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From:	DK Delegation
To:	Trade Policy Committee (Deputies)
Subject:	EU trade agreements – How can we improve benefits for EU firms and citizens? - Comments by Denmark

EU trade agreements – How can we improve benefits for EU firms and citizens?

Comments by Denmark

Denmark appreciates that the Presidency and the Commission prioritize the important issue of how the benefits of EU free trade agreements (FTAs) can be further improved for firms and citizens in the EU. We thank the Presidency for the background paper and the relevant questions on this issue. Our comments are outlined below. We look forward to discussing this topic in the TPC during the Croatian Presidency and subsequently. We also look forward to continuing the fruitful discussions and exchange of experiences at technical level in the member states FTA coordinators network on FTA implementation.

1 Main steps to promote EU trade agreements in 2019/2020

We would like to share information and some lessons learned about the main steps taken by Danish authorities in 2019/2020 to promote the use of EU trade agreements.

1.1 Trade policy forum

According to recent Eurobarometer surveys, Danish citizens are among those EU citizens that are most positive about the benefits of international trade. This is most likely due to the fact that the Danish economy is very dependent on international trade (approx. one in four jobs in Denmark is directly linked to Danish exports). However, Eurobarometer surveys also show that Danish citizens are concerned about issues related to i.a. fair trade and labour standards.

Therefore, in 2019 the Danish Minister for Foreign Affairs established a Trade Policy Forum with a view to stimulate discussion among Danish key stakeholders (business associations, trade unions, civil society organizations, academia) on Danish positions on EU trade policy. The discussions in the Trade Policy Forum pay particular attention to how EU trade policies can promote more fair and sustainable framework conditions for international trade. The debate has shown great involvement from stakeholders and has helped to increase understanding of challenges and dilemmas in trade policy. As of now, the Trade Policy Forum has discussed the pressure on the multilateral trade system as well as sustainability and climate in relation to the Mercosur Agreement.

1.2 EU FTA promotion and information activities

The Danish Trade Council, which is an integrated part of the Danish Foreign Ministry and embassies, and the Danish Customs Authority are the main public sector players in terms of promoting the benefits of EU trade agreements vis-à-vis Danish companies.

The following promotion activities and lessons learned can be highlighted:

- Information meetings for companies

A number of EU FTA information meetings were held for companies during the year at various locations throughout Denmark. In our experience, it is possible to attract more companies when such information meetings are arranged in cooperation with business organisations. Moreover, companies are particularly interested in learning about concrete tools and cases of how to make use of EU FTAs. We have good experiences in combining presentations on EU FTA utilization by representatives of both the Danish Trade Council, with focus on exports to FTA

partner countries, and the Customs Authority, with focus on imports from FTA partner countries, at info meetings for companies.

In 2019 we also arranged info seminars in Singapore and Tokyo on the respective EU trade agreements with Singapore and Japan. Arranging info meetings in EU FTA partner countries can be recommended as we were able to attract a considerable number of Danish companies established locally in those important markets. Moreover, it was useful to include presentations by relevant local authorities and the local EU delegations on the advantages of the FTAs with Singapore and Japan.

- Webinars

In addition to info meetings for companies, the first webinars on EU FTA utilization were held in 2019/2020 by the Danish Trade Council and the Customs Authority. An important lesson learned is that it is possible to attract significantly more company representatives to take part in webinars compared to traditional info meetings. As a follow-up to webinars, individual guidance to participating companies on their particular questions and needs have been offered by i.a. the Trade Council.

- Guidance to companies on how to utilize EU FTAs

In addition to making companies aware of the EU FTAs and their concrete benefits, it is of particular importance to offer companies individual, tailor-made guidance on how they can make use of relevant EU FTAs. In Denmark, such services are primarily offered by the Customs Authority, the Trade Council and larger business organisations.

Obviously, it is crucial to make companies aware that guidance on the use of EU FTAs can be obtained from i.a. public authorities. In this regard, we have positive experiences using social media, including using Google Adwords campaigns, to enhance companies' awareness of the services offered by the Trade Council. Social media campaigns were launched leading up to the entering into force of the EU-Singapore and the EU-Japan FTA.

In our experience, understanding and complying with the rules of origin in EU FTAs is a particular challenge for Danish companies. Thus, we highly welcome that more user-friendly information on rules of origin has been added to the Commission on-line tool, the EU Market Access Database. In the same vein, we encourage the Commission to make sure that the new and further improved Access2Markets on-line tool becomes operational as soon as possible.

- Educating business advisors on EU FTAs

In our view, it is important to also inform export-promotion business advisors on how to take advantage of EU FTAs. Especially those who offer export-promotion guidance to SMEs, as SMEs often have limited knowledge about EU FTAs and how to use them. For this reason, the Trade Council in 2019 arranged info seminars and distributed info materials on EU FTAs to i.a. Trade Council business advisors working at Danish embassies and at regional export-promotion offices in Denmark. Further, EU FTAs have been added to the Trade Council's checklist and guidelines, in order to ensure that business advisors remember to include a dialogue on how companies can benefit from the FTA's.

1.3 The importance of informing shipping companies on EU FTAs

Shipping and transportation companies can potentially play a very significant role in enhancing the extent to which our companies make use of the EU FTAs. However, in our experience, quite a few shipping companies do not include advice on how to use EU FTAs to save customs duties when they assist Danish companies. Therefore, the Danish Trade Council has made it a priority to inform shipping and logistics companies about the benefits of EU FTAs. This goal has been implemented in 2019 by arranging several info meetings for shipping companies in cooperation with the Danish Shipping Association.

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2 Information on analytical work on the use of EU FTAs

Our primary source regarding Danish companies' use of EU FTAs are the informative statistics provided by DG Trade on i.a. preference utilization rates. It is very positive that the overall preference utilization rate for Danish exports to FTA partner countries has increased steadily during recent years, from 71 % in 2015 (below the EU average of 72 %) to 85 % in 2018 (above the EU average of 77 %). We believe that this increase to a large extent is due to the above-mentioned enhanced scope of EU FTA information activities carried out by the Danish Trade Council and the Customs Authority in recent years. Moreover, Danish business organisations have in general also undertaken more activities to inform their member companies about the benefits of EU FTAs in recent years.

It is, however, regrettable that the DG Trade statistics regarding EU exports only cover 26 out of 70 EU FTA partner countries. We encourage DG Trade to enhance efforts to persuade more FTA partners to exchange data on preference utilization.

At the same time, we would like to thank DG Trade for also having worked out statistics for the first time in 2019 for member states' preference utilization rates regarding <u>imports</u> into the EU from EU FTA partner countries.

3 Areas related to FTA implementation which could benefit from exchange of good practices

The following areas are suggested for exchange of good practices among member states and the Commission:

3.1 EU FTA promotion and information activities

We would like to learn more about how EU FTA promotion and information activities are organised and implemented in other member states.

In addition to the areas mentioned in section 1.2 of these comments, an exchange of good practices in terms of cooperation between public authorities and business organisations on how to assist companies in using EU FTAs would be beneficial.

3.2 Making use of FTAs in other areas than preference duties

It is relatively easy to convince companies that the administrative burden of using EU FTAs can be more than off-set by obtaining preferential duty treatment. As mentioned in the Netherlands comments, it is more difficult to demonstrate to companies in concrete ways how they can make use of EU FTA commitments in areas like trade in services and public

procurement. Therefore, we would welcome an exchange of experiences on how member states promote the benefits of non-tariff areas in EU FTAs to companies.

3.3 Violations of FTA obligations by partner countries

Commission statistics on preference utilization show that Danish and other EU companies achieve relatively low utilization rates when exporting to certain EU FTA partner countries. Complaints received from Danish companies indicate that one of the explanations behind this fact is that authorities in those EU FTA countries do not always respect their EU FTA commitments in terms of granting preferential duty treatment. However, most likely a number of other unknown reasons also contribute to the relative low preference utility rates vis-à-vis some EU FTA partner countries. A related challenge is how we as authorities can obtain more information from our exporting companies about violations of EU FTA obligations by FTA partner countries. A discussion of how best to handle these challenges would also be welcome.