Interview: Lars Thuesen – Ambassador of Denmark to the UK

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Taking the conversation beyond Brexit, His Excellency Lars Thuesen, ambassador of Denmark to the UK, highlights the solid ties that have linked both countries since the Danes invaded the island 1,000 years ago. Today, the relationship revolves more around digitalisation and life sciences.

The relationship between the UK and Denmark is a long lasting one, both countries even joining the EU on the same day in 1973! Can you provide us with an update of the figures linking them today?

Indeed, the UK and Denmark have always had close ties. We invaded England more than a thousand years ago, and at a certain point, we owned the whole of the country! Then, 20/30 years later we got kicked out again but left our fingerprints. Many words in English today come from the Danish language. *Vindue* became window, *lov* became law and *æg* became egg. There are literally thousands of other examples.

Today, the UK is Denmark's fourth largest trading partner globally. When we entered the common market together in 1973, exports to the UK represented about 20 percent of our global exports. This underlines very clearly the historical significance of our ties with the UK. Nowadays, the share of export to the UK has dropped to seven percent because we have diversified our exports as a country. In the 1970s they were mainly made of bacon, today they are very pharmaceutical, energy, food and services intensive.

In terms of investments, the figures are equally illustrative: Danish companies present in the UK invest around GBP 600 million (USD 765.5 million) every year in their UK operations. Furthermore, these 700 companies employ close to 100,000 Brits. Finally, not to be forgotten is that the UK remains an important tourist destination for Danes: one million per year chose the UK as a destination. This also explains the fact that ten percent of the traffic at Copenhagen airport is connected to the UK.

What importance does the life sciences sector hold in those relations?

The life sciences industry is of growing importance for Denmark, growing faster than any other industry in the country. Its productivity is also much higher than that of other sectors. Life sciences have truly become a priority for the Danish government, just as in the UK, we have a growth plan for the life sciences sector in place

And in spite of the current exchange rate, pharmaceutical exports to the UK are also growing. Some examples about Danish investments in the life sciences sector in the UK include the collaboration between Novo Nordisk and the University of Oxford. They have been investing close to DKK one billion (USD 160 million) to discover innovative treatments for type 2 diabetes since the launch of the collaboration a year ago.

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How do you expect Danish British trade relations to evolve in the future?

Considering we are at the verge of Brexit, Denmark—as the rest of the EU—wants to put in place the most ambitious trade agreement ever made with the UK. However, this is easier said than done, especially since the UK has drawn a series of red lines they do not wish to cross. Amongst those are the fact that the UK does not wish to be part of the single market and the customs union henceforth. We thus know that trade is going to complicate between the EU and the UK.

This is the starting point for every discussion, not because we want it like that, but because the UK refutes affiliation to the jurisdiction of the European Court of Justice in the future, as they want freedom to regulate and thereby refuse free movement of people. This entails that they cannot be part of the single market. Henceforth, the UK will no longer be in the single market, not like Liechtenstein, Norway or Iceland, who are not part of the EU but still members of the single market. This will therefore make interactions with the UK much more complex and bureaucratic. Ultimately, we wish to reach a deep and comprehensive trade agreement – even more advanced than the one in place between the EU and Canada that is the most modern FTA the world has ever seen.

In the end, the main issue at hand is a question of timeframe. For now, nothing is set in stone. The transition period that will begin once the UK leaves the EU on March 29th 2019 is to last 21 months. But this is only an agreement if we have an agreement on a multitude of other discussion points, first and foremost the border problem between Ireland and Northern Ireland, for which no solution has been reached yet.

With Brexit looming and as it will be sure to have consequences on British-Danish relations, how does the Danish government answer to upcoming challenges?

As everyone, we are preparing for a worst-case scenario, which we do not deem very likely, but neither is it impossible. The worst case would be a no deal scenario, with no agreement whatsoever. This would majorly impact all of our relations with the UK, complicating them to an unprecedent level. We are hence preparing all aspects in our relationship with the UK, from trade over to investments, rights of citizens and so forth – everything is taken into account. The day after the referendum in 2016, Denmark established a taskforce consisting of all the ministries in Denmark. Meeting on a regular basis, it analyses for each sector what the expected consequences might be and what action is needed to be taken, scouting for solutions for the no-deal scenario.

How do you encourage investment into Denmark?

The Invest in Denmark agency is part of the Royal Danish Embassy, promoting investment to Denmark and helping those companies that want to establish a presence in Denmark. For them as well, life sciences constitute a priority. Invest in Denmark provides the network and the expertise newcomers need.

Important investments to Denmark these last years have included Apple that three years ago has decided to establish their biggest data centre outside the US in Denmark. It has been followed by Google which now has two sites in Denmark and Facebook that also has chosen Denmark. One thing those corporations look for in our country is the green energy. The potential to use 100 percent renewable resources for the huge amounts they require is very attractive for those having to establish such large data centres.

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You are a huge proponent of the importance of digitalisation, and Denmark has been a pioneer and is today a front runner in the field. How do you see your home country and the UK collaborating on digitalisation in the future?

Denmark has an extremely strong hold in digitalisation. As a matter of fact, we are the most digitalised country in the EU. There are several reasons for this: Denmark is a small country, and unlike other nations, people are not weighted down by a fear of digitalisation or registration. Everybody in Denmark has a central person register number. It makes everything so much easier as all the information, from public authorities but also from bank and insurance is digitalised and accessible from one secured account.

Of course, this was not achieved with no efforts. The government had to push for this centralisation to occur. It set the frame by telling all companies working with the government, they would only be able to continue their collaboration if all payments were done electronically. And the Danes have welcomed this initiative. Today, over 95 percent of applications for retirement schemes are done through an electronic way.

We also identify an opportunity related to Brexit in this regard. When the UK is going to leave the EU, they will be needing a whole new set of systems to be put in place, for customs, registrations and so on. This makes the UK an interesting market for Danish ICT companies in the years to come. Several have come and established themselves here, saying they took this step because there would be opportunities to seize upon. So far, the UK has hired about 8,000 new employees to handle Brexit at the British administration level, and a lot more investment will be required. It is not an easy task and a very complex one moreover, to exit 45 years of cooperation and integration that regulated a lot for you and provided you with ready-to-use systems.

Comparing this assignment with your previous roles in other countries, how would you characterize the ‘cultural fit’ between the Danes and the Brits?

It is almost perfect! I feel extremely welcomed here, the UK is a very open society. Brits like to meet new people and discuss. We also have a similar humour, full of irony. Then, there are also the ties between our royal houses, that are ancient and still very alive today. The UK is the geography in the world where the largest community of Danes outside of Denmark resides, with about 50,000 nationals here.

A conclusion about Danish-British relations and how you would like to see them evolve in the future and beyond Brexit?

In the future, and beyond Brexit, Denmark will continue to have a strong, deep and comprehensive partnership with the UK. Things will change, but it is not the end of the world.

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