

Mr Peter Mandelson
Commissioner for Trade
European Commission
Rue de la Loi 200
B-1049 Brussels
Belgium

23 May 2008

Dear Commissioner,

dear Peter,

Business has entrusted you with a clear request to progressively liberalise trade for the benefit of all countries. We appreciate that you are engaging in real market opening and subsidy cuts in agriculture as is demonstrated by the progress in the WTO draft Agricultural text which is a gateway issue for many WTO members.

We have indicated repeatedly that this deal needs to address the very high barriers to industrial and services market access in emerging countries for all exporters. Unfortunately, the latest WTO industrial market access negotiating text is a step backwards for trade liberalisation.

The latest draft has actually increased the range of coefficients for emerging countries for the tariff cutting formula which means that few applied tariffs in India, Brazil or Argentina will be reduced in this round. To make matters worse, the draft expands the possibility for those same countries to shield up to 19% imports from tariff cuts under the so-called 'flexibilities'. This will give highly competitive sectors in emerging countries an unfair advantage compared to European companies, which will have to apply much deeper tariff reductions. In addition to harming the export interests of our member companies, the draft text would block trade between emerging countries and, more importantly, annihilate export opportunities for the poorest WTO members. BUSINESSEUROPE therefore urges you to reduce the level of flexibilities significantly and to push through the "anti-concentration clause" so that whole sectors cannot be excluded from liberalisation.

In contrast to the emerging economies, the draft text calls on the EU and other developed economies to reduce tariffs further and without flexibilities. This will open our markets to emerging country competition with very little in return. Our economies will also offer nearly full tariff liberalisation to the poorest WTO members as part of our commitment to development. The imbalance of concessions that industrialised countries will have to make compared to emerging countries must be redressed.

We also do not understand why highly competitive countries like China and Taiwan could also be granted up to 15 years to implement tariff cuts under the recently acceded member status. Both countries are major competitive exporters which hardly need special treatment under WTO rules. China is already the third biggest global

exporter and its trade surplus with the EU by billions of euros every month. Taiwan exports to the EU are double its imports. We therefore call on you to remove the special provisions for China and Taiwan in the draft agreement.

To make matters less clear, the draft does not spell out the status of sectoral zero-for-zero agreements for willing sectors which are vital for obtaining real market access and a level playing field. We expect you to jointly push for clear modalities on sector negotiations with participation from emerging economies as part of the overall NAMA modalities.

In addition, there is no obvious link between the tariff and non-tariff barrier negotiations which are so vital for our companies. We need clear modalities for NTB negotiations on horizontal issues (NTB mediation mechanism, export taxes) and key sectoral issues (textiles, electronics, autos) with a clear link to tariff negotiations.

BUSINESSEUROPE remains a strong supporter of the WTO and is aware of the crucial importance of the rules based multilateral trading system. However, the outcome of the Doha round negotiations must be fair. Highly competitive countries like China, India, or Brazil cannot get a free ride on the backs of EU industries. A balanced deal means that those countries will also have to make commitments for real market access in both goods and services.

Yours sincerely,

et amicalement,



Ernest-Antoine Seillière
BUSINESSEUROPE