UNICE

THE VOICE OF BUSINESS IN EUROPE

30 April 2002

THE SECRETARY GENERAL

Mr Pascal Lamy
Member of the
European Commission
Rue de la Loi 200
CHAR 7/133
B-1049 Brussels

Dear Commissioner,

UNICE forcefully condemns US safeguard measures on steel imported into the United States as contrary to the WTO rules. It fully supports WTO-compatible EU actions designed to bring about their withdrawal and to defend the legitimate interests of European companies hurt by the measures.

As anticipated, these US safeguard measures are having harmful effects at both transatlantic and multilateral levels. The chain reactions that they have provoked are destabilising, affecting some important European close partners and increasing uncertainty for companies on both sides of the Atlantic. The measures also raise serious doubt about a key WTO member's real commitment to the multilateral rules-based system thus bringing into question its efficiency and validity. Unless WTO rules and principles are respected by all its members and enforced with determination and consistency, European business fears that the whole system will lose its credibility. Resolve to implement the rules fully is a key deterrent to the further proliferation of WTO-illegal measures and a determinant factor for the satisfactory development of the negotiating process under way in Geneva in the framework of the Doha Development Agenda.

For all these reasons, the steel conflict must be brought to an end as rapidly as possible and principles of free trade in the framework of multilaterally agreed rules reasserted through determined action. In order to resolve the conflict, UNICE believes that the US should withdraw its steel safeguard measures, which are openly inconsistent with WTO rules. It therefore urges the various protagonists on both sides of the Atlantic to intensify their efforts and consultations to facilitate this result, involving the other commercial partners caught up in the conflict.

Should this approach fail, it is of vital importance that, in accordance with the WTO safeguard agreement, the US agrees to compensate its safeguard measures on steel imports by offering enhanced access to its markets. Retaliation measures, via suspension of concessions, are a serious step in any dispute and caution must always be exercised before undertaking such a step. They can only be the final consequence when all other initiatives for settling the dispute and finding negotiated solutions as foreseen in the WTO agreements, including compensation measures, have failed. In this context, UNICE fully supports EU actions to preserve its rights in the WTO framework and its determination to suspend concessions if necessary as a last resort and in full compliance with its WTO obligations. Business needs to be involved in the development of the EU actions especially with regard to the lists of sanctions since the direct interests of European companies are at stake and that is business that bears the costs of retaliation.

Only a strong, united and resolved European Union will be able to facilitate a satisfactory resolution of the conflict and strengthen the voice of Europe on trade and investment matters. UNICE and all its member federations are determined to take whatever measures are necessary to support this approach and de-escalate the conflict. They will actively pursue dialogue with their US business partners, including in the framework of the Transatlantic Business Dialogue.

The conflict once more underlines the importance of the WTO multilateral trading system and of the negotiations under way in Geneva to improve and strengthen it, including in particular the Dispute Settlement Understanding (DSU). The May 2003 deadline for the DSU negotiations must therefore be respected. UNICE has already made proposals to this end and continues its work to refine them. The effectiveness of the system and the dissuasive character of its dispute settlement mechanism are the best guarantees for prevention of conflicts and harmonious development of trade and investment to the benefit of all.

Yours sincerely,

Philippe de Buck