IMPACT FUND DENMARK

EIFO

Unlocking the Global South: Potential, Promises, and Strategic Pathways

Content

New international conditions for Danish companies

The Global South has risen with China, but growth is now rotating towards other countries.

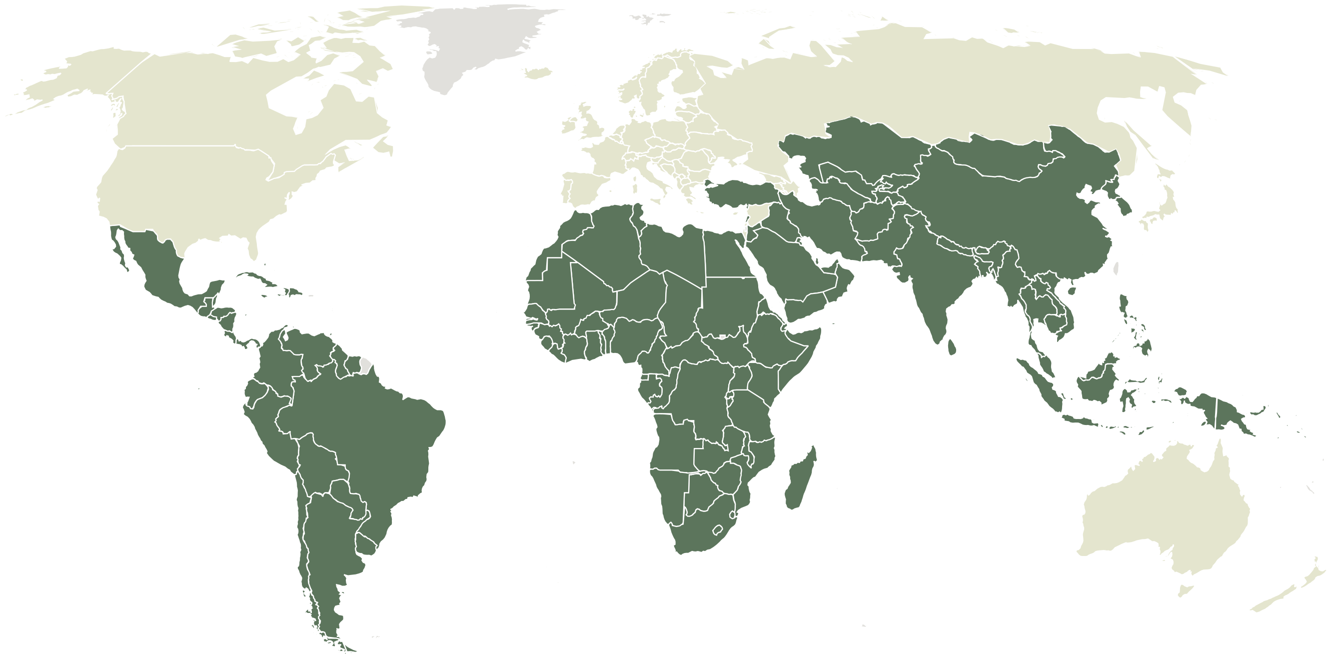
The rise of the Global South

The "Global South" is a broad term with many possible interpretations, but in this analysis, it denotes 119 countries in Asia, Africa and Latin America, which are not high-income OECD or EU countries.

Figure 1.1

Countries in the Global South

About 85% of the global population lives in the Global South



The Global South has increased its political and economic weight tremendously over the past two decades. Its share of global GDP and merchandise trade in 2024 were both about a third higher than what the shares were in 2007.

Danish exports to the Global South have more than mirrored this development. Although still modest as a share of Denmark's total exports, it has increased its share by 50% (from 10 to 15%) over the past 20 years.

The rise of the Global South is to a large extent due to the rise of China, but politically it is also an effect of the increased rivalry amongst major and middle powers. The role of China – and the rest of Asia – as a manufacturing hub is well-known and visible in the Global South's increased share of global merchandise trade.

However, the importance of the Global South is even more pronounced when looking at its share of global FDI inflows, which has nearly tripled over the past 20 years.

This is even more remarkable, when considering that FDI inflows into China has plummeted to its lowest level in three decades.

Chart 1.1

The weight of the Global South

Percent Age Shares

Source: UNCTAD, Danmarks Statistik

An Asian rotation

The rise of the Global South would not have been so remarkable without the contribution from China. China's impressive growth rates over the past 20 years have taken it from being a "sleeping giant" to a manufacturing powerhouse – the "Factory of the World", actually.

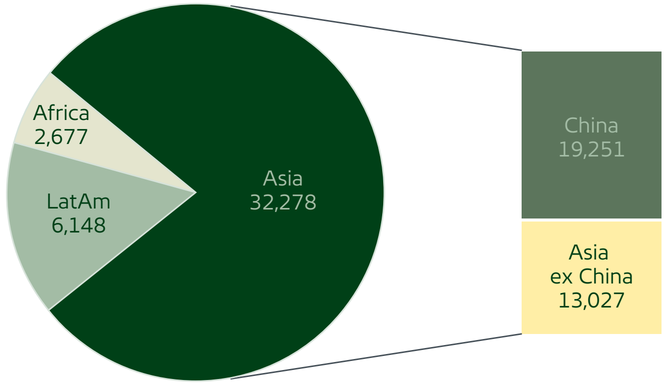
However, in recent years, growth rates have been declining in China, while India has accelerated and now grows faster than China. Especially India's middle class is rapidly growing. As incomes rise, demand for energy significantly increases, and Danish companies and investments can play a key role in ensuring this energy is clean. With one unified market of nearly 1.5 billion people, India offers massive scalability for green solutions and investments. Along with the recent EU-India trade deal, there is even more reason to follow the world's most populous country.

Other countries in Asia are also growing faster than China – partly due to many companies' "China plus One"1 Strategy.

Countries in Sub-Saharan Africa are on average in a good streak with annual growth rates above the Global South in general. However, South Africa continues to disappoint with low growth – as does most of the Latin American continent.

Chart 1.2

Global South GDP, USDbn

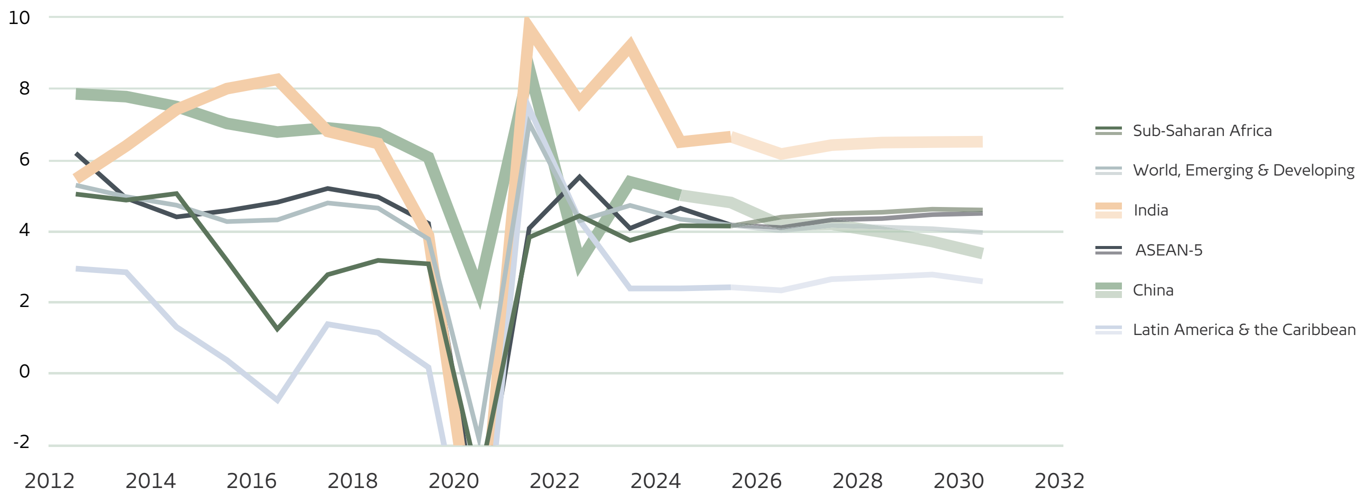


Source: World Bank. Total: USD 41,103bn

Chart 1.3

GDP growth forecasts

Percent year-over-year



Source: EIFO, Macrobond, International Monetary Fund (IMF)
Last updated: 02-02-2026

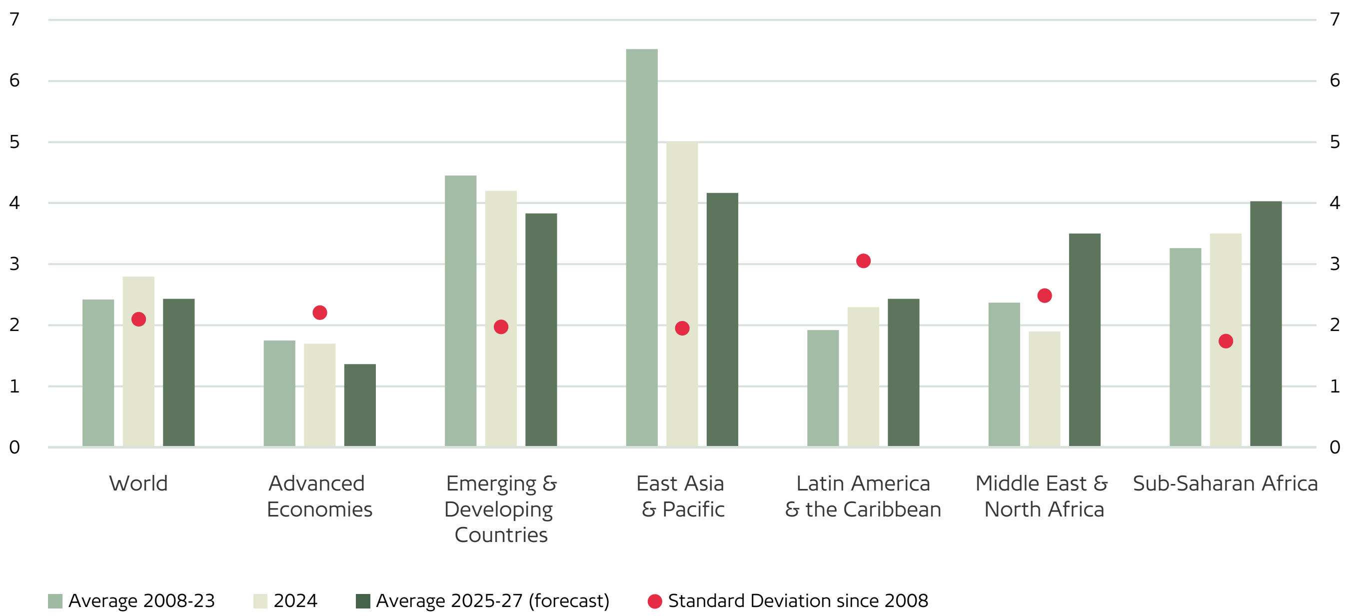
1: A strategy wherein companies mitigate risk from geopolitical tensions and supply chain disruptions by diversifying their manufacturing or sourcing by adding at another country (typically in Asia) to their Chinese operations.
A related strategy (mentioned later) is the "In China for China" (C4C) strategy, which sees corporations localizing a value chain within China to serve the Chinese market and have access to Chinese innovation.

The promise and challenge of Africa

Africa is the Global South continent closest to Europe – and the continent with the fastest rise in the working age population. Estimates are that 600-700 million people will enter the African workforce before 2050. If this huge pool of hands can be harnessed, it is a resource for the world.

Chart 1.4

Annual GDP growth



Source: World Bank

Africa is perhaps the continent most in "flux" in the global realignment. Some countries seem firmly aligned with Russia (e.g. countries in the Sahel) while others appear deeply integrated with China through trade, investments and loans.

However, alliances can quickly change, which for example is demonstrated by the strong American engagement in Angola and DRC Congo. Just a few years ago, these countries seemed firmly within the Chinese sphere of influence, but major investments and brokering has brought back American interests. US state institutions have provided huge amounts to the Lobito Corridor railway that runs from Zambia to the Atlantic coast in Angola and President Trump brokered a peace agreement between DRC Congo and Rwanda – and got a minerals deal in the process.

Growth in Sub-Saharan Africa is sometimes reported as being lackluster and irregular, but in fact, current and expected growth is about the same as in Emerging Asia – but higher and less volatile than in Latin America.

For both Impact Fund Denmark and Export and Investment Fund of Denmark (EIFO), Africa has special relevance, as both institutions launched new "Africa facilities" as a part of the Africa Strategy promoted by the Danish Government. With these facilities, both institutions are ramping up their engagement with Danish companies and the African continent.

CO_2-reducing cement technology in Ghana

CBI Ghana has established a cement factory near Accra in Ghana that utilises CO_2-reducing cement technology developed by the Danish company FLSmidth. This innovative technology allows the substitution of imported clinker with locally sourced calcined clay in cement production, reducing CO_2 emissions by up to 20% compared to conventional cement. The CBI Ghana plant is only the second in the world to implement this technology and is currently the largest of its kind.

Impact Fund Denmark and EIFO played key roles in enabling the project. Impact Fund Denmark contributed equity financing that supported CBI Ghana in adopting this innovative low carbon cement technology, while EIFO provided a buyer credit guarantee, helping secure the overall financing and reduce project risk.

Through its involvement, Impact Fund Denmark and EIFO have taken an important step toward building a more sustainable cement portfolio and promoting low-carbon industrial practices.

Ensuring Danish water technology in Ghana

Alumichem supplies advanced chemical solutions for water treatment, where small doses of coagulants make it possible to efficiently purify lake and river water and transform it into clean drinking water.

With a contract guarantee from EIFO, Alumichem can deliver its solutions to Ghana Water Limited – despite the utility's financial challenges. The guarantee secures stable operation of the country's water supply and supports Danish exports to West Africa.

Since 2022, Alumichem has been the largest supplier of water treatment chemicals in Ghana, improving both water quality and water capacity for more than 4 million people. EIFO's support – including an initial Green Accelerator grant, and then subsequently the first guarantee under EIFO's Africa-facility – is essential for maintaining supply security and creating significant social and health impact in the country.

GDP growth, relatively and absolutely

Growth rates in the coming years are expected to be modest, but non-negligible in most of the major economies in both Asia and Africa, but more disappointing in Latin America.

However, when looking at market growth, what matters is not only the growth rate but also the absolute size of the market. The largest Asian markets; China and India, are true giants and even modest growth rates will add a lot of absolute buying power every year. In this light, the EU trade deal with India bears great promises

Chart 1.6 combines the size of the economies and the expected growth rates to demonstrate where additional buying power will arise over the next few years. This underscores the considerable size of the Asian and Middle Eastern markets and reminds us that Latin America – despite low growth – is an interesting region. The importance of a trade deal with Mercosur (which includes Latin America's two largest economies; Argentina and Brazil) only accentuates this.

In chart 1.6, countries with a larger/lessor relative share of Danish trade are highlighted. Danish companies thus trade more with Turkey, Brazil and Mexico than what should be expected from the size of these countries, whereas Argentina, Indonesia, Philippines and Bangladesh do not take their corresponding part of Danish exports. The rest of the countries take approximately their expected share of Danish exports.

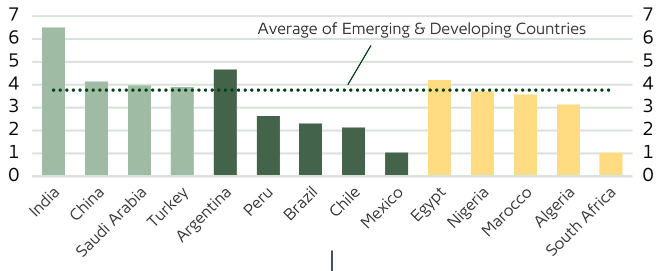
One immediate logic could be to go for countries with an "unrealized" potential, but another logic would be the opposite; go for the countries where Danish goods already have a foothold and appositive image. Penetrating a new market takes considerable efforts, whereas expanding your presence in an existing one (or where Danish goods are generally well-reputed) can be easier.

In any case, Impact Fund Denmark and EIFO are ready to assist Danish companies in foreign markets. The last part of this analysis considers different approaches to different markets in the Global South.

Chart 1.5

Growth in the 5 largest economies by region

Average expected GDP Growth 2025-27

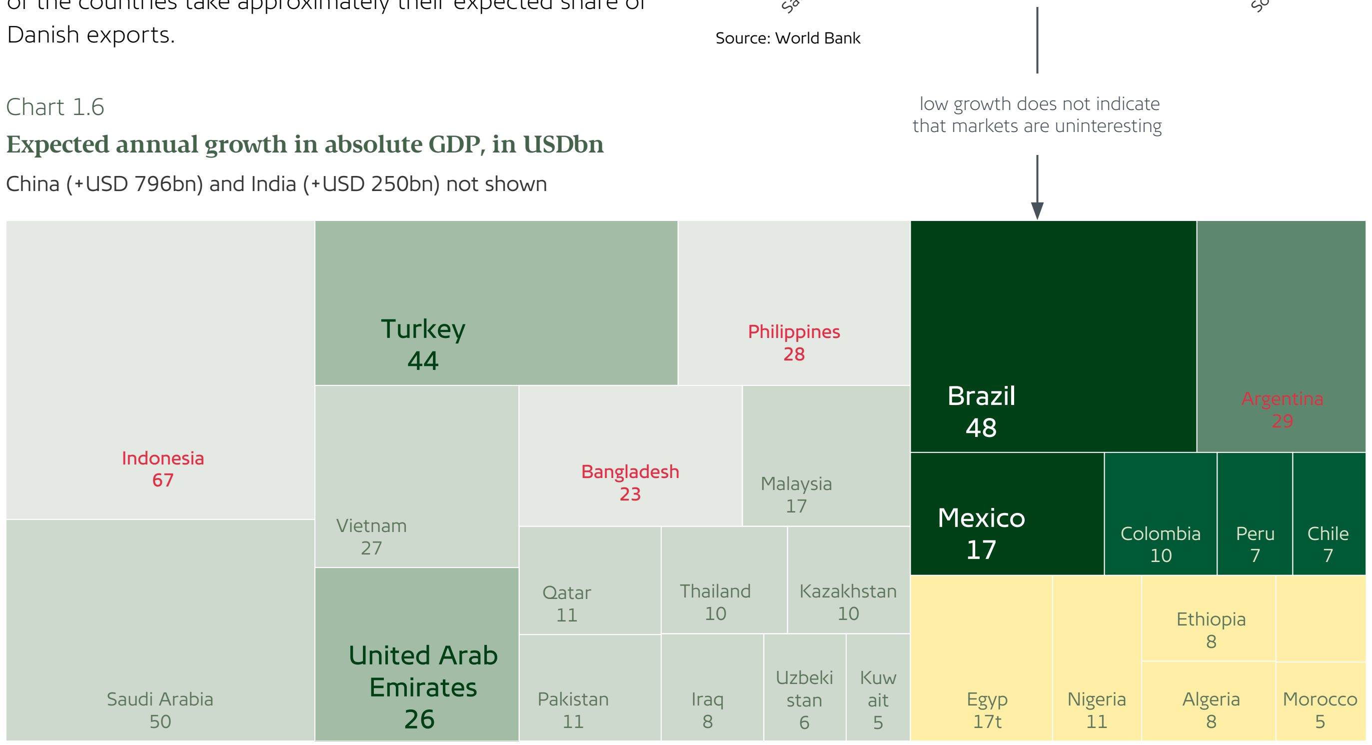


Source: World Bank

Chart 1.6

Expected annual growth in absolute GDP, in USDbn

China (+USD 796bn) and India (+USD 250bn) not shown



Danish companies' engagement with the Global South

Danish companies stand out from their peers because they trade and invest more in the Global South.

European companies still dominate investments in the Global South

Companies from the European Union have significantly more FDI stock in the Global South than companies from China and the US.

In Africa, European companies have deep historical ties and hold "legacy" stocks in sectors such as financial services, telecommunications, and manufacturing, while in Asia, European companies are heavily invested in manufacturing and pharma.

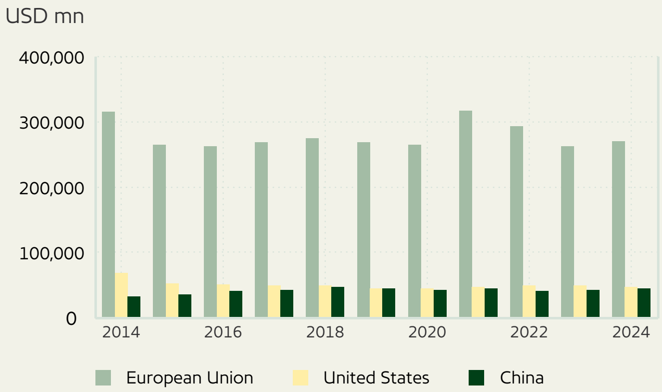
Although China is more visible due to its large-scale infrastructure projects and high-profile diplomatic summits, the EU remains both Africa's and Asia's largest investor by far.

China's outward FDI has grown rapidly over the last 20 years, but it started from a much smaller base. In addition, much of China's economic activity in both Africa and Asia consists of debt-financed infrastructure, such as loans for roads, railways, and ports, rather than equity. This is why it doesn't show up as prominently in FDI stock figures although China is shifting its preferred instrument from debt to equity.

Despite Europe's FDI dominance in the Global South, China and the US are often more aggressive in the specific future-shaping sectors such as minerals, electric vehicles, batteries and AI.

Chart 2.1

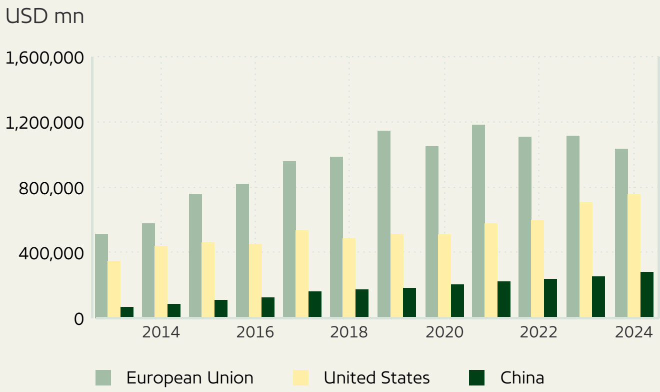
FDI stock in Africa



Source: CEIC Data

Chart 2.2

FDI stock in Asia



Source: CEIC Data

Note: FDI in China/Hongkong is not included.

Danish companies are more integrated with the Global South than their peers

16 percent of Danish exports go to Global South countries. This figure is comparable to the level in Germany but notably higher than our Nordic neighbors Sweden and Norway. For German companies, the export share going to the Global South is a tiny bit higher than in Denmark, but – as is explored further in the last part of the analysis – the destinations for Danish and German exports are different within the Global South.

Whereas German, Swedish and Norwegian exports go to all income group countries in the Global South, Danish exports go primarily to the upper middle- and high-income countries within the Global South.

These markets align more closely with Denmark's economic strengths. Many Danish exports, such as pharmaceuticals, industrial machinery, food products, and green technologies, are capital-intensive, high-quality, and relatively expensive. People in high-income Global South countries can better afford afford these products and absorb the associated costs of maintenance, regulation, and skilled labor.

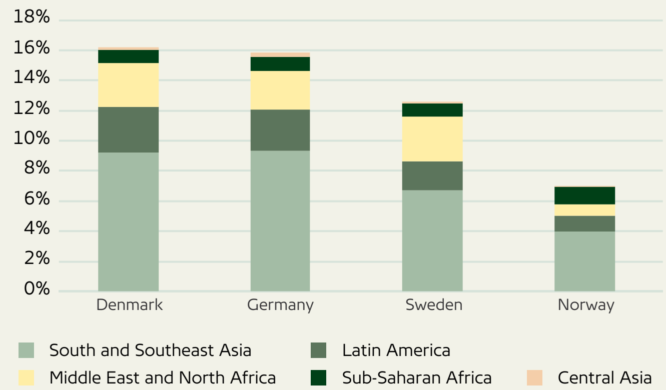
Also in terms of FDI are Danish companies more engaged with the Global South than peers from Sweden, Germany, and Norway. Around 16 percent of Danish companies' FDI is in the Global South – roughly 50 percent higher than for German companies. The largest share of investments in the Global South goes to Asia, while Latin America and Africa receive smaller amounts.

Particularly the Danish investments in Asia stand out, which could reflect Danish companies' outsourcing to low-cost locations.

However, other factors contribute to the divergence between Danish companies and their Northern European peers, including different industry compositions. The Danish outward FDI's are concentrated in a few large multinationals. Novo Nordisk, A. P. Møller – Mærsk, Ørsted, DSV and Carlsberg Group account for around 30% of the outward FDI.

Chart 2.3

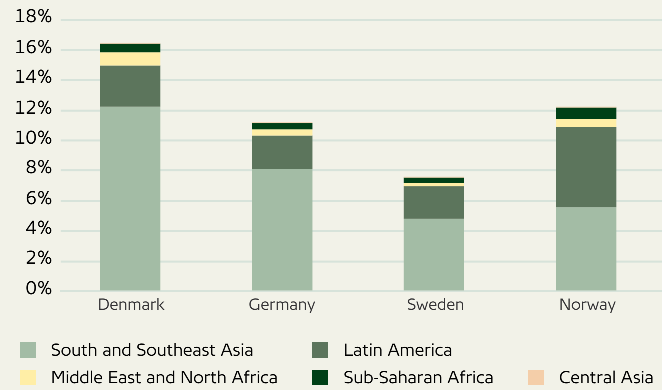
Export destination countries – Global South share



Source: IMF (2023)

Chart 2.4

Outward direct investment – Global South share



Source: IMF (2023)

Strengthening sustainable fertilizer production in India

The Ramagundam Fertilizer plant, located in the state of Telangana in India, was built to increase domestic fertilizer production by replacing a worn-out, coal-based factory. The plant supports higher agricultural yields and contributes to greater food security.

The project created around 400 jobs, generated local tax revenues and supported India's broader agricultural development. Impact Fund Denmark invested alongside Haldor Topsøe and Impact Fund Denmark's Danish Agribusiness Fund, a public-private fund with PensionDanmark and PKA investing in sustainable food production in emerging markets.

Using Haldor Topsøe's advanced technology, the plant became one of India's most efficient and environmentally friendly fertilizer facilities, improving energy efficiency and reducing emissions.

Impact Fund Denmark and Haldor Topsøe invested DKK 135 million in 2018.

Scaling green, reliable energy in Brazil

Coremas is a solar park in the state of Paraíba, Brazil, comprising three entities with a total capacity of 93.41 MW.

The solar parks produce 172.35 GW annually, equivalent to the consumption of more than 70,000 Brazilian households. The entire solar park became operational in 2021, and nearly 500 people were employed during construction.

Impact Fund Denmark financed the solar park through the Danish Climate Investment Fund, established in 2014 in cooperation with Danish pension funds and private investors. The Danish Developer European Energy co-developed, built and operated the solar park.

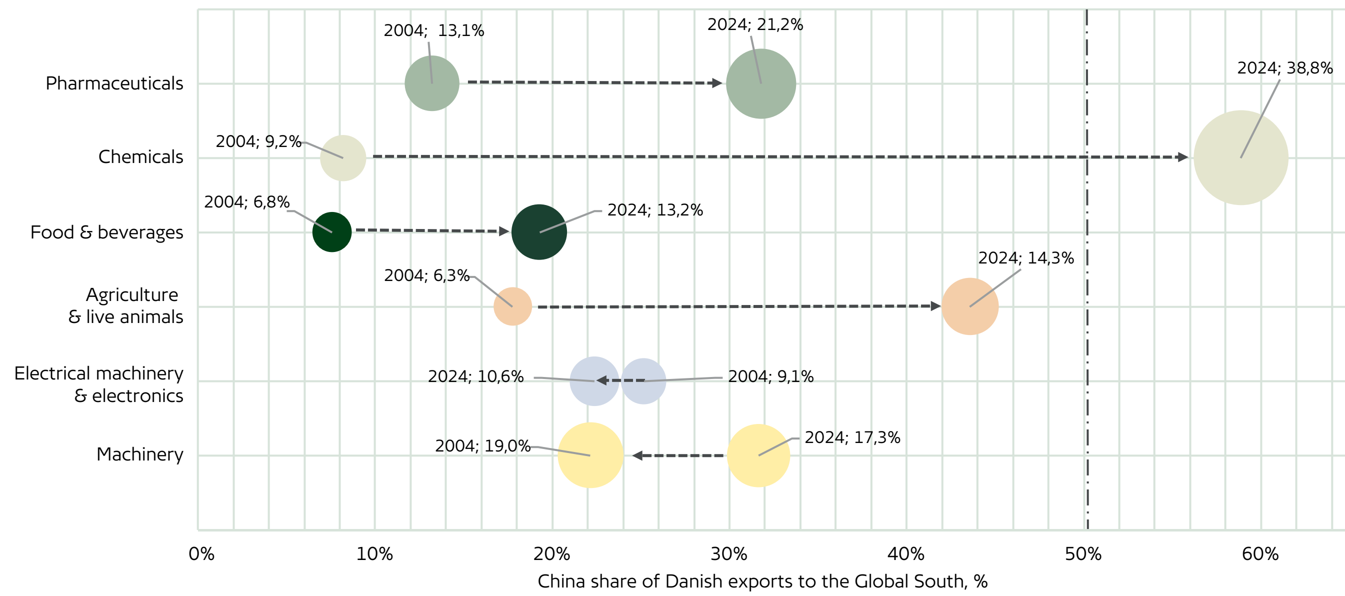
Impact Fund Denmark and European Energy completed the sale of the Coremas solar park in November 2025.

China's surge is visible in Danish exports

Chart 2.5

Tilt of major export goods to the Global South: China share (2004-->2024)

Bubble size represents exports to the Global South as share of total exports of the products



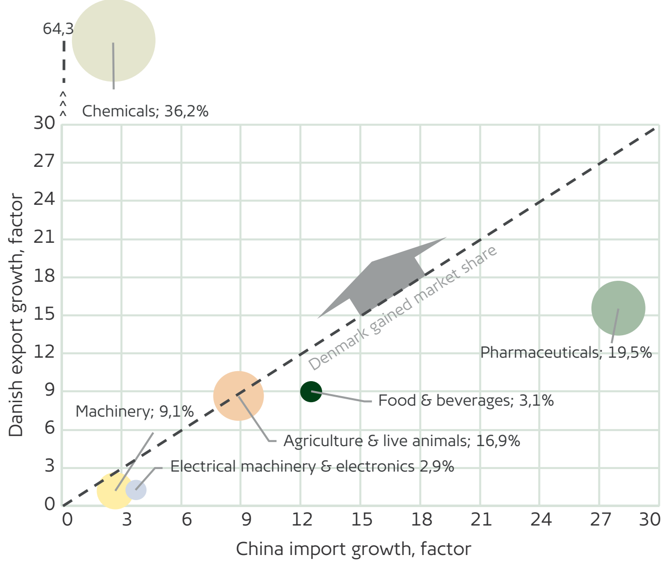
In terms of exports to the Global South, China's extreme growth over the past 20 years is visible in the increased share of total Danish exports to the Global South. China now imports more than half of all chemicals that Denmark exports to the Global South, while the share for agricultural goods and pharmaceuticals (and to a lessor extent food and beverages) also has increased. The exceptions to this increased China share in exports are the various kinds of machinery (electrical and mechanical), where China's share has decreased. This probably reflects that China has built its own machine manufacturing capacity in this period.

Danish exports struggle to keep up in certain goods

Chart 2.6

Import growth in China and Danish exports (2004 - 2024)

Above 45° line = Denmark gained market share, below = lost share
Bubble size represents each sectors' share of total exports



Source: EIFO, Macrobond, International Monetary Fund (IMF)
Last updated: 02-02-2026

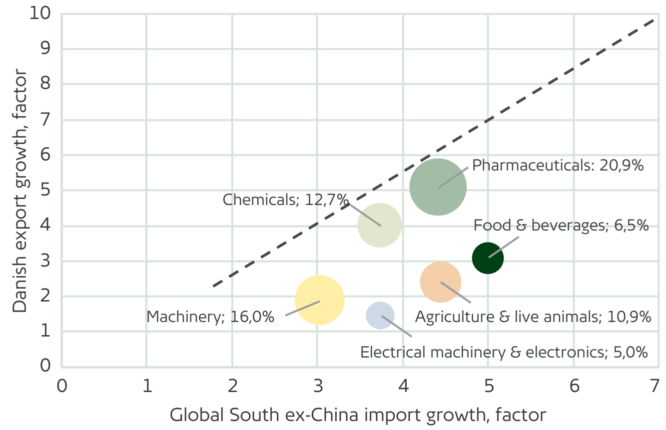
Although China's share in Danish exports to the Global South has risen for most major goods, it is basically only within chemicals that Denmark has gained market share in China. When comparing the import growth in China and the rest of the Global South with the growth in exports from Denmark, we see that China's imports of pharmaceuticals have risen about 28 times, but that Danish exports of pharmaceuticals to China only have risen about 16 times. For other major goods, Denmark has kept pace with the import growth in China – only for chemicals has Denmark increased its share.

Doing the same analysis for the rest of the Global South (minus China), a more bland picture emerges; Danish exports have gained a bit of market share in chemicals and pharmaceuticals, but lost in other sectors. Generally, the growth factors have been smaller in the Global South outside of China. This, however, is now poised to change with the "Asian Rotation" and the possible fulfillment of "Africa's Promise".

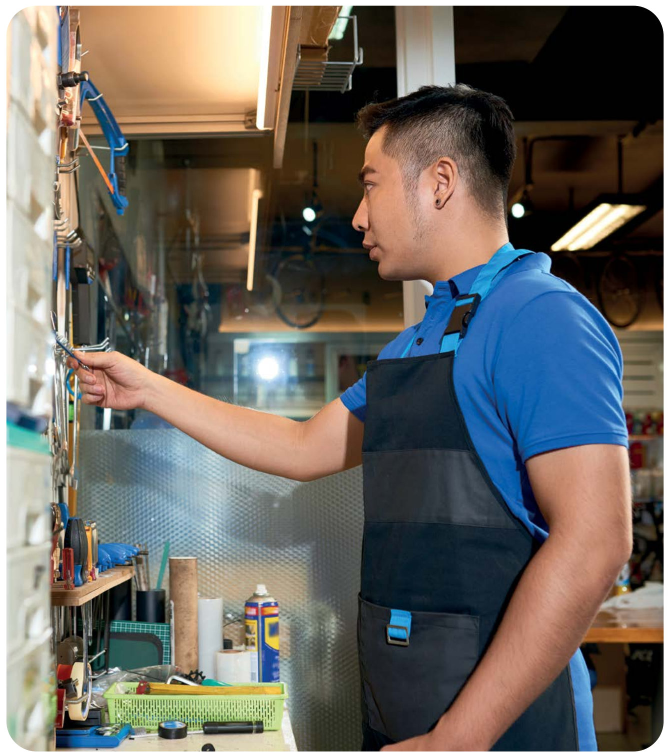
Chart 2.7

Import growth in Global South Ex-China and Danish exports (2004 - 2024)

Above 45° line = Denmark gained market share, below = lost share
Bubble size represents each sectors' share of total exports



Source: EIFO, Macrobond, International Monetary Fund (IMF)
Last updated: 02-02-2026



Dependence on foreign inputs can expose Danish companies to geopolitical risks

Danish companies' high degree of internationalization does come with certain risks. 28 percent of the value added in Danish exports rely on inputs from outside Denmark. The remaining 72 percent can be attributed to economic activity within Denmark.

Compared to other Northern European countries, a higher proportion of the value added in Danish exports derive from foreign inputs, including a higher proportion from outside the EU. The proportion of inputs from outside of the EU and the US is similar to that of Germany, although Germany generally creates more of its exported value added inside its own borders. Due to its large oil exports, Norway has significantly more domestically value added in its exports.

The Danish dependency on foreign inputs makes Danish companies more vulnerable to foreign conflicts and uncertain global supply chains – especially in a world of increasing geopolitical tensions. In a sense, the recent occurrence of "black swans"[1] – events that statistically occur very rarely and thus often do not enter companies' contingency plans – have served to underline that businesses must prepare for all eventualities.

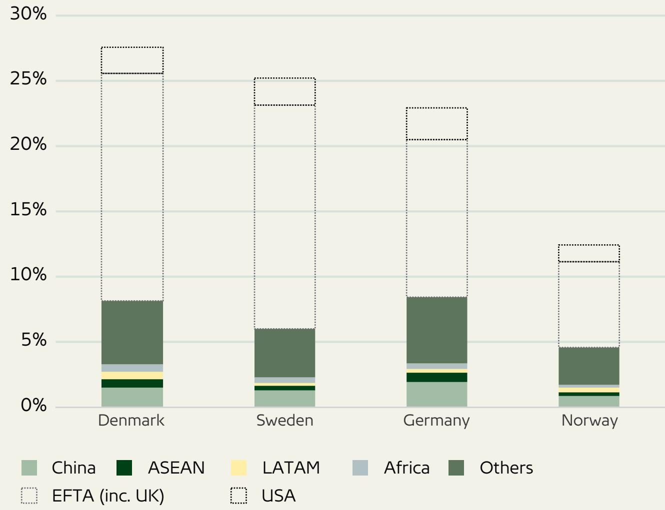
The crisis around the Greenlandic issue accentuates this, demonstrating that Danish losses are not just necessarily collateral damage from major powers' conflicts – Denmark can suddenly very deliberately be in the line of "friendly" fire.

In this light, a multi-pronged and geographically diverse supply chain can seem an asset, especially if it relies on some of the unaligned and less contentious countries in the Global South.

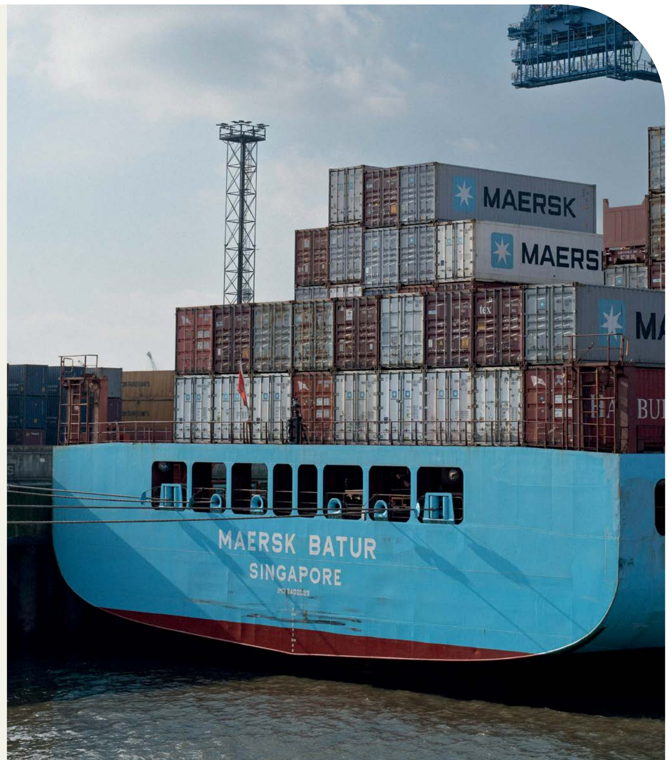
1: E.g. a global virus, a ship blocking the Suez canal and a spike in energy prices caused by Russia's invasion of Ukraine.

Chart 2.8

Foreign value added in gross exports



Source: OECD TIVA (2018-2022)

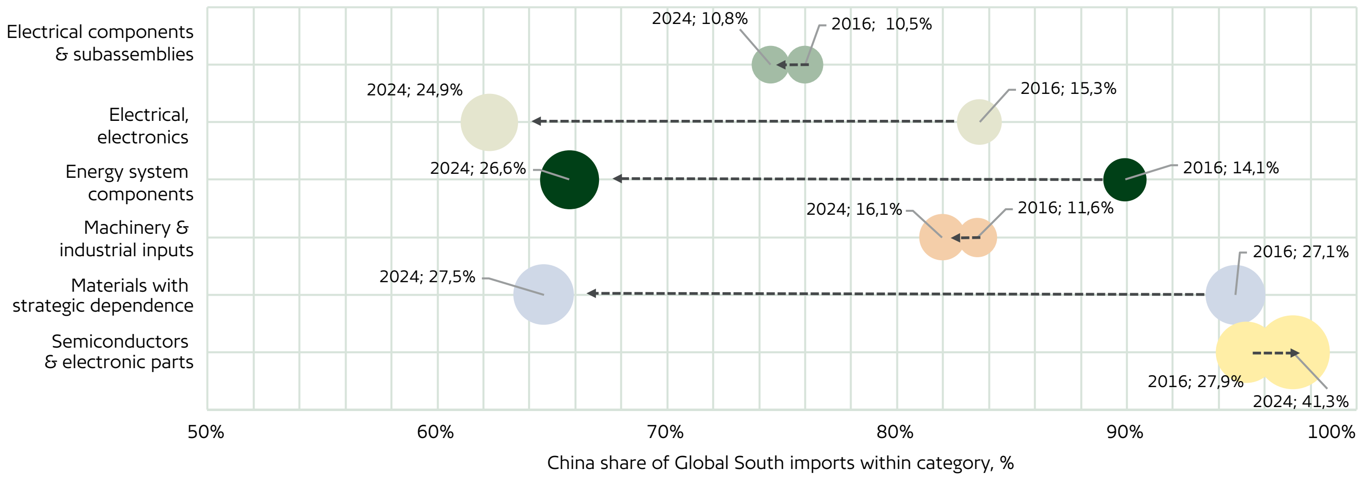


Relatively fewer imports from China since 2016 – but still very significant in absolute numbers

Chart 2.9

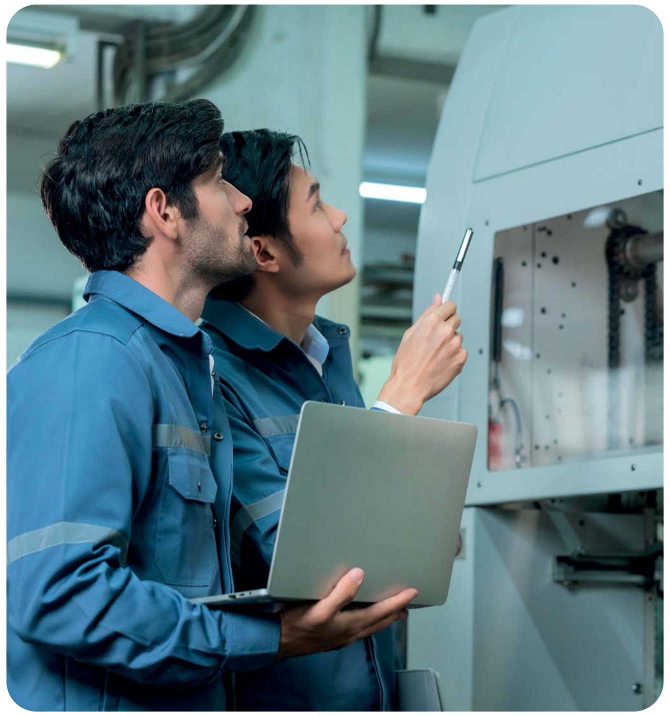
Tilt in imports from Global South: China share (2016-->2024)

Bubble size represents imports from the Global South as share of total imports of the products



Looking at Danish imports from the Global South since 2016 (the year before Trump started the trade war against China), it is seen that Denmark has reduced the "China share" of the largest import goods from the Global South. An exception is semi-conductors, where the Chinese share of imports from the Global South has increased.

The largest reduction in inputs imported from China is in the group of "Materials with strategic importance" – a group of goods we defined as copper, aluminum, nickel, cobalt, tungsten, permanent magnets, and rare earth compounds. In 2016, about a quarter of Denmark's imports of these materials were from China. In 2024, this was reduced to about 17 per cent. However, goods from the Global South has increased its overall share of Denmark's imports, so in absolute number, the magnitude of Chinese exports to Denmark has also increased.



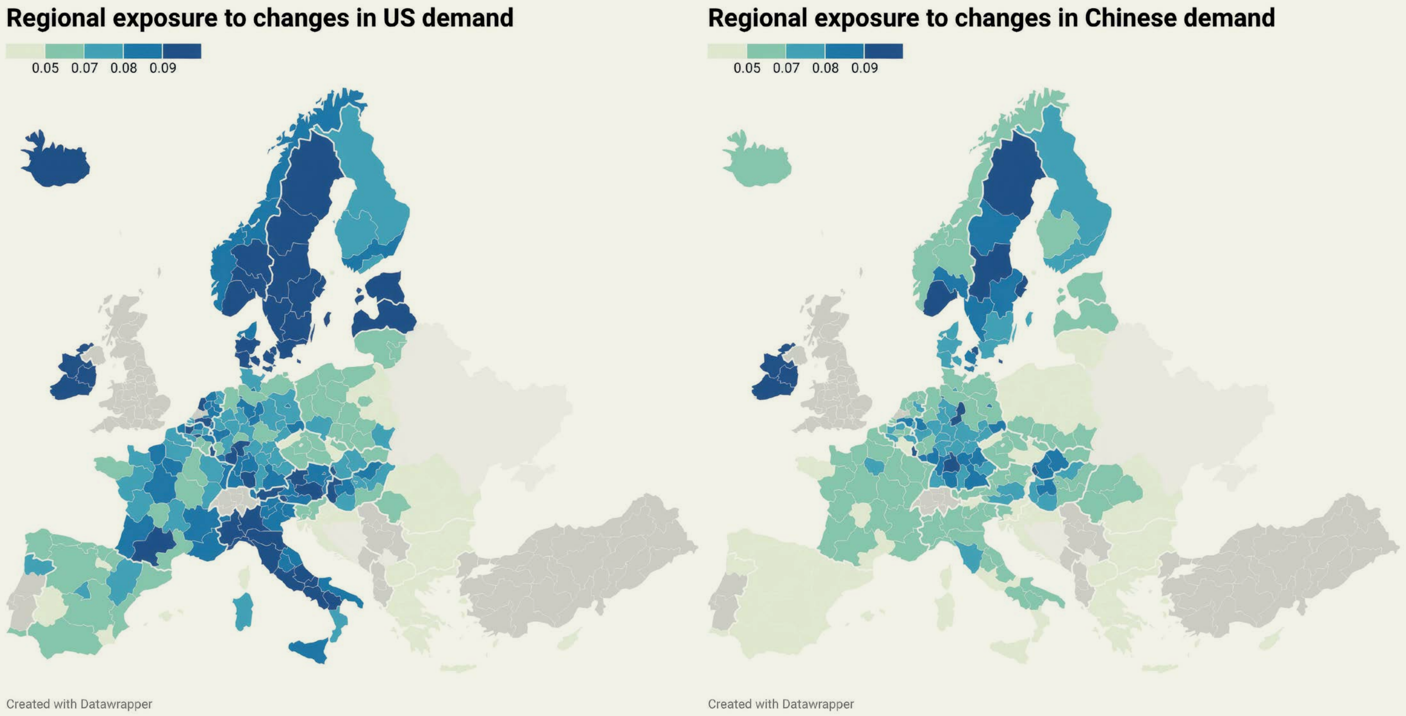
Navigating global alignments – a strategic approach to the Global South

Danish companies depend on American and Chinese demand, but the trade war creates opportunities. Countries in the Global South are pivotal – as customers, partners and allies.

Denmark in between USA and China

Figure 3.1

Regional exposures to demand shifts



The exposure is calculated by multiplying – for each industry – the value added embedded in direct and indirect exports to the US/China as a share of total value added at the national level by the share of employment in an industry in each region. A higher value indicates a greater relative exposure to demand.

Source: Bruegel, 2025:
European exports in geopolitical storms

Recent tensions between the US and Europe have caused a partial reconsideration of European relations to both USA and China. The trade war that the first Trump administration initiated with China gave rise to new company strategies as "China + One" (diversifying production locations to lessen the vulnerability towards sanctions and tariffs on goods produced in China) and "In China for China – C4C" (maintaining production in China to have access to Chinese innovation and consumers).

We are yet to see an explicit formulation of an "US4US" (in the US for the US' strategy - locating production in the US to ensure access to the American consumers), but the general uncertainty about access to the US markets are already causing some companies to announce plans for new factories in the US.

The EU is more dependent on the US than Chinese consumers. The relative importance is the same for Denmark, but Danish employment is in general more dependent on both American and Chinese demand than the European average. This is an effect of being a small open economy where the balance of payments has been in surplus throughout the current millenium.

Providing green, reliable, economical energy to Kenya

Lake Turkana Wind Power is a wind farm located in north-western Kenya near Lake Turkana. It is Sub-Saharan Africa's largest wind farm and the largest private investment project in Kenya.

The project supplies around 14% of Kenya's electricity demand and supports the country's transition to clean, renewable energy. Vestas delivered 365 wind turbines to the wind farm. During construction, approximately 2,500 local jobs were created.

EIFO aided in reducing risk and enabling the realisation of the project, by providing loan guarantees to support financing from the European Investment Bank (EIB) and the African Development Bank. Impact Fund Denmark contributed equity to the project and was a shareholder during its development until exiting in 2024. This helped ensure the project's bankability and long-term viability.

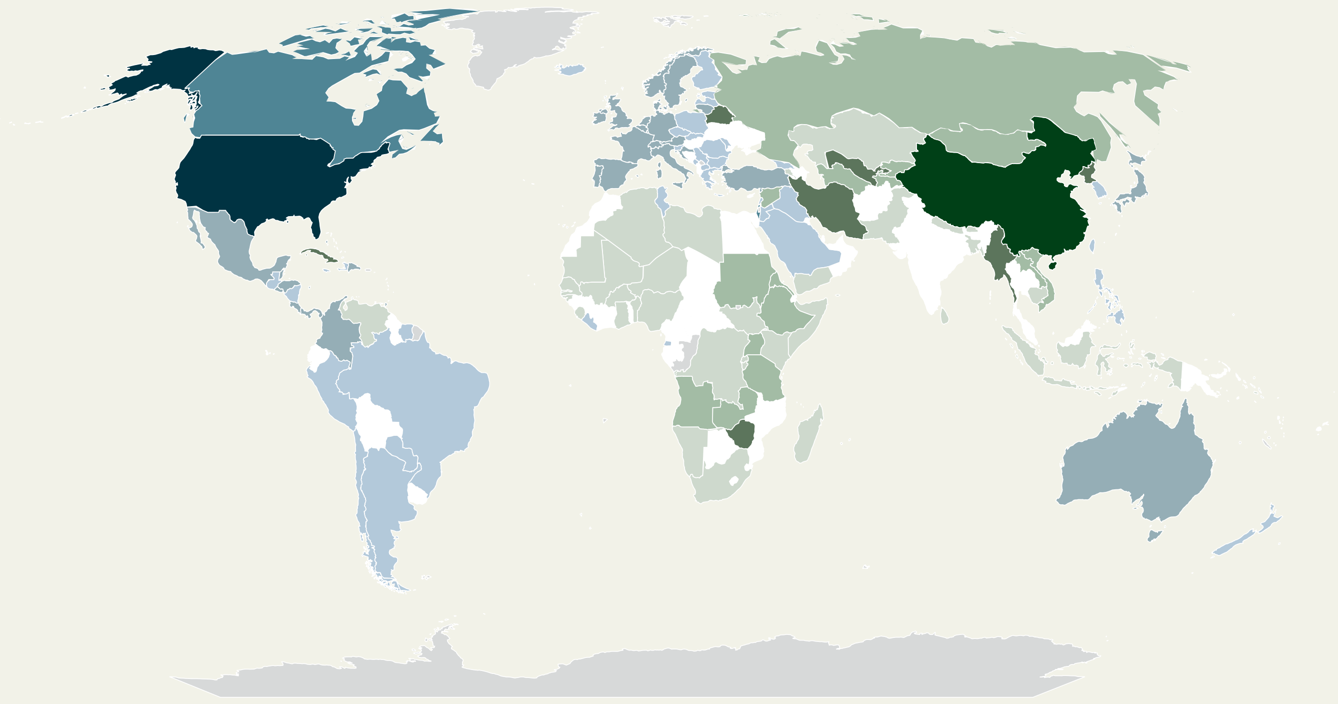
The Global South in between USA and China

Figure 3.2

Alignments between countries

2013

Overall alignments (economy, military, UN voting patterns)



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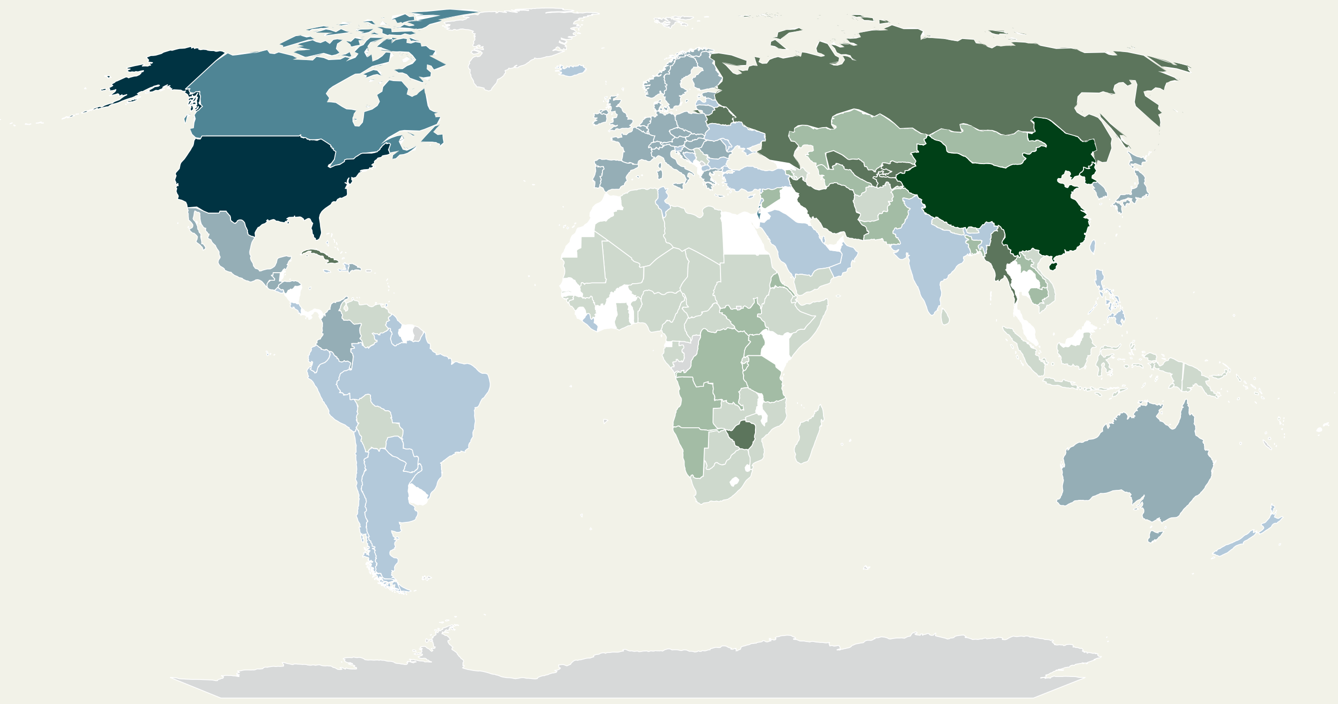
2023

Overall alignments (economy, military, UN voting patterns)



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The Global South is playing an increasingly important role in the competition between the world's major superpowers, particularly the US and China. While some third countries already align geopolitically with either the US or China, a significant group of non-aligned countries hangs in the balance. This is especially true of Global South countries.

Many Global South countries seek to adopt hedging strategies, attempting to maintain positive relations with both superpowers. While both the US and China have so far shown some tolerance for these hedging strategies, the space for smaller states to hedge is likely to diminish, as the US-China rivalry intensifies, which could limit their strategic autonomy.

China's growing importance is especially visible in economic terms. China is now not only the main trading partner for many Global South countries, but also the biggest investor. Countries in Asia and Africa are increasingly aligning themselves with China economically, while Latin America is more contested.

However, the US is still the dominant military partner for most Global South countries, particularly in Latin America and Asia. In particular, countries in the strategically important South China Sea must perform a delicate balancing act between the two superpowers. Given their proximity to China, the countries are deeply intertwined with China economically. However, China also poses a threat to the countries' autonomy which have led several countries to seek security partnerships with the US.

Countries with weaker governance structures tend to align more closely with China, while countries with stronger governance structures tend to align more closely with the US. This is also true in the Global South.

Of all the regions of the Global South, Africa has moved fastest towards China in terms of economics, military power and politics. Mineral-rich African countries are characterized by weak governance structures, which makes it difficult for them to mitigate the political and economic risks associated with foreign influence. This has enabled China to gain control of resources at a low cost.

Trade war redefines opportunities for Danish companies in the Global South

Danish companies are facing not only increasing geopolitical risks, but also an increasing number of trade wars between major global economic powers. The deteriorating global trade environment is primarily driven by the ongoing "tit-for-tat" battle between the US and China, with Europe increasingly being drawn into the conflict.

China supports domestic companies with supply-side measures like low-interest loans from state banks and direct R&D grants. The aim is to build global champions. By lowering the cost of production, Chinese firms can export goods (like EVs, solar panels, and legacy chips) at prices that competitors often cannot match.

In contrast, the US focuses on tariffs and demand-side restrictions to protect its domestic market. US tariffs have triggered a massive shift in global supply chains as companies seek to avoid "Made in China" labels. This has accelerated industrialization in countries like Vietnam, India, and Mexico. At the same time, global carmakers and pharmaceutical companies (amongst others) are announcing new factories in the US.

The Global South's rapid adoption of cheap Chinese tech also creates specific opportunities. Put together, the "China + One", "C4C - In China for China", a possible "US4US - in USA for USA" strategy (as well as other ways to organize global production) heralds a multiplication of production facilities. Global capacity might become oversufficient in relation to global demand, but when countries block imports from abroad, local production is the only way to reach the consumers.

This offers opportunities for Denmark, where machines and machine parts are still the second-largest export goods category (after pharmaceuticals). The prospects are good for Danish companies providing industrial machinery and logistics when both the US and the Global South countries aim to expand their manufacturing bases.

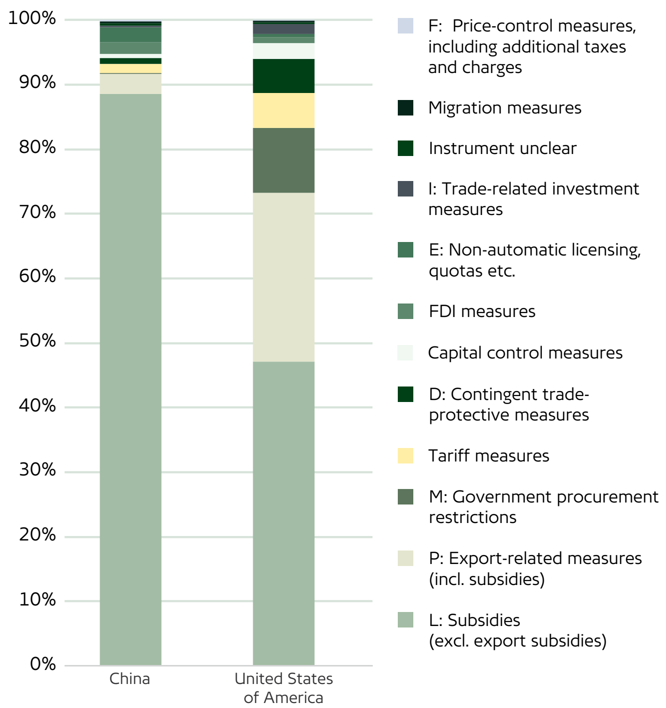
On the other hand, Danish companies selling consumer goods to end-customers must possibly follow suit by considering local production as well. Chinese overcapacity hardens competition in the Global South. China's heavy subsidies have led to a massive surplus of green technology (wind turbines, solar panels, and batteries).

Due to US tariffs blocking these goods, the surplus is being redirected toward the Global South and other regions. It is becoming increasingly difficult for Danish companies to compete on price alone. Consequently, Danish companies must focus on "total cost of ownership," emphasizing superior quality, longer lifespan, and better maintenance services.

While it is generally difficult to compete with China on hardware prices, the Global South's rapid adoption of cheap Chinese tech creates specific opportunities for Danish companies, e.g. in "system integration" niches. Danish companies can step in as the "intelligence" providers that make the cheap hardware work efficiently within a national infrastructure.

Chart 3.1

Types of trade restrictions implemented



Source: Global Trade Alert

Danish products have higher market penetration in higher-income Global South countries

As stated previously, 16 percent of Danish exports go to Global South countries. This figure is comparable to Germany's but notably higher than Sweden's and Norway's.

When looking only at exports to the Global South (charts 3.2 and 3.3), it is revealed that Danish products are better at penetrating upper middle- and higher-income countries in the Global South than products from other Northern European countries.

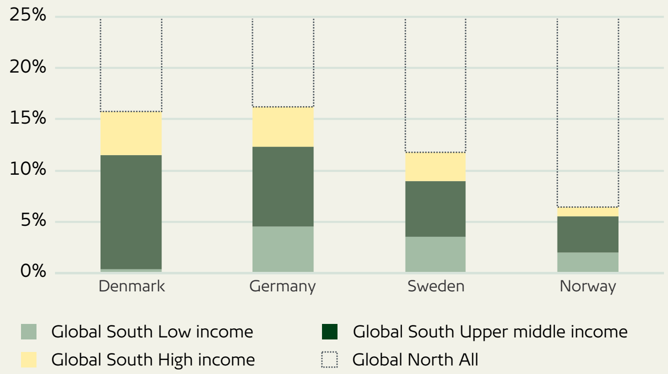
These markets align more closely with Denmark's comparative strengths. Many Danish exports, such as pharmaceuticals, industrial machinery, food products, and green technologies are high-quality and relatively expensive.

Higher-income Global South economies are better positioned to afford these products and absorb the associated costs of maintenance, regulation, and skilled labor.

An obvious take-away from this observation is of course that companies seeking to expand into new markets should seek out countries above the low-income threshold – and countries with an expanding middle class.

Chart 3.2

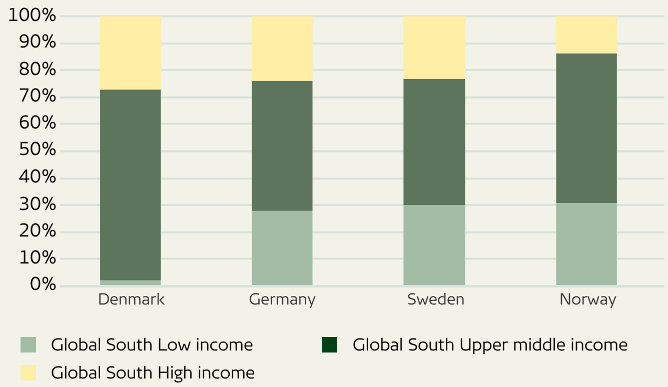
Export destination countries



Source: IMF (2023)

Chart 3.3

Export destination countries – Global South only

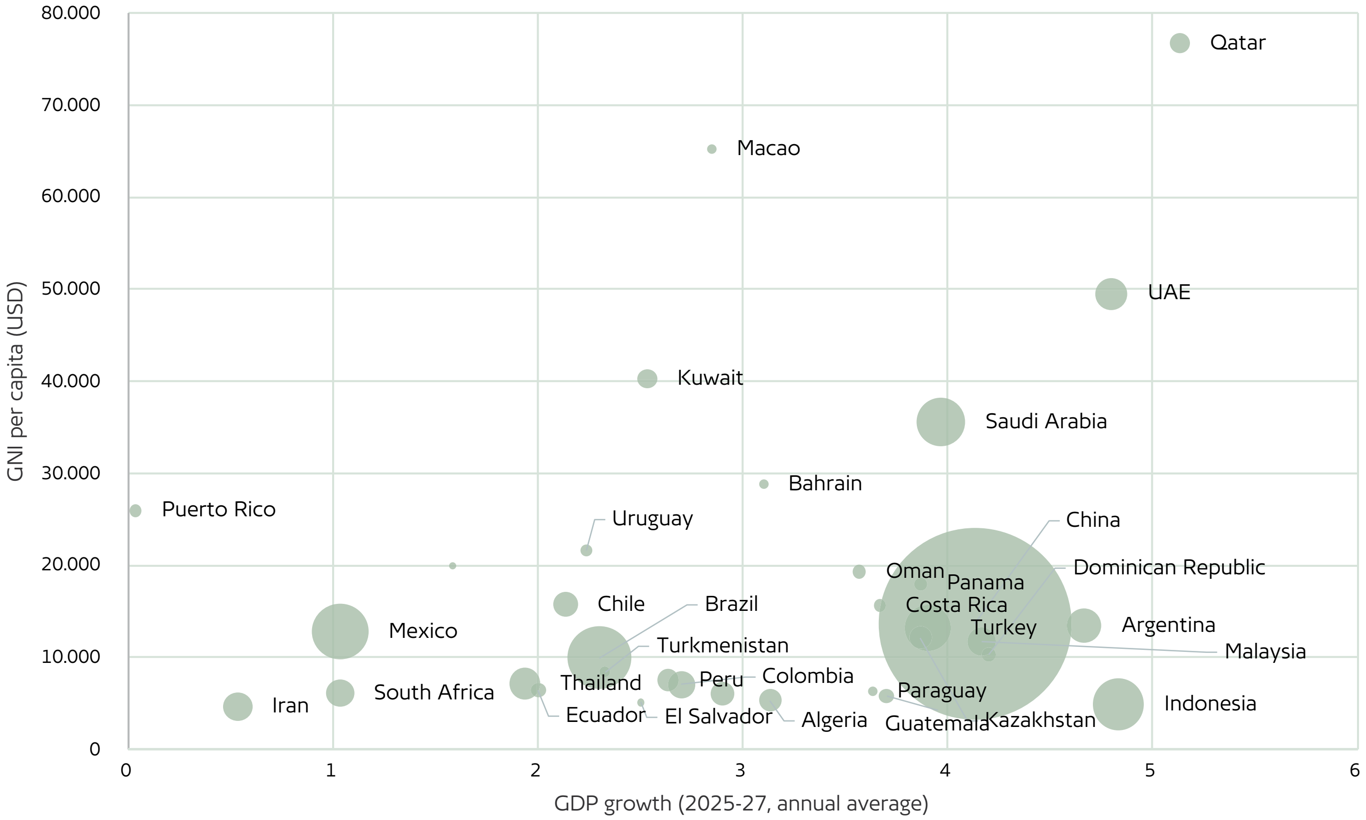


Source: IMF (2023)

Targeting upper middle- and high-income countries

Chart 3.4

Growth and size: high-income and upper middle-income countries



Bubble size = Nominal GDP of the country
Upper middle-income 4,500 < GNI/Cap. < 14,000. High income: GNI/Cap. > 14,000 USD

The upper part of Chart 3.4 (the very richest countries) are primarily oil rich countries around the Gulf. Here, considerable buying power is coupled with high growth rates, which makes these markets very attractive.

Danish consumer products have amble opportunities here, but the plans for fostering a new industrial base and a transition to a greener economy also creates possibilities for companies delivering equipment and service within construction, capital equipment and infrastructure. Given the limited existing industrial base, the need for know-how and equipment from outside is considerable.

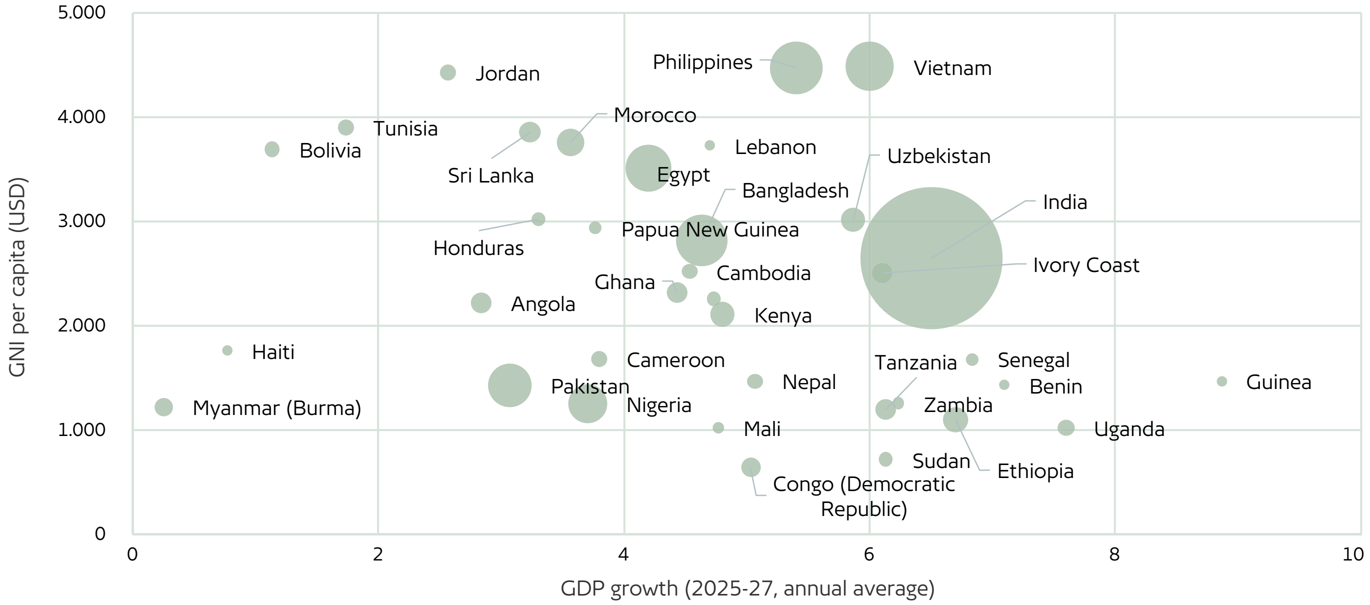
The lower part of Chart 3.4 is populated by a much more diverse set of countries across the Global South. Still, most of the countries contain expanding middle classes with considerable buying power.

Generally, many of these countries are manufacturing countries with homegrown industries that to some extent can compete with western products.

Targeting lower middle- and low-income countries

Chart 3.5

Growth and size: lower middle-income and low-income countriesv



Bubble size = Nominal GDP of the country
Upper middle-income 4,500 < GNI/Cap. < 14,000. High income: GNI/Cap. > 14,000 USD

The group of lower middle- and low-income countries is a very diverse group, both in terms of geography, growth and size.

Some countries do have expanding middle classes with considerable buying power, but this group also comprise poorer and more fragile countries, where basic infrastructure are more in need. Paradoxically, contract opportunities is poorer countries are therefore often larger in size – but rarer in occurrence.

This creates opportunities for construction companies, but Danish businesses are generally hesitant to bid for larger construction contracts in these countries.

However, in various examples, Danish exporters have been sub-suppliers to contractors from other countries (e.g. Turkey), catalyzed by EIFO's financing of the projects.

Modernizing Uzbekistan's national media infrastructure

Danmon Group is a Danish-based provider of broadcast and multimedia solutions with extensive international experience in delivering advanced media infrastructure projects. In Uzbekistan, Danmon delivered a fully modern broadcast and multimedia studio to Uzbekkino, the country's national film agency.

EIFO supported Danmon Group from 2019 by enabling access to long-term financing, which was a key factor in winning the international tender. EIFO's involvement helped make the project possible and contributed to the modernization of Uzbekistan's national media infrastructure. The project strengthens local media capabilities, supports cultural development, and opens a new market in Central Asia for Danish exports.

Expanding green coffee production in Vietnam

The Danish company GEA Process Engineering A/S supplied a new freeze-drying plant to a newly established coffee factory in Vietnam. Vietnam is the world's second-largest coffee producer, and the new facility helped meet growing global demand for instant coffee. From mid-2023, the factory has had an annual production capacity of 5,400 tons of freeze-dried coffee.

EIFO supported the establishment of the new freeze-drying coffee facility in Vietnam by providing a guarantee covering 95% of the loan financing from ING Bank, corresponding to approximately DKK 330 million before reinsurance. The guarantee reduced financial risk and enabled long-term financing for the project, supporting the delivery of Danish technology and the development of large-scale coffee processing capacity in Vietnam.

CONCLUSION

Strategic engagement with the Global South

The world – and Danish companies - stand at a pivotal moment. The Global South has not only expanded its economic footprint dramatically over the past two decades, but its political weight has also grown in step with intensified great-power rivalry. This transformation is clearly reflected in the region's rising share of global GDP, trade, and especially FDI inflows, which have nearly tripled in 20 years.

Yet, the Global South is no longer synonymous with China alone. A visible "rotation" is underway as other Asian, African, and Latin American economies capture a larger share of global momentum, including a major contribution to global growth in 2025–27. At the same time, Danish companies face increasing supply-chain vulnerability and geopolitical fluidity. Shifting alignments amidst an unpredictable US-China dynamic make political navigation more complex and more important than ever.

But the opportunity side is equally clear. Many Global South economies are rapidly growing and demanding high-quality solutions – markets where Danish strengths in green technology, high-end industrial products, and sustainable infrastructure can play a transformational role. Case stories already demonstrate what is possible: Danish technology enabling Africa's largest wind-farm and CO_2-reducing cement production in Ghana – made bankable through targeted finance solutions from Impact Fund Denmark and EIFO.

We are moving from a world where Danish companies pursued Global South countries primarily for cost advantages, to one where long-term resilience, diversification, and geopolitical foresight become core competitive parameters. As a conclusion, we would therefore like to offer our best advice for Danish companies:

1 Don't "go global" — go granular
The Global South is more than a hundred different countries with individual political trajectories, economic structures, and risk profiles. Tailor your approach; treat each country as a distinct strategic choice, not part of a uniform "growth narrative".

2 Build resilience, not just presence
Use engagement in the Global South to diversify supply chains and reduce exposure to single-country shocks. Consider second-tier emerging economies that are capturing growth as China's relative weight declines.

3 Partner into the ecosystem — don't stand alone
Risk-sharing institutions like EIFO and Impact Fund Denmark can derisk large-scale projects and open markets that would otherwise remain inaccessible.

4 Lead in export where Denmark is strongest: green, high-tech, high-quality
Global South markets increasingly demand high-end solutions — exactly where Danish capabilities outperform. Competing on price is a race to the bottom; competing on sustainability and sophistication is a race you can win.

5 Understand the politics behind the economics
Investment decisions increasingly require geopolitical literacy. Shifting alliances, regime risk, and decoupling pressures mean that "apolitical business strategies" are no longer realistic. Build political-risk competence into your market strategy from day one.

6 Think long-term: today's emerging markets are tomorrow's system-shapers
The Global South is already reshaping trade, climate, and global governance agendas. Being present early — and smartly — offers strategic advantages that compound over time.

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