



Novo is spending \$8.6 billion to renovate and expand its factory complex in Kalundborg, as viewed from Helix Lab Research and Education Center. *Photographer: Carsten Snejbjerg/Bloomberg*

Industries | The Big Take

Ozempic Maker Novo Nordisk Has Denmark's Economy Hooked

The blockbuster drug producer is Europe's most valuable company — and its home country is feeling the effects

By [Sanne Wass](#) and [Naomi Kresge](#)

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There is no escaping Ozempic and Wegovy. The diabetes and obesity drugs are a global phenomenon. They've won over the rich and famous, generated billions in sales and blown open a new market for weight loss drugs, which Goldman Sachs estimates will reach \$100 billion a year by 2030.

The development of semaglutide, the key ingredient in the medicines, has also transformed their maker, Novo Nordisk, into Europe's most valuable company with profound implications for its home country of Denmark. Novo's market capitalization of more than \$570 billion is bigger than the Danish economy. Its philanthropic foundation is now the world's largest, with assets twice those of

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Little in Denmark can escape Novo's gravitational pull. Its agenda influences educational and research priorities, and politicians consider the company's perspective before making decisions on immigration policy or new infrastructure development. The drugmaker has created thousands of jobs in the six-million-person country – and more will come as Novo expands across multiple locations – but even citizens with no ties to the firm benefit from its gains. Danish pension funds are flush from record returns on Novo shares, and mortgages are cheaper as booming diabetes drug exports have forced Denmark's central bank to keep interest rates low.



The central atrium at Novo's headquarters — whose design was inspired by an insulin molecule — in the Bagsvaerd suburb of Copenhagen. *Photographer: Carsten Snejbjerg/Bloomberg*

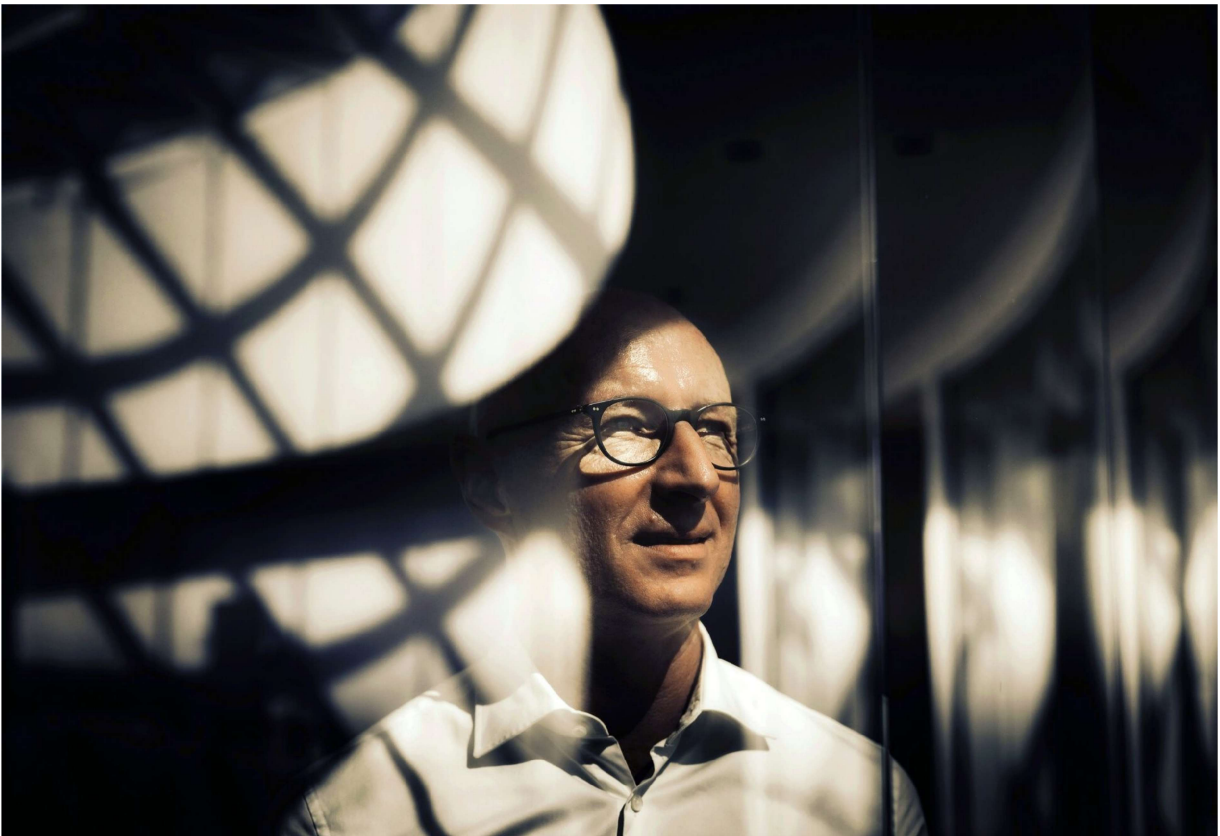
Novo's enormous scale in Denmark also comes with risks, both for the

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Executive Officer Lars Fruergaard Jorgensen said in an interview, he's also realistic about the drugmaker's potential impact in its home country and elsewhere. "When you have superpowers," he said, citing Swedish children's story Pippi Longstocking, "you have super responsibility."



Novo Nordisk CEO Lars Fruergaard Jorgensen in Bagsvaerd. *Photographer: Carsten Snejbjerg/Bloomberg*

Such outsized influence can be a liability in a culture where humility is so deeply rooted that an unofficial social code exists to discourage flashy display of success. And Novo has taken measures to downplay its stature: When the company rented Copenhagen's famed Tivoli Gardens amusement park in September for a private two-day staff party, the drugmaker asked guests not to post pictures on social media for fear of repercussions, according to local media.

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included. There is an “extreme political attentiveness” to Novo, said Christop Houman Ellersgaard, an associate professor at the Copenhagen Business School who researches Danish elites. Yet Novo is in a delicate position. If it continues to expand, so too will the power and influence it exerts in Denmark

And if it stumbles or falls, the country’s economy and society will feel the effects.

Economists call this the “Nokia risk,” referencing the Finnish telecommunications giant whose collapse, beginning in the first decade of the 2000s, dragged down that country’s entire economy. Not only did the then-phonemaker’s decline wipe out thousands of jobs, but the ripple effects extended to Finnish universities, businesses, and the public sector, all of which relied on its success.

Some already see parallels.

“If Novo continues to be most of the growth in the Danish economy, then there’s a problem when the profit stream from Novo shrinks,” said Herman Mark Schwartz, a politics professor at the University of Virginia who researches small countries disproportionately dependent on single firms.

“And it will shrink.”

Ripple effects

On a spring afternoon in the former fishing village of Kalundborg, Mayor Martin Damm steered his Mercedes through a series of detours to avoid the afternoon rush hour, when thousands of scientists, robotics engineers and assembly line workers stream out of Novo’s local manufacturing hub.

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Novo's massive factory expansion is transforming the town of Kalundborg. *Photographer: Carsten Snebjerg/Bloomberg*

The surrounding area is also being transformed. Novo and the foundation that controls three-quarters of its voting shares are helping fund a train station, biotech college and a research lab in the area. Two universities plan to launch degree programs in Kalundborg, and a highway is being built to connect the town to the capital.

“A decade ago, people who came from Copenhagen would call Kalundborg ‘Novosibirsk,’ because it was far out in the middle of nowhere,” said Damm, who’s been in the job since 2010. “Today, it’s known as Novo City.”

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Mayor Martin Damm at his office in Kalundborg. *Photographer: Carsten Snebjerg/Bloomberg*

As Novo's fortunes have risen, so too have Kalundborg's. Corporate tax revenue from Novo is estimated to have jumped more than tenfold since 2011 and the unemployment rate has dropped by about two-thirds. In 2022, the municipality's economy expanded by 27%. As corporate tax coffers have swelled, elected officials have cut taxes six times in the past ten years and invested in initiatives including a new harbor park.

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Local businesses have benefited significantly from the so-called Novo effect. Damm drove by a gas station that prepares up to 66 pounds of pork every morning to meet booming demand for sandwiches among construction workers at Novo's site. A flower shop in the town center has been exceptional busy preparing welcome bouquets for new Novo employees. According to the 61-year-old mayor, every new job at Novo creates three somewhere else, and the company anticipates that its construction in Kalundborg will produce 1,200 new roles.

Among the company's most important recruiting pipelines is the University

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University College Absalon's campus in Kalundborg came about through a \$4.2 million donation from the drugmaker. *Photographer: Carsten Snebjerg/Bloomberg*



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companies; many work part-time at Novo while studying.

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It's all part of an emerging research hub: In 2022, the site welcomed a Novo Foundation-funded lab, where graduate students collaborate with the drugmaker and local companies on research related to pharmaceuticals and bioproduction. Later this year, the Technical University of Denmark – also supported by the foundation – and the University of Copenhagen will break ground on the Absalon campus, offering biotech-tailored degrees.

As Ozempic and Wegovy revenue have surged at Novo, grantmaking has kept pace. In 2023, the Novo Nordisk Foundation awarded a record \$1.3 billion to projects related to innovation and science.

No other foundation in Denmark – including those attached to large companies like Carlsberg, Lego and Maersk – comes anywhere close to Novo's reach. The foundation backs 27% of Denmark's medical research. It sponsors the work and salaries of 9,500 scientists – almost as many as work at Novo itself. Last year, the foundation gave away its first Obesity Prize for Excellence in collaboration with the European Association for the Study of Obesity. The winner was a researcher from the Novo Nordisk Foundation Center for Basic Metabolic Research at the University of Copenhagen.

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The deep-water New West Port in the region of Zealand, home to Novo's factory complex, supports the surrounding area with a container terminal, a logistics center and border control facilities. *Photographer: Carsten Snejbjerg/Bloomberg*



Roads, including a highway to Copenhagen, are being built to accommodate Kolding. *Photographer: Carsten Snejbjerg/Bloomberg*

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set the agenda,” she said. Because universities in Denmark must co-finance grants, some have expressed worry over the foundation’s large donations tying up university money and resources.

“We shouldn’t make a big successful company that tries to contribute to Danish society the villain,” Junk said. “But we should be able to have a discussion about how our democracy is affected by the fact that these developments potentially shift power.”

Political Ties

Earlier this year, a small scandal erupted in Kalundborg when residents learned that city leaders had met behind closed doors with Novo executives and lobbyists at least 14 times since late 2019. Meeting agendas showed that the company’s representatives had delved into civic issues – the quality of the elementary school, Kalundborg’s overstretched housing market, questions around urban development – raising eyebrows among locals. Political access of this kind is highly unusual in Denmark, which prides itself on its egalitarianism.

To Damm, there’s nothing inappropriate about the meetings, which he said facilitate the exchange of information. Not everybody agrees. “We have a democracy,” said Niels Erik Danielsen, a municipal board member from the opposition Red/Green Alliance. “I don’t think it’s a good thing that a large company has direct influence on the municipality’s policy.”

Novo’s ascendance has ensured access to high-ranking politicians and influence over national policy. Jorgensen, Novo’s CEO, is now on the board of Denmark’s central bank. Mads Krogsgaard Thomsen, CEO of the Novo Nordis Foundation and former research and development chief at Novo, said he meets “very often” with government ministers to compare notes on where

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Morning rush hour at the new train station serving the eastern part of Kalundborg, where Novo's site is located. *Photographer: Carsten Snebjerg/Bloomberg*

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Workers wait in line on a Monday morning to enter the Novo site. *Photographer: Carsten Snebjerg/Bloomberg*

Politicians have in the past been willing to make accommodations to keep large companies happy – in 2007, the government changed a proposed tax bill after Maersk, Denmark’s most valuable company at the time, threatened to move some units abroad. But the line between protecting a company’s competitive edge and giving it preferential treatment can sometimes be hazy.

Experts have warned that Denmark’s growing dependence on Novo makes it harder for elected officials and civil servants to contest conditions that benefit the company and its foundation. That can translate into delicate questions going unasked, said Ellersgaard, the researcher at Copenhagen Business School. By way of example, he cited lawmakers’ failure to challenge the foundation’s allocation of tax-free non-profit money into research that ultimately benefits Novo Nordisk. He also mentioned the board’s excessive power over Danish society via its grantmaking.

In response to questions about the foundation’s relationship to the drugmaker Thomsen dismissed the notion that there was any bias in its grantmaking. “We don’t support the company, but we do create a fertile ecosystem where there

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Novo to charge almost twice as much per Ozempic dose than in larger European markets, while a generous reimbursement policy for the drug meant that public insurance covers most of the costs.

The policy has led to a massive bill for Denmark's public health care system. Danish authorities spent \$200 million on Ozempic in 2023 – eight percent of all spending on medicine, and twice as much as the previous year. Officials warned that should costs continue to surge, it would necessitate cuts.

Anders Kuhnau, chairman of Danish Regions, the body representing Denmark's regional public health care authorities, worried about the spike during an interview with Danish national broadcaster DR, calling it “very large and surprising.”

“The consequence,” he said late last year, “is that we'll have to take money from hospitals, which are already under pressure.”

Several months earlier, Denmark's Reimbursement Committee, which advises the Danish Medicines Agency on which drugs should be covered, recommended ending subsidies for Ozempic due to the costs.

The public backlash put pressure on Novo to lower its prices – this week the company reduced Ozempic's cost in Denmark from \$188 to \$125 per month. “Ozempic has been on the market in Denmark since 2018,” the company wrote in a statement, “and locally it is normal for the price of a drug to be reassessed during the life cycle.”

Nokia Risk

Last year, nine civil servants from the Danish economy ministry visited Novo in preparation for the government's triannual economic review. The 228-page document published in August mentioned Novo Nordisk 31 times and

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Country was on a trajectory similar to Finland's under Nokia. In the late 1990s, the phonemaker's rise transformed the Nordic nation from a raw materials producer to a high-tech knowledge economy, lifting the gloom in a country devastated by a severe recession and the near-overnight disappearance of Soviet trade.

At its peak, Nokia accounted for 4% of Finnish GDP, and was – like Novo – Europe's most valuable company, generating half the country's economic growth and bringing in a fifth of all corporate tax. Yet the company's failure to keep up with competitors brought this to an end. In 2009, beset by a European debt crisis, Finland's GDP declined by 8.1% – with Nokia's downfall estimated to be responsible for almost half. Finns failed to resize their public sector accordingly, and the country has not generated a budget surplus since then.

Danish officials have shrugged off suggestions the country is facing a “Nokia risk.” Stephanie Lose, Denmark's minister of economy, said in an interview that because much of Novo's production happens abroad, the company is not “deeply infiltrated in the Danish economy.” She pointed to employment as an example.

“I don't think you should be worried about a potential effect on the domestic economy, or employment and GDP growth” should Novo face challenges, Lose said.

Whether or not that proves to be true, Novo's size is already causing issues in Denmark: Businesses complain about the drugmaker vacuuming up workers with high-paying job offers; even the armed forces have lost officers to Novo. Novo's massive construction plans are tying up permitting offices, causing delays for other companies. And real estate agents in Kalundborg report that senior citizens looking to downsize have been forced to leave town because the influx of Novo employees makes finding a rental home nearly impossible.

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The Wegovy production line at Novo's manufacturing facility in Hillerod. *Photographer: Carsten Snebjerg/Bloomberg*

It's also increasingly clear that while Novo may be growing too big for Denmark, the Nordic country is becoming too small for Novo.

"Novo is starting to find it difficult to recruit because the kingdom isn't any larger," Thomsen, the foundation CEO, reflected during an interview at his office in northern Copenhagen. With the philanthropic organization running out of places to invest inside Denmark, he said, it's planning to distribute more grants in countries such as the US.

"Danish society simply cannot absorb all the money the foundation has to hand out," said Kurt Jacobsen, a professor at Copenhagen Business School who wrote a book about Novo.

Ironically, Novo's massive success is what may ultimately enable Denmark to wean itself off the drugmaker. "Novo Nordisk is helping to cement Denmark's position as one of the leading areas within pharma/medtech/biotech in Europe," said Claus Berner Moller, vice president at ATP, Denmark's largest pension fund, which holds shares in Novo. "This could make it easier in the

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best-selling drug. And regulatory interference poses another major risk, especially in the US, its biggest market by far. Novo's patents on Ozempic and Wegovy expire in the US in 2032 and in Europe a year earlier, according to the company's annual report. Even though investors expect Ozempic sales to start a slow decline sooner than that, it still gives Novo – and Denmark – time to diversify beyond diabetes and weight loss drugs.

– *With assistance from Kati Pohjanpalo and Christian Wienberg*

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