

8 January 2025

# Flash Comment Denmark

## Greenland has little impact on Danish economy

- **If the US hits Danish companies with tariffs over the question of Greenland, that could be quite disruptive but would likely not have a large impact on total Danish exports.**
- **Greenland leaving the Danish realm is a possibility also without the US interest but would not have big consequences in a narrow economic sense for Denmark.**

US president-elect Donald Trump has restated his view that the US should “buy” Greenland from Denmark, and when asked at a press conference yesterday, did not rule out economic or military pressure to achieve that goal.

US tariffs or other sanctions that target Denmark could potentially be quite harmful to Danish companies as the US is Denmark’s biggest trading partner and the destination for 17.5% of goods exports, a number that has risen steeply in recent years. However, only 23% of that is exports in the traditional sense of goods moving physically from Denmark to the US. For example, Novo Nordisk has substantial production on US soil, and that is also the case for other large Danish companies. This sort of “exports” would presumably be difficult to target with sanctions.

Tariffs on Danish goods would be met with a common response from the entire EU, likely in the form of tariffs on selected US goods.

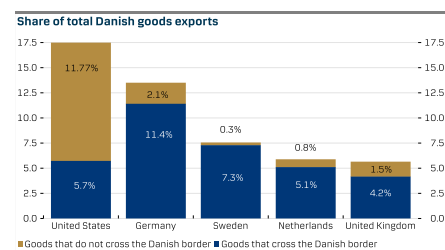
The renewed interest in Greenland from Donald Trump comes at a time when there is already a strong political movement for total independence. The current Greenlandic government supports that process. If it were to happen, independence would have to be approved in a referendum in Greenland and be approved by the Danish parliament. Presumably, the process would be the same if Greenland wanted to align itself with the US. As the Danish Prime Minister has been highlighting again over the last couple of days, the Danish government and parliament will respect the wishes of the people of Greenland, should it come to that.

Greenland is a self-governing part of the Danish realm. If it were to leave the realm entirely, the impact on Denmark in narrow economic terms would be very limited. Greenland has its own national accounts and hence is not included in Danish GDP, but if it were, it would constitute 0.8% of it (based on 2021 data). Danish exports to Greenland were DKK 7.1bn in 2023, or 0.4% of total exports. Imports were DKK 7.3bn.

Public finances in Greenland are supported by a block grant from Denmark, which was DKK 4.3bn in 2024, 53% of the Greenlandic government’s revenue. That amount is equivalent to 0.1% of Danish GDP. Denmark also has additional costs such as police and military spending, but the overall impact on Danish public finances should Greenland leave the realm would be small. For comparison, there was a budget surplus of 2.9% of GDP in Denmark in 2024, according to the latest government estimate.

Greenland uses DKK as its currency.

### The US is not the biggest market for traditional exports



Source: Statistics Denmark, Macrobond Financial

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**Report completed: 8 January 2025, 11.00 CET**

**Report first disseminated: 8 January 2025, 12.00 CET**