

The Rt Hon Peter Mandelson PC
Member of the
European Commission
200 rue de la Loi
B-1049 Brussels

24 January 2006

THE PRESIDENT

Dear Commissioner Mandelson,

I write to express my concern over the limited results achieved in market access for goods and services during the WTO Hong Kong Ministerial Conference. While Commission negotiators clearly invested significant time and energy to make the gathering a success, the lack of concrete results in these vital areas for European business is very concerning. This raises questions about the EU's trade strategy in the WTO that require urgent answers.

UNICE is a strong supporter of the WTO DDA round. European business is keen to liberalise trade further to enhance its competitiveness. However, liberalisation is not a one-way street. Business needs to see ambition both in OECD and, more importantly, in emerging countries. Given the limited progress on services and the backtracking on industrial market access (NAMA) in Hong Kong, I am very concerned that the WTO will not deliver on what business truly needs.

Prior to Hong Kong, UNICE had expected trade ministers to agree on the simple non-linear Swiss formula for ambitious reduction and downward harmonisation of tariffs across all industrial sectors and then to pursue industry-specific sector agreements to improve market access even further in willing sectors. Furthermore, UNICE had hoped for movement on non tariff barriers (NTBs) which are undermining the competitiveness of EU industries. The fact that very limited progress was made in these key areas is highly regrettable, especially given that the emerging countries managed to secure the July 2004 'paragraph 8' flexibilities as stand alone flexibilities.

UNICE cannot support an OECD-only round. The EU must achieve substantial results in the NAMA negotiations over the coming months to ensure that real market access will be agreed in this round.

On this point, I would like to underscore that trade liberalisation between developing countries will also be a major driver of growth, employment and development in the future. The WTO must promote, rather than hinder, south-south trade. This will require that the emerging countries contribute to trade liberalisation for industrial goods.

On services, UNICE accepts that the revised services text was the best possible outcome in Hong Kong. It expects the EU to rapidly pursue negotiations to ensure that EU business will gain new commercial opportunities in OECD and emerging countries through the DDA. While binding current practice is a necessary step to improve legal security for services trade, it would not provide the much needed market access for European service providers. UNICE encourages the EU to work with willing trade partners to launch plurilateral negotiations in crucial services sectors. These negotiations have to involve key emerging markets, so as to bring a critical mass of (current and potential) markets around the table. An OECD-only round in services is not an option.

In general, UNICE has serious reservations about the defensive trade strategy adopted by the EU on agriculture in Hong Kong. While UNICE recognises the concerns over agriculture, it does not accept the unbalanced approach to trade policy which favours agriculture to the detriment of the industrial and services sectors, which sustain the vast majority of jobs and are responsible for nearly all EU economic activity and growth. Low growth levels across the European economy highlight the need for EU companies to be able to expand internationally. Without improved market access and WTO rules to establish a level playing field, prospects for boosted growth in the future will be dangerously undermined.

UNICE urges the EU to adopt a more offensive agenda in the WTO negotiations on all market access issues – including industry, services and agriculture – in close cooperation with the business community. UNICE will take action at the national level to ensure that you are provided with the adequate mandate to pursue just such a strategy.

I trust that you will take UNICE views into consideration and finally, may I take this opportunity to ensure you that UNICE will make every effort to support your endeavours to achieve ambitious trade liberalisation in the WTO.

Yours sincerely,



Ernest Antoine Seillière