



OCP Policy Center Conference series

European Union's Common agricultural policy reforms and the sustainability of agro-food systems in the Euro-Mediterranean region: how to get trade and development back on the agenda?

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Introduction: European Union's (EU's) Common agricultural policy (CAP) in the way of stronger EU-Mediterranean (EU-Med) integration for sustainable development of agro-food systems in the region

- *The opportunities for sustainable development of agro-food systems in the EU-Med region based on trade liberalization and development programmes recognized by the Barcelona process*
- *Improved market access would put pressure on producers of „Southern products“ in the EU who felt they were already getting less from CAP*
- *„Northern countries“ contributing more to the budget were unwilling to finance additional compensation and support measures*
- Research question: **how did substantial institutional changes shaping the reforms CAP underwent since 1980s influence on the problem of CAP for the EU-Med integration?**

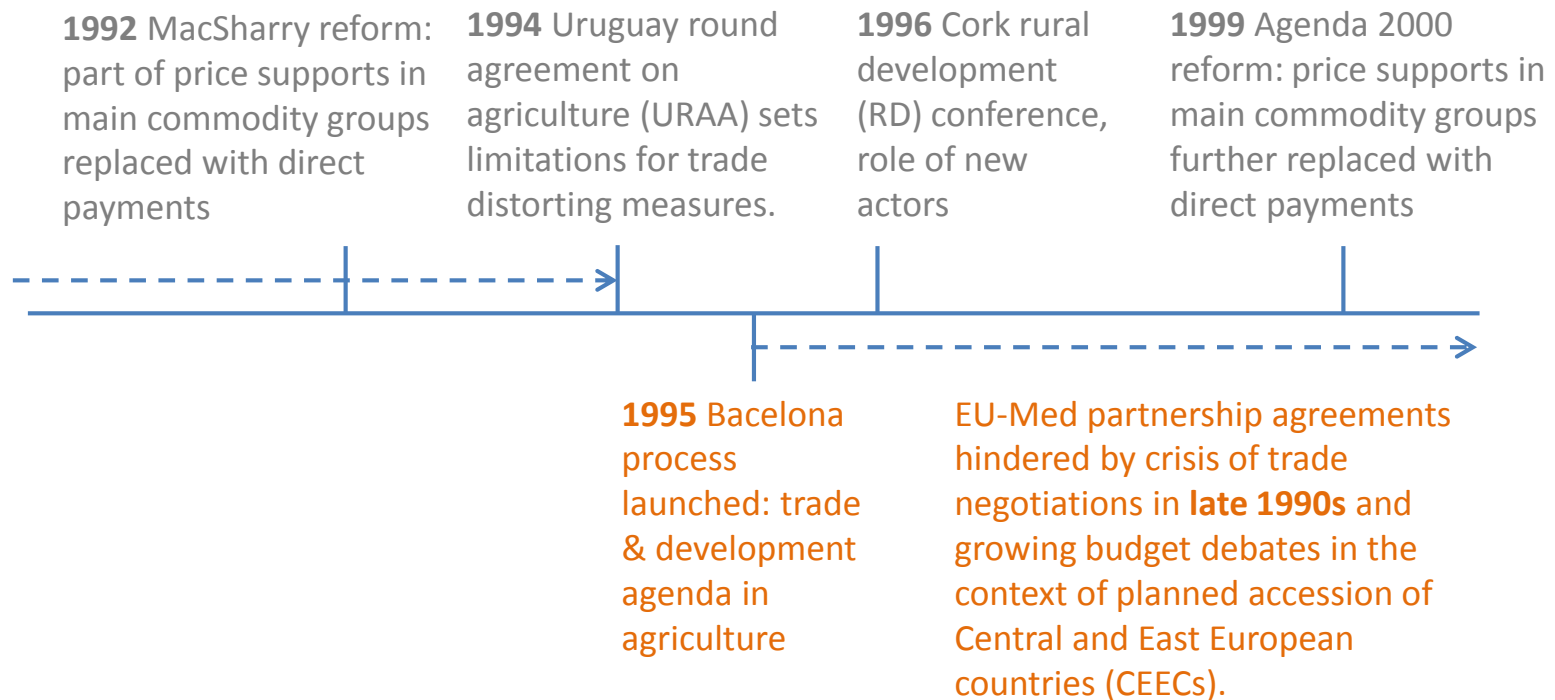
Conceptual framework: changes in institutions of representation and decision-making influencing on the CAP reforms and EU-Med integration in agriculture

Table 1: Institutional changes and EU-Med integration in agriculture

Institutional changes	Effects for EU-Med integration in agriculture
<ul style="list-style-type: none"> - Multilateral trade negotiations - Change in agricultural policy paradigm (from protectionist towards liberal-multifunctional paradigm) - Change in policy networks (diverging interests of farmers' lobbies, growing strength of environmental and developmental NGO's) - Path dependency - Change in decision-making and Commission nomination procedure (introduction of qualified majority vote - QMV) 	<ul style="list-style-type: none"> - Reduction of price and production supports - Development of better targeted supports measures - Better implicit and explicit representation of interests of Mediterranean partner countries (MPCs) - More opportunity for cooperative and value-creating strategies
<ul style="list-style-type: none"> - Growing importance of budget negotiations - Co-decision powers by European parliament since 2009 	<ul style="list-style-type: none"> - Strengthening of the value claiming strategies - Stronger status quo bias and slower reform pace

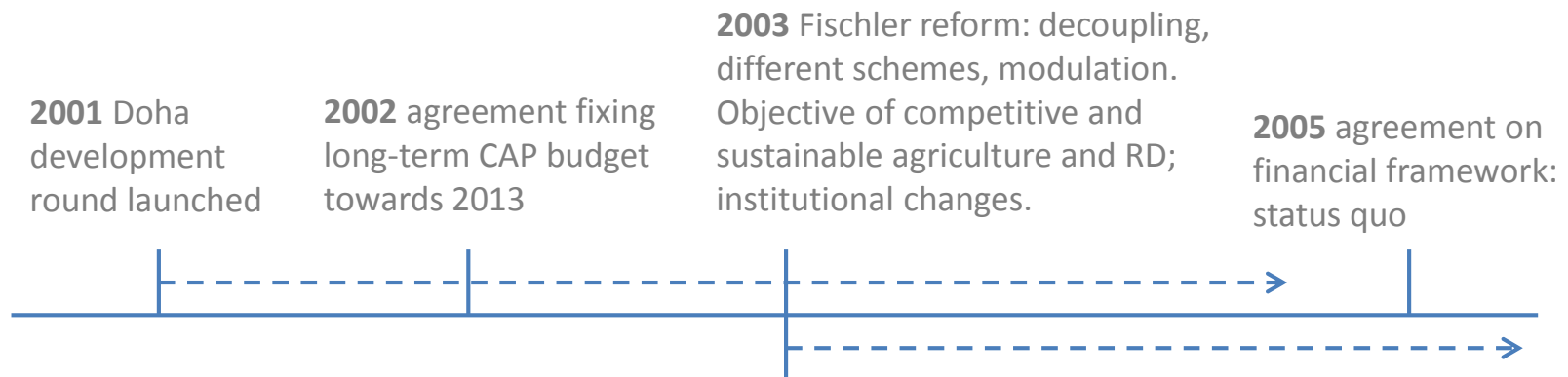
Results of the research (I): parallel analysis of the CAP reform process and EU-Med integration process

- Period 1 (1990s): change in world trade regime and launch of Barcelona process



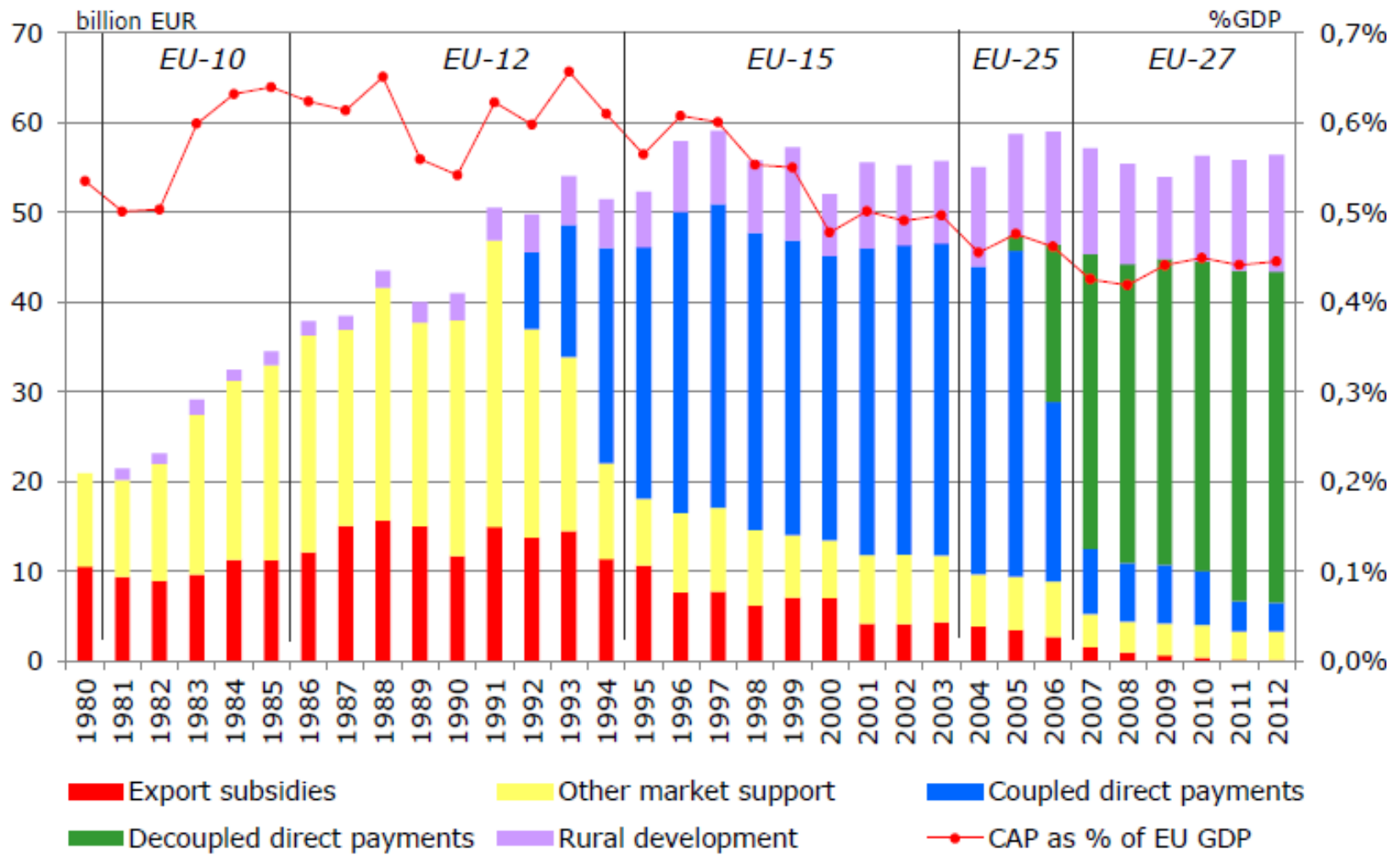
Results of the research (II): parallel analysis of the CAP reform process and EU-Med integration process

- Period 2 (2000s): towards new policy paradigm and re-launch of Barcelona process



2003 Barcelona process re-launched: ideas of liberal-multifunctional policy for Mediterranean. Some progress, however: failed attempts to conclude DDR, veto based budget negotiations defend direct supports and distributional status quo, limited gains from controlled liberalization, potential losses faced by MPCs and problems related with funding of redistribution programmes.

Figure 1: CAP supports and EU budget



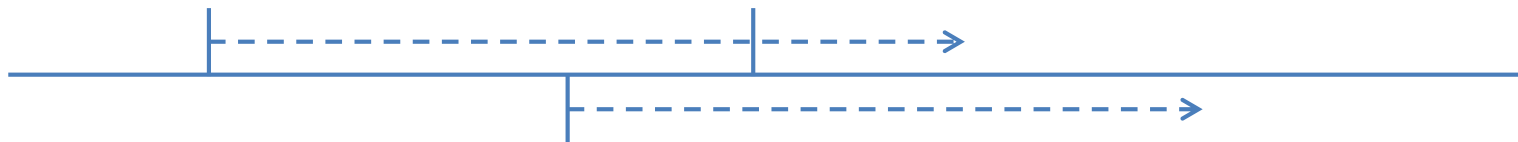
Source: European Commission

Results of the research (III): parallel analysis of the CAP reform process and EU-Med integration process

- Period 3 (2008-): Inwards orientation of the EU and crisis in the Middle East and North Africa (MENA) region

2008- pessimism with regard to the conclusion of DDR, EU-centric understanding of food security and price volatility issues, internal distributional pressures. European Parliament granted co-decision powers.

2013 2014-2020 budget agreement and CAP 2020 reform: limited changes to market measures, introduction of per area regional payments, limited convergence, green payment, flexibility to switch funds. Status-quo coalition between Council and European Parliament



Crisis in the MENA region, „Deep and comprehensive trade agreements“ initiative, opposition from E. Parliament, „controlled liberalization“ (2012 – Morocco). European Neighbourhood policy (ENP) for agriculture and RD towards 2020: two axes (modernization and RD). However: limited influence compared with effects of CAP 2020 reform.

Conclusion and discussion: changes in institutions of representation and decision-making on CAP and EU-Med integration in the field of agriculture

Table 2: CAP reforms and EU-Med integration in agriculture

CAP reforms / mechanisms facilitating reforms	1992 MacSharry, 1999 Agenda 2000 reforms: replacing trade distorting supports with direct payments	2003 Fischler, 2008 Health Check reforms: turn towards new objectives and better targeting of supports	2013 CAP towards 2020 reform: slow progress towards the new objectives
Trade	Successful conclusion of Uruguay round of trade negotiations: phasing out of trade distorting supports	Attempts to conclude Doha round of negotiations and to continue with phasing out trade distorting measures	
Budget		Pressures to curb budget expenditures and net deficits	
Paradigm shift		Towards better targeting of the new objectives (competitiveness, product quality, environment and rural development)	
Institutional change	Change in policy network, path dependency, introduction of QMV and change in Commission nomination procedures		European parliament granted co-decision powers
Euro-Med integration in agriculture	Barcelona process launched: objective of liberalization of trade and development programmes	Barcelona process reengaged: towards further liberalization and quality intensive development	Particular trade and development initiatives as a response to the crisis in the MENA

Five recommendations on how to get trade and development back on the agenda of EU-Med integration

1. **Towards global/regional trade agreements:** less asymmetric, more trade creation (importance of south-south agreements and common trade position of South-Meds.)
2. **Target reforms independent of budget negotiations** (QMV against veto); reversed flexibility: more funds for better programmes
3. **Further paradigmatic change:** better definition of public goods and better targeted mechanisms – less impact on production, better use of resources, cooperative and value creating strategies with positive spill overs
4. **Stronger presence of non-agricultural interest groups in the CAP reform process** and cooperation between producer groups in the region
5. **Influence on the preferences of the European parliament** in order to bring it closer to the Commission: more information, increased transparency