

A DENMARK THAT STANDS TOGETHER

Denmark is a fantastic country.

It is a country with free and equal access to health care. It is a country where our children can receive free education, and where old-age is not synonymous with poverty. It is a country for the many and not only for the few.

Our country has become rich and strong, because generation after generation have been good at working together and striven to ensure equal opportunities for the citizens.

We must be proud of Denmark when we travel in the world around us. We must be proud to live and reside in Denmark. And we must be proud to welcome guests to our Denmark. Freedom of the individual, equal opportunities for all, solidarity, respect and tolerance are our values.

When we move towards each other, we gain strength. And when we think of the entire country and not special interests, we achieve what everyone believed was unachievable.

The time has come to think of the entire country. Denmark needs a new form of cooperation. A new form of cooperation between the parties of the Folketing (Danish Parliament), between employees and employers, between voluntary organisations and the public sector. Cooperation between people. And a new form of cooperation with the world outside Denmark.

Only if we stand together can we ensure that Denmark in the next 5, 10, 15 years continues to be a fantastic country in which to live. We will act instead of doing nothing and shutting ourselves in. New solutions are needed to fulfill new goals.

Denmark is a country where respect between people regardless of background is a strength. A prosperous Denmark is a Denmark where diversity thrives. This requires mutual respect. Respect regardless of the difference between us – be it gender, age, faith and ethnicity.

Denmark is a country that offers great opportunities for each one of us, for families and for the community.

However, the deep economic crisis and the absence of due care has put Denmark into imbalance. The deficit on the public finances threatens to erode our welfare. The prosperity and options for future generations have been jeopardised. The human costs are high. Far too many Danish families live in poverty, and inequality has grown.

This must be changed. The Government attaches great importance on reducing inequality and ensuring that everyone has equal opportunities. That everyone is able to take their own decisions and take part in decisions that affect the community. That we protect and safeguard civil rights. That through a holistic solution and through cooperation on reforms, we handle the crisis, restructure Denmark into a green economy and make ourselves ready for the future.

We must modernise Denmark. This requires extensive and innovative reforms forged in partnerships that break down traditional divisions. Each one of us can contribute to this modernisation.

If we do this, we can put Denmark back on the track of growth.

The Government will generate new jobs and growth by means of an effective kick-start of the Danish economy. At the same time, we will significantly increase the labour supply and employment and strengthen our competitiveness through reforms, and we will involve employees and employers in an extensive tripartite agreement. In addition, the Government will implement a fully financed tax reform, which reduces tax on earned income significantly and has a fair social balance.

The Government will ensure better day-care for our children and implement a reform of the primary and lower secondary school system in dialogue with teachers and parents to ensure that children and young people learn more. Knowledge and education are the foundation for our prosperity in the future. Therefore, more young people must complete an education and fewer drop out.

The Government will restructure Denmark into a green economy by promoting renewable energy, better public transport and green growth companies.

The Government will create a modern health service, where everyone can count on fast and effective treatment. This requires sharp priorities, an enhanced focus on disease prevention and the courage to influence the lifestyle of Danes.

The Government will create a new balance in Denmark's integration and immigration policy. We will integrate and safeguard civil rights. In this regard, the legislation must be clear and fair, and the administration transparent and predictable. Decency and respect are the foundation for integration.

The Government will present an ambitious programme for an extensive renewal of Denmark. Only by making new demands of each other will we be able to achieve new goals.

This also applies to our relations with the world around us.

The Government will strengthen Denmark's participation in European cooperation and therefore hold a referendum in the present electoral period on Denmark's opt-outs on Justice and Home Affairs as well as defence.

The Government will pursue an active foreign policy based on broad cooperation in the Folketing. We must promote a fairer and more peaceful world in line with our positions and values. Representatives of Denmark posted abroad deserve the strongest possible support conceivable.

Denmark can and must make a difference.

The S-R-SF (Social Democrat-Social Liberal-Socialist) Government does not have a monopoly on solutions to all of Denmark's challenges. And it will listen before it acts.

Freedom of the individual, equal opportunities for all, community, respect and tolerance are our values.

The new Government will be a Government for the whole of Denmark.

A DENMARK IN DEVELOPMENT

An economy in balance and growth is the foundation for a Denmark in development.

Therefore, a responsible economic policy is a top priority for the Government. We are ready to clear up the Danish economy, so that we can bring Denmark forward. There is a need for this.

With the international financial turmoil, credibility regarding the economy has become even more important than earlier. The debt crisis in several European countries demonstrates this clearly.

The Government will pursue a responsible and stability oriented economic policy. We will ensure credibility regarding the fixed exchange rate policy. This will contribute to ensuring lower interest rates and thus Danish jobs and prosperity.

During the period of boom, public spending was not kept under adequate control. The economy was allowed to overheat. Tax cuts were given without secure financing in place.

Fiscal policy was not tightened in time. The wrong priorities were chosen. And the Danish strongholds within education and green technology were gradually eroded.

This has contributed to a gradual decline of Denmark's competitiveness over several years. This has contributed to hampering growth of the Danish economy. And this has increased the need for reforming and restructuring the Danish economy.

When boom turned to recession, we were hit hard. We lost many jobs, many of which will not return. And the deficit on the general government budget balance is expected to be at least DKK 85 billion next year.

Consequently, reforms and a responsible economic policy are needed if Denmark is to withstand the crisis.

Denmark has acquired a reform Government. We will implement reforms within the field of education and training. We will implement a tax reform. We will implement a growth reform. Reforms that secure Denmark's future.

The Government's key objective is to restore momentum to the Danish economy and ensure balance between revenue and spending. In a way that ensures sustainability of the public finances, scope for investments in the future and a fair social balance.

The aim is to foster development, dynamism and growth throughout Denmark. It is vital to instil public confidence that action is taken to address problems of national debt and unemployment. But

more is needed in order to build a strong economy. We must have a broader view of economic policy.

The economic policy must ensure that all Danes who are able to do so contribute to creating prosperity, and that all Danes share in this prosperity. We will not become richer by allowing large groups to remain outside the labour market. We will not become richer by neglecting to invest in competencies for the future.

On the contrary, the involvement of an entire Denmark increases our shared development opportunities. Therefore, we must invest in people. The Government will ensure that everyone makes a fair contribution to bringing Denmark out of the crisis and creating new momentum.

Denmark must be a good and efficient society. A society that utilises both human and natural resources in a sustainable and competitive manner. Therefore, the Government's growth initiatives and economic policy go hand in hand with a long-term and extensive green restructuring of Denmark. There is need for new solutions. And they must be developed through dialogue, partnerships and broad cooperation.

The Government will introduce a series of measures to kick-start the economy and help pull Denmark out of the crisis. Investments for a total of approx. DKK 10 billion will be brought forward to 2012. In addition, a green subsidy scheme will be established for energy efficiency retrofitting of private homes in 2012 and 2013.

The Government will also launch a reform programme designed to create the basis for growth and contribute to providing an economic latitude that facilitates investment in measures to enhance welfare, education and research.

A CREDIBLE AND RESPONSIBLE ECONOMIC POLICY

The challenges facing the Danish economy are substantial. Even if we succeed in tearing ourselves free of the crisis, a major task lies ahead of us.

There is a huge deficit on the public finances. In the coming years, there will be more of us to look after and fewer of us to work. The revenues from North Sea oil are declining. The pressure on the public purse will grow over the next 20-30 years, and it will not be possible to meet all expectations to the public sector.

The Government has set nine ambitious goals for the Danish economy:

1. Goal of budget balance for 2020: The structural budget balance must be at least in balance by 2020.
2. Compliance with the EU Stability and Growth Pact and the EU's recommendation of a structural improvement of the budget balance by 1½ per cent in 2011-2013.
3. Sustainability: The so-called Sustainability Index (HBI) must always be positive.
4. Public debt: The Government's economic policy must ensure a wide safety distance to the requirements set out in the EU Stability and Growth Pact.

5. Productivity: Productivity must be increased so as to ensure Denmark rises towards the top among the OECD countries.
6. Salary competitiveness: Denmark must improve its salary competitiveness in relation to other countries.
7. Investments in research and education: 95 per cent of a youth cohort must take and complete an upper secondary education programme; 60 per cent of a youth cohort must take and complete a higher education programme in 2020. 25 per cent of a youth cohort must take and complete a long-cycle higher education programme in 2020. In addition, more young people must take and complete a vocational education and training (VET) programme. In addition, opportunities must be improved to enable unskilled persons to take a competence development training programme later in life.
8. The labour supply is to be increased structurally by 135,000 persons by 2020, so as to ensure a basis for growth and economic latitude for new initiatives.
9. The Government attaches great importance to reducing inequality. The Government wishes to be measured on its ability to reduce poverty and ensure genuine equal opportunities.

On the basis of a “till check”, the Government will present a new economic 2020 Plan, which will, among other things, build on these goals. The nine goals are to be measured generally according to recognised indicators and calculation methods.

A HOLISTIC SOLUTION FOR THE DANISH ECONOMY

The point of departure for the Government is the former Liberal-Conservative Government’s economic policy in its broadest sense, including the Fiscal Consolidation Agreement and the Spring Package agreements, including the Agreement on Later Retirement and Making Ends Meet.

The Government will implement reforms that increase the labour supply, so as to enable us to increase growth of the Danish economy, ensure sustainable public finances, and ensure a modest and targeted improvement of public services. Denmark needs a holistic solution.

Essentially, it is the work carried out by Danes that will make Denmark richer. Many people are in employment in Denmark, but the average number of working hours is relatively low.

It is the Government’s goal to implement new reforms that further increase the labour supply structurally by approx. 55,000 persons by 2020 so as to allow economic latitude. These 55,000 persons are in addition to the effect of the Recovery Package from 2010 and the Agreement on Later Retirement and Making Ends Meet. The Government’s goal is thus to increase the labour supply by a total of 135,000 persons by 2020. In addition, employment will increase when the market cycles normalise.

But labour will not be adequate on its own, partly because the public finances will first improve in the long term. Therefore, we also need to generate increased public revenues in the coming years.

The Government’s holistic solution for Denmark is based on four elements:

- A tripartite agreement to increase the labour supply

- Reforms of the activation programme, the cash benefits scheme, the flexi-job scheme, disability pensions, international recruitment, education and training, prevention, integration, etc.
- A fully financed tax reform that significantly reduces tax on earned income
- Generation of increased public revenues

A tripartite agreement to increase the labour supply

Firstly, as part of tripartite negotiations with employees and employers, the Government will reach agreement on ways to increase the total labour supply. The point of departure for the negotiations is that the Government, the Folketing and the social partners have a shared responsibility to enhance Danish competitiveness, turn education and training into an engine for growth, increase employment and modernise the Danish model.

The objective is to reach a tripartite agreement that in net terms increases the labour supply by approx. 20,000 persons by 2020. This will mean less public expenditure on transfer payments and more tax revenue, thereby improving the public finances in net terms by approx. DKK 4 billion annually. These funds will be earmarked for labour market as well as education and training initiatives in the broadest sense.

Reforms of the activation programme, the cash benefits scheme, the flexi-job scheme, disability pensions, international recruitment, education and training, prevention, integration, etc.

Secondly, the Government will implement a series of reforms with the aim of increasing the labour supply. This concerns, for example, reforms of the activation programme and the cash benefits scheme; reforms of disability pensions and the flexi-job scheme; incentives to encourage young people to start their education or training programme earlier and to complete their programme more quickly; and reforms designed to help reduce sickness absence.

In addition, more effective integration must contribute to getting more immigrants into employment at our institutions and in our companies. And we must make it easier for companies to attract foreign labour to Denmark and simplify regulations and administration in this area.

The objective behind this series of reforms is to increase the labour supply by a total of 28,000 persons by 2020 and improve the public finances by approx. DKK 7 billion. This is an ambitious goal, which will require a very targeted reform effort.

A fully financed tax reform that reduces tax on earned income

Thirdly, the Government will implement a fully financed tax reform that significantly reduces tax on earned income, so as to increase the labour supply by approx. 7,000 persons by 2020 and thus strengthen the public finances by DKK 3 billion by means of increased employment. This is in addition to the effect resulting from the initiatives adopted in Spring Package 2.0. The Government will keep housing property taxes and interest payment deductions at the current level during the present electoral period.

Generation of increased state revenues

Fourthly, in 2012 and 2013, the Government will secure extra financing within a framework of DKK 5 billion generated by means of increased taxes and duties, as well as by reprioritising the system of business subsidies, in which the total subsidies are reduced by DKK 2 billion.

The tax and duty increases are to be implemented within a framework of DKK 5 billion. In addition, a financed abolition of the multimedia tax will be implemented. The Government will also seek to implement a fully financed abolition of the entrepreneur tax. The increased taxation can take the form of increased duties on cigarettes, unhealthy foods, and beer and wine, the abolition of the tax credit on health insurance policies, the reduction of the tax credit on large pension payment contributions, and duties on air pollution.

The Government will evaluate and restructure business subsidy schemes, both in the form of direct support and tax expenses, so as to enable the reprioritisation of DKK 2 billion in total.

The revenues derived from reforming the activation programme, the cash benefits scheme, the flexi-job scheme, disability pensions, international recruitment, education and training, prevention, integration etc, the tax reform as well as the generation of increased state revenues are to be used to provide scope for financing improvements in welfare and social assistance and boosting education and research. This economic latitude is to be used according to a precautionary principle, whereby improvements cannot be implemented until the necessary funding has been secured.

In addition, the Government will carry out reprioritisations in relation to, for example, modulation of EU funds, traffic and climate initiatives.

A key element is that the total effect of the tax reform and the financing has a fair social balance.

The Government's economic policy thus comprises ambitious reforms and is also based on a clear precautionary principle. The money must be available first. We cannot create any new expenditures without decisions being made on concrete initiatives that can generate at least an equal amount of money through new revenues or savings.

A FIRM SPENDING POLICY

The Government will adhere to its plans and goals. A credible economic policy requires that expenditure does not rise more than what has been agreed. Up until now the budgets have slipped year after year. This Government will eliminate this practice.

The politically determined expenditure frameworks must be adhered to and the adopted multi-annual budgets must not be overrun. The Government will therefore, among other things, present a Budget law that introduces an expenditure ceiling for the state, municipalities and regions. In addition, the Government will launch initiatives that optimise the utilisation of public resources, for example through deregulation and simplification of procedures.

Public spending and public investments contribute to ensuring security for Danes and good framework conditions for the business community. In total, public spending accounts for over half of Denmark's GNP. That is more than in most other countries. With the tight expenditure frameworks we have in the coming years, it is vital that we prioritise correctly.

Public spending also includes expenditure on infrastructure, child care, the health service and a flexible labour market that affect people's opportunities and desire to work. A large number of tax-financed public spending thus contributes to increasing employment and prosperity.

The Government will set up a committee under the Ministry of Finance, the Ministry of Economic Affairs and the Interior and the Ministry of Taxation, whose task will be to examine to what extent different forms of public spending and their financing affect economic development and growth in the long term.

In the Budget bill for 2012, the Government will carry out a prioritisation of which areas need re-establishing following the cutbacks of the previous Government. At the same time, we must comply with the EU recommendation regarding the structural public balance in 2013.

A STABILITY ORIENTED FISCAL POLICY AND KICK-START IN 2012

It is an important goal for the Government that the economic policy minimises cyclical fluctuations, so as to prevent fluctuations in employment and unemployment from becoming unduly large or prolonged.

Major and prolonged economic setbacks can lead to loss of prosperity and competencies and can also be costly in human terms. Particularly if unemployment among young people and long-term unemployment rises, and many people completely lose their connection to the labour market.

A stability oriented fiscal policy, in which we give the economy a shove during lean years, means on the other hand that fiscal policy must be tight during fat years. Otherwise, we will not be able to afford to ease fiscal policy when the economic trends are weak.

At the present time, the market cycles in Denmark are weak, and the development in Denmark and the rest of the world in summer 2011 has not provided the basis for renewed optimism.

Therefore, as a consequence of its stability oriented fiscal policy, the Government will stimulate growth by means of an effective kick-start of the Danish economy. In order to increase employment, we will accelerate investments in roads and railways, renovate schools and give run-down residential areas a much needed boost. We cannot just stand idle and wait for the Danish economy to begin to grow by itself. Getting Denmark out of the crisis is a key task.

In specific terms, the Government will use the kick-start package to ensure:

- More investments in roads, railways, cycle paths, etc. in 2012.
- More investments in the municipalities and regions in 2012, including in climate change adaptation and energy efficiency retrofits.
- More renovation of municipal housing units in 2012.
- Enhanced effort to ensure practical training placements.
- Green subsidies for energy efficiency retrofitting of private homes in 2012 and 2013.

The Government will postpone the time of expiry of the unemployment benefit period by up to six months for unemployed persons who use up their right to unemployment benefit in the second half of 2012. The reason is that the Recovery Package adopted in 2010 reduced their present period of entitlement to unemployment benefit.

The investments should be seen in the context of the release of early retirement pay scheme contributions in 2012 totalling approx. DKK 17 billion.

The Government attaches great importance to tight management and prioritisation of public expenditure. The acceleration of investments will be followed by a lower level of investments over the coming years.

The Government will support energy efficiency retrofitting of private homes by establishing a grant fund for implementing energy efficiency retrofits in 2012 and 2013. Provision will be made for applications to be submitted for grants for specific energy efficiency retrofit projects.

The scheme is to be based on objective criteria and be made straightforward for citizens and public authorities to use and administer. More detailed rules regarding the scheme will be laid down in connection with the Budget negotiations.

The energy efficiency retrofit grant fund will take effect as of 1 January 2012 and replace the so-called Household Job Scheme, which will be discontinued as of 31 December 2011.

STRONG COMPETITIVENESS AND LONG-LASTING JOB CREATION IN DENMARK

Competent companies and employees have enabled Denmark to find its way into the group of the world's richest countries. This status is under threat. Emerging economies such as China, India and Brazil are pressing Danish companies. Not only because they are cheaper, but also because in increasingly more areas they are becoming better than earlier. And also our neighbouring countries have improved their competitiveness in relation to us, which is partly why Denmark has one of the lowest growth projections among OECD countries.

Therefore, the Government will develop rather than dismantle the Danish competition model. It is a competition model that is built on close and trusting cooperation between the public sector, companies and employees.

We have a number of strong institutions which provide Danish companies with a solid platform for competing in the global market. We have an education system which, based on free access for qualified young people, produces highly skilled labour. We have a welfare society that promotes the ability of many women and men to participate in the labour market. A core welfare of high quality is an important framework for the business community.

Therefore, we must take care of our welfare, not wear it down.

We have a strong and flexible labour market that combines flexibility for employers with protection for employees. We generate knowledge of the highest standard and have a longstanding tradition for being able to create solutions across sectors, which equips us well to compete in a world where innovation is driven by the global challenges. And we have strong green skills, making us less

vulnerable to the increasing competition regarding the increasingly scarce energy resources. Therefore, we must enhance our competitiveness, not stand idle whilst it weakens.

Salary competitiveness and modernisation of the Danish model

Denmark cannot nor should it compete on low salary. We must compete on knowledge, flexibility and cooperation. We must compete on Danish employees being given new opportunities to increase their skills and competencies.

But the costs incurred by companies must stand in proportion to their productivity. The Danish labour model has a high level of organisation and a strong safety net. The Danish competition model was created by employees and employers in a unique collaboration. We must protect and modernise it. Over the past decade, Danish salaries have grown faster than in the countries which are our most important trading partners, whereas productivity has grown at a slower pace. This ultimately costs Danish jobs.

It serves no purpose for our products to be more expensive than products from other countries, who are equally as talented as us. The cost level must be reasonable. Danish employees have shown before that during a crisis they are willing to show restraint. We need such restraint again. The need to improve Danish salary competitiveness in relation to other countries will therefore be included in the Government's forthcoming tripartite discussions with employers and employees. We must stand together to restore the Danish economy and create new growth.

Productivity Commission

Over the past decade, Denmark has dropped down the list of the world's richest countries. This is due first and foremost to the weak growth in productivity. We do not get enough out of our work efforts. In the 1990s, Danish productivity lay 30 per cent above the average for rich countries. Today, we lie only 12 per cent above the average. Therefore, it is a key task for the Government to ensure that the foundation is laid for strong productivity growth throughout society, in the export companies, in the domestic market sectors and in the public sector. Denmark must once again move up the rankings. We must lie close to the OECD countries that have the highest productivity.

The Government will therefore set up a productivity commission to identify the causes of the low productivity since the mid-1990s, and on this basis come with specific recommendations that can enhance productivity in Denmark.

A national competence and knowledge boost

One of the ways of improving productivity is to focus on investing in knowledge as well as education and training. There is a need to enhance the skills and qualifications of Danes, particularly among the many unskilled workers. More Danes must therefore take and complete an education programme, both within vocational education and training as well as higher education.

It is the Government's goal that 95 per cent of a youth cohort must take and complete an upper secondary education programme in 2015 and 60 per cent a higher education programme in 2020. We will raise the bar in relation to the previous Government. Because the business community is

looking for educated and skilled labour. And qualified employees help attract foreign companies to Denmark.

And we must prioritise research, so as to enable us to generate new knowledge as well as new products and services. We must make focused efforts to become even more competent and skilled.

Among other things, we must increase innovation through interaction between our knowledge institutions and companies.

Competitive framework conditions and green restructuring

Denmark must be able to attract companies that are interesting and keen to develop their employees. So that we are able to maintain a high level of salary and prosperity as well as a competitive business community.

Long-lasting job creation and modern competitiveness require an upgraded infrastructure. Commodities must reach companies. Products must reach customers. Employees must be able to come to work. Heavy traffic or delayed trains cost busy families valuable time. Therefore, the public transport system and the infrastructure must function efficiently.

Long-lasting job creation is dependent also on small companies having good opportunities to grow large and create jobs. But the number of new Danish growth companies has fallen in recent years. We must reverse this trend. Denmark must have more growth companies.

And an effective credit market is an important precondition for strong competitiveness and high prosperity. Society's savings must be translated into investments and into growth.

Competition among Danish companies is not sufficiently sharp. This applies in particular to the many small companies that target the domestic market, for example within building and construction as well as the service sector. Effective competition keeps companies on their toes and promotes high productivity and innovation. Therefore, competition must be strengthened throughout the business sector.

Companies are confronted with too much public bureaucracy. We must clear up in this area. For efficient public service and regulation contribute to supporting the competitiveness of Danish companies.

The Government wishes to use public sector demand actively to promote innovation and problem-solving, so as to enable private companies to become more competitive and the public sector to deliver better service to the general public. For example, in relation to development and utilisation of modern welfare technology.

Increased cooperation between the public and private sector will benefit both societal sectors. The Government will conduct an analysis of when it is economically advantageous to use public-private partnerships (PPP) for implementing public works projects.

We must create the best framework conditions for Denmark to become a green knowledge and production society. Denmark must utilise its leading position within the green sphere. Therefore,

green companies must be developed. Among other things, within energy technology, environmental technology and bio-technology. And they must be required to meet certain standards. But we must also ensure that companies in competitive markets and energy intensive companies are allowed time to adapt themselves. It is simply economic sense to reduce the consumption of scarce resources.

The restructuring of Denmark into a green economy will strengthen Denmark's energy supply independence, provide the basis for creating new Danish jobs and give Danish companies a headstart on the markets for green technology. Therefore, we must make ourselves independent of fossil fuels as well as have more renewable energy, less greenhouse gas emissions and lower energy consumption.

In Denmark, we have organised ourselves in such a way that we pay more in tax than most other countries and also have a better, more secure and fairer society than most other countries. We must use our tax system effectively to promote green and healthy development. And to prevent economic instability. The tax must support the competitiveness of Danish companies operating in competitive markets.

Denmark must be an open country that utilises the opportunities afforded to us by globalisation.

Danish companies export in particular to our neighbouring countries, whereas exports to the emerging economies in South America and Asia only account for a modest part of our total product exports. In this regard, we lag behind the OECD average and a large number of European countries.

We must become better at exporting to emerging economies. For a strong export industry benefits us all. Increased export leads to increased prosperity in Denmark. Therefore, export must be strengthened, particularly in the markets that offer the greatest potential.

Denmark must also become better at attracting foreign investments. Investments in Denmark from foreign investors lie below the average for the rich countries. Action must be taken to rectify this situation.

We must therefore create better framework conditions for investments by foreign companies in Danish companies.

AN ACTIVE AND RESPONSIBLE FOREIGN POLICY

The world is rapidly changing. Economic and political power is being spread to several regions around the world. New threats and challenges are replacing old ones. Globalisation has tied the world closer together – economically, politically and culturally. It has contributed to generating growth that has lifted millions of people out of poverty, but left others behind. It has contributed to reinforced demands for democracy and freedom, but also conflicts, huge climate and environmental problems, refugee flows, extremism and terrorism.

The Government believes that all human beings have a right to lead a life of freedom, free from fear and poverty, and with the freedom to express opinions and unfold their potential. It is therefore necessary to pursue an active and responsible foreign policy in order to influence the world we live in. We must promote a fairer and more peaceful world in line with our positions and values. And we

must promote our national interests. Denmark's foreign policy must contribute to ensuring a significant international effort to promote green growth and sustainable development.

Denmark must continue to take a responsibility and be a strong and reliable partner in the international cooperation. This applies across the entire spectrum, from development assistance to military missions. But we must do it in a responsible and ambitious way. Therefore, there is a need for a foreign policy that contributes to strengthening Europe's role in the world and Denmark's role in Europe. During the Danish EU Presidency, we will make our contribution towards ensuring a strengthened EU that effectively addresses the problems that concern citizens in their daily lives.

AN ACTIVE DENMARK IN A STRONG EUROPE

Denmark's interests and values are best promoted and safeguarded through strong European cooperation. As a small country with an open economy, we are deeply influenced by developments in the rest of Europe and the world. Our membership of the EU gives us the strongest platform for exercising influence on these developments.

On 1 January 2012, Denmark will take over the EU Presidency. The Government will work to ensure that the Danish EU Presidency sets a proactive agenda in the field of green and sustainable growth in light of the international financial crisis and the climate crisis. It will also ensure that a strong European voice is heard in the international climate talks and at the Rio+20 summit in Brazil in June 2012.

Through close and trusting cooperation with the other Member States and the EU institutions, the Government will work in a targeted way to secure the results that can bring Europe forward. The key task is to ensure that we work together to put the economic crisis behind us and that we create the foundation for generating economic, financial, social and environmentally responsible growth and employment.

During the Danish EU Presidency, the Government will work to ensure that the EU's budget for the period 2014-2020 supports this development. We will also work to ensure that Europe's growth potential is strengthened through a revitalised Single Market that acts as a strong home base for the world's leading high-technology companies and produces innovative solutions to the major challenges, such as rising oil prices, water shortage and scarcity of resources.

The Government will enhance Denmark's involvement in the EU. The defence opt-out prevents Denmark from participating in the important contributions that the EU makes to promote peace and security in the world's hotspots.

This limits Denmark's ability to pursue an active and responsible foreign policy. The Government will therefore strive to abolish the defence opt-out through a referendum.

The opt-out on Justice and Home Affairs prevents Denmark from participating in EU cooperation in the fight against organised crime, drug trafficking, terrorism, child pornography, money laundering as well as EU cooperation regarding how to tackle the migration challenge, including illegal immigration and protection of trafficked women. By means of a referendum, the Government will therefore seek to replace the opt-out on Justice and Home Affairs with an opt-in arrangement that

allows Denmark to decide for itself which parts of the cooperation on Justice and Home Affairs we wish to participate in.

The Government will consult the parties of the Folketing with the aim of securing a broad majority in favour of abolishing the defence opt-out and replacing the opt-out on Justice and Home Affairs with an opt-in arrangement.

The Government wishes Denmark to engage actively in Europe's economic governance and development. Denmark's participation in the Competitiveness Pact (Euro Plus Pact) contributes to enabling us to work actively to ensure that the EU Member States pursue a responsible economic policy that focuses on promoting high employment, sound public finances and a stable financial system.

The Government has the following specific benchmarks for its EU policy:

- The Government will work to ensure that effective action is taken to combat cross-border crime within the Schengen cooperation. In cooperation with our neighbours, Denmark will carry out an effective customs control based on a mobile, flexible and intelligence-based effort in compliance with the common rules and regulations in the EU. The plans adopted in May 2011 to establish new control facilities at the Danish borders will not be implemented.
- The EU policy must continue to support the unique Danish welfare society and the Danish labour market model. The Government will prioritise efforts to prevent social dumping, underpayment and poor working conditions in EU Member States.
- The Government will press for a 30 per cent reduction in CO2 emissions in the EU by 2020 in relation to 1990. We will work to ensure that the EU's Single Market to a larger extent supports the demand for sustainable products and solutions.
- The Government will work to reduce the EU agricultural subsidies in a way that benefits research, innovation and market access for developing countries, improves the environment and counters climate change. The Government will also work to enhance the opportunities of Member States to use a larger proportion of the agricultural subsidies for purposes such as protecting nature and the environment and promoting organic farming.
- The Government will work for a reform of the EU fisheries policy that ensures a competitive industry, but also for a far more ambitious strategy that ensures the preservation of the world's fish stocks and marine diversity and ensures that the world's fish resources are exploited in a sustainable manner that benefits the local communities dependent on fishing activity.
- The Government will work actively to ensure that the EU's new External Action Service becomes a strong and effective actor, enabling the EU to speak with one voice in an increasing number of areas. A strong European External Action Service must strengthen the cooperation with the strategic partner countries. This applies in particular to the USA and the BRIC countries.

- The Government will take the lead in the EU to introduce a global tax on financial transactions and will press for a stronger and wiser international system for regulation of the financial sector, so as to prevent further financial crises. The EU should use its political and economic clout to press the USA, Japan and other countries to introduce international standards for the financial world.

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- The Government will work to ensure that at the global level the EU promotes free and fair international trade and that the stranded talks in the WTO lead to a result that benefits the entire global economy, and in particular the poorest countries.
- The Government will work in a targeted way to support the wish of the EU's neighbouring countries for closer cooperation, including involvement in EU programmes and access to EU markets in step with the progress achieved in these countries to implement reforms. The enlargement process will continue within the agreed framework.
- The Government will work to secure a common EU policy on illegal immigration. The Government will strengthen cooperation with EU-neighbouring countries to halt illegal immigration in an effective and dignified manner. We will also work to ensure that all asylum seekers in Europe are given fair living conditions while they wait for their asylum case to be settled.
- The Government will work to ensure better coherence between EU policy within all the many sectors affecting developing countries.
- The Government will actively contribute to and work to ensure that the EU as quickly as possible during the Danish EU Presidency realises the promises of a comprehensive and ambitious aid package and significantly increased market access for countries that commit themselves to democratic development, with the particular aim of stabilising developments in North Africa and the Middle East.

ENHANCED FOCUS ON DANISH EXPORT

Danish export needs to get back up to speed. Denmark must focus more strongly on the emerging economies, such as Brazil, Russia, India and, in particular, China (the BRIC countries), as well as the next wave of emerging economies. Danish strongholds must be marketed assertively. This applies, for example, to sustainable technologies within, for example, water purification, renewable energy, biotechnology, energy efficiency as well as welfare and healthcare technology. Other strongholds, such as foods, shipping and infrastructure, will also be key areas of focus.

- The Government will formulate specific and targeted strategies for the BRIC countries comprising all relevant ministries.
- The Government will assign higher priority to export promotion and prioritise the work carried out at Danish embassies to raise awareness of Danish products and to increase Danish market shares. Focus will be on small and medium-sized enterprises. In this connection, the Government will establish one-stop shops, so as to make it easy to gain an

overview of tender notices, especially in the BRIC countries, to obtain help to acquire export certificates and to obtain general consultancy support regarding export opportunities.

- The Government will work to attract foreign investments to Denmark and provide more targeted consultancy support to foreign companies wishing to operate in the Danish market.
- The Government will take the lead in relation to the global responsibility of Danish companies regarding labour standards and human rights, international environmental standards and the fight against corruption.

POVERTY AND GLOBAL INEQUALITY

The Government will strengthen Danish development policy with poverty reduction as the focal point. Danish development assistance must to a greater extent be rights-based, with particular emphasis on the rights and opportunities of women. The efforts to promote sustainable development must be assigned greater priority. A precondition for sustained progress is economic development. Africa is one of the regions in the world where growth is strongest, but there is a need for enhanced efforts to translate this growth into sustainable poverty reduction and permanent jobs for the growing number of young people in Africa.

To maintain focus on poverty oriented development assistance, the Government will create two separate budget frameworks: a framework for poverty oriented development assistance that will focus on the most impoverished countries and constitute the vast proportion of Danish development assistance; and a global framework that will comprise stabilisation efforts and development assistance that is not necessarily aimed directly at reducing poverty. The global framework will include funds for a new security policy.

The global framework and the funds for a new security policy will comprise 1) support for stabilisation, reconstruction and capacity building projects in conflict areas, ii) climate and environmental assistance, and iii) support for democratic change and economic reforms in the Middle East and North Africa, including targeted support for good governance, civil society organisations and a free press.

- The Government will strengthen development assistance, so that over a period of years it returns to one per cent of GNI.
- The Government will enhance efforts to propagate good governance and fight corruption, both among aid recipients and among donors and partners.
- The Government attaches great importance in the effectiveness of Danish development assistance. The Government will continue to evaluate Danish development assistance on an ongoing basis and will also work to develop even better methods for measuring the effect of the assistance.
- In order to place focus on the importance that rich countries make their contributions to reducing global poverty in the world's poorest countries, the Government will take initiative to set up and take charge of the coordination of a network of countries that award more than 0.7 per cent of GNI in development assistance – “the 0.7 per cent network”. The network

must work within the UN system and elsewhere, to ensure that more countries award at least 0.7 per cent in development assistance.

- Denmark will work actively for stronger cooperation with, and greater ownership and responsibility in, the world's poorest countries.
- Denmark will take the lead in the fight to close tax loopholes, address illegal capital transfers and promote a fair taxation of natural resources in the world's poorest countries.
- The Government will strengthen information activities regarding conditions in developing countries and Danish development assistance.

DEMOCRACY AND HUMAN RIGHTS

Diplomacy and dialogue are to be the focal point of Danish foreign policy. Denmark must provide support for promoting human rights, enhance efforts to promote good governance and societies based on the rule of law, as well as support development of democratic institutions. The efforts to promote human rights, however, must start by ensuring that we ourselves always respect human rights.

Only in this way can we engender respect for human rights through dialogue with fragile and/or undemocratic states, as well as support for democratic forces. Denmark must dare to criticise anyone who grossly violates human rights or contravenes conventions.

At the heart of the fight to protect human rights is the UN and the UN Responsibility to Protect (R2P) principle. It is the primary responsibility of the state to protect its own citizens, but the international community has a duty to react if a state cannot or will not do so. The Government will enhance efforts in the UN to operationalise the R2P principle.

- The Government will enhance public diplomacy efforts with the aim of developing dialogue with other countries, for example concerning human rights and democracy. Danish ambassadors must to the widest possible extent be visible in the public debate. The Government will in particular strengthen dialogue with the Muslim world and contribute to promoting democracy, human rights, free media and gender equality.
- With a point of departure in the UN Pact and the R2P principle, Denmark must contribute to end serious human rights violations such as genocide, war crimes, ethnic cleansing and crimes against humanity.
- As the overriding general rule, intervention for the purposes of protecting the civilian population requires a mandate from the UN Security Council. However, if the Security Council is unable to act in a situation where a clear and urgent need for military intervention is justified on humanitarian grounds, it may in exceptional situations be necessary and in accordance with international law for Denmark to participate in the intervention in collaboration with relevant organisations, such as NATO, the EU or other regional fora.

- The Government will work to ensure that the International Criminal Court (ICC) becomes a universally recognised and effective body for prosecuting individuals who have committed serious human rights violations.
- The Government will work to ensure that UN Human Rights Council becomes an effective body, for example by excluding countries from participation in the Council if a UN resolution on the human rights situation in the particular country has been adopted.
- The Danish Institute for Parties and Democracy (DIPD) is to contribute to building popular-based democratic parties in developing countries.

The Danish Institute for Human Rights is to be made an independent institution, so that the Institute's position as Denmark's National Human Rights Institution (NHRI) is strengthened and made clear. As a result, the Danish Centre for International Studies and Human Rights will be closed, as a result of which also the Danish Institute for International Studies will be made an independent institution.

INTERNATIONAL PEACE AND SECURITY

Denmark is a small country, and we know from experience that we can only protect ourselves and our security through participating in international cooperation. Therefore, Danish security policy is anchored in a sustained effort to strengthen the international organisations and the international legal order. The UN, NATO and the EU constitute the foundation of Danish security and defence policy, as well as the close relations to the USA.

Denmark must make an active contribution towards maintaining international peace and security. The Danish Armed Forces must continue to be able to deliver military units that can be deployed quickly and effectively in the international operations which the Folketing decides that Denmark is to participate in. The Government therefore attaches great importance to efficiency improvements and better utilisation of resources being implemented in a way that enables Denmark to continue to be able to deliver a significant contribution to international missions. In the future, the ambition level for Danish contributions to international missions will be determined by quality rather than quantity.

The international military presence in Afghanistan is being scaled down. The Government will implement the Helmand Plan 2011-2012, which was adopted by a broad majority of the Folketing. The Danish efforts will undergo a restructuring from combat to training and capacity building of the Afghan security forces. The further stages of the withdrawal process from 2013 will be negotiated on the basis of the agreement which stipulates that the Danish combat units are to have left Afghanistan by the end of 2014 at the latest, whilst the civilian development assistance is to be increased and maintained for several years.

In the future, Denmark must also participate in more traditional peacekeeping missions and global security assignments, such as the fight against piracy, where there is need for a more coordinated effort to secure development and rule of law on shore.

- For the Government, it is a clear principle that Danish troops may only be deployed in international military operations with the support of at least two-thirds of the Folketing.

- The Government maintains the decision to reduce defence spending as proposed by the previous Government and will soon contact the political parties behind the Defence Agreement with a view to reaching agreement on an implementation and gradual phasing-in of the cutbacks, starting already in 2013. It is the Government's intention that the present Defence Agreement be replaced by a corresponding broad-based multi-annual agreement.
- The Government will modernise the leadership of the Danish Armed Forces, so that it matches future requirements for coordinated and efficient utilisation of resources and task execution. In this connection, it must be considered whether a fundamentally altered leadership structure of the Danish Armed Forces as well as a reform of the personnel structure of the Danish Armed Forces can contribute to ensuring a more effective armed forces.
- The Government will improve the ability of the Danish Armed Forces to educate and train local security forces and assist with implementing security sector reforms in developing countries.
- In connection with future procurements in the Danish Armed Forces, the Government will assess the feasibility of bilateral or multilateral cooperation in relation to equipment procurement, operation and maintenance as well as education and training. In this context, the Government will take the initiative to widen specific Nordic cooperation within the defence field in the near future.
- The political parties behind the Danish Defence Agreement have decided that a review is to be carried out of the future of military service. For resource reasons, the Government will already at this stage discuss suspending the call-up of conscripts with the Danish Defence Agreement parties.
- The Government will formulate a comprehensive strategy for Denmark's efforts to combat international terrorism. The strategy is to be formulated on the basis of the findings of a committee or commission that is to be established with the purpose of assessing the cost-effectiveness of the instruments used to date to fight terrorism.
- With respect for judicial protection and personal freedom, the Government will strengthen protective efforts against cyber attacks. A robust infrastructure for information and communication technology is important for the economy and security of the country. In order to improve protection against cyber attacks, etc., the efforts of the various public authorities are to be collected in an IT security centre (under the Ministry of Defence), which will assume responsibility as the national IT security authority and the Governmental Computer Emergency Response Team (Gov CERT).
- The Government will maintain a robust and flexible preparedness that can undertake both national and international assignments. Cooperation between the police, the armed forces and the home guard will be maintained, with a view to ensuring optimal utilisation of all resources and strengthening the overall capacity for conducting operational activities. Crisis management exercises must ensure that the various actors within the emergency management field can effectively tackle serious incidents.

- In close cooperation with the other EU Member States, the Government will work for the recognition and establishment of an independent and viable Palestinian state, and that the international community ensures the legitimate needs of both Palestinians and Israelis to be able to live in security and peace behind internationally recognised borders. Denmark must make it clear to Israel that we respect their right to defend themselves, but that, like other EU Member States and the present US Administration, we perceive the Israel-Palestine conflict as more than just a regional issue. The conflict destabilises the entire global security situation.
- The popular uprisings in the Middle East and North Africa have fostered hope of democratic and economic reforms. There is need for Danish involvement in countries such as Tunisia, Egypt and, in particular, Libya, where Denmark has a particular responsibility.
- The Government will actively support the international efforts to promote disarmament and non-proliferation. Iran's nuclear programme constitutes one of the key security policy challenges that require a strong joint response on the part of the international community. There is need for a united multilateral strategy to combat the proliferation of nuclear weapons, ensuring that the Middle East becomes free of nuclear weapons. Likewise, in dialogue with Denmark's partners, the Government will pursue the proposal of making the Arctic region a nuclear weapon-free zone.
- The Government will set up a commission of inquiry to shed light on the background for the Danish decision to participate in the war in Iraq as well as potential problems relating to Denmark's observance of international conventions in connection with warfare in Iraq and Afghanistan.

CLIMATE CHANGE AND ENERGY POLICY

The global transformation into a green economy requires leadership and a targeted joint effort. Denmark and the EU must be ready to take the lead. The Government will step up efforts to secure a climate agreement within the UN system that substantially reduces greenhouse gas emissions and takes into consideration the needs of poor countries to balance their economic development with restructuring of energy consumption. Climate change and scarcity of resources affect poor countries in particular, and the industrialised nations have a responsibility to provide financing for climate change adaptation in these countries. It is crucial that poor countries are afforded access to climate-friendly technology.

- The Government will set up a fund to promote climate investments in developing countries.
- The Government will ensure better interaction between development assistance and climate change initiatives, including through the global framework.
- The Government will investigate how sustainability targets can be integrated into the political decision-making process in Denmark.

- The Government will assign high priority to the Rio+20 summit in 2012 and will work to secure agreement on a new set of global sustainability targets as well as synergy between the Rio+20 summit and the climate change conference in Durban (COP17).
- The Government will work to strengthen the international cooperation to promote green growth in partnership with the private sector and other actors who are to deliver innovative solutions for the future and create the foundation for economic development.