



15 May 2008

The Honorable Pascal Lamy
Director-General
World Trade Organization
154 Rue de Lausanne
Geneva 1201, Switzerland

Dear Director General Lamy:

We are writing to you jointly on behalf of our members to reiterate our determination to obtain an ambitious Doha Round outcome. A strong NAMA text that offers significant market access opportunities through tariff and non-tariff barrier reductions for all WTO Members will have the support of business in the United States and the European Union.

The next draft of the NAMA negotiating document is expected shortly, and we urge you to maintain a strong sense of market access ambition in the Swiss formula tariff coefficients, levels of flexibility for developing nations, reduction of non-tariff barriers, and treatment of Recently Acceded Members (RAMs).

Further weakening of the Swiss formula tariff coefficients would undermine the chances for a successful Doha Round agreement. Neither American nor European businesses can support a Round if coefficients are substantially increased for developing nations, particularly the advanced developing nations like Brazil, India, and China. It is imperative therefore that they remain at their previous levels in the forthcoming draft. We are also very concerned with what we see as erosions of ambition on flexibilities, implementation, and measures to address certain non-tariff barriers. We are also concerned that robust participation in sectorals will be lacking.

We are particularly concerned with the potential increase in emerging economy flexibility numbers, which provide for exceptions from tariff cuts. These numbers have long stood as one of the few stable elements in the NAMA negotiations. We understand that the new "sliding scale" process will have some mitigating impact on flexibility levels by tying them to coefficients, but if this process is not done within the framework of previous drafts, it could mean too little market access in key markets.

In this light we continue to call for an ‘anti-concentration’ clause which would guarantee that countries cannot shield entire sectors from liberalisation under the formula. The inclusion of this proposal in the final modalities is vital to redress the balance in industrial goods liberalisation.

We also raise our concern with the substantial increase in implementation periods for emerging economies and recently acceded members. To this statement, we add that we do not believe that China or Taiwan meet the definition of recently acceded members at this point. We would have difficulty in supporting any Round as “ambitious” which provides such treatment for China. We do agree that implementation periods can provide necessary flexibility for emerging economies, but these should not be so long as to negate the benefits of tariff liberalization. The much longer extensions in the February text ensure that some WTO member economies will have 9-14 years to implement what will be no more, in many cases, than a one-fifth cut in tariff rates, while industrialized nations will make cuts of about 50 percent within a much shorter period. For example, the current draft would appear to provide China, the world’s second-largest exporter of industrial goods, up to 14 years to phase in its tariff cuts.

We are pleased to see the current draft maintains language providing for sectoral tariff liberalization. We believe industry-specific tariff elimination or reduction agreements among key willing sectors are essential to provide the significant market access improvements needed to spur trade growth and contribute to global economic development. We continue to believe that robust participation in sectorals from both OECD and emerging economies is central to any successful Doha outcome. The business community in the European Union and the United States have consistently and strongly advocated for a highly ambitious program for zero-for-zero tariff removal in key sectors by as many countries as possible. We continue to take this view as a central element of any successful round.

The EU and U.S. must also make clear that OECD-only sectoral agreements are not an option. High-income developing countries like China, Brazil and India must participate fully in the sectoral process if it is to proceed. We believe that individual sectoral proposals will provide appropriate negotiating flexibility to address the concerns of developing countries.

We have long raised questions about the insufficient attention given throughout the Round to serious and comprehensive efforts to eliminate non-tariff barriers, as clearly required in the NAMA Doha mandate. Accelerating work for a major substantive outcome on non-tariff barriers that will remove serious NTB impediments and result in significant and measurable immediate as well as long term market access opportunities are viewed by our industries as a very significant part of any DDA final agreement. Along the proposals that our industries consider of particular importance are the enhanced and accelerated NTB mediation mechanism, the global automotive industry's comprehensive NTB sectoral initiative, and the existing proposals already consideration in the last NAMA text relating to remanufacturing, electronics, export licensing, and labelling of textiles, apparel, footwear and travel goods. The importance of NTBs for business is likely to increase with time, so they must be tackled robustly in this round to lay out rules for the coming years.

BUSINESSEUROPE and the NAM seek to level the global playing field by obtaining significantly increased access to highly protected markets. We believe that the Doha Round can accomplish this by addressing the concerns raised in this letter. Other areas of the negotiations such as services, trade facilitation and rules are also key objectives for EU and US business. Failing to achieve these objectives could jeopardize the success of the Doha Round.

BUSINESSEUROPE and the NAM will continue our efforts for an ambitious and successful outcome of the Doha Round, and will continue to support our negotiators in their efforts as they continue to press forward for trade liberalization and worldwide economic growth.

Sincerely,



Philippe de Buck
Secretary General, BUSINESSEUROPE



John Engler
President and CEO, National
Association of Manufacturers