
SUBJECT : 1 October Meeting with David O'Sullivan

Objective: Highlight BUSINESSEUROPE views on Transatlantic relations, Russia, Raw Materials.

1. BUSINESSEUROPE Conference on Global Competitiveness: 28 October 2008

- The conference will offer business views on key policy areas to be improved to boost international competitiveness: trade policy, raw materials strategy, better regulation, climate change, innovation and macro-economic imbalances.

2. WTO Doha Round

- Following the breakdown of negotiations in July, WTO Director General Pascal Lamy has had several meetings with key trading nations, in particular with India, the US, and Japan, to prepare the re-launch of the negotiations. On 10 September, negotiations have been taken up again, firstly among the so-called G7 negotiators group (EU, U.S., Japan, Brazil, India, China, Australia).
- Negotiations are currently focusing on the Special Safeguard Mechanism (SSM), the issue which provoked the breakdown of the July meeting. A tentative schedule indicates that once that issue is solved, the focus could move to other outstanding agriculture issues such as cotton subsidies (would require larger consultation as no African countries take part in the G7, albeit they are mostly interested in this issue), creation of new tariff-rate quotas (TRQs) for agricultural products and tariff simplification. Negotiations on NAMA might follow afterwards, and then finally issues outside of NAMA and agriculture, like geographical indications (negotiated under TRIPs).
- Pascal Lamy said in a speech on 16 September before the United Nations Conference on Trade and Development (UNCTAD) that he might reconvene ministers to Geneva in the coming weeks, depending on progress made by the negotiators.
- **BUSINESSEUROPE will continue to support negotiations but warns that no further slippage on NAMA ambitions can be tolerated.**

3. Relations with Russia

- The Georgian-Russian war, compounded with the international banking crisis, has affected EU-Russian commercial relations and is increasing risks for companies investing in Russia. BUSINESSEUROPE supports the EU policy of firm engagement with Russia and Georgia to restore stability in the region.

- BUSINESSEUROPE regrets that the crisis could severely delay negotiations on the new EU-Russia Agreement. This could exacerbate current concerns over investment and trade risks and will be a serious loss for both EU and Russian business that need clear rules on trade and investment.
- Business also needs a clear signal that the Russian government remains committed to rules-based international trade and investment. Backtracking on already agreed WTO commitments would undermine business confidence and could permanently delay negotiations on a new bilateral trade and investment agreement between Russia and the EU.
- **We need clear signals from the Russian government to restore investor confidence.**

4. Raw Materials

- The Commission will soon release a Commission Communication on Raw Materials covering: the extraction of materials on EU soil; rules regarding the recycling of materials; removing trade restrictions/distortions in global markets; including raw materials governance in development policy.
 - BUSINESSEUROPE will be very active in the debate on the Communication to press for an open and transparent market for raw materials in the EU and at the global level.
 - On trade matters, **it is time for the EU to adopt a more pro-active approach to remove distortions in global raw materials markets which are forcing companies to move factories to countries using distortions as industrial policy.** This will need to include recourse to:
 - a) Trade defense measures to restore a level playing field;
 - b) WTO dispute settlement targeting countries that violate their WTO accession commitments (e.g. China)
 - c) Substantial reform of the Trade Barriers Regulation which is a weak instrument for business.
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