

International negotiations and debates: to what extent do they hinder or foster biodiversity integration into the CAP?

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THE CAP AS AN INTERNATIONAL POLICY

The CAP may be the EU's first common policy but its impacts on world agricultural trade makes it an international policy, subjected to pressure from the WTO and international environmental conventions. A comparison over the last twenty years of both forces shows that environmental objectives only progress when they are compatible with the overarching liberalization agenda.

THE END OF THE GREEN-LIBERAL PACT

Agricultural price hikes and the return of a "Feed the World" agenda in 2008 question both green and liberal reforms. Whereas WTO pressures have been internalized and mobilized within the Commission, and as such appear to be unmovable, the greening agenda is fast losing support as well as the communication battle, and is increasingly presented as undermining both European agriculture production and competitiveness.

GREENWASHING IN 2013

Despite high hopes for the CAP 2013 reform, and early political calls for greening of the policy, the balance of power is still strongly in favour of agricultural interests. Under tight budgetary pressures, we can fear that the CAP of 2013 will see a greening of discourses, but not policy.

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LIST OF ACRONYMS

AUNC	Areas Under Natural Constraints
AEM	Agri-Environmental Measures
ARC 2020	Agriculture and Rural Convention 2020
BSE	Bovine spongiform encephalopathy
CAP	Common Agricultural Policy
CBD	Convention on Biological Diversity
CFP	Common Fisheries Policy
CoAM	Council of Agricultural Ministers
COGECA	General Confederation of Agricultural Cooperatives
COP	Conference of the Parties
COPA	Committee of Professional Agricultural Organisations
DBV	Deutscher Bauernverband
DEFRA	Departement for Environment, Food and Rural Affairs
DFID	Departement for International Development
DG	Directorate General
DG Agri	Directorate General Agriculture and Rural Development
EAFRD	European Agricultural Fund for Rural Development
EEA	European Environment Agency
EFNCP	European Forum for Nature Conservation and Pastoralism
EU	European Union
FNSEA	Fédération nationale des syndicats d'exploitants agricoles
GAEC	Good Agricultural and Environmental Conditions
GATT	General Agreements on Tariffs and Trade
HNV	High Nature Value
IEEP	Institute for European Environmental Policy
IRENA	Indicator reporting on the integration of environmental concerns into agricultural policy
IPCC	Intergovernmental Panel on Climate Change
LFA	Least Favoured Areas
N2000	Natura 2000
NFU	National Farmers Union
NGO	Non-Governmental Organization
NMS	New Member States
OECD	Organisation for Economic Cooperation and Development
PAC 2013	Politique agricole commune 2013
RD	Rural Development
SEMA	Strategic Environmental Management Analysis
SIA	Sustainability Impact Assessment
SMR	Statutory Management Requirement
SNV	Semi-Natural Vegetation
UNFCCC	United Nations Framework Convention for Climate Change
URAA	Uruguay Round Agreement on Agriculture
WTO	World Trade Organization

INTRODUCTION

The ongoing reform process of the Common Agricultural Policy (CAP), which is due to define the policy orientations and instruments for the 2013-2020 period, has seen the mobilization of a wide variety of actors, from professional agricultural organizations, to environmental and development Non-Governmental Organizations (NGOs), agro-economists and national administrations.

Legitimization of the CAP (and its associated budget, in a time of financial crisis) is a major issue of the reform. A large part of the debate that preceded the Commission's legislative proposals was hence focused on the "public goods" that agriculture provides and which the CAP could therefore support to satisfy citizen demand. While agriculture is associated with a wide range of public goods (such as rural vitality, farm animal welfare and health), the most significant are environmental ones: agricultural landscapes, farmland biodiversity, water quality and availability, soil functionality, climate change mitigation and adaptation (Cooper *et al.*, 2009)...

Among these environmental issues, biodiversity requires a specific approach. Indeed, the development of agriculture in Europe has been intimately linked with the development of specific habitat types, comprising semi-natural vegetation (SNV), which forms the backbone of agriculture-dependent European biodiversity (Poux, 2012; Oppermann *et al.*, 2012). Therefore, a policy aimed at biodiversity preservation must not only seek to avoid environmental damage to SNV but should also support the specific farming systems that are necessary to maintain them. Hence, this requirement is a good indicator of the level of biodiversity integration into the CAP.

Moreover, it is important to remember that integrating biodiversity into the CAP is not only a

European matter for European citizens. Indeed, the CAP is an international policy, aimed at producing goods not only for the common European market but also for export. The CAP is therefore influenced by international negotiations and debates; foremost among these are the global trade negotiations of the World Trade Organization (WTO). Global environmental negotiations held within frameworks such as the Convention on Biological Diversity (CBD) or the United Nations Framework Convention for Climate Change (UNFCCC) may also have an impact on the CAP, as they may encourage the integration of environmental objectives into policy and influence the design of its instruments.

These international debates and negotiations can be contradictory in terms of biodiversity integration—some may promote it, while others hinder it. For instance, the CBD negotiations, as illustrated recently by the 2010 Nagoya Conference of the Parties (COP), have pushed for biodiversity integration, while the development of biofuels, in relation to climate change issues, is a potential threat to biodiversity preservation. A central issue stemming from WTO international trade negotiations that has consequences on the CAP is the decoupling of domestic support for agriculture, which can be ambivalent for biodiversity goals. Some argue that decoupling supports biodiversity as payments no longer encourage intensification, but others point out that decoupled "blank" payments are not sufficiently targeted towards systems of biodiversity preservation. As WTO agreements allow for environmentally targeted payments, another major issue is the share of this payment type in the overall CAP.

The intention of this paper is to provide a better understanding of how the issues of decoupling and of budget allocation for environmental and biodiversity payments are linked to international

negotiations, and how the set of ongoing international negotiations interact with the present CAP 2020 policy debate.

Drawing on a historical review of the links between the international context and biodiversity integration in the CAP since 1992, this paper focuses on the idea that the present CAP reform negotiations take place in a general context that is unfavourable to biodiversity integration. In this respect, the 2008-2012 period shows a departure from the objective of biodiversity protection when compared to the 1992-2007 period. Indeed, through decoupling, agriculture has become much more market-oriented, while changes in the economic context (price hikes, financial crisis) have

generated market signals that are pushing for a new increase of production.

The first part of the paper presents the theoretical tools used to analyse biodiversity integration, helping to comprehend how such integration takes place within a strategic game between different actors. The second part gives an account of how biodiversity has been integrated into the CAP since the 1992 reform, in relation to international negotiations and debates. The historical approach is important to better understand the current reform, as much that is at stake relates to this recent past. The last part draws conclusions regarding the international arguments and the forces at work that can either hinder or encourage biodiversity integration. ■

1. THE ANALYTICAL FRAMEWORK

1.1. How can international negotiations influence CAP reforms? A multi-level game analysis

Negotiations on CAP reform (or those that impact on the CAP) do not only take place at the European Union (EU) level, as they involve different levels of action: the international, EU, national and infra-national levels. Negotiations at each level are interlinked whereby a decision on one level depends on those taken at other levels, and which can in turn modify the options at other levels.

The two-level game analysis (Putnam, 1988) is therefore useful to understand how international negotiations can influence the process of CAP reform. Indeed, this body of literature focuses on the simultaneous interaction of negotiations at the domestic and international levels. As national governments try to satisfy domestic pressures when negotiating international agreements, there is an iterative process of bargaining both at domestic and international levels, to make sure any agreement proposed at the international level can be ratified at the domestic one: “*what happens at one level of the negotiation “reverberates” at the others. This reverberation means that strategies and outcomes at different levels of the game simultaneously affect one another*” (Patterson, 1997, p.142). Understanding what is at stake at the domestic level, and between the different countries involved in the negotiation, is therefore necessary to understand the possible outcomes of the international negotiations. Conversely, international negotiations influence the domestic policies. Thus, looking at national policies through the perspective of

international negotiations can give an interesting insight on how domestic groups pressure governments to pursue their interests.

To illustrate this interaction, Putnam (1988) refers to the concept of ‘win-set’, which is a term to describe all the possible international agreements that could be accepted and ratified at the domestic level. An international agreement can be found where the win-sets of the different countries involved in the negotiations overlap. Therefore, the larger the win-sets are, the more likely an international agreement will be achieved.

The EU context requires a third level of analysis in addition to Putnam’s theory, to take into account the specificity of negotiations involving the European institutions.

According to Patterson (1997), to fully understand policy change in the EU, the three levels of analysis (domestic, EU and international) need to be combined into a single framework, to take into account the fact that negotiations occur simultaneously at all three levels:

“Many analysts have focused their attention on the importance of domestic concerns and politics and how these are translated through the Council of Ministers and thus come to affect EU policy. Others have rightfully argued that the Council of Ministers is only one part, albeit a powerful one, of the policy-setting framework of the EU. Still others argue that EU policymaking takes place in an international context and that analysts should therefore take into account international pressures on the EU. Unfortunately, few have attempted systematically to combine these three levels of analysis (domestic, EU institutional, and international) into a single framework for analysing policy shifts in the EU” (Patterson, 1997, p.141).

Taking the EU fully into account in three level game theory calls for some changes:

- **Institution rules are critical:** how easily an agreement at the international or European level can be agreed on/ratified depends not only on overlapping win-sets but also, as illustrated by the work of Tsebelis (2002) on veto-player theory, on institutional rules: some actors are agenda-setters, they can propose a text that may be very hard for other parties to amend. Moreover, most actors are not unitary. For example, the win-set of the EU Council of ministers depends on whether there is a majority, qualified majority, or unanimity voting rule, etc.
- **Institutional settings are critical:** the EU level adds a certain amount of complexity but also provides some opportunities for Member States. First, they can use the European Commission as a scapegoat, blaming it for decisions that are controversial at the domestic level (Fouilleux, 2003, p.269). Moreover, as far as agricultural policies are concerned, Member States can adopt different positions in the European Council or in the Council of Agriculture, whose debates are not followed by the same audience (Fouilleux, 2003, p.268). Choosing the institutional setting for the final decisions on a CAP reform is therefore influenced by the intentions of agriculture ministers and heads of states in their efforts to avoid blame for unpopular decisions (Daugbjerg, Swinbank, 2007).
- **Actors have different access to the three levels:** some non-policy making actors such as international NGOs can obtain direct access to the international level. The EU is in fact not a “normal” international level as policy-makers and a variety of civil society organizations are present at this level. The complexity and opacity of the functioning of the European political system, and of policy instruments in the case of the CAP, make access to information a crucial prerequisite of taking part in the game at the EU level.

To analyse how international agreements can be mobilized to support the integration of biodiversity into the CAP, it is first necessary to clearly define what this integration consists of, along with the conditions that will determine its success.

1.2. Integrating biodiversity into the CAP

1.2.1. How to define biodiversity integration?

Biodiversity integration is a wide concept which is conventionally defined using the OECD three-tier definition of 1989. The OECD distinguishes between institutional integration (by means of collaboration, cooperation and communication), the establishment of objectives (jointly), and the

elaboration of policy instruments to further integration. This definition helps us see that integration can happen at a variety of scales, and that it requires both institutional and policy shifts. But this definition has two drawbacks. First, it focuses solely on the process, not on its results: do biodiversity integration policies yield better results for biodiversity on the ground? Second, it is silent on how these different processes come into play: who drives integration?

By taking results into account, we are better able to define the breadth of our study: impacts on biodiversity in European farmland are not all due to the CAP. Other policies, such as environmental policies, and other factors (prices, etc.) also play a vital role (Poux, 2012), and the CAP does not exist in a policy vacuum: other EU policies (on trade, the environment, development, climate change, energy, etc.) can affect it, as well as international negotiations (in the WTO, CBD, etc.). These policies can have direct or indirect, positive or negative, impacts on biodiversity integration. Hence our study of biodiversity integration in the CAP will lead us to review how other policies, especially at international level, can hinder or foster this integration.

But integration is not a self-sustained process: it is about “changing the unsustainable ways in which many activities are—often very strongly—organized” (Mermet, 2011). This change requires action by a certain type of stakeholder who is pushing for biodiversity integration. To understand who these actors are and how they can affect changes, we looked for insights in the Strategic Environmental Management Analysis (SEMA) literature.

1.2.2. Biodiversity integration as a strategic game

SEMA highlights the need to study biodiversity integration as a process furthered by the strategic action of certain key stakeholders or “biodiversity actors”. As strategic environmental actors seeking to promote a biodiversity agenda, their objective is to facilitate CAP reform in a direction that would yield a better outcome for biodiversity. According to Mermet (2011, p.15), SEMA focuses on a “triangular strategic game” involving “(1) A strategic environmental actor; (2) A sector-based actor; (3) A regulating actor”. Each type of “actor” here stands for what is usually a complex network of institutions, spread-out across different levels of governance, etc.

To understand how these different actors relate to each other, we turn to policy network literature. “A policy network is an organizational arrangement created to facilitate the intermediation between state

actors and organized interests” (Daugbjerg, 1999, p.413). Policy network literature differentiates between types of policy networks, based on their degree of internal cohesion (how interdependent the members are, how exclusive they are, etc.). There are two opposing models of policy networks: policy communities and issue networks. Policy communities exist where organized interests and governments are linked by a shared vision of the policy, and united by tight-knit corporatist links; while issue networks are looser, more *ad hoc* combinations of divergent interests. The main conclusion in policy network literature is that the greater the cohesion of the policy network, the smaller the reform that can be achieved (*ibid.*), as the divergent interest (in this example our “environmental actor”) is either not heard, or not deemed credible.

Eve Fouilleux (2003) identifies five actor forums that influence the CAP reform process: four “idea-producing forum” and a “policy community forum”, the latter being where the decision-making takes place. The idea-producing forums, which attempt to influence the policy community one, are: the agricultural forum where agricultural interests are defined; the environmental forum where environmental interests are defined; the scientific forum composed of agronomists, agro-economists, development economists, etc.; and the political communication forum whose members try to spin policy decisions into favourable electoral outcomes.

Building on these three bodies of literature (SEMA, Forums and Policy Networks), we propose the study of CAP reforms with a focus on biodiversity actors and their strategies to voice their opinions and deliver change for biodiversity, first within the environmental forum and second with regard to the policy community forum and its degree of cohesion. An analysis of these actors also requires the taking stock of strategies that are pursued by other key actors such as the sector-based actors in the agricultural forum, agronomists, economists, etc. It is their strategies, and how they relate to policymakers, that can both weaken or strengthen the impact of biodiversity actors.

When trying to influence the CAP reform process, actors may build strategies and discourses to promote or oppose changes at different policy levels: the policy paradigms (which guide the way the whole policy is defined), objectives, instruments or results.

Three main policy paradigms can be identified as underpinning the CAP (Daugbjerg, Swinbank, 2008b). The state-assisted paradigm (or neo-mercantilist paradigm) rests on the principle that agriculture contributes to an important national goal, and therefore should be supported by the

state (Erjavec *et al.*, 2008). The agricultural model supported by this paradigm is a productive one, aimed at exporting products (Trouvé, 2009). A second paradigm is the neo-liberal paradigm (or market-oriented paradigm), for which agriculture should be treated as any other economic sector and agricultural markets should therefore be liberalized. Here, agricultural production systems have to be competitive, and market forces determine income and farm production (Daugbjerg, Swinbank, 2009). Finally, the multifunctional paradigm recognizes that agriculture does not only have a food production function, but also provides public goods, such as environment protection, rural landscape preservation, rural areas viability, cultural heritage (Erjavec *et al.*, 2008), etc. Analysing the evolution of the place of these paradigms through different CAP reforms can be useful to understand what interests they defend and in which direction they influence policy.

The purpose of our study is to analyse the influence of international negotiations and debates on biodiversity integration in the CAP, from a historical perspective starting in 1992. Our approach is based on academic literature, the analysis of CAP reform position papers published by various actors, and interviews with a number of actors¹ that were involved in international negotiations or CAP reform processes (Commission officials, NGO staff members, French ministry representatives, etc.). As mentioned earlier, this influence cannot be analysed alone as it interacts with other drivers at EU and domestic levels. More specifically, it is vital to understand how the European Commission, as the competent level for CAP and international negotiations, has integrated both international and domestic forces in the development of the CAP.

2. UNDERSTANDING BIODIVERSITY INTEGRATION IN THE CAP: A HISTORICAL APPROACH

Environmental concerns, including biodiversity, started to be considered within the CAP to any significant degree following the 1992 CAP reform, which therefore marks the starting point of our story.

When looking at the CAP reforms between 1992 and today from a biodiversity integration perspective, two distinct periods appear. The first starts in the beginning of the nineties with the preparation of the MacSharry reform, which represents a deep shift in the philosophy of CAP instruments,

1. See the list of interviewees in the Appendix. In the following text, references to interviews are indicated with [*].

but also sees the rise of environmental (including biodiversity) concerns. From then on until the 2003 Mid Term Review, these tendencies towards both liberalization and environmental integration showed no obvious contradictions between them, and both the multifunctionality and neo-liberal paradigms paved the way for policy reform.

The 2008 reform marked a turning point, when certain changes in the international context undermined these apparent convergences:

- The state of global agricultural markets, the increasing food demand and the hunger riots of 2008 presented a challenge to liberalization, while multilateral trade negotiations reached deadlock;
- Environmental issues had gained importance, but “competition” appears between different environmental objectives (for instance biodiversity or climate change), an issue that was complicated by the bio-energy controversy.

In this new context, the productivist model of agriculture regained ground, apparently supported by international arguments (with calls to “feed the world” and “produce biofuels”), while biodiversity actors had to develop new strategies.

2.1. 1992-2003: the emergence of a green-liberal pact?

The eighties were marked by the rise of liberalism as the prevailing economic ideology and by the development of free trade. The “Fortress Europe” on which the CAP was founded came under strong criticism, as the Soviet Block collapsed. The call for reduced budget and tighter public expenditure also pushed towards CAP liberalization.

In parallel, growing concerns on environmental issues led to a new awareness of the necessity to tackle them on a global scale, which culminated in the Rio World Summit in 1992.

These two trends affected agricultural policies, as questions arose both on their impacts on global trade (OECD, 1987) and on the environment (European Commission, 1988). With the inclusion of agriculture in the General Agreement on Tariffs and Trade (GATT) negotiations during the Uruguay Round (which started in 1986), trade concerns, combined with internal EU factors, became drivers of major CAP reform.

2.1.1. The 1992 CAP reform: a major policy shift, challenging a productivist and state-assisted agriculture

By the end of the eighties, the CAP had been criticised for many years due to the continual and significant increase in expenditure on European agriculture and its impact on world agricultural markets.

At this point, the CAP was based on two complementary instruments:

- Price support for agricultural products inside the EU market;
- A system of border measures, with a levy on agricultural imports and export refunds, which maintained EU prices above world prices.

This system, which was a victim of its own success, led to massive overproduction in Europe. As supply increased faster than demand, world prices dropped, which kept increasing the amount of agricultural support needed to maintain the incomes of European producers and to manage the growing food stocks. Meanwhile, thanks to its export subsidies, the EU was able to expand its share of world agricultural markets, which triggered rising protests from the main agricultural exporting countries (the USA and the Cairns group)². Pressure was also being applied by development NGOs such as Oxfam, which condemned the negative impacts of the CAP on developing countries (Oxfam, 1987).

Despite these various pressures, the CAP had not undergone any serious reforms since its creation and its core philosophy remained unchanged. A series of reforms did eventually take place in the eighties, the main driver of which was budgetary pressure (Daugbjerg, Swinbank, 2007), but they failed to deeply change the CAP instruments (Fouilleux, 2003, p.21). An innovative measure—milk quotas—was introduced in 1984, which signalled a turning point as they aimed at controlling production rather than supporting its increase. However they were based on quantitative control and did not question the central policy instrument of guaranteed price (Fouilleux, 2003, p.19).

The real shift occurred in 1992 with the MacSharry reform, which decreased price support and compensated farmers with direct payments. Important reform was suddenly made possible due to major changes in the international context and their consequences on internal negotiations.

2.1.1.1. From international trade negotiations to EU budget pressure: the three-level game behind the 1992 CAP reform

The ground for reform was laid in the beginning of the eighties, when OECD members, concerned with the degradation of agricultural markets, requested their Secretariat to study the relations between agricultural policies and trade. The potential impacts of domestic agricultural policies

2. In 2011, the members of the Cairns Group were: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand and Uruguay (cairnsgroup.org).

on global trade were not obvious at that time, and trying to assess them raised methodological challenges for OECD analysts (Fouilleux, 2003).

The role of agro-economists from the scientific forum was very important, as the tools and concepts of welfare economics inspired further work of the OECD. While those scientists had for years been trying to raise the alarm on the negative impacts of existing CAP instruments, the use of their expertise at an international level gave them more visibility (Fouilleux, 2000). The OECD studies on agricultural policies and trade³ introduced a whole new approach to agricultural policy with the potential to redefine the terms of public action in agriculture.

Under growing pressure from agricultural exporting countries, which were able to refer to arguments from the OECD's work, a new GATT negotiation round was started in 1986. For the first time it accorded an important place to agricultural issues and aimed at fostering agricultural trade liberalization. In this context, the USA and its allies denounced the CAP as a protectionist policy, but the EU adopted a defensive position, reluctant to reform its agricultural policy.

In 1990, after the ministerial conference of the GATT in Brussels, the negotiations reached a stalemate, mostly because of disagreement on agricultural issues between the EU and the USA. But as a Uruguay Round agreement was to be a global package including other goods and services, industrial and services lobbies pushed for concessions on agriculture in order to conclude the negotiations, while the CAP was already under a lot of pressure because of its increasing costs, and the conflicts between the payers and beneficiaries (the British rebate was established in 1984).

Patterson (1997) explained how a three level game between domestic, European and international levels thus created the conditions for a substantial CAP reform, which in turn enabled an agreement to be made between the EU and the USA (the "Blair House" agreement) and therefore a conclusion of the Uruguay Round negotiations:

"MacSharry as the chief EC agricultural negotiator at the GATT was able to use the negotiations at Levels I [international] and II [European] to craft a deal that was acceptable at all three levels. MacSharry utilized the Uruguay Round crisis, the EC budget crisis, and the growing pressure from diverse domestic groups in the various member states to achieve a ratifiable reform of the CAP. Then he used the CAP reform to

both restart the GATT negotiations and set the limits for an acceptable GATT agriculture agreement by pleading that the EC could not ratify an agreement that moved significantly beyond the 1992 MacSharry reform" (Patterson, 1997, p.162).

The cost of not reaching an agreement at all three levels, and thus maintaining the status quo, was too high (Patterson, 1997). First, at the international level, the pressure to move forward on agricultural talks was great because of the timing of the negotiations: the USA wanted to reach a conclusion before the presidential elections of 1993, while there was intense lobbying from other sectors that would gain from a Uruguay Round Agreement (Patterson, 1997).

At the European level, the pressure on the CAP was also strong. This was mainly due to its increasing budgetary weight but also, to a lesser extent, because plans for the Maastricht Treaty and for Economic and Monetary Union were underway and adaptations of the CAP could be beneficial for their development.

Concerning the negotiations at the domestic level, the main change that allowed room for reform probably took place in Germany. Indeed, following the reunification, the country's spending was reducing while its deficit was rising, leaving Germany no longer able to afford an increase in CAP expenditure. The structure of German agriculture had also changed, with the introduction of huge factory farms from the eastern side of the country. Moreover, the balance of power between interest groups was modified, industrial and labour lobbies were gaining in power compared to agricultural ones. Therefore, Germany expanded its win-set on CAP reform, moving closer to the UK and weakening the French-German compromise that previously supported the existing CAP (Patterson, 1997). However, it is paramount to note that the main objective for the Commission, Germany and France was not to decrease the CAP budget, but to control its increase. In no way was CAP liberalization intended to lead to a decrease of public support.

Despite violent protests from the agricultural sector in France, the MacSharry reform was not catastrophic for highly competitive French cereal growers, because cutting prices enabled them to benefit from their comparative advantage (Fouilleux, 2003), while the overall CAP budget had, after all, been maintained and was even due to increase. The ultimate adoption of the reform was apparently facilitated by a Franco-German agreement involving a trade-off linking cereal and beef price cuts (Webber, 1999).

The professional agricultural forum tried to resist the reform, but was not prepared for its

3. For instance: OECD, 1987, National Policies and Agricultural Trade, Paris.

impact. As Fouilleux (2003, p.326) reported, even if they were expecting changes, both European and national agricultural unions were surprised by the radicalism of the reform proposals, and were not able to come up with any alternative solutions. For instance, the Committee of Professional Agricultural Organisations (COPA) was unable to mediate between the demands of its members, only managing to combine them, therefore being neither useful nor indispensable as an interlocutor for the Commission in the conflicts over agricultural policy (Webber, 1999, p.58).

The European Commission played a decisive role within the policymaking forum, it did not wait for a Council mandate but started the reform on its own initiative. The Directorate General (DG) for Agriculture refused to relinquish its leadership on agricultural issues to other DGs, and secretly began preparations for a reform project in 1989, before presenting its first proposals to the Council of Agricultural Ministers (CoAM) in February 1991 (Fouilleux, 2003, p.321). For the negotiation of the Blair House agreement with the USA, the External Relations and the Agriculture Commissioners did not consult the Council either, calculating that once an agreement could be reached, EU Member States would not reject it because of the internal and international pressures (Webber, 1999, p.54).

But the CoAM role was nevertheless decisive: it seriously weakened the ambition of the Commission proposals (Fouilleux, 2003, p.324). Having accepted a framework that satisfied the requirements of the international level, the agricultural ministers of Member States tried to negotiate at the European level to best satisfy the interests of their own domestic agricultural groups. They succeeded in accepting apparently radical reform—the new instruments (direct compensation payments instead of price support)—while adjusting them so that the distributive effects of the CAP would not be changed.

To summarize, the political choice of European countries to “save” the international trade negotiations led, with the combined effect of internal budget pressure, to a radical reform of the CAP. If it represented a moral victory for the Commission (Patterson, 1997), the sectorial negotiation at domestic and European level managed to preserve the content and effects of the policy (Fouilleux, 2003, p.336). Even though policy instruments were changed, the CAP still rested on the state-assisted paradigm (Daugbjerg, Swinbank, 2007).

The Agreement on Agriculture that was finally agreed in the Uruguay Round served to reduce the degree to which agriculture was exempted from global trade rules (Daugbjerg, Swinbank, 2008a). It also introduced constraints on agricultural

policies, notably in terms of conditions for domestic support that would provide the basis for the subsequent CAP reforms until the present day.

While the 1992 reform made substantial changes to the CAP’s market instruments, it also constituted an important step as far as the objective of biodiversity integration was concerned, because it recognized the links between agricultural policy and the environment and introduced instruments that addressed environmental concerns within the CAP.

2.1.1.2. The first steps for the integration of environment

a. International and internal drivers for the integration of environment

If the international context is not usually considered as a major driver to explain the integration of environment into the CAP in 1992, the rise of environmental concerns throughout the seventies and eighties did have an influence at the EU level. The Rio World Summit that was held in June 1992 created a momentum for environmental issues and laid down the principle of integrating the environment into sectorial policies.

The influence of this general context is visible in EU legislation. First of all, the attention given to the environment was more explicitly mentioned in the Treaties agreed on during this period. The 1986 Single European Act affirmed the importance the EU was giving to environmental matters by increasing the power of the European institutions in this field. The obligation to take environmental concerns into account in all EU policies was also introduced. The 1992 Maastricht Treaty confirmed this trend by raising the environment to the rank of “policy”.

This increasing importance of the environment was accompanied by the will to better assess its state at the European level. In 1990, a Council regulation created the European Environment Agency (EEA) with the objective to “help the Community and member countries make informed decisions about improving the environment, integrating environmental considerations into economic policies and moving towards sustainability”.⁴ In 1991, the first Pan-European Conference of Environment ministers was held, which requested an assessment of the state of Europe’s environment and of the pressures arising from human activities. This report was published as the “Dobris Assessment” in 1995 (EEA, 1995).

Environmental legislation was also starting to tackle issues directly related to agriculture,

4. www.eea.europa.eu/fr/about-us/who

notably with the 1991 Nitrates Directive. The Habitats Directive, which was discussed at the same time as the MacSharry reform, aimed to protect “habitat types”, including agricultural ones, of specific importance at the European level. These new regulations were certain to have an impact on European farmers, as complying with new environmental standards would mean a modification of their practices (Patterson, 1997).

b. Introducing environmental concerns into the CAP

During the eighties, some Member States tested policy instruments for environmental preservation on agricultural land, but not necessarily through the CAP. Notably, the UK was pioneering in this area with its 1981 Wildlife and Countryside Act, which required advanced notification from farmers intending to carry out potentially damaging operations on protected land (known as Sites of Special Scientific Interest). Farmers received compensation if they were denied the right to carry out their intended operations (Latacz-Lohmann, Hodge, 2003).

In the CAP itself, the first compensatory allowances for less favoured areas (LFAs) were introduced in 1975 to ensure the continuation of farming in areas where natural handicaps caused lower agricultural productivity and farming systems were more vulnerable (EEA, 2006). However, the first acknowledgment that agriculture had a direct and significant impact on the environment can be found in the Green paper “Perspectives for the Common Agricultural Policy” (European Commission, 1985) published by the Commission in 1985 (EEA, 1995).

The same year, the original agri-environment policy measure was introduced with Article 19 of Regulation 797/85 (Baldock *et al.*, 1998, p.18) which allowed Member States to make payments to farmers in environmentally sensitive areas affected by agriculture by setting aside land (EEA, 1995).

When the time came for the 1992 reform, environmental concerns were still being taken into account, and the Commission’s communication on the reform recognized that the CAP encouraged intensification and its associated problems:

“A system which links support to agriculture to amounts produced stimulates production growth and thus encourages intensification of production techniques. This development, if unchecked, leads to negative results. Where intensive production takes place nature is abused, water is polluted and the land impoverished. Where land is no longer cultivated because production is less dependent on surface area, abandonment and wilderness occur” (European Commission, 1991).

There was thus a clear awareness of the environmental impacts caused by the CAP and the intensive agriculture it supported. As a result, increasing pressure was applied from different forums to encourage the adaptation of the policy to address environmental issues.

Conservation NGOs influenced the EU’s own biodiversity policy, in particular the Habitats Directive. Their naturalistic influence on these policies is evident—the policies refer to lists of species and habitats, along with objectives and tools that are the hallmarks of NGOs working towards biodiversity conservation (Poux *et al.*, 2006).

Nevertheless, for Fouilleux (2003, p.38), the environmental forum had hardly become engaged with agricultural issues at the beginning of the nineties. However, according to one NGO staff member, it is precisely due to the efforts of environmental NGOs that the alarm was raised and increased media coverage was given to the agricultural impacts on the environment, resulting in these issues being taken into account in the CAP [*].

Some environmental NGOs wanted to have their say on agricultural policy, for instance in 1993 Greenpeace published: “Green fields, grey future: EC Agriculture Policy at the Crossroads”, but despite this did not appear to be included in the institutional debate. This is probably due to its influence networks: Greenpeace was more used to working with the DG Environment on biodiversity policy, but this DG was excluded from the debate by the Directorate-General for Agriculture and Rural Development (DG Agri) (see below), which may be one of the reasons why Greenpeace was prevented from getting close to the decision process. Nevertheless, the 1992 reform, by introducing environmental concerns into the CAP, created a space for environmental NGOs to enter the CAP reform process.

As for the agricultural forum, a change of attitude was visible towards environmental issues (previously such issues had frequently been denied), despite the underlying tension between the productionist model and the new concerns for environmental preservation (Poux *et al.*, 2006).

Moreover, farming representatives did not want to be kept away from agri-environmental decision-making, therefore taking strategic action to get involved in these issues. In 1991 for instance, even before the CAP reform proposals had been released, the COPA published a position paper on the relationship between agriculture and the environment, aiming to influence the reform process (Fouilleux, 2003, p.282).

The debates on environmental issues that took place within the different idea-producing forums

then spread across the policy community forums. After the CAP reform had been adopted, the European Council affirmed its commitment to pursuing environmental protection as an integral part of the CAP and asked the Commission for further proposals on this issue (EEA, 1995, p.462), which shows how Member States had integrated environmental concerns.

However, in terms of the institutional game at the EU level, DG Agri wanted to stay at the helm with regards to agri-environmental measures, and it succeeded in keeping DG Environment away from the discussions on CAP reform proposals (Fouilleux, 2003).

c. The resulting 1992 CAP reform: timid progress

The pressure to reduce overproduction that, *inter alia*, led to the 1992 CAP reform represented a good opportunity for the integration of environmental concerns because limiting production and thus restraining intensification are potentially compatible with environmental requirements.

However, the final CAP reform was disappointing regarding environmental integration, as only a few targeted environmental measures were introduced [*] and an insufficient budget was allocated (Baldock, Beaufoy, 1993, p.108). In addition, environmental measures were to be co-financed by Member States, hence the introduction of a fundamental distinction between direct payments (fully financed by the EU budget) and environmental payments (co-financed by Member States) that is still in place today and which restricts the transfer towards the latter.

A number of tools were introduced to reduce production, notably set-aside and quotas, but these instruments were not aimed at protecting the environment, and nor were they designed and implemented for this purpose. A lack of research and studies into the way that set-aside could have served biodiversity objectives is a particularly significant example of a missed opportunity (Poux *et al.*, 2006).

Moreover, the agri-environmental regulation (EC n°2078/92) was not given specific emphasis, instead being made part of the three accompanying measures introduced by the reform, the other two being support for early retirement and afforestation. However, it did represent a decisive step, as it made it compulsory for all Member States to implement an agri-environmental programme. The possibility of doing so had existed since 1985 (see above) but some Member States had not used it, especially in the South. It also extended the range of agri-environmental measures, and allowed for all agricultural land to be included in agri-environmental programmes rather than only

environmentally sensitive land (Latacz-Lohmann, Hodge, 2003, p.130). However, through the implementation of this regulation, certain options were given to Member States that were likely to weaken its effects, such as for instance the option to establish a general regulatory framework for horizontal implementation throughout the country, rather than designing programmes zonally (Baldock *et al.*, 1998, p.18).

Questions can also be raised on the exclusivity of the regulation's environmental objectives. Since the cuts to price support would put farm incomes at risk, could agri-environmental measures have been designed to maintain a sufficient amount of subsidies for farmers [*]? Sustaining farm income actually appears explicitly as one of the three objectives of regulation 2078/92: "*contribute to providing an appropriate income to farmers*" (Baldock *et al.*, 1998, p.18).

Another weakness of the regulation is that it was implemented without a thorough assessment of the environmental impacts of the CAP, and therefore there had been no analysis of the actions and resources required [*].

Finally, while the 1992 CAP reform did represent a turning point for environmental integration, important contradictions remained between objectives and policy instruments. Indeed, the CAP's new orientation had dual environmental objectives: one to remove land from production with set-aside, and the other to reduce applications of chemicals in some parts of the EU, even though the set-aside policy could promote increased intensification on the remaining areas of productive land (EEA, p.462).

Moreover, the signals that encouraged intensification had not been suppressed, notable examples being the silage maize or irrigated crops premiums (Fouilleux, 2003, p.324; Baldock *et al.*, 1998, p.135; Guyomard, Mahé, 1995, p.665) and in some regions the continued investment in farm modernization, restructuring and intensification (Baldock, Beaufoy, 1993, p.100).

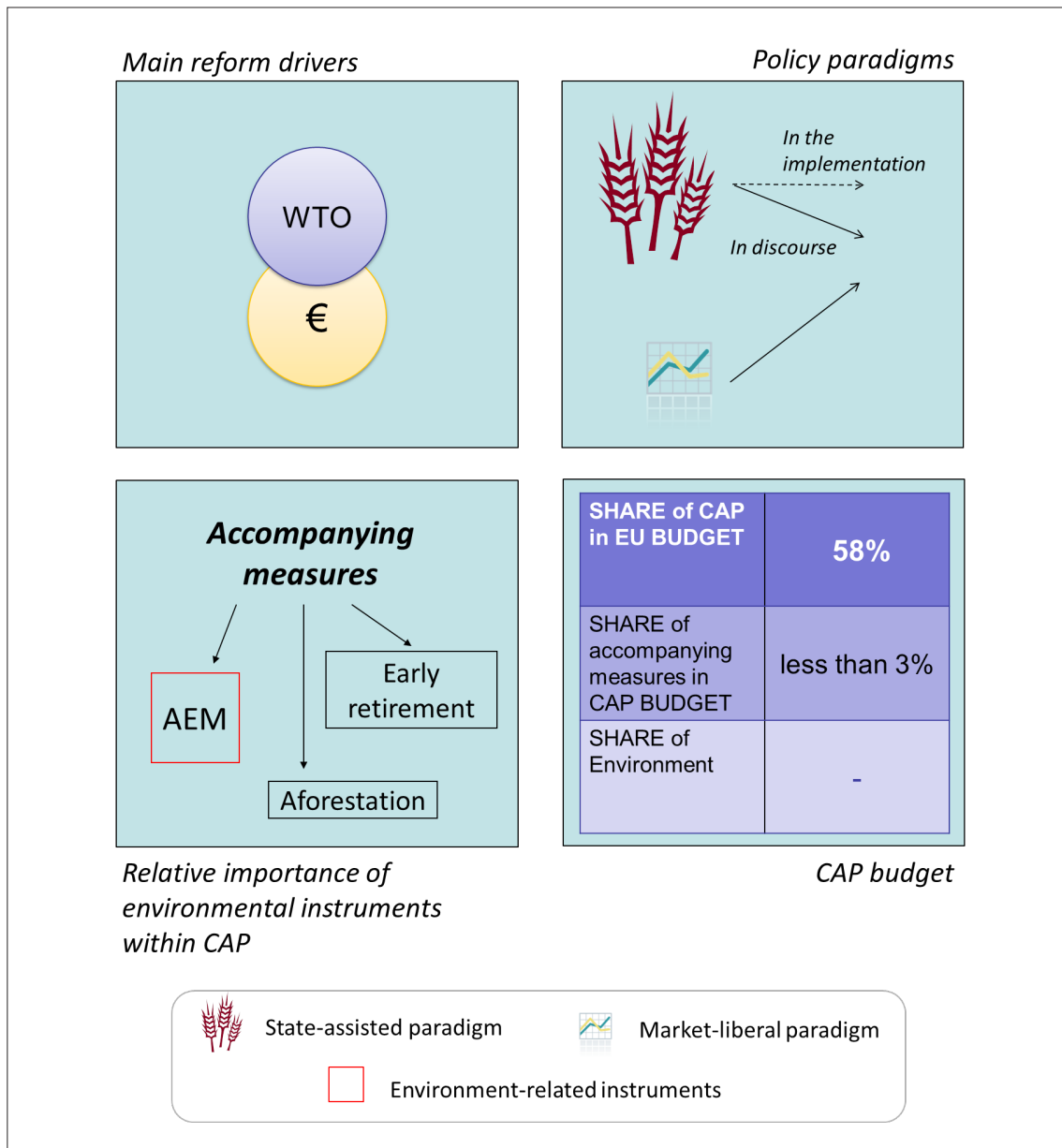
2.1.1.3. Conclusion: moving (slowly) away from a harmful policy?

Figure 1 summarizes the main drivers of the 1992 reform, the evolution of policy paradigms and of the place of the environment in the reformed CAP.

In 1992, the future of the CAP seemed to be influenced by contradictory forces:

- A conservative force that sought to keep farm level payments attached to the development of productive farming, despite the pressure stemming from international trade negotiations;
- An environmental force that managed to integrate environmental concerns into the CAP but still wanted more.

Figure 1. Drivers, policy paradigms, and environmental and budgetary outcomes of the 1992 CAP reform



The WTO and budgetary pressures were the main drivers for this reform. The EU negotiated WTO rules (through the Blair House Agreement and the blue box) so that they would not question its reformed CAP instruments (new direct payments complied with the blue box requirements). At the same time, it enabled the EU to stay within budgetary constraints.

Concerning policy paradigms, the lowering of price support that was necessary to adhere to WTO requirements may be expected to weaken the state-assisted paradigm; however, during the negotiation process Member States were in fact able to maintain a significant budget for their farmers and avoid a redistribution of subsidies. Nevertheless, the market-oriented paradigm became the prevailing ideology. Environmental issues were introduced in CAP instruments, with one of three accompanying measures, but the share of budget dedicated to them was almost insignificant.

As for the interaction between international and EU negotiations, the curbing of agricultural exceptionalism in global trade rules, combined with the need to control overproduction at the EU level for budgetary and environmental reasons, undermined the state-assisted paradigm that had previously sustained the CAP. The Uruguay Round Agreement on Agriculture (URAA) instead introduced the market liberal paradigm as the ideal basis of the new farm trade regime (Daugbjerg, Swinbank, 2009). However, in the actual implementation of policy instruments, Member States managed to preserve a state-assisted approach, and a conservative distribution of payments among Member States and across regions. Therefore, despite the important shift in terms of instruments, the distributive effects of the CAP remained unchanged: the larger producers were still getting more money, the envelope of Member States was preserved, and even increased.

The multifunctionality paradigm also entered the policy scene, as illustrated in the Commission's communication on the perspectives for the reform: *"the farmer fulfills, or at least could and should fulfill, two functions viz firstly that of producing and secondly of protecting the environment in the context of rural development"* (European Commission, 1991).

The URAA not only impacted on policy paradigms, but it also imposed new constraints on the instruments of agricultural policy. The three categories of domestic support it defined, known as the amber, blue and green boxes,⁵ set the framework in which agricultural subsidies could be given to farmers and agri-environment schemes could be designed.

The green box subsidies are required to have no, or at most minimal, trade-distorting effects or impacts on production. They are exempt from reduction commitments. All subsidies that do not meet this fundamental condition are classified as belonging to the amber box, for which countries have set reduction commitments. The only exceptions are subsidies that limit production, which are part of the blue box. The blue box was introduced under pressure from both the EU and the USA, following the Blair House agreement, and is not subject to reduction commitments. Payments associated with environmental programmes are part of the green box, but to prevent them from distorting trade, they cannot be linked to production and they can only compensate farmers for foregone income and costs incurred at the farm level.

5 www.wto.org/english/tratop_e/agric_e/agboxes_e.htm

Complying with these new rules or, more accurately, justifying the payments according to these rules, will be a predominant factor in the coming CAP reforms and are a subject that is currently under discussion. It should be noted that it is the responsibility of the Commission to determine which box a payment belongs to. Other parties can criticize the categorization, but are not involved in the notification process.

Interpreting the importance of the environment and biodiversity in the 1992 reform leads to an ambivalent perspective: while the instruments introduced and funds allocated for the environment were insufficient (Baldock, Beaufof, 1992), these measures still represent progress and there is hope for more in the future.

Environmental integration was by then a collection of different themes in which both nature conservation (through habitats) and water management (through nitrates pollution) were clearly identified. Biodiversity was only one of these environmental issues, and was not particularly high on the political agenda, although not totally absent.

In short, the compromise between the URAA, the European Commission and Member States can be summarized as follows:

- to maintain a high budget but to control its increase;
- to comply with URAA requirements by changing the nature of payments and shifting them into the blue or green boxes;
- to integrate environmental instruments in the CAP, but still as an option for Member States. This integration was not induced by international pressure but by domestic demands, the Rio Convention and the CBD offering a generally favourable context but a non-binding framework.

Both of the trends towards liberalization and integration of the environment continued in the two following reforms of 1999 and 2003, with largely the same drivers: global trade negotiations, budget pressure (increased by enlargement) and environmental concerns.

2.1.2. From the MacSharry to the Fischler reform: confirming the policy shift, when WTO requirements and environmental integration seemed to converge

2.1.2.1. Continued pressures from trade negotiations

Global trade negotiations at the WTO (created in 1995) continued to exercise a strong influence on the CAP, although differently for the two reforms.

a. Preparing a new trade round: the Agenda 2000 reform

The Marrakech agreements of 1994 that concluded the Uruguay Round planned for a new round of trade negotiations at the beginning of the new millennium. Therefore, the 1999 CAP reform aimed at preparing the EU position in the forthcoming negotiations, as the Commission's communication for the new CAP proposals highlights:

"Greater market orientation will prepare the way for the integration of new Member States and reinforce the EU's position in the coming WTO Round" (European Commission, 1998a).

Hence, there was no possibility of going back to a pre-1992 CAP, as the policy would then not be compatible with the WTO rules agreed on in 1994, which would have left the EU in a very delicate position in trade negotiations. However, as the new WTO round had not yet started, there was insufficient pressure to induce substantial changes in the market instruments.

At the EU level, the Commission, who would have pushed for a more ambitious reform, was weakened by financial scandals and resigned during the final phase of the Agenda 2000 negotiations. With distant pressure at the international level and a weakened pro-reform actor at the EU level, national interests dominated the negotiations (Schwaag Serger, 2001, p.157). Moreover, the BSE (Bovine spongiform encephalopathy) crisis and its dramatic economic impacts on the bovine meat sector justified the continuation of a high level of support for this sector, further reducing the ambition for reform (Poux *et al.*, 2006).

The forthcoming enlargement meant that the budgetary pressure was very strong, and the CAP reform was negotiated at the same time as the EU budget was under review and most Member States did not want it to increase excessively. Therefore, there was limited room for reform and ultimately policy instruments were largely shaped according to budgetary constraints (Schwaag Serger, 2001). Pressure applied by the WTO mainly served as a "no going back" force in the Agenda 2000 reform.

b. Contributing to Doha negotiations: the Fischler reform

After the launch of the WTO Doha Development Agenda in 2001, the EU adopted a more aggressive position compared to the previous Uruguay Round. In 2003, the WTO Ministerial Conference in Cancun was due to take place and a decisive step in the negotiations was expected (Daugbjerg, Swinbank, 2008b). Once again, agricultural issues were a cornerstone of the negotiations and the CAP was under scrutiny.

In this context, the 2003 Mid Term Review of the CAP was a major EU contribution to the Doha negotiations [*]. With this reform, the Commission aimed to announce the concessions the EU was ready to make concerning agriculture, showing clearly how far it was ready to go. By revealing its win-set, the EU set the basis for further talks, and the CAP reform allowed the EU and the USA to agree on a compromise before the Cancun conference.⁶

To ensure a good position in the WTO negotiations, the EU had to shift its direct payments to the green box of domestic support and chose to decouple direct payments from production and to give direct income support to farmers. The argumentation was no longer compensation for price cuts but stabilization of farm incomes (Garzon, 2007, p.42). Therefore, the CAP moved from a product-based support to a producer-based support, even though the possibility of partial coupling for some products was maintained.

If the pressure arising from the preparation of the Cancun conference was a major driver for the Fischler reform, the budget must not be forgotten. The enlargement to include ten new Member States in 2004 was anticipated to have important budgetary consequences on the CAP, as agriculture remained a major activity in these countries. According to a DG Agri official, the potential increase of CAP budget after the enlargement was actually the main reason for decoupling direct payments [*] as new Member States payments would have been higher if they had been coupled to their actual level of production. Decoupling thus allowed for a better management and control of the budget.⁷

Despite the EU CAP reform, the WTO negotiations did not reach a conclusion in Cancun, and they have since been at a standstill.

2.1.2.2. The global environmental negotiations: a conceptual framework

The 1992 to 2003 period saw the entry into force of the CBD and the UNFCCC, which were expected to impact on EU policies.

a. The CBD and EU biodiversity policies

Agricultural issues were addressed in the CBD talks since the meeting of its first COP in 1994, but the actual programme of work on agricultural biodiversity was launched after COP 3 in 1996.⁸

6. www.wto.org/english/tratop_e/agric_e/negs_bkgrnd22_cancun_e.htm

7. Decoupling meant that levels of payments discussed in new Member States accession treaties were not to be rediscussed, despite changes in production levels.

8. www.cbd.int/agro/background.shtml

During the studied period (1993-2003), the influence of the CBD on the CAP was barely perceivable compared to the one of the WTO [*]. The constraints arising from these two negotiations were not on the same level as non-respect of WTO rules can lead to dispute with trading partners and be taken up in front of the WTO dispute settlement body, while those of the CBD are only morally binding. However, the international visibility of the CBD gave credit to biodiversity issues, and created a general “diffuse” context [*] in which biodiversity could not be ignored.

If impacts on the CAP were not obvious, they were clearer on the EU biodiversity policies, which could in turn have an impact on the CAP (see below). For instance, in 1994, the Pan-European Biological and Landscape Diversity Strategy was created as a response to support implementation of the CBD.⁹

By 2002 the CBD had attained a higher position on the political agenda, when at its sixth COP a target was set to slow the rate of biodiversity loss before 2010. To achieve this, the COP adopted a Strategic Plan that Member States were expected to implement at their own national level. The mutual influence of the CBD and EU actions is visible in this Strategic Plan, as the EU had already adopted in 2001, prior to the COP 6, a more ambitious objective of stopping biodiversity loss before 2010 [*].

The CBD therefore exerted indirect pressure on the CAP, through EU biodiversity policies, to take into account biodiversity issues, as illustrated by the 2001 publication of a biodiversity action plan for agriculture (European Commission, 2001), which calls for the contribution of CAP instruments for the preservation of biodiversity in agriculture (see below).

b. The UNFCCC, the Kyoto protocol and EU biofuel production

Similarly to the CBD, the UNFCCC also had an indirect influence on the CAP, as it did not directly generate new policy instruments (agricultural issues were rarely discussed at the UNFCCC [*]), but instead put climate issues on a general political agenda.

The adoption of the Kyoto Protocol in 1997 put pressure on the EU to find ways of reducing its greenhouse gas emissions and the EU started developing strategies for renewable energies, including biofuels, with potential impacts on the CAP. For instance, the Council resolution of June 1998 on renewable energy sources specified that “full account must be taken of renewables in the

development of Community policies on agriculture” (European Council, 1998). And indeed in 2003, under the pressure of various Member States, an energy crop premium was introduced in the CAP reform under this justification.

2.1.2.3. The ambiguous place of environment in the trade agenda

To a greater degree than in the CAP, environmental concerns were taken into account, at least formally, in trade negotiations. Until 2003, multifunctionality was the main argument to support environmental concerns in trade negotiations.

a. Multifunctionality at the WTO

During the Uruguay Round, some countries were worried about the potential risks of an overly rapid liberalization of agriculture and managed to have “non-trade concerns” included in the URAA. These non-trade concerns were to be considered in the next round of negotiations.

When the preparation of this new round started in 2000, the EU, Japan, Norway, Switzerland, Mauritius and Korea gathered to defend these non-trade concerns by forming the group known as “The Friends of Multifunctionality”, which began meeting in July 2000 (Daugbjerg, Swinbank, 2009). Multifunctionality is a concept which encompasses a range of different objectives provided by agriculture, such as food safety, environmental protection, landscape preservation, etc. It was identified as a relevant concept by some environmentalists in Europe in order to influence the design of policy instruments (Poux *et al.*, 2006). However, in this holistic concept, the priority of biodiversity relative to its other functions is unclear (Poux *et al.*, 2006). At the WTO level, the Friends of Multifunctionality argued that coupled payments were necessary to maintain the public goods provided by agriculture and linked to agricultural production.

Opponents of this vision, mainly the USA and the Cairns Group, denounced multifunctionality as merely an excuse to maintain high levels of subsidies and protection. Indeed, according to Daugbjerg and Swinbank (2009), multifunctionality was used by the EU as a way of defending the “European model of agriculture”. As the concept provoked such a hostile reaction at the WTO, the EU barely used the word itself, though still tried to promote the ideas behind it.

However, in the run up to the 2003 Cancun conference, the concept of multifunctionality lost some of its relevance in the negotiations (Aumand, 2004). In accordance with the 2003 CAP reform, it was intended that the EU’s direct payments should be classifiable as green box payments and

9. www.pebls.org/index.php?ido=1&lang=eng

not subject to potential reduction commitments. Therefore, the EU no longer needed multifunctionality to defend its agricultural policy.

b. The CBD and global trade

From a more biodiversity specific point of view, the CBD addressed the potential impacts of global trade. At COP 5 in 2000, the Executive Secretary was requested to report to the COP on the impact of trade liberalization on the conservation and sustainable use of agricultural biological diversity in consultation with, inter alia, the WTO.¹⁰

The corresponding report that was published in 2004 recognizes that trade liberalization can have both negative and positive impacts and insists on the need for flanking policies to limit potentially damaging impacts, and for further research work on the subject (CBD, 2004), but this report did not lead to any decisions in EU policies.

Finally, even though questions were raised on the links between trade and the environment, the latter appeared a secondary concern. For the EU, which was leading trade negotiations while announcing its environmental concerns, the main ideology remained that liberalization was generally good for the environment, and this continues to be the EU's current position today, as stated on the DG Agri website: *"making the CAP compatible with market requirements goes hand in hand with environmental integration"*¹¹.

2.1.2.4. Pressures for environment and biodiversity integration into the CAP at the EU level

a. An overall policy frame favourable to the integration of the environment in the EU: an opportunity for environmental actors

At EU level, internal pressures for the integration of the environment in EU policies conceptually took support from international environmental negotiations.

The Article 6 of the 1997 Amsterdam Treaty highlighted the need to integrate environmental protection requirements into the definition and implementation of all Community policies, with a view to promoting sustainable development.¹² In 1998, the Cardiff process started, which was a series of successive European Councils that reaffirmed the commitment of Member States to integrate environmental and sustainable development concerns into all EU policies and to develop appropriate

indicators to monitor such integration.¹³ The 2001 Gothenburg Council established a Sustainable Development Strategy, and in the same year the "Strategic Environmental Assessment" directive (2001/42/EC) was adopted on the assessment of the effects of certain plans and programmes on the environment.

Thus there was a general move towards environmental integration, and the CAP was not excluded from it, as the 1999 Helsinki Council adopted a strategy for "integrating the environmental dimension into the CAP" to complement environmental legislation (EEA, 2006, p.9). This strategy recommended that the integration effort should be based on the framework provided by the Agenda 2000 CAP reform. A specific paragraph was dedicated to landscape and biodiversity, with emphasis on less-favoured areas and agri-environmental measures.

Even though there was still resistance from the agricultural side, the overall policy context in the EU was favourable to the integration of the environment and biodiversity into the CAP, and the environmental actors could seize the opportunity.

They mainly focused on producing data and research to support the assessment effort the EU was conducting into the state of the environment and its relations with agriculture. The Dobbris assessment published by the EEA in 1995, which gives a comprehensive overview of Europe's environment, is an emblematic example of the studies produced for this purpose. The final report acknowledged the importance of the NGO contribution by pointing out that much benefit could be expected from cooperation with the independent sector (EEA, 1995). Another example of these projects is the Indicator Reporting on the Integration of Environmental Concerns into Agriculture Policy (IRENA) project, commissioned after 2001 by the Commission to the EEA to build agro-environmental indicators to assess the actual integration of environment in the CAP.

Environmental NGOs such as Birdlife International or the Royal Society for the Protection of Birds (RSPB) not only realized or participated in a number of studies on behalf of the Commission, but they also financed their own studies on the integration of the environment in the CAP's policy instruments so that they would be able to influence the coming reforms (Poux *et al.*, 2006). The Institute for European Environmental Policy (IEEP) was a very important actor in this respect, as an expert organization on agri-environmental issues and on CAP instruments, which enabled it

10. www.cbd.int/agro/background.shtml

11. ec.europa.eu/agriculture/envir/cap/index_en.htm

12. europa.eu/legislation_summaries/institutional_affairs/treaties/amsterdam_treaty/a15000_en.htm

13. ec.europa.eu/agriculture/envir/cap/index_en.htm

to work both with DG Agri and DG Environment (Poux *et al.*, 2006).

As for biodiversity, the nature conservation NGOs were trying to better characterize which type of agricultural areas were favourable to biodiversity (Poux *et al.*, 2006). In 1993, the European Forum for Nature Conservation and Pastoralism (EFNCP) thus developed the concept of High Nature Value (HNV) farmland, with the objective of designing low-intensity farming systems that could generate semi-natural habitats crucial for the conservation of biodiversity in Europe (Oppermann *et al.*, 2002).

These assessment efforts were pursued and the follow-ups to the Dobris Assessment were published. It was these official reports that enabled the clear acknowledgement of the fact that biodiversity was under threat.

b. Attempts to launch biodiversity policies into the agricultural game

Over the 1993-2003 period, nature conservation policies led by DG Environment were gaining in strength, mainly through the implementation of the Natura 2000 network [*], which includes agricultural habitats. However, the process of designing areas and management measures was faced with resistance of varying kinds in Member States, and progress was therefore very slow.

The influence of the CBD on EU biodiversity policy was quite strong and indirectly reflected on agriculture. In 1998, the Commission published a biodiversity strategy (European Commission, 1998b) to fulfil its commitments under the CBD.¹⁴ This strategy aimed to address agricultural issues, as agriculture was defined as a specific theme, with three groups of sectorial objectives (genetic resources, the conservation and sustainable use of agro-ecosystems and the impact of trade policies on agricultural production and land use). It is interesting to note that agriculture is so deeply connected with trade concerns that they were part of the sectorial objectives. In this respect the major influence of the WTO is obvious, as WTO compliance appears at the same level as conservation objectives: *“to promote trade related agricultural policies and disciplines which respect the needs for conservation and sustainable use of biodiversity as well as the principles of the World Trade Organisation”* (European Commission, 1998b).

As a consequence of this general EU biodiversity strategy, a Biodiversity Action Plan for Agriculture (European Commission, 2001) was established in 2001, in line with the Council strategy for

“integrating the environmental dimension into the CAP” of 1999 (i.e. Agenda 2000 as a relevant framework for biodiversity integration, with emphasis on agri-environmental measures and compensatory allowances for least-favoured areas to achieve biodiversity objectives). It did not create biodiversity-targeted measures but only highlighted the potential use of some existing instruments. One possible explanation might be that DG Environment, which was at the origin of the strategy, insisted on the final objective being the protection of biodiversity, but allowed DG Agri, which was at the forefront of CAP design, to be responsible for the choice of instruments.

The Commission went further when criticizing the potential impacts of trade liberalization, for instance the Biodiversity Action Plan for Agriculture stated:

“There is little evidence that the liberalisation of farm policy will, per se, lead to any enhancement of conservation capital on farms. To the contrary, structural change being the dominant long-term economic response to liberalisation would have negative environmental consequences. Therefore, it is imperative for the EU to undertake appropriate measures with a view to ensure continued land management and the preservation of biodiversity and landscape features” (European Commission, 2001).

However, the influence of these attempts was not comparable to those of the WTO. Moreover, at the time of the elaboration of the Action Plan, the main focus of DG Agri or of the agricultural institutions in Member States, was not the environment (let alone biodiversity) but still the issue of the overall budget and of subsidy distribution among Member States or sectors [*].

However, environmental concerns were slowly making their way into DG Agri, due to the action of some officials who were beginning to see the potential benefits for agriculture of integrating biodiversity [*]. DG Environment gained in power during this period, and insisted on being involved in the discussions on CAP reform [*]. In 1999 it was invited by DG Agri to provide a “shopping list” of measures to be included in the Agenda 2000 reform, and in 2003 it pushed to make cross-compliance compulsory [*].

Finally, the situation that had led to the 1992 reform, where the need to control overproduction was in line with environmental requirements, had remained unchanged, while the environment was becoming more and more important on the international agenda and as an internal societal demand, and therefore the trends towards market orientation and the “greening” of the CAP continued in the 1999 and 2003 reforms.

14. europa.eu/legislation_summaries/other/l28183_en.htm

Concerning biodiversity, even though it was present in the internal debates of the idea-producing forums (Poux *et al.*, 2006), it was not necessarily addressed specifically in the CAP instruments. It was rather a part of “the environment”, or even “sustainable development” or “multifunctionality”. It was only gradually becoming more “independent” from the “environment”, as illustrated by the DG Environment biodiversity strategy and its Action Plan for Agriculture.

2.1.2.5. What results have been achieved through the integration of the environment and biodiversity into the CAP?

a. A debate on instruments: can decoupled direct payments contribute to environmental preservation?

To prepare for coming WTO negotiations and to further the instruments change due to the MacSharry reform, payments to farmers were further decoupled in the Agenda 2000 reform, but a link to production was still preserved. It can be argued that the WTO pressure was not strong enough to induce total decoupling, as the Doha Round had not yet started. However, the justification of the Commission’s decision to maintain some coupled payments could also be argued on environmental grounds. Indeed, at that time the widely held view was that to preserve the environmental benefits of agriculture and landscapes, farmers had to be present and adequate land management was necessary to avoid land abandonment (Potter, Ervin, 1999, p.64-65).

What happened to this rationale in 2003, when the Fischler reform introduced fully decoupled payments?¹⁵ By then the WTO and budgetary pressures were powerful enough to complete the shift that was started in 1992, but what is interesting is that environmental concerns were still used to justify it: “*decoupling will contribute to environmental integration by removing production specific incentives, which potentially damage the environment*” (European Commission, 2002).

The reality of the environmental benefit of decoupling is up for discussion (Poux, 2004), especially as far as biodiversity is concerned because fully decoupled payments may be a threat for the preservation of HNV farming systems (Potter, 1999). The Commission itself was aware of the potential risks of decoupling (European Commission, 2002) but put forward the cross-compliance

mechanism as a tool to prevent negative impacts on the environment.

Cross-compliance was introduced in the 1999 reform and made compulsory in 2003, marking a victory for some environmental actors who had advocated the concept for years (Baldock, Beaufoy, 1993). Under the influence of DG Environment, the Commission supported the measure throughout the whole negotiation process of the Fischler reform and, to the surprise of DG Agri, Member States agreed to make it compulsory, as it was politically difficult to oppose such a concept [*].

However, environmental issues were not the only ones to be included in cross-compliance measures; they also concern food safety, animal and plant health and animal welfare. The anticipated difficulties regarding the control and administrative complexity of the scheme raised doubts on its potential efficiency. Moreover, the requirements farmers had to fulfil to get direct payments remained weak and mostly consisted in applying the already existing EU legislation. Some measures included in cross-compliance also had serious limits, especially on the maintaining of permanent grasslands, which is of major concern for biodiversity. Indeed, this measure was based on a ratio between grassland and the total agricultural land, while the latter kept decreasing. Besides, the acceptable reduction rate of this ratio equalled the already on-going reduction rate of grasslands before cross-compliance was introduced. Finally, the assessment of grasslands decrease was due to take place at the national level, while different regions and farms had very different impacts on grasslands [*].

Therefore, although it marked a positive step forward, it was not anticipated that cross-compliance would stop the ongoing intensification processes, nor could it stop land abandonment (Poux, 2004).

Cross-compliance and decoupled payments highlight the orientation taken by the CAP during this period: even though payments are no longer coupled, significant subsidies are still guaranteed to farmers. The new scope of the policy is no longer production, but competitiveness, in line with agricultural liberalization. A common environmental regulatory baseline is still imposed on farmers, but its requirements are maintained at a low level. Precautions are taken to preserve the multifunctionality of the European model of agriculture, as long as it does not affect its competitiveness.

b. The rural development policy: small funds for a big ambition

The 1999 reform established the “second pillar of the CAP”, aiming to set a coherent framework for an integrated rural development policy. Although it did not create new instruments, it gathered

15. A few payments still remained coupled, notably for the bovine, sheep and goat sectors, for economic reasons and also for landscape management and territorial reasons.

different existing structural measures in a single regulation ((EC) n°1257/1999), including agri-environmental measures, showing a real political will for a more ambitious policy [*]. Moreover, the mechanism of modulation, optional in 1999 then compulsory in 2003, allowed a transfer of funds from the first pillar (by gradually reducing direct payments) to the second.

A wider range and increased resources for agri-environmental measures sounded promising for the environmental integration into the CAP. However, certain weaknesses of the rural development policy were bound to limit its scope. These weaknesses remain in the present CAP. Firstly, despite modulation, the available funds remained vastly inferior to the funds for direct payments. The funds transferred through modulation could go to non-environmental measures and they did not necessarily finance new measures, but were sometimes rather used to cofinance with European money already existing national measures.

Moreover, agri-environmental measures are only one of a range of rural development instruments, further reducing the share of the budget available for environmentally targeted actions. This is especially true as some of the other measures of the rural development toolbox still support modernization and investments in farms, continuing to follow a path towards intensification rather than promoting the conservation of extensive farming systems.

Furthermore, the design of agri-environmental measures is constrained by the WTO's green box requirements, which only allow environmental payments on the condition that they compensate foregone income or costs incurred. Incentive payments cannot therefore be granted to production systems on the basis that they benefit the environment, and as agri-environmental measures are only voluntary, there are no other inducements on offer for farmers to adhere to such schemes. In addition, since payments also have to be decoupled from production, they cannot be specifically targeted to a type of production. Such requirements are particularly problematic for biodiversity as the maintenance of semi-natural habitats is strongly linked to the type of agricultural management that created them. Nevertheless, some production systems, notably organic farming, receive support under CAP payments notified in the green box. Indeed, the environmental conditions of the green box set in the WTO agreement on agriculture can be interpreted in different ways, and as there has not been any dispute to clarify how to interpret them, there is some room for manoeuvre in the adaptation of these rules.

Last but not least, the set of measures of the rural development policy were due to be co-financed

between the EU and Member States, while direct payments are totally funded by the EU.

To sum up, most of the concepts on environmental measures that were introduced in 1999 and 2003 were already there in 1992 or even earlier, but it was the constant effort of environmental actors (including DG Environment) that finally forced them into policy, but with persistent weaknesses that decreased their potential beneficial impact, while a number of measures that encouraged intensification remained.

While the increased importance given to rural development policy, and inside it to the agri-environmental measures, seemed to demonstrate the progress of environmental integration in the CAP, the design of its instruments (voluntary, compensatory and co-financed) and its insufficient budget significantly reduced its potential effects. As the negative impacts of the first pillar of the CAP had not been stopped, the second pillar could only act as a (insufficient) corrective [*].

2.1.2.6. Conclusion on the 1993-2003 period: where is European agriculture heading with decoupled CAP payments?

Figures 2 and 3 summarize the evolution of the CAP under the 1999 and 2003 reforms.

According to our analysis, the CAP reforms since 1992 led in 2003 to a four point model showing the following priorities in a hierarchy:

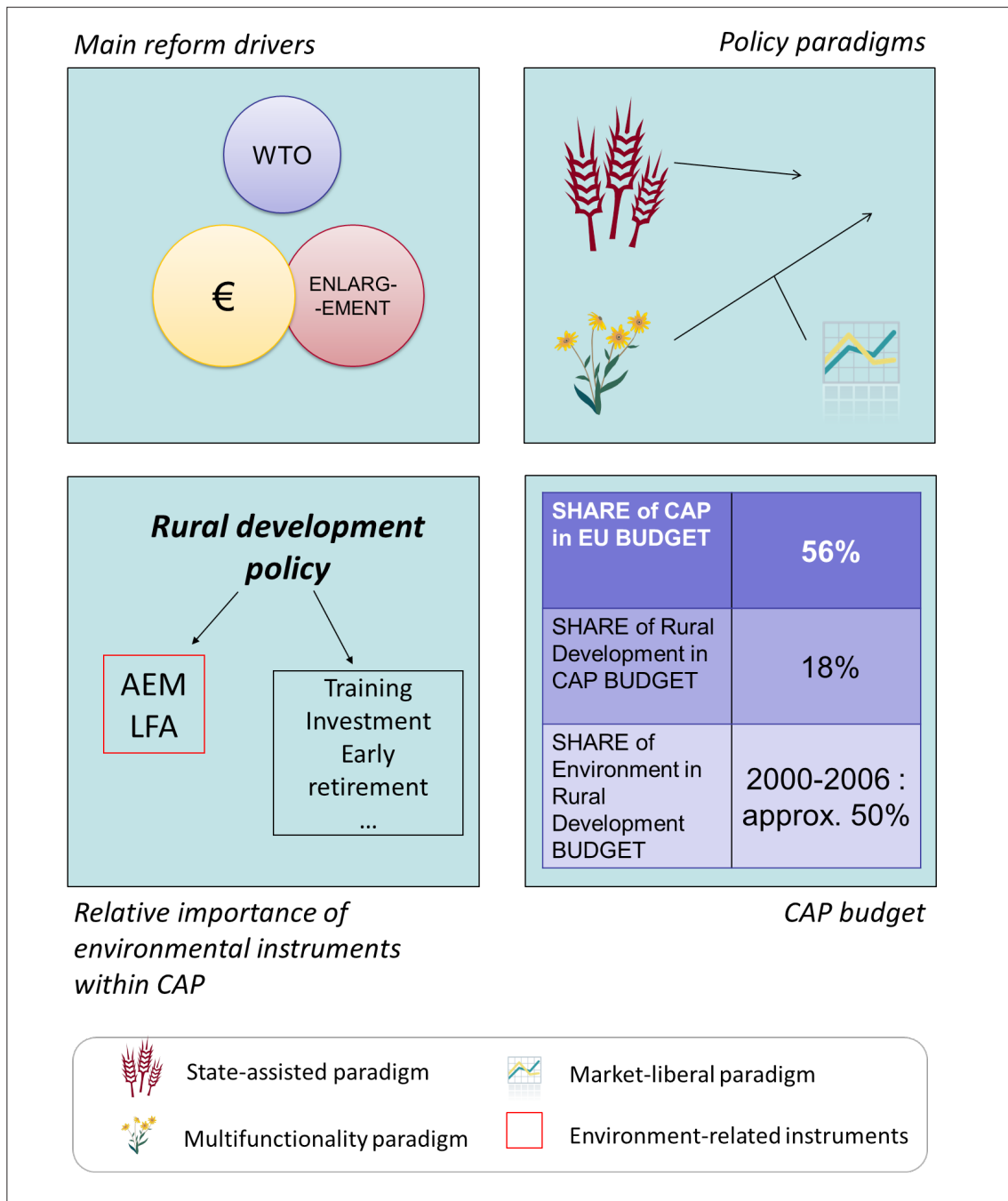
- 1. Market orientation, competitiveness (instead of production, as it had been previously)
- 2. Maintenance of significant subsidies to farmers, decoupled from production
- 3. Respect of basic environmental rules, that do not threaten competitiveness
- 4. Compensation payments for voluntary, more ambitious, environmental measures

This framework set the basis of the discussions for the following CAP reforms.

Through a process of institutional layering (Daugbjerg, Swinbank, 2009), three policy paradigms became entangled with the CAP: the market-oriented one, which seemed to drive the whole orientation; the state-assisted paradigm, which managed to keep pace with the former by maintaining a high level of payments for farmers; and the multifunctionality paradigm, whether it was used as merely a pretext to defend agricultural support or not, which gave rise to different policy instruments (cross-compliance, the RD policy).

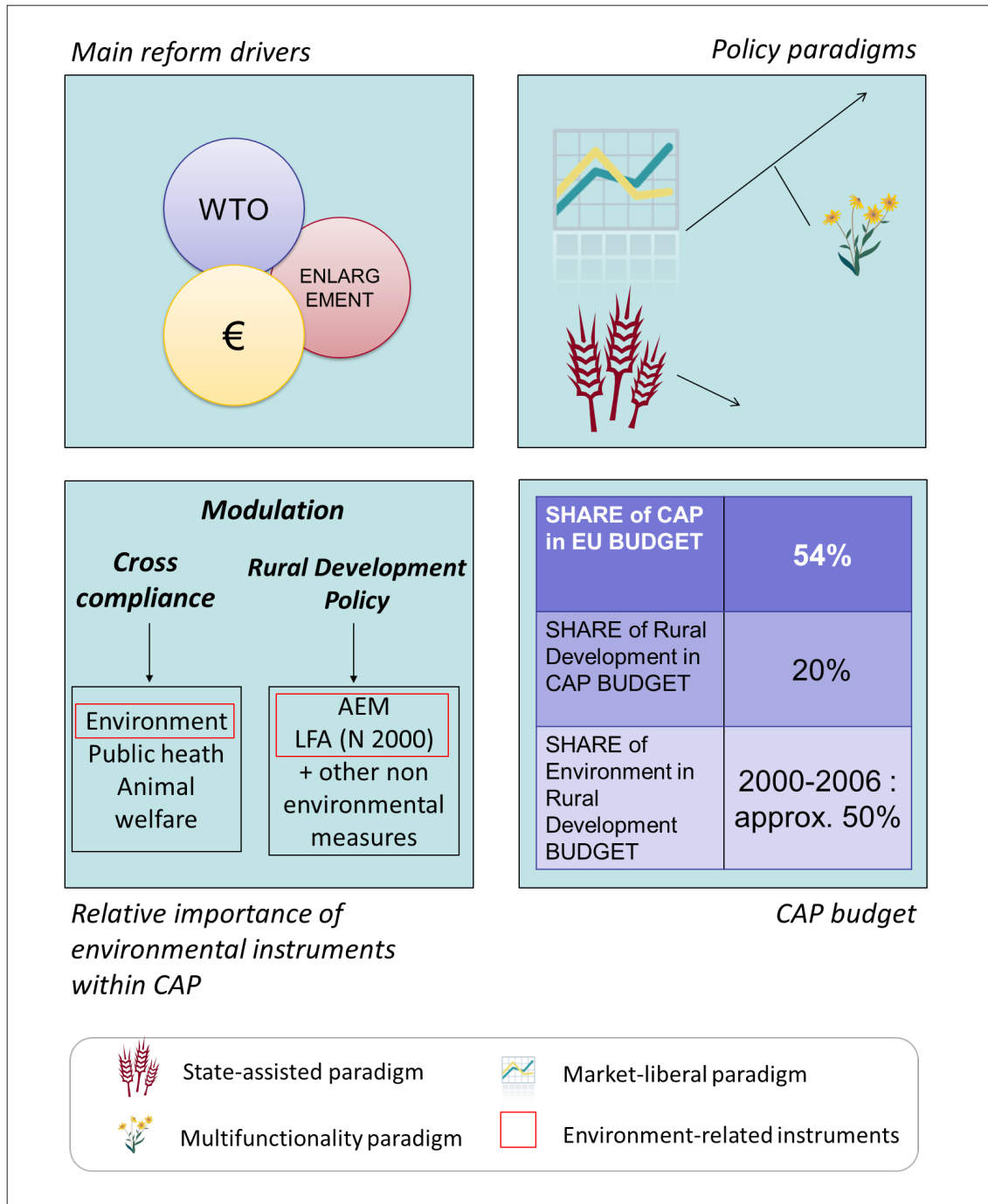
What changed, however, between 1999 and 2003 was the dropping of the idea that the multifunctionality of agriculture requires payments coupled to production, at least at the international level (while the Agriculture Commissioner's

Figure 2. Drivers, policy paradigms, and environmental and budgetary outcomes of the 1999 CAP reform



WTO influence was less important for this reform, as a new round of trade negotiations was yet to start, but it did function as a force of “no going back”. Indeed, price support decreased even further, weakening the state-assisted paradigm. The introduction of the Rural Development (RD) policy shows the importance of the multifunctionality paradigm. Environmental measures were included in the second pillar of the CAP, but along with other non-environmental measures, some of which still promoted intensification. However, the RD budget seemed to make more money available for environment-targeted measures. But as the second pillar consisted of previously existing measures gathered under one single regulation, it is not clear whether the total funds increased or were simply consolidated. All the more as the potential positive environmental impacts of LFA payments can be discussed.

Figure 3. Drivers, policy paradigms, and environmental and budgetary outcomes of the 2003 CAP reform



In 2003, the reform was driven by combined pressure stemming from the WTO negotiations and budgetary issues linked with the EU's enlargement to include new Member States, which was anticipated to cause an increase in the CAP budget if the instruments were unchanged. Therefore, direct payments were decoupled, showing a victory for the market-liberal paradigm. The environment also had an important place in this reform, with the introduction of cross-compliance and modulation, but a significant increase of the second pillar budget was still lacking.

comments on CAP reform stressed the importance of competitiveness (Erjavec *et al.*, 2008)), as the EU no longer needed this argument to defend its agricultural policy (Aumand, 2004). This raises questions on the “reality” of the multifunctionality paradigm. Was it simply a device for farmers and policymakers to “environmentally” rephrase the state-assisted paradigm? This situation highlights the way in which actors can use policy paradigms in different ways to make them fit with their own normative visions on instruments, agricultural models or the level of subsidies.

Theoretically, decoupled payments no longer orientate the European agricultural model. Pressures from globalization and liberalization have paved the way for the evolution towards a dual form of agriculture with both internationally competitive farmers along with small-scale and more vulnerable farmers (Garzon, 2007). This is of particular concern for low-intensity farming systems that support biodiversity.

Decoupling fundamentally corresponds to a “do no harm” policy by (theoretically) reducing signals for intensification; biodiversity in fact requires a “do good” policy to target the particular farming systems that favour and preserve biodiversity.

However, it has to be said that compared to the pre-1992 reform, incentives for intensification through the CAP instruments had been reduced, and the environmental and biodiversity actors had seen some of their ideas incorporated into the CAP.

Many anticipated that this trend would continue, as illustrated by the Agricultural Commissioner Fischer Boel’s positive comments on the environment and rural policy:

“The emphasis on environmental public goods and services will grow in future, not diminish. The public expectation that the CAP should care for the countryside will grow stronger, not weaker. And it is rural development policy that aims resources at these goals most accurately. I would also stress that rural policy has an important role to play in the European Union’s Lisbon agenda for jobs and growth.”¹⁶

But a change in the international context around 2007-2008 led to a new situation for environmental issues, especially for biodiversity which faced “competition” from other environmental objectives. In these new circumstances, would biodiversity actors be able to continue to rely on cooperation as an effective strategy?

2.2. 2007-2012: new challenges for environmental integration, under pressure from competitiveness and productivity

2.2.1. The Health Check reform: a turning point, when renewed calls for production undermined environmental integration

2.2.1.1. A changing context of international trade in the wake of the 2007-2008 price hikes and crises

a. A critical change in global agricultural markets

The years 2007 and 2008 marked a decisive shift in the global agricultural context, through a change in agricultural markets: the price hikes of 2007-2008, which led to hunger riots in the South and the milk crisis in the EU, represented a reversal compared to the context of overproduction that had characterized the previous period. The WTO rules established in the 1994 Marrakech Agreement had been designed in line with this context [*], hence the requirements for subsidies not to encourage production (through decoupling notably).

This new market configuration undermined the multifunctionality paradigm by giving a space to the argument for giving a central role to the productive function of agriculture, at the expense of environmental issues. In a time of overproduction and depressed prices, agri-environmental practices represented a perfect solution (both through reduced production and market added-value), but this was no longer the case when faced with rising prices and demand.

b. Global trade negotiations: the stalemate of multilateralism and the consequent rise of bilateral trade agreements

Since the 2003 reform, a change in trade patterns had also been observed: WTO Doha Round negotiations had reached a stalemate in 2005 and been dormant since. This led to an increase in bilateral trade talks.

Indeed, even though the EU started negotiating bilateral free trade agreements in the late 1990s, the development of bilateral negotiations was rekindled in 2006 when the EU conceived a “Global Europe Strategy” to identify strategic trade partners [*].

In these bilateral trade negotiations, agriculture is mostly used as a bargaining chip, to gain advantages for EU industries and services [*]. Moreover, as the idea of liberalization of agricultural markets was already well advanced following the URAA, the only products on which trade barriers could be

16. europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/1&format=HTML&aged=1&language=EN&guiLanguage=en

reduced through bilateral negotiations were “sensitive”, “cultural” products: the ones for which the EU, amongst others, battled to obtain exceptions during the WTO process [*]. Therefore, the outcomes of such bilateral trade agreements negotiated by the EU put pressure on relatively fragile farming sectors that are not highly competitive in terms of global markets and which often practice extensive farming techniques, such as bovine meat production under the Mercosur agreement, and can consequently have environmental impacts.

To address these risks, DG Trade developed a policy tool, the Sustainability Impact Assessments (SIA).¹⁷ Originally created in 1999 for the Doha Round negotiations, they are required for every EU trade negotiation to provide ex ante assessments of the economic, social and environmental implications of potential agreements. If trade SIAs take environmental and biodiversity issues into account, the methodology often does not allow for specific and detailed results on biodiversity [*]. For instance, the SIA on the potential agreement between the EU and Mercosur serves biodiversity very poorly, especially at the EU level. Even when potential environmental damage is identified, it barely has any impact on the negotiations as commercial stakes are a higher priority on the political agenda [*].

Even though bilateral trade agreements are not directly linked to the CAP (they are negotiated by the Commission, but with a balance of power clearly in favour of DG Trade compared to DG Agri), they can have significant impacts on agricultural systems that are crucial for the environment and for biodiversity. This example reminds us that when considering agri-environmental issues, the CAP should not be the only policy taken into account, as there are other powerful forces at play at the international level that can influence European agriculture.

Interestingly, while there were no actors—noably none of the scientists, economists or communities that played a small role in the Health Check reform—that put forward international trade agendas, Daugbjerg and Swinbank (2008b) argued that, once again, it was the Doha Round stalling negotiations that cast the longest shadow on this reform, not through the addition of new constraints¹⁸ but because the WTO rules still limit what the EU is able to accomplish in its agricultural policy reforms. This tells us that this influence

of trade does not require pressure from external actors to be integrated by the Commission—at least under Mariann Fischer Boel, highlighting that certain external pressures can be internalized and become a given.

2.2.1.2. *The domination of climate issues on the international environmental agenda*

The general media coverage and public awareness on global environmental issues has continued to increase at the international level, fostered by important collective scientific works. Thus in 2005, the results of the Millennium Ecosystem Assessment were published, gathering the work of more than 1300 experts. The aim of the project was to raise the alarm on ecosystem degradation and its impacts on human well-being, and to provide a scientific basis for the action needed to enhance ecosystem conservation and their sustainable use.¹⁹ It brought not only a comprehensive assessment of the state of biodiversity worldwide, but also spread the concept of ecosystem services, highlighting their importance for human activities.

However, the main scientific work to catch international attention was the fourth report of the Intergovernmental Panel on Climate Change (IPCC) released in 2007, which stated that a warming of the climate system was unequivocal²⁰ and highlighted the “very likely” responsibility of anthropogenic greenhouse gas emissions.²¹ In the same year, the work of the Intergovernmental Panel on Climate Change (IPCC) was awarded the Nobel Peace Prize, illustrating the status gained by climate issues.

The mobilization and media coverage on these issues remained high in the following years with the build-up towards the UNFCCC COP of Copenhagen that took place in 2009, and where a significant breakthrough in global climate negotiations was expected.

This renewed focus on climate change spread to the EU level, as shown by the 2007 publication of a Commission communication on climate change strategy entitled “Limiting Global Climate Change to 2 degrees Celsius—The way ahead for 2020 and beyond” (European Commission, 2007). The emission reduction targets set by the EU had consequences on different EU policies, and above all on the EU energy policy. In 2007, an “energy package” was designed by the Commission to reshape the

17. ec.europa.eu/trade/analysis/sustainability-impact-assessments

18. But pressure remains important; see the impact of WTO ruling on the sugar reform of 2005.

19. www.maweb.org/en/About.aspx#1

20. www.ipcc.ch/publications_and_data/ar4/syr/en/spms1.html

21. www.ipcc.ch/publications_and_data/ar4/syr/en/spms2.html

EU energy policy,²² including a Renewable Energy Roadmap (European Commission, 2006), which recommends the setting of a target for the introduction of biofuels in transport of 10% of the overall consumption of petrol and diesel, to be reached by 2020. This incentive for the production of biofuels had consequences on European agriculture, as energy crop production increased, and on the CAP since the support for this type of production was enhanced. More widely, this energy package sets the target that 20% of EU's energy consumption should come from renewable sources by 2020, thus encouraging a greater use of biomass for energy, which could have even more negative impacts on biodiversity.²³

2.2.1.3. The EU internal context

a. Lack of significant pressure from the budget or enlargement

In line with the pattern of the previous reforms, there were two main internal drivers that could be anticipated to influence the Health Check at the EU level: budget and enlargement.

However, according to Daugbjerg and Swinbank (2008b), the Health Check was not about the budget. Indeed, in 2008, the CAP reform and Budget process were kept separate (at the instigation, notably, of the Agriculture Commissioner Mariann Fischer Boel), but this only meant that the 2008 CAP reform could not preclude continued budgetary support for agriculture. This matter was the subject of intense discussions at the wishes of the then Budget Commissioner Dalia Grybauskaitė, who repeatedly stressed that the CAP did not meet the “European added value” criteria, and as such did not deserve such a share of the EU budget.²⁴ The actual negotiations on the CAP's budget were postponed until the following reform (see below).

As for the influence of new Member States, the 2004 and 2007 enlargements had profoundly changed the face of the EU. Concerning agricultural policies, it was feared that enlargement would impede on further reforms: according to Wyn Grant “*once [the] candidate countries are members, they are likely to increase the resistance to reform*”. This can be understood, according to Jensen *et al.* (2009) by the farm structures of the new Member States (NMS or EU12): they argue

that where farming is more extensive, the more conservative the agricultural policy will be; and EU12 countries generally have considerably less intensive farming structures than the EU15 (old Member States). But even though some new Member States may favour conservative agriculture policies, the two enlargements had increased the diversity of production systems as well as the environmental challenges to be addressed.

However, the impact of enlargement was rather limited on the Health Check, as the participation of new Member States in the reform was hampered by their continued special regime (the transition period extending to 2013 for the 2004 acceding countries), and hence their specific agenda (retaining their specific direct payment schemes longer than planned).

With relatively low pressure from budget and NMS, was there more room for environmental issues to influence the reform?

b. Competition between environmental objectives unfavourable to biodiversity

Environmental issues assumed a significant place in the reform, at least formally, with the appearance of “new challenges” in the CAP objectives: climate change, bioenergy, water management and biodiversity.²⁵

As the Health Check negotiation period was simultaneous with the rise of climate change and the importance of bioenergy in EU policies, DG Energy and DG Agri both pushed for the integration of bioenergy and climate change as two “new challenges” in the Commission's communication, while biodiversity was initially absent from a leaked version of the Commission's proposals, to be included later in a revised version. This omission is rather startling (indeed biodiversity was mentioned in the Rural Development regulations for 2007-2013, which were adopted in 2005) and it illustrates the growing competition between environmental objectives—each supported by an important international negotiation agenda and promoted by different actors.

The environmental forum was therefore confronted with a new problem during the Health Check negotiation period, as it had to deal with new actors in environmental affairs: the rising importance of climate change and bioenergy meant that the issue of the environment was no longer an area reserved only for environmentalists.

22. europa.eu/legislation_summaries/energy/european_energy_policy/l27067_en.htm

23. <http://capreform.eu/eu-biomass-targets-put-pressure-on-global-land-resources>

24. ec.europa.eu/avservices/services/showShotlist.do?out=PDF&lg=En&iref=1-059546-INT-1

25. It is interesting to note that biodiversity finally stands as a specific and well-identified issue, while it was previously implicitly part of “the environment”.

2.2.1.4. Effects on the CAP: backtracking on environmental and biodiversity integration

a. A resilient market-oriented paradigm hinders the impacts of a rejuvenating productivist discourse

The Health Check 2008 reform can be understood as a completion of the Fischler reform as it continued to maintain significant decoupled payments to farmers while it deepened the market orientation of the CAP through furthering decoupling and by the negotiation of a phasing out of EU milk quotas by 2015 and the ending compulsory set-aside.

The agricultural forum, which notably included COPA-COGECA, along with national farmers unions such as the National Farmers Union (NFU) and certain Member States such as France, tried to reopen the way for a “production” argument, alongside competitiveness. In doing so it made frequent references to changing international agricultural markets: “There are *“fundamental changes occurring in world agriculture”* [...] *“the CAP of the future may need to place more emphasis than in recent years on ensuring that Europe’s agricultural production capacity is optimised so that its 500 million citizens are ensured stable and secure supplies of food, produced to the highest standards of safety and sustainability, and that the EU plays its role in meeting world demand”* (COPA-COGECA, 2007).

This was reiterated in COPA-COGECA’s 2008 Vision for the future of agricultural policy in Europe. In this document the CAP was presented as having been *too* successful in regulating overproduction: “*In fact, the CAP has been so successful in achieving food security for European consumers that past reforms of the CAP have progressively weakened support for the production role of agriculture, aimed at ensuring adequate and stable food supplies, in the belief that it was probably no longer necessary.*”

This 2008 document—presented after the CAP Health Check was adopted—also sees COPA-COGECA making firm calls for “sustainable agriculture” in Europe (previous documents referred to “agriculture which is multifunctional, sustainable, competitive and spread throughout Europe”), hence furthering the *greening* process of EU’s conventional farmers, alongside a renewed call for production to face food security challenges.

However, apart from the suppression of set-aside, the agricultural forum’s “production” agenda was not picked up by the Commissioner, whose position had been identified as tending towards a neo-liberal paradigm of agricultural policy (Erjavec *et al.*, 2008). In her statements, the Commissioner also ceases to reference multifunctionality (Erjavec *et al.*, 2008), which is a sign of a certain

amount of disaffection with environmental issues that was evident in the reform of some CAP instruments (despite the emphasis on environmental issues in the CAP legitimization discourse).

b. Mixed signals for environmental integration

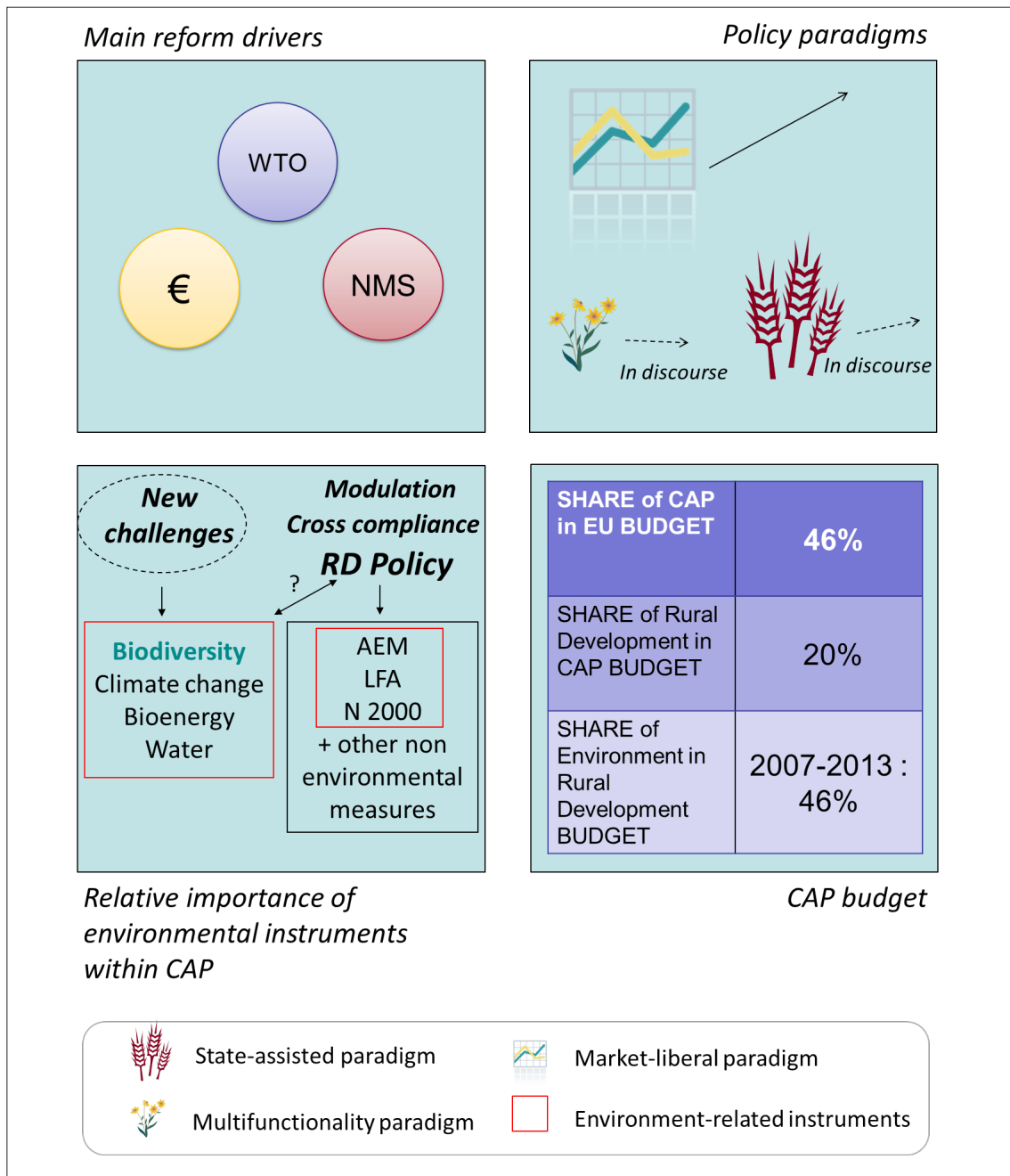
First, the suppression of set-aside was a highly significant step, definitively showing that this measure was not designed for environmental matters and that its beneficial “side-effects” did not outweigh competitive or productivist arguments.

The Health Check reform in general weakened the “common environmental baseline”, not only by ending set-aside but also by the streamlining of cross-compliance rules. The cross-compliance mechanisms were attacked from all corners: farmers complained about the red tape, the European Court of Auditors produced a damning report highlighting the weaknesses of controls (only 1% of farms were subject to formal compliance inspections), while diverging rules on Good Agricultural and Environmental Conditions (GAEC) from one Member State to another meant that farmers did not have a level playing field... Therefore, environmental actors were challenged on some of the key instruments of environmental integration into the CAP, specifically set-aside and cross-compliance.

This is surprising as, formally, an important place had been given to the “new challenges” of climate change, bioenergy, water management and biodiversity, apparently showing a political will to address these issues. Let us not dwell on the irony of the “new” designation attached to these challenges, it is enough to remember that, despite their important place in the debate, no targeted measures were created to address them [*].

A potentially favourable measure for environmental integration lies in Article 68 of the direct payments regulation ((EC) n°73/2009), which makes it possible for Member States to channel a part of direct payments toward environmentally friendly farming (with Pillar 1 funds). Article 68 is interesting because, as it stood in 2008, it was neither part of a general low environmental baseline or a compensation-based voluntary payment system, as it allows rewards to existing farming methods, such as organic farming (but still obeys the WTO rules of not exceeding foregone income or costs incurred). However, this measure was not totally new, it already existed with Article 69 of the 2003 direct payments regulation ((EC) n°1782/2003) which allowed additional payments “*for specific types of farming which are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products*”. The 2008 Article 68 only broadens this possibility, adding, *inter alia*, the

Figure 4. Drivers, policy paradigms, and environmental and budgetary outcomes of the 2008 CAP reform



In 2008, the market-oriented paradigm prevailed, even though the state-assisted paradigm gained attention because of a renewed interest in food security after the agricultural price rises and hunger riots. But both multifunctionality and the state-assisted paradigm were used mostly in discussions as a means of legitimizing policy. The pressure was not very strong from the WTO, as the Doha negotiations were stalling, and the budget discussions were expected to take place in the following reform. In this context, environmental issues took an important place in the reform, with the introduction of the “new challenges” in the policy objectives. Biodiversity was explicitly mentioned in these challenges, alongside a potentially contradictory objective: bioenergy. Still, biodiversity is getting a more specific place in CAP instruments, for instance the Natura 2000 measures in the RD policy are differentiated from the larger LFA measures. However, despite the “new challenges”, no new targeted measures were created and the share of budget allocated to the environment was not increased, highlighting the gap between the place of the environment in CAP legitimization discourse, and its actual place in the policy.

possibility of payments for insurance premiums or mutual funds to cover events such as animal and plant diseases and environmental incidents, therefore somewhat reducing the total amount of funds available for farming systems with environmental benefits.

However, a significantly positive evolution for environmental integration was achieved on the second pillar, as more funds were transferred from Pillar 1 through modulation to finance programmes in the areas of climate change, renewable energy, water management, biodiversity and innovation, while the co-financing rates were increased from 50% to 75% for these programmes.²⁶

Figure 4 summarizes the evolution of the CAP under the Health Check.

Finally, this reform was one where a variety of international agendas were mobilized, such as changing markets, climate change and biodiversity, and yet neither farmers seeking a return to a “production-oriented” CAP, nor environmentalists pushing for a better integration of the “new challenges” made much headway. Instead, the reform confirmed the “neo-liberal” element of the 2003 reform: market orientation and competitiveness. As such, the Health Check was the first reform since 1992 where further liberalization did not clearly accompany further environmental integration.

Contrary to the beliefs of some actors, liberalization and market orientation do not *per se* lead to more sustainable farming (Nielsen et al, 2010): if market demands provide new incentives for intensified production, intensification will follow, as was the case with farming in New Zealand after its liberalization. Hence, the main narrative that had sustained environmental integration into the CAP since 1992 was in need of revision.

The outcomes of the reform revealed a discrepancy: while the environmental agenda was gaining momentum at the international level (even though it was mainly focused on climate) and in the internal societal demand of the EU, the results for environmental integration in the CAP were disappointing, especially from a biodiversity perspective (because of biofuel incentives and the suppression of set-aside).

The current CAP reform debates centre on building a new relationship between agriculture and its environment, under combined internal and international pressures.

2.2.2. The build-up towards CAP 2020: a missed opportunity for an environmental shift of the CAP?

Before the CAP Health Check was even agreed on, discussions had started on the next “big” reform of the CAP post 2013, which became known as the CAP2020. This—still ongoing—discussion would see a continuing struggle between the three different policy paradigms: firstly, as the current market conditions weaken the multifunctionality narrative, a key aspect of the reform will involve defining the future of the CAP-environment linkage (public goods? “Greening?”); secondly, high agricultural prices will refuel the debate between supporters of the paradigm of state-assisted agriculture, who seek a productionist agenda and market regulation to avoid price volatility; and thirdly, defenders of the market-oriented view of agriculture will continue to stress the importance of competitiveness.

After preliminary discussions in 2008-2010 that led to proposals supporting a complete upheaval of CAP policy instruments and objectives, discussions from 2011 onward have focused on a redefinition of the environment in the CAP (mostly on the “common low environmental baseline”) in a context where production levels are once again key.

To understand the direction discussions have taken, it is important to comprehend how both the international and EU contexts have changed.

2.2.2.1. The international context: what has changed since the Health Check?

a. A similar situation for agricultural markets and trade negotiations

Overall, the international context has followed the trends of 2007-2008: high cereal prices, fostered notably by climate change-induced droughts (climatic stresses in Russia, Australia and the USA, which led to a rise of wheat prices in 2010 and 2012), have been highly beneficial for certain categories of farmers while proving detrimental to others (cf. milk and dairy sector crises). With regard to international trade agreements, while the Doha Round still slumbers, bilateral trade-agreements are gaining momentum, as the global financial crisis—which was followed in the EU by a public budget crisis—puts further pressure on countries to improve their trade balance, increasing the political importance of these talks. This is illustrated for instance by the EU free trade agreement with Korea, which entered into force in 2011, or by the ongoing negotiations with India and the Mercosur (the latter were officially relaunched in 2010).

Even though WTO negotiations did not make much progress between the two reforms, the

26. ec.europa.eu/agriculture/healthcheck/index_en.htm

constraint of the current WTO rules is still very much present in the design of CAP2020, as the Commission seeks to ensure there is no going back on the WTO compliance of policy instruments, to be in line with a potential Doha Agreement [*]. For instance, the definition of an active farmer, a status that is intended to become compulsory to receive payments, was first based on production level criteria, but this was changed as it was not compatible with WTO requirements [*].

b. Environmental negotiations: a general failure but with hope for the return of biodiversity onto the agenda ?

There is a growing awareness of the failure to tackle global environmental changes and degradation, an understanding that is furthered notably by the failure of the Copenhagen summit; the realization that neither the UN's nor the EU's 2010 targets on slowing or halting biodiversity loss would be achieved; the recognition that reaching the 2015 target of "good status" for European waters under the EU Water framework directive would not be possible; and finally the strength of the biofuel controversy.

Global environmental negotiations have—after the disappointment of Copenhagen—carried on under reduced expectations (as seen in Rio +20 or Durban 2011), with the only exception being biodiversity. Even though the 2010 biodiversity targets were not met, the rather successful 2010 COP of Nagoya fostered the global biodiversity agenda.

One of the outcomes of Nagoya was the adoption by the Parties of a Strategic Plan for Biodiversity 2011-2020, which includes specific objectives such as the Aichi Biodiversity Targets.²⁷ The novelty of this strategy is that it clearly addresses sectors that have negative impacts on biodiversity [*], including agriculture, as several of these targets can indirectly be linked to this sector (decreasing pollution levels, including from excess nutrients; reducing degradation and fragmentation of habitats...). Indeed, Target 7 explicitly mentions agriculture: "By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity."²⁸

Another target, which could be anticipated to have a significant impact on the CAP, sets the objective of eliminating subsidies that are harmful for biodiversity by 2020, and of enhancing positive incentives. Even though agricultural subsidies or the CAP are not explicitly mentioned, they were in the mind of some negotiators [*].

The Strategic Plan also required Parties to translate it into national strategies. This was done at the EU level, with the 2011 publication of an EU biodiversity strategy for 2020 (European Commission, 2011c). It explicitly mentions the CAP as having to contribute to global biodiversity goals, and sees the 2013 reform as an opportunity: "The forthcoming reform of the CAP and CFP [Common Fisheries Policy] and the new Multiannual Financial Framework present opportunities to enhance synergies and maximise coherence between biodiversity protection objectives and those of these and other policies." It also relies on CAP biodiversity-targeted instruments: "Target 3: By 2020, maximise areas under agriculture across grasslands, arable land and permanent crops that are covered by biodiversity-related measures under the CAP", and details some possible improvements of the CAP in the specific actions attached to the measures (e.g. "integrate quantified biodiversity targets into Rural Development strategies and programmes"), therefore going further than the 2001 Biodiversity Action Plan for agriculture.

However, the impact of this biodiversity strategy on the process of CAP reform has been relatively weak and it does not seem to have been extensively used as an argument to defend biodiversity integration in the CAP [*].

2.2.2.2. The internal context: the supremacy of the budget

Great changes have occurred within the EU: since the Health Check, the Euro-zone crisis has emerged from the global financial crisis, putting additional pressure on EU budget negotiations. For some countries, such as France, this has gone hand in hand with a deteriorating commercial balance. As agriculture is still key to French export, a bad commercial balance encourages a productionist agenda.

Alongside economic difficulties, the greatest change has been in the membership of the agricultural policy community which decide on the reform. First, the European Parliament will, for the first time, co-decide with the Council on CAP reform. What sort of CAP reform actor the Parliament will be is up for discussion: the Parliament is not considered generally as an institute that is pro-reform. Roederer Rynning and Schimmelfenning (2012, p.967) report that Mariann Fischer Boel has stated that had co-decision been in place earlier, less reforms would have been achieved: but even though the European Parliament's Agricultural Commission is considered by all as having a pro-farmer position, the Plenary is more divided.

Second, the 10 new Member States are now key players in the reform, since they joined in 2004

27. <http://www.cbd.int/sp>

28. <http://www.cbd.int/sp/targets>

and the CAP transition period runs to 2013. This is illustrated not only by their voting power in the council but by the distribution of portfolios within the European Commission: together Romania, Poland and Slovenia hold the three key portfolios of Agriculture, Budget and the Environment. This is particularly important as legislative proposals come from the Commission, thus these appointments should ensure that major concerns for these countries are not ignored.

Contrary to the Health Check, the budget is a major driver of the CAP2020 reform, as it is discussed simultaneously and both reforms are now intimately linked, meaning that non-agricultural actors that support a different distribution of EU resources (or a reduction of the EU budget) have a stake in the CAP reform. Once again, there are two main issues at play: the overall CAP budget and its repartition.

With regard to the former, a leaked draft of a Commission communication on the budget review in November 2009 predicted a significant decrease of the CAP budget, and advocated a redirection of funds toward rural development and environment-targeted actions,²⁹ as well as the creation of a third pillar dedicated to climate change³⁰ (showing once again the domination of climate over other environmental issues). The possibility of co-financing direct payments was also considered,³¹ which would be a major change in CAP philosophy. This leaked draft attracted fierce opposition, notably from agricultural organizations and Member States supporting a conservative vision of the CAP. But the official Commission communication on the budget review published in June 2011 (European Commission, 2011a) represented a victory for CAP budget defenders, as a budget cut of only 7% during the 2014-2020 period is planned (while some additional funds will be made available for agriculture through other budgetary lines), with no reduction in Pillar I direct payments envisaged.³² Therefore, a major budgetary reform of the CAP, that might have been anticipated given the current context of budget crisis, seems unlikely to happen, however, the negotiation process is still ongoing and the outcomes of Council and Parliament discussions are often hard to predict [*].

The other budgetary concern of major importance in the reform process deals with the

convergence of subsidies among Member States, an issue on which new Member States place particular emphasis since their individual average payments remain lower than the one of the old Member States. Negotiations on this issue will be particularly difficult as it is a zero-sum game: any gain for one country will end up as a loss for another. Another reform proposal deals with the end of the historical model to calculate the amounts of subsidies to individual farmers, and the convergence of payments between regions and sectors, which is of major concern to agricultural unions [*].

These different issues focus on the quantitative aspect of the budget, and fail to address a more qualitative aspect: what should subsidies be paying for (income vs. public goods) and be targeted at? The pressures from Member States or agricultural organizations to maintain their share of the budget therefore distract the attention from questions that challenge the very nature and objectives of the policy, hence reducing the chance for a redefinition of the CAP.

2.2.2.3. *The mobilization for the preparation of the reform*

Contrary to the CAP 2003 midterm review, all the actors involved have known for years that the CAP2020 is expected to be a major reform, and have therefore been making serious preparations, while many key actors have proposed their own fully-fledged comprehensive CAP reforms that address not one, but all aspects of the policy.

Compared to previous CAP reforms, the discussions have started very early on: a wide range of actors wanted to take part and to make their point heard, deciding to influence the process from the early stages. Initial discussions took place from 2008 to the end of the DG Agri public debate. During that period all relevant actors presented their proposals for reform—some through new coalitions such as ARC 2020 (Agricultural and Rural Convention 2020), PAC 2013 group in France (Politique agricole commune 2013), and the common proposition from the group of five EU NGOs—feeding into internal Commission discussion alongside proposals emerging from the public debate (Gravey, 2011).

a. *The strategy of environmental actors: alliances and constructive proposals to promote a deep reform of the CAP*

In this particularly open context, environmental NGOs have seized the opportunity to push forward their proposals for the CAP. In a similar way to many other actors, they did so by uniting forces and creating alliances (Gravey, 2011). For instance,

29. www.pouruneautrepac.eu/2009/11/11/fuites-de-la-commission-sur-le-budget-post-2013

30. capreform.eu/budget-directorate-wants-to-cut-cap

31. capreform.eu/co-financing-the-common-agricultural-policy

32. capreform.eu/commission-multiannual-budget-plan-protects-the-cap-budget

in 2009 five important European NGOs³³ produced a joint document calling for a “transformation” of the CAP and proposed a new structure for CAP payments aimed at delivering “public goods” to society (Birdlife *et al.*, 2009). This illustrates the high hopes held by many organizations in regards to this CAP reform; they are expecting significant changes in the policy.

One feature of the environmentalist strategies is the alliances with other types of actors, such as agricultural and rural organizations or development NGOs. A good example is the creation of ARC2020, a platform gathering 150 civil society networks and organisations from 22 Member States, which was set up to push for a “real reform” of the CAP, calling for a paradigm shift in agriculture.³⁴ Another example is the CAP 2013 Group, which brings together French NGOs from the fields of the environment, international solidarity and sustainable development, and also agricultural organizations.³⁵ This group, which is calling for “another CAP”, is able to take action on different issues due to the variety of actors represented, and is therefore able to propose an overall vision of the CAP (Gravey, 2011).

With these new alliances, environmental NGOs do not only focus on environmental issues but aim at proposing a complete and coherent package. By fully participating in the public CAP debate launched by the Commission, these different organizations and networks reveal their desire to take part in the reform process. One of the main arguments they refer to is the need for an orientation of the CAP towards the provision of public goods, a concept that has structured the first phase of the CAP debate.

b. The debate on public goods and agricultural models

The public goods gamble

The debate on public goods started within the scientific and environmental forums. Within the scientific forum, economists and political scientists carried the most weight at the beginning of the reform when broad lines were under discussion. Conversely, agronomists would become more important with the advance of the reform towards more precise issues (e.g. does this agro-environmental measure make agronomic sense?).

When fully supporting a market-oriented paradigm, public intervention should be reduced to the management of externalities, be they positive or negative, and, for some, the provision of a safety net. Negative externalities are already, arguably, taken-care of: the 1991 nitrates directive, the 2000 Water framework directive and the EU-wide applicable polluter pays principle, all of which aim at reducing the negative impacts of farming in the EU. But as multifunctionality proponents have argued for years, farming can also have beneficial impacts, which are not rewarded on the market: e.g. better water quality, increased habitat for wildlife, reduced carbon dioxide emissions, etc. Debates within the scientific forum centred on how public goods (or positive externalities) should be strictly defined:

- Subsidiarity principle: should a European-wide policy reward local or national public goods or only transnational ones?
- Who should be paid? Should all providers of public goods get paid (creating the mirror of the polluter pays principle), or should payment only exist when provision in the absence of payment is insufficient? How should the adequate level of public good be estimated? Should a provider make a profit out of public goods provision or simply be compensated?³⁶
- How can public goods fit within WTO requirements? Could payments for public goods be totally decoupled from production and therefore enter the green box?
- Should public goods be limited to the environment, or comprise other topics such as food security or the social role of farming?

A variety of positions have been taken up on these points, for instance Bureau and Mahé in their 2008 study for Notre Europe defended a broad vision of European public goods (comprising, alongside environmental goals, the maintenance of a single agricultural market), a providers-pay principle and the application of the subsidiarity principle. The proposal of agro-economists on Reformthecap.eu focused on the trans-boundaries of public goods provision, and suggests that payments should be tied to the full application of the polluter pays principle, policy efficiency and subsidiarity. Further discussions were held on the structure of CAP payments. Hence Bureau and Mahé (2008) proposed to forgo the second pillar structure and replace it by a system of different layers, each layer based on a specific contract that links together farmers and society.

33. BirdLife International, the European Environmental Bureau, the European Forum on Nature Conservation and Pastoralism International, the EU Group of the Federation of Organic Agriculture Movements and the WWF

34. www.arc2020.eu/front/arc_in_a_nutshell

35. www.pouruneautreCAP.eu/en/2008/12/09/article-1

36. This latter question is particularly important in terms of WTO compatibility of a public goods scheme.

Alongside economists, some members of the environmental forum were the staunchest promoters of public goods in CAP reform. Hence, the IEEP published a study for the European Commission on defining and delimitating the concept of public goods in December 2009 (Cooper *et al.*, 2009). In it, it argued that public goods covered:

“farmland biodiversity, cultural landscapes, high quality air and water, soil functionality, climate stability through reduced greenhouse gas (GHG) emissions and carbon sequestration, resilience to fire and flooding, as well as more social public goods such as rural vitality and elements of food security”.

Contrary to Notre Europe’s proposal of the provider gets paid principle, IEEP argued that payment should only be made if the service was not provided to a sufficient level in the absence of payment.

The uptake of the discussion on public goods by farming organizations was slower: hence NFU or the joint Franco-German FNSEA-DBV³⁷ proposals in 2010 failed to address the topic. A degree of integration and reformulation took place through COPA-COGECA at the EU level, which in its May 2010 paper mentions two sorts of “benefits” provided by farmers: those “*accruing from all farming activities*” and those “*provided voluntarily by farmers in their role as land managers in return for targeted payments*”. Further in the text, they speak of: “*Direct payments under pillar 1 enable EU farmers to provide a series of public benefits as a result of their farming activity which are valued by society but are not currently rewarded by the market and, in many cases, will never be*” (COPA-COGECA, 2010, p.13)

These benefits are food security, market stability, sustainable production, the land management of over 75% of EU land, employment and economic viability to rural areas, etc. Hence, with this paper COPA-COGECA (1) goes against the “public money for public goods” reform agenda by stressing that public money—through the well-funded Pillar 1—*already* goes towards public goods provision, hence turning a reform argument into a legitimization of the current system and (2) widely expands the definition of public goods beyond environmental ones (sustainable production being only one of five public goods linked to farming).

A further broadening and diluting of the public goods agenda will occur once politicians step in the fray. In a key European Parliament report,

George Lyon (2010) hence states that “*unless farming activity is preserved across the EU, there will be no provision of public goods possible*”. From a strong argument for radical reform, public goods became a legitimization tool for existing measures and a by-product of income support.

This was confirmed in the Commission CAP2020 Communication in November 2010, which contended that: “*Decoupled direct payments provide today basic income support and support for basic public goods desired by European society*” (European Commission, 2010).

With the public goods agenda withering away, members of the agricultural forum returned to their key strategy since the Health Check reform, namely halting or limiting CAP greening by: (1) stressing how green they already are; (2) claiming that they are already disadvantaged on international markets due to green requirements, and therefore that (3) greening can only work if it does not impede production, which can be achieved through (4) sustainable intensification (NFU, Department for the Environment, Food and Rural Affairs (DEFRA)), ecologically intensive agriculture (FNSEA), or green growth (COPA-COGECA).

To support these agreements, actors make extensive use of current market figures, current international discussions as well as foresight studies. Thus, the French actors used the French G20 presidency and G20 agriculture agenda to put out two key messages: the need to increase production, and the need for strong agricultural policies relying on market regulation. Both messages were replicated through the FNSEA G120 initiative,³⁸ which brought together 120 farming organizations from around the world prior to the G20 summit. If, as the outcome of the G20 agriculture discussions show, the French were not successful in rehabilitating regulation at an international level—some argue that the idea failed not because of its worth, but because it came from a country infamous for its protectionist policies [*]—, the message of a necessary increase in production was well accepted. While British actors reacted substantially to the publication of the UK Foresight on global food and farming futures by calling for “sustainable intensification” both from DEFRA and the Department for International Development (DFID) (hence both in the UK and in their development work).³⁹

37. FNSEA-DBV (2010), « Une politique agricole ambitieuse pour la société et l’agriculture », www.euractiv.fr/sites/default/files/declarationfnseadbv11062010.pdf.

38. www.eudonet.com/V7/datas/2256A28B91692791792393490690990A90E91028B91692791792393490690990A90E910/Annexes/110617G120_FINAL%282%29.PDF

39. www.defra.gov.uk/news/2011/01/24/food-shortages

A debate on which agricultural models the CAP should support

The support for sustainable intensification (or, in other words, the call to produce more with less impact) illustrates how the debate on agricultural models that takes place at the international level has spread to the EU level.

Calls from European farmer unions for sustainable intensification highlight the discussions on the greening of conventional agriculture: conventional farmers are increasingly entering the discussion on environmental impacts, e.g. by supporting the “land sparing” side of the debate as opposed to the “land sharing” one.⁴⁰ Members of the environmental forum no longer have a monopoly over environmental arguments. These calls for sustainable intensification highlight a transformation, beyond the debate, of conventional farming models.

This new conventional farming model is similar to the previous one in that it does not question the size of farming operations or their markets, etc. It only expands the breadth of acceptable R&D; from conventional plant breeding to biotechnologies, to intercropping and biological pest management, etc. As such, it is not a combination of conventional and alternative agriculture, but the continuation of the previous model, in an era where environmental degradation matters (Gravey, 2012). More often than not, this model is turned towards exportation, either worldwide or to the Mediterranean (see Henri Nallet’s calls for a EU-Med agricultural market, 2010).

How do members of the environmental forum react to this? The problem with sustainable intensification is the scores of alternative definitions, some of which include certain technologies while others do not, etc.⁴¹ This means that it can divide the environmental forum as some members will support this model, while others support what is considered to be its alternative: agroecology or low input farming.⁴² Hence, there is no common unified response to calls for “sustainable intensification” from the environmental forum (despite growing studies highlighting the benefits of the alternative, such as the third EU Standing Committee on Agricultural Research (SCAR) report).

At this stage of the debate, international negotiations and debates are used as a basis for arguments and to create a general context, but the margins of

manoeuvre are European. Hence, for the CAP2020 reform, Europeans are relatively free from international pressures and can focus on European issues (Nallet, 2010).

If international environmental issues were mentioned, it was more to do with name-dropping “biodiversity, climate, etc.” than to any linkage between international and European CAP discussions.

Concerning biodiversity, the relation between the international level (with the CBD) and the CAP is indirect, as DG Environment tries to put forward the Nagoya commitments and the subsequent EU biodiversity strategy, but with little effect. This reveals that the important place given to environmental concerns in the reform process (which was considered by the idea-producing forums as an opportunity for a thorough debate, illustrated by the public goods agenda) was mostly formal, and that the main issue still lies in the budget (as illustrated by the other significant debate of the reform, on the convergence between the different levels of payments).

The European Parliament tried to reopen and widen the debate, as illustrated by the publication of several MEP reports on different issues, such as the EU protein deficit (Häusling, 2011), food security (Sârbu, 2010), agriculture and climate change (Le Foll, 2009), but without much success.

Finally, after four years in the discussion, with greatly changing context (high cereal prices; euro-zone crisis), we can wonder whether discussions have perhaps started too early: early topics such as provision of public goods have lost momentum and have not made it to the legislative proposal stage, with current debates focusing on a much narrower set of issues.

2.2.2.4. Discussion of the Commission’s proposals: disillusionment for environmental ambitions

The Commission released a first Communication on CAP reform in November 2010 (European Commission, 2010). From then on, the debate changed to an endless list of reactions to the content of the communication, with actors expressing disappointment (members of the environmental forum, liberal economists, and actors working for a change towards “food” or “social” objectives in agricultural policies) and those concerned about the extent of change to come.

The Commission’s publication of its legislative proposals in October 2011 steered the debate in a new direction, that of a minute discussion of each article of the proposals. Central to these discussions—in the Council, the European Parliament and in civil society—are the Commission’s reform

40. www.nfuonline.com/News/NFU-Conference-2012/News/Tim-Benton---Food-security-challenge-presentation-NFU12

41. www.foodethicscouncil.org/system/files/summer2012_web.pdf

42. www.nfuonline.com/article.aspx?id=2147511292&term=s=sustainable+intensification

proposals of direct payments schemes, and especially its greening component.

a. A focus on greening, but for what environmental effects?

One of the major points of debate is the so-called “greening” of the first Pillar, i.e. the Commission’s proposal to tie thirty percent of direct payments to the respect by farmers of simple EU-wide agronomic measures that are beneficial for the environment. These measures are requirements on crop diversification, maintenance of permanent grasslands and ecological focus areas. The aim of the greening is to ensure all farmers follow measures that go beyond cross-compliance, thus raising the environmental baseline. Biodiversity is a major target of greening, along with climate change and, to a lesser extent, water quality [*].

The greening component has been widely criticized by the different forums, which complain either about its lack of ambition (from the environmental side) or its overly high level of constraint (from the agricultural and Member States side). As it is politically delicate not to support greening at least in principle, its opponents do not totally reject it, but instead scrutinize every detail of the scheme’s design.

Thus, a lot of actors are unhappy about its “one-size-fits-all” approach. Although the rationale is to move the entire European agriculture towards a more sustainable path, some claim that it would not be efficient because of the diversity of agricultural situations across Europe. Therefore, some actors, notably the Council, ask for a “menu” approach, i.e. something more flexible allowing Member States to choose from a list of measures.⁴³

The reasoning behind the thresholds proposed by the Commission (30% of direct payments dedicated to greening, 7% of farm area maintained as ecological focus areas) is also under discussion, with some Member States hoping to lower these thresholds during the negotiation process to decrease the level of constraint [*]. Doubts also remain on the link between greening and the rest of the direct payments: will entitlements to direct payments be lost through a failure to comply with greening requirements (as environmentalists would like) or will the two payments be strictly discrete, so that only the 30% greening share can be lost (as farmers’ unions would like)?

The international agenda also interferes with the debate. For instance, the food security narrative is broadly used by the promoters of a productive agriculture, who fear that greening would

limit their production potential and therefore argue that it is paramount to maintain the European production capacity in the name of “feeding the world”. They are joined on this point by advocates of a market-oriented agriculture, who are concerned that greening might threaten agricultural competitiveness.

In addition, agro-economists are questioning the WTO compliance of greening. First, the requirement of crop diversification and of maintenance of permanent grasslands may undermine the decoupled nature of the greening component, and consequently the whole decoupled nature of direct payments if both are linked (Tangerman, 2011). Moreover, there is no guarantee that greening would comply with the green box requirement to only compensate forgone income and costs incurred, in fact Swinbank (2012) points out that the average greening payment across the EU 27 would be of €80.10 per hectare, for an average cost ranging from €33 to €41 per ha.

Environmentalist reactions to greening are varied. Even though there is widespread disappointment regarding the overall Commission proposals and agreement with some of the criticisms described above, they do not want to see the greening ambition brought to an even lower level by the end of the negotiation process. They also try to act on specific details of the scheme, as illustrated by the lobbying of the EFNCP on the definition of permanent grasslands,⁴⁴ which suffers from serious weaknesses regarding biodiversity conservation: some non-permanent grasslands are included, even though they have next to no positive impact on biodiversity and no carbon sequestration potential, while on the other hand some permanent pastures, which are among the most beneficial to biodiversity, are excluded. In this regard, one risk raised by DG Agri was that it could mean paying for large amounts of scrubland, grazed or not. To identify eligible scrubland, this approach would require technically and administratively complex in the field controls. This raises the question of a potential contradiction with WTO rules, as it establishes a link between grazing/livestock and thus production.

Finally, the main criticism that can be made about greening is that its overall environmental impact is anticipated to be small (Westhoek *et al.*, 2012). The ecological focus area could have beneficial effects but it needs to be better designed than in the current proposals (Westhoek *et al.*, 2012). According to the Commission impact assessment, as most farms already have ecological focus areas,

43. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/130266.pdf

44. www.efncp.org/download/EFNCP-permanent-pasture-leaflet-English.pdf

only a relatively small share of area would have to be additionally set-aside (European Commission, 2011b), particularly as there is some overlap with existing cross compliance requirements. The impact of a requirement for permanent grassland would probably be very limited, particularly because farmers may anticipate the coming regulations by ploughing up their permanent pastures (which is allowable in 2012 and 2013, prior to the 2014 reference year), in an attempt to avoid the greening measure of having to maintain such permanent grassland (Westhoek *et al.*, 2012). As for the crop diversification measure, it would have an impact on only 2% of the EU's arable areas because it is already a common practice, and therefore there would be very little effect on climate change and biodiversity (Westhoek *et al.*, 2012). Hence, if the underlying logic of the greening component is to have positive environmental effects on the whole EU territory, the choice and design of the instruments considerably lower this ambition.

What if greening is ultimately just another justification for maintaining direct payments? The impact assessment of the CAP reform proposals (European Commission, 2011b) insists on the potential risks of land abandonment and of its negative environmental impacts if direct payments were to be cut, an argument which could be usefully reinforced if more environmental requirements were linked to direct payments with greening.

b. What about the rest? The devil is in the detail

The focus of the debates on greening may eclipse the other changes (or the absence of changes) introduced in the reform proposals, especially concerning the rural development policy. Indeed, despite some modifications, the global structure of the RD Policy has been kept unchanged in the Commission proposals [*]. While the first proposals of many stakeholders, especially environmental NGOs, were calling for a major shift in the amount of funds to Pillar 2 (or more broadly towards public goods), this issue now attracts less attention and the Commission's proposals conserve the imbalance between the two pillars (see figure 5)⁴⁵.

Moreover, there is no guarantee on the percentage of the second pillar budget that would actually be targeted at environmental measures. While the previous rural development regulation fixed a minimum of 25% of the budget for the financing of environmental measures (AEM, measures for areas

under natural constraint, etc.), this obligation has been replaced in the current proposals by an indicative percentage in the recital section of the regulation, therefore only having a non-binding nature. This possible threat to the total amount available for environment-targeted measures is reinforced by the addition of supplementary measures to the second pillar: insurance and risk management tools that could absorb a part of the payments [*]. To top it all, as Member States are more willing to fight for the first pillar, budgetary cuts, in a context of general restraint, are more likely to be switched to Pillar 2, all the more as it is co-financed and Member States are currently running on limited public expenses [*].

However, while the reform of the second pillar lacks ambition, it takes place in a reformed framework for all EU structural funds, which establishes a Common Strategic Framework, aiming at adopting a more strategic approach and setting common priorities for the different funds. Under this new scheme, Member States will have to prepare a Partnership Contract to justify how they intend to use the funds [*]. For the European Agricultural Fund for Rural Development (EAFRD), six thematic priorities are identified, including two on environment and climate change. Therefore, the Commission still has the power to act at the time of the validation of the RD programmes, being able to be more demanding on environmental requirements, which could be an opportunity for DG Environment, involved in the validation process [*].

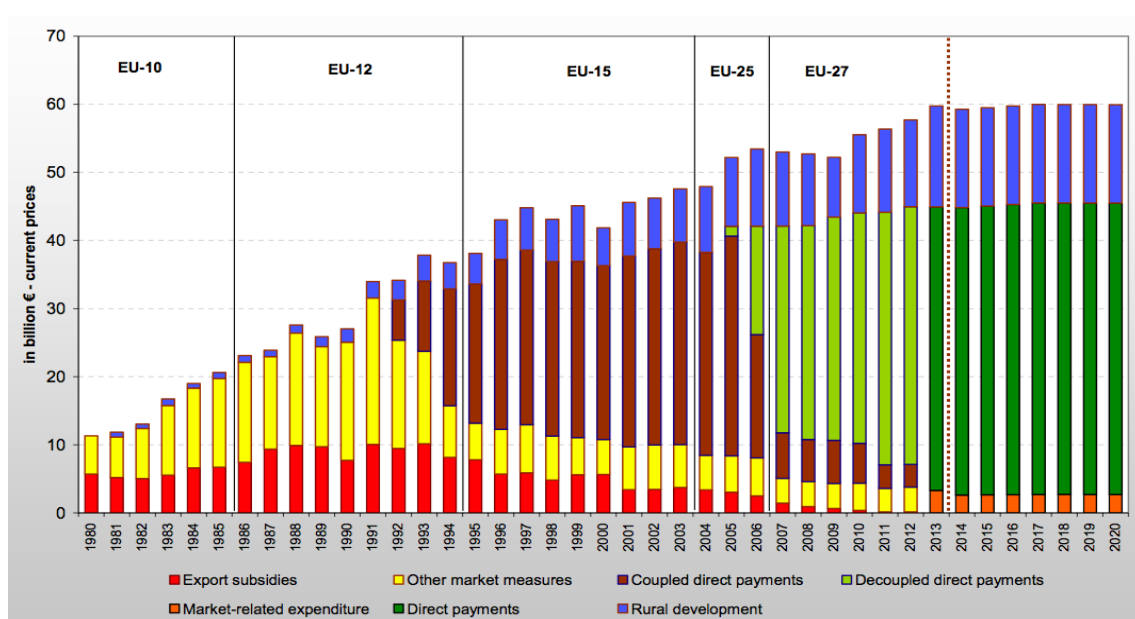
Another aspect of CAP reform that seems to be overlooked is the cross-compliance scheme. To achieve the general objective of simplification of the policy, it is anticipated that cross-compliance will be streamlined in the Commission proposals, which remove some Statutory Management Requirements (SMR) and some GAEC, especially on the requirements for a minimum level of land maintenance.

A new GAEC is however introduced for the protection of wetlands and carbon rich soils, but it is barely discussed, although it could offer some interesting opportunities [*]. This reminds us that when confronted with a policy that is as complex as the CAP, it is important not to forget that the devil is in the detail [*], and that having a good understanding of the policy instruments and the mechanisms at play is a fundamental strategic resource. It also stresses the importance of the practical implementation of the measures, as a lot of details, which can have a decisive importance for environmental impacts, are decided at the national level, and environmental actors should also pay attention to this specific stage [*].

Figure 6 shows the current characteristics of the CAP2020 reform, even though its outcomes may change at the end of the negotiation process.

45. It is interesting to note that greening does not even appear in the direct payments on this graph from the Commission, and coupled payments seem to disappear after 2013, while some are actually maintained in the legislative proposals.

Figure 5. The path of CAP expenditure 1980-2020 (in current prices)



Source: DG Agriculture and Rural Development, Commissioner's presentation on the reform proposals, 12 October 2011.
 * ec.europa.eu/agriculture/cap-post-2013/legal-proposals/slide-show_en.pdf

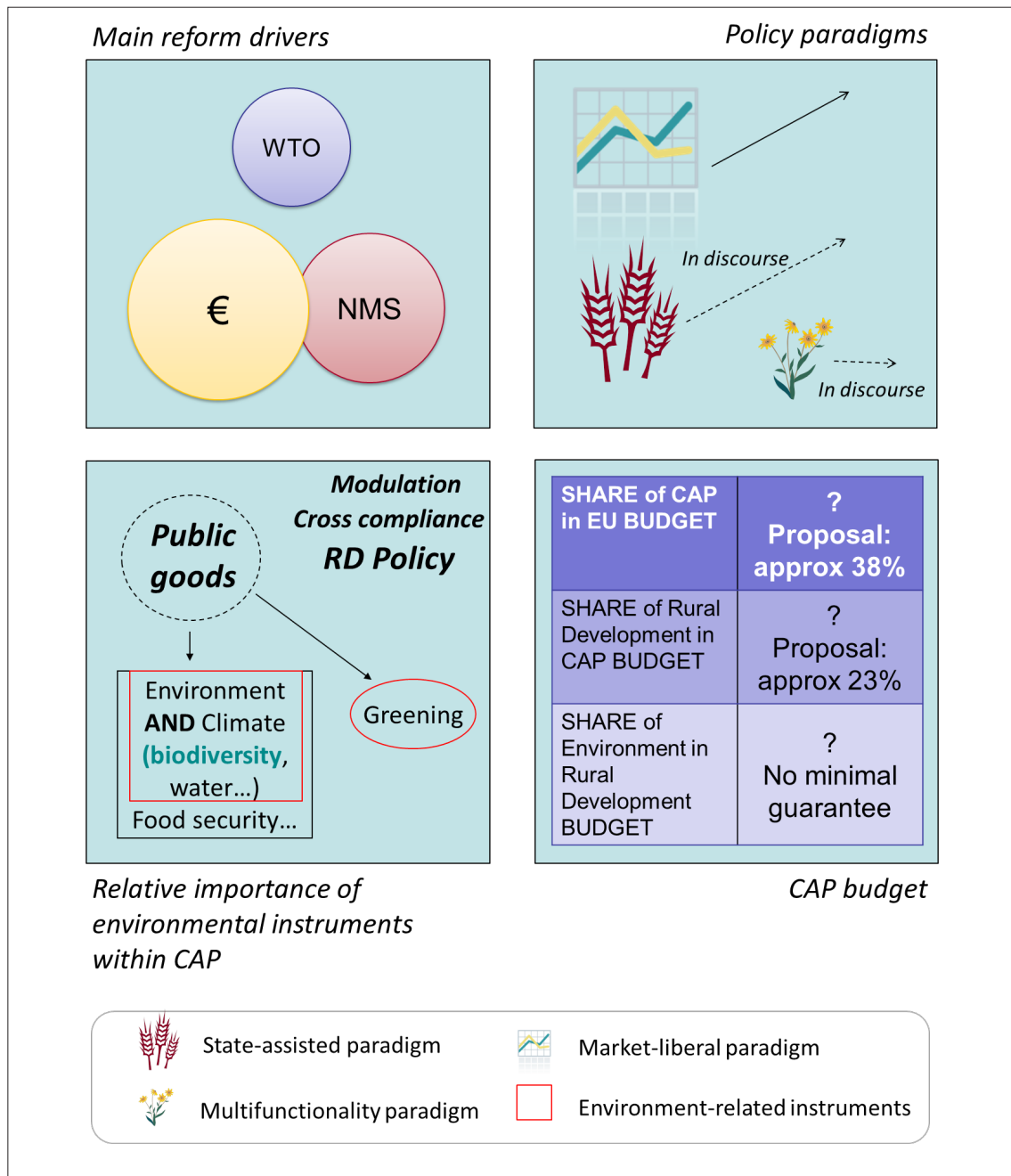
Finally, from the current state of the reform discussions, it appears that even though environmentalists have managed to influence the terms of the debate—public goods, greening and sustainability—they have failed to prevent other actors from reclaiming, and radically diluting, these concepts using international general arguments. Indeed, food security and competitiveness have been used as pretexts by promoters of a productivist model to avoid too much environmental constraint, as illustrated by the arguments of COPA-COGECA: “*The priority now must not be simply to continue further ‘greening’ of the CAP in the old way. The aim now must be ‘green growth’: imaginative win-win solutions which contribute to efficient and competitive production as well as having a positive impact on the environment*” (COPA-COGECA, 2010).

Hence, the market-liberal paradigm and the productivist model can be used together against

multifunctionality. During the 1992-2003 period, when environmental integration did not hinder competitiveness, the Commission could adapt both to environmental and WTO requirements. But now that the international context has changed, the Commission gives priority to competitiveness and liberalization at the expense of environment.

The debate on greening focused the discussions on the first pillar. Some environmental actors argue that it is a central issue to achieve more environmental integration in this pillar, as otherwise the second one only stands as an “add-on”, only there to try to correct the negative effects of the first one [*]. However, discussions on greening have led these stakeholders into a technical and complex debate on economic and agronomic issues, which may have diverted their attention from pushing for other demands, such as a significant increase of the Pillar 2 budget.

Figure 6. Drivers, policy paradigms, and possible environmental and budgetary outcomes of the 2013 CAP reform



The 2013 reform marks the return of the state-assisted paradigm, at least into the discussion arena, in support of a productivist agricultural model, in a changing global context on agricultural markets. While present in the debates around the CAP reform, the reality of the state-assisted and multifunctionality paradigms will only be confirmed by the actual outcomes of the negotiations. The environment is still used to legitimize the policy, as illustrated with the debate on public goods. However, the Commission proposals are disappointing with regard to a better environmental integration, and the main issue of the reform remains the budget negotiation. The importance of the budget in these negotiations highlights the risk that environmental regulations may be restrained to pacify farmers who may see their direct payments reduced.

CONCLUSION

We can draw different findings from this story of environment and biodiversity integration into the CAP.

The place of international negotiations and debates in the evolution of environmental integration into the CAP

CAP reforms are deeply intertwined with international processes, notably with the WTO negotiations, but also to a lesser extent with global environmental negotiations at the UNFCCC and the CBD. The constraints stemming from these international arenas do not have the same influence, mostly because they are not the same in nature and therefore do not have the same binding level.

First, WTO pressures seem to have the most influence, as WTO rules are legally binding. Indeed, if a country does not respect its commitments under the Uruguay Round agreement it may be challenged by another country and a dispute settlement process initiated, potentially leading to retaliatory trade measures (and consequently economic impacts).

As for the UNFCCC, it is binding through the Kyoto Protocol, under which the EU committed itself to reduce its carbon emissions. The pressure from the Kyoto Protocol could come from its compliance system regarding emissions targets, but despite its apparent stringency it is poorly designed and creates perverse incentives for non-participation (Spencer, 2011). However, the EU has shown a political will to engage in multilateral negotiations on climate change and has set itself ambitious reduction objectives. Therefore, there is a need to find ways of reducing emissions, and the one related to agriculture that has been promoted by DG Energy is the production of biofuels, despite its potential negative effects on biodiversity, while the links between climate change and land use change have not yet been integrated at the EU level. Moreover, the Kyoto Protocol has also created a market for emissions trading, hence adding financial stakes to climate change issues.

The CBD appears as the least binding framework, as for the time being its commitments do not have legal value or financial consequences.⁴⁶ It still provides for an institutional base and international visibility for some biodiversity-related issues (e.g. it addresses the risks of biofuel production)⁴⁷ that can

be used as arguments by national actors, as well as a technical toolbox useful for countries willing to move forward on biodiversity preservation [*]. As the story has shown, the impact of the CBD on the CAP is indirect, through the biodiversity policies and strategies designed by DG Environment, but their actual impact on CAP instruments is weak. Will the outcomes of the Nagoya COP make a difference over time? In particular the target to eliminate biodiversity harmful subsidies may encourage changes in CAP instruments, although it has failed to do so for the current reform.

Although trade negotiations appear to provide the most binding rules, doubts can be raised on the level of WTO pressure.

First of all, the uncertainty on the outcomes of the Doha Round negotiations may lower their influence. The EU have anticipated a possible agreement with the 2003 reform, shifting the majority of direct payments to the green box through decoupling, but as the WTO talks drag on, some actors question the necessity of this move [*]. Yet, despite the stalemate in WTO negotiations, the Commission is unwilling to change its position, preparing for the eventuality of a Doha Agreement. This commitment to comply to rules of international trades can be explained by the role the EU played in creating them alongside the USA (Swinbank, 2012). Yet the USA do not seem constrained by this creator role, and have often taken liberties with regard to WTO requirements in its agricultural policies. This shows that the WTO pressure has become independent from the international negotiation process and is now an internal given in the Commission.

In any event, current WTO rules still apply, and they are repeatedly used as an irrefutable argument by the Commission to defend its decisions. The three-level game analysis of CAP reforms reveal that the WTO can be a convenient excuse for the Commission, as stressed by Bureau and Mahé (2008): “*The EU experience with phasing out export refunds and decoupling direct payments is a reminder that an alleged ‘WTO constraint’ has on many occasions been an opportunity to spur reforms which clearly serve the EU’s self-interest but which prove difficult to agree on in the Council for political reasons*”.

Moreover, does the Commission itself follow WTO rules that strictly? The current Commission proposals on direct payments for the future CAP present some flaws with regard to WTO compliance, with the introduction of the greening component and of the ‘active farmer’ status that is necessary to receive payments. They are both likely to infringe on the green box obligation that no production is required to qualify for payment (Swinbank, 2012). Furthermore, the WTO compliance of direct payments, as

46. The Aichi Biodiversity Targets of Nagoya could change this, as one calls for the mobilization of financial resources to implement the Strategic Plan 2011-2020.

47. www.cbd.int/agro/biofuels/

they stand now, can be questioned. As these payments are made annually to farmers based on their agricultural land area and on the requirement that the land be kept in good agricultural and environmental condition (GAEC), they may not adhere to the green box rule that payments should not be related to the factors of production (Tangerman, 2011 ; Swinbank, 2012). And the emphasis on the food security narrative to legitimize direct payments may suggest that without them there would be the risk of a decrease of agricultural production, which goes against the green box requirement that payments should have no effects on production (Tangerman, 2011 ; Swinbank, 2012).

Therefore, if the existence of the WTO constraint cannot be denied, it is open to interpretation, both internally in the design of instruments and externally in the dispute settlement process. There is room for adaptation of the WTO rules [*]: CAP subsidies are currently well below the authorized ceiling under its WTO reduction commitment (Swinbank, 2012), the Commission itself classifies the subsidies in the different WTO boxes and notifies the WTO, and no EU notifications have, so far, been challenged [*].

Hence, the core issue with regard to the influence of WTO on biodiversity integration in the CAP is to know if internal choices can be made to adapt rules to improve biodiversity-targeted instruments. In particular, could targeted or even coupled payments be allowed for farming practices that are of paramount importance to the preservation of certain habitats? A small proportion of coupled payments are still maintained in the CAP for economic and territorial reasons, so why not for environmental ones? Another issue when it comes to environment-related payments is that, under WTO rules, they cannot exceed supplementary costs or losses. However, some current payments already differ from this rule, for instance some AEM can over-compensate farmers [*], not to mention the proposed greening scheme that is also likely to overpay farmers (Swinbank, 2012).

But the fact that these internal choices, despite the declared environmental objectives, are not made, shows that other issues have a stronger importance, the main one definitely being the budget. Indeed, budgetary issues have played a decisive role, as much or even more than the WTO, in almost every CAP reform since 1992.⁴⁸ What is at stake is the total amount of subsidies,

and the distribution of funds between Member States and sectors, as advantages inherited from the past turn out to be extremely difficult to overcome. With regard to WTO, the CAP is shaped in order to preserve the budget within WTO requirements.

Environmental and biodiversity integration in the CAP has barely progressed in 20 years

A quick glance at the evolution of the CAP since 1992 may give a positive impression of the place the environment has taken in the policy: due to a decoupling of the signals to increase production being suppressed, the RD policy offers several instruments to address environmental issues, especially the agri-environmental measures, while cross-compliance ensures farmers respect a minimum set of environmental requirements and funds have been transferred to the second Pillar through modulation. But the EEA, in one of its “10 messages for 2010” concerning agricultural ecosystems,⁴⁹ draws a severe assessment regarding CAP and biodiversity: “Increasing attention to environmental issues within the framework of the Common Agricultural Policy during the last 50 years has not yet delivered clear benefits for biodiversity”.

Indeed, our story has shown that the reality of the policy was slightly different. First, the instruments have barely evolved: the AEM were created in 1985, reinforced in 1992 and still remain the main tool put forward to address environmental issues. As for cross compliance, it only became compulsory in 2003, but was optional after the Agenda 2000 reform and the idea had already been present since 1992 (Baldock, Beaufoy, 1993). Overall, the targeting of instruments toward environmental issues is insufficient, and there is no possibility to go beyond cost recovery for environmentally-friendly practices under the WTO requirements, as payments have to be decoupled from production and cannot anyway cover more than supplementary costs or losses. This is of particular concern for biodiversity, as its preservation requires a “do good” policy and not only a “do no harm” approach.

While the environment has indeed been more and more widely referenced in CAP discussions, as a mean of policy legitimization, one single feature of the current and the proposed future CAP is enough to reveal its true low ambitions for the environment: the imbalance of budget between the two pillars. Despite modulation, the share of funds allocated to direct payments is still much higher

48. The Health Check could be considered as an exception, but the budgetary talks were deliberately reported to the following reform.

49. www.eea.europa.eu/publications/10-messages-for-2010-agricultural-ecosystems

than the one available for rural development, while environmental measures are only one part of the toolbox of this policy. There is an obvious gap between discussion and action, especially highlighted by the current reform process: with the emphasis on public goods, a much higher fund transfer to Pillar 2 could be expected than the one proposed by the Commission (Tangerman, 2011).

In the first discussions on the current CAP reform, different actors, especially environmental NGOs, were calling for a significant fund allocation for public goods, whether through Pillar 1 or 2, but now that the debate is focused on greening this point has fallen lower down on the agenda, despite it being crucial. Could a significant funds transfer to Pillar 2 be the main issue to fight for to achieve an immediate and decisive policy change? Indeed, with conditions to ensure that a major part of the funds would go to environment-related measures, it could make a difference, and would be compatible with WTO requirements as AEM fit in the green box. Even though it would not solve the weaknesses of the current instruments, it would still allow the financing of a lot more targeted actions, and would not have to undergo a comprehensive review of CAP structure and philosophy, which is complex and risks appropriation by actors opposed to change, as has been revealed by the CAP2020 debate.

Indeed, the high hopes of the environmental actors for this reform have been dashed. While they had been fighting for years to eliminate the “harmful” aspects of the CAP (notably signals for intensification), they were expecting to seize the opportunity of the widely opened debate and the important reform announced by the Commission to finally turn the CAP into a “useful” policy [*]. Indeed, as stated by Zarhnt (2011, p.2): “*Broadly speaking, the CAP has moved from harmful to wasteful subsidies, and the remaining challenge is to make these subsidies useful.*” But the competing specific agendas of other actors, and especially the budget distribution issues, have considerably decreased the reform’s scope and ambition, and they may be lowered further by the end of the negotiations.

The balance of power still remains in favour of the agricultural forum and limits the actions of environmental stakeholders

In the end, it appears that during the CAP reform process, the real power lies in the hands of Member

States, and in the coalitions between them. The Commission, as it has the initiative of the legislative proposals, does play an important role, but does not have the final word. Prior to the CAP2020 reform process, the European Parliament had little power on the CAP, the coming negotiations will reveal how it performs in the strategic negotiation game, and how the balance of power with the Council will be affected.

Member States are influenced by pressures at the domestic level, which is the scene for a competition between agricultural and environmental interests. However, in the majority of states, agricultural interests remain dominant. Budgetary issues are also always prevailing, especially in the current context of budget crisis.

As far as international negotiations and debates are concerned, they are mobilized by the defenders of agricultural and budgetary issues, often tying together different types of arguments to strengthen their position. For instance, a coalition of interests can be found between promoters of a productivist model of agriculture and actors calling for renewed attention on food security issues, while climate issues, which may suggest the need for more efficient farming or an ecologically intensive model, can be used to reinforce both perspectives. Furthermore, the use of food security arguments can be useful to defend the maintenance of budget for agriculture and to promote a return of market regulation tools.

Environmental actors also mobilize international arguments, but as shown by the difficulty of the CBD and subsequent EU biodiversity strategy to influence the CAP, they do not have the same impact. This is not actually due to their poorer or better use of international arguments, but in the overall balance of power being unfavourable to them. Whatever the force of their arguments, supports of agriculture or the budget remain dominant and environmental actors secondary.

Therefore, environmental actors have to be even more convincing, and they have to refer to very powerful and well documented arguments. They must prove their credibility, while no such effort is required from agricultural actors. But when they manage to do so, they can actually win. The bio-fuel controversy is a (rare) example of such a success, a policy in which environmental actors have managed to obtain strong policy changes. ■

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APPENDIX

List of people interviewed

Organization	Function/Field of work
European Commission	Officials from:
	- DG Agri - Consistency of rural development
	- DG Agri - WTO
	- DG Agri - Environment, genetic resources and EIP
	- DG Clima
	- DG Environment
European Parliament	MEP from the Environment Committee
French Agriculture Ministry	Officials working on:
	- climate change international negotiations
	- trade policies
	- biodiversity international negotiations
French Environment Ministry	Officials working on:
	- Biodiversity—European and international coordination
	- Environmental statistics
French Ministry of Foreign Affairs	Official working on international trade policies
French General Secretariat for European Affairs	Agriculture and food sector
French Development Agency	Biodiversity - Natural Resources
French National Museum of Natural History	International affairs
FNSEA	
Birdlife	
PAC 2013	
IDDRI	- Expert on biodiversity
	- Expert on global trade
AgroSupDijon	Expert on agricultural policies
University of Copenhagen	Expert on trade and agricultural policies

International negotiations and debates: to what extent do they hinder or foster biodiversity integration into the CAP?

Sarah Lumbroso (European Forum on Nature Conservation and Pastoralism),
Viviane Gravey (IDDRI)

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