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Riding the green wave in the European agricultural sector? A discourse analysis of the new cross compliance mechanism

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Abstract

This paper analyses the integration of environmental standards into the European Union's Common Agricultural Policy (CAP). It focuses on the negotiation of the new environmental cross compliance rules, which were incorporated in the CAP's 2003 mid-term review and which now define a baseline level of environmental protection that a farm needs to adhere to in order to receive agricultural subsidies. Cross compliance has been lauded as an important new mechanism for greening agriculture, a policy sector which is under increasing pressure to mitigate its environmental impact. Using a discourse oriented approach this paper sheds further light on this assertion by assessing how far cross compliance actually represents a shift in policy goals and priorities. It does so by outlining the premises of decision-making and the range of policy problems that cross compliance was perceived to address in the agricultural sector. The discourse approach highlights the critical importance of agenda setting in policy design, an area that has received little attention in literature on environmental policy integration. The analysis reveals that instead of conforming to a single dominant policy agenda which raises the status of environmental protection requirements, a number of conflicting agendas have influenced the design of the new mechanism. The results show how persisting agrarian as well as market oriented aspirations ride the wave created by pressure to green the sector. This raises doubts about the ability of cross compliance to deliver environmental outputs in practice.

Keywords: Agricultural policy, cross compliance, discourse analysis, policy decision-making

1. INTRODUCTION

The European Union Common Agricultural Policy (CAP) has recently been augmented by a new policy instrument, the cross compliance mechanism, which seeks to address the so called quality aspects of agricultural production. The cross compliance mechanism provides member state governments with a legal framework to withhold CAP subsidies from farms that do not comply with a range of environmental, animal welfare and food safety standards (see EC Regulation 1782/2003). It enforces compliance with 18 existing legal standards of EU legislation and in addition lays out new standards constituting the definition of “good agricultural and environmental condition” (GAEC), which is mainly concerned with soil and landscape protection (EC Regulation 1782/2003 annexes III and IV respectively). Together with decoupling, in other words the dismantling of the link between agricultural support and the amount of agricultural production, cross compliance has been advocated as a significant new mechanism to ‘green’ the agricultural policy sector (CEC 2004). This paper analyses this new policy mechanism and its potential contribution to greening the sector, with a focus on the policy negotiations leading up to the establishment of the cross compliance rules.

Increasing emphasis on environmental concerns in the CAP’s mid-term review can be linked to pressure from external sources, not least the Treaty based requirement to integrate environmental protection into all areas of EU policy making, which was established in Article 6 of the 1997 Amsterdam Treaty. This legal requirement was operationalised by way of the Cardiff Process, launched in 1998, which nominated 9 sector councils to draw up strategies outlining clear objectives and targets for the integration of environmental considerations. This endeavour was part of a process known as Environmental Policy Integration (EPI), which, unlike traditional environmental policy, addresses the driving forces of environmental damage arising from the key sectors of the economy (e.g. EEA 2005). However, the Cardiff strategies have fallen short of the ambitious objectives (Jordan et al 2006; Lenschow 2002). The EPI strategy for agriculture, one of the sectors outlined in the Cardiff Process, was a case in point, in that it lacked clear problem formulation, binding targets and adequate policy follow-up (EEA 2005, p.31). In this sense it did not deviate from previous efforts to green the agricultural sector, which have been criticised as insufficient, plagued by ulterior motivations and subordinate to what can be termed the core principles of the sector, serving agrarian interests and aiming at increasing productivity and competitiveness (Potter 1998; Lenschow 1999; Buller et al 2000; Juntti and Potter 2002; Potter and Tilzey 2005). While EU level policy changes date back as far as the 1980s, so far they have been unable to break the processes of intensification of production and resulting environmental pressures on the one hand and marginalisation and related degradation on the other (see e.g. Baldock et al 2002). The new cross compliance mechanism has potential to change this by, for the first time, integrating environmental criteria directly to the CAP instead of treating them as tagged on measures, accompanying the core policy.

Using a discourse oriented approach this paper seeks to assess how far the introduction of the cross compliance mechanism represents a significant shift in greening the agricultural sector. The analysis explores the different discursive constructions of the policy problem that cross compliance is seen to address and the normative framing of the goals and premises of policy negotiations amongst policy decision-makers who were involved in the establishment of the new rules on cross compliance (see e.g. Hajer 1995; Grin and van de Graaf 1995). The premises of decision-making are concerned with defining the range of issues that were opened up to negotiation in the decision-making process (see e.g. Hajer 1995). They are therefore decisive for how far the new cross compliance rules are allowed to impinge on the core principles of the policy sector. These discursive dimensions of decision-making reflect political agenda setting, which is a particularly pertinent exercise to an inherently interdisciplinary or a ‘wicked’ issue, such as EPI, where any decision-making inevitably brings together a variety of actors operating on the premises of differing goals and values

(Hertin and Berkhaut 2003, Jordan et al 2006). Reconciliation of disparate policy discourses, in other words normative understandings of policy goals and what constitutes the policy problem at hand, is a necessary condition for a coherent outcome of decision-making (Hajer 1995). While this discursive dimension of EPI has received little attention in literature to date, several of the problems identified as inhibiting progress in EPI in Europe clearly hinge on interpretative struggles concerning policy goals and guiding norms. For example, previous research into EPI in other sectors calls for better co-ordination to ensure that environmental considerations are in the forefront when negotiating and implementing policy (Jordan et al. 2006).

This paper argues that instead of serving a single agenda resulting from the reconciliation of divergent aims and values in the decision-making process, the new cross compliance rules serve a number of aspirations that can be seen to be partly in conflict with efforts to address the environmental problems plaguing the agricultural sector. This lack of reconciliation is a result of narrowly defined premises of decision-making which avoided controversial issues that are central to progress in EPI but that would have caused delays to the decision-making process. Consequently, integrated to the CAP in their present form, the cross compliance rules increase both ambiguity and conflict over the goals and means of the policy. This spells new challenges for the implementation of the agricultural subsidy system and leaves ample scope for the influence of competing interpretations and unexpected policy outcomes to emerge during policy implementation. Thus, the main argument of the paper is that while cross compliance could have considerably enhanced EPI in the agricultural sector, now other aspirations ride the 'green' wave created by the pressure to mitigate environmental impacts in the sector.

The remainder of this paper is structured as follows; section 2 will outline the theoretical premises of the argument of the paper, seeking to justify the discourse oriented approach and its role in research into EPI. Section 3 will lay out the policy context and content of the cross compliance rules. Section 4 will then discuss the premises of decision-making and the policy problems evident in the interview material. Section 5 concludes by discussing the extent to which the identified, competing policy problems impinge on the ability of the cross compliance rules to resolve the environmental problems it is supposed to address. The potential of a discourse approach in providing access to the crucial agenda setting aspect of policy making that other approaches tend to ignore is also discussed.

2. A DISCOURSE APPROACH TO EPI

Discourse approaches are gaining ground in political sciences due to their capacity to address the 'political' dimension of policy making and implementation (Waever 2004). Discursive concepts that seek to access the often unspoken notion of what is accepted as 'legitimate political order' are a response to the post-modern critique on the capacity of structuralist approaches to deal with the deterioration of the authority of existing institutions. This is evident for example in the field of environmental policy where both science and technology no longer hold a hegemony over defining and resolving environmental problems and consequent ambiguity concerning the adequacy of different policy solutions is evident (e.g. Beck, 1992; Castree and Braun, 1998; Hajer and Wagenaar 2003; Gottweis 2003; Murdoch 2006). Problem framing has become a central issue in environmental policy. How we perceive nature, how we define what is natural, what is social and what, within these premises, is regarded as an environmental problem is not only an ontological question but also a highly politicized issue (Hajer 1995; Hajer and Wagenaar 2003; see also Juntti and Wilson 2005). Ultimately, it is these kinds of demarcations that are crucial to EPI in the agricultural sector as well. For example, much has been made of the concept of 'countryside stewardship' and the way it denominates the farmer as the proper guardian of the countryside and thus grants the agrarian lobby the first right to determining what is a correct

and good way of managing rural resources, including the environment (E.g. Thompson 1995; Lowe et al. 1997). While claims have been made that an era of post-productivism is taking over in European agriculture, many continue to argue that environmental issues remain in a subordinate position in sectoral decision-making and environmental damage caused by agricultural practices continues to augment (Wilson 2001; Evans et al. 2002; Juntti and Potter 2002; Potter and Tilzey 2005). Disparate interpretations of the environmental role and impact of present day agriculture are rife.

The significance of such interpretative struggles that influence policy making and implementation is recognised in EPI literature as well, although not explicitly. As Jordan et al. (2006) point out EPI is one amongst many competing targets, strategies and policy goals, and in the EPI context it is not only the differing interpretations of environmental values and problems at hand but also of the principles and goals of the sector itself that have to be reconciled. Schout and Jordan (2005) identify a co-ordination deficit between the national governments, the EU Commission and the Councils, where differing perceptions held by national governments inhibit the introduction of strong environmental policies at EU level. Both vertical (multilevel) as well as horizontal (inter-sectoral) coordination are crucial for successful EPI, as they represent the activity through which the discursive differences that are inherent to the interdisciplinary, wicked character of EPI are managed (see *ibid*; Jordan et al. 2006). Several studies emphasise the importance of such modalities, or, what Peters (1992 in Jordan et al. 2006) describes as the 'bureaucratic politics' constituting every-day policy making at micro level (Schout and Jordan 2005; see also Hajer 1995; Matland 1995).

There is, however, to date no research focussing explicitly on this political, discursive aspect of EPI. Progress in the implementation of the EPI principle is in academic literature conceptualised in terms of a spectrum ranging from weak to strong forms of environmental integration. In strong EPI the normative rationale of decision-making places environmental objectives in a central position rather than pursuing them separately from other sectoral objectives, such as market liberalisation, productivity and competitiveness in the agricultural sector (Haigh 2001 in Jordan et al 2006; Steurer 2005; Hertin and Berkhaut 2003). Previous research on EPI specifically in the agricultural sector uses a typology of indirect, defensive and active EPI, where active forms are led by DG environment in Brussels and spell out precise, sector specific measures and targets and defensive ones call for general attention to environmental concerns in all decision-making but leave the core principles of the sectors uncompromised, while indirect EPI is the weakest of the three (Lenshow 1999 p.92). Lenshow (1999) has described EPI in the EU agricultural sector up to and including the Agenda 2000 as indirect, where environmental benefits are produced as side products of other policy decisions, but forecasts a shift towards defensive, if not active, EPI due to increasing corrosion in the normative justification of the CAP market regimes from both European and international sources. It is evident that institutions such as the WTO and the strong criticism of CAP budgeting within the EU itself create a pressure to liberalise agricultural markets and thus open up a venue for a more regulatory approach to quality standards such as environmental, health and animal welfare (Kay 2003; Baumgartner and Jones 1991). The recent evolutions have been described as a (both empirically and theoretically) debated shift from productivism to post-productivism, or alternatively characterised as a rise in an ecological modernisation paradigm in the agricultural sector (Wilson 2001; Evans et al. 2002). Potter and Tilzey (2005) in turn offer a comprehensive analysis depicting current policy change as a more complex socio-political project where any post-productivist and multifunctionalist tendencies remain subordinate to the dominating (and competing) principles of market liberalisation and agrarian welfarism. In fact Potter and Tilzey (2005) describe the prevalent policy model as 'bifurcated', where policy is aimed at serving both a neoliberal agenda focussing on international competitiveness in the global market place and a multifunctionality agenda, which accommodates ideas of a pluriactive and quality oriented agricultural sector. This paper aims to provide a more precise

understanding of how these debated changes are reflected in actual policy, in this case the compulsory cross compliance mechanism.

2.1 Exploring Discourses: A Methodology

Following Hajer (1995) this paper focuses on how a set of legitimate premises for decision-making are defined by the policy stakeholders as well as on how the policy problem that cross compliance is seen to address is defined (see also Weaver 2003). Whether these premises reflect an enhanced position of the hitherto subordinate environmental objectives in the agricultural sector is decisive for a shift towards strong EPI. The discourse oriented approach points to the specific normative statements on which decisions are based and that can here be seen to constitute the notion of political will and brings to light the conflicts and dilemmas that pave the way towards stronger EPI in the sector (Alasuutari 1994; Hajer 1995). In Weaver's (2004 p.199) words "discourse analysis tries to find the structures and patterns in public statements that regulate political debate so that certain things can be said while other things will be meaningless or less powerful." The results are derived from interview material, which provides access to the discursive constructions that prevailed in the decision-making process.

Twenty three semi-structured interviews were conducted with commission officials who were involved in the decision-making process of the CAP mid-term review in 2003 and representatives of the non-governmental organisations (NGOs) that are based in Brussels and lobbied the commission during the decision-making process. The interviewed policy officials and desk officers are based in three Commission Directorates General (DGs). DG Agriculture is the lead service that produced the actual draft documents, while DG Environment and DG Health and Consumer Affairs (Sanco) participated first through unofficial consultation between individual policy officers and desk officials and later through the routine practice of inter-service consultation that took place before the launching of each legislative proposal to the European Parliament, the Committee of Regions, the Social and Economic Committee, and the Agricultural Council. The role of the negotiations in the council is evident when looking at the difference between the draft legislation and the final versions of the regulations. For descriptions of the events in the agricultural council meetings that led to the changes, the analysis mostly relies on the interview material from commission officials that were present.

Cross compliance is not solely an environmental policy measure, but introduces also standards on animal welfare and food safety, and a number of agricultural, environmental and animal welfare organisations (NGOs) played an active role in lobbying the decision-makers as well as voicing alternative discourses on the role and content of the cross compliance rules. Some of these organisations have a well established information exchange relationship with the commission, in this case particularly DG Agriculture, and are here termed as stakeholders to the decision-making process. While the need for confidentiality of interview material means that the above NGOs cannot be named here, ten out of the 23 interview respondents for this research were representatives of NGOs that had been in consistent communication with the Commission during the mid-term review decision-making process. In addition to interview material, position papers by the interviewed NGOs and draft documents of the two regulations as well as the Commission Communication on the Mid-term Review of the CAP (COM 2002) were used in the analysis. The input of the European Parliament, which in the lack of the co-decision procedure does not have a very significant role in the agricultural sector, is taken into account in the form of written responses to the Commission Communication on the Mid-term Review (COM 2002) and on the EP opinions on the draft legislation.

3. THE POLICY CONTEXT

It wasn't until the mid 1980s that evidence of environmental loss and awareness of environmental problems caused by farming practices grew to sufficient extent to trigger governmental action at European level. European agri-environmental policy is the result of a series of evolutions since then (Baldock and Lowe 1996; Winter 1996; Brouwer and Lowe 1998; Potter 1998; Buller et al. 2000). The EU Agri-environmental Regulation (ECC 2078/92) was created as a response to specific needs of integrating environmental concerns more firmly into agricultural policy, providing alternative channels for direct support into farming and delivering income support for low-income farm practices considered as environmentally friendly (Buller et al. 2000). The concept of Good Farming Practice (GFP) that forms perhaps the most straight forward example of EPI in the sector defines minimum level of environmental protection in terms of natural resources such as soil, air, water and biodiversity as well as cultural resources and farm livestock (e.g. IEEP 2004). It is now to be replaced by the cross compliance rules described below. Optional cross compliance was included already in the 1992 CAP reform and expanded in Agenda 2000, was not taken up by member states to a significant extent (Farmer and Swales 2004).

New compulsory cross compliance obliges national governments to withhold a percentage or in some cases the whole amount of all CAP payments from farms that do not comply with a set of environmental, animal welfare and food safety legislation and/or with new standards for 'good agricultural and environmental condition'. Cross compliance can therefore be considered as a financial sanctioning mechanism to promote the integration of environmental standards into farming and as establishing a baseline of quality for agricultural production that should be maintained throughout the EU (Bianchi 2004). The central regulations governing the CAP payments are the council regulation (EC 1782/2003, Horizontal Regulation) and the commission regulation (EC 796/2004) that introduce the common rules for support schemes under the CAP and lay down detailed rules for the implementation respectively. Annex III of the Horizontal Regulation (EC 1782/2003) lays out the 'Statutory management requirements', a list of 18 standards (regulations and directives), five of which are in the jurisdiction of DG environment, while the rest deal with animal welfare, public, animal and plant health, identification and registration of animals and notification of diseases, and fall into the remit of DGs Agriculture and Sanco. Good agricultural and environmental condition is to be defined at member state level according to a framework provided in Annex IV of the same regulation. While substantial room for discretion is left to member state level, the intension is that the implementation of good agricultural and environmental condition takes into account specific characteristics to do with soil and climatic conditions, existing farming systems, crop rotation, land use and agricultural structures, which are highlighted in article 5 of the Horizontal Regulation. The regulation restricts prejudice to good farming practice defined in the Rural Development Regulation (EC 1957/1999; although this is presently under review as well) as well as to agri-environmental programmes. Albeit most of the content, the 18 legal standards of Annex III, are not new, the new cross compliance principle for pillar I, the CAP, appears to represent a considerable step towards a stronger regulatory approach to environmental integration in the CAP as it offers member states a powerful means of enforcement of environmental, animal welfare and food safety regulation at farm level. However, the following analysis of the process of preparing and negotiating the proposal for cross compliance rule in 2003 shows that compromises were made concerning the rigour of the environmental aims of cross compliance.

4. CROSS COMPLIANCE DECISION-MAKING: DECISION PREMISES, PROBLEM DEFINITIONS AND PROBLEM CLOSURE

The capacity of cross compliance to address the processes of intensification and marginalisation constituting the main drivers of negative environmental impact from agricultural practices in Europe has already been criticised on a number of aspects (IEEP 2004). While its inability to be targeted to areas and farms which are most in need of environmental measures is seen as one weakness, critics also deem insufficient the level of environmental protection delivered by the cross compliance rules as well as the extent of specificity with which they outline the standards of environmentally sustainable farming (Birdlife International 2003; Friends of the Earth Europe 2003). The discourse analysis conducted on the interview material from policy officials participating in the cross compliance decision-making process shows that these shortcomings are linked to deliberate demarcations made during the policy negotiations. The following three sections discuss these demarcations in more detail and demonstrate how they limit the capacity of cross compliance as an environmental policy instrument.

4.1 The Premises of Decision-Making on Cross Compliance

It is clear from the interview material that cross compliance was not designed to be an instrument that would address variations in severity and location of environmental impacts from agriculture. Instead, it is the link to the CAP single farm payments that is portrayed as the defining principle. The quote from a DG environment official below demonstrates how the purpose of cross compliance was understood.

“What cross-compliance is doing, is to say yeah sure, we need to bring support to poorer areas, but we need to be very careful about how agriculture is developing in the more intensive areas. ... So what we try to do in cross-compliance is to say ‘but you also, you the intensive dairy farmer, you the intensive pig farmer, you have a role’.” (Com c)

Rather than introducing new demands, cross compliance was intended to enforce existing ones by uniformly capturing all recipients of the SFP, including those who do not fall into the scope of the voluntary agri-environmental schemes or structural support in which case they would have been subjected to the condition of compliance with the set standards of Good Farming Practice (GFP). Moreover, reflecting the expressed critique, the interviews also confirm that cross compliance was not intended to raise the level of protection provided by existing regulations and directives or the GFP principle. Therefore, no tougher environmental demands were to be negotiated in the decision-making process. In the words of a DG agriculture official, *‘Our perspective was to say ‘sorry before you invent new standards, let’s do our homework and, implement what we have’* (Com b). Cross compliance was intended as a mechanism to enhance the implementation of *existing* standards on farms that receive the SFP, thus avoiding a debate on more substantial demands on farmers (see also Bianchi 2004).

However, despite this specific intention to address the implementation deficit of environmental legislation in the agricultural sector, the translation of legal standards into practice at member state level was defined as beyond the remit of the commission. As the following quote from a commission official demonstrates, the definition of more precise measures or parameters for their monitoring was not under focus in the decision-making process on cross compliance at this level. In other words, cross compliance as a policy instrument falls into the difficult middle ground between a set of legal standards to be assessed in a framework of convergence and a centrally administered common policy that requires more uniform implementation and control.

“We don’t and I’m not sure that we should, have any kind of inspectorate looking at the implementation of legislation from the community viewpoint. That’s not within the brief of the commission. It’s within the brief in so far as agricultural legislation is concerned because it’s a community policy absolutely centrally driven and controlled, so, if you pay your farmers x thousand euros, the community will go and look to see that you did it within the rules and there is various odds. But we don’t really, say the nitrates directive, we don’t have an inspectorate.” (Com c)

Finally, a significant demarcation concerning the location of cross compliance on the scale ranging from weak to strong EPI in terms of the extent to which it addresses the core principles of the agricultural sector is the extent of conditionality that compliance with the cross compliance rules actually forms for the reception of the SFP. At present, the system is relying on ex-post sanctioning of non-compliance, whereas in full conditionality compliance with the cross compliance rules (both annexes III and IV) would form a precondition to the reception of the single farm CAP payment. It is evident that the shared understanding amongst the policy decision-makers was that the introduction of cross compliance was not to compromise the existing core legislative frameworks of the policy sector, namely the system of clearance of accounts and the eligibility criteria for aid.

“They tried to do everything which had been announced in a way that fitted with all the existing legal, institutional frameworks and arrangements and also without asking the member states to change the control system from one day to the other, because cross compliance needs also heavy involvement of the control services in the member states.” (Com i)

Evidently, the pressure of gaining acceptance in the council is one reason for the unwillingness to undertake a substantial revision of the exiting institutional framework. The whole process of drafting the rules and passing the regulations in the council was performed under considerable time pressure due to the need to complete the mid-term review before the accession of the 10 new EU member states. In fact all of the above demarcations concerning the scope of cross compliance as an environmental policy instrument can be related to the coordination deficit hinging on the relationship between the commission and the sectoral councils (Schout and Jordan 2005). Progressive environmental policies are likely to be problematic in terms of achieving consensus amongst the member states which are known to have very differing approaches to environmental legislation (Schout and Jordan 2005; Jordan et al. 2006). These concerns are voiced also by the DG Agriculture officials interviewed for this research. According to one commission official referring to the proposal for the cross compliance rules; “*we did ask for the maximum we believed was achievable but not more*” (Com b).

However, normative claims can also be seen to underlie the demarcation of premises that the policy negotiations were based on (see e.g. Hajer 1995). Limiting the premises of decision-making can be seen as a way to accommodate the variety of agendas that lie behind the introduction of the cross compliance concept, as discussed in the following two sections, which will highlight more fully the motivations and policy problems that are portrayed by stakeholders as underlying the introduction of compulsory cross compliance in the mid-term review of the CAP and discuss the extent to which problem closure was reached on these through the new cross compliance rules.

4.2. Defining the Policy Problem: Three Discourses of Cross Compliance

The history of EPI in the agricultural sector can be described as a process of slow greening that has taken place largely by initiative from within the agricultural sector and in an indirect manner, without compromise to core principles of the CAP (Lenshow 1999). It is clear,

however, that the latest shifts in EPI in the sector – Agenda 2000 and its mid-term review – have received significant impetus from outside the sector itself, particularly from the international arena but also from the increasing attention consumers pay to food safety, animal welfare and environmental quality in rural areas (Farmer and Swales 2004; EEA 2005; but see also Evans et al. 2002; Potter and Tilzey 2005). As the EU is facing increasing pressure not least in the World Trade Organisation (WTO) to liberalise its agricultural sector, decoupling aid from production has created a need for better articulated objectives that the public funds directed into agriculture are serving (Bianchi 2004). This multitude of ‘internal’ and ‘external’ motivations is reflected in the following quote from a commission official:

“When you came to the big debate, cross compliance took on a much bigger importance in political terms because it wasn’t just something which allowed us to say that we are more environmentally friendly it was also something that was really a fundamental part of the system particularly in relation to de-coupling. ... I think that if cross compliance had not been necessary to counterbalance the effects of decoupling in political and also economic terms then I don’t think we would have gone to a compulsory system.” (Com f)

In fact, three distinct policy problems emerge from the interview data, which motivated the design of the cross compliance rules. First, cross compliance is of course perceived as *a means to enforce the polluter pays principle* as later emphasised by the same DG agriculture official:

“Cross compliance is about the polluter pays principle. And it’s an additional sanction mechanism to make the polluter pay.” (Com f)

By drawing a link between the SFP and compliance with environmental, animal health and food safety legislation, cross compliance provides an instrument for member states to further coax farmers into complying with these.

However, two other concerns or policy problems that motivated the establishment of the cross compliance rules emerge from the interview material. While these concerns cannot be attributed to any specific interest group on the basis of the interview material, their relation to the policy agendas outlined by Potter and Tilzey (2002) is clear. A second discernible policy problem is linked to the aspirations to liberalise the market for agricultural goods, the main objective which the new SFP is seen to serve. As the below quote implies, cross compliance addresses *the need for a level playing field* in quality related legislation amongst the EU member states so that the single market can operate without distortions or barriers created by uneven requirements.

“On the environmental side, on the legislation I would say we will see more uniform control of compliance and this will trigger probably even more uniform implementation which this far did exist only on paper. So this has benefits for the environment, this has benefits for a level playing field within the single market.” (Com b)

Thus, in the interviews of policy officials the role of cross compliance rules is defined as a base-line standard that is applicable across the board to farmers receiving the new single farm payment (SFP) (see also IEEP 2004; Bianchi 2004). This explains the exclusive targeting of SFP recipients. Thirdly, cross compliance is required to *justify the new CAP subsidy*, the decoupled direct payment, which is not tied to production in the sense that the Common Market Organisation subsidies were (see also Bianchi 2004). The quote from a commission official below also reflects the concern felt for the image problem that the CAP suffers from.

“This cross-compliance is one cornerstone of this new policy that we make understood to the society that agriculture is delivering not only good food and safe food but also services to the society.” (Com g)

The cross compliance rules are hoped to communicate to the public that the CAP is delivering for money and they are also aimed at convincing fellow WTO members that the CAP payments are more quality, rather than quantity, oriented and thus non-market distorting.

In fact, viewed together with the premises of decision-making discussed in section 4.1, it can be argued that these alternative motivations have moulded the cross compliance rules, in this case at the expense of a stronger EPI solution. The following section discusses this in more detail and briefly touches on what implications this discursive ambiguity or multiplicity of agendas driving the creation of the policy instrument has for policy outcome.

4.3 Problem Closure: Implications for Policy Outcomes

Most of the critique directed at the capacity of cross compliance to deliver enhanced environmental protection hinges on the question of defining what is in the realm of the polluter pays principle both in terms of scope and specificity. The argument over this between DGs environment and agriculture culminates in the following point voiced by a DG agriculture official:

“another argument you get from the environmental commissioner and here as well is that what you have to do is you have to internalise the environmental cost and we agree with that but you have to decide what is an environmental cost and what is an environmental benefit and the risk is that you end up completely squeezing rural amenities.” (Com f)

The setting of a reference level for defining what is an environmental cost going beyond an acceptable general level of interference is a political question which also depends on local circumstances (IEEP 2004). However, as discussed above, one of the problems that cross compliance is hoped to address is the lack of common standards for environmental protection across the member states and moreover, member states themselves look to the commission for clearer definition of what the polluter pays principle in practice actually means. Nevertheless, partly as a tribute to the need for flexibility dictated by local circumstances, defining more precise standards for cross compliance in practice was considered beyond the remit of the mid-term review negotiations. Consequently, the resulting form of the cross compliance rules arguably renders its ability to address the ambiguity surrounding the polluter pays principle open to question. Several of the interviewed stakeholders expressed worry over disparity in not only annex IV but also in annex III implementation at member state level. This is a problem that complicates the monitoring of cross compliance (IEEP 2004; Farmer and Swales 2004) and worries particularly the farming lobby:

“We do feel that there is a problem in terms of application, we do believe that the way the member states are applying the rules may be quite different from one to the other. Conditions like those for the NATURA 2000 may be appreciated quite differently in one member state versus another one. I know it is an issue of subsidiarity but already two years ago we were flagging the idea that there may be a problem of competition, it could distort competition. ... This is a common policy, so where normally you are only looking for a framework of convergence, this is a common policy.” (NGO d)

It can thus be said that the cross compliance rules at present fail to meet the policy aim of designating level quality standards *ensuring fair competition* across the member states. This

also casts doubts over the extent to which it can be said to enhance multifunctionality, in other words the provision of environmental goods, in return for the SFP and thus justify its existence. Moreover, it could be argued that the latter policy goal would in any case require the establishment of higher quality standards. In order to achieve closure on these policy problems, the question of more specific and possibly higher standards would have to be exposed to debate in the Agricultural Council.

While the failure to specify concrete measures and targets, according to which compliance with the set legislation is to be controlled weakens the capacity of the cross compliance mechanism to enforce the polluter pays principle, the extent to which it actually achieves environmental improvements in practice should probably be left open to judgement as yet. However, a discrepancy between the three policy problems can be pointed out, which further suggests that cross compliance does not represent a significant step towards stronger EPI but may in fact be inhibiting it. Neither seeking justification for the SFP nor creating a level playing field within the single market is necessarily synergistic with stronger enforcement of environmental protection in the agricultural sector. On the contrary, these aspirations may be used as arguments opposing rigorous enforcement of environmental standards as these might put farmers at an uneven position in countries where standards have up till now been very loosely kept. Moreover, the enforcement of very high quality standards might lead farmers to suffer unfeasible financial sanctions and go out of business or withdraw from the subsidy system which would of course then exempt them from the sanctioning system and its environmental aims. In fact, several interview respondents point out that seeking justification for the pillar 1 payments in the form of increased attention to environmental delivery may ultimately inhibit the transfer of money from farm support to pillar 2, rural development, which is perceived by many as much more targeted and effective means to conserve the rural environment in terms of producing environmental goods that go beyond the maintenance of existing environmental values.

Crucially, in practice the limited premises on which policy negotiations were performed mean that many of the value struggles that are seen by several stake holders as central to effective implementation of EPI in the agricultural sector are at present left in the hands of national governments and officials, who *at the levels of implementation* of the cross compliance mechanism have to tackle the exact meaning of the standards in Annexes III and IV of the Horizontal Regulation. Summing up then, cross compliance in pillar 1 is an ambiguous EPI instrument in terms of the level of environmental protection it is likely to deliver and, moreover, it can even be seen as a slowing tactic aiming to maintain the existing level of CAP expenditure and therefore also interpreted as furthering the neo-mercantilist aspirations of the so called 'middle farm constituency' consisting of those European farmers who are not necessarily equipped to face the increasing demands of competitiveness in the increasingly liberalised market place and lobby hard to maintain as much of the CAP intervention as possible (Potter and Tilzey 2005; see also IEEP 2004).

5. CONCLUSIONS

This paper demonstrates how the new cross compliance rules were designed to serve a variety of policy goals in the agricultural sector, rather than simply EPI. They were motivated not only by the pressure to make progress in environmental policy integration, but by a number of other internal and external drivers. As Hajer (1995) points out, particularly in environmental policy, the definition of the policy problem is rarely clear cut but is constructed as a 'best possible solution' on the basis of expert claims concerning the state of the environment, policy solutions promoted by different actors and in response to expressed preconceived institutional critique by NGOs as well as demands and assertions by street level bureaucrats. This paper argues that it is these kinds of inherently normative, discursive battles that comprise the process of political agenda setting and emphasise the need for

horizontal as well as vertical co-ordination in relation to EPI (e.g Hertin and Berkhaut 2003; Schout and Jordan 2005). However, the results discussed above reveal that despite collaboration between the three involved DG's, no real reconciliation of the conflicting demands has been achieved in the decision-making process concerning the new cross compliance rules. Consequently, a misfit between the aspirations to simultaneously liberalise the agricultural sector while securing high international competitiveness and enhancing environmental and other quality oriented standards remains. Arguably, this limits the capacity of cross compliance to properly resolve any of its set aims. Crucially, the ambiguity of the set cross compliance rules and the lack of a single dominant policy agenda means that the new CAP can now be described as a 'symbolic policy'¹ facing discord over the extent to which environmental and other quality considerations should impinge on productivity and the farm economy (Matland 1995). There is evident need for better co-ordination between the policy institutions and policy sectors, as EPI in the agricultural sector is predominantly a political issue that requires more explicit dialogue and acknowledgement and reconciliation of conflicting policy aims, in other words, clearer agenda setting. The lack of this implies that the real struggles over the strength of EPI in the agricultural sector will now be performed at the level of implementation in the member states.

Moreover, while the environmental impact of cross compliance remains uncertain, the likelihood of significant environmental improvements is low as the divergent definitions of the policy problem which cross compliance is seen to address, harbour aspects that can be seen in conflict with rigorous implementation of its environmental aim. The danger of other aspirations overriding the environmental objectives is emphasised by the reluctance to define more precise standards beyond those at present defined in the reference legislation. Similarly, the deep reluctance to make the CAP payments strictly conditional upon compliance with the set standards can be seen to further erode the ability of the cross compliance rules to work in a uniform way across the member-states. In fact, cross compliance can at most be described as a shift from indirect EPI towards something bordering on defensive EPI, where environmental considerations still remain subsidiary to other aims (see Lenschow 1999).

As for the role of discourse approaches in EPI research, this paper demonstrates how they provide a more detailed insight into the alleged co-ordination deficit between national administrations, the Commission and the Council (Schout and Jordan 2005; Jordan et al. 2006). Results here show that in the agricultural sector the problem is ultimately that of co-ordination at the level of the sectoral agenda, where apparent integration masks lack of actual integration when it comes to the crucial, defining, or core, aspects of policy. In more general, the discourse oriented approach reveals that, even though there are examples where environmental concerns can be seen to benefit from a policy venue created by the pressures for market liberalisation, this does not necessarily create an incentive for environmentally progressive policy solutions (see Baumgartner and Jones 1991). Rather, in the case of cross compliance it seems that it is other policy goals that ride the green wave, taking the opportunity to entrench their own positions though the policy reform seemingly aimed at greening the sector. The present ambiguity of the cross compliance standards can be seen as symptomatic of the prevalent bifurcated model of agricultural policy outlined by Potter and Tilzey (2005), where policy is aimed at simultaneously serving two agendas; a neoliberal one focussing on international competitiveness in the global market place and a multifunctional one, which accommodates ideas of a diversified, quality oriented agricultural sector. An acknowledgement of the inherently conflicting aspects of these two agendas and a more transparent agreement over the future direction of the agricultural sector in Europe

¹ Matland (1995) uses the term symbolic to describe a policy that is characterised by high ambiguity and conflict, the location of power amongst policy coalitions is crucial in determining implementation outcome, as opposed to symbolic in the sense of ineffectual through lacking implementation.

are required, particularly in terms of balancing the functions of public goods provision and international competitiveness, in other words, reconciling local and global demands on the sector (see also Evans et al. 2002; Richardson and Jensen 2003).

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