



THE PRIME MINISTER

Copenhagen, 22 AUG 2005

The Rt. Hon. Tony Blair, MP
British Prime Minister

Dear Prime Minister, *dear Tony,*

Please find enclosed a copy of my letter to commission president Barroso concerning the current problems for the European textiles and clothing sector caused by the restrictions on Chinese textiles exports.

I find it much disturbing that Community trade policy measures are causing serious, and in many cases fatal, damage to enterprises which are otherwise competitive in the world markets. The part of Europe's textiles and clothing industry which is suffering from the new protective textile regime is the part which has, in fact, successfully restructured and adapted to modern international trade.

Your Presidency puts strong emphasis on economic reform and Europe's role in the world, including external openness. These are priorities we share with you. Protectionism and safeguard measures may bring short term benefits to some. However, if Europe is to live up to its potential I am sure we can agree that quite different means are needed. Knowledge, innovation and competition as included in the recently revitalized Lisbon Agenda should be at the forefront of our efforts to create sustainable growth and jobs in Europe.

I hope your Presidency will take actively part in finding an urgent and flexible solution to this problem.

Yours sincerely,

Anders Fogh Rasmussen



THE PRIME MINISTER

Copenhagen, 22 AUG 2005

H. E. José Manuel Barroso
President of the European Commission

Dear Commission President, *dear José Manuel,*

I am addressing you in relation to the recent restrictions imposed on Chinese textile exports following the agreement reached by the European Commission and the government of China on 10 June 2005.

Denmark did not support the protective measures imposed on Chinese textile exports and developments in the last few weeks have fully justified our concerns.

Only a few weeks after the publication of the new protective trade regime, problems have arisen with quotas for a number of categories already being filled. These problems are particularly sensitive because imports are in most cases based on legally binding contracts, which importers have made in good faith in the light of the foreseen expiry of the Agreement on Textiles and Clothing on 1 January 2005.

The present situation will, if unchanged, seriously damage European enterprises and be to the disadvantage of consumers. Many enterprises are facing considerable and often fatal financial damage if they do not get access to their blocked goods and if they are not able to fulfil their obligations to customers and suppliers. It will also cause massive job loss for European employees, and lack of choice and higher prices for Europe's consumers, without real benefit for European manufactures.

The problems caused by these unfortunate Community trade policy measures call for solutions that take into account the realities of modern international commerce.

We encourage our enterprises to engage themselves in the world markets and to take advantage of the opportunities of an open global economy in order to increase their competitiveness. In Denmark as well as in many other European countries the textiles and clothing sector has managed to do just that. Here the enterprises are concentrating on the activities where they have a competitive edge such as design and distribution. The production itself, however, is often outsourced because the enterprises are not able to do this profitably. By organizing their activities like this, these enterprises have been able to compete successfully in the world markets. The sad fact is that the new protective textile regime will cause serious, and in many

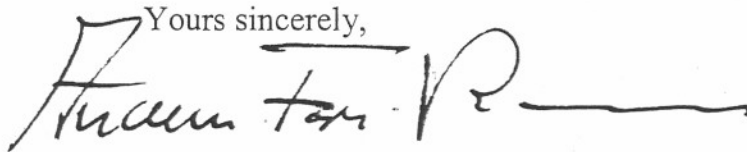
cases fatal, damage to enterprises which have been able to adapt to the realities of modern international commerce. Consequently, Community trade policy measures are actually punishing enterprises which should serve as best practice cases.

This situation is putting the common EU trade policy further under pressure, not only in Denmark, but also in other Member States at a time when the EU is trying to bring new momentum into the Lisbon Agenda with its focus on knowledge, innovation and competition as means to create sustainable growth and jobs.

I do hope that you share my view that Community flexibility is of great importance in the present situation. Immediate action is needed in order to avoid further, serious damage.

I am aware the Danish deputy prime minister, Mr Bendt Bendtsen, has asked trade commissioner Mandelson for a meeting on the matter as soon as possible. I kindly ask for your personal involvement in order to find an immediate and sustainable solution.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anders Fogh Rasmussen', with a long horizontal flourish extending to the right.

Anders Fogh Rasmussen