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# **Explaining Trade Preferences in the European Union**

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## Introduction

Although European external trade policy is the issue area *par excellence* in which the European Union enjoys exclusive competence to negotiate agreements on behalf of the member states, member state preferences are nevertheless highly consequential for policy outcomes in this domain. Not only are the member states, through the Council of Ministers, able to supply the Commission with negotiating directives (better known as ‘mandates’), they also have to ratify the eventual agreement the Commission has reached. Therefore, even in such a ‘European’ domain as external trade, the study of member state preferences is indispensable to arrive at solid explanations of European policies. This paper will therefore focus on member state preferences on trade as the *dependent variable*, irrespective of the eventual outcomes (policies and positions) at the European level.

One approach to explaining differences in preferences among EU member states is to introduce dimensions that serve as a basis for differentiating between groups of member states which are expected to have different preferences. Common dimensions that are assumed to be consequential for trade policy preferences are the North-South (liberal/protectionist) and Left-Right (protectionist/liberal) dimensions. Although these relatively crude dimensions go a long way to explain overarching general variation in trade preferences among EU member states, they cannot explain the whole story. Not only is it easy to list numerous exceptions to these general rules, but applying such dimensions at the state level also leaves the researcher unable to explain intra-state variation. In other words, it does not explain why a state pursues liberalization in one sector and protectionism in another.

This dimensions-approach therefore needs to be complemented in order to be able to arrive at convincing explanations of state preferences on trade. This paper seeks to offer a contribution in two ways. First, it descends from aiming at a theory of a single national preference to focusing on the aggregation of the national preference from the preferences held by different domestic actors. To this end I introduce a new dimension on the basis of which EU member states can be distinguished, namely *domestic structure*. This dimension does not enable direct indications of the content of the state’s trade preferences, but it allows hypotheses on the kind of domestic actors that are important in the preference-formation

process, and whose ideas and preferences may therefore be expected to be decisive. Explaining which actors are important is one thing, but this does not in itself explain the national preference that is the outcome of the domestic process of preference aggregation. My second contribution therefore focuses on the origins of/ explanation of the preferences of the domestic actors. While common explanations of trade preferences of such actors usually exclusively focus on their economic interests (based on the factors of production for example), this paper argues that ideational interests - based on the state identity or the policy paradigm underlying trade policy - should also be taken into account. These ideational variables may differ with respect to different trade sectors and therefore provide explanation of the variation in trade policy preferences in separate economic sectors in a single state.

In the remainder of this paper, I will first define what 'preferences' are (the conceptualization that is used in this paper) and whether and how they can be measured. I will then move on to explain the commonly theorized effects of North-South and Left-Right dimensions on national trade preferences. After introducing the theoretical framework on the aggregation of national preferences, the different hypotheses will subsequently be tested in the cases of French and German preference formation on the GATT Uruguay Round (1986-1993). These cases do not only vary with respect to their domestic structure (France having a government-dominated and Germany a society-dominated domestic structure), they also provide variation on the North-South (Germany-France) and the Left-Right (France 1988-March 1993/ France 1986-1988, 1993 and Germany 1986-1993) dimensions. The case analysis should therefore give insights in the effects of all the dimensions introduced above and on how a state's ideational interests interact with these dimensions.

### **Conceptualizing and measuring Preferences**

A preference is a ranking of different possible outcomes. In this sense it is often compared to the ranking of terminal nodes of a game tree (Frieden, 1999: 43). When an actor ranks the different potential outcomes of an interaction process (on foreign economic policy for example), then this ranking constitutes its foreign economic policy preference. The discussion in the literature on preferences does not primarily focus on its definition, but particularly on

whether they should be treated as exogenous or endogenous (rational-choice versus constructivist approaches for example) and on whether and how preferences can be measured in empirical research (cf. Frieden, 1999).

Measuring national preferences in empirical research is often considered problematic. Frieden (1999) argues that preferences cannot be observed directly through an actor’s behavior, because government statements on policy positions for example do not only include the government’s preference, but also its strategy of attaining that preference. Since the former is difficult to distinguish from the latter in empirical observations, preferences themselves are difficult to observe.

Strictly speaking, the claim that it is difficult to distill genuine motivations from what an actor communicates in speeches and writings is absolutely warranted. Nevertheless, in conducting empirical research on national preferences, a certain degree of pragmatism is required in order to be able to perform empirical research on preferences altogether. Furthermore, ‘strategy’ can be interpreted in two distinct ways, only one of which is actually problematic when it comes to measuring preferences.

One interpretation is that considering a state’s preference for wealth, one strategy of achieving this goal can be free trade.

<i>Strategy</i>	→	<i>Preference</i>
Free trade		Wealth

When the terms preference and strategy are applied in this way, it does not have adverse consequences for empirical research. The strategy in this example in turn constitutes a choice from a range of alternative strategies – by the same token one could argue that protectionism is a more economically advantageous option for certain types of states – for creating wealth, and can thus in itself be treated as a preference. At yet another level, free trade itself may be considered a preference which can be pursued through different strategies (bilateral agreements versus multilateral agreements for example), over which actors may hold a certain preference. Usage of the terminology of preferences and strategies therefore depends on the

(framing of the) issue under investigation and, if used consistently, does not in itself pose a problem for the empirical observation of preferences. The first interpretation of the distinction between preferences and strategies rather serves an analytical purpose which could also be reached by applying different sets of labels: such preferences as opposed to policy preferences, or preferences over outcomes as opposed preferences over means (refs, by Van Esch).

<i>Strategy</i>	→	<i>Preference</i>
<i>Policy Preference</i>		<i>Preference</i>
<i>Preference over means</i>		<i>Preference over ends</i>
Free trade		Wealth

Another interpretation of the difference between preference and strategy may be more problematic however. This is the idea that a state can have a certain preference, but that in stating its position at the international level, it also takes its environment into consideration (the perception of its power, the expected reactions of other actors in the negotiating process etcetera). Government statements can therefore not be taken at face value, but include both a state’s preference and its strategy to reach the desired outcome in an undistinguishable manner. Take the following example:

<b>Strategy</b>	<b>Preference</b>
Demanding 50% reduction in agricultural tariffs, anticipating opposition and the need to compromise	Reducing agricultural tariffs by 30%

Here the observation of the governmental statement on its position would make the researcher induce a state preference of 50% reductions, while in fact, the government would prefer 30%. The observation indeed does not indicate the genuine preference. Nevertheless, in this example the adverse consequences for the empirical results remain limited, because in both cases the researcher would rightfully induce that the state prefers trade liberalization through tariff cuts. The difference between real preference and the behavior-induced-measurement of the state preference is one in degree (the magnitude of the tariff cuts).

If we take the following example, however, it becomes clear that the second type/interpretation of difference between strategy and preference can also be very consequential.

Strategy	Preference
Assuming that a majority for quota will be unattainable and a position in favour of such quota would reduce the chances of a majority for variable import levies as opposed to export subsidies, the actor decides to defend the position that variable import levies should be introduced	Protectionism through import quota > variable import levies > export subsidies

If one took the government’s position statement at face value in this case, the empirical research would not uncover the genuine national preference. In empirical research on national preferences, this problem cannot be solved entirely, but usage of different types of documents (internal governmental documents for example) complemented with interviews with important actors in the decision making process can limit its adverse effects to some extent.

Apart from measuring preferences by means of empirical observation, preferences can also be specified by assumption or deduction (Frieden, 1999: 53). Realist and liberal institutionalist assumptions about a state’s interest in survival to be achieved through the maximization of national power are exemplary of the former. Although such an assumption can rightfully be criticized for being imprecise (Weldes, 1996), some kind of assumption of an exogenous interest or prior preference is simply indispensable if one aims to explain and predict or deduce preferences instead of merely measuring them by empirical observation.

This can be illustrated by how preferences are deduced in international political economy. Common in this approach is the claim that the more competitive a certain firm is, the more it will favour free trade. In aggregating national preferences, researchers therefore analyze important national firms and their competitiveness, in order to arrive at a *national* preference. To this end – moving from the individual firm level to the national level – they eventually also need a theory of aggregation, but what is important here, is that trade preferences of firms are *deduced* on the basis of characteristics of these actors, and these

deduced preferences are the input in further analysis. The deduction of the firm's trade preference could not be performed, however, without the prior exogenous preference for maximum profits (to be achieved through international trade). In the words of Frieden (1999:61): 'Something is always exogenous. The choice is this: how far back do we push our search for theoretically based preferences?'

In this paper I use the term *preference* both for preferences over means and preferences over ends and will combine assumption, deduction and empirical observation in order to arrive at and test a theoretical framework explaining national trade preferences.

## **Explaining trade preferences**

### *Assumption*

I assume that states aim for maintaining or strengthening their power position. Although it is usually assumed that trade particularly affects a state's economic power and welfare, and that in forming a preference over a set of potential behavioural alternatives a state will rank these alternatives according to the economic costs and benefits it attaches to them, I would argue that ideational considerations also affect trade preferences. States are interested in acting in accordance with their identity and existing economic paradigms and will also reflect on the commensurability of potential behavioural options with the incentives arising from these ideational variables. Adding this ideational component results in a more complex analysis, because the identity concepts and economic paradigm against which potential behavioural options have to be evaluated first need to be established empirically. In the introduction of the case studies, I will therefore analyze the relevant French and German identity concepts and economic ideas. [nb: mate van staatsinterventie hierbij, overlapt nogal met l/r dimensie bij de deductie; maar daar is het als iets beschouwd dat voor alles in de staat geldt, terwijl het mogelijk ook per beleidsterrein kan verschillen]

### *Deduction*

The North-South and Left-Right distinctions I referred to earlier are essentially characteristics of the actor on the basis of which trade preferences are deduced. Both dimensions emphasize cleavages at the state level which are expected to have predictable consequences for *national* trade policy preferences. Northern EU member states, which are overall the wealthier member states, are expected to be more free trade oriented and supportive of market-based solutions, while the less wealthy, Southern member states are considered to be more protectionist, preferring regulatory over market-based solutions (Thomson *et al.*, 2004). Within the EU, the United Kingdom, the Netherlands, Sweden, Denmark and Germany are considered typical 'Northern' states, whereas Portugal, Italy, Greece, Spain and France are classified 'Southern'. On the basis of this dimension, one would therefore expect that the overall rate of protection or preferences for protectionist measures will be higher in the Southern than in the Northern states. What this dimension does not explain is intra-state variation in trade preferences, either in different periods or with respect to different sectors.

The Left-Right dimension – still a variable at the national level with direct consequences for national preferences – can explain variation in the degree of intra-state protectionism in different periods (classified on the basis of turnover in government) *and* in different sectors *provided that* these sectoral differences coincide with the temporal differences. In other words: it cannot account for variation in preferences in different sectors in *a single* time period. The Left-Right dimension is a socio-economic dimension, where left-wing governments are expected to be more favourable towards regulatory intervention and support government spending to induce economic growth, whereas right-wing governments are considered to be more favourably disposed towards market-based solutions and support lower government spending, balanced budgets and lower inflation (Thomson *et al.*, 2004; Milner and Judkins, 2004). As a result, left-wing governments are expected to be more protectionist than right-wing governments. Although with respect to the associated preference for either regulatory or market-based solutions, the North-South and Left-Right dimensions coincide, an important advantage of the latter over the former is the variation it allows within states in different periods.

While North-South differences are relatively uncontested, the consequences of partisanship for trade preferences are questioned. Hiscox (2002) for example argues that political parties are unlikely to compete on trade, as every party is likely to represent multiple interest groups with different trade preferences and is thus unlikely to arrive at a coherent position. Others (Rogowski, 1989; Milner and Judkins, 2004), to the contrary, claim that left-wing parties are more representative of labour and will thus be more inclined to support protectionist measures, while right-wing parties are more representative of capital and will push for free trade. Although Milner and Judkins provide a theoretically convincing argument, empirical reality does not always agree. If we take the agricultural sector as a case in point, this dimension is unable to explain why the Christian Democrats and Liberal Party in Germany are far more favourably disposed towards protectionism in agricultural trade than the Social Democrats, while in France nearly all the parties from left to right support agricultural protectionism. Socio-economic variables are clearly not decisive here.

A third characteristic concerns economic sectors within the state: these are expected to be more favourably disposed towards free trade when they are more competitive internationally (ref). We therefore deduce that competitive industries will demand free trade, whereas uncompetitive industries will demand protectionist measures. It is important to note that the deduced preferences are the preferences of individual sectors or industries and cannot be equated with *national* preferences. A theory of aggregation is needed in order to arrive at expectations on the impact of different domestic actors in the process that results in the national preference that is defended by the government in European or international negotiations. The variable of domestic structure (another dimension on which the European member states can be classified) enables the formulation of hypothesis on the expected influence of different actors in the national preference-formation process.

### *Domestic structure and the aggregation of national preferences*

By domestic structure, I mean the structural power relations within the state between government and societal actors. To the extent that these relations are more government-

dominated, the capability of the government to impose its will on other domestic actors (or pursue policies against the will of these actors) increases (Van der Vleuten, 2001: 39; McGrory Klyza and Mlyn, 1995). With respect to the aggregation of the preferences of different domestic actors into the national preference, this implies that the preferences of governmental actors will carry a greater weight than those of societal actors such as economic lobby groups. This does not mean that societal groups hold now influence whatsoever, but 'societal opposition can be ignored at least until it reaches very high levels' (Skidmore and Hudson, 1993: 8-9). I expect that in this case the ideational convictions of the government based on the state identity and laid down in governmental paradigms, are most likely to impact on the national preferences defended in the international arena. It is important to note in this respect (see also below) that the content of these ideational variables may partially coincide over various sectors, but often also differ between these sectors, potentially resulting in different sectoral trade preferences.

With respect to the direct linkage with trade policy preferences, in a simple model one could argue that a stronger power position for governmental actors is more likely to result in free-trade policies, whereas power relations favouring societal actors will lead to more protectionist policies. This would be the case under the assumption that societal actors are generally less free-trade oriented and more protectionist than governmental actors (ref.). Although this could be a general correlation in a large-N study, case studies show neither that the bulk of societal actors demands protectionist policies, nor that governmental actors are always favourably disposed towards trade liberalization. What I would expect though, is that the hypothesis based on the Left/Right dimension is more likely to hold in states with government-dominated domestic structures, than in states with society-dominated ones. This would be a logical consequence of the relative power of the government and the expectation that the national preference in that case will particularly reflect governmental preferences. Since the Left/Right dimension is expected to impact on precisely these governmental preferences, the related hypotheses on a state's national trade preference is most likely to hold in government- dominated states.

When a state's domestic structure is more society-dominated, the preferences of societal actors will have a greater impact on national preferences. The influence of a particular societal actor then depends on how well it is organized and the extent to which it has (institutionalized) access to the government (Alons, 2010). Moravcsik assumes that the government will serve as a transmission belt particularly for powerful economic interest groups (Moravcsik, 1998). Although it is indeed these actors that usually enjoy the greatest organizational strength (membership, degree of mobilization), one should not underestimate the influence of political parties either. The government's ideational considerations may still have an important impact on the national preference under society-dominated domestic structures as well, to the extent that these ideas are shared by or resonate well with the ideas held by societal actors.

What remains to be done then, is to provide a measurement for the domestic structure, which can be applied to different European member states. The degree of economic integration is a first indicator, defined as 'the coordinated, co-operative, and systematic management of the national economy by the state, centralized unions and employers' (Siaroff 1999: 177). A larger degree of economic integration is assumed to be favourable for the power position of societal actors in their relations with governmental actors (Nordlinger, 1981; Tsebelis, 1995). A pluralist economy, lacking systematic coordination and cooperation between governmental and societal actors, on the other hand, reflects a more government-dominated state structure (see also Van Waarden, 1992). While Siaroff's scores indicate that Germany enjoys a high degree of economic integration, France has a very pluralist economy.

A second indicator of domestic structure is the degree to which power is centralized within the government. The larger the degree of centralization, the more government-dominated a state's domestic structure. France is a unitary state where executive power is mainly concentrated in the hands of the President and the Prime Minister (cf. Kessler 1999; Lijphart 1999). Only during periods of *cohabitation* between a President of one party and a government with different party affiliations, is the degree of centralization somewhat reduced. During the case under research in this paper, a socialist President had to govern with a centre-right government between 1986 and 1988 and after March 1993. Nevertheless, compared to

the German federal state with a low degree of centralization, the relative concentration of executive power remains high in France in the entire period under study.

The third indicator of domestic structure is the relationship between the executive and the legislative, or the degree to which parliament constitutes a veto player. These relations contribute to a state-dominated domestic structure, when the government has a secure majority support in parliament and when the legislature does not hold extensive powers. The French legislature does not hold extensive powers (Tsebelis, 1995), but between 1988 and March 1993, the socialist government was a minority government, resulting in an overall executive-legislative balance. Before 1988 and after 1993, the relations were executive-dominated. The German parliament wields far more extensive powers than its French counterpart. In addition, the German government only held a stable majority in the upper chamber until 1989 (Rudzio, 2003: 328). Executive-legislative relations were thus balanced in Germany until 1989, after which they were legislative-dominated.

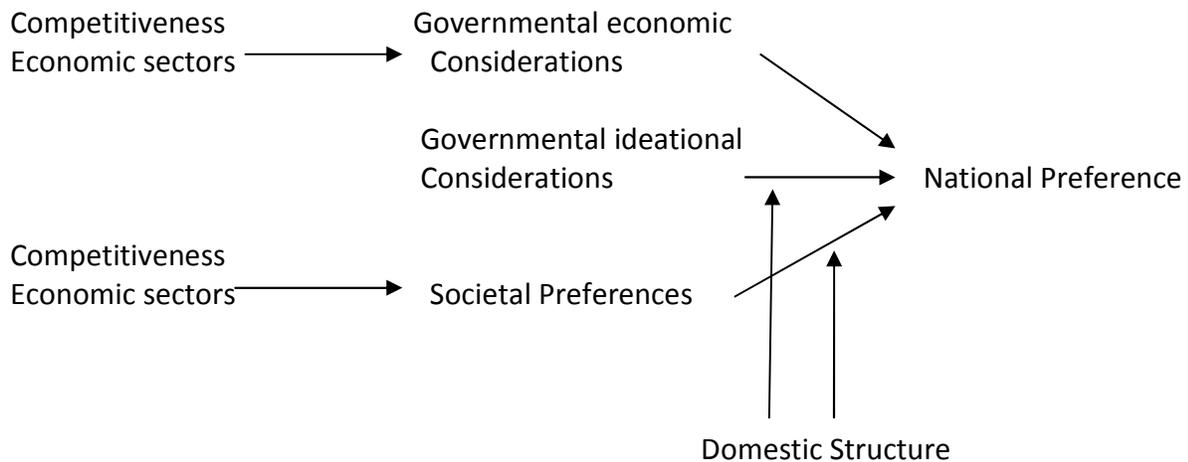
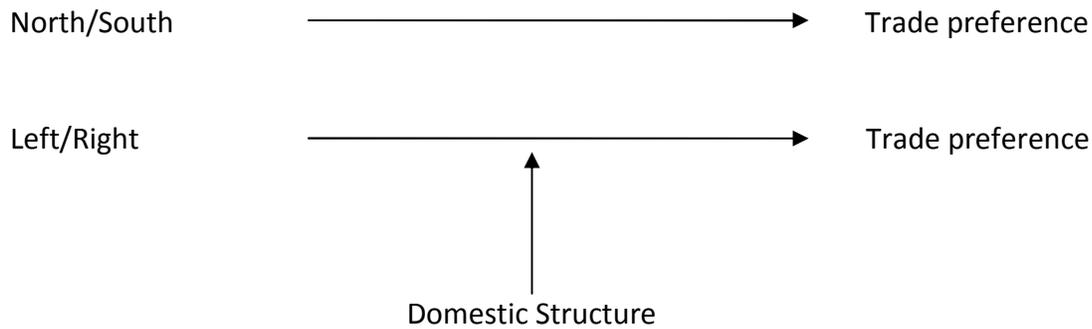
**Table 1. French and German domestic structure**

	<b>France</b>	<b>Germany</b>
Measure of 'economic integration'	pluralist	High level of economic integration
Centralization	high/ intermediate	low
Executive-legislative	executive-dominated/executive-legislative balance	executive-legislative balance/society-dominated
<b>Domestic structure</b>	<b>government-dominated</b>	<b>society-dominated</b>

Taking together the French and German scores on the three indicators, we may conclude that the French domestic structure is more government-dominated, whereas the German is more society-dominated. On the basis of these differences I expect that in the domestic process of

preference aggregation, societal actors will be more influential in Germany than in France. Also, the ideational considerations of the government are expected to have a greater impact on the national preferences in France than in Germany, unless the relevant ideas on which these considerations are based in Germany resonate well with societal ideas on the matter. When the latter is the case, ideational considerations will increase in importance in Germany as well. Furthermore, considering the influence of the Left/Right dimension, I expect that its impact will be greater in the French case than in the German case.

The different theoretical approaches introduced in this paper, can be summarized in the following conceptual models.



## **Case selection**

As noted in the introduction, I selected French and German preference formation on the Uruguay Round of GATT-negotiations as the cases to be studied in this paper, because this selection provides variation on the North/South dimension, the Left/Right dimension and on the variable of domestic structure which is essential in the alternative model I proposed. As the Uruguay Round included negotiations on trade liberalization in a number of different sectors, and because both a state's competitiveness and the content of relevant ideational variables may differ per sector, I chose to single out two specific sectors, the inclusion of which in the Uruguay Round had either been attempted earlier without success or had not been the subject of GATT negotiations before: agriculture and services.

In the presentation of the French and German cases on these two issues, I will first elaborate on the relevant French and German ideas reflected in aspects of their state identities and governmental paradigms with respect to both issue [+ in welke mate gedeeld door societal actors]. Next, I will establish the competitiveness of the two sectors in France and Germany, followed by an analysis of the preferences of relevant German and French interest groups and the demands they made on their governments. Finally, I will turn to the process in which the government aggregated the national preference that it subsequently defended in the international arena. While doing this, I will attempt to uncover on the basis of internal governmental documents, the national preference as precisely as possible in order to distinguish it from potential strategies that may have influenced the position the state actually defended internationally.

## **France and the liberalization of agricultural trade**

### *French identity and governmental paradigm*

The ideational considerations of the French government are related to the match between the political programme of the government and its underlying principles, as well as the behavioural incentives arising from the state's identity on the one hand, and the principles that underlie as

well as the content of the policies establishing the different behavioural alternatives on the other hand.

France is known for its high degree of state intervention in the market. Marie-Christine Kessler speaks of a '*dispositif d'intervention*' and '*idéologie interventionniste*' in this respect (1999: 284-285). Van Esch emphasizes that French ideas on economic policy prioritize the goals of improving the French competitive position and protecting French producers against international competition, attained by the policy instruments of modernization, nationalization and trade restrictions (2007: 143). State intervention is particularly direct and comprehensive in the agricultural sector (Coulomb et al, 1990: 24-25). Agriculture is considered an *affaire d'État* for reasons of food storage and supply and because the state was considered responsible for distributing the right to farm the land and determining what farmers should provide for the state in return. With respect to the latter, the principle emerged in the 1970s and 1980s that agriculture should also serve social purposes related to the preservation of the countryside. Apart from nature conservation, this included preserving agriculture as a traditional way of life and preventing a rural exodus (Gyomarch et al, 1998: 156). This 'multifunctionality' was not only a justification for state intervention in agriculture, it was also a goal in itself. Concerning the method of intervention, the principle of market organization through price policy is central in the French agricultural policy paradigm (Tubiana, 1990: 135).

When it comes to the French vision of itself and its role in the world - impinging on what it means to be French and thus constituting aspects of the French identity – France ascribes itself a *vocation exportatrice* in the agricultural sector, considers itself to be '*la Grande nation*' leading Europe, while sharing a special friendship with Germany (*l'amitié privilégiée*). The first aspect specifically relates to the agricultural sector, where France considers the export of agricultural products a '*vocation*' (Fouilleux, 1996: 52). It is France's role in the world to provide the world with superior quality French agricultural products and secure French presence in the export market. The French vision of taking a powerful and independent place in the world is often combined with fierce resistance to American hegemony (Kessler, 1999: 153; Cogan, 2003: x). President Mitterrand argued in this respect that 'a United European power led by the French had potential to develop into a third superpower, foster peace and prosperity,

and safeguard French independence' (Van Esch, 2007: 279). Finally, France considers itself a friend of Germany and places high value on this friendship. Originally the French regarded it imperative 'to tie Germany into European integration by any means possible, and not to allow it to become an independent power' (Haywood, 1993: 278-279). Notwithstanding these geopolitical motivations for the Franco-German friendship, it is also an ideational factor that 'has become deeply embedded institutionally' over time (Cogan, 2003: 99).

When we compare the government's view on agriculture with that of the French farm lobby, the level of similarity is striking. The FNSEA (*Fédération Nationale des Syndicats d'Exploitants Agricoles*) both stressed the objective of providing food for the people (*L'information Agricole*, May 1983) and its *vocation exportatrice* (*L'Information Agricole*, May 1989; October 1989). Furthermore, in accordance with the government's idea of the multifunctionality of agriculture, the FNSEA also endorsed the idea that farmers should populate the rural territory, manage the countryside and protect the environment (*L'information Agricole*, December 1988; May 1989). Compared to the government, the farm organizations did however place a greater emphasis on agriculture as an economic activity in which farm income should, for the greater part, be generated from the marketing of agricultural produce (*L'information Agricole*, January 1987). On the one hand, this dovetailed with the government's focus on intervention through price policy, but the government's increasing emphasis on multifunctionality, on the other hand, also increased the risk of remuneration or support that was not clearly matched by genuine labour on the part of the farmers.

#### *The competitiveness of French agriculture and domestic pressure on the government*

French agriculture at the time of the Uruguay Round had both import-competing sectors (such as livestock) and export-oriented sectors (cereals particularly) (Gyomarch et al. 1998). The export-oriented sector was highly competitive within the European internal market, which was insulated from the world market by its double pricing system and variable levies. Of all French agricultural exports, approximately 60% were traded within the EEC, and this percentage further increased during the 1980s (70% in 1987) (Delorme, 1994: 40-41). With respect to the

French competitive position on the world market, it was particularly due to European export restitutions that it was able to gain substantial market shares. Although French quality wine, cognac, champagne and cheese could be exported without or with only small export restitutions, such subsidies were indispensable for other agricultural products, particularly for cereals (Delorme, 1999: 41). The French competitive position within Europe and the world imply that it would be interested in the further liberalization of agricultural trade within the EEC, but not in liberalizing agricultural trade on a global scale. Farm organization in particular can be expected to oppose liberalization of agricultural trade in GATT.

The first proposal to start a new round of GATT negotiations was made in the early 1980s. The United States, struggling with an increasing trade deficit, was particularly eager to bring agricultural trade under effective GATT discipline (Davis, 2003: 272). The Uruguay Round was launched in 1986 and it took until 1993 to reach an overall agreement. During this process, the negotiations bogged down several times, particularly due to disagreements on agriculture.

Until 1988, the degree of farm lobby mobilization with respect to the GATT negotiations was relatively limited. This can be explained by the fact that during the first half of the Uruguay Round, the negotiations focused on the modalities of an eventual agreement rather than on specific support reduction percentages. The farm lobby did not oppose the GATT negotiations, for they would rather negotiate than become part of a trade war. They did however urge for caution in the agricultural negotiations and claimed that France should take the lead in the EEC in order to arrive at reciprocal and balanced compromises (*L'Information Agricole*, May 1986). The only more specific demand advanced by the farm organizations was that the principles of the Common Agricultural Policy (CAP) – which secured French agriculture important European market shares and through its export subsidies shares in the world market as well – should be guaranteed (*L'Information Agricole*, February 1986). Unsurprisingly, the farm lobby therefore welcomed the EEC proposal on agriculture that underlined that the principles of the CAP were non-negotiable, while it rejected the US 'zero option' that aimed at dismantling agricultural protection and putting the reductions in export subsidies on a fast-track (*L'Information Agricole*, October 1987; November 1987).

Societal actors that could potentially lobby for more free-trade oriented practices – employer, trade and consumer organizations are the usual suspects in this respect – did not mobilize at all at this time. To the extent that political parties were involved, they merely *reacted* to governmental policies and equivocally supported them (Alons, 2010).

When the European Commission proposed to offer 30% reduction in agricultural support in the GATT negotiations, the French farm lobby furiously opposed this proposal. They argued it undermined the mechanisms and principles of the CAP, and was incompatible with French ideas on independence of food supplies and income from production as the main element of farm income (*L'information Agricole*, September 1990; October 1990; *Le Monde* 25.10.1990). European agricultural policy should not be defined by states other than the EEC member states and the ideological pressure from the US should be resisted.<sup>1</sup> They also opposed making concessions in exchange for 'accompanying measures' as they feared these would take the form of direct income support (replacing the existing double pricing system) which was incompatible with their view of agriculture as a primarily economic activity.<sup>2</sup> The FNSEA instead preferred a system of market management at a global level, coordinating supply and production. The preferences of the political parties largely coincided with those of the farm lobby: both the communist party and the centre and right-wing parties opposed the proposal and urged the government to use its veto.<sup>3</sup> Only the Socialist party (government party at the time) preferred demanding accompanying measures (*La letter de la CNA*. October 1990).

The European member states eventually accepted a watered down version of the Commission proposal, but this could not save the negotiations from collapsing – primarily over agriculture – in December 1990. GATT Secretary General Arthur Dunkel then tried to revive the negotiations in 1991 by proposing a Draft Final Act, in which he proposed reduction percentages of 35% on customs duties and export assistance. A crucial detail of the draft was that EC export restitutions were considered export assistance and were therefore subject to reduction, whereas the US deficiency payments (which had similar effects) were not. The

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<sup>1</sup> CAC. 19920056, art 7. 9.10.1990. FNSEA. Communiqué de Presse; 20.9.1990. Confédération Paysanne.

<sup>2</sup> CAC. 19920056, art 7. 15.10.1990. FNSEA. Letter of Lacombe to Mermaz; 17.10.1990. FNSEA. Communiqué de Presse.

<sup>3</sup> *Journal Officiel de la République Française* (1990), Assemblée nationale, 2e séance du 30 octobre 1990.

FNSEA argued that this proposal aimed at introducing a free market system into the agricultural sector, which they opposed (*L'information Agricole*, January 1992). They nevertheless hardly mobilized on the GATT issue, but were far more concerned about the negotiations on CAP reform that had commenced in the EEC in 1991.

Notwithstanding Dunkel's efforts, the multilateral negotiations remained in the doldrums and the US and EEC started bilateral negotiations on agriculture. This resulted in the Blair House Accord in November 1992.<sup>4</sup> The farm organizations were furious about this deal and they demanded that the government would use its veto against this American dictate, because it demanded even more concessions than the EEC had already made through the CAP-reform of May 1992 and because it would undermine the multifunctionality of French agriculture (*L'information Agricole*, November 1992).<sup>5</sup> All parties in parliament also urged for a French veto if the agreement was not adapted. Only the employers organization CNPF (*Conseil National de Patronat Français*) explicitly turned against such a veto, because this could jeopardize the negotiations on other issues in GATT.

When a centre-right government replaced the socialist government in March 1993, the farm lobby continued its efforts to demand renegotiation of the Blair House Accord or a French veto.<sup>6</sup> Bilateral negotiations on the Accord were reopened in the autumn of 1993 and in December a Final GATT Accord could be reached covering the different negotiating areas of the Uruguay Round. The farm lobby still was not very happy with its agricultural chapter but certainly considered it an improvement to the Blair House Accord. Of the political parties, only the communist party opposed ratification of the agreement.<sup>7</sup>

With respect to the positions taken by the farm lobby, we can see that their preference for continued protection reflects the overall competitive position of French agriculture. In addition, their preference for market management at the international level dovetails with their view of agriculture as an economic activity and the broader French penchant for market-

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<sup>4</sup> The Blair House accord made some improvements to the Draft Final Act and demanded somewhat lower reduction percentages for export assistance for example. There was disagreement as to whether the demands imposed by the accord could or could not be met by the mere implementation of the 1992 CAP reforms.

<sup>5</sup> CAC. 19920196, art 11. 6.1.1993. FNSEA. Position du syndicalisme agricole français sur le compromise Washington.

<sup>66</sup> [vie-publique.fr/discours](http://vie-publique.fr/discours): 22.4. 1993. Interview accordée par Guyau à *France-Inter*.

<sup>7</sup> *Journal Officiel de la République Française* (1993), Assemblée nationale, 2e séance du 15 décembre 1993.

intervention. Their arguments against too large a degree of liberalization were thus both economic and ideational in nature.

### *National preference formation*

When a new round of GATT negotiations was first proposed in the early 1980s, France was not at all interested. It particularly resisted including agriculture in such negotiations, because this would force the EEC in a defensive position (Alons, 2010: 149). By the time that nearly all European member states had turned supportive of new GATT negotiations in 1985 and when it became clear that the US would never agree to such negotiations without including agriculture, France insisted that the mechanisms and principles of the CAP should not be negotiable and that the GATT-negotiations should include all forms of agricultural support and not only the export subsidies that the US were trying to target (Meunier, 2005: 105; *Agra Europe*, 19.9.1986). France thus preferred not to negotiate on agricultural trade at all, but if this could not be prevented, the negotiations should not only entail European support practices but also those of other GATT partners. French rejection of the US zero-option should then come as no surprise, since this proposal brought CAP practices in the line of fire while keeping support that was not directly linked to production – which the US applied extensively – out of harm's way.

In the governmental deliberations on the French position with regard to the Commission proposal to cut agricultural support by 30%, the positions of the different ministries diverged, although they all agreed that the proposal could not be accepted in its original form. While the ministry of agriculture preferred to reject the proposal altogether due to its negative effect on French agriculture, the other ministries, particularly the economics ministry and the prime minister's office, did not want to put the entire proposal on the line as this would compromise the EEC's position in GATT. The French aggregate preference became to limit the degree of protectionism and accept the proposal only after improvements had been made. Improvements were to be obtained by demanding research on the consequences of the proposal and proposing accompanying measures (despite farm lobby opposition).<sup>8</sup> During the negotiations in the Council of Ministers, the French ministers involved were to prevent a vote

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<sup>8</sup> CAC. 19920056, art 8. 8.10.1990. Compte rendu de la réunion interministérielle, tenue le samedi 6 octobre 1990.

on the Commission proposal, but if this could not be averted, then the minister should vote against it.<sup>9</sup> This is exactly what they did, arguing that the proposal in its original form would negatively impact the quality of life in the countryside and overall economic development. They claimed in addition that the proposal put too much faith in the proper functioning of the price-mechanism without state intervention.<sup>10</sup> Only after the Commission had made a number of concessions, did France accept the proposal. French farm organizations were not satisfied with this compromise (Alons, 2010).

In December 1991, the French ministers agreed that the Dunkel's Draft Final Act did not serve French interests, but they disagreed on the position that France should defend in the Council of ministers. Again, the ministry of Agriculture was most reserved and wished to reject the proposal because it prejudiced the principle of community preference and failed to address American support measures. Although the other ministries had partly similar reservations, the Economics ministry was more worried about the bureaucracy required by the measures, while others feared the Franco-German axis could be undermined. The Ministry of Foreign Affairs was particularly anxious about damaging French prestige which would not be served by a full rejection of the Act. It was decided that France would oppose the Draft Final Act as a basis for negotiation.<sup>11</sup> In defending this position, France argued that the proposal would dismantle the European system of support while the American system remained unaffected.<sup>12</sup> Mitterrand allegedly commented during a cabinet meeting that 'France is not ready to bow to American demands, or to submit itself to the interests of any other country, and it will not give in' (*Financial Times*, 16.1.1992).

In the autumn of 1992, France tried to block the bilateral negotiations between the US and the EEC (Meunier, 2005: 109-110). During a *conseil restreint* convened by Mitterrand himself, it was decided that France would object to any agricultural deal that did not accord with the CAP reforms (*Le Monde* 19.11.1992). This implies that the degree of liberalization which the CAP reform provided, was now the French preference on the maximal outcome of

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<sup>9</sup> CAC. 19920056, art 8. 19.10.1990. Relevé de décisions de la réunion de ministres tenue le 19 octobre sous la présidence du Premier Ministre.

<sup>10</sup> ArchBuZa. DDI DIE ARA: 1012. Verslag landbouwraad 8 oktober 1990; Verslag landbouwraad 19 oktober 1990.

<sup>11</sup> CAC. 19940617, art 8. Compte rendu de la réunion interministérielle du 21 décembre 1991.

<sup>12</sup> CAC. 19930192, art 1. 26.12.1991. Conseil des ministres 23 décembre 1991.

the GATT negotiations on agriculture. When the Blair House Accord was reached on 21 November 1992, the French Prime Minister and Minister of Agriculture rejected the agreement immediately. The agreement was criticized for its assumed incompatibility with CAP reform and France's *vocation exportatrice* (Alons, 2010: 258). France therefore demanded renegotiation in order to strike a better deal. Europe should negotiate on an equal footing with the US and should not allow the US to dictate European policy.<sup>13</sup> The political pressure of the farmers were also an important consideration for the French government at this moment in time, because parliamentary elections were scheduled for March 1993, and the governing parties did not want to risk the wrath of the farmers who had earlier signaled their discontent with the CAP reform by massively voting against the Maastricht Treaty in the September 1992 referendum (Alons, 2010; see also Soisson, 1992).

In 1993, the new centre-right government continued these demands for renegotiation of the Blair House Accord. In September, it succeeded in convincing its European partners that the Accord should at least be 'clarified'. The new agreement that was reached in December was presented by France as victory. The *vocation exportatrice* of European agriculture as well as community preference had been preserved, and the CAP was now recognized at the international level.<sup>14</sup>

### *Conclusion*

Based on France's state-dominated domestic structure, we expected that if the Left/Right hypothesis were to hold, it would be here; that farm lobby influence on the national preference defended in the international arena would be limited; and that ideational considerations would be important in the preference-formation process. I will discuss each in turn.

During the time of the Uruguay Round, a centre-right government was in office between 1986 and 1988 and between March 1993 and December 1993, while a left government was in office between 1988 and March 1993. Were the centre-right governments more protective of French agriculture than the socialist government? This does not seem to be the case. Both tried to prevent too large a degree of liberalization in agriculture.

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<sup>13</sup> Vie-publique.fr/discours: 22.11.1992. Interview accordée par Bérégovoy à *France 2*.

<sup>14</sup> www.doc.diplomatie.gouv.fr: 15.12.1993. Déclaration de politique générale de M. Édouard Balladur.

The influence of the French farm lobby was indeed limited, with the exception of 1992, shortly prior to parliamentary elections. With respect to the 1990 Commission proposal, the government did not act according to the farmers' wishes and in 1991, they defended French agriculture in the GATT negotiations absent considerable farm lobby pressure. It therefore does not seem to be that the French government was following the demands of societal actors.

Finally, both farm organizations and the government took account of France's economic and ideational interests. Too large a degree of liberalization in the agricultural sector was rejected on the basis of considerations of the French export market, its *vocation exportatrice*, the French inclination for state-intervention and the wish to resist domination, particularly US-domination.

## **Germany and the liberalization of agricultural trade**

### *German identity and governmental paradigm*

The German state can generally be characterized as less interventionist than the French and far more disposed towards trade liberalization rather than protectionist policies. The agricultural sector is an exception to this rule however (Weiss, 1989: 79). In Germany's interventionist agricultural policy, the *Einkommensorientierten Productkpreispolitik* (Führer, 1996: 22) is an important principle. Price policy and income policy are closely connected and a combination of high guarantee prices and guaranteed sales quantities are meant to safeguard farm income (Hendriks, 1989). A second principle in the German agricultural policy paradigm is that of the *bäuerliche Landwirtschaft*; small-scale family farming based on environmentally friendly and animal friendly production methods (*Bulletin*, 25.3.1987; *Agrarbericht*). Finally, as in France, the multifunctionality of agriculture is also important in Germany, stressing its environmental and social contributions (*Bulletin*, 19.3.1987; *Agrarbericht*).

Relevant aspects of the German state identity are the vision of itself as a '*neue Handelsstaat*', and the Franco-German friendship. The '*neue Handelsstaat*' is a state that '*seine international Rolle nicht als 'Polizist' ('Sherrif'), sondern als 'Kaufmann' oder 'Makler' spielt und seine besondere Stärke nicht im militärischer Potenzsteigerung, sondern in ökonomischer*

*Leistungs- und Wettbewerbsfähigkeit findet'* (Rittberger, 1992: 223). Associated with this aspect of Germany's identity is its prioritization of the international extension of free trade principles (Markovits and Reich, 1991: 59). Like France, Germany highly values the Franco-German friendship. Unlike France, the Germans have not striven for a leading political role in the formation of Europe (Markovits and Reich, 1991: 56) and have generally been prepared to 'defer [...] to their French counterpart the political leadership of Europe' (Cogan, 2003: 99).

The *Deutscher Bauernverband* (DBV), the main German farm organization, shared the governments ideas on an income-oriented product and price policy (Führer, 1996: 64) and also emphasized the *bäuerliche Familienbetrieb* as the preferred operation standard, enabling farmers to fulfill their multiple functions (economic, environmental social). Farmers further argued that the social functions the agricultural sector performed, legitimized a *Sonderstellung* for the sector, meaning that it should be subject to different policies than other economic sectors (no full exposure to market conditions) (Sontowski, 1990: 110-112). As in the French case, we can conclude that the governmental and agricultural interest group's ideas on agricultural policy largely coincide. German trade and economic interest associations, however, pleaded for more market-oriented policies, also in the agricultural sector (Alons, 2010)

#### *The competitiveness of French agriculture and domestic pressure on the government*

From a comparative international perspective, the German agricultural sector did not have a strong competitive position in the 1980s and 1990s. This can partially be explained by the relatively high production costs of small-scale German farms (*Statistical Yearbook*, 1990: T82). Notwithstanding its poor competitiveness in an international perspective, Germany was able to export substantial amounts of agricultural products on the intra-EEC market thanks to the high guarantee prices of the CAP. Where reductions in these European guarantee prices would benefit French agriculture, they would harm Germany's competitive position. Any agreement in GATT that would result in such price reductions, would thus lead to German market and income losses. The only circumstances under which liberalization of agricultural trade would serve the overall German economy, is if it were indispensable for obtaining liberalization in the industrial sector in GATT. For German industries were very competitive internationally across a wide

range of sectors, and the industrial sector as a whole provided a far larger contribution to the German GDP than did agriculture (Casper and Vitols, 1997: 2-3).

In German society, there was a large degree of agreement on taking part in a new round of GATT negotiations, including agriculture. Even the DBV did not explicitly reject this, although it warned that the CAP should not be put on the negotiating table (*Deutsche Bauernkorrespondenz*, November 1982; November 1986). Both the *Bund Deutscher Industrie* (BDI) and the *Bundesverband des Gross- und Aussenhandels* (BGA) specifically argued that agriculture should be put under stricter trade discipline (*Handelsblatt*, 5.11.1986), not in the least because trade conflicts in agriculture threatened to damage German industrial exports.<sup>15</sup> All the major parties in parliament (CDU/CSU, SPD, FDP) also supported German participation in a new trade round, including agriculture. The CDU/CSU emphasized that the *bäuerliche Landwirtschaft* should be left untouched, but that policies needed to be developed to curb surplus production. The SPD preferred more extensive reforms.<sup>16</sup>

Once the negotiations got started, mobilization, both from the part of agricultural and industrial groups, was very limited initially. The industrial groups did not become actively involved in the agricultural negotiations until the second half of the Uruguay Round. The DBV was more concerned about Commission price proposals and reform proposals in relation to the CAP. They did however link these Commission activities to the GATT negotiations when they warned not to use these negotiations as a pretext to undermine European agricultural arrangements (*Deutsche Bauern Korrespondenz*, December 1988).

In 1990, the DBV rejected the Commission proposal of 30% reduction in agricultural support as it was selling out on the notion of the *bäuerliche Landwirtschaft* and sacrificed agriculture for the trade interests of German industry (*Die Welt*, 8.10.1990). They also argued that multifunctionality and community preference were at stake (*Deutsche Bauern Korrespondenz*, November 1990). German industry wanted to conclude the Uruguay Round as soon as possible, if necessary by making concessions in the area of agriculture. The political

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<sup>15</sup> BArch. B 102: 271993. 7.9.1982. BDI. Stellungnahme der Industrie zur GATT-Ministerkonferenz im November 1982; 1.10.1984. BDI. Stellungnahme zu einer neuen Verhandlungsrunde zur liberalisierung des Welthandels.

<sup>16</sup> Deutscher Bundestag. *Plenarprotokoll* 10/94 25.10.1984; *Plenarprotokoll* 10/153 24.4.1985; *Plenarprotokoll* 10/182 6.12.1985; *Plenarprotokoll* 10/562 14.3.1986.

parties were divided. The FDP welcomed the Commission proposal and even encouraged the Commission to take a more liberal stance on agricultural trade (*Agra Europe* 7.12.1990; *Die Welt*, 8.10.1990), whereas the CDU/CSU was anxious about the potential consequences of the proposal for farm income and community preference.<sup>17</sup> Although the government was facing contradictory domestic pressure, the political circumstances were such that it would be very difficult for them to ignore the mobilization of the German farming community. For the first all-German general elections after reunification were scheduled for 2 December, and the CDU/CSU was dependent on the agricultural vote (Hendriks, 1991; Petit *et al*, 1987).

When Dunkel presented the Draft Final Act in December 1991, the DBV rejected this compromise, arguing that the EEC should not give up its right to decide on an autonomous agricultural policy for the sake of an international free trade ideology. The Act would undermine the EEC system of market regulation and would force an end to the income-oriented price policy in exchange for an individual-support policy, downgrading farmers to a 'Socialhilfestatus' (*Deutsche Bauern Korrespondenz*, January 1992). Nevertheless there was agreement among the parties in parliament that the government should step up its efforts to achieve a successful conclusion of the Uruguay Round on the basis of the Dunkel Draft. The SPD even accused the government of taking insufficient action to reach this goal and argued the government thus damaged German export interests.<sup>18</sup> Although the mobilization of industrial and trade lobbies was not as pronounced as that of the DBV (Davis, 2003: 296-297), they kept reiterating their argument that concessions should be made on agriculture in order to arrive at advantageous deals in other negotiating areas (*Frankfurter Allgemeine Zeitung*, 5.3.1991).

In 1992, the balance of domestic pressure tended more and more in favour of trade liberalization. Proponents of free trade intensified their pressure and blamed the agricultural sector for the deadlock in the trade talks. The BDI, BGA, as well as the FDP leadership argued that the German government should take more vigorous action to secure a GATT deal (*Die Welt*, 10.11.1992). When the Commission and the United States reached the Blair House Agreement, the DBV opposed the deal as it negatively affected farm income, community preference and the multifunctionality of German agriculture (*Deutsche Bauern Korrespondenz*,

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<sup>17</sup> Deutscher Bundestag. *Drucksache* 11/8298 26.10.1990.

<sup>18</sup> Deutscher Bundestag. *Plenarprotokoll* 12/67 12.12.1991

April 1992). They also began to portray the GATT issue as a choice between good relations with France or giving in to the demands of the United States. The DBV argued that the former was far more important than trans-Atlantic cooperation (*Deutsche Bauern Korrespondenz*, November 1992; *Handelsblatt*, 11.11.1992). However, the farm lobby stood alone in its mobilization against the agreement, which was welcomed by coalition parties and opposition parties alike, as well as by the industrial and trade lobbies (*Süddeutsche Zeitung*, 24.11.1992).<sup>19</sup>

In 1993, the balance of preferences within German society still favoured compromises on agriculture to ensure a successful conclusion of the Uruguay Round. BDI and FDP warned the government to prioritize trade interests over French agricultural interests (*Handelsblatt*, 18.2.1993) and not to sacrifice German interests for the German-French friendship (*Handelsblatt*, 10.3.1993). They therefore demanded that the government resist the French demands for renegotiation of the Blair House Accord (*Frankfurter Allgemeine Zeitung*, 10.7.1993). All parliamentary parties also defended the view that reopening the agricultural negotiations would jeopardize the chances of success for the Uruguay Round as a whole (*Handelsblatt*, 10.9.1993; 13.9.1993). Only the DBV supported the French demand for renegotiations (*Süddeutsche Zeitung*, 11.9.1993). The final GATT deal that was reached in December 1993 was widely welcomed in Germany, and again, only the DBV remained critical (*Deutsche Bauern Korrespondenz*, January 1994).

The constant farm lobby preference against liberalization of agricultural trade reflects the overall competitive position of German agriculture, and the arguments they used to defend their position were clearly based both on the economic consequences of liberalization for the agricultural sector, and on ideational considerations concerning the *bäuerliche Landwirtschaft*, the *Produktpreispolitik* and the multifunctionality of German agriculture. The industrial and trade lobby preference for liberalization reflects both their competitive position and their conviction that market-policies should be extended to all economic sectors.

### *National preference formation*

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<sup>19</sup> Deutscher Bundestag. *Plenarprotokoll 12/123* 25.11.1992; *Plenarprotokoll 12/129* 11.12.1992.

When the issue of a new round of GATT negotiations was tabled, Germany considered favouring this proposal was a natural position to take given its economic export interests and the role that Germany had long played as a fundamental advocate of free trade (e.g. speech of Kohl in *Bulletin*, 14.10.1982). Despite some opposition from the Ministry of Agriculture at first, Germany soon explicitly supported including agriculture in the negotiations as well, because subjecting this sector to greater GATT discipline would mitigate potential agricultural trade conflicts – particularly between the EEC and the US – which could easily spill over to industrial sectors.<sup>20</sup> Nevertheless, considering the initial French reservations, the importance Germany attached to the Franco-German friendship led it to steer a middle course between arguing hard for a new GATT round and going about very carefully in order not to upset the French. German diplomacy therefore focused on ‘*Frankreich bewusst machen, dass seinen Interessen langfristig am besten durch eine weltoffene Handelspolitik gedient ist*’.<sup>21</sup> The German preference for new trade negotiations, including agriculture, but also with France on board, were thus based both on its economic export interests and the ideas on its proper role (*Handelsstaat*, friend of France) in the international system.

Despite Germany’s overall supportive position for trade liberalization, it soon became one of the main obstacles in the agricultural negotiations. Although the German Ministry of Economics preferred concessions on agriculture (but not acceptance of the US zero-option) (*Handelsblatt*, 15.12.1988; *BMWI Tagesnachrichten* 27.1.1989), the Ministry of Agriculture hit the brakes (Alons, 2010: 208). These internal differences within the German government also surfaced with respect to the Commission proposal in 1990. The Ministry of Agriculture immediately rejected the proposal due to the economic and social consequences for German agriculture (*Frankfurter Rundschau*, 9.10.1990; *Agra Europe*, 12.10.1990), whereas the Ministry of Economics emphasized the German need for a successful conclusion of the Uruguay Round and therefore wanted to accept the proposal without amendments (*Süddeutsche Zeitung*, 9.10.1990). The latter considered the Commission proposal the appropriate means of

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<sup>20</sup> BArch. B102 271992 3.2.1984. Rolle und Bedeutung des GATT in der gegenwärtigen Krise des Welthandelssystems; B102 296984 21.11.1984 KLausur zur Aussenwirtschafts- und Agrarpolitik am Mittwoch; B102: 296985 18.1.1985. Schwerpunktarbeit der Bundesregierung. Bezug: Kabinettsbeschluss vom 9.1.1985.

<sup>21</sup> BArch B102 292882 1.7.1985. Verhältnis EG/USA.

enhancing the likelihood of a successful GATT deal (*BMWI Tagesnachrichten*, 17.10.1990). The German government, and Chancellor Kohl in particular, found itself in an awkward position, because its aims of preventing trouble with the farming community (particularly so shortly prior to the parliamentary elections) and avoiding stalemate in the UR were not commensurable. In a coalition meeting under the leadership of Kohl the position was reached that Germany would emphasize the successful conclusion of the Uruguay Round but would not accept the Commission proposal before accompanying measures were promised and community preference was guaranteed (*Agra Europe*, 19.10.1990). While lip-service was thus paid to the importance of a GATT deal (although the sincerity of that aim should not be doubted), Germany actually preferred protecting agriculture at this point. Both officials involved in these negotiations and press reports convincingly argue that considerations of farm lobby opposition explain the preference for agricultural protection despite the risk this entailed for the successful conclusion of the Uruguay Round (interview Feiter, 21.5.2007; *Agra Europe*, 26.10.1990; *Financial Times*, 29.11.1990). Once Germany had received the concessions it demanded from the Commission, it still was not prepared to accept the proposal at first, because France still opposed it (*Agra Europe*, 2.11.1990; *Frankfurter Rundschau*, 30.10.1990). Documents of the *Staatssekretär Ausschuss für Europafragen*, however, show that the government soon decided not to prioritize the franco-german friendship over everything and was eventually prepared to outvote France in the Council if necessary.<sup>22</sup>

In 1991, reflective of the mobilization of societal groups discussed earlier, increasing numbers of government members started to argue that it was most important to reach a successful conclusion of the Uruguay Round and that concessions had to be made on agriculture in order to reach this goal (Alons, 2010: 300). A cabinet meeting on the *Leitlinien* for GATT and CAP reform effectuated a shift in the balance of German priorities, away from protecting agricultural interests and towards securing a GATT deal. Despite opposition of the Minister of Agriculture, the Minister of Economics was now allowed to defend the German position that the Commission should increase its efforts to reach a GATT deal by the end of 1991 and that it should soften its position on agriculture to secure this aim (Vahl, 1997: 160; *Die*

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<sup>22</sup> BArch B102: 736231 5.11.1990. Betr: Tagung der Europastaatssekretäre. Top: Bericht zum Verhandlungsstand in der UR.

*Welt*, 14.10.1991; *Financial Times*, 14.10.1990). In accordance with this decision, Germany welcomed Dunkel's Draft Final Act as a basis for further negotiations and tried to convince the other European member states to do the same (Alons, 2010: 302). In 1992, the Minister of Economics also tried to put more pressure on the French government and asked Kohl to do the same (*New York Times*, 22.2.1992). Kohl however stated that he was not ready to apply pressure to another member of the European Community, arguing that '[a]nybody who knows French politics should know that would be a fatal thing to do' (*Financial Times*, 24.3.1992). When the Blair House agreement was reached the German government immediately accepted it and regarded it a good basis for progress in the Uruguay Round (*Bulletin*, 20.11.1992). Even the Minister of Agriculture had advised against rejecting the accord, arguing that, considering the German and French opposed interests in agriculture, the government had to ask itself how far solidarity with France should be taken on this issue (*Süddeutsche Zeitung*, 30.11.1992).

Due to the intensive pressure from the new French government in 1993 to support their demands of renegotiation of the Blair House accord, the German priority of concluding the Uruguay Round swiftly in view of its export interests, once more collided with its wish to preserve the Franco-German friendship. While all ministers involved agreed that Germany should not give in to these demands (*BMWI Tagesnachrichten*, 21.6.1993; *Handelsblatt*, 31.8.1993), Kohl stated at a press conference after a meeting with Mitterrand that Germany also had problems with the Blair House accord. Officials in the negotiating process agree that Kohl's statement can only be satisfactorily explained by his wish to do something for the French, on the basis of the value he attached to the Franco-German friendship and his personal relations with Mitterrand (interview Legras, 12.11.2007; interview Feiter, 21.5.2001; interview Schomerus, 29.3.2007; interview Ludewig, 5.4.2007; interview Schlöder and Witt, 4.8.2008). Although Kohl's statement did not indicate a real change in preferences – the Franco-German friendship may have increased in importance for Kohl, but it certainly did not supersede his preference for as swift as possible a conclusion of the Uruguay Round – it did stir up intra-governmental divisions again on whether or not to start consultations with the French on their demand of renegotiations (Alons, 2010: 307). With the aim of seeking a solution that would make things easier for the French without endangering the successful conclusion of the

Uruguay Round (interview Schomerus, 29.3.2007), Germany, during a Council meeting in September, agreed to seeking 'clarification' of the Blair House accord. When the final deal was subsequently struck in December 1993, Germany immediately accepted it.

### *Conclusion*

Based on Germany's society-dominated domestic structure, I expected that the Left/Right hypothesis was less likely to hold here than in the German case; that the German national preference was likely to reflect the preferences of societal actors; and that ideational considerations would be less decisive in than in the French case, unless the relevant ideas were shared by government and societal actors to a large degree.

On the first variable of Left/Right government, the German case does not offer variation, since a centre-right government was in office during the entire Uruguay Round. What is striking though is that the centre-right government, though favouring liberalization in many economic sectors, favoured protectionism in the agricultural sector. Ideational variables related to the *Sonderstellung* of agriculture were important in this respect. The socialist party, although not in government (and we should leave open the possibility that actually being in government makes a difference), did not defend the commonly assumed left-wing position of protectionism in the agricultural sector. Both the French and the German case therefore provide no evidence for the Left/Right hypothesis.

The preferences defended as national preference by the German government, to a large extent indeed reflect the balance of preferences in society. Societal actors overwhelmingly supported new GATT negotiations. The specific influence of the farm lobby is particularly pronounced in 1990. Their dominance at the time is only partially explained by their greater degree of mobilization relative to societal actors who held opposing views, however, because the upcoming elections made the CDU/CSU extremely sensitive to the farm vote that tends to provide grassroots support for these parties in particular in Germany. The positions defended by Germany from 1991 onwards largely reflect the preferences of the majority of societal actors, again.

Ideational considerations did not appear to be much less important in Germany than in France. Considerations of the multifunctionality of the *bäuerliche Landwirtschaft*, Germany's role as a *Handelsstaat* and the Franco-German friendship, proved to be important in the formation of the national preference. That these ideas mattered may partially be explained by the fact that they were shared in large segments of German society, but another possible conclusion is that the expectations based on domestic structure systematically underestimates the role of ideational variables in states with a society-dominated structure.

Comparing the French and German cases also allows for a tentative evaluation of the North/South hypothesis. Although Germany was overall more free-trade oriented than France, it did not yield pride of place to France when it comes to protection of the agricultural sector. While the North/South dimension may therefore explain overall patterns in trade preferences across Europe, it does not explain the German trade preferences in the agricultural sector.

### **France and the liberalization of trade in services**

Unfortunately I have not been able to conclude my research on the services case before the deadline for this paper. I appear to be wanting too much in one paper anyway ;- ) so I have to think about how I could better make my point in a single paper in as concise a fashion as possible.

### **France and the liberalization of trade in services**

### **Conclusion**

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