, etc.: In 2001, the duty on carbonated soft drinks will increase by DKK 0.65 per litre, and the duty on pipe tobacco and twist tobacco will be increased from DKK 52.5 per kilo to DKK 402.50 and DKK 452.50 per kilo, respectively (total additional income: DKK 200 million). Waste duties will increase (total additional income: DKK 60 million). A weight duty on tractors is introduced, so that registered tractors and trailers attract full duties (total additional income: DKK 40 million).

7 November

US Election

A marginal difference in the number of votes cast for Vice President Al Gore and the republican candidate George W. Bush leads to a recount of the votes cast in the state of Florida. Consequently, the winner of the US presidential election is not immediately determined.

11 December

EU Summit in Nice

The following are central elements of the Nice Treaty:

- The European Commission: Each country is to have a commissioner, as long as the number of Member States does not exceed 27. In 2005, Germany, France, Great Britain, Italy, and Spain will each lose one of their commissioners.
- The Council of Ministers: The four largest countries will have 29 votes each, while the smallest will have three. Denmark has seven votes. If all applicant countries achieve membership, the total number of votes will be 345.
- The European Parliament: the number of seats is increased from 626 to 732 in order to accommodate new Member States.
- Veto: Is abolished in a number of cases, including the issue of appointments within the EU. The right of veto is partially abolished in connection with trade agreements, with the exception of agreements on television and films.
- Certain issues concerning asylum and immigration will be determined by means of the so-called qualified majority (QMV) in the Council of Ministers from 2004 onwards.
- The right of veto is upheld on issues concerning taxes and social security.
- Enhanced cooperation: At least eight Member States may jointly initiate enhanced cooperation. This must, however, be approved by a qualified majority within the Council of Ministers. Cooperation on foreign-policy

matters can be stopped if a single Member State issues a veto. Enhanced cooperation may not involve defence issues or issues which entail military consequences.

- Austria Clause: Where a Member State acts contrary to the basic norms of the EU, the EU may issue recommendations for such countries if 80 per cent of the Member States so decide.

14 December *George W. Bush is the new president of the USA*

After a period since the US election on 7 November 2000 characterised by recounts of votes and legal proceedings concerning errors in the election procedures in the state of Florida, Democrat Al Gore ceases his fight for the presidency. This means that Republican George W. Bush will be the new president of the USA. This decision is made after a ruling by the US Supreme Court decided that the ongoing recounts in Florida are invalid.

21 December *Government Reshuffle*

The Danish Prime Minister, Poul Nyrup Rasmussen, announces that the government carries out a reshuffle. The Minister for Foreign Affairs, Niels Helveg Petersen, the Minister for Housing and Urban Affairs and Minister for Equal Opportunities, Jytte Andersen, the Minister for Defence, Hans Hækkerup, and the Minister for Health, Sonja Mikkelsen, all step down from government.

This forth Nyrup Rasmussen government includes five new faces: Minister for Housing and Minister for Equal Opportunities: Lotte Bundsgaard; Minister for Taxation: Frode Sørensen; Minister for Ecclesiastical Affairs: Johannes Lebech; Minister for Health: Arne Rolighed; and Minister for Development Cooperation: Anita Bay Bundegaard.

The former Minister for Taxation, Ole Stavad, the former Minister for Trade and Industry, Pia Gjellerup, and the former Minister for Finance, Mogens Lykketoft, all change their position, henceforth holding the positions as Minister for Trade and Industry, Minister for Finance, and Minister for Foreign Affairs, respectively. The former Minister for Development Cooperation, Jan Trøjborg, takes over the position as Minister for Defence. Finally, the position as Minister for Ecclesiastical Affairs is transferred to Johannes Lebech from Margrethe Vestager, who will henceforth concentrate exclusively on her position as Minister for Education.

Following the reshuffle, the Danish government comprises the following ministers:

Prime Minister: Poul Nyrup Rasmussen (S)
 Minister for Economic Affairs and Minister for Nordic Cooperation: Marianne Jelved (R)
 Minister for Foreign Affairs: Mogens Lykketoft (S)
 Minister for Finance: Pia Gjellerup (S)
 Minister for the Environment and Energy: Svend Auken (S)
 Minister for IT and Research: Birte Weiss (S)
 Minister for Education: Margrethe Vestager (R)
 Minister for Defence: Jan Trøjborg (S)
 Minister for Home Affairs: Karen Jespersen (S)
 Minister for Food, Agriculture, and Fisheries: Ritt Bjerregaard (S)
 Minister for Justice: Frank Jensen (S)
 Minister for Social Affairs: Henrik Dam Kristensen (S)

Minister for Trade and Industry: Ole Stavad (S)
 Minister for Cultural Affairs: Elsebeth Gerner Nielsen (R)

Minister for Labour: Ove Hygum (S)
 Minister for Transport: Jacob Buksti (S)

Minister for Housing and Urban Affairs and Minister for Equal Opportunities:

Lotte Bundsgaard (S)
 Frode Sørensen (S)
 Minister for Taxation: Frode Sørensen (S)
 Minister for Ecclesiastical Affairs: Johannes Lebech (R)
 Minister for Health: Arne Rolighed (S)
 Minister for Development Cooperation: Anita Bay Bundegaard (R)

2001

8 January *BSE Scare*

The Ministry of Food, Agriculture, and Fisheries announces that a cow from a farm in Fjerritslev in the northern part of Jutland may be infected with BSE – mad-cow disease.

20 January *New President of the USA*

The Republican George W. Bush is inaugurated as the 43rd president of the USA.

6 February *No BSE in Denmark*

The suspicion of mad-cow disease at the farm in Fjerritslev proves unfounded.

13 March *The USA introduces a ban on imports from the EU*

The US Agricultural Department introduces a ban on imports of meat from the EU as it becomes known that the foot-and-mouth disease has spread to France. During the preceding weeks, Great Britain has suffered greatly from foot-and-mouth disease.

24 March *The EU Summit in Stockholm*

At the Summit, agreement was entered into on the following issues:

- A full liberalisation of the electricity and gas sectors must be carried out "as soon as possible".
- Agreement was entered into on the presentation of common goals for employment when the countries have progressed half-way through the Lisbon Process in 2005 (cf. the Lisbon Summit, 24 March 2000). A total of 67 per cent of the total labour force must have employment at that time; the target for women is 57 per cent.
- The postal sector must undergo a reform.
- The financial sector must undergo a reform.

15 May *Major American investment in Hillerød*

The American pharmaceutical corporation BIOGEN signs an agreement detailing the building of a large production facility in Hillerød, near Copenhagen. BIOGEN expects to invest approximately DKK 3 billion in production facilities. The production at Hillerød is to cover the entire European market, and one of the reasons why Denmark was chosen was the easy access to qualified employees.

25 May *USA resumes import of meat products*

Following an import ban on meat products from the EU lasting more than two months, the US once again allows imports from a number of European countries.

1 June *Denmark ratifies the Nice Treaty*

At the last working day of the Danish Parliament – Folketinget – the parliament made the final adoption of the Act on Denmark's accession to the Nice Treaty. The only votes against came from the Unity List, the Danish People's Party, and the non-party candidates – excepting Frank

Dahlgaard, who voted neither in favour nor against the adoption.

28 Aug. *Budget for 2002*

The Minister for Finance presents Bill no. 239 of 28 August on the Budget for the fiscal year 2002.

11 Sep. *Terrorist attack on the USA*

A total of four domestic US flights are hijacked by terrorists. Two planes hit the World Trade Centre in New York, one hits the Pentagon in Washington, and one crashes to the ground in Pennsylvania. The total casualties were more than 3,000 people.

24 Sep. *Pressure on the financial markets is alleviated*

Due to the major losses on the stock markets since the attack on the USA on 11 September, the Danish Ministry of Economic Affairs announces that the government will temporarily allay the solvency requirements for life and pension funds. These measures will help relieve pressure on the financial markets, providing funds with a better basis for making long-term decisions. The initiatives were debated on a meeting between the Minister for Economic Affairs and Forsikring & Pension, which looked favourably upon the government's plans. (*Act L6, adopted on 11/10 2001*)

2 Oct. *Government programme*

The Folketing is back in session. In his opening statement, Prime Minister Poul Nyrup Rasmussen takes the terrorist actions of 11 September as his starting point, focusing on how Denmark and other communities now face a new, worldwide threat that must be fought through international collaboration, with the UN acting as the focal point. The following list contains examples of the government's proposals, where the main emphasis is placed on combating international terrorism:

- Legislation must be carried out in order to prevent and disable funding of terrorism.
- The Penal Code must be amended to take into account the networks of international terrorism.
- Extradition of terrorists must be made easier.
- A common definition of terrorism and a common judicial framework must be prepared within the EU. Police collaboration on practical matters must be strengthened.
- A number of amendments must be made to the Aliens Act. These amendments must follow up the decisions made by the EU and the UN Security Council. This means that:
 - We must expand collaboration between the police intelligence and the aliens authorities. This is partly to ensure that foreigners will not receive a residence permit when such a refusal is necessary for the safety of the nation.
 - We must take all the necessary precautions to investigate and ensure that asylum seekers have not taken part in terrorist actions. We must ensure that the asylum system is not abused by terrorists or those who support terrorism.
 - Terrorists and their active supporters will not be granted asylum in Denmark or any other place in the world – they must answer for their deeds.
 - Efforts against the smuggling of people and money laundering must be redoubled. This will also entail legislative changes.

- The Danish intelligence services must be strengthened – both the Danish Police Intelligence Unit (PET) and Forsvarets Efterretningstjeneste (the Danish armed forces' intelligence service). This is absolutely crucial if we are to discharge our international obligations. This requires more resources, more manpower, and more investment.
- The Emergency Act must be amended. In light of the terrorist attack on 11 September 2001, coordination must be increased in order to ensure better consistency between the various authorities' contingency plans, etc. This will also involve the establishment of a central epidemic council and an extension of Nordic collaboration.
- The Penal Code is to be amended in order to make punishment for rape much more severe.
- The conditions of children and families with children must be improved. This is to be done by means of an extended parental leave period, which is also made more flexible.
- Labour-market policies are to change their focus. Efforts must be targeted more specifically at what individuals can do and the job opportunities available in the local community. The main elements in this reorientation are a simpler set of rules, increased digitalisation of the administration, more target-specific efforts, improvements in the service provided to enterprises and individual users, changes in financial management, and greater regionalisation.
- Greater emphasis must be placed on improving the working environment.
- The qualifications of "new Danes" must be put to better use, and attention must be focused on integration policies with especial focus on skills and duties.
- Senior-citizen policies must be enhanced in close collaboration with enterprises.
- More staff must be trained within the health service, and it has been agreed with the counties that an additional 120,000 people will receive treatment during the next three years. Also, waiting lists must be reduced to less than three months.

7 Oct. The USA attacks Afghanistan
Almost a month after the terrorist attack on 11 September, the USA retaliates by launching a massive attack on Afghanistan in an attempt at combating Osama bin Laden and his al-Qaeda network.

20 Nov. General election
The general election results in the following distribution of seats in the Folketing:

<i>Party</i>	<i>Seats</i>
The Social Democrats.....	52
The Social-Liberal Party.....	9
The Conservative People's Party.....	16
The Socialist People's Party.....	12
The Danish People's Party.....	22
The Christian People's Party.....	4
Venstre – Denmark's Liberal Party.....	56
The Red-Green Alliance.....	4
Total.....	175

The last general election was held on 11 March 1998.

20 Nov. Local government elections
Elections for the municipal and county authorities were held at the same time as the general election.

21 Nov. Merger of Danish Crown and Steff-Houlberg

The major food companies Danish Crown and Steff-Houlberg have decided to merge the two enterprises with retroactive effect as from 1 October 2001. The merger may not, however, be carried out before it has been approved by the competition authorities.

26 Nov. Government agenda for the next four years

The future Liberal-Conservative government presents its agenda for the next four years. The following are excerpts:

The economy: The government will pursue a rigid economic policy aiming at creating the greatest possible number of jobs in the private sector, at reducing the national debt, and at lowering taxes. There is a need for a long-term, stable economic policy providing enterprises and citizens with the calmness and security they need to make their decisions.

- The monetary policy of maintaining a fixed rate of exchange will be continued. The krone will remain linked to the euro within the narrow fluctuation margin, and fiscal policies will take this into account.
- Fiscal policy will aim at ensuring a reduction of the national debt and interest expenditure up until 2010.
- The balance of payments must show a healthy surplus, so that the foreign debt can be paid as quickly as possible.
- Inflation and interest rates must be kept at low levels.

Deregulation: The government will deregulate the Danish electricity and gas markets in order to increase efficiency within energy production and reduce consumer prices. The government will also prepare for privatisation of DONG and PostDenmark.

Taxes: A tax freeze is introduced at state, county, and municipal levels. This means that the government will not raise any taxes or duties. Increases in taxes on real property are also frozen, which means that they cannot exceed the amount paid by the house-owner in 2001. Provided that the necessary room for manoeuvre has been established, the government will propose a reduction in income taxes, effective as from 1 January 2004.

Business and industry: The government wishes to pursue an industrial policy which improves the competitiveness of enterprises through target-specific reductions in taxes and administrative burdens, etc. A dynamic entrepreneurial policy will make it more attractive to start and run one's own business. A proposal will be launched with a view to promoting the opportunities for saving up to establish one's own enterprise. The government will also present an action plan by the name of "More Entrepreneurs" ("Flere iværksættere"), which will contain a wide range of initiatives to encourage self-employment.

As reductions in subsidies to the agricultural sector are carried out, taxation of arable land will be phased out.

The labour market: The government will propose liberalisation of the job provision/ placement sector in order to create more, competing employment services. This reform will aim at creating financial incentives for all parties

involved in order to procure employment for as many unemployed individuals as possible.

In order to promote flexibility and mobility within the labour market, it should be possible to establish interdisciplinary unemployment funds in order to increase the opportunities for providing unemployed members with offers that go beyond their usual sphere of activity.

Parental leave: As at 1 January 2002, all parents of newborn children will be entitled to one year of flexible parental leave with full unemployment benefit. The parents themselves decide who should take the parental leave period.

Health: If the public hospital service cannot offer examinations and treatment within two months, patients will as from 1 July 2002 have the opportunity to choose treatment at a private hospital in Denmark or abroad, with all medical expenses paid. The government will allocate DKK 1.5 billion to reducing waiting lists.

Aliens policy: The government will prepare a comprehensive proposal for a marked tightening of Danish legislation on aliens and immigration, and will present an action programme for better integration of immigrants.

Foreign assistance: The government will reduce the funds allocated for development assistance and environmental assistance to developing countries by a total of DKK 1.5 billion.

27 Nov. New Liberal-Conservative government
The new government comprises 18 ministers, which is three less than the previous government replaced by the Danish Liberal Party (V) and the Conservative People's Party (C). 12 ministers are from the Danish Liberal Party ("Venstre"), while 6 come from the Conservative People's Party ("Det Konservative Folkeparti"):

Prime Minister	Anders Fogh Rasmussen (V)
Minister for Economic Affairs and Minister for Nordic Co-operation	Bendt Bendtsen (C)
Minister for Foreign Affairs	Per Stig Møller (C)
Minister for Finance	Thor Pedersen (V)
Minister for Employment	Claus Hjort Frederiksen (V)
Minister for Justice	Lene Espersen (C)
Minister for Cultural Affairs	Brian Mikkelsen (C)
Minister for Refugee, Immigration and Integration Affairs and Minister without Portfolio (Minister for European Affairs)	Bertel Haarder (V)
Minister for Taxation	Svend Erik Hovmand (V)
Minister for Transport	Flemming Hansen (C)
Minister for Science, Technology and Development	Helge Sander (V)
Minister for Food, Agriculture and Fisheries	Mariann Fischer Boel (V)
Minister for Defence	Svend Aage Jensby (V)
Minister for the Environment	Hans Christian Schmidt (V)
Minister for the Interior and Health	Lars Løkke Rasmussen (V)
Minister for Ecclesiastical Affairs	Tove Fergo (V)
Minister for Education	Ulla Tørnæs (V)
Minister for Social Affairs and Minister for Gender Affairs	Henriette Kjær (C)

2002

1 Jan. The Euro is put into circulation in the euro zone
On 1 January 2002, the euro is put into circulation in the euro zone, and the central banks begin calling in the national currencies.

During a period of up to two months, it will be possible to use national notes and coins as well as euros in all shops, but as from 1 March, only the euro will be legal tender in the euro zone. Denmark has, like Sweden and Great Britain, not introduced the euro. The Danish krone is, however, closely linked to the euro through the monetary system.

11 Jan. A number of committees are abolished

The new government presents its plan for "More welfare and less bureaucracy – sanitising councils, boards, committees, and centres". Approximately 150 councils and boards will either be closed down or merged. This reorganisation of councils, boards, committees, and centres is expected to yield total savings of approximately DKK 0.3 billion in 2002. It will also entail significant further savings on subsidies and pool schemes.

29 Jan. Budget for 2002

The new government wishes to redirect DKK 7 billion in order to ensure better hospitals, care for the elderly, and maternity/paternity leave schemes in relation to the Budget proposed in August by the previous government. Taxes must not rise. The increased expenditure is to be financed by means of savings on central government expenditure (DKK 4.5 billion) and on assistance to developing countries and Eastern Europe (DKK 1.5 billion) in 2002. In addition to this, budgetary improvements to the amount of DKK 1 billion are expected. This proposal will form the basis of negotiations with the other parties in the Folketing, to be conducted during the next month.

6 Feb. Agreement on the Budget between the Danish People's Party and the government
The Danish People's Party and the government agree on the Budget for 2002. The negotiations resulted in fewer savings on education, and the already improved parental leave scheme can now extend to 66 weeks, albeit with lower benefits.

The key elements of the final Budget:

Hospitals: More treatments at hospitals and open choices within the health area. Hospitals will receive an additional DKK 1.5 billion towards shorter waiting lists. This money will go to the counties that ensure greater levels of activity at their hospitals. Access to the hospital of your choice is also introduced, allowing patients to choose between going to a private hospital in Denmark or treatment abroad, if the public sector cannot offer treatment within two months.

The elderly: Care for the elderly must be improved, and an additional DKK 500 million is allocated to this area. The elderly must also be allowed to choose the type of home care they prefer, and should be able to choose their rest home themselves. All senior citizens have a right to bring their spouses with them at the rest home of their choice. Private housing foundations for the elderly will receive an additional DKK 75 million for improvements. The much-debated "death package" is abolished. This means that bereaved spouses will receive double social pensions for three months after the death of their spouse in all cases where both spouses receive social pensions. This will cost DKK 160 million.

A pool of DKK 150 million will be spent on various social improvements.

Heating supplements for pensioners are improved with a standard allowance of ten per cent from 1 January 2003.

Maternity/paternity leave: The leave period is extended to 52 weeks with full unemployment benefit, and it is made more flexible, allowing parents to take part of the leave period later. It will also be possible to extend the leave period by an additional 14 weeks on a lower benefit. The old parental leave scheme ("forældreorlov") is abolished. Parents of children born between 1 January 2001 and the time this Act was adopted may choose which of the schemes they wish to use.

Research and IT: The government will allocate an additional DKK 400 million to research and IT issues. This will be funded by the so-called UMTS funds from the auction on mobile communication licences.

Pension schemes: The Special Pension Saving Scheme, which is a compulsory contribution amounting to 1 per cent of all Danes' wages, will be turned into an individual pension scheme, and it will be possible to make deposits with companies other than ATP. Under the present scheme, all contributors will receive the same amount. In future, each contributor will receive his/her own contribution plus interest.

Business and industry: A business package to an amount of DKK 500 million is to improve the competitiveness of the Danish business community. The elements of this package include more lenient periods of credit for VAT and a higher VAT limit, so that more small enterprises need not prepare VAT accounts. It will also be made more attractive for enterprises to pay out part of their employees' salaries in the form of shares.

The armed forces: Working with the Social Democratic Party, the Social-Liberal Party, and the Christian People's Party, the government will seek to reach agreement on spending a total of DKK 750 million over a period of two years for international military tasks. These funds are to be taken from the Environment, Peace, and Stability Fund.

Social improvements: The exact use of the special pool for social improvements, amounting to a total of DKK 140 million this year, will be determined in collaboration with the Social Democratic Party, the Danish Social-Liberal Party, the Socialist People's Party, and the Christian People's Party.

SAVINGS:

Central government: When compared to the 2001 Budget, economies must be made within the central government sector. Budgetary improvements of 1, 3, 5, and 7 per cent during the years 2002-2005 have been included in the calculations. The police and the armed forces are exempt from these savings.

A total of DKK 2.2 billion will be saved by phasing out or cutting back a number of pools and subsidies. The state subsidy for home care will be cut by 50 per cent. The subsidy for cleaning will be reduced from 50 to 40 per cent, and subsidies for all other services will be discontinued.

Foreign assistance and environmental support to developing countries will contribute savings of DKK 1.5 billion.

The proposal for extra savings of DKK 650 million on education, which the new government added to the old government's

proposal from August, was withdrawn. The DKK 650 million will be funded from State reserves instead.

21 Feb. Collective agreement for 650,000 public-sector employees

The negotiations on a new collective agreement for 650,000 teachers, nurses, and other employees within Danish counties and municipalities were concluded by conciliation. The agreement will span a three-year period. Employees will receive two extra holidays a year, and will also receive a general pay increase of 5.55 per cent over a three-year period. This will be an improvement in real income if the projections for a total inflation rate of 5.1 per cent prove accurate. A total of 1.87 per cent of the total wages is earmarked for local negotiations.

20 Mar. The Finance Act for 2002 is adopted.

The 2002 Finance Act was adopted by a majority of 98 votes against 10. All parties in the Folketing except the Socialist People's Party and the Danish Red-Green Alliance voted in favour of the Act. (No. 70, 2002)

14 June Agreement between the government and Local Government Denmark about municipal finances

The agreement for 2003 is the first to follow the four-year agreement ending at the end of 2002, as well as the first agreement following the change of government in November. As a result, the negotiation situation has been different from that of the preceding years.

The main theme of this year's negotiations has been the issue of the basis for calculations of the growth limits and their size. Other relevant themes in the negotiations include levels of construction activity and lending opportunities, particularly for the building of schools; accordance between signals, the growth limit and municipal degrees of freedom. In addition to this, the Folkeskole (primary and lower-secondary education) has been a theme in its own right.

This agreement does not leave any room for any expansions in the services provided by Local Government Denmark municipalities as a whole, and the municipal taxes must not go up in 2003. If a given municipality wishes to raise its level of service within specific areas, this can only be done by corresponding changes in the priorities of other fields. The agreement provides opportunities for counteracting the demographic pressures in terms of expenditure within municipalities in general next year. It will, however, also mean that some municipalities face a need for serious economising next year.

14 June The government and the Association of County Councils in Denmark agree on county finances in 2003

With this agreement, the government and the counties agree to accord high priority to the health sector, which will receive additional funds of DKK 1.2 billion in 2003 – comprising DKK 750 million for expansion within the hospital area and DKK 500 million to cover increasing expenditure on medicine. With this agreement, counties are contributing to maintaining the tax freeze, which means that the rate of taxation on personal income must remain unchanged in 2003.