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The IMF Article IV Consultation on the Danish economy

The International Monetary Fund (IMF) regularly carries out Article IV Consultations on the state of the economy in individual member countries and, at the same time, presents recommendations on the country's economic policy. As far as Denmark is concerned, the Article IV Consultations are carried out every other year.

Today, at a press meeting at Danmarks Nationalbank, a delegation from the IMF presented conclusions and recommendations from their Article IV Consultation on the Danish economy in 2010. Governor Nils Bernstein, Danmarks Nationalbank, comments on the Consultation:

"Basically, Danmarks Nationalbank shares the IMF's view of the current economic situation in Denmark, and we agree with the IMF in their recommendations on Danish fiscal policy. To ensure the credibility of the Danish fixed-exchange-rate policy and other aspects of economic policy, it is essential to stay focused on the planned consolidation of public sector finances starting next year in order to gradually eliminate the government budget deficit. Danmarks Nationalbank also agrees with the IMF that it will require tight spending policies and ongoing labour market reforms to ensure the sustainability of long-term fiscal policy. This will be a long haul, and a new 2020 plan for the Danish economy can be a useful tool when it comes to keeping developments on track."

The IMF also assessed the latest trends for the Danish financial sector. Governor Nils Bernstein says:

"The IMF believes that the stability of the Danish financial system is recovering, but that the banking sector will be faced with significant challenges over the coming years. Danmarks Nationalbank agrees with this assessment. The upcoming regulation presents a challenge. The IMF states that, in its current form, the Basel Committee's proposal for new liquidity ratios will have implications for the Danish mortgage market as well as the market for government securities. Danmarks Nationalbank appreciates the IMF's recognition of Danish mortgage bonds as liquid assets. On previous occasions, Danmarks Nationalbank has pointed to the need for closer integration between Danmarks Na-

tionalbank and the Danish Financial Supervisory Authority. This is in line with the IMF's considerations concerning increased cooperation between the two institutions," the Governor says.

Enquiries can be directed to Karsten Bilstoft on tel.: (+45) 33 63 60 21.