

Mr Pascal Lamy
Commissioner for Trade
European Commission
Rue de la Loi, 200 – CHAR 07/134
B-1049 Bruxelles

15 November 2002

The Secretary General

Dear Mr Lamy,

Market access for non-agricultural products - Second Communication from the European Communities

As a complement to the 25 October UNICE position paper on market access for non-agricultural products, we would like to provide you with our comments on the above-mentioned EC communication.

Generally UNICE welcomes the comprehensive approach proposed by the Commission aiming for the establishment of a level playing-field which corresponds to a great extent to UNICE's priorities for market access. In particular, we appreciate the inextricable link that is made between tariffs and non-tariff measures, the focus on reduction of high tariffs and the proposed balance in the commitments to be made by all WTO Members. We fully support the Commission's approach of first seeking agreement among all WTO Members for an overall approach reducing all tariffs and then exploring possibilities for deeper tariff cuts or elimination. We regret, however, that the communication has not taken up UNICE's suggestion for negotiations to start on the basis of applied tariffs.

As regards the proposed compression method, UNICE welcomes the idea of a compression leading to a flatter range of tariffs within which tariff peaks and high tariffs are eliminated. We urge however that this method results in a maximum peak tariff of 15%. A level set above such a limit would fall short of European industry's expectations.

UNICE strongly urges the Commission to aim for the binding of all tariffs by all WTO Members. Failure to achieve this objective in this round would be a missed opportunity for introducing greater predictability in international trade. The experience of regional trade agreements between third countries demonstrates the risk of a possible sudden increase in tariffs on products originating in the EU.

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UNICE supports the Commission's call for other developed countries and more advanced developing countries to implement tariff- and quota-free access for all products from least developed countries along the lines of the EU Everything But Arms initiative. As regards different phasing of tariff reduction commitments, UNICE supports such an approach vis-à-vis the least developed countries. Longer staging for developing countries should be evaluated on a case-by-case basis according to their respective level of competitiveness in the sectors concerned. The end-goal of tariff reductions should, however, be clearly fixed.

In line with its 25 October position paper on market access, UNICE has concerns about the proposed elimination of small duties beneath a specific floor – to be negotiated. While it acknowledges the merits of eliminating tariffs below a certain limit, to be defined, UNICE insists that this should be considered only on a case-by-case basis and provided significant progress is secured in establishing a relevant level playing-field for the sectors concerned across the entire WTO membership.

With regard to the proposed deeper cuts for textiles, clothing and footwear, UNICE stresses that there is a real need to ensure effective, tangible and secure market access in those industries for all WTO Members. Therefore, UNICE insists that all barriers in the non-tariff area and export restrictions are effectively removed and that tariff reductions and a harmonisation of tariff levels are indeed made by all WTO Members.

Not covered in detail in the EC Submission, UNICE would like to underline that non-tariff barriers are of increasing importance for European companies and, for many of them, more important than tariff barriers. UNICE therefore insists that in the negotiations equal importance is given to the removal of non-tariff barriers to trade. In its 25 October position paper on market access a list of the most problematic NTBs is included. We expect the EC to table specific proposals on this matter rapidly.

UNICE will shortly come back in more detail on the issue of environmental goods.

UNICE looks forward to pursuing dialogue with the Commission and the other interested parties on market access for non-agricultural products, which is an important element of the Doha Development Agenda for European business.

Yours sincerely,

Philippe de Buck

cc : Mr Mogens Peter Carl