



Country Overview:

**D E N M A R K**

## **STATE AID IN LIFE SCIENCES IN DENMARK**

### **1. What is the size of the market and what are current trends in Denmark?**

The financial crisis has affected Danish players in the life sciences market as it has internationally. According to Ernst & Young's Beyond Borders (2009) the Danish life science companies raised 1,7 billion DKK (approximately 229 m EUR) in financing in 2008 as opposed to 3,7 billion DKK (approximately 500 m EUR) in 2007, a drop of approximately 55 per cent. Venture capital fell from 830 m DKK (approximately 112 m EUR) in 2007 to 533 m DKK (approximately 72 m EUR) in 2008, a drop of ca. 35 per cent.

The life sciences industry is one of Denmark's most important industry sectors. For example, the Danish export of pharmaceuticals amounted to DKK 41.1 billion in 2008 (approximately 5.5 billion EUR) with the pharmaceutical industry employing approximately 20,000 people inside Denmark.

For 2009 the Danish state had allocated 14.9 billion (approximately 2 billion EUR) to research and development via the Finance Act. 55 per cent of the total amount was allocated to the Danish universities.

### **2. What kind of state aid schemes for life sciences exists in Denmark?**

There are a number of different possibilities for researchers, including researchers in the field of life sciences, to obtain state aid for their research in Denmark. Firstly there are two main categories of Danish aid, the free research aid and the strategic research aid.

General research aid is generally available to anyone submitting an application to the Danish free research council (*Det Frie Forskningsråd*). The funds are not earmarked to any specific form of research. In 2008 the total amount of general aid given was approximately 1,1 billion DKK (approximately 150 m EUR).

Strategic research aid (referred to as FORSK2015) is provided in order to channel aid into specific areas of research. The areas are chosen for their strategic importance, for examples areas where Danish companies have obtained a certain degree of expertise. Strategic research aid is allocated by the strategic research council (*Det Strategiske Forskningsråd*). Funds are allocated to FORSK2015 on a year by year basis through the Danish parliament's Finance Act with the overall strategy for aid being reviewed every four years. In the current period FORSK2015 focuses on energy, climate and environment, production and technology (including bio energy and foodstuffs) and health and prevention (including diagnostics and medicine). The total amount of strategic research aid given in



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2008 was 731 m DKK (approximately 99 m EUR), of which ca. 300 m DKK (approximately 40,5 m EUR) was given to life sciences.

Additionally there are two smaller specific initiatives. The EliteForsk initiative with a fund of 12 m DKK (approximately 1,6 m EUR) rewarded biannually is a recent aid scheme aimed specifically at young researches and aims to promote young researchers as role models for science students.

The UNIK initiative represents a new fund to which the Danish state has contributed 240 m DKK (approximately 32,4 m EUR) in 2008 and the same amount 2009. The Danish universities compete for the allocation of the funds by submitting proposals for large research projects in areas which are important for the university and Danish research in general.

In addition to the possibilities above the European Union has a general research aid scheme under the 7<sup>th</sup> framework directive. Denmark contributes to the research funds allocated to researchers throughout the European Union and the political aim for Denmark is to recover at least the same amount for research being done in Denmark. Finally Danish researchers have, like their international colleagues, the option of applying for state aid to research on a case by case basis to other national or international programmes. For example, Danish researchers have had some success in obtaining aid from public US health institutions for their research in Denmark.

### **3. What else could be done to promote young life sciences companies in Denmark?**

Danish Biotek, the Danish association of biotech companies, has in its annual report for 2008 suggested the following initiatives in order to support their members through the financial crisis:

- An increase of 75 m DKK (approximately 10 m EUR) to the funds available for proof-of-concept,
- to increase the funds available to science parks and allow these to invest larger sums per project,
- to increase the equality between small and large life science companies for tax purposes, and
- to allow companies with less than 250 employees and losses after tax to have 25 per cent of cost of research and development refunded, instead of allowing them to get a tax deduction for the same amount when the company turns a profit.