

Brussels, 22 May 2007
PM/ms D(07) 640

Lord Vallance of Tummel
Chairman
European Services Forum (ESF)
Avenue de Cortenbergh, 168
1000 Brussels
Belgium

Dear Sir,

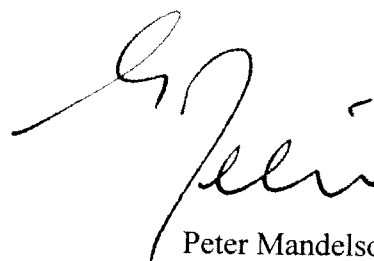
I would like to thank you for your letter of 17 April 2007, in which you call for ambitious results in the DDA and support the conclusion of Economic Partnership Agreements with the African, Caribbean and Pacific countries.

At this critical juncture of the DDA the EU is sparing no effort, both within the G4 and multilaterally in Geneva, in its work with its trading partners in order to reach a breakthrough in the DDA negotiations. Services are a key pillar of the market access negotiations and as such the substance of the services negotiations needs to be addressed in such breakthrough as this will be done for agriculture and NAMA.

Your support to the organisation of a Ministerial meeting on services comparable to the one I hosted in July 2006 is welcome. I believe it is important that Ministers from individual WTO Members broadly representing the critical mass in the services negotiations discuss the elements envisaged for their respective offers. This will enable Members to make a judgment on the level of ambition in services in the absence of revised offers, which will not be ready by the time of the breakthrough. I look forward to your continued active support in the forthcoming months when momentous decisions will have to be taken by all partners.

You also refer in your letter to the EPA (Economic Partnership Agreement) negotiations currently taking place with the ACP (African, Caribbean and Pacific) countries. You are right to note that the negotiations are now entering the crucial end phase with the WTO waiver period expiring on 31 December 2007. The Commission has been committed from the outset to negotiating a set of agreements which will provide our ACP trading partners with tools essential for their economic growth and development. Trade in services will, therefore, continue to be an important part of the EPA negotiations. I note your continued active support in this area.

Yours faithfully



Peter Mandelson