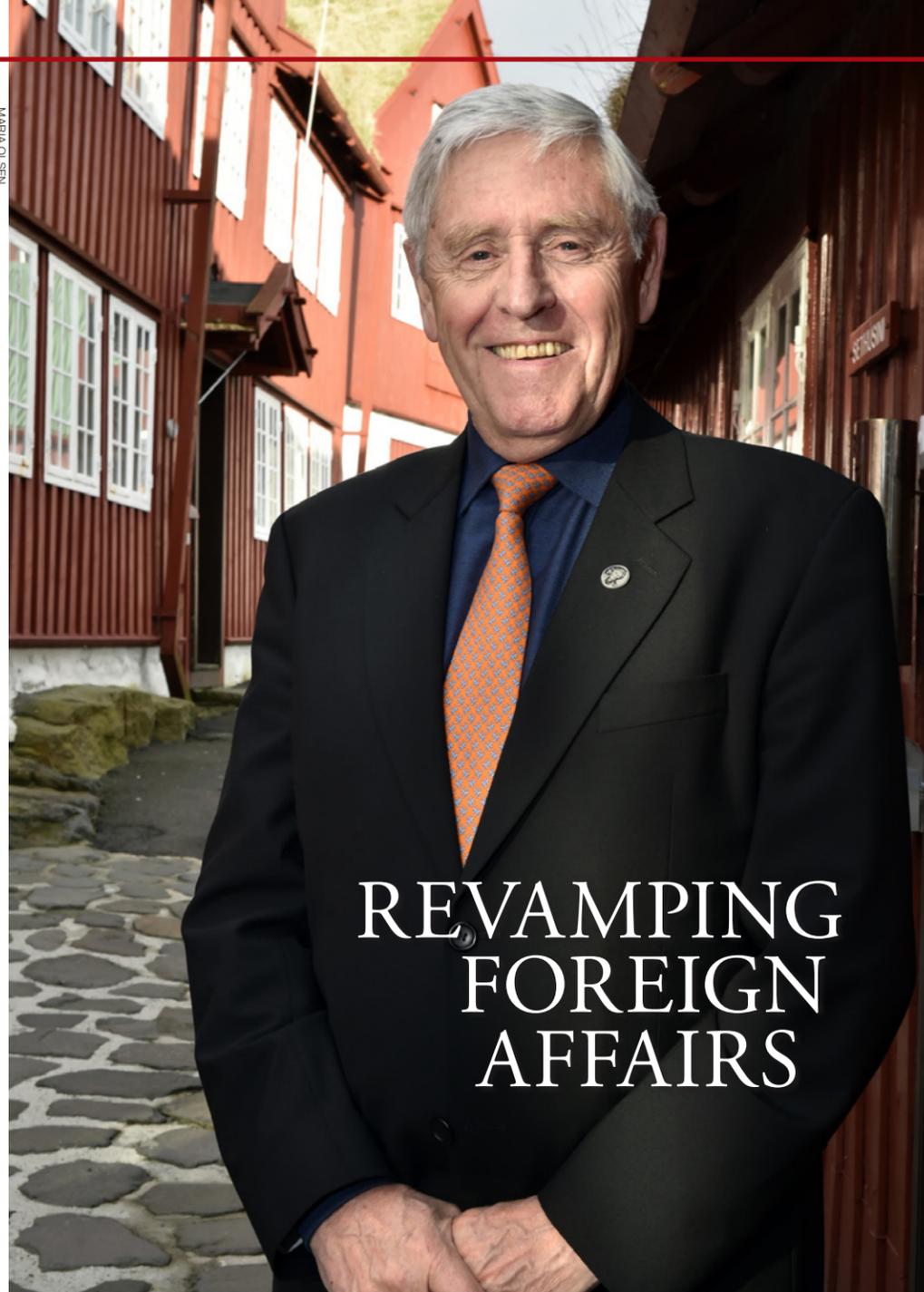


Through the Ministry of Foreign Affairs and Trade, the Faroese government seeks to galvanize its international efforts, including the pursuit of unrestricted access to overseas markets and independent membership of international organizations.

Poul Michelsen,
Minister of Foreign
Affairs and Trade.



MARIJA OLSEN

REVAMPING FOREIGN AFFAIRS

IMMEDIATELY after taking office on 14 September 2015, the newly formed coalition Government of the Faroe Islands merged its existing Foreign Affairs function of the Prime Minister's Office with the Ministry of Trade and Industry. In doing so, the Government created a new Ministry of Foreign Affairs and Trade, providing new impetus to Faroese external relations.

Explaining the rationale, Minister Poul Michelsen underlined the obvious synergies, and the unifying purpose.

"I wanted to merge trade and foreign affairs together," he said, "partly because trade

and industry are often significantly conditioned by the relations with the outside world, and foreign markets."

The move to prioritize the Foreign Service through this reorganization is not entirely without controversy, given that the previous short-lived Faroese Ministry of Foreign Affairs established in 2008, was re-subsumed into the Prime Minister's Office already in 2011.

"The restructured Ministry of Foreign Affairs and Trade will be carefully integrated and housed under one roof," Mr. Michelsen noted.

The overlaps between trade and foreign affairs become even clearer when considering the Minister's focus on market access, reflecting emerging trends in trade, not only for pelagic and demersal fish exports.

"Fish farming now represents a very large part of the industry and exports," Minister Michelsen said. "Also, Russia and China have become huge markets both regarding volumes and value; a large share of the recent growth is in export outside the EU, and we are working on free trade agreements with several entities of interest, including the United States, Turkey, Brazil, and EFTA [European Free Trade Organisation]."

The parallel processes of improving access to these markets are moving forward alongside renewed discussions with the EFTA and the European Union.

"As for EFTA, we have examined existing opportunities and want the Faroes to be included in 27 trade agreements which the organization has already concluded," Mr. Michelsen said.

The Faroese Government is currently trying to explain to EFTA member states what they would gain through closer cooperation with the Faroes, he added.

QUESTIONING ARRANGEMENTS

Concerning the EU and the idea of mutually beneficial cooperation, the Government is currently reviewing existing trade arrangement.

"We are considering going straight to the Commission with a broader approach," Mr. Michelsen said. "Rather than framing fish as the major topic, perhaps we should base our discussion more generally on trade—with fisheries and seafood included as subordinate topics."

Besides cooperation in fisheries management, and Faroese inclusion in the EU's Horizon 2020 research framework, existing trade links between the Faroe Islands and the EU remain extensive, with the EU considered a top market for Faroese goods.

Although the EU's market share has reduced from around 80 to under 50 percent in recent years, Faroese exporters are eager to gain better access. Here, Faroese inclusion in the EU's veterinary arrangements and particulars concerning consumables is

Fish farming is a major source of Faroese export revenues.

fundamental. At the same time, it has transferable use, as evidenced in connection with efforts on a free trade agreement with China, where the Faroese have not encountered specific difficulties, probably because veterinary affairs in the Faroes are of a good standard.

Faroese governments' ability to pursue independent trade objectives through bilateral agreements has not only improved through positive reputation regarding veterinary standards but also by the fact that the Faroes is a unique customs area under specific Faroese (rather than Danish) competence, as confirmed by the 2005 Foreign Policy Powers Act.

The legislation, however, also specifies that agreements can not be concluded where existing commitments have already been made on behalf of the realm (Denmark, Faroe Islands, Greenland), which has proved controversial in the Faroes, particularly in the context of securing independent Faroese membership of international organizations.

Minister Michelsen: "The so-called Faroese Foreign Policy Powers Act creates difficulties and needs reforming, as we have set out in our coalition agreement. In the World Trade Organization, for example, the Danish government uses this document to back its claim on representing the Faroes."

Such moves vis-à-vis the WTO are perceived by successive Faroese governments as exposing the Faroese economy to potential vulnerabilities from externally directed coercive economic measures.

Further on the issue of access to international organizations, Mr. Michelsen stressed that the Faroes are entitled to status as a full member of the Nordic Council.

"We want to make an effort to advance on this point," he said with a reference to multiple unanimous votes in the Faroese Parliament. "The suggested hurdle is that we have to be a sovereign state to join fully, but the questions is whether this argument is valid."



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The Ministry of Foreign Affairs and Trade is responsible for foreign affairs and the majority of trade and industry legislation in the Faroe Islands. The Ministry collaborates with other ministries and agencies besides Nordic Council institutions. In addition to the EU and Iceland, the Faroe Islands have entered into regional free trade agreements with Norway and Switzerland as well as a Most-Favored-Nation Treatment Agreement with the Russian Federation. In general, the Faroes seek the liberalization of trade with countries worldwide.

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