



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

23 July 2007

Dear Commissioner,

I am pleased to send you at annex the BUSINESSEUROPE discussion paper on Trade and Climate Change, which outlines initial proposals to alleviate the eventual negative impact of Climate Change policies on competitiveness.

Two main issues are summarised in the paper. First, a position on unilateral trade measures in general and a specific analysis of proposed trade measures designed to mitigate competitive disadvantages or trade measures to coerce trading partners into altering their climate change policies is addressed. Second, an overview of business views on the potential effects of climate change measures on industrial users of natural resources is developed.

For BUSINESSEUROPE, it is imperative to avoid that EU climate change policies have a negative impact on the competitiveness of industrial companies within the EU. To keep the competitive position of European industries intact, it is necessary that effective and timely measures are implemented that correct or better prevent eventual distortions. As this paper shows, unilateral trade measures (as sometimes suggested by different stakeholders) are not an option in this respect. Thus the only alternative is to correct the distortions in an early stage at their source, namely the internal EU climate change policies and related legislation. To this end, developments should be closely monitored and an early warning mechanism put in place.

BUSINESSEUROPE counts on you to defend these views as climate change policies and international negotiations develop and looks forward to following up on this issue on this very complex issue in more detail with the Commission over the coming months.

Yours sincerely,

Ernest-Antoine Seillière