

Few industrial groups contribute massively to Denmark's balance of payments surplus

By Helle Eis Christensen (DN), Robert Wederkinck (DN), Caroline Bo (DST) and Søren Burman (DST)¹

For a long period, Denmark has had a surplus on the balance of payments. The manufacturing industry contributes massively to the balance of payments surplus because the sector has extensive net exports of goods. Danish industrial groups have increasingly become globally organised producing goods across borders. Accordingly, there is a close correlation between the manufacturing industry's investments in foreign subsidiaries and Danish exports and investment income that impacts the balance of payments statistics.

As part of the examination of the international organisation of industrial groups and their significance to the Danish economy, this analysis examines investments abroad and the groups' total contribution to the balance of payments surplus in 2018. To illustrate the presence abroad, we apply a new approach to examine the ultimate destinations for the industrial groups' investments.

Main conclusions:

- The contribution by just five large industrial groups to the balance of payments surplus corresponds nearly to the entire Danish balance of payments surplus in 2018.
- The industrial groups' total contribution to the balance of payments was DKK 297 billion in 2018, which is almost twice the total balance of payments surplus.
- The surplus is driven by goods exports of which an increasing part never crosses the Danish border, because the goods are produced by subsidiaries abroad.
- Danish industrial groups have substantial investments in subsidiaries abroad. Complex group structures often lead to investments passing through several countries before they reach their final destinations.
- A new method for calculating ultimate hosting countries for the investments shows that particularly investments in China and Russia are channelled through other countries.

¹ The analysis is carried out by Statistics Denmark (DST) and Danmarks Nationalbank (DN).

Contact:

Caroline Bo
cbo@dst.dk
+45 39 17 32 14

Søren Burman
sbu@dst.dk
+45 39 17 30 29

More analyses at dst.dk/analyse

The manufacturing industry contributes massively to the balance of payments surplus

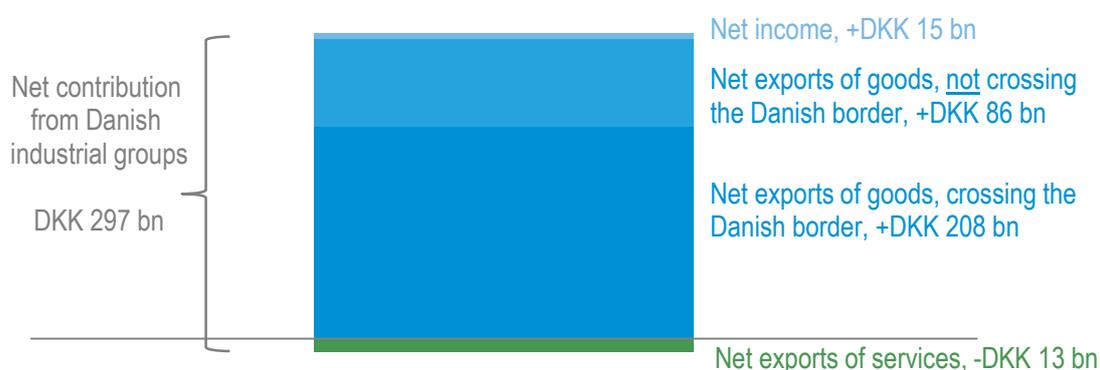
The balance of payments is a compilation of Denmark's economic transactions – including trade – with other countries. For many years, Denmark has had a large surplus on the balance of payments current account, in 2018, the surplus was 7 per cent of GDP. The balance of payments surplus basically reflects the fact that total savings in Denmark exceed total domestic investment, so that Denmark today has net foreign assets. It is not necessarily good or bad to have a balance of payments surplus. A deficit may e.g. reflect borrowing for building up capital stock. Free movement of capital and a well-developed financial system, allow households and enterprises to organise their consumption and investments, as they wish. Among other things, the balance of payments surplus is connected to the desire to save for retirement.

The various parts of the economy contribute differently to the balance of payments surplus. For example, trading and services enterprises often have sizeable imports of consumer goods or imports of products for the manufacturing industry in Denmark. Seen in isolation, this contributes negatively to the compilation of the balance of payments surplus. In contrast, enterprises in the manufacturing industry often produce products both inside and outside Denmark, and sell most of their products globally. Consequently, through their global net earnings from abroad due to both exports and investment income, these enterprises – when seen in isolation – contribute positively to the balance of payments surplus.

How does the manufacturing industry contribute to the balance of payments?

The increasing globalisation of Danish industrial groups and their sale of goods entail that their contribution to the balance of payments is substantial. In 2018 the Danish industrial groups contribution to the balance of payments surplus totalled DKK 297 billion, equating to 188 per cent of the total balance of payments surplus of DKK 158 billion; see figure 1².

Figure 1 The industrial groups' total contribution to the balance of payments, by item. 2018



Source: Data extraction made especially for this analysis.

Note: The assessment does not include capital transfers by the industrial groups or wages paid to their foreign employees working in Denmark, which is otherwise included in the calculation of the balance of payments. Nor do they include indirect imports, i.e. goods and services imported by enterprises outside the industrial groups and used for input in the groups' production and export of goods.

To assess the manufacturing industry's total contribution to the balance of payments, the focus is on industrial groups rather than individual enterprises. A large industrial group often comprises enterprises within several sectors, and typically, the enterprises act as a joint group and not as individual enterprises; see box 1.

² Note that the compilation of the contribution to the balance of payments does not include indirect imports, i.e. goods imported by enterprises outside the industrial groups used for input in the groups' production and goods exports. Nor have indirect imports included in the enterprises' fixed investments been included.

Box 1. Industrial groups in the analysis

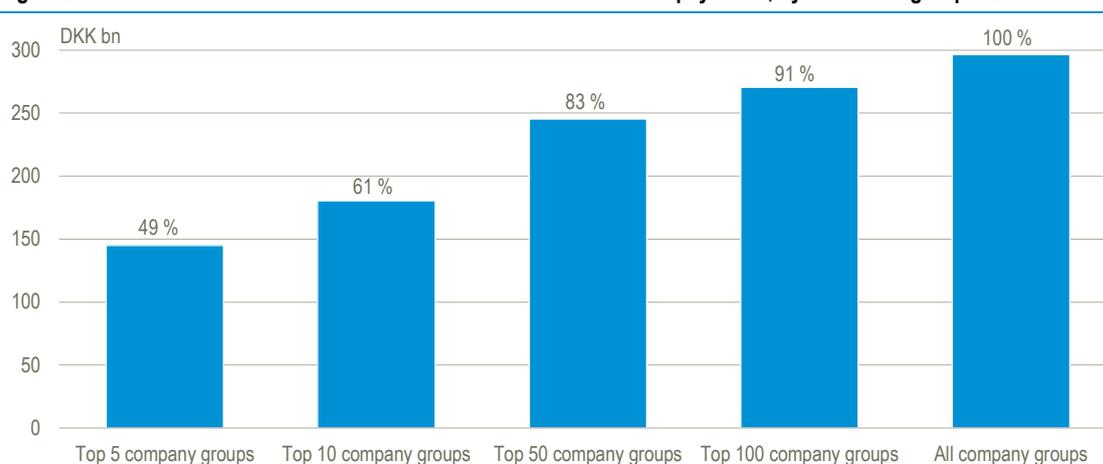
Danish industrial groups are groups whose main activity lies in the manufacturing industry. The enterprises may ultimately be controlled either from Denmark or from abroad. If an enterprise does not in itself belong to the industrial sector, but is included as part of a large industrial group, its activities will thus be included in the analysis. For this reason, the results of this analysis cover both enterprises from the manufacturing industry and enterprises from other sectors linked to the industrial sector, e.g. enterprises from the wholesale sector. Independent industrial enterprises that are not part of a group are regarded as their own group. In 2018, there were 3,316 Danish industrial groups. For a more detailed definition of industrial groups, see appendix 1.

Industrial groups revolve around manufacturing enterprises, as reflected by their contribution to the balance of payments surplus, which can almost entirely be ascribed to their substantial net exports of goods worth DKK 294 billion. In addition, the groups' net investment income from e.g. their foreign subsidiaries contribute with DKK 15 billion, whereas they have a net import of services worth DKK 13 billion, resulting in a total contribution of DKK 297 billion; see figure 1.

A few groups generate almost half of the manufacturing industry's contribution to the balance of payments

A few major Danish industrial groups are accountable for a substantial part of the Danish external trade and consequently also most of the industrial groups' contribution to the balance of payments surplus. In 2018, the contribution from just five major industrial groups was DKK 145 billion, corresponding to almost half of the total balance of payments surplus for the industrial groups; see figure 2. Thus, these five groups almost account for Denmark's entire balance of payments surplus, which amounted to DKK 158 billion in 2018. The value is mainly created in the form of exports to our major trading partners, such as the US, Germany and the UK.

Figure 2 The industrial sector's total contribution to the balance of payments, by number of groups. 2018



Source: Data extraction made especially for this analysis.

Note: The assessment does not include capital transfers by the industrial groups or wages paid to their foreign employees working in Denmark, which is otherwise included in the calculation of the balance of payments. Nor do they include indirect imports, i.e. goods and services imported by enterprises outside the industrial groups and used for input in the groups' production, investments and goods exports.

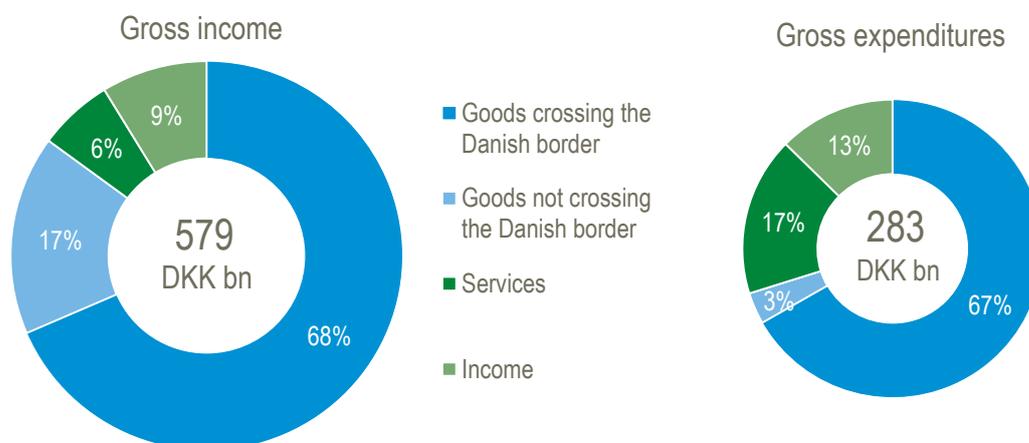
Most of the industrial groups' earnings come from sale of goods

The Danish industrial groups' net contribution of DKK 297 billion comes from extensive foreign trade, which means large revenue and expenditure to and from abroad.

Danish industrial groups' revenue comes largely from their exports of goods. It amounted to DKK 493 billion in 2018, corresponding to 85 per cent of their total revenue from abroad of DKK 579 billion; see figure 3. Goods exports can be broken down in goods produced in Denmark and goods produced abroad. Goods produced abroad are typically sold directly from the foreign production facility (often a subsidiary) to foreign customers. In this way, the goods are exported without ever crossing the Danish border. This type of export covers both goods sold abroad after processing

abroad as well as goods for resale that are purchased and resold abroad without further processing (so called merchanting)³.

Figure 3 The industrial groups' international transactions, by main items of the balance of payments. 2018



Source: Data extraction made especially for this analysis.

Figure 3 shows that the traditional goods exports, where the goods cross the Danish border, remains the largest sales channel for the Danish industrial groups. In 2018, export revenue from traditional goods exports totalled DKK 397 billion, corresponding to 68 per cent of the groups' revenue from abroad. However, revenues from sale of goods produced abroad (i.e. sale of merchanting goods and foreign processed goods) have been increasing in recent years and account for 17 per cent of total revenue in 2018.⁴

When looking at the payments from the industrial groups to other countries, the import of goods for production also make up the major part. In 2018, goods imports were worth DKK 198 billion, corresponding to 70 per cent of the industrial groups' expenses abroad. It illustrates that internationally organised enterprises typically incur considerable costs for imports in connection with production⁵. The industrial groups' imports of goods consist partly of inputs for the goods produced abroad, but especially of inputs for the production in Denmark⁶.

The industrial groups' trade in services is limited

Services are not the core activity of industrial groups. Exports of services are worth DKK 36 billion, corresponding to 6 per cent of the industrial groups' total revenue from abroad. The services exports include among other things revenue from royalties, i.e. payment for use of, or the right to use, e.g. patents or trademarks. The industrial groups' services imports are used in the production in Denmark and abroad. It accounted for 17 per cent of total expenditure in 2018. The part of the services imports that is related to production abroad includes expenses for processing of goods abroad.

Subsidiaries abroad generate revenue for Denmark and some of it is sent back abroad

Profits made by the Danish industrial groups' subsidiaries abroad are recorded as revenue in the form of investment income from abroad. In 2018, Danish industrial groups generated total investment income from abroad of DKK 51 billion. The majority came from their subsidiaries. In the

³ Whether it is processing or merchanting depends on which legal structure the enterprise has chosen for its production, and does not depend on the physical flow of goods. For a more detailed description see Statistics Denmark, 2017: [How big are Danish exports and who are our main trading partners?](#)

⁴ www.statistikbanken.dk/glob1

⁵ Learn more about the import share of Danish exports in Statistics Denmark, 2017: [How big are Danish exports and who are our main trading partners?](#)

⁶ Purchase of merchanting goods is not included in the imports, since trade in merchanting goods is calculated as net exports in the balance of payments.

same way, profits generated in Danish industrial groups are transferred to non-residents as investment expenditure (negative investment income) if the Danish group is owned by foreign investors. This is the case for some of the Danish industrial groups. By the end of 2018, for example, 55 per cent of the shares in the OMXC25 index were foreign-owned, which includes a number of industrial groups. Thus, there are considerable outgoing expenses in connection with payment of dividends from the Danish listed companies to the foreign shareholders. In 2018, the industrial groups' investment expenditure to other countries totalled DKK 36 billion. However, there are circumstances which to some extent make the assessment of expenditures underestimating the actual financial gain accruing to foreign investors; see box 2.

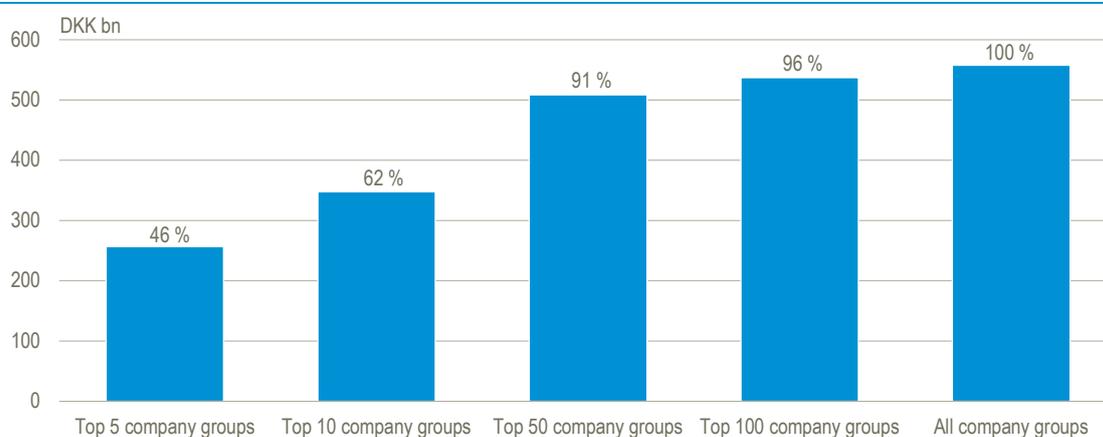
Box 2. Investment income and buy-back programmes

Investment income in the balance of payments is the return on Danish capital invested abroad, and vice versa, investment expenditure is the return on investments made by foreign investors in Denmark. The principles of the balance of payments statistics entail that the investment income for portfolio shares only includes paid dividends and not e.g. capital gains in connection with buy-back programmes. The Danish industrial groups often pay out profits to their shareholders by buying their own shares instead of paying dividends. Due to the fact that capital gains as a result of e.g. buy-back programmes are not included in the assessment of the investment expenditure, the expenditure will thus to a certain extent be underestimated for Danish industrial groups cf. Danmarks Nationalbank, 2018⁷.

The industrial groups set up subsidiaries abroad

The increasing globalisation of goods production by the Danish industrial groups means that many of their goods are produced abroad. To a wide extent, Danish industrial groups let their subsidiaries abroad undertake (and own) production and subsequent sales. Earnings from the Danish industrial groups' production abroad may reach Denmark as exports or as investment income, depending on which legal arrangement the enterprises have chosen for their production. For industrial groups with production abroad, exports and investment income are thus closely related. An earlier DST Analysis describes in more detail how the different forms of organisation impact the balance of payments statistics⁸.

Figure 4 The manufacturing industry's total investments abroad, by number of industrial groups. 2018



Source: Data extraction made especially for this analysis.

Accordingly, Danish industrial groups have considerable investments abroad in the form of subsidiaries. The value of these was DKK 558 billion at the end of 2018, the majority of which were made by relatively few major groups; see figure 4. There will often, though not always, be a correlation between the extent of the individual group's investments in subsidiaries abroad and the

⁷ Danmarks Nationalbank, 2018: *Globalisation complicates current account interpretation*, Analysis 2018:2

⁸ Statistics Denmark, 2019: *The global organisation of industrial groups has an impact on the measurement of Danish production and income*

size of the contribution to the balance of payments. Total investments of industrial groups correspond to 45 per cent of the direct investments abroad by all Danish enterprises in the amount of DKK 1,245 billion⁹, which reflects that the industrial groups are indeed globally organised.

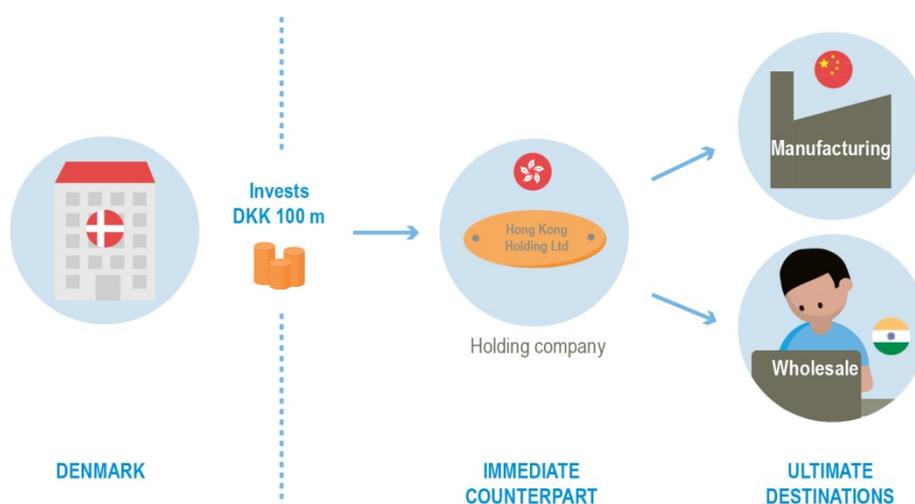
Difficult to identify where the investments end up

Danish industrial groups have invested in production facilities in large parts of the world. Investments in subsidiaries abroad are collected by Danmarks Nationalbank and are published only with respect to the immediate country in which investments are made, i.e. the first country to which the investments go.¹⁰ This is not necessarily the ultimate country in which investments are made, i.e. where the production activity and value creation take place.

As a new approach, this analysis uses the number of employees in subsidiaries abroad, which is collected by Statistics Denmark, to indicate where the investments of the industrial groups in fact end up - i.e. the ultimate country in which the investments are made. It is assumed that there is some coherence between the number of employees in subsidiaries and the production volume in the given subsidiary. In this way, a breakdown of the investments by number of employees gives an estimate of which countries that are the ultimate recipients of the investments; see box 3.

Box 3. Investments by industrial groups – ultimate country in which investments end up

Complex group structures make it difficult to identify the final destination of investments. Danish investments in subsidiaries abroad are compiled with respect to the immediate country in which investments are made, i.e. the first country receiving the investment from Denmark. However, this is not necessarily the final destination for the investment. For example if a Danish enterprise invests in China and India via a holding company in Hong Kong, this will only appear as an investment in Hong Kong and not in China and India.



It is assumed that there is a correlation between the number of employees in subsidiaries and in the volume of investments in the given subsidiary and thus country. Breaking down the investments of industrial groups according to the number of employees in their subsidiaries in a given country, gives an indication of where their investments ultimately end up.

In the breakdown, differences in capital intensity in different types of subsidiaries are taken into account, so that the number of employees in different subsidiaries gives rise to different investments (e.g. different capital intensities for wholesale and manufacturing). Differences in capital intensity are estimated based on Danish accounting statistics. For one industrial group, information provided by the enterprise itself about the ultimate host country, has been used. See more about the method in appendix 2.

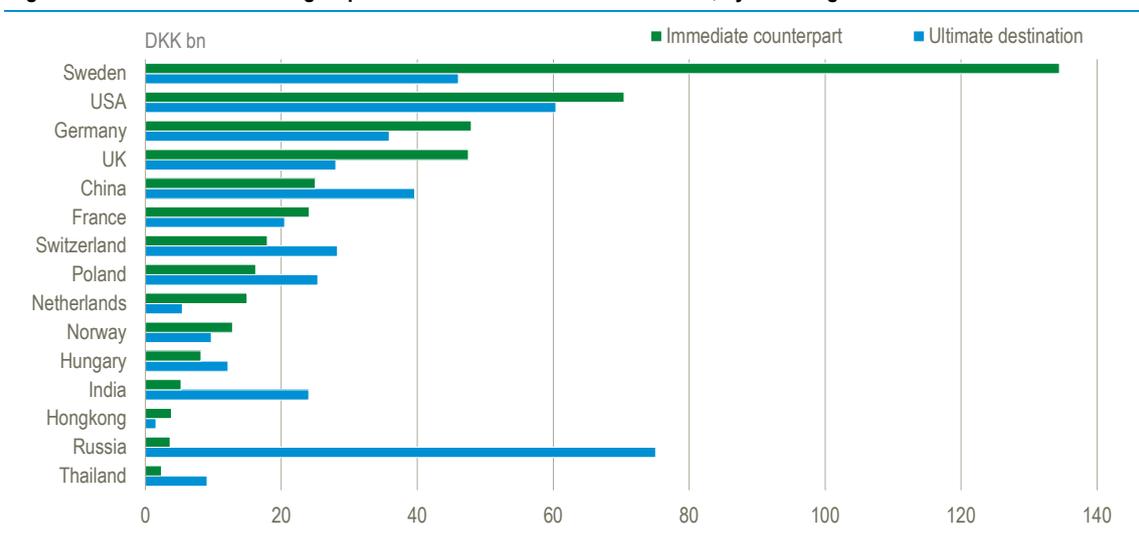
⁹ See figures in Statbank Denmark: www.statistikbanken.dk/DNDIA

¹⁰ Danmarks Nationalbank collects, on the other hand, information on ultimate investing country with respect to foreign direct investments in Denmark, cf. Danmarks Nationalbank 2019.

Industrial groups invest in Russia and China via transit countries

Danish industrial groups' investments in subsidiaries are distributed over relatively few large countries when compiled on the first country in which the investments are made. Sweden and the US alone are the first destination for more than a third of the industrial group's total investments. The five countries receiving the most investments account for 59 per cent, measured by the first country in which investments are made; cf. figure 5.

Figure 5 Danish industrial groups' investments in subsidiaries abroad, by receiving countries. 2018



Source: Data extraction made especially for this analysis.

Note: The ultimate country in which groups make investments abroad has been found by breaking down the investments by country according to the number of employees in the subsidiaries abroad.

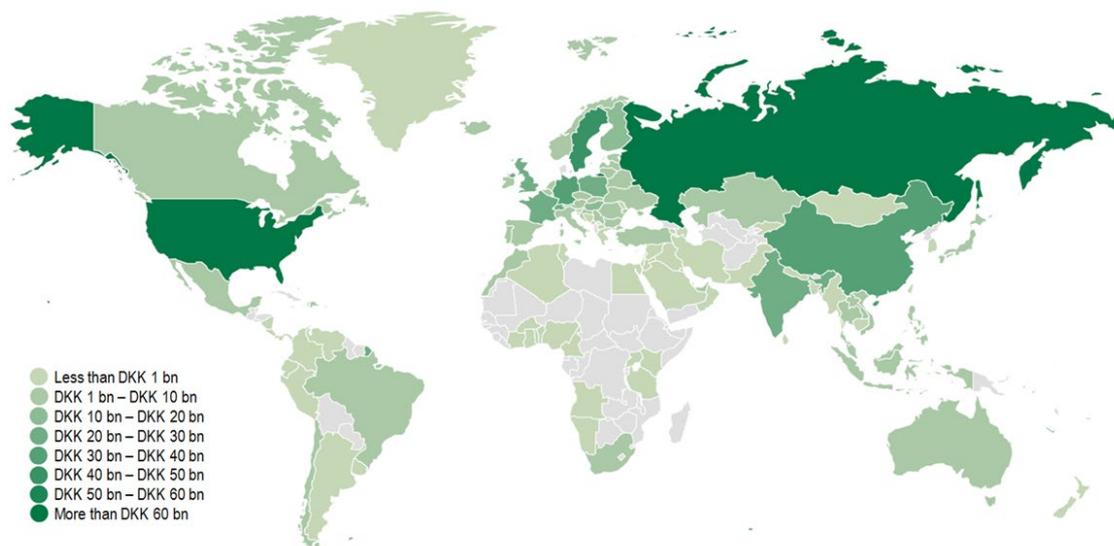
Industrial groups have more geographically dispersed investments in subsidiaries abroad when looking at the investments broken down by ultimate country; see figure 6. It shows that, to a great extent, Danish industrial groups make investments through transit countries. The five countries which are the largest ultimate receivers of investments account for 46 per cent of investments by Danish industrial groups. Russia is now the country in which the groups invest the most. Note that the method used for breaking down investments by ultimate receiving country is an estimation of where the Danish industrial groups investments end up. See more about the method and reservations in appendix 2.

In general, the assessment shows that investments in a number of growth economies such as Russia, China and India are made via other countries. It also shows that a few of our neighbouring countries such as Sweden, Great Britain and Germany receive far less as ultimate countries in which investments end up; see figure 5. Thus, to a certain extent, these countries act as transit countries for investments abroad by Danish industrial groups.

There may be several reasons to why enterprises use transit countries for their investments. This may be down to historic coincidences or group-specific conditions, e.g. if the Danish industrial group acquires a subsidiary abroad that already owns a subsidiary in a third country. It may also be due to tax advantages or because it is difficult to gain a foothold in a specific market directly from Denmark.¹¹

¹¹ OECD (2018), FDI in Figures, April 2019.

Figure 6 Danish industrial groups' investments in subsidiaries abroad, by ultimate countries. 2018



Source: Data extraction made especially for this analysis.

Note: The ultimate country in which groups make investments abroad has been found by breaking down outgoing direct investments by country according to number of employees in subsidiaries abroad.

Globalisation complicates how to interpret the balance of payments

The Danish industrial groups' contribution to the balance of payments statistics is substantial. The increasing globalisation of the company groups means that goods production takes place in many countries and, as a result, their investments in subsidiaries abroad are considerable. Viewed in the context of the conclusions of the DST Analysis from 2018¹², the high degree of globalisation with heavy investments abroad and global production chains makes it challenging to interpret the development in exports without taking income into account and, thus the industrial groups' contribution to the Danish economy.

¹² Statistics Denmark, 2019: [The global organisation of industrial groups has an impact on the measurement of Danish production and income.](#)

Literature

Danmarks Nationalbank, 2018, Globalisation complicates current account interpretation, Analysis 2018:2.

Danmarks Nationalbank, 2019, Halvdelen af direkte investeringer løber via transitlande, Statistik 2019.

Statistics Denmark, 2019, The global organisation of industrial groups has an impact on the measurement of Danish production and income, DST Analysis 2019:7.

Statistics Denmark, 2016, Large increase in sales of goods abroad by Danish manufacturing industries, DST Analysis 2016:22.

Statistics Denmark, 2018, How big are Danish exports and who are our main trading partners? DST Analysis 2018:4.

Statistics Denmark, 2018, Stort overskud på varehandlen uden for Danmark, Nyt fra Danmarks Statistik 2018:44.

Statistics Denmark, 2018, Production abroad has an effect on Danish GDP, DST Analysis 2018:14.

OECD (2018), FDI in Figures, April 2019.

Appendix 1. Definition of industrial groups

In this analysis, the overall activities abroad of Danish industrial groups are examined. The focus is on whole industrial groups to include the activity of those parts of the groups that are not registered in the manufacturing industry, such as group headquarters, holding companies, research and development companies and trading companies.¹³ The argument in favour of this approach is that industrial groups act as a joint group across borders and activity classifications rather than as individual enterprises. This is particularly relevant when the industrial groups' income from their subsidiaries abroad is compared with exports, since it is not necessarily the manufacturing entities that own the group's subsidiaries abroad. However, the activity is still limited to the financial transactions handled by the groups' Danish enterprises, and not the activities carried out by any subsidiaries abroad.

The delimitation and definition of an industrial group is based on the group register, the statistical business register and the statistics of Danish subsidiaries abroad. For Danish enterprises with subsidiaries abroad in the manufacturing industry, information is retrieved from the statistics on Danish subsidiaries abroad on the number of employees in foreign subsidiaries broken down by activity¹⁴. From the statistical business register, information is retrieved on the number of employees and turnover in Danish enterprises registered in the manufacturing industry. The information on Danish enterprises with subsidiaries abroad in the manufacturing industry and the Danish enterprises registered in the manufacturing industry is merged with the statistics on groups to find the Danish enterprises in the group that are not found based on the information on activity. Information about the number of employees and turnover for these enterprises is retrieved from the statistical business register. Note that enterprises that are not part of a group will be included as a group with only one enterprise in this analysis.

To ensure that the main activity of the chosen groups is in the manufacturing industry, the concentration of employees and turnover in the manufacturing industry as well as the extent of the group's production have been considered.

An industrial group must have either

1.
 - At least half of its employees in the manufacturing industry in Denmark and
 - At least 100 employees in Denmark
2.
 - At least half of its total Danish turnover in the manufacturing industry and
 - a Danish turnover in the manufacturing industry of at least DKK 10 million per year
3.
 - A Danish enterprise with at least 100 employees in the manufacturing industry abroad and
 - A Danish enterprise with at least half of its employees abroad in the manufacturing industry or wholesale and retail trade¹⁵

Finally, groups that meet the above criteria, but even so are considered not to belong to the industrial sector, have been removed. This is due to the fact that major groups in the service industry may produce goods for intermediate consumption in their production of services and in this way will meet the third criteria above. In this analysis, a large group in the transport sector has been removed.

For the year 2018, 3,316 industrial groups have been identified.

¹³ This delimitation varies from the traditional way of assessing the manufacturing industry in the national accounts, in the TEC and STEC statistics and in the Business statistics.

¹⁴ The manufacturing industry is defined as sector "C" in the 19-grouping of NACE Rev. 2, the statistical classification of economic activities in the European Community.

¹⁵ The wholesale and retail trade is defined as sector "G" in the 19-grouping of NACE, Rev. 2.

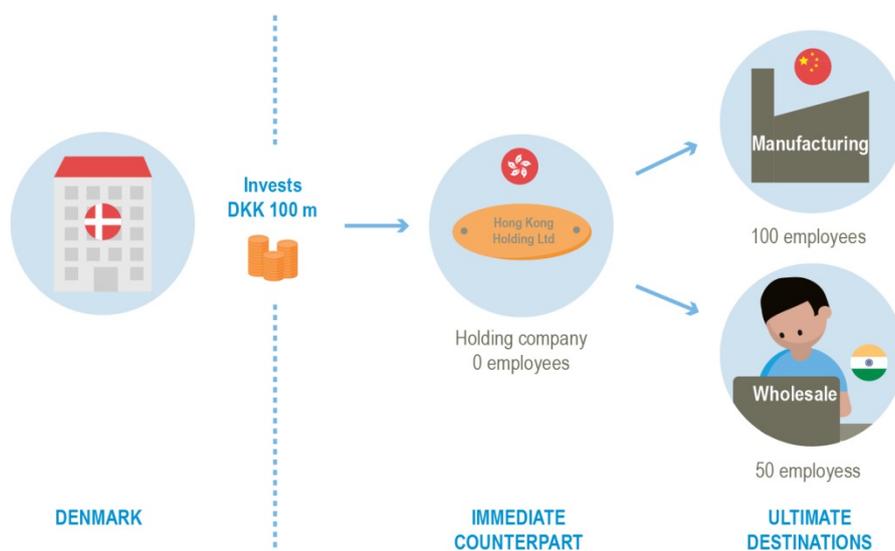
Appendix 2. The geographical location of investments in subsidiaries abroad

From the first country to the ultimate country in which investments are made

The official statistics of investments made by Danish enterprises in subsidiaries abroad (DNDIA)¹⁶ are compiled with respect to the immediate country in which investments are made, i.e. the first country receiving the investment from Denmark. If such subsidiaries also invest in other countries, these countries will not appear in the statistics, and the value of the subsidiary's further investments will be attributed to the first country in which the investments were made.

To see through the first country in which investments are made and to obtain a differentiated picture of where the investments of the industrial groups actually end up, one can combine the statistics of investments in subsidiaries abroad (DNDIA) with information from the statistics of Danish subsidiaries abroad (OFATS3)¹⁷ at enterprise level. In the statistics of Danish subsidiaries abroad, information is collected on the subsidiaries' activity, geographical location and number of employees. By breaking down total direct investments abroad based on the number of employees in the subsidiaries abroad, it is estimated where the direct investments actually end up; see example below.

For example: A Danish group's investments and employees abroad



The activities in the different subsidiaries do not have the same need for capital investments. To take this into account, the information about the number of employees is combined with the average capital intensity per employee broken down by activity, i.e. how much capital is available on average per employee in a given activity. To calculate the capital intensity per employee, information is used from the statistics on accounts of the non-agricultural private sector¹⁸ for a number of selected activities. An average capital intensity is calculated based on all the activities except for: energy supply, water supply and waste management as well as real estate activities and renting, which are particularly capital intensive.

¹⁶ www.statistikbanken.dk/DNDIA

¹⁷ www.statistikbanken.dk/OFATS3

¹⁸ www.statistikbanken.dk/REGN1 og www.statistikbanken.dk/REGN3

Employees, fixed assets and capital intensity for Danish enterprises in the non-agricultural private sector.2017

	Employees	Fixed assets	Capital intensity
	Number	Million DKK	Million DKK/employee
B Mining and quarrying	4 423	8 654	1.96
C Manufacturing	276 040	151 687	0.55
D Electricity, gas, steam and air conditioning supply	10 688	171 824	16.08
E Water supply, sewerage and waste management	9 408	204 472	21.73
F Construction	152 242	21 951	0.14
G45 Wholesale and retail trade and repair of motor vehicles etc.	43 858	8 349	0.19
G46 Wholesale trade, except of motor vehicles etc.	143 098	38 999	0.27
G47 Retail trade services, except of motor vehicles and motorcycles	137 745	24 319	0.18
H50 Water transport services	15 643	132 425	8.47
H Other transport services	106 256	84 441	0.79
I Hotels and restaurants	69 412	17 039	0.25
J61 Telecommunications	13 463	48 573	3.61
J Other information and communication services	83 481	22 130	0.27
L Real estate activities and renting	33 748	598 957	17.75
M Knowledge-based services	143 525	37 218	0.26
N Travel agent, cleaning, and other operational services	101 942	32 522	0.32
S95 Repair of household goods	3 829	318	0.08
Average capital intensity, excl. activity D, E and L			0.49

Source: www.statistikbanken.dk/REGN1 and www.statistikbanken.dk/REGN3.

The weights calculated as the number of employees*capital intensity are used to break down the investments on the subsidiaries abroad. The distribution of the direct investments for a fictitious group appears from the table below.

Calculation of investments for ultimate country in which investments end up

	Investment in million DKK first counterpart country	Number of employees	Weighted capital requirement	Share of investments	Investment in million DKK ultimate counterpart country
Hong Kong - Holding company	100	0	0	0 / (0+55+13.5) = 0	0
China - Manufacturing		100	55 100 * 0.55 = 55	55 / (0+55+13.5) = 0.8	80
India - Wholesale trade		50	13.8 50 * 0.27 = 13.5	13.5 / (0+55+13.5) = 0.2	20

Reservations concerning the geographical breakdown on ultimate country

The method for breaking down investments by ultimate country in which investments end up is an estimation of where the Danish industrial groups have made investments. The method does not allow for differences in the capital intensity of countries. It is conceivable that e.g. a production facility in China would be more labour-intensive than a corresponding production in Germany. In the example, the investments in China would be overestimated. Also, data for investments (DNDIA) are from the year 2018, whereas data for the number of employees in subsidiaries abroad is from 2017. In addition, there is a difference in the delimitation of the statistics for investments and the statistics for Danish subsidiaries abroad. In the statistics for investments, all investments are included where the investor owns at least 10 per cent of the voting shares, whereas the statistics for Danish subsidiaries abroad are only compiled for enterprises where the investor has the control (often by owning more than 50 per cent)¹⁹. It is assessed, however, that for industrial groups the two concepts will coincide, since investments in production facilities will often be under the control of the enterprise.

¹⁹ If relevant, see the statistical documentation for a further definition of control
www.dst.dk/da/Statistik/dokumentation/statistikdokumentation/danske-datterselskaber-i-udlandet

If an enterprise has registered investments abroad but is not included in the statistics of Danish subsidiaries abroad, the immediate country is used, from the statistics of direct investments abroad, as the ultimate country in which investments are made.

Finally, investments in subsidiaries abroad that are transferred back to subsidiaries in Denmark – so-called round-trip investments – will not be identified with this method, since employees in subsidiaries in Denmark are not included in the statistics of Danish subsidiaries abroad.