



## EU POLICY-MAKING: REFORM OF THE CAP AND EU TRADE IN BEEF & DAIRY WITH DEVELOPING COUNTRIES

International organizations, academics and advocacy groups have argued that protectionist trade barriers, trade-distorting domestic support and export subsidies by many governments of the Organization for Economic Cooperation and Development (OECD) have had very negative consequences on the economies of both developing and developed countries. The CAP-related agriculture and trade policies that lead to overproduction and dumping of EU agricultural products are said to undermine the livelihoods of millions of farmers in developing countries.

Sanitary and Phytosanitary (SPS) standards are becoming increasingly important in regard to market access. Many poor producers of livestock and livestock products are unable to access the EU market because they cannot meet the high SPS standards.

The enlargement of the EU from 15 to 25 member states in May 2004 will be very significant for the future of the CAP. Concerns about how to pay for the CAP after the less affluent central and eastern European accession countries join the EU led to an agreement to limit CAP spending for the 2007-2013 period. The EU is currently developing a constitution, and it is possible that a constitution could result in significant changes in decision-making procedures concerning EU agriculture and related trade policy.

### ● EU Policy-Making and the CAP

EU policy-making is conducted at three levels:

- EU member state-level politics are especially important because the member state agriculture ministers who collectively make the decisions about agricultural policy at the EU level (the CAP) are primarily accountable to their own member state, and to their own constituencies within their country.

- EU-level institutions and inter-state bargaining are central to the EU policy-making process. The European Commission plays a key role in setting the agenda for EU agricultural policy, as shown by its recent efforts to promote CAP reform. The Commission's own objectives include promoting European integration and efficient allocation of scarce budgetary resources. The member states are sharply divided on the issue of CAP reform, and inter-state bargaining in the Council of Agriculture Ministers has been very important in decisions regarding the CAP.

- The International level of analysis and trade issues is important as well. The making of EU trade policy is similar to that of the CAP, with the member states and the Commission playing parallel roles. During the Doha Round of multilateral trade negotiations there has been significant pressure on the EU to reform the CAP.

A variety of interest groups operate across all three levels. Those attempting to influence EU agricultural policy generally find it necessary to lobby at both the member state and EU levels. Farmers groups and other agricultural interests have historically had the strongest influence on EU agricultural policy-making. Environmental concerns, health and food safety issues, and animal welfare have been taken up by consumer and other advocacy groups. Many of these groups have tried, with varying degrees of success, to achieve wider reform of the CAP.

### ● Forces for and against CAP Reform

The most important force driving reform of the CAP has been multilateral trade negotiations. The Doha Round of



agricultural trade talks is currently playing this role. Ranking second as a driving force for CAP reform are budgetary pressures created by the (a) need to integrate the much less efficient agriculture sectors of the ten accession countries that will join the EU in 2004 and (b) the difficulty of sustaining the CAP in general.

Environmental concerns have produced changes in EU agricultural policy, as have the concerns and efforts of groups supporting animal welfare. The activities of consumers and pro-developing country advocates has not had much influence in changing agricultural policy except in the area of food safety. However, pressure from various groups to reform EU agricultural policy has been mounting.

Although the number of European farmers has been steadily declining, the continued strength of farmers' organizations and other agricultural interests has so far served as a bulwark against reform of the CAP. These interests have dominated EU agricultural policy-making for decades, and they are particularly important in the internal politics of France. For many years France, and EU member states sharing similar goals, have used EU-level institutions and inter-state bargaining to successfully defend the CAP.

### • Recommendations

There are a number of strategic entry points for making EU policy more responsive to the problem of poverty reduction in developing countries in general and for livestock-dependent poor in particular.

**At the level of the international trading system.** The Doha Round of multilateral trade negotiations is the most important force driving CAP reform and provides the best opportunity to achieve a global trading system that has fairer rules for developing countries. Multilateral trade negotiations are also the most effective way for developing countries to have influence on EU policy-making.

- If progress is to be made in the ongoing multilateral trade negotiations involving developing countries, better targeted and more effective technical assistance is required.
- Poor countries should be assisted to develop fora to enable them to build productive alliances. Relevant

information on the effects of the EU's subsidized exports of milk powder in selected developing countries needs to be collected and analysed, focusing on whether and how such exports undermine livelihoods and hinder efforts to reduce poverty.

- Studies need to be conducted that focus on whether and how SPS standards prevent poor producers from accessing markets. Additional attention needs to be focused on developing and implementing appropriate forms of: representation by developing countries and poor livestock producers in those bodies that determine and supervise SPS standards and policy.

**At the levels of the EU and EU member state.** As both farmers' organizations and food and beverage industry interests have demonstrated, it can pay off to develop long-term relationships with Commission officials and key member-state politicians. Through public pressure, advocacy groups have been successful at raising awareness of their concerns and at exerting influence on key decision-makers. For those involved in advocacy efforts, long-term strategies focused on raising public awareness may have the best pay-off. It would also be useful for international organizations to more widely publicize the findings of key research on relevant policy issues as opinion pieces in leading newspapers. They should also send policy briefs to the staffs of senior politicians and to officials of EU member states, the Commission, members of the European Parliament and others.

### Policy Brief based on:

*EU Policy-Making: Reform of the CAP and EU Trade in Beef & Dairy with Developing Countries*, PPLPI Working Paper No. 18, Michael Halderman and Michael Nelson.

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