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Co-Chair  
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*Dear Anne,*

Thank you for your letter of 20 June 2006, urging the Commission to take action to ensure that the Doha Round is successfully completed.

Unfortunately, the prospect for a successful outcome of the WTO is now at serious risk. As you know, the DDA negotiations have been suspended, for an indefinite period, as a result of the US' refusal to show more flexibility on the issue of agriculture domestic subsidies. I deeply regret this situation, especially because it could have been avoided, if all Members had shown sufficient commitment and flexibility.

The EU has done all it could to keep the momentum. Despite divergent views among Member States, we have been able to show significant flexibility on agricultural market access in recent weeks. We had declared our preparedness, under certain conditions, substantially improved our offer on farm tariffs (inter alia by raising our envisaged average farm tariff cut from 39% to 50%). This would have been a substantial move and by far the deepest farm tariff cuts anyone has ever offered in a multilateral negotiation. Other negotiators, to a greater or lesser extent, also seemed prepared to show flexibility on areas where they had acute defensive concerns.

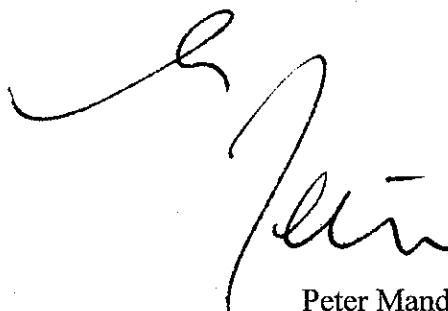
Unfortunately, the United States showed no flexibility at all on the issue of domestic subsidies in agriculture. As a result of domestic political considerations, the United States have been asking too much from others – especially developing countries – in terms of agricultural tariffs, in exchange for subsidy reductions.

The costs of this breakdown of the DDA negotiations are high – especially for developing countries – and risk being even higher if the talks do not resume. On one hand, developing countries would lose what is already on the table – which is quite considerable (take for example Duty Free Quota Free access to rich countries' markets for the LDCs, increased South-South trade, an ambitious agreement on trade facilitation or the potential consolidation of farm subsidy reforms in the developed countries). On the other hand, poor and vulnerable developing countries would have to face the alternative of bilateral trade deals. The possible use of trade muscle by big developing and developed economies vis-à-vis weaker developing countries can hardly be considered as a good alternative for their capacity to punch their cumulated political weight in a multilateral process.

You can nevertheless rest assured that the EU will not give up on the DDA. The DDA remains a central priority of our trade policy, and we remain prepared to go back to the negotiating table, as soon as the circumstances allow.

One should not forget that the main objective of this Round is, as you rightly put it, to allow the poorest and most vulnerable countries to trade their way out of poverty. These countries should not become a victim of the current impasse in the negotiations. This is why I called, on 24 July, immediately after the suspension of the negotiations, for frontloading a significant development package consisting of *inter alia*, Aid for Trade based on the recommendations of the WTO Task Force, the implementation of an enhanced Integrated Framework for the LDCs, the continuation of our fruitful negotiations on trade facilitation, full implementation of the Hong Kong decision on Duty Free Quota Free market access for the LDCs, and Special and Differential Treatment measures as requested by developing countries – irrespective of the state of play in other areas of the negotiations. I will continue to push for that and hope that other WTO Members will join in that initiative.

Finally, let me express my full support for parliamentary involvement in the WTO negotiations, and in international organisations at large. I keep in regular touch with the European Parliament and its relevant committees to exchange views and this has always been an extremely useful source of inspiration. And of course I remain prepared to keep in touch with other parliaments and inter-parliamentary organisations or networks like yours.

A handwritten signature in black ink, appearing to read 'Peter Mandelson', written in a cursive style.

Peter Mandelson