



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

26 October 2007

Dear Commissioner Mandelson,

On behalf of BUSINESSEUROPE, I thank you and Commissioner Fischer-Boel for engaging the EU constructively on all issues in the Doha Round including agriculture. Today, no one can fairly claim that the EU has not moved decisively in the WTO on that issue. The same can be said for the efforts the EU has put into the development-related issues of the Round. In addition, BUSINESSEUROPE urges the EU to maintain its firm stance in defence of intellectual property rights and hence, not to reopen the TRIPs agreement.

The Doha Round is now entering its most critical phase. Either the round will be finalised over the next few months or it risks failure. BUSINESSEUROPE recognises the efforts that the EU has made to bring this round to a successful conclusion and it is our aim to support you. However, European business can only support an agreement that balances our interests, the need to conclude the Round and our support for the multilateral trading system.

BUSINESSEUROPE can support further negotiations on the basis of the draft agriculture and industrial modalities released in July 2007. However, this support is conditional on the inclusion of a number of additional elements.

First, BUSINESSEUROPE is disappointed with the proposed level of ambition of the industrial tariff-cutting formula. As it currently stands, the formula will mainly provide meaningful market access in OECD countries and China. Major emerging countries like India or Brazil will mainly reduce bound rather than applied tariffs, meaning that there will be few benefits for business in those countries. In addition, there are risks that the EU will eliminate its remaining tariff peaks while emerging countries, including China, will be able to shield key tariff lines from formula cuts through the liberal use of flexibilities or long implementation periods. On industrial tariffs, our position remains firm: whilst we accept greater flexibility for poorer countries, OECD and emerging countries must contribute real new market access. Consequently, we firmly reject the most recent "NAMA-11" group proposal which signals a real lack of commitment by major emerging countries to liberalise trade in this round.



To raise the level of ambition on industrial tariffs, BUSINESSEUROPE has sent a number of proposals related to the coefficient, the use of flexibilities, and emerging country participation in voluntary sector agreements to your services. We also rely on the Commission to push the “anti-concentration” clause to make sure that no industrial sector is excluded from emerging country markets by the use of flexibilities.

Second, BUSINESSEUROPE has struggled for many years to get a serious discussion on non-tariff barriers on the WTO agenda and we are thankful that the Commission has put forward balanced proposals in the Doha Round. The Commission should not back down on this essential dimension of the industrial negotiations and should request that our trading partners engage in text-based negotiations on these items.

Third, BUSINESSEUROPE feels that the WTO should put negotiating texts on the table for all remaining issues on the Doha Development Agenda because it is not enough to focus on a hypothetical trade off between industry and agriculture. A balanced and acceptable result for European business can only be achieved with:

- a services text with commitments to provide new business opportunities;
- a binding trade facilitation agreement which should reduce customs delays and hence reduce trading costs;
- anti-dumping and anti-subsidy texts to clarify rules and substantially reduce international distortions.

To summarise our views, BUSINESSEUROPE calls for a final push for ambition so that a future Doha Agreement will truly deliver for business. I count on you to promote European business interests in the Doha negotiations over the next few months and I look forward to following up on this issue with you in the near future.

Yours sincerely,

Ernest-Antoine Seillière