EU Foreign Trade Policy and the WTO Doha Round Negotiations on Agriculture: An analysis of EU influence at the WTO

September 2005

DISSERTATION BY SERDAR ALTAY
Supervisor: Dr. Dominic Kelly

MA International Political Economy, University of Warwick

Abstract

This dissertation attempts to analyse EU influence at the WTO. The basic argument is that in contrast to its conventionally highlighted economic power, EU influence at the WTO is constrained because of a number of material, normative, and ideational factors intrinsic to two governance structures (the EU and WTO). The paper concentrates on the production of a collective European interest at EU level and on its reflection in the multilateral realm for the case of the WTO Doha Round negotiations on agriculture. The material preferences of the EU are shaped in two intersubjective levels concurrently. At the EU level, this paper suggests that the Commission plays an active and autonomous role through using certain ideas and discourses such as development, competitive environment, and multifunctionality to mobilise domestic and EU level actors. The case of the Fischler reforms seems to demonstrate that the Commission is quite successful to move domestic actors in favour of certain collective interests defined by the Commission through highlighting legitimate concerns in the peculiar normative setting of the EU. However, due to the inertia in EU level consensus-making, the EU could move slowly in the negotiations and thus contributed to the delay in the round. Thus the "actorness" of the EU is less prominent in the areas where domestic coherence is not the case. The case of agriculture is a good exposition of this claim. However, this lack of coherence in one area affects its "actorness" also in other areas of international trade. Although foreign trade policy is a technocratic process in the EU it does not always seem to be an effective one as explored here.

TABLE OF CONTENTS

INTRODUCTION

The statistics indicate that the European Union (EU) is the leading trader in today's world.[1] Although we do not hear a single powerful "European" voice in political and military terms, the EU is generally presented as an "economic giant" or "economic superpower". Similarly, its economic power in material terms is emphasised while analysing its influence in the international trade negotiations. In this regard, Woolcock states that "[t]he EU now plays a central role in international trade negotiations, due to its increased economic leverage and the decline in the willingness and ability of the USA to provide leadership in international trade diplomacy"[2]. Likewise, McCormick puts forward that "it is now well understood by everyone that the EU is the most powerful actor in those negotiations"[3]. However, the ideational and normative nature of the EU is generally disregarded in evaluating its "actorness" and influence in the international trading system. As per McCormick "the EU presents multiple personalities to the rest of the world."[4] Since its military might is contentious the EU is also often referred as a "civilian power". The basic tool of the Union as an international actor is its trade policy. The Union invokes its foreign trade policy not only for economic reasons but also for certain political and normative goals such as providing economic and political stability in neighbouring countries, contributing to the development of its ex-colonies, and promoting its values such as democracy, rule of law and human rights. Therefore, the

[1]Before its recent enlargement in 2003, the EU exported 19,4 percent of merchandise products of the global amount of 5,7 trillion Dollars, while its imports stood at 18,7 percent of the total amount of 5,9 trillion Dollars (data excluding intra EU trade). Source: the WTO: <http://www.wto.org>

[2] **Woolcock, S. (2000)** "European Trade Policy: Global Pressures and Domestic Constraints" in Wallace, H. and Wallace, W., *Policy-Making in the European Union*, Oxford: Oxford University Press, p. 374

[3] **McCormick, J. (2002)** *Understanding the European Union: A Conscise Introduction*, New York: Palgrave, p.204. Similarly, van den Hoven notes that "the WTO is probably the only international organisation in which the EU acts like a superpower and shares equal status with the United States." **van Den Hoven, A. (2004)** "Assuming Leadership in Multilateral Economic Institutions: The EU's 'Development Round' Discourse and Strategy", *West European Politics*, March 2004, 27:2, p. 258. For a similar account see **Heidensohn, K. (1997)** *Europe and World Trade*, London: Pinter

[4] **McCormick, J. (2002)** *Understanding the European Union* p.193.

influence of the EU at the World Trade Organisation (WTO) cannot be fully appreciated without juxtaposing its material, normative and ideational dimensions, and that of the WTO.

This essay is an attempt to examine this influence with a focus on the WTO Doha Round Negotiations on Agriculture started in 2001. To achieve such a goal one needs to go beyond power-based, state centric rationalism dominating the mainstream International Political Economy (IPE) scholarship. In the mainstream literature as Ruggie argues, both neo-realist and neo-liberal analyses take international relations as "an atomistic universe of self-regarding units."[5] The neo-realist accounts take the interests of states as granted and fixed[6]. Similarly for the neo-liberal scholars states are considered utility maximising, calculating and rationalistic actors as exemplified in rational choice or game theoretic analyses[7]. Unsurprisingly, the literature studying the operation of the states in the WTO is full of accounts using the analytical tools of rationalist approaches, treating states as self-interested agents establishing coalitions with other states sharing common interests to maximise their utility [8]. The WTO is largely assumed to be a "neutral" formal setting of rules without any autonomy, mediating the exogenously derived interests and identities of actors through an internal/external dichotomy. However, basic problem is that the EU is not a state, and using an internal/external dichotomy to analyse its role at the WTO might be misleading.

---

[5] **Ruggie, J.G., (1998)** *Constructing the World Polity*, London: Routledge, p.3.

[6] For neo-realist analyses among others see **Krasner, S.D., (1976)** "State Power and the Structure of International Trade", *World Politics*, 28:3, April, pp. 317-347; **Krasner, S.D. , (1983)** "Regimes and the limits of realism: regimes as autonomous variables", in Krasner, S.D. (ed.) *International Regimes*, London: Cornell University Press, pp.355-368; and **Gilpin, R., (1987)** *The Political Economy of International Relations*, Princeton, N.J.: Princeton University Press

[7] For neo-liberal accounts see for instance **Keohane, R.O., (1984)** *After Hegemony: Co-operation and Discord in the World Political Economy*, Princeton: Princeton University Press; **Keohane, R.O., (1989)** *International Institutions and State Power: Essays in International Relations Theory*, Boulder, Colorado: Westview Press

[8] See for example **Odell, J.S., (2000)** *Negotiating the World Economy*, Ithaca: Cornell University Press; **Narlikar, A. (2003)** *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*, London: Routledge

Furthermore, rationalist dominancy is also the case for the European Studies literature as Rosamond claims[9]. He contends that in this literature a construction of a separate “external world” helps the regeneration of the rationalist assumptions treating the ideas and identities of states as exogenous to “institutionalised interaction”[10]. In those studies, the global context is taken as exogenous and creating “external regulatory shock”, which is reacted from within the EU[11]. The literature on the Common Agricultural Policy (CAP) and foreign trade policy in agriculture of the Union confirms Rosamond’s critique. In many studies, the international sphere is added to the system as a separate level as seen in two or three level games[12]. These analyses largely focus on the voting powers of members, bargaining processes, and alliance formation among governments within EU institutions, particularly during the ratification process of international agreements. In this regard, the institutional settings such as the Council of Ministers are handled as neutral legal and procedural settings where self-interested states bargain. Moreover, while studies on European agriculture are fragmented across diverse disciplines, such as economics or rural sociology, original IPE analyses are rather scarce as Grant notes.[13]

[9] **Rosamond, B., (1999)** “Discourses of globalization ant the social construction of European identities”, *Journal of European Public Policy* 6:4, Special Issue, pp. 652-68

[10] *Ibid.* 656

[11] *Ibid.* 652-54)

12 **Knodt, M. (2004)** “International embeddedness of European multi-level governance”, *Journal of European Public Policy*, August, 11: 4, pp. 704. The works analysing international negotiations on agriculture during the Uruguay Round generally refer to Putnam’s metaphor of two-level games. Putnam introduced the two-level games to analyse the policy-makers negotiating at two separate levels and using international negotiations to achievedomestic goals. **Putnam, R.D. (1988)** “Diplomacy and Domestic Politics: The Logic of Two-Level Games”, *International Organization*, 42:3, pp.427-460. This analysis was improved by a number of scholars. For example Paalberg used Putnam’s method to exhibit that the Uruguay Round did not contribute to the domestic reforms in the EU as much as defended conventionally. Patterson improved a similar model on Putnam’s analysis by canvassing the role of international negotiations as a separate level influencing two distinct levels at the same time (the EC level and domestic level). **Paalberg, R. (1997)** “Agricultural Policy Reform and the Uruguay Round: synergistic Linkage in a Two-Level Game?, *International Organization*, 51:3, pp. 413-444; **Patterson, L. A. (1997)** “Agricultural Policy Reform in the European Community: A Three-level Game Analysis”, *International Organization*, 51:1, pp.135-165.

13 **Grant, W. (1997)** *The Common Agricultural Policy*, Basingstone: Macmillan pp. 1-6

Building on powerful insights in distinct literatures, this dissertation aims to canvass the influence of the EU at the WTO through a critical IPE perspective with a focus on the Doha negotiations on agriculture. The central argument of this paper is that in contrast to its conventionally highlighted economic power, EU influence at the WTO is constrained because of a number of material, normative, and ideational factors intrinsic to two governance structures (the EU and WTO). The paper concentrates on the production of a collective European interest at EU level and on its reflection in the multilateral realm for the case of agriculture negotiations. The making of EU interests and preferences at two intersubjective levels is studied in this paper through focusing on the construction process of an international agreement in the WTO, rather than on its ratification in the EU. Particular attention is paid to the European Commission as an actor operating at both levels. To this aim, the dissertation is organised as follows. The first chapter builds an analytical framework highlighting constraints of institutional settings at EU and WTO levels with a particular emphasis on their material, normative and ideational features. The second chapter examines the material basis of European agricultural and trade policies within the legal framework drawn by the Uruguay Round Agreement on Agriculture (URAA). The last section of this chapter explores the functioning of the Commission as an "autonomous body" working as "compromise builder" while shaping collective EU interests. The third chapter analyses the position and influence of the EU in the WTO negotiations through its position papers and the legal texts agreed during the agriculture talks. The third section of the chapter probes EU influence within institutional constraints of the WTO. The last chapter concludes.

CHAPTER 1

Analytical Framework

The WTO as an intergovernmental member-driven institution constitutes a "structure" within which "agents" operate to build regulatory rules concerning international trade. As for any "structure", it is a socially constructed intersubjective entity as Wendt puts forward[14]. Considering the interaction between the "agent" and "structure" in this paper, ideas and interests are treated as endogenous variables. In this regard, Ruggie argues that "the building blocks of international reality are ideational as well as material; […] ideational factors have normative as well as instrumental dimensions."[15] Rosamond elucidates "[t]he way in which the context of action is perceived and understood is vital to the conclusions that actors draw about their strategic location, their interests and who they are."[16] Put differently, with their formal and informal rules and norms institutions shape the ideas, identities and preferences of actors, and actors shape institutions. Institutions cannot be taken as "neutral" entities within which action takes place among actors. As Wilkinson depicts it, "[i]nstitutions shape not only the strategic context, but also the goals of actors engaged in that context. In doing so, they have much more of an affect on political interaction than is given credit in the literature."[17] Therefore, the peculiar characteristics of institutional settings should be taken into account for an analysis of the political operation of actors and their influence on the institutions. Institutions, as Cox puts,

> reflect the power relations prevailing at their point of origin and tend, at least initially, to encourage collective images consistent with these power relations. Eventually,

[14] **Wendt, A. (1992)** "Anarchy is What States Make of it: the Social Construction of Power Politics", *International Organization*. 46:2
[15] **Ruggie, J.G., (1998)** *Constructing* p.33
[16] **Rosamond, B., (1999)** "Discourses of globalization and p.659
[17] **Wilkinson, R. (2004)** "Crisis and Governance of International Trade", paper presented in British International Studies Association Conference, University of Warwick, 20-22 December pp. 11-12

> institutions take on their own life; they can become a battleground of opposing tendencies. Institutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities.[18]

All in all, institutions operate within a certain world order and ideational context of an epoch. In consensus-based operating organisations, "consensuality" of ideas is important in decision and policy making. Actors need to legitimate their arguments with reference to the contemporary global ideational environment. As Risse-Kappen argues, ideas can be used in an "instrumental way" to legitimise or delegitimise certain policies. In such instances, he argues that "consensuality" on ideas needs "communicative processes" where persuasion and deliberation as discursive processes have importance in reaching outcomes[19]. He claims that "deliberative processes are more likely to occur in highly institutionalised settings providing norms, rules and procedures that establish some degree of trust among the actors, as well as the possibility of informal contacts."[20] However, ideas cannot be considered independent from the material reality[21]. While considering institutional constraints over actors' behaviours and preferences, we cannot separate the production of actors' interests from the production of ideas and their material structure. As Bieler remarks "ideas represent an independent force, but only in so far as they are rooted in the economic sphere, going beyond it at the same time, i.e. that they are in a dialectical relationship with the material properties of the sphere of production."[22] This analytical framework sets the basis for the two levels of analysis. The remainder of this chapter elucidates certain peculiarities of the institutional settings at EU and WTO levels for further analysis.

---

[18] **Cox, R. (1981)** "Social Forces, States and World Orders: Beyond International Relations Theory", *Millennium: Journal of International Studies*, 10:2, reprinted in Robert W. Cox with Timothy J. Sinclair (1996) *Approaches to World Order*. Cambridge: Cambridge University Press, p. 99.

[19] **Risse-Kappen, T., (1996)** "Explaining the Nature of the Beast: International Relations and Comparative Policy Analysis Meet the EU", *Journal of Common Market Studies*, 34 :1 pp. 69-70

[20] *Ibid.* p.71

[21] **Bieler, A. (2001)** "Questioning Cognitivism and Constructivism in IR Theory: Reflections on the Material Structures of Ideas", *Politics*, 21:2 , pp. 93-100.

[22] *Ibid.* p.98

1.1. The EU level

The establishment of a customs union and Common Agricultural Policy (CAP) in Europe with the Treaty of Rome of 1957, as the first steps of regional integration, has been accomplished within the post-war "embedded liberal" world order. Embedded liberalism, as Ruggie puts it, was an ideational consensus reached among the US and West European powers to construct a liberal international monetary and trading order, leaving sufficient space for governments to realise their social goals domestically such as full employment[23]. In this context, the General Agreement on Tariffs and Trade (GATT) of 1947 that set the legal basis of the trading regime allowed contracting parties to deviate from its core "non-discrimination" principle,[24] and to take agriculture out of its ambit through granting waivers[25]. In this context, the basic aim of the CAP was the integration of the farmers with civil society through transmitting welfare state functions to the European level[26]. Yet, the protectionist impact of the CAP and its increasingly trade distorting influence created overproduction over time, and allowed Europe to become a major agricultural exporter. However, agriculture sector remained out of global regulatory rules until the Uruguay Round (UR) (1986-1994).

The UR changed the material and ideational structure of the trade regime dramatically. As Paalberg describes it the rules of the regime were carried from "at-the-border" to "behind-the-

---

[23] **Ruggie, J.G. (1982)** "International Regimes, Transactions, and Change: embedded liberalism in the Postwar Economic Order", *International Organization*, 36, 2, Spring, pp 379-415

[24] "Non-discrimination" principle is embodied in GATT's Article I regulating the Most Favoured Nation (MFN) rule. MFN stipulates contracting parties to apply the same tariff to all parties without discrimination. Article XXIV brought an exemption to this principle for preferential arrangements such as "customs unions" and "free trade agreements", thus allowing parties to apply lower tariff rates to certain countries. For basic principles of the GATT see **Finlayson, J.A. and Zacher, M.W. (1981)** "The GATT and the regulation of trade barriers: regime dynamics and functions", *International Organization*, 35, 4, Autumn 561-602.

[25] Moreover, through the granting of an official waiver in 1955 the US in response to domestic pressures succeeded in having agricultural products exempted from GATT rules. *Ibid.* 581

[26] **Rieger, E. (2000)** "The Common Agricultural Policy: Politics Against Markets" in Wallace H. and Wallace W. (2000), *Policy-Making in the European Union*, Oxford: Oxford University Press, p.183

border", thus challenging the embedded liberal compromise.[27] Embedded liberalism was replaced with neo-liberal doctrine eroding the role of the states in the economic realm. Although the URAA established international rules on agricultural policies, it was a framework agreement leaving the CAP to be exempt from substantial reform. Similar to the exemption of the CAP from neo-liberal ideational compromise, the ideational structure of the European integration, and its governance bodies also kept certain normative peculiarities. Values such as democracy, human rights, the rule of law, and transparency have become guiding principles of EU governance. The European Commission in its Agenda 2000 report in the Section called "The Union in the World" states

> The Member States of the Union have many *common interests*. The Union must increase its influence in world affairs, promote values such as peace and security, democracy and human rights, provide aid for the least developed countries, defend its social model, and establish its presence on the world markets[28].

These values are central to the normative context of multilevel governance within the EU and to the operation of EU institutions within global material and ideational context. The European Court of Justice (ECJ) works as guarantor of them by interpreting the *acquis communautaire* in line with the rule of law ensuring constitutionality and justice[29]. Trade policy is a tool for world-scale promotion of these values, and the policy-making is centred on the exchange between member states and the Commission.

---

[27] **Paalberg, R. (1997)** "Agricultural Policy p. 414.

[28] **European Commission (1997)** "Agenda 2000", *Communication, Volume I*, DOC/97/6, 17 July, Strasbourg p. 39

[29] **Nicolaidis, K. and Howse, R (2002)** "'This is my EUtopia…': Narrative as Power, *Journal of Common Market Studies*, 40:4, pp.779-80

Article 133 of the Treaty of Rome designs the institutional mechanism of European foreign trade policy[30]. In this mechanism, member states delegate their policy-making authority to the Council of Ministers (the General Council composed generally of foreign ministers for trade policy, and the Council of Agriculture Ministers for agriculture policy). Regarding international negotiations, the Council delegates this authority to the European Commission with a negotiation mandate. The Commission conducts negotiations until reaching an international agreement. During the negotiations, the Commission prepares technical reports or communications for the relevant Council, for both getting a mandate and for reporting the developments back. The role of the member states is not reduced to giving a mandate to the Commission, and rejecting or accepting the final agreement. In fact, the member states monitor the activities of the Commission on a daily basis through their participation at the negotiating meetings of the WTO and through the Article 133 Committee where the officials from the Commission and the member states discuss developments. The Maastricht, Amsterdam and Nice summits amending the Treaty of Rome replaced "unanimity" in decision making with "qualified majority voting" in trade in goods, while the supranational "Union" achieved exclusive competence vis-à-vis member states[31]. This has increased the influence of the Commission in decision and policy-making. McCormick proposes that "the new role of the European Commission as a negotiator on behalf of all the member states will give the EU significantly more influence than it had under the Uruguay Round."[32]

[30] See **Woolcock, S. (2000)** "European Trade Policy, **Nugent, N. (2003)** *The Government and Politics of the European Union*, New York: Palgrave, Macmillan, **McCormick, J. (1999)** *The European Union: Politics and Policies*, Oxford: Westview Press

[31] With the opinion 1/94 of the ECJ the Union was officially given exclusive competence in trade in goods (Article 133 EU treaty) whereas a mixed competence was foreseen in services and intellectual property rights issues. **Knodt, M. (2004)** "International embeddedness of European multi-level governance", *Journal of European Public Policy*, August, 11: 4, p. 708; With Amsterdam and Nice Treaties the competence of the EU was strengthened also in these two realms. **Nugent, N. (2003)** *The Government* p. 410

[32] **McCormick, J. (1999)** *The European Union* p.273

Although "qualified majority voting" is the rule, in practice "consensus" is pursued in important decisions[33]. Three institutional constraints should be listed in reaching an EU level consensus on the decisions regarding trade in agriculture: possible intra-Commission disputes among relevant Directorates General (DGs) or Commissioners, balance of power between the Commission and the Council, and diverse national interests and preferences[34]. Consensuality is sustained through deliberation and argumentation among actors. However, this encumbers changing the established positions and policies,[35] which creates an "inertia" impeding effectiveness in the negotiations as is elucidated in the next chapter. In this process, the preferences of the Commission are transferred through its publications and communications. Knodt stresses the capability of the Commission to create and manage knowledge with its technical and human resources[36]. Meuner indicates that institutional interests of the Commission may also influence the negotiations conducted, and the final agreement[37].

However, the decision-making process lacks transparency and democratic accountability, which sits uncomfortably with the normative EU setting. The role of the European Parliament is largely restricted to foreign trade issues[38]. This attracts the criticism of the lack of legitimacy of the European institutions and policies[39]. According to Fouilleux, more than any European institution the non-elected Commission needs legitimacy[40]. In this regard, the Commission has started a dialogue initiative through responding to the demands for participation from NGOs[41]. To sustain its legitimacy, the Commission uses legitimate "ideas" to get support of member states and civil society. To realise certain policy goals the Commission also often refers to "globalisation discourses" as Rosamond puts, through

[33] **Woolcock, S. (2000)** "European Trade Policy p. 384; **Winters, L.A. (2001)** "European Union trade policy: actually or just nominally liberal?" in Wallace, H. (*ed.*), *Interlocking Dimensions of European Integration*, Basingstoke: Palgrave, p. 27.
[34] **Nugent, N. (2003)** *The Government* p.413
[35] **Winters, L.A. (2001)** "European Union p.27
[36] **Knodt, M. (2004)** "International embeddedness p. 716
[37] **Meunier, S. (2000)** "What Single Voice? European Institutions and EU–U.S. Trade Negotiations", *International Organization*, 10 January, 54:1, p.112

constructing the external world as a competitive environment begging EU level action[42]. In this sense, the Commission plays a crucial role both in the creation of EU level consensus around a collective interest and its promotion in the WTO.

1.2. The WTO Level

The WTO was established one decade ago. However, its institutional architecture has a six-decade history starting with the GATT. To comprehend the influence of any member in the WTO one needs to keep in view the peculiar characteristics of the WTO that have an impact on the capabilities of actors. Here for analytical purposes, four of these characteristics are described.

First is the "informal nature" of the decision-making in contrast to established written procedures in the EU institutions. This informal nature as an attribute was transmitted from the GATT, whose legal status as an international institution has always been debated[43]. The informal nature of negotiations has been a constant feature of the decision-making process, i.e. "green room" meetings, unofficial or "off the record" talks among limited number of members establishing the basis of legal decisions. In such an informal environment, the negotiations are orchestrated through certain "codes of conduct". For instance, during Ministerial Conferences, to forge consensus among diverging interests a number of delegates are elected as "facilitator" or "friends of the chair". This has become a customary way of

---

[38] **Woolcock, S. (2000)** "European Trade Policy p.380; Grant, W. (1997) *The Common* p.175.
[39] **Woolcock, S. (2000)** "European Trade Policy p. 387
[40] **Fouilleux, E. (2004)** "CAP Reforms and Multilateral Trade Negotiations: Another View on Discourse Efficiency", *West European Politics*, 27:2, March, pp.238-9
[41] **Knodt, M. (2004)** "International embeddedness p.714
[42] **Rosamond, B., (1999)** "Discourses of globalization and pp.661-2
[43] **Narlikar, A. and Wilkinson, R. (2004)** "Collapse at the WTO: a cancun post-mortem" *Third World Quarterly* 25:3, p.448

problem-solving within a singular “culture”. Wilkinson calls it a “culture of ad-hoc-ery”[44]. Ford labels it “trading culture” meaning “a structure of collectively shared ideas about trade”[45].

The second characteristic of the WTO is its peculiar “power configuration”. Wilkinson argues that the power configuration of the WTO regenerates its “industrial club” character inherited from the GATT[46]. This causes an “institutional asymmetry” within the organisation in favour of developed countries[47]. It is almost impossible to take decisions without the consent of the four largest trading blocs called the Quad (the US, the EU, Japan and Canada). The ability of actors to shape the negotiations is based on their material capabilities. The countries able to exert political and economic pressure to the rest of the membership may influence the outcomes. The capability of actors does also depend on the ability to use technical and human resources. Because the legal commitments of the WTO are increasingly gaining a technical nature, and the negotiations are being more fragmented and complicated for resource poor countries. However, today developing countries participate the operation of the WTO more actively than ever. Ford construes it with the changing identity of developing countries from “protectionist others” to “reciprocal traders” within the shifting trading culture[48].

The third peculiarity lies in the “communicative processes” of the WTO. It is generally argued that the decisions in the WTO are constructed through “power-based bargaining”, and there is no space for “deliberative democracy”[49]. The degree of institutionalisation in the WTO is less

---

[44] **Wilkinson, R. (2004)** “Crisis and Governance p.16, **Narlikar, A. and Wilkinson, R. (2004)** “Collapse p.450
[45] **Ford, J., (2002)** “A Social Theory of Trade Regime Change: GATT to WTO”, *International Studies Review*, 4: 3, p. 116)
[46] **Wilkinson, R. (2004)** “Crisis and Governance pp.19-22
[47] *Ibid*. p. 3.
[48] **Ford, J., (2002)** “A Social Theory pp.136-7
[49] **Kapoor, I. (2004)** “Deliberative democracy and the WTO”, *Review of International Political Economy*, 11:3, August, pp. 522-41; **King, L..A. (2003)** “Deliberation, Legitimacy, and Multilateral Democracy”, *Governance*,

than within European institutions where norms and rules are set through some degree of trust. However, a solely power-based explanation cannot explain the nature of consensuality at the WTO. Since decisions are taken by consensus, the consent of member states becomes crucial for certain legal texts. Moreover, particularly in an environment where increasing interest is observed from diverse civil society groups, the decisions should take into account the reaction of these groups. Prevailing ideas in the WTO and in the global political economy become a good point of reference while building negotiating positions. To legitimise certain positions members frequently use arguments based on ideas of liberalisation, sustainable development or protection of environment as mentioned among the objectives of the organisation. However, still the highest source of reference is the basic objective of the organisation: "liberalisation" as opposed to "protectionism". In contrast to the "justice-based" litigation of European Court of Justice, the Dispute Settlement Understanding (DSU) of the WTO adjudicates with a priority to liberalise markets, and is often criticised for its "economistic" bias[50]. The technical quality of negotiations makes scientific and technical arguments, justified with economic analyses, more valued[51]. However, the legitimacy of ideas is not only important for building consensus in the WTO but also to sustain the legitimacy of the WTO itself, particularly after the collapse in Seattle[52].

The fourth characteristic shaping the limits for the members is the "textual constraints". Since the negotiations are launched through a consensus on certain legal frameworks such as Ministerial Declarations, these texts define the official mandate of ongoing discussions. The official mandate becomes the legal boundary for the member states in the negotiations. An

---

16:1, January; **Verweij, M. and Josling, T., (2003)** "Deliberately Democratizing Multilateral Organization", *Governance*, 16:1 – January, 1-21

[50] **Nicolaidis, K. and Howse, R (2002)** "'This is my Eutopia pp. 777-9

[51] **Fouilleux, E. (2004)** "CAP Reforms p.237

[52] **Sampson, G.P. (2000)** "The World Trade Organisation After Seattle", *The World Economy*, 23:9, September, pp.1102-3

essential constraining factor pertinent to the legal texts is their “interpretation”. Members generally interpret the legal texts in a way to legitimise their concerns, arguments or policies. Needless to say, the binding interpretations regarding the legal accords in the WTO are the rulings of the DSU. The DSU decisions are final and obligatory for all the WTO membership, and are often referred to “to clarify” some points in the agreements. Therefore, the members should take into consideration the future consequences of the agreed texts that may later be interpreted differently and harmfully for perceived interests.

This analytical framework built on material, normative and ideational structures of institutions at EU and WTO levels constitutes the basis of the analysis of the EU at the WTO. The next chapter focuses on the EU level.

CHAPTER 2

Domestic Dynamics of EU Foreign Trade Policy

Normally foreign trade policy making in the EU is deemed a "technocratic process" and internally less politicised compared to the US. It is claimed that this nature contributes to the efficiency of the EU in international bargaining[53]. However, no other sector in foreign trade is as crucial a concern to domestic politics in Europe as agriculture is. This makes the CAP both an economic and political mechanism. Farmers are basic political actors with the "farm vote"[54] they can mobilise and their strong organisational capability. However, since agricultural policies concern also consumers, traders, retailers, and environmentalists the political economy of agriculture in Europe draws a complicated picture of vested interests. Yet, a detailed analysis of those actors is beyond the limited scope of this dissertation[55]. This chapter focuses rather on EU level dynamics of foreign trade policy-making in agriculture. The basic argument is that "technocratic process" of trade policy in agriculture is constrained due to certain institutional constraints at the EU level, which restricts its effectiveness at the WTO. To this aim, first section studies material structure of the CAP from a perspective of international obligations. The second section examines recent reforms materialised by ex-Agriculture Commissioner Franz Fischler. The last section attempts to ascertain the role played by the Commission in the construction of EU foreign trade policy and preferences for WTO negotiations.

---

[53] **Woolcock, S. (2000)** "European Trade Policy p.394

[54] **Nugent, N. (2003)** *The Government* p.389; Grant emphasises that the "farm vote" is not restricted to farmers and their families, but also good and service suppliers to the agricultural sector, making agricultural policies politically sensitive in many European countries. **Grant, W. (1997)** *The Common* p.161.

[55] For a comprehensive analysis of non-state actors with a specific focus on the domestic level see **Keeler, J.T.S. (1996)** "Agricultural Power in the European Community: Explaining the Fate of CAP and GATT Negotiations", *Comparative Politics*, 28:2, 1996, pp. 127-149.

2.1. The Material Basis of European Agricultural Policies

The URAA brought in a three-pillar framework in domestic and trade policies with reduction commitments to be applied within a 6-year implementation period.[56] These are "market access", "export competition", and "domestic supports". The "market access" pillar brought a commitment for "tariffication" of all non-tariff barriers and a "linear reduction" of tariffs through "UR formula"[57]. In the "export competition" pillar, the Agreement brought a commitment of reduction in export subsidies to 27 user countries, according to the "value" and "volume" of subsidies. In the "domestic support" pillar the supports are categorised in three "boxes" according to basic criteria of trade distortion. Trade distorting supports are considered within the "Amber Box". These are the programs directly influencing production such as market price supports, direct payments to farmers based on current production levels or market conditions, and input subsidies to certain products that are coupled to production of those products. Amber Box measures are calculated through a method called the Aggregate Measurement of Support (AMS) and are subject to reduction commitments[58]. Secondly, the support programs considered "no, or at most minimal, trade-distorting effects or effects on production" are labelled as "Green Box" measures (Annex 2 of the URAA). Any supports "decoupled" from production such as direct payments to producers with least or no effect on production are considered in this category, and left out of reduction commitments. Finally, a transition category between these two boxes was created for countries in reform of domestic policies on the way to decouple their supports. This is called "Blue Box" (Article 6 (5) of the URAA), and designed for "production limiting programs".

---

56 According to Special and Differential Treatment (S&D) provision of the WTO Agreements developing countries enjoy lesser reductions in their commitments in longer periods. In URAA the implementation period for developing countries was foreseen as 10 years starting from 1995.
57 Uruguay Round formula envisaged a linear reduction in tariffs with an average of 36 percent for all tariffs, and a minimum of 15 percent per tariff line (for developed countries).
58 Only 5 percent of total production in the calculation of the AMS was kept exempt from reduction commitments, which was called *de minimis*. This rate for developing countries is 10 percent.

The general structure of the URAA was created by the famous Blair House Accord in 1992 between the US and the EU. To solve the deadlock during the UR, then the Agriculture Commissioner Ray MacSharry accomplished the first fundamental reforms in the CAP. As per Daugbjerg and Swinbank, the MacSharry reforms changed the "architecture" of the CAP, by shifting the policy from highly distorting "price supports" to "direct payments" to producers[59]. However, the URAA meant a mere "ratification" of the Blair House Accord, which did not force the EU make substantial reforms to liberalise its agriculture policies[60]. Regarding market access pillar the EU has implemented the "tariff reduction" obligation fixing comfortably into the international framework, thanks to "dirty tarrification"[61]. According to the WTO statistics, at the end of the implementation period (in 2000), the applied average MFN agricultural tariffs of the EU was recorded as 16.5 percent (16.6 percent bound), in contrast to much lower tariffs (4.1 percent) for industrial products[62]. However, 4 percent of all agricultural tariff lines have stayed still above 50 percent while for some

---

[59] **Daugbjerg, C. and Swinbank, A. (2005)** "Trade negotiations, institutional settings, blame avoidance and reform of EU agricultural policy", paper presented in the PSA 55th Annual Conference, University of Leeds, April 5-7, p.8; For a detailed analysis of MacSharry reforms see **Swinbank, A. (1993)** "CAP Reform, 1992", *Journal of Common Market Studies*, vol. 31, pp. 359-72; **Daugbjerg, C. (2003)** "Policy feedback and paradigm shift in EU agricultural policy: the effects of the MacSharry reform on future reform", *Journal of European Public Policy*, June 2003, vol. 10, no. 3, pp. 421-437

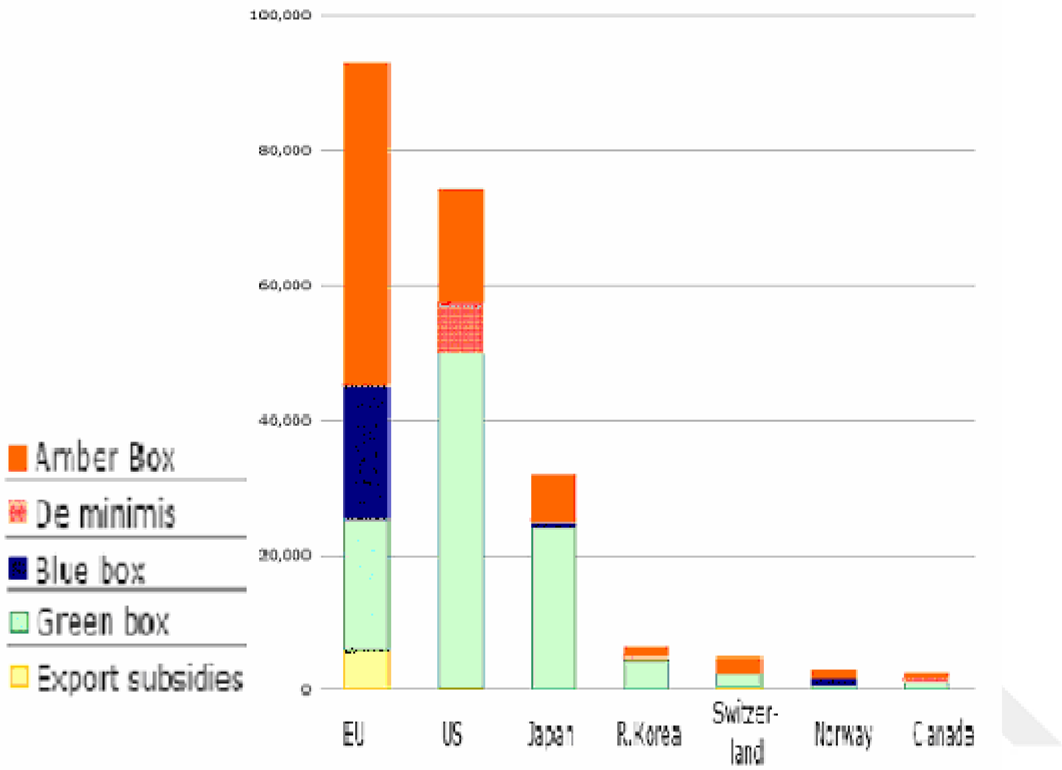
[60] **Swinbank, A. (2005)** "The Evolving CAP, Pressures for Reform, and Implications for Trade Policy", paper prepared for the Australian Agricultural and Resource Economics Society's pre-conference workshop: *Trade Policy Reform and Agriculture: Prospects, Strategies, Implications*, NSW, February 8, Coffs Harbour p. 5; **Grant, W. (1997)** *The Common* p. 196. For a detailed summary of the URAA and the implementation of the EU in light of the MacSharry reforms see **Thomson, K.J. (1998)** "The CAP and the WTO after the Uruguay Round Agriculture Agreement (URAA)" in Ingersent K.A., Rayner A.J. and Hine R.C. (eds.), *The Reform of the Common Agricultural Policy*, London: MacMillan, pp.175-188.

[61] After converting the non-tariff barriers to their tariff equivalents (tarrification), some countries submitted high levels of tariffs above the gap between the world prices and domestic prices of the products in the base period (1986-8), which resulted higher protection rate than previously applied. **Grant, W. (1997)** *The Common* p.196. **Bureau J-C. *et.al.* (2000)** Bureau J-C., Fulponi L., Salvatici L. "Comparing EU and US trade liberalisation under the Uruguay Round Agreement on Agriculture", *European Review of Agricultural Economics*, September 2000, vol. 27, no. 3, p.26.

[62] **WTO (2004a)** "Trade Policy Review: European Communities", Report by the Secretariat, WT/TPR/S/136, 23 June p.41

products applied tariffs have been recorded at three digit levels, sometimes called "tariff peaks".[63]

Graph.1. Domestic supports (1999) and export subsidies (1998) notified to the WTO



Source: WTO (2004c) p.87

As for internal CAP policies, domestic support pillar carries the highest importance, since the most of the budget goes to expenditures for diverse domestic support programs. In WTO "colours", the EU notified Amber Box supports far below its maximum commitments as it is shown in Table 1 below. This has been possible because of the MacSharry reforms that shifted the supports from "production" to "producer". Thus from the beginning of the Doha Round the EU has had room for a substantial concession from its bound levels in the Amber Box. However, in Blue and Green Box measures the EU expenditure has stayed more than 44 billion Euros in total. These pillars have not been problematic for the EU for its UR commitments. However, the decisions to be taken in the new round have utmost importance

[63] This average changes from 41.7 percent for dairy products (upto 209.9 percent), 39.6% for grains, to 26.1% for live animals and their products (upto192.2%) *Ibid.* pp. 44-45.

for the future of programmes in these boxes. Evidently, with regard to URAA commitments, the most pressing obligation has been export subsidies[64]. It has become difficult for the Union to stay below its obliged levels by the end of the implementation period[65]. For the 2001/2 marketing year, the total export subsidy payment from CAP budget was 2.5 billion Euros[66]. Although within the whole CAP budget[67] this amount occupies a small share, for major exporters such as France this competition tool is still important. However, since export subsidies are considered as the most trade distorting measures, and the EU is the largest user in the world capturing 90 percent of total expenditures in all OECD countries[68], this issue has recently become more problematic in the international realm. In this regard, a new reform proposal was presented by the Commission in 1997 within the package of Agenda 2000 to prepare the Union for the new round[69].

Table.1 EU's WTO Declarations of Domestic Support (€ million)

	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
AMS commitment	78,672.0	79,369.0	74,067.0	71,765.0	69,463.0	67,159.0	**67,159.0**
AMS applied	50,026.0	51,009.0	50,194.0	46,683.0	47,885.7	43,654.0	**39,281.3**
de minimis	106.2	761.4	543.1	378.9	307.9	560.9	**863.3**
Blue box	20,845.5	21,520.8	20,442.8	20,503.5	19,792.1	22,222.7	**23,725.9**
Green box	18,779.2	22,130.3	18,166.8	19,168.0	19,930.5	21,844.5	**20,661.2**
Agricultural production	207,400	219,700	217,800	213,500	233,700	243,359	**246,418**

Edited from EU notifications to the WTO *(Documents* ***G/AG/N/*** *EEC/12/Rev.1; EEC/16Rev.1; EEC/26 & Cor.1; EEC/30 & Cor.1; EEC/38 EEC/49 EEC/51)*

---

[64] **van Meijl, H. and van Tongeren, F. (2002)** "The Agenda 2000 CAP reform, world prices and GATT–WTO export constraints", *European Review of Agricultural Economics*, 1 December 2002, 29: 4, p.446; **Poonyth, D. et. al. (2000)** Poonyth D., Westhoff P., Womack A., Adams G. "Impacts of WTO restrictions on subsidized EU sugar exports", *Agricultural Economics*, April, 22:3, pp. 233-245

[65] According to van Meijl and van Tongeren, the volatility of export volumes, changing exchange rates and world prices in key products provided the EU with staying below the commitment levels **van Meijl, H. and van Tongeren, F. (2002)** "The Agenda 2000 CAP reform p.447

[66] **WTO (2004a)** "Trade Policy Review p.71

[67] Over 40 per cent of the EU budget goes to the CAP, which has been recorded as 43.2 billion Euros in 2003. *Ibid.* p.86

[68] *Ibid.* p 72

[69] **European Commission (1997)** "Agenda 2000"

2.2. Reforming the CAP for the New Round

As well as the export subsidies issue, expectation of a new round, enlargement and budgetary concerns proved other motivations of the Agenda 2000 reform package[70]. The proposals were set within the structure of MacSharry reforms of 1992. The package aimed at further cuts in intervention prices and shifting expenditures to farmers through "direct payments". After a laborious discussion process, Agriculture Ministers could ultimately reach an agreement on the package in March 1999 under the pressure of the General Affairs and Ecofin Councils asking budgetary discipline on the CAP[71]. However, the reformist content of the package was weakened when it was finalised by the Heads of Government at the 1999 Berlin European Council[72]. During the negotiations, anti-reformist states i.e. France, Ireland, and Spain, with different arguments undermined the objectives of the reform. Although Fischler publicly declared that Agenda 2000 reform was a radical change in the CAP, the amendments remained cosmetic to solve immediate problems regarding URAA commitments and budgetary constraints[73]. Even so, the Council concluded reform with a new mandate given to the Commission to review these reforms before the widening of the Union in the early 2000s.

The EU started agriculture negotiations with a reformed CAP. However, increasing international pressure particularly during the modality discussions in early 2003 has proved the inevitability of further steps. Consequently, the Commission used its Mid-term Review mandate for the second fundamental change in the architecture of the CAP. The new reform proposal targeted further decoupling of the payment schemes, thus switching distorting

[70] **van Meijl, H. and van Tongeren, F. (2002)** "The Agenda 2000 CAP reform pp.449-50; **Swinbank, A. (2005)** "The Evolving CAP p.5; **Daugbjerg, C. and Swinbank, A. (2005)** "Trade negotiations p.13; **Nugent, N. (2003)** *The Government* pp.401-2
[71] **Nugent, N. (2003)** *The Government* pp.404-5
[72] *Ibid.* pp.404-5; **Swinbank, A. (1999)** "CAP reform and the WTO: compatibility and developments", *European Review of Agricultural Economics*, September 1999, vol. 26, no. 3, p.390
[73] Daugbjerg, C. and Swinbank, A. (2005) "Trade negotiations, p.3

support programmes to Blue and mainly Green Box. In its 2002 communication for the Mid-term Review, the Commission declared that “this reform will provide a major advantage within the WTO, since the Green Box compatibility of the scheme will help secure these payments in an international context”[74]. However, France, Ireland, and Spain accused Fischler of exceeding his official mandate with his proposals going beyond a mere review[75]. The resistant countries asked amendments lessening the ambition of the package but also making the CAP more complicated[76]. The reform issue was solved in the July 2003 meeting of the Council of Agriculture Ministers (CoAM). France remained reluctant but had to join the majority, while Portugal remained in dissent[77].

The Fischler reforms enabled a second significant transformation in the architecture of the CAP[78]. The major novelty brought by 2003 reforms has been the establishment of a Single Payment Scheme (SPS), collecting all direct payments under one umbrella, but allowing member countries to choose among a number of options in their domestic policies[79]. SPS has been based on “cross-compliance criteria” created in the Agenda 2000 agreement, which stipulates farmers to apply certain regulations concerning environment protection, food safety and animal health and welfare in accordance with the “multifunctionality of agriculture” argument of the Commission[80]. Consequently, according to the EU statements, almost 90 percent of the current Blue Box expenditure has been transfered into the Green Box with new programmes, and the direct payments in Amber Box on tobacco, cotton, olive oil and hops

---

[74] **European Commission (2002)** “Mid-term Review of the Common Agricultural Policy: Explanatory Memorandum”, *Communication from the Commission to the Council and the European Parliament*, Com(2002) 394 final, 10 July, Brussels p.19.
[75] **Nugent, N. (2003)** *The Government* p.403
[76] **Fouilleux, E. (2004)** “CAP Reforms pp.249-51.
[77] Daugbjerg and Swinbank note that “President Chirac accepted an honourable retreat, thereby avoiding the ignominy of being outvoted in the CoAM” **Daugbjerg, C. and Swinbank, A. (2005)** “Trade negotiations p.17
[78] For a substantial analysis of the Fischler reforms see **Cunha, A. (2004)** “A Role for Direct Payments? The Doha Round, EU Enlargement and Prospects for CAP Reform”, in Swinbank A. and Tranter R. (eds.), *A Bond Scheme for Common Agricultural Policy Reform*, CABI: Wallingford
[79] **Swinbank, A. (2005)** “The Evolving CAP p.3
[80] *Ibid.* p.14; **Daugbjerg, C. and Swinbank, A. (2005)** “Trade negotiations p.8

would shift to Blue and Green Boxes[81]. This late improvement, as will be seen in the next chapter, has resulted a change of EU position in the negotiations.

2.3. EU Foreign Trade Policy and Domestic Reforms

Ex-Trade Commissioner Pascal Lamy accentuates that the EU considers "regionalism" and "multilateralism" as complementary policy tools of foreign trade rather than mutually exclusive elements, while the Union maintains an approach of "multilateralism first"[82]. In this regard, EU foreign trade policy in the multilateral realm has been promoting the "rules-based system" in the trade regime in accordance with its normative stance as a "civilian power". In contrast to its more defensive approach during the UR the EU has adopted a proactive position in trade diplomacy in launching a new round to strengthen the rules-based system[83]. This has been construed as increasing willingness of the Union to "lead" the multilateral system[84]. The EU has, more than any other actor, pronounced the need to bring new issues within the purview of the WTO such as Singapore issues[85] (competition, transparency in government procurement, investment measures and trade facilitation), labour standards, and trade and environment. However, its active efforts for launching a Millennium Round were watered down with the collapse of the Seattle Ministerial in 1999. After Seattle, Lamy declared the WTO a "medieval organisation" lacking a rules-based decision-making mechanism and transparency[86]. In a speech, he emphasised the necessity of increasing "transparency" of the WTO to ensure intergovernmental consensus. Furthermore, he contended that "the WTO needs to become more inclusive and in particular to ensure fuller

---

[81] **Swinbank, A. (2005)** "The Evolving CAP p.11
[82] **Lamy, P. (2002)** "Stepping Stones or Stumbling Blocks? The EU's Approach Towards the Problem of Multilateralism vs Regionalism in Trade Policy", *The World Economy*, November, 25:10, pp. 1400-1
[83] **Woolcock, S. (2000)** "European Trade Policy pp.392-3
[84] **Winters, L.A. (2001)** "European Union p.28
[85] These four issues were brought to WTO agenda for discussion during the first Ministerial Conference of the WTO in Singapore (1996). This is why they are called "Singapore issues".
[86] **The Guardian (2003)** "Brussels urges shakeup of 'medieval' WTO", September 16

participation by developing countries”[87]. EU strategy since before Seattle aimed at getting the support of developing countries by highlighting the benefits of free trade for their development. Remarkably, the official mandate given to the Commission by the Council of General Affairs in October 1999 suggested “the Union will promote actively special and differential treatment for developing countries in particular for the least developing countries.”[88]. After Seattle, the EU vehemently pushed the agenda to build international consensus to launch not a “Millennium” but a “Development” Round. The “development friendly” EU successfully mobilised developing countries to agree on the launch of the new round in the Doha Ministerial Conference. Doha Declarations reflected the myriad concerns of poor countries to be integrated into the new round. Accordingly, the EU supported the declaration prepared by African countries for access to pharmaceutical products[89], while it secured a waiver from the WTO for its Cotonou Agreement with African Caribbean Pacific (ACP) Countries[90]. The Doha “development compromise” did inject environment into the negotiation package while delaying the ultimate decision on four Singapore issues to the next Ministerial Conference. The EU withdrew its proposal on the most controversial labour standards issue.

Needless to say, the Union has also adopted a moral stance in its regional, or preferential trade arrangements[91]. While it set political standards for acceding countries called Copenhagen criteria and for Mediterranean countries through the Barcelona process, it opened its market to LDCs through the Everything But Arms (EBA) initiative regarding their development

[87] **Lamy, P. (2001)** “Global Policy without Democracy?”, Speech in the Conference on the Participation of Parliamentarians and Civil Societies for Global Policy, Berlin, 26 November.
[88] **European Council (1999b)** “Preparation of the Third WTO Ministerial Conference”, *Council Conclusions*, 12092/99, 29 October
[89] **WTO (2001b)**, “Declaration on the TRIPS agreement and public health”, WT/MIN(01)/DEC/2, 20 November (adopted on 14 November)
[90] **WTO (2001c)** “The ACP-EC Partnership Agreement”, WT/MIN(01)/15 (adopted on 14 November)
[91] **Winters, L.A. (2000)** “The EU’s Preferential Trade Agreements: Objectives and Outcomes” in van Dijck, P. and Faber, G. (eds.), *The External Economic Dimension of the European Union*, London: Kluwer Law International, pp. 195-222

needs[92]. Lamy spells out some geo-political considerations of trade policy as “closer and more stable economic relations”, “to underpin and lock in political reform”, and trade policy as “an instrument of development”[93]. The ex-colonies of European states have, within this perspective, a significant part in the foreign policy because of their historical, cultural, political, and economic ties with the member states[94]. What is more telling about the significance of regionalism for the EU is the fact that, today the Union applies MFN treatment only to 9 countries out of 180 countries and customs areas[95]. Naturally, the EU within its “multilateralism first” strategy, has activated its preferential linkages to ensure the support of developing countries for the Doha Round[96]. Indeed, the normative stance around its “Development Round” discourse to mobilise poor countries was an indication of EU level consensus forged by the Commission.

Lamy did not have difficulty to get the backing of the DG Development and development related civil and political actors for EU level mobilisation for a development round[97]. Nevertheless, agriculture proved the most controversial issue constraining the EU’s room for manoeuvre. This sector is still largely left out of preferential arrangements, being protected through MFN based tariffs and quotas in contrast to industrial products[98]. This fortifies the

---

[92] EBA initiative envisaged an incremental liberalisation of EU market in sensitive products for LDCs. Full access is foreseen for sugar and rice in 2009, and bananas in 2006 **Swinbank, A. (2005)** “The Evolving CAP p.10
[93] **Lamy, P. (2002)** “Stepping Stones p.1405
[94] **McCormick, J. (1999)** *The European Union* p.277
[95] These countries are Australia, Canada, Japan, New Zealand, Taiwan, Hong Kong, Singapore, United States, Korea. **Lamy, P. (2002)** “Stepping Stones, p.1404
[96] **van Den Hoven, A. (2004)** “Assuming Leadership in Multilateral Economic Institutions: The EU's 'Development Round' Discourse and Strategy”, *West European Politics*, March, 27:2, pp. 261-3
[97] *Ibid*. pp. 267-74
[98] **Winters, L.A. (2001)** “European Union pp.31-40; Cotonou Agreement includes mainly tropical products in agriculture, which are not in competition with European products **Nugent, N. (2003)** *The Government* p. 397. As to Barcelona Process and exceptionality of agriculture from mediterranean trade arrangements see **García-Alvarez-Coque, J-M. (2002)** “Agricultural trade and the Barcelona Process: is full liberalisation possible?”, *European Review of Agricultural Economics*, July, 3, pp. 399-422

labels such as “Fortress Europe”, particularly voiced by US political and commercial circles[99]. It was quite evident, as Winters agrees, that with a defensive position in agriculture the EU could not achieve its other goals in the WTO[100]. To break such a defensive position van den Hoven claims that Commissioner Lamy has invoked “development” as a coordinative discourse to force Fischler and member states to reform the CAP, thus to achive larger space for the EU in its most stringent sector towards the anticipated comprehensive round[101]. He further notes that Commissioner Lamy instrumentally used the development discourse to change the balance of power in the Council through influencing interest perceptions of member states, thus paving way to Fischler reforms[102]. However, development discourse explains only part of the consensus making.

The reports, communications and speeches of the Commissioners suggest that the Commission used multiple concerns to galvanise member states to realise the CAP reforms for an advantageous position at the WTO. As part of a general globalisation discourse referring to a “competitive environment”, the Commission continuously highlighted WTO negotiations as an opportunity and challenge. For the CAP reforms, the Trade Commissioner guaranteed the support against conservative member states of agricultural traders, as well as other parts of business community expecting liberalisation in the trade of industrial products and services[103]. However, its most powerful ideational cause to mobilise multiple actors has perhaps been the “multifunctionality” of agriculture. Multifunctionality constituted the basic normative element of the highly promoted distinct European Model of Agriculture claiming agriculture to be more than an economic sector, having non-economic externalities such as

---

[99] **McCormick, J. (1999)** *The European Union* p.273; **McCormick, J. (2002)** *Understanding the European Union* p.208; **Young, A.R. (2004)** “The Incidental Fortress: The Single European Market and World Trade”, *Journal of Common Market Studies*, June, 42:2, pp. 393-414

[100] **Winters, L.A. (2001)** “European Union p.29

[101] **van Den Hoven, A. (2004)** “Assuming Leadership pp.267-74

[102] *Ibid.*

[103] Personal Communication with DG Trade officers, July 2005.

rural development, protection of environment, food safety, animal health and welfare. [104] The 1997 reform proposal highlighted the need to incorporate "legitimate" concerns of EU citizens such as environmental and social standards and consumer rights into the CAP, and the need to "decouple" domestic policy instruments to "enhance the Union's negotiating stance in the new Round"[105]. Consequently, both the Berlin European Council conclusions and the official mandate given before the Seattle Conference emphasised the multifunctionality of agriculture, which evinces the achieved consensuality in the EU level[106]. Fouilleux argues that multifunctionality discourse is used at the EU level to increase the public pressure for the CAP reform particularly to "counterbalance" the conservative agricultural lobbies[107]. The Commission used this discourse also ironically to legitimise the EU level agricultural expenditure by shifting it towards more "legitimate" purposes[108]. Suffice it for now to note that multifunctionality was not only used by the Agriculture Commissioner but also by the Trade Commissioner.[109]

As manifested in this chapter the Commission accomplished to integrate WTO negotiations as a dynamic into domestic discussions on reform and sustained substantial agricultural reform that facilitated the EU position in the WTO. However, sustaining consensus at the EU level has not been an easy process as discussed here. The Commission achieved to mobilise diverse actors for the Fischler reforms, but this could be possible within institutional constraints

---

[104] On the European Model of Agriculture see **Fischler, (1999)** "The European model of agriculture -facing the WTO acid test", SPEECH/99/117, Speech in CEA Congress, September 1999, Verona
[105] European Commission (1997) "Agenda 2000" p.28
[106] **European Council (1999a)** "Berlin European Council Presidency Conclusions", SN 100/99, 24 -25 March, Berlin paragraph 20; **European Council (1999b)** "Preparation
[107] **Fouilleux, E. (2004)** "CAP Reforms p.237. Grant suggests that "environment" as a "portmanteau term" is also used by farmers for their diverging interests from environmentalist groups, particularly for maintaining the agricultural supports **Grant, W. (1997)** *The Common* p.203. Landau notes that multifunctionality is supported by different national and transnational NGOs in the EU, including most of the farmers groups **Landau, A. (2000)** "The EU, WTO Agricultural Negotiations and Interest Groups", paper presented to the ECPR Joint Sessions, Copenhagen, 14-9 April p.20
[108] **Fouilleux, E. (2004)** "CAP Reforms p. 248
[109] See Lamy's address to French National Assembly **Lamy, P. (2000) "**The future of the CAP and European agricultural trade policy" Speech in Assemblée Nationale, Paris, 20 January

producing “inertia” which diminished the effectiveness of the EU during negotiations as will be examined in the next chapter. Moreover, the mobilisation of diverse domestic interests particularly under the multifunctionality umbrella provided an ambitious position to be defended in this specific issue, which necessarily had to be narrowed by time

CHAPTER 3

The EU as an Actor in the WTO Agriculture Negotiations

The negotiations on agriculture started in early 2000 with the "in-built" mandate of the Article 20 of the URAA. However, no concrete progress was recorded until it was taken into the broader package of issues of the new round launched in 2001 with the "single undertaking" principle[110]. The deal among the members to launch the round could be maintained in the formal and informal discussions took place during the Doha Ministerial Conference in November 2001. Concerning agriculture, the Doha Declaration set two important deadlines. The first was 31 March 2003, for reaching consensus on the "modalities" of future liberalisation, such as the determination of the new implementation period for developed and developing countries, the timing and methodology of reduction and/or elimination of trade distorting measures in the three pillars. The second deadline was the next WTO Ministerial Conference (Cancun), where members would have to bring their new "schedules of commitments" in line with the previously established modalities. However, both deadlines were missed due to the stalemate in the talks. This chapter argues that the EU contributed to the impasse in the talks both because of internal reasons summarised above and because of institutional constraints of the WTO and the changing "trading culture". Parallel to developments in the negotiations the perceived interests of the EU have changed. Here firstly the developments recorded during the negotiations on agriculture are summarised. Secondly, with a focus on changing preferences and position of the EU in this course of time the

[110] According to single undertaking principle the negotiations in different tracks of the round concludes as one package to be signed. This facilitates parties to give concessions in one track while having a chance to trade-off in another issue through "issue linkage". Davis suggests that issue linkage contributed to the liberalisation of agricultural markets in the EU and Japan in the last decades. **Davis C.L. (2004)** "International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalisation", *American Political Science Review*, Vol.98, No.1, February. For a detailed analysis of trade liberalisation and the Doha Round see **Francois, J. van Meijl H., van Tongeren F., (2005)** "Trade liberalization in the Doha Development Round", *Economic Policy*, April, 20:42, pp. 349-391

discussion concentrates on exploring the achievements and failures of the Union. The last section consummates the analysis of the EU's influence at the WTO.

3.1. Agriculture Negotiations and negotiation texts

The position of the members in the negotiations can be located between two extremes, from the most conservative to the most liberal[111]. While the EU can be described to be in the most conservative wing with other users of large amount of domestic measures such as Japan, Switzerland, Norway, and South Korea; the Cairns Group[112], which consists of large agriculture exporter countries from developed and developing world, has been positioned in the most liberal pole. Along this spectrum, all members were situated according to the role of agriculture in their economies. The table below depicts the initial positions of the EU, US, and the Cairns Group before the modality discussions.

[111] For a summary of the positions of members in the agriculture negotiations and general overview of the talks see **WTO (2004c)** AGRICULTURE NEGOTIATIONS: BACKGROUNDER, The issues, and where we are now, 1 December, and ICTSD series (2003a),(2003b), and (2004b).

[112] The Cairns Group includes the following countries Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, Uruguay

Table. 2. Initial positions of the EU, US and the Cairns Group

	The EU	**The US**	**The Cairns Group**
Market Access (Tariff Reductions)	Limited reduction with Uruguay Round Approach (supported by India and some developing countries)	Substantial reduction-Swiss Formula	Substantial reduction-Swiss Formula (supported by some developing countries support)
Export Competition	Ready to negotiate export subsidies if all forms of export competition is treated on an equal footing i.e. export credits, state trading enterprises, food aid etc. (supported by Switzerland, Norway, Japan, Korea)	Emphasis on phasing out of export subsidies in short time	Phasing out of export subsidies in short time (supported by almost all developing countries with differing approaches)
Domestic Supports **Amber Box**	Ready for further reductions in the AMS from final bound commitment levels (supported by Norway, Switzerland, Japan, Korea)	Eventual elimination of trade distorting supports	Eventual elimination (supported by India, China and many developing countries)
Blue Box	Should be maintained without changing the rules (supported by Japan, Switzerland, Korea)	A redefinition of trade distorting and non trade distorting support	Eventual elimination
Green Box	Should be maintained without changing the rules. Should ensure appropriate measures for NTCs (also Japan, Korea, Norway, Switzerland)	A redefinition of trade distorting and non trade distorting support	Tytening of rules: Overall "cap" and constraints on certain types of supports in the box, and shift of certain types to trade distorting category (supported by India and some developing courtries)
Non-Trade Concerns	Multifunctional role of agriculture, environment protection, poverty alleviation, food safety,precautionary principle,consumer concerns, animal welfare, (supported by Japan, Korea, Norway, Switzerland)	Against use of the concept for "protectionism"	Against use of the concept for "protectionism"
Peace Clause	Should be maintained	No submission	No common approach

During the post-Doha talks, the main discussion revolved around different interpretations of the Doha mandate[113]. The members interpreted the mandate in different pillars in line with their positions. Since the preferences were far from reaching consensus on modalities, the Ambassador of Hong Kong, Stuart Harbinson with his own initiative as the chair of special sessions on Agriculture negotiations, put first draft of modalities to catch the first deadline set in the Doha Declaration. He firstly edited an "overview paper" summarising positions of countries on 18 December 2002[114], he then issued his first draft on 12 February 2003. After getting feedback from countries during discussions, he put a revised modalities draft on 18

113 See Annex 1 for the Doha mandate.
114 **WTO (2002)** "Chairperson's overview paper", TN/AG/6, 18 December

March 2003[115]. Due to its internal discussions on the CAP reform, the EU proposal on modalities came on 29 January 2003 after the "overview paper" of Harbinson[116].

Harbinson's draft received mixed reactions; while the Cairns Group and the US found it insufficient for global reform in agriculture, the EU and other conservative members found it too ambitious. Since the discussions on the paper did not bridge the gap among positions, the first deadline was missed with no agreement on the modalities. The surprising joint proposal from the EU and US on 13 August 2003 re-catalysed the talks before the Cancun Ministerial[117]. The US-EU initiative recognising each other's needs within a "framework" of modalities, while proposing substantial market access, paved the way to a new wave of coalitions among members in the eve of Cancun. First significant reaction came from a new coalition later called G-20[118], gathering important developing countries. While the G-20 proposal urged the elimination of export subsidies and trade distorting supports with substantial cuts in the tariffs of developed countries, it proposed a moderate reduction in the tariffs of developing countries. These two sudden conflicting proposals made it difficult to agree on a common ministerial declaration towards Cancun. Additionally, four African cotton producers submitted a proposal later called "Cotton initiative" asking for the immediate elimination of subsidies in this product[119]. Since members were divided through new coalitions, the first draft ministerial text, including framework modalities was prepared before the Conference by the Ambassador of Uruguay Carlos Pérez del Castillo as the General

---

115 **WTO (2003a)** "Modalities phase: revised first draft of the "modalities" paper", TN/AG/W/1/Rev.1,

116 **Raghavan, C. (2003)** "Agriculture reforms without EC input on modalities" *From Third World Economics,* 298, 1-15 February. The table in annex compares the Harbinson text and the late EU proposal on modalities.

117 **WTO (2003c)** "Joint initiative by EU and US presented to trade partners in Geneva", JOB(03)/157,13 August

118 The initial proposal was submitted by sixteen countries Argentina, Brazil, Bolivia, China, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela. For detail see <http://www.g-20.mre.gov.br/>

119 **WTO (2003b)** "Sectoral Initiative in Favour of Cotton", Joint Proposal by Benin, Burkina Faso, Chad and Mali, TN/AG/GEN/4, 16 May

Council chairman, under his own authority[120]. The paper was criticised as reflecting the concerns of the US-EU proposal more than others[121]. The "Castillo text" was revised on 13 September 2003, during the Cancun meeting by the conference chairman Mexican Foreign Minister Luis Ernesto Derbez[122]. The "Derbez text" tried to bridge the proposals of EU-US, and the new groupings such as the G-20, G-10[123], as well as G-90[124]. However, during largely informal consultations in Cancun no agreement could be built in agriculture and Singapore issues. Although the EU proposed in the last minute to drop two of four Singapore issues from the agenda, this was reacted by the African countries that opposed all of them[125]. Derbez closed the Conference without extending it, with no agreement[126].

The breakdown in Cancun suspended talks in all chapters of the round. The deadlock could be solved after intensive consultations outside of the WTO, largely conducted by the US and the EU through informal bilateral and mini multilateral meetings held in different countries calling all members for a General Council Decision in July 2004. A framework decision was thus prepared through informal consultations in July 2004 among five countries called "five interested parties" (FIPs), namely the US, EU, India, Brazil and Australia representing different groups. The framework decision was officially accepted with minor changes in the General Council on the night of August 1, 2004[127]. The July framework set first step of modalities in particular negotiation chapters of the round.

---

[120] **WTO (2003e)** "Draft Cancún Ministerial Text", Job(03)/150, 24 August
[121] **Bridges Weekly (2003)** "Agriculture: Draft Framework Released, Members Voice 'Balanced' Criticism", 7:9, 28 August
[122] **WTO (2003f)** "Draft Cancún Ministerial Text", *Second Revision*, Job(03)/150/Rev.1,13 September See annex for a comparison of G-20, EU-US proposal and Derbez drafts.
[123] G-10 is composed of Bulgaria, Iceland, Israel, Japan, Korea, Republic of, Liechtenstein, Mauritius, Norway, Switzerland, Chinese Taipei.
[124] G-90 is actually composed of 64 countries from African Union, ACP and least-developed countries.
[125] **The Guardian (2003)** "Brussels urges
[126] **Narlikar, A. and Wilkinson, R. (2004)** "Collapse p.451
[127] For an overview of the July text see **ICTSD (2004a)** "Overview of the July Package", *Doha Round Briefing Series*, International Center for Trade and Sustainable Development (ICTSD), 3, December. For the Summary of the text see Annex 4.

3.2. An Analysis of EU Position

The initial EU position was set out with the mandate given to the Commission by the General Affairs Council before the Seattle Ministerial[128]. Parallel to the developments regarding Fischler reforms and the direction of negotiations, the position of the EU has shifted in all pillars. Market access has been a realm where the EU kept an adamant stance. In the beginning, the EU proposed “UR formula” envisaging moderate tariff reductions, which was supported by many countries, but also criticised by a large group led by the Cairns Group and the US aiming for further access to EU market. These countries proposed a “Swiss formula”, foreseeing harmonisation of all tariffs below a maximum level. While the EU was leading the UR formula supporters, its position substantially altered with the EU-US joint text, offering a more ambitious methodology with a “blended formula” including Swiss formula for certain tariff lines. This methodology was inserted into the Cancun drafts with some flexibility for developing countries. At the end, the July deal brought a single “tiered formula” similar to the “banded approach” of the ill-fated Harbinson proposal. Though the text did not mention details of the formula, it has drawn out general structure of tariff reductions through “bands” and “thresholds”. The negotiations since July 2004 focused largely on tariff cuts, where the EU again positioned to support UR approach in all bands. Considering the argument of Swinbank that recent CAP reforms provide the EU with flexibility to agree considerable tariff cuts even in some sensitive products[129], the shifting EU approach in the market access realm seems to be part of an overall strategy increasingly elevating the priority to save domestic policies of the reformed CAP.

[128] **European Council (1999b)** “Preparation
[129] **Swinbank, A. (2005)** “The Evolving CAP p.11

In export subsidies, the EU position has been tough in the beginning. Nonetheless, it was rather isolated to defend its policies as the largest user. Therefore, it kept a position to take this issue within the package of "export competition" including export credits and food aid programs (largely used by the US), and state trading enterprises in some other countries (such as Canadian Wheat Board). However, the late-coming reforms to decouple payment schemes apparently gave large space to the EU to use export subsidies as a bargaining chip. The EU invoked this chip after its reform discussions, with the EU-US proposal by inviting developing countries to offer a list of products of their interest for elimination, whilst in turn asking other concessions. Since no countries did respond to the EU invitation, it opened its card after the collapse of Cancun with the joint letter of Lamy and Fischler[130]. To resume the round, the letter declared that "there would be no *a priori* exclusions, so all [EU] export subsidies are effectively on the table", with condition of "full parallelism" in all forms of export competition. The "parallelism" has become a major gain of the EU in the July text, which officially confirmed the elimination of export subsidies, but parallel to other competition measures "by a credible end date".

Probably the most important pillar for the EU in the overall has been the domestic supports, since the CAP is based increasingly on this pillar than others. With regard to Amber Box measures, the EU initially had declared that it was ready for further reductions from the "bound rates". In its modalities proposal, it offered a clearer cut of 55 percent from its final "bound" commitments[131]. This demonstrated the flexibility of the EU to step back in the Amber Box, particularly after its Fischler reforms. With regard to the Blue Box, the initial position of the EU was to keep it untouched regarding its criteria or reduction

[130] **European Commission (2004a)** "Letter of Pascal Lamy and Franz Fischler", 9 May, Brussels
[131] In Amber Box measures the EU spent (applied rate) less than its commitments (bound rate). See Table 1 for details.

commitments[132]. However, the movement in the talks tended to threaten this kind of supports[133]. Thus the Fischler reforms have switched large segment of Blue Box expenditures to the Green Box category according to EU declarations.[134] However surprisingly, the EU-US proposal offered a "modification" of the Blue Box category, extending its criteria beyond "production limiting" programs. This compromise has indeed aimed at legitimising US "counter-cyclical payments" already put in use with the Farm Bill of 2002[135]. The joint proposal to extend the Blue Box was injected into the July text, however the G-20 intervention managed to insert a 5 per cent "cap" on those payments. G-20 accomplished a further commitment of a minimum 20% cut on the sum of *de minimis*, the allowed AMS, and the new Blue Box measures, in the first year of the new implementation period. Nevertheless, it would not be wrong to suggest that this cut would not affect the EU policies in the future because of recent reforms, but perhaps those of the US[136]. Finally, in the Green Box, during whole negotiations the EU has adopted a position to defend this category with no unfavourable change in its criteria laid down in the Annex 2 of the URAA, and to keep it exempt from reductions and limitations. The EU tried to fortify its position with its discourse

---

[132] Swinbank notes that Agenda 2000 reforms resulted a payment system based on Blue Box measures **Swinbank, A. (1999)** "CAP reform p.402. With regard to Blue Box payments of the CAP see **McErlean, S. *et.al.* (2003)** McErlean S., Wu Z., Moss J., Ijpelaar J., Doherty A. "Do EU direct payments to beef producers belong in the 'blue box'?", *The Australian Journal of Agricultural and Resource Economics*, March, 47:1, pp. 55-73

[133] Particularly the Harbinson text offered a 60 percent reduction in 5 years, hence increasing the pressure on the EU catalysing recent reforms. See Annex 2

[134] **Fischler, F. (2004)** "Agriculture Negotiations-DOHA Round -" Speech in Informal Agriculture Council, SP04-246EN, May 11, Killarney/Ireland. Nevertheless, economists do not agree with the Commission about the full decoupling of the new payment scheme in line with WTO Green Box criteria. See **Daugbjerg, C. and Swinbank, A. (2005)** "Trade negotiations, pp. 9-11; **Swinbank, A. (2005)** "The Evolving CAP pp. 4-5; **Fouilleux, E. (2004)** "CAP Reforms pp. 251-2

[135] These supports were notified as "Green Box" measures, but this has been challenged in recent DSU case brought by Brazil. The ruling was in favour of Brazil, declaring these supports to be trade distorting. See DISPUTE DS267 "United States — Subsidies on Upland Cotton" <http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds267_e.htm>

[136] **Chandrasekhar, C.P. and Ghosh, J. (2004)** "WTO framework: No cause for celebration", *Business Line Internet Edition*, 10 August, and **Sharma, D. (2004)** "WTO Tricks", *Znet*, 26 August. In the General Affairs Council in Geneva Fischler clearly put forward "[w]e got 5% on the blue box, which gives us lots of comfort. It is clear that others, mostly the US, will need to reform […] On the top of that, for the blue box will be reviewed. G20 and us have got what we wanted to ensure that US couldn't escape reforming their farm bill." **European Commission (2004b)** "Note to M.P.Carl-Director General DG Trade on General Affair Council", *Internal Communication* D(2004) 700972, 30 July, Geneva

of “multifunctionality”, which is also translated into the negotiations as “non-trade concerns” (NTCs).

Early EU submission on modalities proposed an ambitious program with regard to NTCs. That is, it asked the amendment of certain articles of the SPS and TBT Agreements[137] that would bring new obligations to the membership for EU concerns like food safety and consumer information. The text also underlined the importance of environmental protection, rural development, geographical indications (GIs), and animal welfare with regard to agricultural policies. However, the arguments of the EU on NTCs were reacted by many countries to be mere justification of “protectionism”[138], thus naturally could not get consensuality of the membership. Particularly after the Cancun breakdown, the EU had to limit its NTCs approach only with securing the Green Box, leaving its previous ambitious stance affecting different pillars. As a matter of fact, the EU had criticised the Harbinson draft not to give sufficient place on NTCs[139], but accepted the July text mentioning NTCs clearly only in one paragraph, and deeming the text as a success since it managed to insert NTCs in the same paragraph with Green Box measures[140].

Finally and perhaps most importantly, because of the delay in the Round, the EU lost a crucial protective instrument: the famous “Peace Clause”[141]. The extension of the Peace Clause was

[137] SPS (Sanitary and Phytosanitary Measures) Agreement is concerned with food safety and animal, and plant health regulations, while TBT (Technical Barriers to Trade) Agreement aims to prevent technical standards and regulations creating obstacles to trade. See WTO Legal Texts for detail <http://www.wto.org/english/docs_e/legal_e/legal_e.htm>

[138] **Diaz-Bonilla E.; Diao, X. and Robinson, S. (2003)** “Developing Countries and Agricultural Negotiations: Much More is Needed” *Bridges Monthly*, No.6, July-August <www.ictsd.org>, **Bridges Weekly (2001)** “Sparks Fly In WTO Agriculture Negotiations”, 5:5, 13 February

[139] **Bridges Weekly (2003a)** “Agriculture: Harbinson's Modalities Draft Receives Mixed Reactions”, 7:6, 19 February

[140] **European Commission (2004b)** “Note to M.P.Carl

[141] Peace Clause (the “Due Restraint” in Article 13 of the URAA) has protected members’ domestic support programs and export subsidies from other members’ challenge in the DSU until the end of 2003. It prevented DSU litigation to clarify or interpret the provisions of the URAA for actual policies of member states.

an important pillar of the EU position during the whole negotiations but it lapsed due to no agreement on the issue before the end of 2003. Unsurprisingly this cleared the ground for two cases brought to the DSU on US support programs in cotton, and sugar subsidies of the EU[142]. Both cases were concluded in favour of the complaining parties. The lost sugar case prompted the Commission to push the sugar reform to the agenda to overcome possible future challenges[143]. The new SPS of the EU has similar payment programs with recently attacked US supports, which prompt Swinbank to safely accentuate that the new CAP is open to attacks of the members in future despite the firm assertions of the Commission regarding "Green Box compatibility" of new payment system[144]. Moreover, since the review of the criteria for Blue and Green Boxes was injected into the July text for future negotiations, it can be safely argued that the Cairns Group and G-20 would challenge the EU for tighter criteria for these boxes in future negotiations. Although opening the "Green Box" to discussion resembles opening Pandora's box for the Commission officials[145], still there is legal ground for the G-20 and others to question "greenness" of EU supports either during negotiations or through DSU cases.

3.3. The EU's Influence at the WTO

EU preferences and position during the negotiations in the three pillars has drastically changed as discussed above. Parallel to the new reforms, the major preference for the EU has evolved to protect the CAP without further reform. Fischler asserts this final position of the

---

[142] The sugar panel ruled that the EU had exceeded its quantity commitment in sugar export subsidies in 2000/1. For details see DISPUTE DS283, European Communities — Export Subsidies on Sugar Brought by Thailand <http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds283_e.htm> accessed on 20 July 2005

[143] Personal Communication in DG Agriculture, July 2005.

[144] **Swinbank, A. (2005)** "The Evolving CAP p. 9, See also **Swinbank, A. and Tranter, R. (2005)** Decoupling EU Farm Support: Does the New Single Payment Scheme Fit within the Green Box?, *The Estey Centre Journal of International Law and Trade Policy*, 6:1, pp. 47-61

[145] Personal Communication, July 2005

EU as “to ensure that further negotiations will not require us to do more reform.”[146] Lamy confirms the statement as regards the July compromise: “Commission can guarantee that on that basis we will not take commitments that could go beyond the CAP reform.”[147] In the shift of this position and interest perceptions, in addition to domestic dynamics and the material basis of the CAP laid down in the previous chapter, the significant factor has been the intersubjective nature of the multilateral negotiations taking within institutional peculiarities of the WTO.

With regard to the “textual constraints” in the WTO, the negotiations started with the mandate of Article 20 of the URAA, and continued within the Doha mandate. The July compromise sharpened the “borders of the possible” for all the negotiating parties. Although the July text lacks clarity in certain points, numbers and formulas, it has shaped the skeleton of the final agreement, which will be hammered out in further negotiations. The textual constraints evince the importance of the “process” of complete multilateral negotiations to assess any party’s influence in the final agreement, before focusing on the ultimate ratification phase as conventionally done. Likewise, the informal nature of the talks, particularly the green rooms, and the texts prepared by personal perception and authorities of the chairmen like Harbinson and Derbez have drawn out constraints and opportunities to the members. The EU was critical of the Harbinson drafts and its critical stance contributed to the lapse of the first deadline. It was supportive of the Cancun drafts but could not persuade particularly the G-20 to agree on the text. It should be noted in this point that both drafts reflected certain members’ concerns than others. The Commission officials suggest that the chairmen preparing compromise texts had largely to take into consideration of US and EU positions. They claim that while Doha

[146] **European Commission (2004b)** “Note to M.P.Carl
[147] *Ibid*

compromise was in line with EU preferences rather than the US, Harbinson draft proved more pro-US, thus was reacted to by the EU[148].

As for the "communicative processes" in the WTO, using its material capacity and human resources the EU submitted technically rich proposals. In international negotiations, "agenda setting" plays a significant role[149]. However, the influence of the EU on the prevailing ideas in the talks sits uncomfortable with its economic might. In this regard its moral stance in "development" contributed to get the consent of developing countries and thus to launching the round in Doha. However, its instrumental use of "development discourse" without substantial acts in different chapters of the Round was reacted to by many developing countries[150]. The round proved insufficient to realise the essential development goal integrated into the Doha Declaration because of missed deadlines, misinterpretations of the mandate, and reluctance on the part of developed countries for progress[151]. Suffice it to point out, the recent July compromise also falls behind the development concerns of developing countries[152].

However, the irony here should not go unnoticed: to forge consensuality in ideas the EU used NTCs such as rural development, environmental protection, or food safety together with more legitimate developmental concerns for most of the membership such as food security, poverty alleviation, and rural development in underdeveloped countries. Nevertheless, its continued

---

[148] Personal Communication, July 2005.
[149] **Woolcock, S. (2000)** "European Trade Policy p.378
[150] One of the main conserns of developing countries injected into the Doha mandate has been strengthening of the Special and Differential Treatment provisions in the WTO agreements. However, not much progress has been recorded due to reluctance of developed countries. For amore detailed discussion see **Hoekman B., Michalopoulos and Winters L.A. (2004)**
[151]**Kernohan, D. (2003)** "The DOHA Round of WTO Negotiations: Practical Proposals towards Enhancing the Global Trading System and Fostering Economic Development", *Centre for European Policy Studies*, July 2003, 1:1, pp. 1-33**; Mori, K. (2004)** "The Cancun Breakdown and the WTO's Doha Development Agenda in Global Governance", *International Politics*, 41:3 pp. 394-414
[152] **Oxfam (2004)** "Arrested Development? WTO July framework agreement leaves much to be done", August; **Wilkinson, R. (2004)** "Crisis and Governance p.23.

emphasis on the idea of multifunctionality has been considered as an excuse for "protectionism"[153], which was illegitimate in the normative context of the WTO, but also contradictory for a member pushing other chapters of the talks as the vanguard of free trade. Since the EU could not set the ideational agenda with its multifunctionality discourse, and could not continue instrumental use of development discourse, it has invoked the institutional asymmetry of the WTO, in cooperation with the US. Similar to the joint Blair House accord of 1992 that yielded URAA, the US-EU proposal was put forward to open the way to reach an agreement reverberating the joint interests. Surprisingly, this caused a deadlock rather than clearing the way to a new agreement as happened a decade ago. The fundamental reason seems to be the strong resistance of the new coalitions among developing countries, particularly that of the G-20. This essentially fortifies the argument of Ford stressing the changing "culture" in the trade regime where developing countries increasingly adopt a "reciprocal trader" identity. This point deserves further elaboration.

In Cancun, it became clear that it was impossible to reach an agreement without dropping some Singapore issues from the agenda and softening the EU position in agriculture. After Cancun it was more obvious, as Commission officials admit, that it was impossible to move forward in the round without satisfying certain demands of the G-20[154]. In this regard, the Commission asked the Council for a new mandate to get further flexibility with its communication called "Reviving the DDA-the EU perspective"[155]. The Lamy-Fischler letter written after ensuring the new mandate, argued "[t]he responsibility for *showing the lead* clearly lies with the major subsidising countries in the developed world. We are prepared to play our role in that respect, as two major reforms of the Common Agriculture Policy in the

---

[153] **Haeri, H. (2001)** "Agricultural protectionism in the European Union", *Industry and Economy*, May 14 - 20
[154] Personal Communication with DG Trade and DG Agriculture officials, July 2005.
[155] **European Commission (2003)** "Reviving the DDA Negotiations – the EU Perspective", *Communication from the Commission to the Council and to the European Parliament*, COM(2003) 734 final, 26 November, Brussels

span of less than a year demonstrate."[156] Since each "self" produces its "other", the "leadership" identity of the EU in launching the round and reviving it, should be assessed together with the "reciprocal trader" identity of some developing countries, particularly G-20 or put more correctly the members of FIPs (India and Brazil). To elucidate, it is apparent that LDCs and G-90 still remain much less influential than the G-20. Therefore, it would be wrong to suggest the reciprocal trader identity for all developing countries as Ford contends. Additionally, the maintenance of the G-20 as a whole in further negotiations on details, is another major question. It seems difficult since the G-20 gathers liberal countries like Brazil and conservative ones like India and China, of whom the common preference lies at trade distorting policies of developed countries. Nevertheless, despite their marginal share in world trade[157], it is clear that India and Brazil has proved more influential than their economic or political powers because of their ability to successfully mobilise many developing countries as "the leaders of the South". As one DG Trade official rightly points out "the new Quad of the WTO are the EU, US, India and Brazil."[158] The "reciprocal trader" identity of these states reproduce the "leadership" identity of the EU but it can be claimed that the "civilian power" identity of the Union has unavoidably been eroded during the course of the Doha Round.

The EU as the forerunner of justice, transparency, participation, and development constructed its civilian power identity internally within its peculiar normative setting. However, its promotion of those values did remain rhetorical and did not take life in the WTO. While supporting the participation of civil society and developing countries in WTO operations, and transparency of the organisation, it proved one of the leading members using informal exclusive methods in the negotiations. Even though it adopted a justice and development

---

[156] **European Commission (2004a)** "Letter

[157] Brazil exported 1.3 percent of total traded global merchandise products and imported 0.8 percent of the global amount, while India recorded 1.0 percent, and 1.2 percent respectively. Source WTO: <http://www.wto.org>

[158] Personal Communication, July 2005

friendly stance to launch the Development round, it did not keep its ambitious position to back the development dimension of various negotiating tracks. Its position to use concepts like development, transparency and multifunctionality demonstrated more use of these terms in a pragmatic way. It can safely be argued that as an agent in the WTO structure the influence of the EU on the normative structure of the organisation has not been more than trivial. One reason might be that the ideas born in the normative setting of EU level institutions have been evaporated in the normative climate of the WTO, based upon economistic neo-liberalism. However, to change the normative structure of the WTO, the EU did not make much effort except for criticisms of Lamy calling the WTO a medieval organisation. A more reasonable factor might be, as Stevens implies, the growing tendency among the EU governing elites to consider international negotiations as "zero-sum games", where "gains for developing countries" are considered as "losses for European farmers"[159]. However, as Nicolaidis and House put forward "the EU's credibility rests on what it can do unilaterally: that is to seek greater consistency between internal practices and proclaimed external objectives"[160] These are the objectives of greater transparency, rule of law, democracy, justice and good governance.

[159] **Stevens, C. (2000)** "Trade with Developing Countries" in Wallace, H. and Wallace, W. (2000), *Policy-Making in the European Union*, Oxford: Oxford University Press, p. 425
[160] **Nicolaidis, K. and Howse, R (2002)** "'This is my EUtopia p.773

CONCLUSION

The analysis of the EU's influence at the WTO is pursued in this dissertation through a perspective considering international institutions autonomous bodies having their own life rather than neutral entities as treated in the conventional writings. The inclusion of institutions into the analysis as material, normative, and ideational structures presents a complicated picture regarding the EU's influence at the WTO. Most importantly, this highlights the necessity of questioning the early conceptions of the EU as an economic superpower shaping international negotiations, which are founded upon eye-opening statistics and its economic potent. The preference of the US towards regionalism, and its unwillingness for global reform in agriculture particularly after its 2002 Farm Bill might have truth to support the argument that the ground is open for the EU leadership. However, the evidence presented in this dissertation shows that the EU leadership at the WTO is constrained because of certain material, normative and ideational constraints inherent in two institutional settings at the EU and WTO levels.

The evidence suggested here indicates that EU influence at the WTO is constrained because of certain material, normative and ideational constraints inherent in two institutional settings at EU and WTO levels. The material preferences of the EU were shaped in these intersubjective settings concurrently. Thus, the interests of the EU cannot be taken as constant exogenous being defended in neutral settings. The intra-EU actors at the EU level, and the EU as an actor at the WTO level construct their preferences in interaction with the normative and ideational environment of the two levels as "structures" shaping "agents".

In this context, in the construction of the collective interests of the EU, the Commission plays an active and autonomous role through using certain ideas and discourses such as development, competitive environment, multifunctionality by drawing on its institutional capacities to produce knowledge and to mobilise domestic and EU level actors. The case of the Fischler reforms demonstrates that it is quite successful to move domestic actors in favour of certain collective interests by highlighting legitimate concerns in the peculiar normative setting of the EU. However, it seems to be problematic when those concerns are carried to the WTO. While the development discourse of the EU was successfully used both internally and externally to launch the Doha Round, this discourse could not sustain consensuality in the agriculture negotiations. Actually, the gap between discourse and deeds of the EU in different tracks of the round, and the lack of progress in development issues, have contributed to the loss of effectiveness of the discourse in the continuation of the talks. Similarly, the idea of multifunctionality was addressed by the Commission effectively to achieve recent reforms in the CAP through building consensuality in the normative and ideational setting of the EU, however its legitimacy was questioned in the ideational context of the WTO. Though multifunctionality legitimised the acts and policies of the Commission in EU level, it resulted in an ambitious stance in the WTO, which could not maintain long. The EU's attempt to use its material capabilities to sustain consensuality by force through using the institutional asymmetry in the WTO did not work initially. This was largely because of the changing culture in the trading regime where particular developing countries adapt an identity of reciprocal trader i.e India and Brazil leading the G-20. This caused a process of informal bargaining with these actors that yielded the July compromise.

The initial deadline set for the conclusion of the Doha Round was 1 January 2005. This was delayed because of the Cancun impasse. The next Ministerial Conference will be held in

Hong Kong in December 2005, which will set modalities in agriculture, which had to be done long ago. The delay in the round occurred largely because of the stalemate in agriculture negotiations as well as the Singapore issues. Due to the domestic inertia to reform the CAP, the EU could move slowly in the negotiations and thus contributed to this delay. However, in the overall picture the largest loser because of the delay also seems to be the EU, considering its economic power and expectations from liberalisation in non-agricultural realms. Because of the late EU steps an agreement on agricultural modalities could not be possible before and during the Cancun Ministerial, which also caused it to lose an opportunity to reach a better compromise in Singapore issues. The cost of delaying agreement would also damage the EU the most in material terms as the leading trader in manufactures and services. Leave aside other issues, the cost of no agreement in agriculture would be more damaging for the EU than most of the other actors, since the EU lost its chance to maintain "peace clause" that could secure its domestic policies from WTO litigation. Another important reason restraining EU influence seems to be the emergence of the G-20, and advanced developing countries. The influence of India and Brazil on the outcomes in the negotiations should not be underestimated despite their marginal share in world trade compared to the EU.

The EU draws more a pragmatic leader role rather than a civilian power role in the case of the WTO. Its normative values are largely silenced in its acts in the actual negotiations, which harm more the EU. As Smith contends the EU 'actorness' is less prominent in the areas where domestic coherence is not the case[161]. The case of agriculture is a good exposition of his claim. However, this lack of coherence in one area affects its actorness also in other areas of international trade. Although foreign trade policy is a technocratic process it is not an effective one as shown here.

[161] **Smith, M. (2001)** "The European Union's Commercial Policy: Between Coherence and Fragmentation", *Journal of European Public Policy*, 8:5, pp.787-802.

Annex 1: The Doha Mandate

"Building on the work carried out to date and *without prejudging the outcome* of the negotiations we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; *reductions of, with a view to phasing out, all forms of export subsidies*; and *substantial reductions in trade-distorting domestic support*. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations [...] We *take note* of the *non-trade concerns* reflected in the negotiating proposals submitted by Members and *confirm* that *non-trade concerns will be taken into account in the negotiations* as provided for in the Agreement on Agriculture."

Doha Ministerial Declaration, Paragraph 13, (*emphasis added*)

Annex 2: A Comparison of the EU's Modalities Proposal of 29 January 2003 and the Harbinson Draft

	The EU Modalities Proposal	**Harbinson Draft**
Market Access	Linear Reduction with the same approach in the UR (reduction of tariffs 36% on average, 15% minimum per line-would be more flexible for developing countries) + All developed and "advanced developing countries" should provide duty free and quota free access to LDCs	Band approach: Linear reduction in three bands for developed and four bands for developing countries. Reduction in 5 years for developed, 10 years for developing countries. Developing countries can declare a number of products as "special products" to be bound to less linear reduction.
Export Competition	Parallel to all forms of export subsidisation (export credits, food aid, STEs) an average substantial cut in the "volume" and an average 45% cut in the "level" of export subsidies.	Export subsidies will be "eliminated" in two groups. First in 6 years. The second in 10 years (For developing countries: 11 and 13 years). Export credits, food aid, STEs shall be disciplined.
Domestic Supports **Amber Box**	55% reduction in the AMS from "final" bound commitments in agreed deadlines. *De minimis* exception can be eliminated for developed countries.	Shall be reduced 60% in equal annual instalments in 5 years. (40% and 10 years for developing members)- de minimis exception will be reduced from 5% to 2,5% in 5 years, while it will be kept as it is (10%) for developing members.
Blue Box	Should be maintained without changing the rules	Shall be "capped" at the most recent notified level. Then either will be reduced 50% (33% for developing c.) in equal annual shares in 5 years (10 years for developing c.), or shall be included into the AMS.
Green Box	Emphasis on "societal goals" like environmental protection, rural development and animal welfare. The box should be kept as it is, to provide such goals.	Shall be maintained, but subject to "possible amendments" as outlined in the attachment of the text.
Non Trade Concerns	The concerns such as Food safety, Mandatory labelling, food security for developing countries, environment, rural development, animal welfare should be adequately addressed	Will be taken into account during further negotiations. No detailed discussion in the text.
Peace Clause	Should be maintained	Not mentioned.
Other major issues	Geographical indications in agricultural products should be listed and protected by the AoA. A mechanism like Special Safeguard Clause should continue and should be extended to developing countries under a "food security box"	Special Safeguard Mechanism should "cease" in an agreed date for developed countries. A new mechanism (SSM) should be established for developing countries.

Annex 3: A comparison of the Joint EU-US proposal, G-20 proposal and the Derbez draft of Cancun

	The EU-US	G-20	Derbez Draft
Market Access	A blended formula for tariff cuts. 3 groups. (1)-Import sensitive (…) tariff lines, linear cut in decided average and minimum percentages. (2)- (…) tariff lines subject to "Swiss formula" with a coefficient to be decided (3)- (…) tariff lines shall be duty free. + A cap will be agreed as "maximum" for all tariffs.	A blended formula only for developed countries. 3 groups. (1)- (…) tariff lines, linear cut in decided average and minimum percentages (addressing "tariff escalation") (2)- (…) tariff lines subject to Swiss formula with a coefficient to be decided (3)- (…) tariff lines shall be duty free. + A cap will be agreed as maximum for all tariffs. + tariff cuts in (2) will be larger than (1) + TRQ creation and expansion	The blended formula proposed by the US-EU for developed countries. As S&D to developing countries: for (1) a second category for less reduction is created for special products (SP). Also in (3) tariff lines shall be bound between 0-5%.
	All developed countries "will seek to provide" duty free access for (…) % of imports from developing countries. As S&D to developing countries they shall benefit from "lower tariff reductions and longer implementation periods"	All developed countries "shall" provide duty free access for "all tropical products" and (…) of imports from developing countries. As S&D to developing countries: The reductions will be based on Uruguay Round type of linear reduction + they shall benefit not only from "lower tariff reductions and longer implementation periods", but also establishment of Special Products (SP) + no commitment of TRQ creation or expansion	All developed countries "will seek to provide" duty free access for "at least" (…) of imports from developing countries including particularly tropical products. Additionally for NTCs countries may exempt very limited number of products from the maximum cap for all tariffs.
		Export subsidies: 1- a list of subsidised products of particular interest to developing countries will be eliminated over a (…) year period. 2- For the remaining products subsidies will also be eliminated in (…) years. Disciplines shall be established on a rules based approach for export credits, guarantee and insurance programs. Additional disciplines be agreed for aid operations.	
Export Competition	Export subsidies: 1- a list of subsidised products of particular interest to developing countries will be eliminated over a (…) year period. 2- For the remaining products subsidies will only be reduced.	Export subsidies: 1- a list of subsidised products of particular interest to developing countries will be eliminated over a (…) year period. 2- For the remaining products subsidies will also be eliminated in (…) years.	Export subsidies: 1st part is similar. 2- a compromise sentence for the remaining subsidies with injection of the wording: "members shall commit to reduce, with a view to phasing out". Additionally "an end date for phasing out of all forms of export subsidies remains under negotiation".
	Disciplines shall be established in a "parallel manner" to export subsidies, export credits, STEs and food aid programs.	Disciplines shall be established on a rules based approach for export credits, guarantee and insurance programs. Additional disciplines be agreed for aid operations.	Disciplines shall be established in a "parallel manner" to export subsidies, export credits, STEs and food aid programs. (Considering the change in second portion of export subsidies above, disciplines in export credits and STEs divided into two portions with similar wording for the second portions.)

Domestic Supports ***Amber Box***	Reduce "the most trade-distorting" domestic support measures in the range of (…)%- (…) % Reduce *de minimis* by (…) % *(De minimis* + the allowed AMS +the new blue box supports) shall be reduced to be "significantly less" than the sum of 2004 levels of (*de minimis* +old blue box payments + the final bound AMS)	Reduce "all trade-distorting" domestic support measures in the range of (…)%- (…) %, on a product specific manner. A first cut more than () % in the first year. Reduce *de minimis* by (…) % "for developed countries" Keep de minimis as it is (10%) for developing countries. The sum of AMS support and de minimis will be cut at least (…) %	Reduce "the Final Bound Total AMS" in the range of (…)%- (…)%. Reduce *de minimis* by (…)% Keep *de minimis* as it is (10%) for developing countries. (*De minimis* + the "Total" AMS + the new blue box supports) shall be subject to a cut of at least (…)% including an initial cut of (…)% in the first year of implementation. (lower reduction, longer implementation period and "enhanced provisions" for developing countries as S&D)
Blue Box	The blue box is implicitly modified. Direct payments: based on fixed areas and yields; or made on 85% or less of the base level of production; or livestock payments made on a fixed number of head. (These shall not exceed 5% of the total value of agriculture production by the end of the implementation period).	Will be eliminated.	The blue box explicitly modified. The wording almost the same with US-EU proposal with two editions: 1-these shall not exceed 5% of the total value of agriculture production "in 2000-2002 period by (…)" 2-Will be reduced (…)% within (…) years. (lower reduction, longer implementation period and "enhanced provisions" for developing countries as S&D)
Green Box	No mention.	Green Box payments (in paragraphs 5-13 of Annex 2 of the URAA) shall be capped and/or reduced for developed countries. Additional disciplines be negotiated.	"Green box criteria shall be reviewed with a view to ensuring that Green Box measures have no, or at most minimal, trade distorting effects or effects on production".
Non Trade Concerns	"Issue of interest but not agreed"	Not mentioned	In market access, for NTCs countries may exempt very limited number of products from the maximum cap for all tariffs.
Peace Clause	"Issue of interest but not agreed"	Not mentioned	"The Peace Clause will be extended by […] months."
Other major issues	SSG remains to negotiations. A new mechanism (SSM) shall be established for developing countries. With regard to S&D treatment to developing countries an implicit differentiation: 'the rules and disciplines will need to be adjusted for "significant net food exporting countries"' Other issues of interest but not agreed: implementation period, Gis, sectoral initiatives, continuation clause,other detailed rules	SSG for developed countries "shall be discontinued". remains to negotiations. A new mechanism (SSM) shall be established for developing countries. The question of "preference erosion" shall be addressed.	For SSG the text states "use and duration of the SSG remains under negotiation". A new mechanism (SSM) shall be established for developing countries. Importance of preferential access for developing countries will be taken into account.

Annex 4: The July Text

	July Package
Market Access	A single "tiered formula" approach without detail. The number of "bands", the "thresholds" of the bands, type of tariff reduction in each band remain under negotiation. The "tariff structures" to be taken into account. Developed countries and developing countries "in a position to do so" "should" provide duty free and quota-free access for LDC products. S&D for developing countries will be an "integral part" of negotiations. While SSG for developed countries remain under negotiations, a special safeguard mechanism (SSM) for developing countries will be established. Fullest liberalisation of trade in tropical products will be addressed effectively. The issue of preference erosion will be addressed. "Proportionality" in market access commitments: lesser tariff reductions or TRQ expansion commitments from developing countries.In addition to sensitive products for all members, developing countries will be able to designate "an appropriate number of products" as Special Products to be eligible for flexible treatment.
Export Competition	"<u>Parallel elimination</u> of all forms of export subsidies and disciplines on all export measures with equivalent effect by a credible end date." <u>Phasing out</u> according to a "schedule and modalities" to be agreed, by "annual instalments". In this process "effective transparency provisions" will be established. S&D: longer implementation period for developing countries.
Domestic Supports ***<u>Amber Box</u>***	A "tiered formula" for reductions. Element of "harmonisation". For the reductions made by developed countries "higher levels of permitted trade-distorting domestic support will be subject to deeper cuts". Final Bound Total AMS and permitted *de minimis* be subject to substantial reductions. According to a methodology to be agreed "product-specific AMSs will be capped at their respective average levels. Reductions in *de minimis* will be negotiated considering S&D. First instalment of overall cut in the first year of implementation will be based on a minimum 20% of the sum of (Total AMS +permitted de minimis + the Blue Box) (in the level of historical period to be agreed)
<u>Blue Box</u>	The Blue Box will be <u>modified</u> but also <u>capped</u>. 2 categories: 1) direct payments under production-limiting categories 2) direct payments that do not require production The <u>new criteria and additional criteria will be negotiated</u> to ensure that it is less trade distorting than AMS measures.
<u>Green Box</u>	"Green box criteria shall be reviewed with a view to ensuring that Green Box measures have no, or at most minimal, trade distorting effects or effects on production". "Such a review and clarification will need to ensure that the basic concepts, principles and effectiveness of the Green Box remain and take due account of <u>non-trade concerns</u>." "Monitoring and surveillance of all new disciplines"
Non Trade Concerns	**<u>See Green Box</u>**
Peace Clause	**<u>Already lapsed</u>**
Other major issues	Geographical Indications among "issues of interest but not agreed"

BIBLIOGRAPHY

Bieler, A. (2001) "Questioning Cognitivism and Constructivism in IR Theory: Reflections on the Material Structures of Ideas", *Politics*, 21:2 , pp. 93-100.

Bridges Weekly (2001) "Sparks Fly In WTO Agriculture Negotiations", 5:5, 13 February <http://www.ictsd.org/html/weekly/story1.13-02-01.htm> accessed on 20 July 2005

______________ (2003a) "Agriculture: Harbinson's Modalities Draft Receives Mixed Reactions", 7:6, 19 February < http://www.ictsd.org/weekly/03-02-19/story2.htm> accessed on 20 July 2005

______________ (2003b) "Agriculture: Draft Framework Released, Members Voice 'Balanced' Criticism", 7:9, 28 August, <http://www.ictsd.org/weekly/03-08-28/story3.htm> accessed on 20 July 2005

Bureau J-C. *et.al.* (2000) Bureau J-C., Fulponi L., Salvatici L. "Comparing EU and US trade liberalisation under the Uruguay Round Agreement on Agriculture", *European Review of Agricultural Economics*, September 2000, vol. 27, no. 3, pp. 259-280

Chandrasekhar, C.P. and Ghosh, J. (2004) "WTO framework: No cause for celebration", *Business Line Internet Edition*, 10 August, <http://www.thehindubusinessline.com/2004/08/10/stories/2004081000011100.htm> accessed on 20 July 2005

Cox, R. (1981) "Social Forces, States and World Orders: Beyond International Relations Theory", *Millennium: Journal of International Studies*, 10:2, reprinted in Robert W. Cox with Timothy J. Sinclair (1996) *Approaches to World Order*. Cambridge: Cambridge University Press, pp. 65-123

Cunha, A. (2004) "A Role for Direct Payments? The Doha Round, EU Enlargement and Prospects for CAP Reform", in Swinbank A. and Tranter R. (eds.), *A Bond Scheme for Common Agricultural Policy Reform*, CABI: Wallingford

Daugbjerg, C. (2003) "Policy feedback and paradigm shift in EU agricultural policy: the effects of the MacSharry reform on future reform", *Journal of European Public Policy*, June 2003, vol. 10, no. 3, pp. 421-437

Daugbjerg, C. and Swinbank, A. (2005) "Trade negotiations, institutional settings, blame avoidance and reform of EU agricultural policy", paper presented in the PSA 55th Annual Conference, University of Leeds, April 5-7

Davis C.L. (2004) “International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalisation”, *American Political Science Review,* Vol.98, No.1, February

Diaz-Bonilla E.; Diao, X. and Robinson, S. (2003) “Developing Countries and Agricultural Negotiations: Much More is Needed” *Bridges Monthly,* No.6, July-August <www.ictsd.org>

European Commission (1997) “Agenda 2000”, *Communication, Volume I*, DOC/97/6, 17 July, Strasbourg

____________________ (2002) “Mid-term Review of the Common Agricultural Policy: Explanatory Memorandum”, *Communication from the Commission to the Council and the European Parliament*, Com(2002) 394 final, 10 July, Brussels

____________________ (2003) “Reviving the DDA Negotiations – the EU Perspective”, *Communication from the Commission to the Council and to the European Parliament*, COM(2003) 734 final, 26 November, Brussels

____________________ (2004a) “Letter of Pascal Lamy and Franz Fischler”, 9 May, Brussels

____________________ (2004b) “Note to M.P.Carl-Director General DG Trade on General Affair Council”, *Internal Communication* D(2004) 700972, 30 July, Geneva

European Council (1999a) “Berlin European Council Presidency Conclusions”, SN 100/99, 24 -25 March, Berlin

_________________ (1999b) “Preparation of the Third WTO Ministerial Conference”, *Council Conclusions*, 12092/99, 29 October

Finlayson, J.A. and Zacher, M.W. (1981) “The GATT and the regulation of trade barriers: regime dynamics and functions”, *International Organization*, 35, 4, Autumn 561-602.

Fischler, F. (1999) "The European model of agriculture -facing the WTO acid test”, SPEECH/99/117, Speech in CEA Congress, September 1999, Verona

____________ (2002) “‘Towards sustainable farming’ Commission presents EU farm policy mid-term review”, *Press Release*, European Commission, IP/02/1026, Brussels, July 10

____________ (2004) "Agriculture Negotiations-DOHA Round -” Speech in Informal Agriculture Council, SP04-246EN, May 11, Killarney/Ireland, Summary in <http://europa-eu-un.org/articles/en/article_3498_en.htm> accessed in 17 July 2005

Ford, J., (2002) “A Social Theory of Trade Regime Change: GATT to WTO”, *International Studies Review*, 4: 3, pp.115-138

Fouilleux, E. (2004) “CAP Reforms and Multilateral Trade Negotiations: Another View on Discourse Efficiency”, *West European Politics*, 27:2, March, pp.235-255

Francois, J. *et.al.* (2005) Francois, J. van Meijl H., van Tongeren F., “Trade liberalization in the Doha Development Round”, *Economic Policy*, April, 20:42, pp. 349-391

García-Alvarez-Coque, J-M. (2002) “Agricultural trade and the Barcelona Process: is full liberalisation possible?”, *European Review of Agricultural Economics*, July, 3, pp. 399-422

Gilpin, R., (1987) *The Political Economy of International Relations*, Princeton, N.J.: Princeton University Press

Grant, W. (1997) *The Common Agricultural Policy*, Basingstone: Macmillan

Greer, A. (2005) *Agricultural Policy in Europe*, Manchester: Manchester University Press

The Guardian (2003) “Brussels urges shakeup of ‘medieval’ WTO”, September 16

Haeri, H. (2001) “Agricultural protectionism in the European Union”, *Industry and Economy*, May 14 - 20, <http://www.pakistaneconomist.com/issue2001/issue20/i&e3.htm> accessed on 20 July 2005

Heidensohn, K. (1997) *Europe and World Trade*, London: Pinter

Hoekman, B.M. and Kostecki, M.M., (2001) *The Political Economy of the World Trading System: The WTO and Beyond*, Oxford: Oxford University Press

Hoekman, B., Michalopoulos and Winters, L.A. (2004) “Special and Differential Treatment of Developing Countries in the WTO: Moving Forward After Cancun”, *World Economy*, 27:4, pp. 481-506

ICTSD (2003a) “Agriculture”, *Doha Round Briefing Series*, International Center for Trade and Sustainable Development (ICTSD), 1:2/13, February

______ (2003b) “Agriculture”, *Doha Round Briefing Series*, International Center for Trade and Sustainable Development (ICTSD), 2:2/13, August

______ (2004a) “Overview of the July Package”, *Doha Round Briefing Series*, International Center for Trade and Sustainable Development (ICTSD), 3, December

______ **(2004b)** "Agriculture", *Doha Round Briefing Series*, International Center for Trade and Sustainable Development (ICTSD), 3:2/13, December

Kapoor, I. (2004) "Deliberative democracy and the WTO", *Review of International Political Economy*, 11:3, August, pp. 522-41

Keeler, J.T.S. (1996) "Agricultural Power in the European Community: Explaining the Fate of CAP and GATT Negotiations", *Comparative Politics*, 28:2, 1996, pp. 127-149.

Keohane, R.O., (1984) *After Hegemony: Co-operation and Discord in the World Political Economy*, Princeton: Princeton University Press

______________**(1989)** *International Institutions and State Power: Essays in International Relations Theory*, Boulder, Colorado: Westview Press

Kernohan, D. (2003) "The DOHA Round of WTO Negotiations: Practical Proposals towards Enhancing the Global Trading System and Fostering Economic Development", *Centre for European Policy Studies*, July 2003, 1:1, pp. 1-33

Khor, M. (2004) **"**Preliminary Comments On The WTO's Geneva July Decision", *The International Forum on Globalization*, 4 August, <http://www.ifg.org/analysis/wto/MartinsComments.html> accessed on 20 July 2005.

King, L..A. (2003) "Deliberation, Legitimacy, and Multilateral Democracy", *Governance*, 16:1, January

Knodt, M. (2004) "International embeddedness of European multi-level governance", *Journal of European Public Policy*, August, 11: 4, pp. 701-719

Krasner, S.D. (1976) "State Power and the Structure of International Trade", *World Politics*, 28:3, April, pp. 317-347

____________**(1983)** "Regimes and the limits of realism: regimes as autonomous variables", in Krasner, S.D. (ed.) *International Regimes*, London: Cornell University Press, pp.355-368

Lamy, P. (2000) **"**The future of the CAP and European agricultural trade policy" Speech in Assemblée Nationale, Paris, 20 January

__________**(2001)** "Global Policy without Democracy?", Speech in the Conference on the Participation of Parliamentarians and Civil Societies for Global Policy, Berlin, 26 November

__________**(2002)** "Stepping Stones or Stumbling Blocks? The EU's Approach Towards the Problem of Multilateralism vs Regionalism in Trade Policy", *The World Economy*, November, 25:10, pp. 1399-1413

Landau, A. (2000) "The EU, WTO Agricultural Negotiations and Interest Groups", paper presented to the ECPR Joint Sessions, Copenhagen, 14-9 April <http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/copenhagen/ws15/landau.PDF> accessed on 17 July 2005.

Lee, D. (2004) "South Africa in the WTO: Advancing the Neoliberal Development Agenda", paper presented in British International Studies Association Conference, University of Warwick, 20-22 December

McCormick, J. (1999) *The European Union: Politics and Policies*, Oxford: Westview Press

_____________(2002) *Understanding the European Union: A Conscise Introduction*, New York: Palgrave

McErlean, S. *et.al.* (2003) McErlean S., Wu Z., Moss J., Ijpelaar J., Doherty A. "Do EU direct payments to beef producers belong in the 'blue box'?", *The Australian Journal of Agricultural and Resource Economics*, March, 47:1, pp. 55-73

Meunier, S. (2000) "What Single Voice? European Institutions and EU–U.S. Trade Negotiations", *International Organization*, 10 January, 54:1, pp. 103-135

Mori, K. (2004) "The Cancun Breakdown and the WTO's Doha Development Agenda in Global Governance", *International Politics*, 41:3 pp. 394-414

Narlikar, A. (2003) *International Trade and Developing Countries: Bargaining coalitions in the GATT & WTO*, London: Routledge

Narlikar, A. and Wilkinson, R. (2004) "Collapse at the WTO: a cancun post-mortem" *Third World Quarterly* 25:3, pp. 447 – 460.

Nicolaidis, K. and Howse, R (2002) "'This is my EUtopia…': Narrative as Power, *Journal of Common Market Studies*, 40:4, pp.767-92

Nugent, N. (2003) *The Government and Politics of the European Union*, New York: Palgrave, Macmillan

Odell, J.S., (2000) *Negotiating the World Economy*, Ithaca: Cornell University Press

Oxfam (2004) "Arrested Development? WTO July framework agreement leaves much to be done", August, <http://www.oxfam.org.uk/what_we_do/issues/trade/downloads/bn_wtoframework.pdf> accessed in 20 July 2005

Paalberg, R. (1997) "Agricultural Policy Reform and the Uruguay Round: synergistic Linkage in a Two-Level Game?, *International Organization*, 51:3, pp. 413-444.

Patterson, L. A. (1997) "Agricultural Policy Reform in the European Community: A Three-level Game Analysis", *International Organization*, 51:1, pp.135-165.

Poonyth, D. *et.al.* (2000) Poonyth D., Westhoff P., Womack A., Adams G. "Impacts of WTO restrictions on subsidized EU sugar exports", *Agricultural Economics*, April, 22:3, pp. 233-245

Putnam, R.D. (1988) "Diplomacy and Domestic Politics: The Logic of Two-Level Games", *International Organization*, 42:3, pp.427-460.

Raghavan, C. (2003) "Agriculture reforms without EC input on modalities" *From Third World Economics*, 298, 1-15 February <http://www.twnside.org.sg/title/twe298a.htm> accessed on 20 July 2005

Rieger, E. (2000) "The Common Agricultural Policy: Politics Against Markets" in Wallace H. and Wallace W. (2000), *Policy-Making in the European Union*, Oxford: Oxford University Press, pp.179-210.

Risse-Kappen, T., (1996) "Explaining the Nature of the Beast: International Relations and Comparative Policy Analysis Meet the EU", *Journal of Common Market Studies*, 34 :1

Rosamond, B., (1999) "Discourses of globalization and the social construction of European identities", *Journal of European Public Policy* 6:4, Special Issue, pp. 652-68

Ruggie, J.G. (1982) "International Regimes, Transactions, and Change: embedded liberalism in the Postwar Economic Order", *International Organization*, 36, 2, Spring, pp 379-415

___________(1998) *Constructing the World Polity*, London: Routledge

Sampson, G.P. (2000) "The World Trade Organisation After Seattle", *The World Economy*, 23:9, September, pp. 1097-1117

Sharma, D. (2004) "WTO Tricks", *Znet*, 26 August, <http://www.countercurrents.org/glo-sharma260804.htm > accessed on 20 July 2005

Smith, M. (2001) "The European Union's Commercial Policy: Between Coherence and Fragmentation", *Journal of European Public Policy*, 8:5, pp.787-802.

Stevens, C. (2000) "Trade with Developing Countries" in Wallace, H. and Wallace, W. (2000), *Policy-Making in the European Union*, Oxford: Oxford University Press, pp.401-26.

Swinbank, A. (1993) "CAP Reform, 1992", *Journal of Common Market Studies*, vol. 31, pp. 359-72

Swinbank, A. (1999) "CAP reform and the WTO: compatibility and developments", *European Review of Agricultural Economics*, September 1999, vol. 26, no. 3, pp. 389-407

_____________ (2005) "The Evolving CAP, Pressures for Reform, and Implications for Trade Policy", paper prepared for the Australian Agricultural and Resource Economics Society's pre-conference workshop: *Trade Policy Reform and Agriculture: Prospects, Strategies, Implications*, NSW, February 8, Coffs Harbour

Swinbank, A. and Tranter, R. (2005) Decoupling EU Farm Support: Does the New Single Payment Scheme Fit within the Green Box?, *The Estey Centre Journal of International Law and Trade Policy*, 6:1, pp. 47-61

Thomson, K.J. (1998) "The CAP and the WTO after the Uruguay Round Agriculture Agreement (URAA)" in Ingersent K.A., Rayner A.J. and Hine R.C. (eds.), *The Reform of the Common Agricultural Policy*, London: MacMillan, pp.175-188.

van Den Hoven, A. (2004) "Assuming Leadership in Multilateral Economic Institutions: The EU's 'Development Round' Discourse and Strategy", *West European Politics*, March, 27:2, pp. 256-283

van Meijl, H. and van Tongeren, F. (2002) "The Agenda 2000 CAP reform, world prices and GATT–WTO export constraints", *European Review of Agricultural Economics*, 1 December 2002, 29: 4, pp. 445-470

Verweij, M. and Josling, T., (2003) "Deliberately Democratizing Multilateral Organization", *Governance*, 16:1 – January, 1-21

Wendt, A. (1992) "Anarchy is What States Make of it: the Social Construction of Power Politics", *International Organization*. 46:2

Woolcock, S. (2000) "European Trade Policy: Global Pressures and Domestic Constraints" in Wallace, H. and Wallace, W., *Policy-Making in the European Union*, Oxford: Oxford University Press, pp. 373-99.

Wilkinson, R. (2004) "Crisis and Governance of International Trade", paper presented in British International Studies Association Conference, University of Warwick, 20-22 December

Winters, L.A. (2000) "The EU's Preferential Trade Agreements: Objectives and Outcomes" in van Dijck, P. and Faber, G. (eds.), *The External Economic Dimension of the European Union*, London: Kluwer Law International, pp. 195-222

_____________(2001) “European Union trade policy: actually or just nominally liberal?” in Wallace, H. (*ed.*), *Interlocking Dimensions of European Integration*, Basingstoke: Palgrave, pp.25-44.

WTO (2000) “EC Comprehensive Negotiating Proposal”, G/AG/NG/W/90, 14 December

______(2001a) Doha Ministerial Declaration, WT/MIN(01)/DEC/1, 20 November (adopted on 14 November)

______(2001b), “Declaration on the TRIPS agreement and public health”, WT/MIN(01)/DEC/2, 20 November (adopted on 14 November)

______(2001c) “The ACP-EC Partnership Agreement”, WT/MIN(01)/15 (adopted on 14 November)

______ (2002) “Chairperson’s overview paper”, TN/AG/6, 18 December <http://www.wto.org/english/tratop_e/agric_e/negoti_modoverview_e.htm> accessed on 15 July 2005

______ (2003a) “Modalities phase: revised first draft of the “modalities” paper”, TN/AG/W/1/Rev.1, 18 March <http://www.wto.org/english/tratop_e/agric_e/negoti_mod2stdraft_e.htm> accessed on 15 July 2005

______ (2003b) “Sectoral Initiative in Favour of Cotton”, Joint Proposal by Benin, Burkina Faso, Chad and Mali, TN/AG/GEN/4, 16 May

______ (2003c) “Joint initiative by EU and US presented to trade partners in Geneva”, JOB(03)/157,13 August, <http://europa.eu.int/comm/agriculture/external/wto/document/mod_en.pdf> accessed on 15 July 2005

______ (2003d) “Agriculture Framework Proposal”, (Joint G-20 Proposal), JOB(03)/162, 20 August

______ (2003e) “Draft Cancún Ministerial Text”, Job(03)/150, 24 August <http://www.wto.org/english/thewto_e/minist_e/min03_e/draft_decl_e.htm> accessed on 15 July 2005

______ (2003f) “Draft Cancún Ministerial Text”, *Second Revision*, Job(03)/150/Rev.1,13 September <http://www.wto.org/english/thewto_e/minist_e/min03_e/draft_decl_rev2_e.htm> accessed on 15 July 2005

______ (2004a) “Trade Policy Review: European Communities”, Report by the Secretariat, WT/TPR/S/136, 23 June

______ (2004b) **“**Text of the ‘July package’ the WTO General Council’s post-Cancún decision of 1 August**”** published as WT/L/579 “Decision Adopted by the General Council on 1 August 2004” in 2 August

______ (2004c) AGRICULTURE NEGOTIATIONS: BACKGROUNDER, The issues, and where we are now, 1 December, <http://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd00_contents_e.htm> accessed in 10 July 2005

Young, A.R. (2004) “The Incidental Fortress: The Single European Market and World Trade”, *Journal of Common Market Studies*, June, 42:2, pp. 393-414