



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**


**MINISTRY OF INDUSTRY, BUSINESS
AND FINANCIAL AFFAIRS**

File no.
2019-19685

Department
Trade Policy

6 December 2019

Dear Commissioner Phil Hogan,

Please accept our congratulations on your appointment as Commissioner for Trade. We are looking forward to cooperating closely with you on priorities for a modern EU trade policy.

As global trade tensions are on the rise, defending rules-based international trade and open markets is more important than ever. The EU should use its leverage as a major trading block to counter the trend of growing protectionism in both its bilateral and multilateral trade negotiations while promoting an ambitious and fair trade policy with high sustainability standards including on labour, climate, environment, and ensuring the external competitiveness of the EU.

It is encouraging that the top priority of the incoming Commission is to lead the reform of the multilateral trading system. The WTO is our best defense against unilateralism and protectionism, our best guarantor of stability in trade relations and our most efficient framework to help less developed countries integrating into the world economy. The first priority must be to solve the crisis in the Appellate Body and ensure an effective, two-tier dispute resolution mechanism. The negotiating function of the WTO also needs attention - with the goal being modern, effective and enforceable rules capable of dealing with current challenges - including unfair trade practices and climate change. We render you our full support in the endeavors for a comprehensive reform agreement in WTO by 2022.

Our bilateral trade and investment agreements also remain crucial in shaping globalization. The Commission has negotiated an impressive number of modern and ambitious agreements in recent years. The latest Eurobarometer survey showed an increasing and significant support for these efforts, but also concerns for globalization, environment and health standards. We must take these concerns seriously and ensure that international trade and investment benefits all. A strong focus must remain on delivering jobs, prosperity and opportunities for European citizens, companies and consumers, while addressing issues that matter for people such as sustainability, fairness and decent work.

The Commission and Denmark share a common agenda, when it comes to climate action and environmental challenges. The Danish Government has set an ambitious goal to reduce greenhouse gas emissions by 70% by

2030, and we support the Commission in its efforts to transform Europe into the world's first climate-neutral continent by 2050. In order to meet these goals, we believe that the EU's trade policy must contribute to a green and sustainable transition. We strongly support that all EU trade agreements must contain a strong and dedicated chapter on sustainable development, including strong provisions on the Paris Agreement, deforestation and biodiversity. In parallel, we should strengthen efforts to reduce or remove trade barriers on green products, technologies and services in order to promote green solutions. We also look forward to discussing in more detail the options for a Carbon Border Tax, fully compliant with WTO rules.

Compliance and enforcement of trade agreements are important elements, and we welcome the Commission's decision to appoint a Chief Enforcement Officer in DG Trade, who will closely monitor the implementation of commitments on labour rights, climate and environmental protection. We also agree that the EU's trade toolbox should be utilized in order to enhance our ability to better respond to unfair trade practices. However, measures must be facts-based. Our joint ambition to achieve a level playing field must not result in protectionism and hidden barriers for trade. In this regard, we need to ensure that the negotiations on an International Procurement Instrument stay focused on its original aim of opening up public procurement markets in third countries. It should be a priority for the Commission to ensure that the instrument works in practice, minimizing potential harmful effects of limiting the European market hampering both competition and innovation in the EU. Curbing unfair financing practices of third countries is also required. We welcome the Commission's efforts to engage main players in order to preserve multilateralism in the field of official trade finance.

Digitization is an increasingly important competitive parameter in international trade. It can help increase participation of SMEs in global value chains, including in developing countries, and ensure exchange of industrial data across borders. The EU must take a leading role in the plurilateral negotiations in the WTO to establish global rules for e-commerce. Furthermore, our bilateral trade agreements with third countries must contain ambitious provisions regarding cross-border data flows, in order to address digital protectionism and to increase trust among customers and businesses.

We wish you every success in your new role and stand ready to cooperate closely with you to achieve our common objectives.

Yours sincerely,



Jeppe Kofod
Minister for Foreign Affairs



Simon Kollerup
Minister for Industry, Business and Financial Affairs