

BOOSTING FAROE-EURO TRADE

While new trade agreements with Eastern European countries could come about in the near future, the Faroes is hoping to see its Free Trade Agreement with the EU upgraded to encompass services as well as goods.



AS GROUNDWORK complemented by Lisbon Treaty provisions paves the way for smoother negotiations compared to earlier, trade relations between the Faroe Islands and the European Union are poised to undergo an upgrade. Meanwhile, according to the Ministry of Foreign Affairs, new trade agreements with other European countries could be within reach before long.

With the free movement of most goods already covered in the existing Free Trade Agreement between the Faroes and the EU, the next major development aim is to have the cooperation extended to comprise the free movement of services, said Hákun J. Djurhuus, Director of the Department of World Trade, of the Ministry of Foreign Affairs.

“Strong trade relations with foreign countries is important for an open economy like that of the Faroes,” he said.

“The Government therefore places great emphasis on following a proactive trade policy.”

The Department of World Trade plays an active part in the promotion of the Faroes as a trading and investment partner, participating in international events such as the European Seafood Exposition, Offshore Europe, and the Boston Seafood Show.

Mr. Djurhuus, who worked for eight years in Brussels as head of the Mission of the Faroes to the European Union, said that with the recent ratification of the Lisbon Treaty, trade negotiations between the EU and third countries are no longer as complicated as earlier since the Lisbon Treaty explicitly brings the entire field of trade policy under the exclusive competence of the Union.

While the Government recognizes world trade as an issue of global dimensions, Europe tops the priority list as it accounts for the bulk of all Faroese imports and exports. In 2005 the Faroes became part of the Pan-Euro-Med Cumulation of Origin system, which allows products that

Department of World Trade

Ministry of Foreign Affairs
Uttanríkisráðið
Tinganes, PO Box 118, FO-110 Tórshavn

www.mfa.fo
E-Mail: mfa@mfa.fo
Tel.: +298 306 100
Fax: +298 306 105

Minister of Foreign Affairs:
Jørgen Niclasen

Permanent Secretary of State:
Herluf Sigvaldsson

Director, Department of World Trade
Hákun Jógvanson Djurhuus
E-Mail: hakund@mfa.fo
Tel.: +298 306 121

*Hákun Jógvanson Djurhuus,
Director, Department of World Trade.*

have obtained originating status in any one of the countries within the system to be added to products originating in any one of the other countries without losing originating status within the zone.

Mr. Djurhuus said: “Free trade agreements improve the competitiveness of our businesses while at the same time facilitating access to new markets. One condition attached to using the Cumulation of Origin is that the countries within the system have a bilateral Free Trade Agreement. The Faroes currently has such agreements with the EU, Iceland, Norway and Switzerland, or 30 countries in total.”

Since 2006, the Faroes has had a bilateral MFN (Most Favored Nation) agreement with Russia, which basically means that the two countries mutually share any privileges generally offered to third countries in goods.

“We are constantly looking to identify new countries with which we can develop trade relations,” Mr. Djurhuus added. “Currently on the agenda are agreements with Eastern European countries, some of them hopefully concluded before long.”