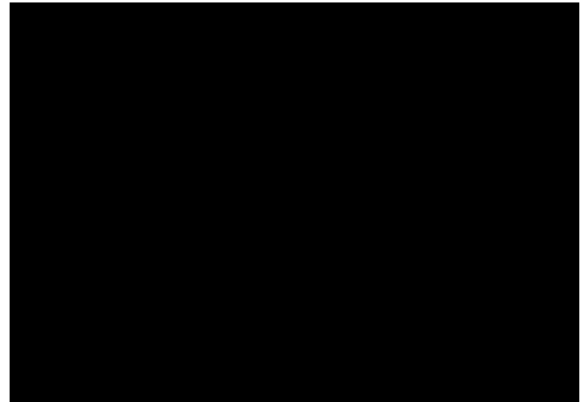


Brussels, 19 October 2005
CAB24/PM/klm(05)1604

Pascal Lamy
Director-General
WTO
Geneva



Dear Pascal,

I think it is necessary to set out my views, on behalf of the EU, on where we are on the DDA and how I would like our discussions to proceed this week. I am copying this letter to Rob Portman, Celso Amorim, Kamal Nath and Mark Vaile

In sum, I believe the position pre-Hong Kong is critical but not impossible to handle. I am still an optimist. I believe it is possible to end this year with a framework for agreement in 2006 which contains hard numbers on tariffs and other big issues. To be successful, however, we must be very clear and agree about the way forward.

I will come to agriculture presently. The biggest difficulty is a more fundamental one: the seeming indifference of negotiating partners to the 2004 Framework Agreement as a whole, and their refusal to see the DDA – as was agreed at Doha in 2001 and Geneva in 2004 – as a comprehensive negotiation. This has two consequences. There is sharply uneven progress across the board in the negotiations. And EU member states, politically, are discouraged from making full or final moves because they see nothing – and I mean nothing – coming back in progress on industrial goods and services. The time has come for all partners to reveal more of their cards in all the key parameters of the 2004 Framework.

It may be true that progress on agriculture can “unlock” the rest of the negotiations. But it is equally true that a combination of inactivity in non-agricultural sectors and unreasonable demands on agricultural market access, can also keep the negotiations completely “locked”.

If this situation continues, it will make it impossible for the EU to move further on agriculture because it will be impossible to persuade a sufficient number of our member states to do so. At the moment, as re-affirmed yesterday, the member states clearly identify their economic interests, as well as those of developing countries, with a successful and ambitious conclusion of the DDA. It is imperative for my negotiating authority for this identification to be maintained.

So, we are at a cross-roads, in respect of agriculture but also in respect of the other issues to be negotiated.

.../...