THE AGRICULTURAL NEGOTIATIONS AT THE WTO: THE SAME OLD STORY AGAIN?

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The international arena has become an overpopulated environment in which besides states, business sectors, agencies, non-governmental organizations (NGOs), interest groups, local authorities or provincial administration have acquired greater coherence, louder voice, and established the agenda from human rights to environment. This complex web of actors is always in motion, animated by the efforts of individuals and organizations to advance their interests.

What has also changed in the international arena is the interlocking density of global arrangements. The post Cold World War is characterized by an increased demand for international agreements and institutions regulating the conduct of international affairs. International negotiations have become more complex with an increasing number of countries and a differentiated nexus of demands. Among them, trade negotiations have gained increased visibility. For long, states’ economic diplomacy remained in relative isolation, far from public scrutiny. It is increasingly difficult in an interconnected and interdependent world, mapped out by a complex web of economic relations and negotiations to shroud economic diplomacy in secrecy.

As a result, peak associations begin to take trade negotiations as political arena in which to launch strategic initiatives. Interaction among groups and between groups and states in international arrangements have created a complex, multi-layered and multi-dimensional worldwide web of interaction and influence (Broadhurst, Ledgerwood 1998: 1)

Interest groups and NGOs have increasingly scrutinized trade negotiations. However, the intensity and the way they have participated to the trade negotiations have dramatically changed in the past decade. The WTO has also become a rather comprehensive regime and a highly regulated one. The wide array of issues regulated in the Uruguay Round have complicated the negotiations. Independent issues are now overlapping. They nurture from other negotiations to finally constitute a complex and interlinked pattern of relations.

Agriculture is on the international trade agenda as part of the “built-in provisions” for starting a new round of negotiations. Some issues, which were negotiated independently, are highly relevant to agriculture, and intertwine with agricultural issues, such as the sanitary and phytosanitary measures, or the technical Barriers to Trade (TBT), international standards and science. As a result, this incremental regime is likely to impact upon the number of players and their patterns of influence. New issues on the agenda induce the access to an extended array of
groups other than farmers who may take part in the negotiations. In the agricultural negotiations, farmer groups are likely to exert their pressure during the coming negotiations, but other groups such as the consumer groups, or the environmentalists are likely to join, complicating the game.

The paper aims to analyzing the core issues and interests underlying the agriculture negotiations, which have become intertwined with other components of the Marrakech Agreement, notably the Agreement on Sanitary and Phytosanitary Measures. The paper will review the positions of the main contenders in the agricultural negotiations, and the European, American and Canadian interest groups, which have vested interests in these negotiations.

The Agricultural Negotiations at the GATT/WTO

The Uruguay Round of negotiations took eight years to be completed, mainly due to negotiating agriculture. Agriculture remains one of the most politically sensitive areas facing governments across the world. Despite agricultural negotiations in the Uruguay round resulted in promises to liberalize, domestic support policy, import barriers and export subsidies remain high in many industrialized countries and still oppose to free flow of goods. This hurts consumers in protected markets and farmers in the developing world. It is enmeshed with a range of social and political issues. Reaching agreements at an international level which could impact on a country's agricultural sector therefore involves significant risks for politicians and governments. Largely for this reason, agricultural trade had not been subject to the liberalization achieved in Round of negotiations prior to the Uruguay Round.

The two main contenders, the United States and the EC had opposing positions at the start of the negotiations. In 1986, when the Uruguay Round was launched at Punta del Este, the EC was still determined to protect the CAP principles and mechanisms; these were not to be the subject of international negotiations, even though there was internal pressure to reform the CAP for budgetary reasons. Previous rounds of negotiations had inadequately tackled agriculture, but the United States was determined that this round would be different, and tabled its proposal to phase out all trade-distorting impediments- export subsidies, support measures and market access- by 2000 (Landau 1998: 463-4).

The Agreement on Agriculture provides a general framework of rules and disciplines to govern trade in agriculture, and substantial and progressive reduction in agricultural support and protection over an agreed period of time (market access, domestic support, export subsidies). The
developed countries have agreed to abolish quantitative restrictions and other non-tariff measures on agricultural products by calculating their tariff equivalents and adding these to the fixed tariffs. As a result, countries have established new higher rates of tariffs for products to which they previously applied non-tariff measures, and agreed to reduce their tariffs by 36 percent over a period of six years from 1 January 1995. The Agreement allowed special safeguards if sudden increase of imports occur. Amber Box domestic support measures have to be reduced of 20% over a period of six years.

One of the most important feature of the Agreement in the context of this paper is the provisions concerning subsidies. Subsidies are used to dispose the surplus production in international markets (export subsidies) and for domestic support. In 1998, the OECD countries paid out $360 billion in agricultural support, with the highest rates being paid to rice, milk, and sugar producers (WTO 2000). Thus, it would be unrealistic to aim at prohibiting their use. The approach of the Agreement on Agriculture was, therefore, to require countries accept commitments to reduce trade distorting subsidies. For this purpose, it divided domestic support subsidies into three categories: Green, Blue and Amber. Green box subsidies can be considered as having no or at most minimally trade distortive effects (green box measures). Thus, they are permitted to be used and no reduction commitments apply. Amber box measures impact trade and should be subject to reduction both on price and on the volume of output. Blue box subsidies are linked to factor of production, but not to price and volume of output, and are implemented under production-limiting programs.

The Agreement on Agriculture does not restrict the rights of governments to grant subsidies for the improvement of productivity and efficiency of agricultural production, or to adopt suitable measures to provide support for farmers. Green Box includes government expenditure on agricultural research, financial participation by governments in income insurance, payments for natural disaster, structural adjustment assistance, payments under regional assistance and environmental programs. The Amber support (commodity-specific) is subject to reduction with the exception that it is not included if below a "de minimis" level of five per cent of the production value of the product.

The major achievement of the Uruguay Round was to apply GATT/WTO discipline to agriculture however the results are mixed so far. The Agreement has not resulted in lower domestic support. Several countries, including the United States and the EU have increased their use of
Green or Blue Box area payments. Domestic support soared at the end of the 90s, and reached the amount of $361 billions in 1999. The rate of domestic support increased from 31% in 1997 to 40% in 1999 (WTO, African group document). Kym Anderson and al. (1999: 4) reckon that if the liberalization by both OECD and developing countries of agricultural goods markets in 2005 would boost global agricultural trade by more than half, making the OECD and the developing world $160 billion better off between them. Moreover, the implementation of the Agreement led to increased imbalance in a country's legitimate use of "trade-distorting" measures (Shirotori 2000: 167). Tariff peaks, "dirty tariffication"1 and tariff escalation are the main causes of concern for market access. Tariff rate quotas have been underfilled: the average fill-rates of notified Tariff Rate Quotas (TRQs) were 65% in 1995; 63% in 1996; and 46% in 1997. Most frequently cited reasons for underfilled TRQs was a lack of domestic demand for imports of products under TRQs. Reductions of export subsidies have concentrated on a few countries. Six industrial countries in 1995 accounted for more than 75% of the total value of the reduction commitments. Countries have made a great use of roll-over provisions for the use of export subsidies while export credits and prohibitions, which are controlled or prohibited still affect the world market in a similar manner as export subsidies (Shirotori 2000: 176).

Some parallel topics are likely to impinge on agricultural negotiations, but lie somewhat outside the Agreement on Agriculture itself. This category includes the issue of intellectual property, made more relevant to agriculture as a result of the move toward the patenting of genetic material, the competition policy, which could impinge on many areas of agriculture trade where competition is less that "perfect" and the need for renegotiation of the Agreement on Sanitary and Phytosanitary Measures (SPS). Some other issues, sometimes referred as new topics, have strong connections with the core issues of market access, domestic support, and export subsidies. These topics include state trading, the administration of TRQs, export restrictions, and some older issues such as preferential schemes for developing countries. The following table gives an overview of the complex set of issues likely to be included in the agenda.

<table>
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<tr>
<th>Agricultural Issues to be included in the agricultural agenda</th>
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1 These are the tariff equivalents of NTMs that have been higher than the protective effects of the NTMs replaced.
<table>
<thead>
<tr>
<th>Core issues</th>
<th>New issues</th>
<th>Parallel issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Access</td>
<td>TRQ</td>
<td>Preferential schemes</td>
</tr>
<tr>
<td>Export Subsidies</td>
<td>Export restrictions</td>
<td></td>
</tr>
<tr>
<td>Domestic Support</td>
<td>State Trading</td>
<td>SPS Agreement, Intellectual Property, trade policy, investment policy</td>
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</tbody>
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From Josling and Tangermann 1999

The SPS Agreement constitutes a considerable strengthening of constraints imposed by the WTO on national regulations and standards for trade in food products in applying mandatory standards, and sanitary regulations to imported products. These standards or regulations should not be so applied as to create unnecessary barriers to trade. They should be based on scientific information and evidence, and on internationally agreed standards. The principles of national treatment, scientific proof, harmonization, equivalence and mutual recognition, risk assessment, and transparency are clearly stated. International standards are recommended as they avoid distortions in competition. However, a country can introduce or maintain measures corresponding to a level of protection, which is higher than international norms if there is a scientific justification and provided that a risk assessment justifying the measure is carried out. The agreement encourages mutual recognition of conformity.

Many sanitary and phytosanitary measures have already induced some dispute involving mostly the United States and the EU (use of growth hormone for beef)2, but could potentially involve other countries. The requirement of scientific evidence was at the core of the dispute, and opposed the United States and the EU3. Some venture to say that the precautionary principle is not a problem of trade policy, but of society (Interview DG Agri, 7 July 2000). Further disputes may arise in the future from the sensitive issue of genetically modified organisms (GMOs). One is already brewing between the United States and the EU in response to public concerns that genetically modified foods endanger public health, limited product approval to a maximum of 10

2 The WTO panel over the EU ban of the use of growth hormone fed beef was in favor of the United States, and found that EU had not met the SPS requirement of scientific evidence to justify the ban. The EU did not comply to the decision. However, the US improved control on hormone-free meat to settle the dispute. http://www.wto.org; Reuters, 9 March 2000.

3 How much and what type of scientific evidence remains unclear. Where the relevant scientific evidence is insufficient, the SPS Agreement allows Member to adopt provisional measures on the basis of the precautionary principle for a limited period of time. The EU's application is quite stringent, and has made a large use of the precautionary principle; hence, the disputes between the United States and the EU so far.
years, and is adopting a directive tightening labeling and monitoring of such goods. The EU has recently postponed decision to approve new GM crops. Taking all these elements together means that agricultural negotiations are indeed complex. They should have begun before the end of 1999, as visualized in the agreement, but negotiations on agriculture should resume in 2001.

Positions in the Agricultural Negotiations

The commitment to new negotiations is not questioned by any government who were actively involved in the process of Analysis and Information Exchange (AIE), which was launched at the 1996 Singapore Ministerial. The main protagonists will be as they were in the Uruguay Round the United States, the EU and the Cairns group. End of 2000 would be a "target date" for members negotiations to table their positions (interview WTO April 2000), but with flexibility to be tabled by March 2001 (WTO/G/AG/NG/W/1), given the US electoral time-table and a new President and administration would take over only in January 2001. Some venture to say that serious negotiations could only be expected by the end of 2003, when the "peace clause" protecting the EU ends (http://www.twinside.org). It is likely that the triad of market access, export competition and domestic support will be tackled again, and the major questions would be the rates of reduction to be applied.

Multifunctionality: A New Myth?

The EU has taken a firm stance on defending the CAP and its principal instruments: export subsidies and domestic support. The concept of multifunctionality is at the core of the EU position. Although Article 20 stipulates that negotiations should take into account non trade-concerns, it does not explicitly mention multifunctionality. The concept first seems to have been mentioned by a Swiss diplomat during the Rio Conference in 1992, then taken up in different fora (Interview DG Trade Brussels 6 July 2000). The OECD communiqué of the Ministerial meeting of March 1998 states in paragraph that "because of its multifunctional character, agriculture plays a particularly important role in the economic life of rural areas, which is not necessarily mirrored by the market forces. According to the EU,

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4 The EU regulatory committee was in charge of the release of two swede rapes, one manufactured by Monsanto (USA). The committee failed to come to a consensus, and decided to put directly the issue to the EU member states. Although the Commission had proposed that the products be approved, governments of the 15 EU countries have adopted stricter marketing rules (for labeling and monitoring, and a limited product approval to a maximum of 10 years, in response to public concerns that genetically modified foods are a public health hazard. The directive will undergo a second reading by the European Parliament in April. 5 Multifunctionality could have been mentioned for the first time by a Swiss diplomat during the Rio Conference in 1992, then taken up in different fora (Interview DG Trade Brussels 6 July 2000). The OECD
multifunctionality is beyond non-trade concerns, which is broader than multifunctionality (Interview DG Trade, 6 July 2000, EC Delegation in Geneva, 16 February 2001). Although the EU has published numerous reports on the relationship between agriculture and rural development, and on agri-environment measures, it is still in a search for more precision about the exact nature of this role. It underscores that it is "the production of food, feed and fibre, the preservation, the management and enhancement of the rural environment and landscape; the protection of the human, animal and plant life or health, the relationship between trade and environment, animal welfare, food safety and food quality, and other consumer concerns relevant to agriculture, which are of increasing relevance to the public, and the contribution to the viability of rural areas and a balanced territorial development" (Document, DG AGRI 2000).

Agriculture is the predominant land user and provides services, which are linked to the land, interdependent with agricultural production, and valued by society in its own rights (AIE, 28 September 1998). Indeed, multifunctionality can encompass a lot of things. It has become the "European model of agriculture", therefore having an important place under EC laws, and should be addressed in the negotiations as they are at the cross roads of other WTO Agreements, notably the SPS and TBT Agreements" (Communication of the Commission to the Council 1999: 7-8). In the EC comprehensive negotiating proposal (WTO, G/AG/NG/W/90), food safety is clearly included in the multifunctional role of agriculture. Therefore, multifunctionality should be negotiated besides the four pillars of the agricultural negotiations, to name them market access, domestic support, export subsidies and special and differential treatment for developing countries (Interview, Geneva, German Mission to the WTO, March 2001).

However, the concept of multifunctionality remains vague, which can be helpful whenever necessary, especially in negotiations. However, very few contest that agriculture is not only about producing food and fibre, and that it has other functions including non-trade objectives. In fact, 27 countries submitted a note in September 2000 on multifunctionality (http://www.wto.org), among them most of the Central and Eastern European countries(G/AG/NG/W/36 revision 1).

What are its origins? Although the EC acknowledged the environmental dimension of the agriculture as far back as 1982, very little has been achieved since then. The Commission's 1985

_**communiqué of the Ministerial meeting of March 1998 states in paragraph 10 that "because of its multifunctional character, agriculture play a particularly important role in the economic life of rural areas."**_
Green Paper on the future proposed that agriculture "should take more account of environmental policy, both as regards the control of harmful practices and the promotion of practices friendly to the environment. Lowe argues that the environmental concern is not to be seen as the triumph of environmental interests, but coincided with powerful arguments for reform (1992: 6). According to Skostad (1998: 471), the incorporation of new environmental concern, and the farming as the "preserver of the countryside" was envisioned by the Commission in the late 1980s to refurbish the negative image of the CAP. The CAP reform in 1992 introduced agri-environment and afforestation, compensatory payments for less favoured areas or areas subject to environmental constraints, and early retirement measures, all having a specific environmental focus to accompany the reforms, and the introduction of the direct income support scheme in the CAP reform in 1992 was aimed to preserve rural society (Skostad 1998: 473). The Commission links the preservation of the CAP with the goals of maintaining a sustainable rural environment. The rural development policy became an integral part of Agenda 2000 introduced in 1997, and the second pillar of the CAP, implying a further shift from generic market support (the first pillar) to targeted agri-environmental and rural development measures. Furthermore, the Treaty of Amsterdam, which came into force in May 1999, makes it the responsibility of Community lawmakers to integrate environmental concerns into all legislation.

In the EU's views, it is essential to ensure that liberalization in agricultural trade does not damage the ability of those employed in agriculture supply public goods, in particular as regards to the environment. The Commission's leitmotiv is that government support for the agricultural sector is needed to maintain rural society and rural activity. Objectives like food safety or environmental protection cannot be achieved by market forces alone (Franz Fischler 1 July 2000). Agri-environment programmes are provided for the costs of delivering environmental services to protect the environmental and maintain the countryside, and imply that the farmer already respects minimum environmental practices. Premia are based on costs incurred and income foregone, and therefore cannot be regarded as subsidies in an economic sense (underlined by the author, Commission, 4 December 1997). They are part-financed from Community funds, and 50% is

7 Less favoured areas are mountainous areas, areas threatened with abandonment, and areas affected by specific handicaps, added to less favoured areas are areas subject to environment constraints, where farmers can receive payments aimed at compensating the costs and income losses resulting from measures on environmental protection. Actions under the latter category have been amplified (Commission fact sheet 2000).
provided by the Member states. However, the EU concedes that subsidies devoted to environmental aims must be as less trade distortive as possible.
Reintroducing Green and Blue boxes in the Negotiations

The domestic subsidies in the Green and Blue Box are the key point of these negotiations. To bring agriculture into line with non-farm products under the GATT requires nothing less than a ban on farm export subsidies. With respect to domestic subsidies, gradual reform of policies of the US and EU, in particular the further de-coupling of farm income support measures from production as with America's FAIR Act of 1996, may allow removal of the 'Blue Box' in the next round of talks. Efforts to tighten the 'Green Box' criteria could be made, so as to reduce the loopholes they provide for continuing output-increasing subsidies (Anderson & al. 1999: 10). The question for countries is to make more payment allowable under the Green Box, which is not actionable, or the Blue box. EU members have pushed for the inclusion of non-trade concerns in the "Green Box" and "Blue box" or by allowing for the possibility of "exclusion" to commitments on measures such as export subsidies (Josling, Tangermann 1999). The EU wants to demonstrate that Blue box payments have been very useful tools, and it has used them in the reform of domestic policies. The 1992 reform of the PAC has been translated into a shift from market price support to Blue box payments, and has ensured transparency of support policy (WTO, G/AG/NG/W/17). Other negotiating partners, among them the US and the Cairns group should be eliminated.

There is the distinct signal that environmental issues are being used as an excuse or convenient justification for meeting other objectives, including protectionism. The discussions on the Green and Blue Boxes will emerge during the negotiations, but the current position of the EU is to keep a low profile on this issue, for fear of becoming trapped in pre-defined categories. The EU underrates the multifunctionality of agriculture, and tries to gain other negotiating parties to the accuracy of the concept (Interview DG Trade 7 July 2000). The EU could argue that the draft stated in the Seattle meeting achieved multifunctionality without the label (Interview DG Trade, 6 July 2000; Grant 2000: 18).

The EU found some allies, among some developing countries who feared the loss of preferential access to EU markets as a result of MFN liberalization, and from countries that maintained comparably protective regimes for agriculture, such as Norway, Switzerland, Japan and

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8 The ‘Blue Box’ comprises US and EU direct payments to farmers who restrict their output or at least some inputs. These were granted exemption from challenge under the Blair House agreement to move the UR talks forward.
Korea. The EU has initiated the group of the "friends of multifunctionality"\(^9\), and hosted a meeting in July 2000 with like-minded countries, which was attended by another 34 developing and developed countries and economies in transition, including least-developed countries and small island developing states. The EU’s objective is to win the support of like-minded countries and developing countries before starting the negotiations at the WTO, and the discussions initiated at this conference will be pursued in further meetings during the WTO negotiations on agriculture. The friends of multifunctionality claim that WTO rules should give flexibility to governments to implement appropriated policies, taking into account the specific situation of each country, including national priorities and production conditions. They stressed that Green Box measures alone will not be sufficient to address non trade-concerns. The question is about whether trade-distorting subsidies, or subsidies outside the "green box" are needed in order to help agriculture perform its many role. Many exporting developing countries say proposals to deal with non-trade concerns outside the "green box" of non-distorting domestic supports amount to a form of special and differential treatment for developed countries. Several venture to argue that any economic activity -industry, services and so on- have equal non-trade concerns, and therefore if the WTO is to address this issue, it has to do so in all areas of the negotiations, not only agriculture (http://www.wto.org).

The second key point of the EU position, which is consistent to its position in the Uruguay Round, is reduction of export subsidies must be treated on an equal footing by including other less transparent forms of export support (food aid, export credits and single desk buyers or exporters). Franz Fischler, the European farm Commissioner, noted that "export subsidization will certainly be a core issue in Geneva. When I say 'all forms', I mean all forms, not only the EU’s export refunds, but also disciplines in export credits as well as other forms of export promotion like state trade enterprises or trading boards" (http://www.individual.com). The Commission's position is consistent with the one it defended during the Uruguay Round. The Commission claimed that "all direct and indirect subsidies and other measures would be considered which meant that the US deficiency payments program would also be a potential subject to negotiations (Swinbank, Tanner 1996: 67). The US has recently complemented its array of packages for farmers linked to prices.

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\(^9\) The concept means different things to different countries. For some, multifunctionality refers to food security, for some other, including Japan, it refers to the protection of lands and terraces from flooding, which would otherwise be caused by excessively high peak discharge levels of water runoff (Discussion paper., Commission 2000)
The Uruguay Round of negotiations did not take into account those payments, therefore current negotiations should address them.

**Agricultural Negotiations: Converging or Diverging Interests?**

Once again, the EU finds itself in a difficult position, which is complicated further by the existence of one constraint: the enlargement process and previous commitments, the Agenda 2000. The Uruguay Round agreement, by imposing cuts in the main areas of the CAP (export subsidies, domestic support, market access), and put limits on the price support scheme, obliged the EU to move towards a more expensive (for the tax-payer) system of direct income support for farmers. Are the negotiations more difficult now than previously? Current negotiations are easier in the sense that negotiating partners have clarified the language as a result of the Uruguay Round of negotiations on agriculture, and found common standards and methodology. Moreover, the EU has embarked upon a policy of reducing its agricultural expenses and re-defining its principles, which have guided its agricultural policy so far, especially the necessity to reform before enlarging the EU, while the United States has embarked on a policy of increased expenses on products and export credits. Thus, both partners could find common grounds as far as domestic support is concerned. The United States has also tuned down its initial stance against the non-trade concerns. However, there should have a collision of interests on export subsidies.

The United States has predictably tabled its position that consists of reducing trade-distorting support, and eliminating the Blue Box (WTO, G/AG/NG/W/16), which is vehemently opposed by the EU. The United States' does not deny the non-trade concern of agriculture, but its definition is much more precise that the EU one. Non trade concerns include solely food security, resource conservation, rural development and environmental protection.

The United States is seeking improved access for US exports under tariff-rate quotas (grains, maize, soybeans, beef, poultry and citrus), including those of engineered through biotechnology, a prohibition of export subsidies, a limitation on domestic subsidies, and a strengthening of disciplines on the operation of state trading enterprises (Croome 1998: 10). Indeed, in some countries state-trading entities may have the exclusive right to import and/or to export so as to control the domestic supply and distribution of agricultural commodities (Ingco and Ng 1998). The efforts of the United States are supported by the Cairns Group of agricultural exporters, who contends that multifunctionality is not applicable to agriculture. It argues that if multifunctionality is
included, it will lead to a weakening of disciplines and even further distortions in agricultural markets. According to the Cairns group and the United States, the Green Box provisions already contain sufficient scope to accommodate the need to address non-trade concerns. If the objective is to protect the environment, better paying directly from subsidies devoted to this effect without price support, and without increasing the scope of the Green Box (Interview Geneva, October 1999). "Green box" subsidies are targeted directly at these objectives and by definition do not distort trade. Blue box support measures which distort trade and production are exempted from the Uruguay Round, which is according the Cairns group clearly inadequate and have not resulted in a fundamental shift away from trade and production-distorting forms of domestic support.

The Cairns Group casts some doubt on the animal welfare policy in the EU, and disagrees on its inclusion in the trade agenda. The EU agricultural subsidies had produced bad effects, and are an inefficient way to pay for environment and animal welfare. Gary Simpson (2000: 55) spells them out: "intensify land use, increased applications of agrochemicals, adoption of intensive animal production, practices and overgrazing, degradation of natural resources, loss of natural wildlife habitants and biodiversity, reduced agricultural diversity, and expansion of agricultural production into marginal and ecologically sensitive areas". Export subsidies have brought international prices down and induced farmers to produce the cheapest way to be able to get benefits, thus deteriorating the environment. The cheapest way is not necessarily the most environmentally friendly. Thus, the best way to act for environmentally friendly agriculture is to eliminate subsidies. According to the US, distorting subsidies frequently lead to environmentally destructive practices, threatening as well farmers' and ranchers' ability to develop efficiently and in a sustainable manner. At the same time, the United States recognizes the importance of domestic programs that promote sustainable agriculture and rural communities in a manner that minimizes distorsion. It proposes that there be a provision, building upon current rules, for exempting programs deemed to promote these objectives in way that minimizes trade distortions.

The Cairns group has stated a maximalist position which call for total elimination and prohibition of all forms of export subsidies, deep cuts to all tariffs, tariff peaks and tariff escalation10, removal of non-tariff barriers without exception, a substantial increase in trade volumes under tariff rate quotas, and elimination of all trade-distorting domestic subsidies. Green

10 Tariff escalation refers to graduation: tariff increase. For example, in Canada tariffs on dairy products are 600 per cent, 174 in United States for peanuts, 360 in Canada for butter, 1000 per cent in Japan for rice, meanwhile the average is 5 per cent for industrial products. Average tariffs to be brought down.
Box should be maintained but made more precise, and language clarified, while Blue Box should be reduced (WTO, G/AG/NG/W/35). Cairns members will also pursue closer regulation of export credits for agricultural products (Croome 1998: 14). The least developed and the net food-importing developing countries have stressed that they would suffer from the higher world prices flowing from the removal of government intervention in this sector (Simpson 2000: 55). Switzerland, though supporting the non-trade concerns of agriculture, is somehow in-between these positions, and tries to fill in the gap. It recognizes that members might be tempted to justify their excessive protection and production-related support measures by invoking the need to preserve the non-trade effects of their agriculture. On the other side, reduction in product-related support and liberalization of trade would bring a decline in non-commercial agricultural services below the level demanded by society. The conciliation of these viewpoints represents a major challenge for the negotiations on agriculture (WTO, G/AG/NG/W/94).

Developing countries' main concerns are to reduce substantially, if not eliminate, tariff peaks and escalation, which may also include a clarification of the continuation of the use of tariff quotas (WT/GC/W/331). Some developing countries, such as India and Pakistan, calls for more flexibility in the implementation of the Agreement, and to lessen the pace of reduction to enable them to develop their agricultural sector and to ensure food security. They should be granted with more flexibility to provide domestic support to meet the challenges of food security (WT/GC/W/161; /152). This clear-cut picture of the different interests in the Round is blurred by the existence of specific national aims at variance with the general stance of the country concerned: for example, the united States and Canada seek to maintain their highly protective regimes for sugar and dairy products respectively (Croome 1998: 16).

SPS agreement per se is not included in the agenda, but is likely to be taken up during the negotiations to enable trade-offs (Interview WTO May 2000). As far as consumer health is concerned, the Commission added in its communication to the Council that "each Member has the right to choose its own level of protection of consumer health and to apply the corresponding sanitary measures. The links between consumer, health and agriculture is clearly stated in the EU position on animal welfare (WTO, G/AG/NG/W/19). In its proposal on animal welfare and trade in agriculture, the EU declared that "consumers claim their right to make informed choice between products, including products produced to different welfare standards. They want to be informed about how farms animals are kept, transported and slaughtered. Therefore, appropriated labelling,
compulsory or voluntary, as provided for under Article 2.2. of the TBT Agreement could facilitate the wish of consumers to make an informed choice”

WTO Members may resort to restrictive trade measures in order to ensure that level of protection, under the conditions laid down in the SPS Agreement, provided such measures are based on international standards or sound scientific advice. Where the relevant scientific evidence is insufficient the Agreement explicitly allows Members to adopt provisional measures on the basis of the precautionary principle”. Although the EU has confirmed its intention to re-negotiate the SPS Agreement, the United States and developing countries are opposed to negotiations, fearing that the EU could re-negotiate tougher principles. In that case, importing countries may have more flexibility to reject more products from developing countries. Indeed, the agreement could be improved, but that does not mean open up the pandora box of the precautionary principle.

Agricultural Negotiations Within a New Round of Negotiations

Economic negotiations are not one sole negotiation, but many multilateral agreements being negotiated separately, usually by separate persons (Landau 2000). In these diverse negotiations, there is more opportunity for problem-solving attitudes, and maximized numbers of trade-offs between negotiators and of linkages (Zartman 1986: 285). A broad span of issues arising in international economic negotiations provides opportunities for trade-offs between negotiators (Zartman 1986: 285). With an inclusive agenda, where all issues are discussed conjointly, the number of possible combinations or linkages - and hence the number of possible compromises or package deals - is maximized (Jönsson 1978: 38). As pointed out by Homans (1961): "The more the items at stake can be divided into goods valued more by one party than they cost to the first, the greater the chances of a successful outcome". Parties were thus able to trade differently valued items for mutual gains. As nicely put by Jönsson (1978: 38), “instead of joggling with one ball at the time, negotiators should keep all the balls in the air until the final combination is found”.

The agenda of the Uruguay Round was articulated in specific and functional issues, which could be mutually productive for countries. Structure of issues provided additional chance for trade-offs between negotiating parties. Within one issue, different components facilitated negotiations. Services encompassed among others tourism, professional services, communication, education, health services, financial services, transport that could be negotiated separately by
negotiators. To ensure some concessions on maritime transport services from developing countries, developed countries made counter-concessions in liberalization of unskilled personnel. Developing countries realized that negotiating on intellectual property or services could provide some trade-offs on more valued items.

It could be argued that farm policies would get more attention if the next Round's agenda were to be restricted to just agriculture and services. On the other hand, however, the probability of sizeable agricultural protection cuts may well be greater if negotiations include policies of other sectors—especially services—and some of the new issues on the WTO's agenda. The reason is partly because this would ensure more non-agricultural groups take part in the round to counter-balance forces favoring agricultural (and other sectoral) protection. This happened during the Uruguay Round: the main shift within the EU came from Germany, which domestically faced the increased mobilization of industry and business to accept concessions in agriculture against gains in telecommunications and intellectual property. Epstein (1997: 359-60) notes that pressures to yield agriculture erupted inside and outside the agricultural sector. Farmer' groups, government officials and business leaders in member states were concerned about the overall consequences of GATT failures, and favoured the maintenance of harmonious trade relations with the rest of the world. In 1991, the German government faced demonstrations from workers calling for the completion of the Uruguay Round. Also, many WTO members are unable to engage in market access exchange just with agricultural goods, as they have relatively little intra-sectoral trade in farm products. For these reasons, further agricultural liberalization depends on negotiating other sectors, including services.

The EU intended to use agriculture talks as a leverage to launch a comprehensive round with investment, competition, and other issues areas, while the USA envisioned negotiations limited to agriculture and services. The EU argued that without a comprehensive round of trade negotiations that would assure EU corporation massive market access through investments in Third World countries, it would be difficult to the EU to make many concessions in agriculture. The US were opposed to launch a comprehensive round of negotiations. As for now, the new US administration is settling in, and nobody knows exactly what will be the US position at the next ministerial summit in Qatar, next November. All options are open; however a good move would be to open up the negotiations to new issues. This would indeed give more impetus to the WTO.

If the next round is confined to just agriculture and services, it may be difficult to maximize numbers of trade-offs and linkages between issues. The EU is still determined that a new round be
launched, and broke down some developing countries' opposition to global trade negotiations. For developing countries and the United States, the EU was using this tactic to gain time and decide later what to do in relation to the CAP reform and the enlargement process. It is likely that at some point of the negotiations, SPS and TBT agreements will be come to the forefront to enable trade-offs. It is unlikely that GMOs will emerge in the negotiations. The United States has tuned down its initial stance towards GMOs, and, the administration has decided to ban on genetically engineered grains in any food labeled organic, and pesticides on crops labeled organic, bar the use of sewage sludge as fertilized, prohibit irradiation and restrict the use of antibiotics in farm animals (International Herald Tribune, 6 March 2000).

The United States is reluctant to address the issue at the WTO, fearing that it could prove disruptive to the organization. The United States is afraid that the OGM issue might end up like the tobacco case with a series of legal actions (Interview DG Trade, 6 July 2000). Consumers (at least European ones) have clearly expressed doubts about the safety of transgenic crops. The issue has been addressed in the TBT, SPS and commerce and environment committees, although not specifically addressed in the agricultural committee. Other alternative fora, such the Cartagena Protocol on Biosafety, the Convention on Biodiversity or the Codex Alimentarius Commission provide framework for international trade in GMOs where developing countries' voice is properly heard (Zarilli 2000: 2). Yet, the problem is that the main producer, the United States, is either not a member of the Convention or has not ratified the Cartagena Protocol.

Yet, single issue such as agriculture and services has also internal articulations. Pascal Lamy (http://www.europa.eu.int/millenium round) suggested that agriculture should be negotiated under four main headings:

(1) The question of whether any of the specific instruments provided in the Agreement itself need to be adapted.

(2) Progress on the key trade issues, access, assistance to exports, and commitments to reduce support.

(3) Non trade concerns, notably the multifunctional role of Agriculture, food safety and quality, policies to protect the environment, and animal welfare.

(4) Special and differential treatment for developing countries.

This position is consistent with the one the EU adopted in the Uruguay Round. The United States wanted independent negotiations on each of the agricultural negotiations' components; while the EU wanted to negotiate them together to provide ground for trade-offs.
Interest Groups and the Agricultural Negotiations: Overlapping interests

The gap which characterized the positions of the main contenders in the agricultural negotiations is reflected in the positions of the main interest groups involved in the negotiations in the EU and in the United States and Canada. Mobilization of farm, consumer or environmentalist groups is likely to impact on the WTO member countries' positions. Frank Pfetsch (1994: 131) has suggested the following hypothesis: the range of action that a government possesses in foreign policy is dependent on the domestic structure: the more a government in its foreign policy actions has to take into account, and the more the internal sociopolitical structure is segmented and fragmented and ideologically split, the more its foreign policy shows a low profile. Concerning agricultural negotiations, Governments have to take into account articulated interest groups, and as a result their negotiating position shows a high profile. As accurately pointed out by Kim Elliot (2000) regarding the fast-track procedure in the United States: "in the absence of endorsement from the business community, compromise would be out of reach". The US administration is working closely with Congress and agriculture community to build up its position in the negotiations so "it will be widely supported both in American agriculture and Capitol Hill" to use the words of Greg Frazier, the US special negotiator for agriculture and food policy at the USTR (WTO reporter 7 June 2000).

There are a number of NGOs that have an interest in the agricultural negotiations at the European level: farming groups, food industry groups, consumer groups, environmental and rural development groups. Several agricultural and farmers' lobbies of the North have began to invoke the environment issue. More importantly for the future of the negotiations on agriculture, in the area of food safety, which is likely to be on the agricultural agenda, popular attitudes and scientific results have become almost impossible to reconcile. As quoted by Dinan (1999: 149) "nowhere do US and EU policymakers face greater challenges that in the area of food regulation, where issues of science, popular emotion, social judgments about acceptable level of risk, and regulatory responsibility have become hopelessly entangled".

The table 1 summarizes the NGOs likely to impact on the negotiations.

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<th>Table 1: Organizations with an interest in the agricultural negotiations (transnational and selected countries)*</th>
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Source: Egdell and Thomson 1999; and various organizations.

*Acronyms: CIAA: Commission des industries agroalimentaires; BEUC (Bureau Européen des Unions des Consommateurs); COPA (Comité des Organisations Professionnelles Agricoles); EFC European Farmers
Coordination, Eurocommerce (The Retail, Wholesale and International Trade Representation to the European Union); Eurochambres (Chambres de Commerce et d'Industrie en Europe); COCERAL (the Grain Trade Organization); EDA (European Dairy Association); EMA (European Meat Association); ETUC (European Trade Union Confederation); DAYO (Dutch Agricultural Youth Organization); NSNE (Netherlands Society for Nature and Environment); DSPA (Dutch Society for the Protection of Animals); CAE (Centre for Agriculture and Environment); EUROCOOP (Communauté Européenne des Coopératives de Consommateurs); MODEF (mouvement des exploitations familiales).

There is a parallel position among farmers groups in the EU, although there exists some national specificity. Each country has its own political culture and structure. One factor has conditioned the European unification process: multi-layered internal cleavages (Pfetsch 1994: 132f): pro-market and free-traders (British and Dutch) versus protectionist (France), transatlantic versus European, more or less environmentalists, more or less interest in third world countries. These cleavages are likely to impact on farmers Groups in the EU. As noted by Egdell and Thomson, the UK environmental NGOs have an undoubted lead within their European organizations, and UK NGOs have succeeded in promoting fellow-thinkers from other Member States (Egdell and Thomson 1999: 128). UK environmental concerns are shared by the Dutch farmers groups, and they have jointly manifested concerns for both countries, but particularly the United Kingdom have strong movements. The Royal Society of the protection of Birds which was instrumental in setting up Birdlife international, is the largest voluntary conservation organization in Europe with over 1 million members in 1999 (Rootes, Seel, Adams 2000: 4). One of this broad area of campaign is agriculture and animal welfare. According to both the UK and Dutch farmers groups, animal welfare should be included in the WTO trade agenda. For COPA, the Agenda 2000 constitutes the essential element in defining the Commission's negotiating mandate. While focusing on the link between Agenda 2000 and the negotiations, the more free-trader and more budgetary-concerned NFU would have liked more progress in the Agenda 2000, which would have allowed more CAP support to have been reclassified as "Green Box" measures, making less crucial to defend the continuation of the Blue Box.

Most farmers groups at both the national and European levels (NFU (and its Community Branch the Bureau britannique de l'agriculture; Dutch Farmers Union; FNSEA, COPA) support the agriculture's "multifunctionality". European agriculture plays a number of complementary roles, commercial as well as social, rural and environmental. Scope for the support of multifunctional agriculture will have to be realized through the maintenance of a clearly-defined Green Box.
However, the EU’s stance towards multifunctionality may have raised unrealistic expectations about the probability of an agreement. Protection of consumers, animal welfare and environment are best ensured by a labelling policy. Labelling is clearly stated in the EC comprehensive negotiating proposal (WTO, G/AG/NG/W/90) and the Swiss position. TBT Agreement should be modified in the direction of stricter labeling requirements which require production processes and methods to be specified to consumers (NFU, FNSEA). NFU and COPA agree that the EU stricter standards for animal welfare impose additional costs on European producers, which have rendered them uncompetitive on world markets. Animal welfare standards applied on a compulsory basis in the EU are stricter than those applied in many of its trading partners. Thus, environmental payments should be enlarged to include animal welfare measures.

Farmers groups challenge the practices of other agricultural producers, including the US fair Act under which some domestic support has equivalent effect as export subsidies. Negotiations on export subsidies should not be conducted in isolation, but in parallel with the discussion on domestic support. British, French and Dutch farmers groups (NFU and United Kingdom Food Group) call for a special and differential treatment for developing countries.

The overlapping issues which characterized the current negotiations render the negotiations more complicated. On some issues, there is a collusion between interest groups, whereas on some related issues, positions may diverge. Understandably, on the question of SPS, European consumer groups (European Bureau of Consumers Unions (BEUC) have joined Farmers Group to defend European standards. EU food safety, sanitary and phytosanitary standards and controls which ensure both the safety and confidence of EU consumers must be recognized internationally, and imports must be subject to equivalent standards and controls. Negotiations on SPS Agreement should clarify the use and scope of the precautionary principle (NFU and FNSEA). The use of the precautionary principle is also called for by the main environmental organizations: Greenpeace and the Friends of the Earth launched a "stop genetic pollution campaign" (AFP 2000). Main European Farmers and Consumer groups agree that the "next round must take more account of consumer concerns and there must be stronger representation of the consumer interests in international bodies such as the WTO and CODEX Alimentarius" (BEUC 1999). Greater clarity is needed to ensure that the interests of trade do not prevail over non-trade concerns (DFU 1999). The European Farmers Coordination (EFC) - the transnational network of farm activists- fights for the “recognition of food sovereignty, access to land, respect of the biodiversity” (www.confederationpaysanne.fr), and mobilizes around a tougher application of the precautionary principle in the use of GMOs.
NFU does not support calls for trade restrictions to be placed on GM foodstuffs. However, it supports the efforts being pursued by the EU to determine whether there are any environmental consequences from growing GM crops in Europe. Similar concerns are expressed by the BEUC (consumers groups). It calls for a good authorization system although it does not oppose the development and introduction of GMO food and food ingredients; nor does it think that there is any inherent general risk to human health (BEUC 2000: 1). Consumer choice imposes stricter labeling regulations.

Canadian farmers group such as the Canadian Wheat Board (1999) or the Canadian Egg, Dairy and Poultry Farmers (CEDPF 1999) focus on eliminating export subsidies, working toward full de-coupling of domestic support, and also seeking a limit to domestic support. They denounce the EU and US practices: the US Export Enhancement Program (EEP) and the Loan Deficiency Program (LDP) and the EU intervention prices have resulted in higher prices than the world market, requiring the maintenance of export subsidies (http://cwb.ca). The CWB calls for rules to govern programs under the boxes in order to prevent the use of government funds for the direct purpose of market share expansion. According to the group, the EU has increased the Blue Box payment, while the US has increased its use of the Green Box. The core of the CWB is on SPS: both the CWB and the CEDPF call for the elimination of SPS which are not scientific-based in order to prevent disguised protectionist trade measures. GMOs: biotechnology trade issues and risk assessment must be dealt with on the basis of scientific fact; labeling of food products containing ingredients derived from plants of animals developed through biotechnology must be science based health criteria. Multilateral Environmental Agreements (MEAs) should not supersede the WTO11.

The same position on SPS is shared by the American Food Processors Association (NFPA). The science-based standard contained within the SPS is not negotiable. It lists the WTO disputes at various stages, which is a clear evidence that several WTO members are failing to live up to their obligations” (NFPA 1999: 3). The NFPA insists on linking agricultural issues in a comprehensive and balanced package in order to provide incentives for trade-offs. The elimination of export subsidies is called for but at the very end of the NFPA’s program. Understandably, for the NFPA,  

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11 Some countries consider that MEAs supersede WTO. Thus, there is a need to clarify WTO rules to prevent challenges to trade measures taken under MEAs. This issue is likely to come to the fore in the future with the increasing number of MEAs. The last to date is the Bio-Safety protocol adopted in 1999.
the TRIPs agreement has also an impact on food industry, and negotiations should focus on patent protection for products of biotechnology.

**Conclusion**

Trade negotiations have become peopled with a vast array of groups. Issues, which were independently negotiated in the Uruguay Round are overlapping, and intertwine with agricultural issues, such as the SPS Agreement. As a result, this incremental regime is likely to impact upon the number of players and their patterns of influence.

Agricultural negotiations at the WTO will be more complex to manage as many groups scrutinize and express their interests. Not only farmers groups are participating, by lobbying the EU, national governments and increasingly the WTO, but also consumers, food industry, environmental groups are pushing forward their claims. The most stringent voices in the agricultural negotiations are originating from Europe and from the United States and Canada. However, lobbying the WTO is different from lobbying the EU. The EU views the NGOs as a great use in its policy making process, and useful channels to popular concern. They are instrumental in gaining credential, and increasing its credibility and transparency. NGOs voice popular concerns, and bring them to the decision-makers' attention. They are praised for their useful technical information.

The WTO negotiations are potentially of great use to NGOs. WTO has come to occupy a prominent place on the agenda of numerous business lobbies, labor unions, farmers' organizations, environmentalist groups, consumer unions and human rights advocates, and environmentalists, and offers them an opportunity to interact and work together. Groups benefit from the WTO negotiations, in shaping their concerns and interests in other for a, such as the EU. The picture of the interest groups in the negotiations is rather clear cut, although colorful. Voices are stringent; interests are vested; and positions are diametrically opposed. The core of the groups' programs depend on own political culture and structure of interests. The European groups emphasize on the "multifunctionality" of agriculture, on the strengthening of the SPS Agreement rules, and on including more items such as animal welfare. On the opposite, for the American and Canadian groups, the SPS Agreement's science-based standards is not negotiable. They claim free trade for GMOs. It remains true that how much and what type of scientific evidence remains unclear.

Likewise the Uruguay Round, the EU finds itself in a delicate position, in accommodating
previous and multiple commitments. The Enlargement process, the CAP reform and the agricultural negotiations are part of a comprehensive package. It could now face new thinking expressed by the new German Minister of agriculture Renate Künast, a Green who wants to redirect the VAP. Subsidies should help organic farming, not the intensive methods that now predominate, and farmers should meet "social and ecological criteria if the want cash subsidies. This position should have an impact on negotiations, re-inaugurating the situation experienced by the EU in the Uruguay Round of negotiations. However, although the minister has sent a signal to the EU Member states, the EU is currently overburdened by the BSE and the mouth and foot disease.

The Commission has a negotiating mandate, but it is likely for the EU to adopt a wait-and-see position, and a crisis-response mode of decision, widely spread in the EU (Landau 1998). Finally, the pressure from the public opinion, which has been heard at Seattle, is likely to put some pressure on the negotiators. Yet, the WTO serves the EU to solve some intractable problem. It has been the case during the Uruguay Round of negotiation. It may be doing so during the next round of negotiations.

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