

Executive Summary

Danish Diplomacy and Defence in Times of Change

A Review of Denmark's
Foreign and Security Policy,
May 2016

Preface

On September 15th 2015 I was asked by the Danish Government to carry out a review of Denmark's external policy areas: Foreign and security policy, defence policy, trade policy and export promotion as well as development policy. The Terms of Reference for this task called for 1) identifying Denmark's strategic interests in the light of key global trends, challenges and opportunities over the next 10-15 years, 2) comprehensive recommendations for stronger coordination and integration of Denmark's external policy areas and 3) comprehensive strategic recommendations for core tasks and priorities to promote Danish interests in the coming years.

This 13-page document constitutes an executive summary of the full report presented to the Danish Government on May 1st 2016.

The overall idea with this exercise was to take a step back from the day-to-day tasks and come up with ideas and solutions on how best to position Denmark internationally to take on the challenges and opportunities that lie ahead.

The review was written in a time of change in more than one sense. The economic centre of gravity is shifting from west to east and political power is gradually being dispersed to an increasing number of actors, many of them not states. Demographic challenges and technological development are also among the factors

that will shape the global future. In Europe's backyard, continuous crises are producing instability and migration, both of which are putting the EU's coherence and ability to come up with common solutions to the test.

Without comparison to those challenges, Danish diplomacy and defence are also experiencing times of change in the sense that budgets have been decreasing for several years. This calls for enhanced prioritisation, a coordinated approach and focus on areas where we can make a real difference.

This executive summary presents the short version of how to go about this challenge. The ideas and recommendations are formed on the basis of extensive input from several analyses and data, consultations with a large number of leading experts in Denmark and abroad and participation in several conferences on relevant topics.

I hope the ideas presented here will inspire a political and public debate about the future of Danish diplomacy and defence, their goals and the way to reach them.

Peter Taksøe-Jensen
Ambassador

Executive Summary

Review of Denmark's Foreign Policy

The dispersion of global power, new threats and rapid technological development...

In the coming years, the Danish Foreign Service and Defence will have to navigate a changing world order and a new foreign and security policy landscape. Economic and political power is shifting towards Asia; rapid technological developments are changing the basic conditions for people, companies and public authorities; Europe's security and its fundamental values are challenged; and our neighbouring areas are facing crises and collapse, the impact of which are felt in Denmark as well. At a time when resources are becoming scarcer, the opportunities and challenges ahead are numerous and diverse.

A changing world demands a focussed, well-coordinated and integrated foreign policy, based on clear strategic thinking about which objectives and tasks to place at the very forefront of Denmark's international engagements.

...create a need for a fresh look at foreign policy priorities...

This report is the result of the foreign and security policy review tasked by the Danish Government in September 2015.

According to the Terms of Reference, the objective of the review is threefold:

- To outline Denmark's strategic interests in the light of key global trends, challenges and opportunities over the next 10-15 years;
- To offer comprehensive recommendations for stronger coordination and integration of Denmark's foreign and security policy, defence policy, trade policy and export promotion as well as development policy;
- To present comprehensive strategic recommendations for core tasks and priorities to promote Danish interests in the coming years.

According to the Terms of Reference, the purpose of the review is to create a basis for an intensified focus and prioritisation of the Kingdom of Denmark's international engagement, including commercial interests.

The basic question this review attempts to answer is: How do we best position Denmark on the international stage in a time of limited resources for diplomacy and defence?

...as a basis for a political and public debate on Denmark's role in the world

The report hopefully provides a fruitful basis for the ongoing political debate about Denmark's future foreign and security policy. It is intended to, among other things, form part of the basis for the upcoming negotiations on a new 5-year defence agreement after the current agreement expires in 2017 as well as for a new development policy strategy in 2016.

Danish foreign policy should promote Danish interests and values...

Towards an interest-based foreign policy

The purpose of Danish foreign policy is to understand, influence and adjust to international developments with the primary aim of maintaining and continuously shaping a safe, free and prosperous Denmark based on a set of values to benefit its people. Defence, security, development and trade policies are all integrated parts of Danish foreign policy, which aims to fulfil this vision.

The most suitable approach to fulfilling this purpose is an *interest-based foreign policy* which aims to integrate all instruments and efforts in a comprehensive and judicious approach.

...and with Denmark's characteristics and national interests as departure points...

The departure point is the fixed circumstances related to Denmark's position in the world and as an international player, the reality that surrounds us and the values on which Danish society is based.

The Kingdom of Denmark is a major Arctic power as well as a small European nation. Denmark is located between major regional powers and shares strong cultural and historical links with other Nordic and northern European countries. Denmark is also a trading nation with an open and advanced economy that thrives best in a stable and rule-based international order. Denmark's membership to the EU, NATO and the UN thus constitutes the foundation for promoting Danish interests internationally.

Against this background, the report makes an attempt at identifying Danish national interests, i.e. those conditions that are either 'vital' or 'very important' to fulfilling the aim of maintaining and continuously shaping a safe, free and prosperous Denmark and Danish values to benefit its people. This set of interests are meant to serve as continuous guidelines for prioritising foreign policy initiatives by helping us distinguish between the need-to-do, important-to-do and nice-to-do issues. National interests may serve as a common reference point in public debate on foreign policy choices. It also gives strategic direction to a comprehensive and integrated foreign policy, matching instruments and initiatives across Denmark's international commitment.

While national interests form a useful basis for an initial prioritisation of issues, it cannot stand alone. A focused foreign policy must take into account how Denmark can ensure maximum impact. We thus suggest a tool for strategic choices based on three main considerations:

...a prioritisation tool can be set up.

- **Interests:** What is at stake for Denmark? Is the issue vital, very important or less important? Are Danish interests threatened by particular developments?
- **Partnerships:** Does a given issue constitute a narrow interest unique to Denmark or is it a widely shared interest? Should we pursue objectives alone or partner with other countries and actors? Should Denmark take the lead? Or leave the initiative to others?
- **Influence:** Are we in a position to make a difference? Is there a demand for particular forces, expertise or experiences possessed by Denmark?

These three considerations constitute the core of a prioritisation tool for a more conscious use of Danish foreign policy resources, focusing the efforts on areas where we have the most at stake and the largest impact – either alone or in partnership with others.

Some national interests are specific to Denmark and will have to be pursued on our own. But most are shared by many and are best promoted in alliances or partnerships. The specific balancing of these considerations must be based on an analysis of the challenges and opportunities faced by Denmark as well as by other countries.

Although developments are unpredictable...

Global trends towards 2030

In the coming 10-15 years, Denmark and its partners will navigate a world significantly different from the post-Cold War era of the past 25 years. Alongside deepened globalisation and cross-border networks, we are seeing a return to traditional geopolitics, particularly in Europe. Larger unpredictability becomes a recurring condition in a connected world where power is divided between a greater number of actors, and technological leaps lead to new possibilities and risks.

...many places in the world, things are going historically well...

In many aspects, the world is increasingly peaceful and prosperous. Since 1990, the number of people living in extreme poverty has more than halved, while the global middle class has tripled. More countries and markets are integrating into the world economy, and substantial progress has been made in access to health care and education especially for the world's poor.

...but Europe is challenged on a number of fronts and risks isolating itself off even more

The EU, however, is facing both external and internal challenges. Europe's neighbouring regions, Russia and the Middle East, constitute growing challenges and form part of an arc of instability stretching from the north-eastern corner of Europe's borders to the southwest in North Africa.

To the east, Russia's annexation of the Crimea and destabilisation of neighbouring Ukraine is challenging the European security order and established principles of autonomy and territorial integrity of recognized states.

Due to conflicts, civil wars, transnational militant extremism and fragile state structures in the region, the Middle East and North Africa will also remain major sources of instability. The instability in Europe's neighbourhood will continue to have direct effects on Europe and Denmark and are already causing the largest number of refugees and displaced persons in decades.

Afghanistan and parts of Africa will also be likely sources of continued instability. Thus, despite a generally more stable and prosperous world, the EU and its neighbouring regions are experiencing considerable challenges and pressures that are likely to continue to put the EU's coherence and ability to produce international solutions to the test.

While Europe struggles to address these challenges, nationalism and EU scepticism is on the rise in several member states. There is therefore a considerable risk that we will witness a more inward-looking EU in the coming years. This will not be conducive for a stronger EU voice on global issues, as the EU will most likely continue to have difficulties translating its economic weight into similar foreign policy impact on the global stage.

In the Arctic, the melting ice brings opportunities for increased economic activity and development, but it also increases responsibilities and tasks in areas such as search and rescue and environmental protection.

The world's economic centre of gravity is shifting towards Asia...

Asia's continuous economic growth is shifting the global political and economic centre of gravity towards the east. This means that the rest of the world is increasingly affected by economic developments and stability in the region, particularly in China. Towards 2030, global commerce will be characterised by a number of trends which will have major significance for Denmark, such as increased trade with and within Asia, the integration of developing countries into the global economy, growth in trade of services along with a deeper globalisation in which complex trade flows and global value chains increase the need for global cooperation and well-functioning trade regimes.

...and particularly urban populations are growing

The world's population will reach around 8.5 billion in 2030. Population growth will be greatest in the major cities, especially in developing countries and emerging markets. Growth and job opportunities for millions of young people will be crucial for social stability, mobility and migration in areas with population growth. At the same time, Europe will experience growing labour shortages.

Climate change and rapid technological development entail both challenges and opportunities

As the adverse impacts of climate change are increasingly felt, it is expected to serve as a threat multiplier, contributing to instability and migration. The Paris climate agreement requires all countries to step up the fight against climate change. This in turn creates opportunities in sectors where Danish companies are traditionally strong.

Innovation and diffusion of new technologies will increase sharply, fundamentally changing established markets and industries, forms of communication, and workflows. Access to affordable internet and mobile phones is making the world even more interconnected and will provide new economic opportunities; but also new risks such as cyber-threats, which will constitute an increasing security challenge.

Overall, the developments will gradually change the global balance of power...

International stability will increasingly depend on relations between the US and China, while the EU and other powers such as India and Brazil will have more influence on the international scene. The combined economic, military, political and cultural strength of the US and EU will likely continue to have a stabilising influence globally towards 2030. But the rising powers will likely demand greater influence on international political and economic decisions. It will therefore be crucial to maintain a rule-based international order recognized by established and rising powers.

...and non-state actors will gain greater importance

At the same time, a growing number of challenges will surpass the states' own capacity and require new and broader societal alliances. Non-state actors such as major cities, provinces, multinational

companies, foundations, informal groups and powerful individuals will exercise increased global influence. A broader range of players will, therefore, want a seat at the table when international decisions are made.

Globalisation accelerates the dispersion of power such that nation states are no longer the sole actors in foreign and security policy. National governments and international institutions will increasingly be faced with developments which they cannot predict and which they do not have control over. In such situations, an effective international response will depend on the strength and the breadth of international and societal partnerships.

Denmark's future foreign and security policy

The changing global context creates both opportunities and challenges for Denmark. Foreign policy initiatives and efforts need to be prioritised according to interests, strengths, opportunities for partnerships and ability to impact. This applies to multilateral and bilateral engagements, as well as all the individual policy areas and instruments of foreign, security, development, trade, and defence policy.

The developments bring new conditions...

...for a smaller foreign service

The future foreign service

The fundamental purpose of diplomacy will remain the same, but means and working methods will need to be adjusted as foreign policy issues become more diverse and inter-connected, and as new players enter the field. At the same time, considerable budget reductions have been implemented, including at the Danish Ministry of Foreign Affairs. From 2000 to 2019, the ministry's overall budget will be reduced by one-third, or a total of DKK 800 million. In light of international developments, the need for stronger prioritisation is increasing and we need to look at new ways of making the most with what we have got. One way of doing this is by pooling our efforts with stakeholders from all areas of Danish society, e.g. with pensions funds in public-private partnerships.

It requires openness...

Increased international unpredictability requires a Foreign Service, which is open and agile, able to analyse trends and stay ahead of the curve to create added value for the entire spectrum of Danish interests. The ability to combine traditional diplomatic channels with formal and informal networks will be key in this regard. It is an advantage that diplomacy, development assistance as well as export promotion and trade policy are all conducted by the Danish Ministry of Foreign Affairs which is also responsible for consular services and contingency planning along with the increasingly important tasks of public diplomacy and strategic communication.

...and an organisation which is focused and ready to adapt

As the coordinating authority on foreign affairs, it is important that the ministry can recruit and retain staff with international experience and expertise, while at the same time maintain the necessary mobility within the service. Through its diplomatic missions, Denmark must ensure a sufficiently substantial presence in the capitals where global politics is primarily formulated and where developments are of greatest importance to Danish interests.

Conversely, in countries where we choose not to have our own diplomatic presence, Denmark should accept the consequences and leave all tasks, not uniquely related to Danish interests, to the European External Action Service (EEAS) or to other partners.

A further analysis of Denmark's future foreign service could address some of the above matters. The Ministry of Foreign Affairs should serve as the whole society's international liaison. Strategic focus must be ensured so our energy and resources are used in places where Denmark has the most at stake and is able to make a difference, either alone or in partnerships. In this way, we can influence the world in the direction which best aligns with our interests and values.

Multilateral cooperation, institutions and rules ensure influence for Denmark...

Denmark's multilateral engagement

Denmark has major advantages of binding international cooperation and rules which ensure a level playing field, influence of smaller countries and promote multilateral solutions. International challenges require international solutions.

...with the EU as the most important focal point, both in relation to the economy and in relation to dealing with cross-border challenges which cannot be solved at the national level...

The EU is the focal point for handling Denmark's economic interests, which are closely tied to the free movement of goods, capital, services and labour within the Single Market. The EU is the most important export region for Denmark. But cohesion within the EU is challenged by the economic situation, the refugee and migration crisis and rising nationalism and EU scepticism. The EU's ability to handle these challenges is crucial for the EU's international clout and a prerequisite for the EU to be able to contribute effectively to international solutions to the global challenges of tomorrow.

For Denmark, it is essential that the EU constitutes a well-functioning framework for regulating national and international economic matters of importance to Denmark and for promoting pan-European solutions with regard to international developments. Denmark should position itself in the best way possible within the EU in order to maintain and promote Danish interests within the framework of Danish EU membership.

Denmark must increasingly be able to work closely with other EU member states in Brussels as well as in the main policy driving countries' capitals. We can strengthen Danish influence within the EU by building strategic, long-term alliances on the basis of the common interests we share with other countries, notably in Northern Europe. We should thus maintain and expand the cooperation with the Nordic and Baltic countries, the Netherlands and other like-minded countries in order to ensure the right balance, with a strong Northern European voice in the European cooperation.

...while NATO guarantees Denmark's security...

NATO guarantees Denmark's and Europe's security and contributes to crisis management, stabilisation and capacity building. The alliance is the main framework for Danish participation in international operations and a tool for ensuring stability in Denmark's and Europe's neighbourhood. Through partnerships, NATO furthermore contributes to security in a broader context and constitutes the primary forum for transatlantic security and defence policy discussions. It is in Denmark's interest that NATO's continued focus is ensured on all three of these primary tasks in the coming years.

Denmark should continue to actively contribute to all three primary tasks, to NATO's cohesion and to a strong transatlantic dimension for the alliance. It is crucial for Denmark and for the alliance that the US continues to engage in European security. We should ensure that Denmark continues to be considered a respected partner country and a core ally.

...and the UN contributes to the global rules of play to the benefit of human rights, peace and security

The UN is the primary global forum for international peace and security, rule of law and human rights as well as global development. The adoption of the 2030 agenda with 17 goals on sustainable development and the climate agreement in Paris reconfirmed the UN's continued relevance as the main framework for addressing global challenges. At the same time, however, there is a clear need to reform the UN Security Council and other UN organs so as to adequately reflect the global distribution of power today. Denmark should support reforms and work to ensure that the UN, as well as the World Bank and the IMF, are modernised in order to be able to effectively move forward the new sustainable development agenda in partnership with both state and non-state actors.

At a time where diverting and conflicting views on human rights and governance are becoming more visible, Denmark must continue to promote international rule of law and universal human rights within the UN, the EU as well as bilaterally. The point of departure should be clearly defined and communicated values and positive dialogue with partner countries so as to ensure predictability of Danish standpoints. In order to be more effective, efforts to promote human rights should involve a broad range of partners, including other authorities, private sector and civil society. Denmark's candidacy to the UN Human Rights Council 2019-2021 should be used as a platform for advancing Danish priority issues.

Denmark's bilateral engagements

Denmark's bilateral cooperation is an important tool for promoting policy objectives and economic interests in relation to key partners. However, similar to multilateral efforts, bilateral efforts must focus on areas where significant Danish interests are at stake and where we can make a difference. In particular, geographical proximity, global influence of the country in question and direct impact on Denmark are important parameters in this regard.

At the same time, Denmark must ensure strong relations with important countries...

...particularly close European powers and the USA...

Denmark should maintain and expand ties with its primary European partners in the Nordic region and Germany, as well as Great Britain, France and other like-minded countries. In the transatlantic relationship, Denmark must maintain the US as one of its closest allies, act as a bridge between Europe and the US, and preserve US commitment in Europe's security. Denmark should work to strengthen cooperation on counter-terrorism and expanding economic and trade relations with the US, in particular by promoting the Transatlantic Trade and Investment Partnership (TTIP).

...contribute to a common, robust position with regard to Russia and support forces for reform in Eastern Europe...

With regard to Russia, Denmark should support the EU position on a common, robust and principled stance externally, as well as cohesion and resilience internally. This is to be accomplished especially through joint EU sanctions and NATO commitments, including Danish participation in training exercises in the neighbouring area. Firmness should not stand alone, but must be backed by dialogue with Russia on the basis of established principles and cooperation in areas of mutual interest. The starting point should be areas in proximity to Denmark where, for example, high-level dialogue in the Council of the Baltic Sea States could be resumed. Denmark must also continue to support reforms and capacity building in Ukraine and other countries in the region.

...strengthen efforts in the Arctic to the benefit of the Kingdom of Denmark, the people of Greenland and the entire region...

The Kingdom of Denmark should increase efforts to promote a peaceful and economically and environmentally sustainable development in the Arctic to benefit the entire region, the Danish Realm and the peoples of Greenland and the Faroe Islands. This requires intensified efforts and cooperation within the Kingdom, and internationally in order to take advantage of the opportunities for influence the Kingdom of Denmark enjoys in its capacity as a major Arctic power. On a more concrete note, Denmark should explore possible satellite-based solutions to strengthen communication and surveillance in the Arctic and the establishment of an international research hub in Nuuk; and look into options for new financing mechanisms, for example through funds and public-private partnerships. In light of the increased military presence and activity level in the Arctic, it should be explored whether there is support for a discussion forum on security policy related to the Arctic. Finally, Denmark could look into options for accelerating a resolution to the continental shelf claims process.

...prioritise efforts especially in the Middle East and North Africa which can contribute to development and stabilisation...

In the Middle East, North Africa and Sub-Saharan Africa, Denmark should prioritise those countries and areas where we have a strong interest related to, for example, migration or security. The instruments needed range from development cooperation, humanitarian assistance, comprehensive stabilisation initiatives and military means, as well as promoting economic interests in countries where opportunities exist for the Danish business community. Long-term solutions to the challenges facing the region must be found through a closer partnership with the EU, drawing on the union's instruments, including trade policy instruments, and through expanding relations with regional powers: In the Middle East and North Africa in particular Turkey, Egypt, Iran, Saudi Arabia, and Israel; and in Sub-Saharan Africa especially Nigeria, South Africa, Kenya and Ethiopia.

...and contribute to continued stabilisation in Afghanistan ...

Denmark should continue to support Afghanistan's efforts to combat extremism and curb large-scale flows of refugees and migrants, including through support to the Afghan security forces and to promote fundamentals for economic growth and employment for a better future for the Afghan people.

...promote strategic partnerships with important countries in Asia, particularly about economic and business issues

Asia is of increasing commercial and political importance to Denmark. Denmark should therefore promote and expand strategic and comprehensive partnerships with key political and economic partners, in particular China, India, Japan, South Korea and Indonesia. Such partnerships should tie together commercial, political, foreign policy, and sector-specific interests with the involvement of public authorities, business community, universities and society in a broader context. Danish solutions and experiences are in high demand in many Asian countries and Denmark should, among other things, position itself as a key partner in handling future climate challenges in Asia based on Danish strongholds.

Denmark's primary interests related to Latin America in coming years will be directed at economic and commercial cooperation as well as shared values with the countries in the region.

Denmark should build strategic partnerships with Brazil and Mexico, both of which will play a growing global role in coming years.

Denmark in an interconnected world

Globalisation entails an increasing importance of consular services performed by the Ministry of Foreign Affairs. Annually, the ministry assists approximately 5,000 Danes abroad, handles more than 150,000 visa and other permits and maintains a web page consulted 1.3 million times per year. The ministry should sustain and further develop the information efforts on relevant platforms. Increasing travel activity and transnational commerce, together with more frequent crises and emergencies, increase the need for robust contingency capabilities.

For public diplomacy and communication tasks, new mobile communication technologies, expansion of internet access and social media platforms open up new opportunities for promoting Danish interests in an increasingly connected world. Denmark's brand is a political and commercial asset to be utilized in promoting Danish interests and values abroad. Similarly, negative stories about Denmark can adversely affect Denmark's standing and reputation internationally and should be addressed through targeted, proactive communication efforts anchored at government level.

Development policy, stabilisation and economic diplomacy

The UN Agenda 2030 with the 17 Sustainable Development Goals (SDGs) as well as the agreements on climate change in Paris and development financing in Addis Ababa set the scene for an unprecedented and close cooperation between public and private partners in mobilising financing, knowledge and technology. For instance, the green transition and sustainable urbanization will become a focus area for development policy as well as for private business sectors. For Denmark, this provides an opportunity to integrate development cooperation and economic diplomacy in completely new ways.

Denmark has actively participated in the negotiations on the SDGs and has a clear interest in seeing them unfold. Denmark should therefore play an active part in realising the UN 2030 Agenda for Sustainable Development, especially on those areas where Denmark has special qualifications. Universal by character, the SDGs apply to all nations and are mutually interlinked. By focusing on a limited number of goals where Danish interests and influence are greatest, Denmark will be able to ensure the strongest and most cost-effective contribution to global progress on the 2030 Agenda.

Danish development cooperation should be strengthened as an integrated part of Denmark's foreign and security policy through innovation and sharper prioritisation with other policy areas and in interaction with sectors across the whole of society. Through development cooperation, Denmark should invest in a world of progress and sustainable growth benefiting the developing countries as well as the Danish welfare state and Danish businesses. Such efforts could also be a bulwark against crises abroad that have direct consequences for Denmark's security and prosperity.

A stronger link between development cooperation and Danish interests can be achieved by focusing efforts within three areas:

- Sustainable growth through partnerships
- Strengthened efforts in fragile states
- Prevention of refugee and migration flows

Sustainable growth must be promoted through partnerships with developing and emerging countries, the business community and private investors. This model must promote the use of development assistance as venture capital and as a lever for private investments and the sharing of Danish experience and solutions. Traditional country programmes could be gradually transformed into more flexible partnerships in which official development assistance constitutes a catalyst for other sources of funding and as support for Danish commercial interests.

In the context of fragile situations and migration pressures, closer coordination between humanitarian aid, long term development cooperation, stabilisation efforts and Danish strongholds should

At the same time, the Ministry of Foreign Affairs must maintain robust consular services and continue to develop information efforts regarding public diplomacy.

The SDGs provide the opportunity to step up public-private partnerships...

...and Denmark has strongholds that can contribute to the SDGs and global goods...

...and thus benefit both developing countries and Denmark

Traditional aid programmes should be gradually transformed into partnerships...

...while support to countries in fragile situations could be strengthened through a new joint programme...

contribute to addressing challenges closer to their origin, rather than their symptoms in Denmark or Europe. Rather than stretching our efforts too thin, Denmark should target its resources on a limited number of countries in fragile situations, for example Afghanistan, Syria and Libya. The coordination between the efforts should be strengthened, and it is recommended to establish a new strong program of assistance, stabilization and capacity building in Eastern Europe, the Middle East and North Africa in the form of a new, larger and more flexible pool that brings together the existing Peace and Stabilisation Fund, the Neighbourhood Programme for EU's eastern neighbours and the Arab Initiative.

...with focus on Europe's neighbouring countries, for example on the flow of refugees

Across the different focus areas, Denmark should ensure a geographic focus so that the development efforts are concentrated where there is an alignment between the need for support and identified Danish interests. In addressing refugee and migration flows, for example, development assistance will have a larger impact closer to the root of the problems rather than in Denmark or Europe. Denmark is one of only five countries in the world to meet the UN recommendation of 0.7% of BNI in development assistance. Even so, Denmark should work to ensure a stable and predictable financial level for the development assistance engagement over a number of years. This will make Denmark a more reliable and effective partner and create opportunities for long-term links with foreign policy interests.

Economic diplomacy should be prioritised across the government and should support the internationalisation of enterprises...

Economic diplomacy should be given even higher priority, e.g. by anchoring this policy area more firmly at government level to ensure strong commitment of all relevant ministries. When diplomacy, business sectors, government authorities and other actors work closely together, economic diplomacy not only serves to advance market opportunities for Danish companies, but also to promote Danish foreign and security interests and values.

Deeper globalisation places strict requirements on the competitiveness of Danish enterprises. How well they perform depends on their ability to operate in international markets, to apply new technologies and to enter into global value chains. Internationalisation of the Danish business sector should be an overarching objective for economic diplomacy and the Danish Trade Council which places value creation for businesses as the key criterion for success. The service sector, internet economy and investments will become increasingly important and should be given higher priority. It should be formalized in a new strategic framework for Denmark's economic diplomacy when the current one expires in 2018.

...and trade policy should focus on opening markets, fair conditions and protecting Danish investments while...

Trade policy should be closely integrated into economic diplomacy with a special focus on free trade and investment protection. Denmark should continue to work to open markets, simplify regulation and ensure effective mechanisms for enforcing fair business conditions. An ambitious Danish profile in the EU's trade policy is key to safeguarding our interests within the WTO. Denmark should also give high priority to the completion of the EU free trade negotiations with Japan and the US. Generally, trade policy should be prepared in closer collaboration with the Danish business community and with the involvement of consumer organisations, trade unions and civil society.

Knowledge and technological advantages is key to success also for Danish businesses. Innovation efforts along with attracting foreign skilled labour should therefore be central tasks for economic diplomacy. This effort should also support the development of strong innovation environments in Denmark.

...strategic sector cooperation and financing partnerships should be strengthened

Danish ministries and agencies have experiences and expertise within legislation, regulation and implementation, which are in demand in many countries and can open new doors for Danish businesses. Efforts to promote government-to-government cooperation should be prioritised and expanded.

Access to financing solutions has become a crucial competitive factor for Danish businesses acting on the international scene. In particular, the Danish Investment Fund for Developing Countries (IFU) should be strengthened as a catalyst for mobilising private capital for development purposes.

The future direction of the Danish Armed Forces

Danish defence policy is traditionally regulated through five-year political agreements. This foreign and security policy review will form part of the foundation for the negotiations on the next defence agreement covering the years 2018 – 2022.

Denmark's and Europe's neighbourhoods have become less secure, and the threats have moved closer...

A conventional military threat to Danish territory remains unlikely, but Denmark's and Europe's neighbourhoods have become less secure. Geographically, the threats of terrorism and fragile states have moved closer, and Russia's actions undermine the European security order and add a threat dimension which was unforeseen just a few years ago. In addition, there is an increased cyber threat, and the melting of the ice in the Arctic leads to growing civilian and military tasks for the Armed Forces.

...and the need for the Armed Forces' contribution to both international and national tasks is increasing...

Reflections on the future course of the Armed Forces must therefore take into account a more severe security environment. There is an increased need for international military contributions – also to ensure NATO's credible deterrence. At the same time there are increasing national responsibilities, including both civilian and military tasks. An important part of this is the increased number of tasks in the Arctic. The Armed Forces should continue to develop a single set of robust military capabilities which are flexible and, in cooperation with our allies, can be used for the entire spectrum of tasks, including as a genuine deterrent and for high intensity operations against a capable opponent.

...the Armed Forces must be able to operate efficiently with Denmark's key allies...

It continues to be crucial for the Danish military forces that they are capable of operating effectively with key allies. Denmark neither can nor should operate on its own abroad, and there should be a forward-looking focus on cooperation, including within the Nordic framework and with other countries around the Baltic Sea. Denmark has a long tradition of pursuing a proactive security policy with significant contributions to international military operations. This has made Denmark a recognized partner and ally and given us influence within the UN, the EU and especially within NATO, despite Denmark's opt out from the EU Common Security and Defence Policy.

...and ultimately, NATO is Denmark's security guarantee, and Denmark must remain a key ally and continue to contribute actively...

NATO is the cornerstone in Denmark's security policy and, ultimately, Denmark's security guarantee. NATO must continuously strike a balance between the three primary tasks – collective defence, crisis management through international operations along with cooperative security through partnerships. Denmark must contribute to ensuring there is sufficient focus on all of these tasks and that the alliance is capable of ensuring adequate military deterrent without losing focus on the other tasks. NATO's strength and effectiveness hinges on political will as well as the resources that each country allocates to defence. At the 2014 Wales Summit, the NATO Allies took stock of the new European security environment and began an adaptation of the Alliance including an increased focus on reassurance of the Eastern allies. The NATO countries which, like Denmark, lie below NATO's goal of two per cent of GDP for defence expenditure, have committed to halting any decline in expenditure, increase defence expenditure in real terms as GDP grows, and to aim to move towards the two per cent guideline.

...but after a number of favourable years when it was possible to save, we are now facing a new situation...

Since the Cold War, Denmark's defence expenditure has fallen. The favourable security situation made it possible to spend resources in areas other than defence. We are now facing a new situation with significant changes to Denmark's and Europe's security environment. Denmark is the only country in the Baltic Sea area, which has not responded to the new situation with plans for increased defence expenditure. In case of continued decline in the defence budget, it may prove difficult for Denmark to maintain in the long term its current ranking among the top contributors to NATO's core tasks. The price of Denmark's insurance policy has gone up, and there is a need for additional resources to the Armed Forces in order for Denmark to continue to be able to contribute in solidarity and in a credible way to Europe's, and thus Denmark's own, security. Denmark should halt the downward trend in defence expenditure, and – in the course of the next defence agreement period of 2017 – 2022 – increase the defence budget as a share of GDP in accordance with Denmark's NATO commitments.

...the price of Denmark's insurance policy has gone up, and there is a need to stop the downwards trend and add new resources to the Armed Forces

The Armed Forces must be able to participate in the entire spectrum of missions, from high-intensive battle operations to capacity building and have troops at a sufficient level of readiness...

The Armed Forces' future structure and planning should take into account the new security situation. The Danish Ministry of Defence should draft a biannual strategic framework document for the Armed Forces' future tasks and development. The Armed Forces must continue to be able to participate in the entire spectrum of international missions, from high-intensive battle operations, stabilisation tasks and international law enforcement activities to preventive measures as well as capacity building and the evacuation of Danish citizens from foreign countries along with international rescue and disaster relief. In addition, the Armed Forces shall continue to perform national tasks such as monitoring and surveillance, exercising sovereignty, search and rescue activities etc. Finally, the Armed Forces must uphold the ability to participate in NATO's collective defence activities with troops with greater combat capabilities and at an appropriate level of readiness.

...and continually adjust and operate effectively

There will be a need to operate effectively across the Army, Navy and Air Force and together with the Danish Home Guard, the Danish Emergency Management Agency and other government agencies. The need for the Armed Forces to support the Danish police force will likely increase.

Overall, continuous initiatives are required in all branches of the Armed Forces as well as in the Home Guard and other agencies under the Ministry of Defence. The economic boundaries within which future investments and adaptations of the Armed Forces will take place, however, depend on the political decision regarding the future size of the defence budget.

We must bring it all together in a strategic approach...

The way forward for Denmark's interests and values

The way forward for Denmark's interests and values should be an interest-based foreign policy which – on the basis of Denmark's strategic orientation – focuses and joins forces where Denmark has most at stake and can make an actual difference. The starting point for Denmark's strategic orientation includes our European identity, our EU membership and shared Nordic values, Greenland's and the Faroe Islands' location in North America and the North Atlantic, our strong bilateral relationship with the USA and our strategic partnerships with China and other Asian countries.

This provides us with a unique opportunity to position Denmark strategically on three pillars:

...with close relations with old and new allies...

- **A European dimension.** With the EU as the focal point, we must maintain relations with our closest European ally, Germany – but also continue to have strong ties to Great Britain and France. We can strengthen the European dimension by building a strategic cooperation based on shared interests with the Nordic and Baltic countries as well as with the Netherlands, which can pull the European cooperation in a northern European direction.
- **A transatlantic dimension.** We must remain a strong transatlantic voice in NATO and the EU and leverage our close relations with the USA to build bridges and strengthen transatlantic ties. We must take advantage of our position as a major Arctic power to influence developments in the Arctic to the benefit of the Kingdom of Denmark, the region and the peoples of Greenland and the Faroe Islands.
- **An Asian dimension.** We must build up an Asian dimension and use our strategic partnerships to promote our commercial interests and global agendas. This dimension should be strengthened by building a strategic partnership with India.

...and focus on the most important tasks for Denmark:

Key tasks and priorities

The international developments combined with the implementation of significant budgetary reductions in the areas of foreign, security and defence policy generate a need for prioritising and focusing the efforts to ensure the best possible safeguarding of Denmark's interests. On this basis, five guidelines can be designated for Denmark's external policies:

Denmark's close neighbourhoods in the Arctic and the Baltic...

...stability and progress in Europe...

...a controlled flow of refugees...

...Danish society's growth and prosperity and...

...global solutions and rules of play

- **The close neighbourhood:** Actively promote sustainable and peaceful development in the Kingdom of Denmark's immediate neighbourhood in the Arctic and the Baltic Sea region, especially by increasing the priority to cooperation structures and to our capacity to be at the forefront of opportunities and threats.
- **Europe:** Take responsibility for peace, stability and prosperity in Europe and neighbouring regions, especially by actively contributing to an EU which collectively is able to handle crises and exercise global influence, contributing to the fight against terrorism and secure Denmark's position as a core member of a credible NATO cooperation, and as a transatlantic bridge builder.
- **Refugees and migration:** Prevent uncontrolled flows by strengthening the integration of foreign policy, regions-of-origin initiatives, stabilisation efforts, humanitarian aid and long-term development in order to promote security, economic development and good governance, particularly in fragile states in the Middle East, North Africa and Afghanistan.
- **Economic diplomacy:** Contribute to economic growth, prosperity and innovation in Denmark by actively pursuing economic diplomacy efforts that will place Denmark in a strong position internationally in the rapid commercial and industrial development. This involves supporting the internationalization, competitiveness and exports of Danish businesses as well as society's ability to attract investments, knowledge and talents from all over the world.
- **Global goods:** Promote global solutions and handling of climate change challenges based on Danish strengths, values and interests. And doing so by going to the forefront of the implementation of the UN's 2030 Agenda and the 2015 Paris climate agreement, and supporting rules-based international cooperation where both old and new powers will see the UN as the primary global framework for balancing interests, also in the future.

These five guidelines form a coherent strategic definition of the key tasks and priorities to promote Denmark's interests. Within these areas, policies should be prioritised based on whether something is at stake for Denmark, whether we can make a difference, and whether it is a narrow or broad interest.

Integrating and coordinating Denmark's foreign policy

To a large extent, the five guidelines span the traditional divides between foreign, security, defence, trade and development policies. Thus, the solutions should also extend across ministries and authorities (*whole of government*) and should to a greater degree involve relevant actors from the entire society (*whole of society*).

This should happen by introducing mechanisms to ensure a more forward-looking, strategic planning of the foreign policy priorities, a broader and earlier involvement of stakeholders in decisions as well as improved decision-making procedures behind Danish policy planning, both across Government offices and in relation to the Danish parliament (Folketinget).

This can be achieved through the following mechanisms:

To ensure that all the necessary resources can be brought in to play at the right time...

...cross-government integration must be raised to a higher level...

...through a forward-looking policy prioritisation...

...concise strategies for Denmark's most important efforts...

A national foreign and security policy strategy: A prioritisation document comprising the full range of external instruments – foreign, security, defence, trade and development policies. This basis for the policy decisions, and the analysis behind it, should be prepared in close cooperation with all key stakeholders. A more long-term thinking will make it easier to unleash Denmark's potential for fully utilizing new opportunities and managing diplomatic and defence challenges and risks. It can bring Denmark to the forefront of international developments and create the foundation for better solutions to new challenges.

Area strategies for the five key tasks: To support the broad national foreign and security strategy, cross-government area strategies should be formulated to cover each of the five guidelines. These should be brief and concise strategies (approx. five pages). In addition, ad hoc strategies can be developed regarding specific geographic or thematic areas where special Danish interests are identified, for example the European policy area.

...and a strengthened decision making process...

The establishment of a foreign policy forum: In order to ensure better coordination and integration, it is suggested that a government foreign policy forum be established, responsible for strategic planning of Denmark's international efforts:

- The foreign and security policy strategy
- The area strategies etc.
- Planning diplomatic and defence policy initiatives
- Consolidating decisions with major foreign policy scope
- The European policy strategy
- The strategic planning of the economic diplomacy.

...where all relevant actors sit at the table...

The foreign policy forum should comprise the key relevant Ministers, including the Prime Minister (as needed), the Minister for Foreign Affairs (also in the capacity of Minister for Development and Trade), the Minister of Defence, the Minister of Justice, the Minister for Business and Growth, the Minister for Immigration, Integration and Housing as well as the Minister of Finance. The forum should be expanded to include other Ministers when relevant, for example when economic diplomacy or European policy questions are on the agenda.

...so that the Government can make strategic decisions...

Such a foreign policy forum could contribute to ensuring that foreign and security policy decisions are taken at the political level on a strategic basis with well-founded options. It could similarly contribute to a prioritisation of topics so there is room for both concrete decisions and for time-consuming strategic discussions on selected topics. At the same time, the opportunity would be created for political discussions about the overarching strategic European policy priorities. Moreover, economic diplomacy that cuts across a number of different Ministers' portfolios would be anchored at Government level. Finally, the involvement of all key stakeholders would be ensured in the decision making process and in relation to responsibilities and follow-up.

...on a sound analytical basis

Strategic European policy discussions can be prepared in the Government's EU committee while strategic discussions on economic diplomacy, for example, can be prepared in the Inter-Ministerial Coordination committee on economic diplomacy involving business and other stakeholders through the Foreign Economic Forum. Development policy discussions can be organized with the involvement of the Development Policy Council.

There are various options for establishing such a forum – both with regard to its character and anchoring.

Through a forward-looking political and public debate...

Parliament's involvement: Strengthening Parliament's involvement in setting out Denmark's foreign and security policy priorities can be done by having the Government present its national foreign and security strategy as the basis for a forward-looking debate in Parliament on the Kingdom of Denmark's foreign, security and defence policy priorities in the future.

...a broader backing is created for the foreign policy priorities...

At the same time, this approach could contribute to public discussion of Denmark's foreign policy situation, the interests of the Kingdom and the setting of priorities in the future. The debate in Parliament could possibly be concluded with the adoption of the majority opinion to the strategy. At the same time, such a forward-looking, strategic discussion could replace the current, more retrospective Government statements.

...and for the use of Parliament's resources and knowledge...

Moreover, the Parliament could consider coordinating its international activities, including committee trips, more actively with the elements of the national foreign and security policy strategy and with the timing of possible Danish initiatives.

...to the benefit of Denmark's interests and values in the world.

Over all, this review lays out a way forward for safeguarding Denmark's interests and values over the next 10-15 years. By use of this approach, Danish diplomacy and defence can place Denmark firmly in the international cooperation and thus maintain and further develop a secure, free and prosperous Denmark based on Danish values to the benefit of the people.

