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FOR A CHANGE IN THE STATUS QUO, BUT WITHOUT AFFECTING THE FRENCH JEWEL - CAP

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*A pregnant mountain, just about
To enter labor, bellows out,
And raises such a monstrous roar
That all who run to watch surmise.
She'll bear a city more than Paris' size.
A mouse is what she bore.*

*The mountain in labour
La Fontaine*

In an interview with Deutsche Welle on May 11, the French President Macron stated that he would strive to stimulate substantial reforms in the EU. "The status quo in Europe is bad for everybody". The multiannual budget framework for the period 2021-2027 proposed by the EC stipulates a considerable decrease in the funds for the common EU policies, including a 5% decrease in the funds for CAP, and is, therefore, in line with this believe.

The Common Agricultural Policy is part of the EU status quo. Its foundation is grounded in the Treaty Establishing the European Economic Community from 1957. Besides the creation of a common market for industrial goods, the Treaty stipulates the creation of a common market for agricultural goods, accompanied with the establishment of a Common Agricultural Policy. The first regulation on the agricultural policy was introduced in January 1962.

CAP is in fact a system for market support, based on guaranteed prices in the Community, import taxation and subsidies on export to the rest of the world. It corresponds to the economic context after World War II - one of food shortage and a significant importance of the agricultural sector to the Western European political elites, a strive to avoid the interwar social crisis through a reduction of the difference in the living standards between the rural and urban residents and respectively, to avoid



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the emergence of extreme political movements in the rural areas.

The original political meaning of CAP presupposes the difficulties experienced while seeking a solution to its chronic economic problems that have appeared during the years – large-scale overproduction and growing funding, which takes the form of protectionism that violates the principles of free trade. In the beginning of the 90s of the previous century, CAP accounted for about half of the expenses of the EU, considering that only 5% of the workforce in the Union was employed in the agricultural sector. According to a number of researchers, this policy is in fact an expensive and ineffective transfer of funds from taxpayers and consumers to farmers. Furthermore, because of the different levels of productiveness of the agricultural products in the different countries, CAP redistributes not only among individuals but among countries as well.

These problems of the Common Agricultural Policy provoke constant disputes between the Member states in regard to instalments, agricultural price levels, reforms aimed at the reduction of the expenses. As CAP has unequal political significance to the different Member states, achieving a compromise for potential reforms turns out to be extremely hard. Therefore, the two most significant reforms in CAP were made under threat of bankruptcy (1988) and of an international trade conflict (1992).

The huge political significance of CAP to France predetermines the traditional drive of the country to preserve this policy from reforming because of the high domestic political risks. The agricultural policy is a jewel in the hands of France, declared Michel Dantin, French member of European People's Party in the European Parliament, in January 2018.

CAP is included in the Treaty establishing the European Economic Community exactly because of the insistence of France, and as a condition to its participation in the integration project. On the one hand, the budget of the established Community would assume part of the burden for subsidizing the French farmers, whose production is predominantly ineffective. On the other hand, the generated food surplus would find a protected market for agricultural export.

CAP is one of the main reasons behind the rejection of the British membership by France in 1963. The British application for membership (1961) coincided with the crises of the French agriculture. The attempts to reform the national system for subsidies failed. Hence, the question of the application of CAP gained paramount importance to France but the definition of its details among the partners in the common market had not yet finished. In the meantime, CAP had already emerged as a problematic issue in the membership negotiations between the UK and the EU. The incompatibility between the British economic tradition and the principles of this policy presupposed the difficulties experienced while seeking a compromise solution. De Gaulle, however, neither had the time to postpone the application of CAP, nor was he willing to allow an "Anglo-Saxons'" intervention in its composition.

The reform of the Common Agricultural Policy was a main barrier to the realisation of the Eastern enlargement. The resistance of France in 2002 against this reform, supported by Germany and Great Britain, turned the search for a compromise on this matter into an insurmountable precondition for the completion of the negotiation process for the accession of the countries from Central and Eastern Europe. "The Conrad Deal" between Chirac and Schroeder that resolved the dispute was reached just a few hours before the beginning of the meeting in

Brussels in October 2002, which had to reach a final agreement on the budget matters of the Eastern enlargement.

Macron's declaration from September 2017 in his programme speech regarding the future of Europe created the impression that France was ready to break off with the tradition and apply a totally new approach in regard to CAP. Moreover, this approach seemed to be in line with the brave ideas for reforms expressed by the French President - allocation of budget, Parliament and financial President to the eurozone, tax on the financial transactions, reduction of the number of European Commissioners, carbon tax on the export for countries with lower environmental protection standards. "We must ask ourselves the right questions, without taboos: is our Common Agricultural Policy protecting our farmers and our consumers? I do not completely have the feeling that it is. I would like us to engage with assurance and originality in a Common Agricultural Policy" - declared Macron.

The reaction of the French government to the EC's proposal for reduction of the funds for CAP, however, leaves little room for doubt regarding the readiness to sacrifice the French jewel. Paris defined these propositions as unacceptable. According to an official statement of the French Ministry of Agriculture, such a drastic, massive and blind cut is simply unimaginable, and France would not accept any decrease in direct income for farmers. Apparently the discussion on CAP has not led to new conclusions regarding its effectiveness, so France will continue to defend this red line. (<https://www.dnevnik.bg/evropa/2018>.)

This emerging contradiction between the expressed willingness for a change in the status quo in Europe and the unwillingness to accept changes in one of the components of this status quo, which is however exceptionally valuable to France, creates an impression of an inconsistent policy, which in any

case reflects the credibility of the country. More importantly, however, France, together with Germany, is a leading Member state in the EU, whose behaviour has strong influence on the content and direction of the European integration process. Moreover, France diligently and persistently maintains a discourse on its pioneer mission for Europe. So to a large extent, it is namely France that sets the tone of the upcoming debates regarding the budget framework. And all the other Member states have their own national values, which are part of the status-quo. As a result, the effectiveness of the negotiations on the fundamental reforms in the Union - for a new Europe - are exposed to a high risk.