



The Right Honorable Peter Mandelson PC  
European Commissioner for Trade  
200 Rue de la Loi  
B-1049 Brussels Belgium

The Honorable Susan Schwab  
United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

2007-06-20

Dear Commissioner Mandelson and Ambassador Schwab:

We are writing to you jointly because we are concerned about press reports warning that the Doha Round could fail to lower manufacturing tariffs in countries such as Brazil, China and India. Press reports indicate that high-level World Trade Organization (WTO) officials have argued that cuts in the maximum allowed levels of industrial tariffs - as opposed to the tariff rates actually applied by leading emerging countries - are important for "stability and security," and amount to "real concessions."

As representatives of leading businesses and manufacturers that have consistently supported the Doha Round, we have always sought ambition in terms of lowering tariffs and non-tariff barriers that would produce significant gains in new market access for manufactured goods and for services in this Round. Proposals for a low ambition Round are insufficient for our support.

The Doha negotiations have focused on the agricultural sector for six years. An agreement in that sector seems to be more within reach than in the past, which is very encouraging. However, battle-fatigued negotiators must not feel that success in agriculture, which covers only nine percent of global merchandise trade, means that the Doha negotiations are essentially over - with only a "mopping up" exercise to dispense with manufactured goods and with services in a quick manner that provides little or no trade liberalization.

By WTO figures, industrial goods account for 70 percent of global merchandise trade. The Doha Round will be a failure if nearly three quarters of world merchandise trade fails to gain significant new market access. European and American industries have made it plain that their support for the negotiations depends upon obtaining significant new market access openings in both developed and emerging markets. Our services sectors have taken an equally firm position.

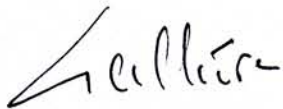
Most of the tariffs assessed on industrial nation exports of manufactured goods worldwide are those charged by the advanced, high-tariff, emerging countries. If these countries simply reduce their "list price" WTO-bound tariffs down to the level of the actual tariffs they already charge, European and American industrial exporters would not obtain any new market access. As our organizations have stated publicly, and also told you directly, we would not be able to accept such an outcome.

WTO trade rounds are reciprocal trade negotiations. We have accepted substantial reductions in industrial country tariffs on the understanding that the high-tariff advanced developing countries make significant cuts in the tariffs they actually apply. This is the essence of trade negotiations. The truth of the matter is that an agricultural agreement does not represent the conclusion of the Doha Round, but only opens the door for the vital and much more important negotiations in manufacturing and services.

We count on you to fully promote these views in the Doha negotiations and to conclude an ambitious Round that delivers real new business opportunities in both developed and emerging countries for our companies.

Thank you for your attention to our concerns, and we look forward to hearing from you soon.

Yours sincerely,



Ernest-Antoine Seillière  
President, BUSINESSEUROPE



John Engler  
President & CEO, National Association  
of Manufacturers