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18th November 2005

Mr. Pascal Lamy
WTO Director-General
World Trade Organization
Rue de Lausanne 154
CH-1211 Geneva 21
Switzerland

Dear Mr Pascal Lamy,

WTO Ministerial Conference, Hong Kong

We represent an international coalition of 70 businesses and business organisations, from Africa and across the world, committed to supporting growth and poverty reduction in Africa. As some of the leading investors across the continent, we recognise the importance of a successful and ambitious outcome to the current trade round – for the global economy, for Africa and its people, and for business.

We believe that the Hong Kong meeting of the WTO is an historic opportunity to deliver the trade conditions for long-term growth and poverty reduction in developing countries. Trade has the potential to be a powerful engine for Africa's development but only, in our view, if action is taken on three areas – an end to agricultural subsidies, increased access to developed country markets and support for improving Africa's capacity to trade.

Developed countries must make it easier for developing countries to export to their markets by improving market access through reducing tariffs and non-tariff barriers, and providing duty-free and quota free access for all products exported from Least Developed Countries. Emerging economies must also play their part in opening their markets, in an appropriate manner, to Least Developed Countries.

Agriculture plays a crucial role in sub-Saharan Africa and accelerating growth in agriculture is critical to sustainable development and poverty reduction. In comparison, agriculture plays a minor role in the economies of developed countries – yet Northern governments spend billions on unsustainable agricultural subsidies every year. Developed countries must end agricultural export subsidies by 2010 and substantially reduce tariffs against developing country agricultural exports.

The removal of subsidies and improved market access are key to development for Africa. But the benefits of a balanced trade regime would not be realised if Africa's capacity to trade is not vastly improved. To achieve this, the developed world must support, through additional donor funding and technical support, African-owned strategies to build Africa's capacity to trade. These strategies focus on a mix of better infrastructure, a vibrant private sector, reducing internal barriers to improve South-South and intra-African trade and more diversified economies.

Increased market access and capacity to trade will place Africa on the right track.

But preferences cannot be a permanent system. African countries must adjust to competition with the rest of the world by developing their own trade reforms, within a reasonable timeframe, and in line with clear development plans – and not through reciprocal demands. There may be a case for some differentiation of Special and Differential Treatment between developing countries, but that case should be based on a country-specific approach, with WTO commitments tailored to national poverty reduction strategies. Furthermore, transitional support will be required to help Africa adjust to a new trading regime.

These trade reforms confront policy makers in developed countries with difficult political choices. Political leaders in the developed countries need to make the case that substantial reform of agricultural subsidies, away from intensive, large scale production, would be good for their citizens, good for small farmers in their own countries, good for taxpayers, good for the environment, good for developing countries and good for business.

The consequences of failure would extend beyond trade. Breakdown would undermine the credibility of the WTO – leaving the rules-based trading system increasingly marginalised and global economic growth would inevitably suffer. If the meeting is to succeed, developed countries have to eliminate policies that undermine growth in developing countries. Such policies are both anti-poor and anti-business. We all stand to prosper from a more stable global trading system. It is in the self-interest of developed countries, as well as developing countries, to make the rules-based system work.

Success in Hong Kong will have far-reaching benefits for the global economy, for developing and developed countries, and for business. For the EU and the US this is a moment for statesman-like vision, rather than introspective, narrow positions in defence of small, vociferous lobbies – and for getting back to business in Hong Kong. Failure would be unforgivable.

Yours sincerely,

Edward Bickham, Executive Vice President, External Affairs, **Anglo American plc**
Peter Brew, Director, Corporate Policy and Practices, **Prince of Wales International Business Leaders Forum**
Simon Gilbert, Manager, External Affairs, **The De Beers Group**
Geoffrey Bush, Director of Corporate Citizenship, **Diageo**
Sue Clark, Corporate Affairs Director, **SABMiller plc**
Koosum Kalyan, Senior Business Development Advisor, **Shell UK**
Richard Morgan, Corporate Relations Adviser, **Unilever**
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