

Ms Angela Merkel
Chancellor of the Federal Republic of Germany
Bundeskanzleramt
Willy-Brandt-Straße 1
10557 Berlin
Germany

January 3 2007

THE PRESIDENT

Dear Chancellor,

I write to you in advance of your meeting with President Bush in Washington DC in January 2007. Considering the vital importance of transatlantic cooperation I would like to raise with you three economic issues: the Doha Development Agenda negotiations at the WTO; the need for a new initiative to strengthen the transatlantic relationship and the US role in efforts to define the post-2012 climate change agenda.

Transatlantic leadership, once the cornerstone of any WTO agreement, has not lived up to expectations during the Doha Round. It is now becoming increasingly clear that absent an agreement between the European Union and the United States on agricultural tariffs and subsidies the Doha Round will collapse, and with it the hopes of achieving the core goal commercially significant new market access for goods and services in key emerging markets. I strongly urge you to use your discussions to press President Bush on the need for a more flexible approach to agriculture on the part of his administration, in cooperation with the EU, in order to secure a re-launch of the round. Let there be no doubt, business needs a real result.

Attention should also be paid to our bilateral relations. The EU-US trade and investment relationship is by far the largest in the world but has never been put on a standing commensurate with its importance. Although a deep and advanced free trade agreement would clearly be the best solution to the barriers to transatlantic trade & investment, UNICE accepts that this is not politically feasible at this time. This fact should not, however, prevent us from using the momentum you personally have generated to make real progress improving the transatlantic regulatory environment. To date all efforts to achieve meaningful results in this area have foundered on one fact: legislators – and the US Congress in particular – have not been given the opportunity to endorse the various agreements. This has robbed the process of the political weight needed to resolve the often thorny issues at stake. UNICE thus proposes that the next months be used to conclude or at the very least to launch negotiations on a framework agreement, agreed by both sides and ratified through both legislatures.

As regards substance, the agreement should seek to establish a binding mechanism to oblige regulators on both sides of the Atlantic to cooperate to remove real barriers to transatlantic trade and investment for both goods and services. It should also cover investment, leading at a minimum to a standstill agreement under which both parties would agree to carve each other out of any future protective measures. UNICE accepts that bilateral tariff elimination is unlikely in the current climate but would be satisfied with a strong commitment – within the ratified text of the agreement – to deal with tariffs through liberalisation in the WTO. Finally progress should be made in the areas of public procurement, competition policy, accounting standards and trade and security.

The third item I wish to raise is the issue of energy efficiency and climate change. International discussions on how to organise cooperation to combat climate change post-2012 have come to a crucial phase. Any new arrangements would have little value without the involvement of the US, as the largest economy in the world. Arrangements without participation of the US would also place European business at a disadvantage vis à vis our transatlantic counterparts in an increasingly competitive world. It is therefore crucial that your discussions are used to ensure that the United States is locked in to this process.

I thank you in advance for taking our concerns into account and wish you the best for your visit.

Yours sincerely,

P. O. Seillière

Ernest-Antoine Seillière