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European External Trade Policy: The Role of Ideas in German Preference Formation

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Abstract

In the literature examining European Union external trade policy, the relative influence of the Commission, the member states and interest groups are an issue of ongoing debate. This article will argue that member states can still play an important role and that a focus on member state preferences is therefore crucial in understanding European external trade policy in general. An interest-based explanation of state preferences is proposed in which both material (political and economic) and ideational variables are included, whereas material explanations alone dominate the current research in the trade policy field. An in-depth case study of German preference formation and position taking with regard to the agricultural chapter of the GATT Uruguay Round (1986-1993) shows the interplay between material and ideational interest. As well as German preference formation being guided by Germany's trade interests and political interests (particularly when these interests were united and governmental sensitivity was high), considerations concerning the Franco-German friendship, affecting Germany's ideational interest, also proved to be a constant in the preference-formation process.

Keywords

Germany; European trade policy; GATT Uruguay Round; Agriculture

This article investigates German preferences with regard to the agricultural chapter of the General Agreement on Tariffs and Trade (GATT) Uruguay Round (1986-1993) and its role in European Union (EU) position taking in these negotiations.¹ In the literature explaining European trade policy, the relative influence of the Commission, the member states and interest groups is an issue of ongoing debate. In this article the position that, even though external trade policy is within the exclusive competences of the EU, member states still can play an important role during trade negotiations will be defended. In order to arrive at full and convincing explanations of EU trade policy in general, one therefore needs to take account of member state preferences and how these preferences are formed. However, research on 'the role of individual member states in the formulation of EU trade policies' and on the domestic preference formation processes in member states is relatively scarce (Dür and Zimmerman 2007: 777, 783). To the extent that trade preferences are theorised, it is often assumed that domestic economic variables, such as factors of production (Rogowski 1989), factor specificity (Frieden 1991) or the pressure of economic interests (Moravcsik 1998; De Bièvre and Dür 2005), are decisive in shaping state preferences on trade liberalization. When it comes to agricultural trade, agricultural interests in particular are expected to be influential (Keeler 1996). I will argue, though, that an exclusive focus on the material domestic sources of trade policy preferences does not only overlook the potential influence of external pressure on governments, but also neglects non-material ideational sources of these preferences. In this article, it is assumed that, in domestic preference-formation processes, a government will take account of both its material (political and economic) *and* its ideational interests.

German preference formation concerning the agricultural chapter of the GATT Uruguay Round is in this respect a valuable case to study for two reasons. First, Germany's position in the negotiations is particularly interesting because, compared to the other European member states, it had the most internally-split preferences. While the industrial sector urged the government to agree to further liberalization of trade (also in the agricultural domain), the agricultural sector was keen on protection. Second, apart from these domestic pressures, the German government was under contradictory external pressure as well. On the one hand, the United States (US) tried to convince Germany to plead for trade liberalization during European decision making on the Uruguay Round, while, on the other, France sought German support for a protectionist

stance on agriculture, appealing to the long-standing Franco-German friendship. This article will show how these incompatible pressures and interests, through the domestic German decision-making process, resulted in the preferences Germany defended with respect to the agricultural chapter of the Uruguay Round.

The study on the German case in itself does not provide an explanatory model of (trade) preference formation which is directly applicable to all other EU member states. This would require a larger scale comparative case study, which is not feasible within the constraint of this single article and would be at odds with presenting an in-depth analysis of preference-formation processes. It is particularly the latter that this article aims at, by contributing to filling the void of in-depth empirical studies on trade preference-formation processes. Although this article does not seek to develop a theory of trade preference formation by EU member states in general, the German case study shows how different variables interact to explain trade preferences and allows the development of scope conditions for the relative importance of the different variables. These can subsequently be applied to theory formation and theory testing in a larger scale comparative case study of EU member state preferences.

First, the analysis will engage in the wider scientific debate on European decision-making regarding external trade and the relative importance of the European Commission, member states and interest groups in this process. This will result in the presentation of the theoretical assumptions and expectations that inform the analysis of the German case study. Second, the article presents the case description, based on several "decision moments", when GATT proposals or Commission proposals concerning the European position on agriculture, which needed to be defended in GATT, were on the agenda. It is at these moments in the negotiations that member states have to make their preferences explicit and the periods leading up to the definition and articulation of the national preferences are pre-eminently appropriate to analyse the effects of different variables on German preference formation.

EUROPEAN TRADE POLICY AND MEMBER STATE PREFERENCES

Commission versus member states?

In the scholarly literature on European trade policy, the relative influence of the European Commission, the member states and interest groups are a matter of ongoing debate. With respect to the relative autonomy of the Commission as opposed to the role of member states, the debate in the 1990s revolved around an intergovernmentalist approach emphasising the power of member states (whose preferences were assumed to mirror those of domestic economic interest groups) (Moravcsik 1998) versus (neo)functionalist explanations focusing on the autonomy of EU institutions (Hayes 1993). More recently the debate has primarily been couched in terms of a principal-agent model. According to Kerremans (2004: 364) this model is 'an instrument to understand the interaction between the Commission and the member states in the context of multilateral trade negotiations'. Applying the principal-agent model to European trade policy, the member states (the principals) delegate decision-making power concerning external trade policy to the EU (the agent) and subsequently try to keep control over this agent to prevent him from acting with too much autonomy and possibly against the interests of the principals (Dür and Elsig 2011: 328).

Member states delegated the execution of European external trade policy through Article 113 [133] of the Treaty of Rome which established the European Economic Community, giving the Commission the sole authority to negotiate multilateral trade agreements on behalf of the member states. Nevertheless, due to the role of the Council of Ministers in the policy process ample opportunities exist for control by member states. At the start of the policy process, prior to any negotiations, the Commission does not only need

authorisation from the Council to engage in such negotiations, but the Council may also issue a directive giving the boundaries within which the Commission has to negotiate (Kerremans 2004: 368). During the second phase of the policy process, the actual negotiations, member states are able to monitor the negotiations closely through the Article 113 [133] Committee, consisting of member state representatives (Kerremans 2004: 369).² Finally, at the end of the process, the Council has the sole authority to adopt international trade agreements — by qualified majority in areas of exclusive EU competence and by consensus in areas of mixed competence. In fact the consensus rule is applied more often than strictly required, especially when the interests of particular member states are 'severely at stake' (Bretherton and Vogler 1999: 50).³ The Commission therefore cannot afford to ignore the preferences and demands of the member states during the negotiations and risk losing their support. Although the Commission can try to gain leverage over member states by using certain strategies such as divide and rule or by proposing package deals on a take-it-or-leave-it basis (Woolcock and Hodges 1996; Vahl 1997), agricultural negotiations, the focus of this study, tend to be highly politicised both in the European arena and within member states, which is likely to enhance the role of member states relative to that of the Commission (Orbie 2007: 41-42; Bretherton and Vogler 1999: 77).

The influence of interest groups

A further issue in the debate on European trade policy is the degree to which interest groups influence these policies through lobbying the Commission or member states. Irrespective of whether authors explicitly couch their arguments in terms of the principle-agent model or not, this debate revolves around those defending the *collusive delegation* argument and their opponents who emphasise interest group influence.⁴ The collusive delegation argument holds that states delegate decision-making authority in order to reduce the influence of interest groups on policy making. In this vein, Sophie Meunier and Kalypso Nicolaidis (1999: 480) argue that with respect to trade policy 'such delegation helped insulate the policy-making process from domestic pressures, thus promoting a more liberal international order.'⁵ Furthermore, delegation will enable the member states to shift the blame for unpopular policies (Arnold 1990). An important assumption underlying the collusive delegation argument is that the domestic policy process is usually dominated by protectionist trade interests (Dür 2008: 28). The costs of trade liberalization are often concentrated, affecting one or a small number of societal interests, whereas the gains are dispersed. As a result the negatively-affected groups are likely to mobilise, while the consumers gaining from trade liberalization (confronted with a collective action problem) are unlikely to do so. Delegation thus aids member state governments by insulating them from domestic interest group pressure for protectionist trade policies.

Those defending the interest group approach share the assumption (also implicit in the collusive delegation argument) that domestic politicians wish to be re-elected and will therefore reject policies that would result in concentrated losses for specific societal groups (Dür 2007: 462; De Bièvre and Dür 2005: 127). However, they repudiate the idea that delegation will significantly restrict the influence of interest groups. This expectation is simply disproved by studies showing the influence of interest groups on EU trade policy making in various cases (see Van den Hoven 2002; De Bièvre and Dür 2005). Considering the EU's institutional framework, this should not come as a surprise, according to Dür (2008: 30-31), because the Council's consensus rule is also applied to the trade policy field. Lobbying governments will therefore still be effective and the Commission will take account of interest group preferences, because it realises that it would not be able to get member state approval if it ignored interest pressure.⁶ Thus, Van den Hoven (2002: 23) argues, interest groups in the trade field are not only expected to influence member states, but are also regarded as having particular influence on the Commission due to their legitimizing role:

The Commission's ability to represent the EU in multilateral negotiations and to keep member states united behind its negotiating position, largely depends on keeping interest groups satisfied with the concessions that it is giving and receiving in the WTO.

On the level of the state, the international political economy literature often emphasises the domestic sources of economic policy, assuming that the preferences of domestic economic actors somehow translate into state preferences (see for example Milner 1988 and Knopf 1988). Some stress factors of production (capital and labour) when explaining a state's openness to trade liberalization (Rogowski 1989), while others focus on factor specificity (Frieden 1991). It is important to note, though, that even if one considers societal demands to be the primary determinants of trade policy, this does not mean these policies will always be of a protectionist nature. Notwithstanding the often concentrated losses and dispersed gains of free trade, Dür (2007) found that exporters tend to lobby against losses (as in terms of market shares) and will thus mobilise when governments propose protectionist trade policies that harm their trading interests. Import-competing interests therefore need not always be dominant in domestic politics. In the words of Dür (2007: 462), 'As politicians thus have to find a balance between satisfying exporter interests and maintaining protection for import-competitors, the relative strength of the two constituencies would determine the extent of the initiative in favour of exporters.'

AN INTEREST-BASED APPROACH INCLUDING IDEATIONAL VARIABLES

From this discussion of the scholarly debate on the relative influence of the Commission, member states and interest groups on European trade policy, we may first of all conclude that the influence of member states should not be underestimated, particularly in such politicised domains as agricultural trade. Secondly, and this is partly a result of the member states' continued importance, interest groups still have ample opportunity to influence their domestic government and also — due to its wish to maintain the support of member states — the Commission.

If these were the only considerations, an analysis of the preferences, mobilisation and strength of competing German interest groups should suffice as an explanation for German preferences on the agricultural chapter of the Uruguay Round. I would argue, however, that such an approach would neglect external (i.e. international) and ideational determinants of trade policy preferences and, considering the contradictory external pressures on Germany and France's appeal to the Franco-German friendship during the GATT Uruguay Round, analysing the potential influence of such variables is crucial in the case under study.

I therefore emphasise the role of governments in selecting a preferred policy option within constraints which are not only political in nature (e.g. farm lobby pressure).⁷ Instead, I assume that a government will defend the policy option which it deems to be most attractive from the perspective of its political, economic and ideational interests. The political interest essentially covers the relative power position of a state internationally and the wish of the government to remain in office domestically. It is because of the government's consideration of its political interest that interest groups are able to influence domestic preference formation and the government will particularly be sensitive to their pressure when elections are approaching. As regards the economic interest, governments strive to increase national wealth and improve living standards. Common explanations of states' trade policies often are restricted to an analysis of these material interests. However, arguments based on political or economic interests frequently do not tell the whole story. They overlook the fact that, under conditions of imperfect knowledge of the political and economic costs and benefits of different policy options, political actors often rely on ideas about 'how the world works' and 'who we

are', also to identify the appropriate policy. Apart from material interests, I therefore also distinguish ideational interests, which refers to defending ideas that are central to the state and shape the beliefs of the state's decision-making elite. These ideas can be embedded in a state's national identity or in its policy paradigms (the principles underlying its policies). National identity answers the question 'who we are'. It reflects 'shared norms and narratives that sustain we-ness', distinguishing the "self" from the "other" (Banchoff 1999: 268), including through images of a common past or 'collective orientations towards the future' such as 'a sense of mission in the world' (Peters 2002: 13-14). The national identity shapes the set of policy options deemed appropriate and makes some options more attractive than others. By including these ideational variables and their effects in the analysis of state preferences, I also respond to a common constructivist criticism of rational-choice analysts, which states that their models underestimate the influence of non-material factors on foreign policy.⁸

While the German political and economic interests during the Uruguay Round can be analysed on the basis of the different pressures (domestic and international) that were brought to bear on the German government and estimates of the effects of trade liberalization on different sectors of the German economy, it is necessary to first identify relevant German policy paradigms and identity aspects relating to its position in the world, in order to estimate the ideational attractiveness of different policy options. With respect to the relevant economic policy paradigm, Germany is generally non-interventionist and disposed towards trade liberalization. However, the agricultural sector is an exception (Weiss 1989). In this sector a comprehensive mix of instruments, ranging from subsidies to tax benefits and direct payments, is used to intervene. Important principles in this interventionist agricultural policy are the *Einkommensorientierten Produktpreispolitik* (Führer 1996: 22) and the *bäuerliche Landwirtschaft* (Bulletin 25.3.1987). The former emphasises high guarantee prices and guaranteed sales quantities, with the aim of safeguarding farm income, while the latter indicates the German idea of small-scale farming based on environmentally-friendly and animal-friendly production methods.

Turning to the relevant aspects of German identity, Germany pictures itself as a *neue Handelsstaat*. This is a state that does not prescribe for itself a strong military role in international relations, but wishes to be powerful due to its economic accomplishments and competitiveness (Rittberger 1992: 223). Associated with Germany's identity as a *Handelsstaat* is its prioritization of the international extension of free trade principles (Markovits and Reich 1991: 59). At the same time however Germany also attaches great importance to the Franco-German friendship (Cogan 2003). While for France the *amitié privilégiée* (Delorme 1994: 42) served geo-political goals as it made it feasible 'to tie Germany into European integration by any means possible, and not to allow it to become an independent power' (Haywood 1993: 278-279), the Germans have generally been prepared to defer to France's wishes and hand 'to their French counterparts the political leadership of Europe' (Cogan 2003: 99). This appears to have been related to the German conviction that *Selbsteinbindung* (in Europe in this case) was necessary in order to 'prevent Germany from reverting to its old ways and to guarantee peace and security for Germany and its neighbours' (Van Esch 2007: 274). In terms of identity construction, it is argued in this respect that 'Germany's international identity has been constructed around a multilateral and European position' (Bulmer and Paterson 1996: 18). And with respect to Germany's European policy, the Franco-German relationship — and within it the close connection between Kohl and Mitterrand — are so essential that the relationship is considered an 'institutional reflex and part of [Germany's] identity' (Bulmer and Paterson 1996: 29). Although debate erupted within Germany after reunification about whether Germany should continue its European and international policies as usual or, instead, act more unilaterally based on its potential for European hegemony, Germany chose to operate within the context of multilateral and EU institutions and continued to value Franco-German cooperation (Janning 1996; Hamilton 1991).⁹

The Franco-German friendship has quasi-regime-like qualities, in that it entails (unwritten) behavioural norms (Cole 2001). With respect to issues that one or other or both regard as politically salient (their interests being fundamentally at stake), Germany is expected not to support policy options that France opposes because they are detrimental to fundamental French interests (even if supporting the decision would serve German material interests), and vice versa. In this context, Douglas Webber (1999: 48) states that 'the deference shown by the one government to the other may lead it occasionally to adopt positions on (...) issues contrary to those dictated by domestic political considerations.' Apart from influencing the preferences Germany defends in negotiations, deference due to the Franco-German friendship may also surface in the policy-making process, because the nations may refrain from putting too much pressure on each other on issues affecting their vital interests.

As implicated in the quote from Webber above, it is important to note that the behavioural incentives based on different interests do not necessarily strengthen each other, but can also be conflicting. If material and ideational considerations coincide, ideas strengthen the (un)attractiveness of the behavioural option under consideration and provide the government with additional legitimacy for its position of rejecting or accepting the option. When ideational considerations and material incentives collide, it can be expected that the degree of domestic pressure and the sensitivity of the government (Van der Vleuten 2005) will decide whether material incentives trump ideational considerations or not. The greater the degree of domestic pressure and governmental sensitivity, the more likely it becomes that material interests eclipse ideational interests.

It is this interest-based approach, including both material and ideational interests that will guide the analysis of German preference formation regarding the agricultural chapter of the Uruguay Round in the next section. As this is not the first scientific study focusing on the EU and agriculture in the Uruguay Round, it is important to elucidate how this analysis complements and can be contrasted with earlier analyses. Much of the scientific work on the Uruguay Round focuses on the proceedings of the talks and the role of the prime antagonists, the United States and the European Union, without delving deeply into the preference formation in separate member states (see for example Paemen and Bensch 1995). The research questions guiding such research instead concerns the autonomy of the Commission relative to member states (Vahl 1997) or the link between institutions (as decision-making rules within the EU) and negotiating outcomes (Meunier 2005; Davis 2003). To the extent that these authors touch on member states preferences, their analyses tend to be descriptive, without problematising and explaining the preferences described. Notable exceptions are Keeler (1996) and Patterson (1997). Both authors emphasise the importance of interest groups at domestic level. Keeler develops a theoretical argument explaining why farm lobbies in particular are likely to influence state preferences on agriculture and agricultural trade. He underpins these theoretical claims with empirical illustrations of French and German decision making during the Uruguay Round. What the current article adds is an in-depth case analysis, partly based on primary archival records, that allows me to draw conclusions on the mobilisation and influence of not only agricultural organisations, but also the industrial lobby, which defended different preferences. Patterson (1997) aptly argues that, when it comes to analysing the behaviour of the EU in international negotiations, a third level needs to be added to Robert Putnam's classic two-level games (1988), in order to distinguish between the international, the European and the domestic levels. The win set at domestic level would then be the set of all European level agreements that would gain the necessary majority in the EU member states. This coincides with the interest-based analysis in this article to the extent that I will analyse the preferences of competing German interests regarding the agricultural chapter of the Uruguay Round. An important difference empirically, however, is that my analysis involves preferences concerning the GATT negotiations rather than the negotiations over the Common Agricultural Policy, which is the topic of Patterson's article (touching on GATT issues in an indirect manner

only). Finally, what the current article contributes to the scientific debate, as compared to the other publications referred to, is an analysis of the role of ideas in preference formation regarding trade policies.

GERMAN PREFERENCES IN THE GATT URUGUAY ROUND

1982-1986: Reaching agreement on the launch of a new GATT Round

The Uruguay Round of GATT negotiations was initiated at the beginning of the 1980s, during a time of international economic slowdown and increasing protectionism. Agriculture figured prominently on the agenda and in particular the US was keen on subjecting this sector to stricter GATT discipline (Davis 2003: 272-273). However, many GATT partners, among them important EEC member states, were not yet eager to start another round of GATT negotiations (Paemen and Bensch 1995: 32; Meunier 2005: 103). In the early 1980s Germany was positively disposed towards a new round of GATT negotiations even though broader support for such negotiations was still lacking in the EEC as a whole. Due to the economic crisis at this time, Chancellor Helmut Kohl attached great importance to a new GATT round (*Bulletin* 14 October 1982); and given Germany's economic interests as a trading nation with a strong competitive position in the industrial sector, this preference seems natural. Liberalization would only be costly for the insufficiently competitive agricultural sector. The *Deutsche Bauernverband* (DBV), the agricultural interest group, urged the EEC to be uncompromising and prevent the Common Agricultural Policy (CAP) ending up on the negotiating table (*Deutsche Bauernkorrespondenz* November 1982), but they did not oppose a new GATT round altogether (*Bulletin* 19 September 1986). At the same time industrial interests, such as the Bund Deutscher Industrie (BDI) and the Bundesverband des Gross- und Aussenhandels (BGA), mobilised in favour of a new GATT round and argued that the EEC should be willing to put the adverse economic consequences of its agricultural policy up for discussion, in order to prevent trade conflicts in other areas that could damage German industrial exports (*Handelsblatt* 5 November 1986).¹⁰

As gains in the industrial sector were likely to outweigh losses in the agricultural sector, both economic and domestic political considerations, on balance, favoured German acceptance of a new round of GATT negotiations which included agriculture. In the international political domain, however, incentives were mixed. On the one hand the US had singled out Germany as the subject for their particular pressure, in an attempt to convince it to actively seek to steer European decision making towards a more positive position on a new GATT Round.¹¹ On the other hand, France tried to convince the EU member states to reject a new GATT round and in particular to object to the inclusion of agriculture in GATT negotiations.¹² German diplomacy and position taking during the run-up to the Uruguay Round between 1982 and 1986 reflect these contradictory pressures.

Germany repeatedly expressed its preference for a new round of trade negotiations as a necessity in strengthening the multilateral trading system and as a way to restrain protectionist tendencies and prevent economic and political confrontations, which Germany, due to its dependence on exports, could not afford.¹³ Nevertheless, in spite of its own desire for a new GATT round, Germany seriously took account of France's resistance to EEC participation. At a meeting of the Article 113 Committee in November 1982 the German minister of economics, Otto Lambsdorff, did not put too much pressure on his French counterpart, Michel Jobert, because Germany wished to avert a clash with France.¹⁴ Even when, by 1984, the Commission and an increasing number of member states began to develop a more positive attitude towards a new GATT round, Germany remained careful in its attempts to convince the French of the benefits of such negotiations.¹⁵ Despite US requests, it did not organise a meeting between European trade ministers to accelerate decision making on the matter.

Apart from influencing German diplomacy towards France, considerations of the Franco-German friendship also affected the German position, moving it closer to French demands. During a Council meeting in March 1985 the member states reached agreement on an EEC declaration conveying its willingness to take part in a new GATT round. France was able, however, to get an extensive paragraph on agriculture included, indicating numerous conditions and reservations on this issue. France could do this because it won the support of Germany during the meeting. It is claimed that the initially liberally inclined German position moved closer and closer to the protectionist French position after telephone calls between Paris and Bonn (interview Frans Engering 20 February 2004).¹⁶ With respect to the G7 conference in Bonn in July 1985, where François Mitterrand refused to commit himself to a specific date for the launch of the new trade round, Helmut Kohl emphasised that Germany's relationship with the French was particularly amicable (explicitly referring to the *deutsch-französische Freundschaft*) and that Germany and France wanted to operate in tandem.¹⁷ German diplomacy therefore focused on convincing the French that they, too, in the longer term stood to benefit most from a more open world trade system.¹⁸ The German preparatory documents for Council meetings provided various outlines for speeches by the German representative, each geared to responding to a different French position.¹⁹ German declarations were therefore highly dependent on the position taken by the French in the negotiations.

In September 1986 a GATT Ministerial Conference was planned in Punta del Este, to launch the new trade round. During this meeting the EEC became isolated, because most of the GATT parties were willing to accept the declarations that had been proposed, while the EEC, under pressure from the French, was forced to withhold its support for these texts. France was in particular opposed to the emphasis on and explicit reference to export subsidies in the text (Vahl 1997: 74; *Agra Europe* 19 September 1986) and threatened to leave the negotiating table if its agricultural interests were not taken sufficiently seriously (*United Press International* 18 September 1986). Germany, for its part, was less concerned about the precise formulation of the opening declaration, but regarded the launch of a new GATT round as a goal in its own right (*Handelsblatt* 19 September 1986, 22 September 1986). It made extensive diplomatic efforts and tried to find formulations with the aim of appeasing and convincing the French, in order to remove their resistance (*Handelsblatt* 19 September 1986). Eventually France accepted a compromise text, in which export subsidies were no longer explicitly mentioned and which included the objective of 'increasing discipline on the use of all direct and indirect subsidies and other indirect measures affecting directly or indirectly agricultural trade.' (*Agra Europe* 26 September 1986) This formulation met the French demand that protectionist policies of states other than EEC members would be part of the negotiation as well. According to German negotiators, it was due to German and US pressure that France eventually accepted the opening declaration. A tacit agreement existed between France and Germany, with the support of Kohl, that the principles of the CAP were not to be put up for discussion (interview Lorenz Schomerus 29 March 2007).²⁰

It is claimed that France eventually agreed to include agriculture in the Uruguay Round to prevent a 'major break with Germany' (Webber 1998: 37; Paemen and Bensch 1994: 46). The German government clearly also valued the Franco-German friendship and was willing to make immense diplomatic efforts to gain French approval before accepting the opening declaration, risking deadlock even when important German economic interests were at stake. After the negotiations in Punta del Este, the German Minister of Economics, Martin Bangemann, stated in the *Bundestag* that with respect to agriculture 'Franco-German cooperation had fully stood the test' and that he had kept in close contact with the French ministers of trade and of agriculture during the negotiations in order to develop compromise formulas.²¹

The analysis presented above shows that while political and economic interests advocated a preference for a quick start of a new GATT round, ideational considerations

regarding the Franco-German friendship affected German diplomacy and position taking. From the start Germany made clear that it wanted a new GATT round, a position that resonated well with its overall economic interests and the balance of domestic mobilization. Nevertheless, it was willing to defend a more protectionist position on agriculture to placate the French, even though this could put the launch of new GATT negotiations in doubt and thus be detrimental to its own economic interests. During the negotiating process, the frequent Franco-German bilateral consultations also seem to indicate a collaborative reflex consonant with the Franco-German friendship. For a full understanding of the German preferences and diplomatic behaviour, both material and ideational interests therefore need to be taken into account.

1990: Breakdown at Heysel

Once the new GATT round, now referred to as the Uruguay Round, had been launched, the actual discussions began in 1987 in fifteen negotiating groups, including a separate group for agriculture (Paemen and Bensch 1995). Because of this separate treatment, the French and German ministers of agriculture were united in their resistance to too great a degree of liberalization in this sector. As long as no differential treatment of domestic support (German interest) and export assistance (French interest) was foreseen, their interests coincided. During the first half of the Uruguay Round the agricultural negotiations mainly focused on the form and modalities of an agreement and it was not until 1990 that negotiations started on actual reduction percentages for customs duties, domestic support and export assistance (Vahl 1997). The GATT partners had committed themselves to tabling agricultural proposals by October 1990. These would be the basis for the Heysel conference in December 1990, during which the Uruguay Round was originally scheduled to be completed (Paemen and Bensch 1995: 140-141). In the run-up to this conference, the European Commission put a proposal before the Council of Ministers to reduce agricultural support by 30 per cent. A heated and protracted debate erupted.

During this debate the German government was faced with contradictory incentives. Domestically, the Deutsche Bauernverband rejected the Commission proposal, which it equated with selling out on the notion of the *bäuerliche Landwirtschaft* and bowing down to the demands of the United States (*Die Welt* 8 October 1990). They argued that to support the reductions proposed would endanger the multifunctionality of the European agricultural sector and compromise community preference (*Deutsche Bauernkorrespondenz* November 1990). The farm lobby appealed to Chancellor Kohl 'to wield his full power in striving for a solution in GATT that gives farmers a future' (*Deutsche Bauernkorrespondenz* November 1990; *Bulletin* 18 October 1990). The industrial lobby, however, mobilised in favour of concessions on agriculture, in order to conclude the Uruguay Round as soon as possible (*Die Welt* 18 October 1990; *Agra Europe* 7 December 1990). In the international arena US pressure for a far-reaching European proposal was counterbalanced by French insistence on rejection of the Commission proposal on the basis of its damaging effects on community preference and export potential.²²

In the autumn of 1990, upcoming elections (increasing governmental sensitivity to domestic pressure) combined with the fact that the farming population formed an important part of the grassroots support for the governing coalition (Keeler 1996: 141; Weiss 1989: 80-81), increased the likelihood that farm pressure would decisively influence the German government. Elections for the *Landtag* in Bavaria — where the *Christlich Soziale Union* (CSU), sisterparty of the *Christlich Demokratische Union* (CDU), was highly dependent on the farm vote — and the five East German *Länder* were to be held on 14 October, and the first all-German general elections since reunification were scheduled for 2 December. Farmers were aware of their electoral clout and threatened

Kohl that he would lose their votes if he did not reject any proposal resulting in farm price reductions.²³

Under these contradictory pressures the German government was divided on the issue: the Minister of Agriculture, Ignaz Kiechle, vehemently opposed the Commission proposal, whereas Helmut Haussmann, the Minister of Economics, welcomed it (*Frankfurter Rundschau* 9 October 1990; *Süddeutsche Zeitung* 9 October 1990; *BMWI Tagesnachrichten* 17 October 1990). Kohl intervened on the side of Kiechle and it was decided that Germany would continue its resistance in the Council and would only accept such a proposal if additional measures in the form of direct income support were included and if community preference was guaranteed (*Agra Europe* 19 October 1990). It is argued in this respect that Kohl prevented the Ministry of Economics prevailing over the Minister of Agriculture, because he was very sympathetic to agricultural interests, appreciating not only the economic but also the social value of agriculture (interview Feiter 21 May 2001; interview Franz-Josef Schomerus 29 March 2007).²⁴ Kiechle and Kohl both agreed that a GATT deal was important for German industry and agriculture, but they were unwilling to sacrifice the agricultural sector in order to reach such a deal (*Bulletin* 26 October 1990). The German preference clearly dovetailed with the position defended by the farm lobby. Secondary literature and media sources contend that, considering the upcoming elections, the CDU/CSU (Christian Democratic Union of Germany and Christian Social Union of Bavaria) could not take the risk of alienating the farmers (Davis 2003: 287; Paemen and Bensch 1995: 178; *Agra Europa* 26 October 1990; *Financial Times* 29 November 1990; *New York Times* 13 November 1990).

Despite German and French resistance the Commission succeeded in winning the support of nearly all other member states by the end of October and the United Kingdom and the Netherlands began to put pressure on the chancellor's office and the ministry of economics to accept the agricultural proposal.²⁵ At the same time France pressed Germany to stand firm — fearing that Franco-German solidarity might falter because the Commission had met a number of German demands.²⁶ When a watered-down version of the Commission proposal was on the table at the Council on 26 October, Germany indeed initially seemed willing to accept the compromise, until the French Minister of Agriculture, Louis Mermaz, indicated that the solution did not satisfy France.²⁷ Kiechle then explained that Germany was not prepared to accept a proposal that was opposed by France (*Agence Europe* 29 October 1990; *Agra Europe* 2 November 1990; *Frankfurter Rundschau* 30 October 1990). Again, Germany risked stalemate in the Uruguay Round, which would be detrimental to its industrial interest, in order to support France.

Concerns relating to the Franco-German friendship remained important during further European decision making on the Commission proposal. While the state secretaries' committee on European affairs, in preparation for the 5 November Council meeting, instructed the German negotiators to accept the Commission proposal even if France continued to reject it,²⁸ Kiechle did not do so during the Council meeting, but instead supported the French demand for 'a more precise statement on community preference.' (Vahl 1997: 137) Kohl had apparently overruled the state secretaries' committee and the *Frankfurter Rundschau* (7 November 1990) stated 'the directions of the chancellor for the German delegation to support France's demands for protection to the end were of critical importance.' Only after changes in accordance with France's wishes were made in the Council declaration, did both France and Germany accept the Commission package, on 6 November 1990. Despite speculation that Germany would soften its stance after the parliamentary elections of 2 December (*New York Times* 10 December 1990), Germany held firm in its support for the French and backed its rejection of additional European concessions during the Heysel conference (Davis 2003: 292).

This account shows, first of all, that farm lobby pressure effectively influenced the position of the government (under conditions of high governmental sensitivity) and, secondly, that Germany, and Chancellor Kohl in particular, valued the Franco-German friendship so highly, that it was willing to forego Germany's wider material interest in

order to satisfy the French. It may not only have been Kohl's personal friendship with Mitterrand that influenced his preferences, but it should also be noted that Germany needed French approval of the integration of former Eastern Germany in the EEC. Germany could therefore not afford to alienate its French friend. The preference formation regarding the Commission proposal is a good example of how material and ideational considerations can strengthen each other, resulting in German support for France and rejection of the Commission proposal

1992: The US and the Commission reach the Blair House Accord

After the collapse of the talks at Heysel, GATT Secretary General Arthur Dunkel tried to get the negotiations back on track by presenting a compromise agreement in December 1991: the Draft Final Act. This could only be adapted on the basis of proposals that were accepted by all GATT partners. The main antagonists, the EEC and the US, now began negotiating bilaterally, in order to reach an agreement on agriculture. These bilateral negotiations intensified after the EEC reached agreement on the MacSharry reforms of the CAP in May 1992 and resulted in the Blair House Accord in November 1992.

An important development that started in 1991 and continued in 1992 was that both within the government and across German society at large the scales began to tip in favour of trade liberalization in agriculture. At a cabinet meeting in October 1991 it was decided that Germany would now aim for a swift conclusion of the Uruguay Round and strive for EEC concessions on agriculture to reach this goal. Although the Minister of Agriculture, Kiechle, did not support this decision, he was overruled by the other ministers who favoured a more flexible negotiating position, and he no longer enjoyed the backing of Kohl, who emphasised that the failure of the Uruguay Round would be a catastrophe that should not be allowed to happen (Webber 1999).²⁹ Domestically, societal pressure was split between a liberal coalition of industry and business lobbies, scientific institutes and the liberal and socialist parties on one side, and the farm lobby on the other. Free trade proponents blamed the agricultural sector for the deadlock in the GATT talks and demanded that the government overrule the narrow interests of German agriculture and defend Germany's wider export interests (*Financial Times* 21 March 1992; *Die Welt* 10 November 1992). Both the liberal and the socialist parties urged Kohl to put pressure on Mitterrand to reach a compromise (*Frankfurter Allgemeine Zeitung* 6 November 1992; *Financial Times* 5 March 1992). In the words of Bundestag member Wolfgang Roth, 'we still have to get our French friends to budge in the next few days' (*Deutscher Bundestag Plenarprotokoll* 12/112, 14 October 1992). The farm lobby, however, continued to oppose any concessions on agriculture, claiming that community preference and the multifunctionality of German agriculture had to be defended (*Deutsche Bauern Korrespondenz* April 1992; May 1992; *Bulletin* 18 March 1992). When the EEC and the US reached the Blair House Accord in November 1992, the industrial lobby urged the government to endorse it and convince the French government to compromise (*Süddeutsche Zeitung* 24 November 1992). The farm lobby, though, argued that the German government should follow the French example and say no to the compromise (*Deutsche Bauern Korrespondenz* December 1992).

At this point international pressure came to the fore. While Germany, following the 1991 cabinet meeting, began to argue for concessions on agriculture, France increased its pressure on Germany by appealing to Franco-German solidarity in order to win German backing for its own stance. It warned Germany that it would strike at the heart of Franco-German relation if it failed to support France.³⁰ When the Blair House agreement was reached France immediately rejected it and was counting on the support of its German friends. French government officials claimed that, although some in the German government wanted to accept the compromise, the Chancellor was far more reluctant and sympathetic to France (*Libération* 14 October 1992). Considering Kohl's prior refusals give in to domestic demands to put Mitterrand under greater pressure – Kohl

stating that 'anybody who knows French politics should know that would be a fatal thing to do' (*Financial Times* 24 March 1992) – the French expectation of support seemed to have some basis.³¹

Nevertheless, in the final analysis, Germany gave its wider economic interests priority over its ideational interests in terms of the Franco-German friendship. The agricultural deal was expected to open the door to a full GATT agreement (including the agricultural sector), which would be advantageous to German industrial interests. Moreover, the costs for the agricultural sector would probably be limited, because part of the reductions could be met by implementing the MacSharry CAP reforms agreed by EEC member states in May 1992. Even Kiechle agreed that Germany should accept the Blair House Accord, in the interest of a well-functioning trading system. He advised Kohl not to reject the agreement as, with respect to agriculture, German and French interests differed and the government had to ask itself how far solidarity with France should be taken on this issue (*Süddeutsche Zeitung* 30 November 1992). It should therefore come as no surprise that Germany indeed accepted the accord (*Bulletin* 20 November 1992).

The analysis above shows how its political and economic interests led Germany to accept the Blair House Accord in 1992. While political considerations still resulted in a protectionist stance in 1990, the tipping of the domestic balance of interests towards liberalization provided the incentive to accept the deal. The farm lobby was alone in its demand for rejection and even its preferential access to the governing parties could not counterbalance the overwhelming domestic pressure in favour of concessions on agriculture. In the end, political and economic considerations therefore outweighed Germany's ideational interest in the Franco-German friendship.

1993: From Blair House to the Final Accord

The Blair House agreement did not result in a complete GATT deal (covering all negotiation domains) as swiftly as had been hoped. The (especially French) resistance to the agricultural agreement restrained the Commission from making further commitments on other negotiating issues, because a qualified majority would be required in the Council to approve the eventual GATT agreement dealing with all negotiating areas. It was clear that France was not likely to accept such an agreement unless the agricultural deal had been renegotiated. In 1993 Germany was in a difficult situation. On the one hand it wanted a swift conclusion of the Uruguay Round, but on the other it also wished to preserve the Franco-German friendship and therefore had to take the French demands for renegotiation seriously. Economic interests and the balance of political pressure provided clear incentives to prioritise the conclusion of the Uruguay Round. Industrial groups maintained 'a constant barrage of messages to Kohl's office, urging him to finish the Uruguay Round without further ado' (Paemen and Bensch 1996: 239). Proponents of a GATT agreement increasingly put pressure on the government not to sacrifice German interests for the sake of French agricultural interests and the Franco-German friendship (*Handelsblatt* 18 February 1993; 10 March 1993).

When France began to step up its lobbying efforts to renegotiate the Blair House Accord, industrial interest groups demanded that the German government resist these demands (*Frankfurter Allgemeine Zeitung* 10 July 1993). The socialist party warned that Germany's reputation as a *Handelsstaat* was at stake (*Deutscher Bundestag. Plenarprotokoll* 12/190, 2. July 1993, 14613). What is more, all parties in parliament agreed that reopening agricultural negotiations would jeopardise the chances of success of the Uruguay Round as a whole (*Handelsblatt* 13 September 1993). The only societal interest group supporting France's demand for renegotiation was the Deutsche Bauernverband (*Süddeutsche Zeitung* 11 September 1993). At international level both the US and the GATT Secretary General signalled that the Blair House Accord was non-negotiable and that December 1993 would be the final deadline for a complete GATT

agreement (Swinbank and Tanner 1996: 108-109). If this deadline was not met the Uruguay Round would have failed. GATT partners expected Germany to intervene in EEC decision making, as Germany was widely seen as the only European member state that could convince the French (*Frankfurter Allgemeine Zeitung* 2 September 1993; *Die Welt* 11 September 1993). Germany's reputation as a *Handelsstaat* was therefore at stake. At the same time, however, Germany was faced with increasing pressure from the new French government to support its demand for renegotiation.³² France also sent a memorandum to its European partners, shortly before to the Council meeting in September 1993 at which a decision was to be taken on the matter.³³ Although its government had hitherto been reluctant to make explicit references to any use of the veto by France, it became clear in September that a French veto was still considered a genuine possibility. If France were indeed to veto the complete GATT agreement the result would be disastrous for Germany.³⁴

Considering its varying interests, the German cabinet agreed that reaching a GATT deal should be Germany's priority and that renegotiation of the Blair House Accord would probably not be to its advantage (*Bulletin* 27 February 1993). Klaus Kinkel, the Minister of Foreign Affairs, argued: 'When it comes to supporting the French, we have reached the limit. We really need to arrive at an agreement now.'³⁵ It was considered that the last chance to reach an agreement was in 1993 (*BMWI Tagesnachrichten* 21 June 1993). Prior to bilateral talks between Mitterrand and Kohl in August 1993, Kohl was therefore advised not to make any concessions on the GATT issue (Paemen and Bensch 1995: 239; *Handelsblatt* 31 August 1993).

Nevertheless, at the press conference after his meeting with Mitterrand and Balladur, Kohl stated that Germany also had problems with the Blair House agreement and that cooperation was needed to reach a solution (*Frankfurter Allgemeine Zeitung* 2 September 1993; *Der Spiegel* 6 September 1993). The German ministers were puzzled by Kohl's statement and immediately emphasised that the German position with respect to Blair House had not changed (*Agra Europe* 27 August 1993). Germany sought to distance itself from any suggestion that it might join France in demanding a renegotiation of the accord (*Agra Europe* 3 September 1993). However, both the Ministry of Foreign Affairs and the Chancellor's office had now become concerned that France was prepared to cause a European crisis over the issue. They therefore preferred to placate the French as much as possible, without endangering the GATT negotiations.³⁶ As a result Germany agreed to consultations with France on the matter and called on other European member states to take French concerns seriously (*Agra Europe* 3 September 1993; *Wirtschaftswoche* 17 September 1993). In preparation for the Council meeting on 21 September the Germans signalled that they would not agree to a renegotiation of the Blair House Accord, but were amenable to bilateral talks between the US and the EEC on how it was to be interpreted (*Agra Europe* 10 September 1993). At the Council meeting, Germany therefore agreed to authorize the Commission to enter into consultations with the US to seek "clarification" of the agreement (which in practice entailed renegotiating it) (Webber 1998: 55). Germany was willing to go a long way to get France onside, provided that doing so would not endanger the successful conclusion of the Uruguay Round (interview Lorenz Schomerus 29 March 2007). Ludewig, one of the German negotiators, said that although Kohl did not provide them with actual mandates on this matter, those close to him knew his position — 'be nice to the agricultural people, be nice to the French, but do not put the Uruguay Round at risk.' (interview 5 April 2007)³⁷

An important question then is how we should explain Kohl's actions in the whole process. Some argue that Kohl supported the French in August 1993 because he had become convinced that the French government would fall if the Blair House Accord was not renegotiated and that the French would rather use their veto in European decision making than end up facing a governmental crisis at home (Webber 1998: 52;). Another explanation could be that Kohl was responding to pressure from the German farm lobby,

which did not like the Blair House agreement either. However, considering the overwhelming domestic mobilisation against renegotiation and in favour of a swift GATT deal, it is highly unlikely that farm lobby pressure would have been decisive. Officials involved in the negotiating process agree that Kohl's stance can only be explained by his wish to do something for the French, because of the value he attached to the Franco-German friendship and his personal relations with Mitterrand.³⁸ France claimed its vital interests were at stake and requested German support. Furthermore, on issues other than the Uruguay Round, Germany was in need of French support. A monetary crisis had broken out in the European Monetary System in the summer of 1993 and Germany needed cooperation from France in the Council of Ministers to push through additional support measures benefiting German agriculture.³⁹ It is claimed that the French were skilful in connecting the two issues, to put Germany under additional pressure to back the French demands over the GATT negotiations (*Frankfurter Allgemeine Zeitung* 10 September 1993). There was further speculation that Germany had agreed to "clarification" of the Blair House agreement in exchange for French support not only regarding its agrimonetary concerns, but also its wish to see the European Central Bank located in Frankfurt (*Agra Europe* 24 September 1993; *Financial Times* 30 September 1993).

The new talks between the Commission and the US on the agricultural agreement resulted in some (minor) additional concessions by the US on 6 December 1993. A Final GATT Accord (covering all the negotiating areas) was subsequently reached on 15 December and Germany accepted it immediately. Whereas economic and political interests had trumped ideational considerations related to the Franco-German friendship in 1992, concerns about the latter again figured prominently in German decision making and diplomacy in 1993. Considering that clarification in reality meant renegotiations, which could jeopardise the Uruguay Round, Germany can be regarded as having taken enormous risks for the sake of its friendship with France. This is not to say, however, that economic and political interests were ignored altogether. Germany remained adamant in its determination to reach a successful conclusion of the Uruguay Round. While in 1992 the Germans were convinced that disagreement on agriculture was the chief obstacle to a GATT deal and that the Blair House Accord would remove this hurdle, in 1993 they came to realise that French resistance to the agricultural deal (e.g. their threat of veto) was the main barrier to achieving a deal. Thus, paradoxically, the policy option of appeasing the French seemed both a necessary condition for and a potential risk in achieving a successful conclusion to the Uruguay Round. The combination of its political and economic interests and the importance of the Franco-German friendship explains how Germany devised a policy of appeasing the French, while at the same time attempting to secure a GATT agreement before the December 1993 deadline.

CONCLUSION

The theoretical discussion and empirical analysis in this article contributes to the debate on EU external trade policy in general and the role of member state preference formation in particular. Theoretically, it adds ideational variables to the explanation of trade policy, in which field material explanations are dominant. Empirically, it complements the existing, but relatively scarce, research on the influence of interest groups with respect to EU external trade policy, by focusing on how domestic interest group's influenced domestic preference formation in Germany. The case study conducted here, shows how an empirical focus on preference formation provides insights into the wider process of European trade policy making (and the developments in international trade negotiations), which could not have been gained by an exclusive focus on the level of EU decision making. The latter would show that France and Germany delayed EU decision making, but would not provide a full explanation for why these states defended their protectionist preferences. Considering the continued role of member states in EU

external trade policy, a better understanding of how member state preferences are formed is imperative.

This analysis provides new insights into this specific process by explaining German preference formation through an interest-based approach. It was shown that a combination of material (political and economic) and ideational considerations guided German preference formation. Where the imperatives, based on the different considerations, coincided, concerns regarding the Franco-German friendship strengthened the government's resolve and provided legitimacy for the selected course of action. Thus, ideational interests and a balance of domestic interests tending towards the position defended by the agricultural lobby explain why Germany opposed the Commission proposal in 1990. When ideational imperatives ran counter to its political and economic interests in 1992, however, Germany eventually chose to defend its own material interests and accepted the Blair House Accord. Once it became clear in 1993 that France was likely to block a GATT deal if this agreement was not amended, Kohl decided it was better to placate the French, not only to maintain the Franco-German friendship and French cooperation on other European policies, but also simply to ensure that the long-awaited GATT agreement gained approval in the Council of Ministers. It is thus only by taking account of both material and ideational interests that the German preferences during the Uruguay Round can be adequately explained.

With respect to the Franco-German friendship, this study shows that it was an ever-present consideration in German preference formation. Even if it did not influence the final outcome of the German preference decisively, then at least deviating from its imperatives required explanation during the preference-formation process. Especially when a governmental leader, like Kohl in this case, valued or internalised the ideational factors considered, these ideas proved to have a decisive impact on the German position. As far as the domestic pressure exerted by different interest groups is concerned, the case study shows that governmental sensitivity does indeed increase the influence of domestic actors, particularly of those actors providing grass roots support for the governing coalition, whereas a lack of domestic pressure provides the government with more freedom of manoeuvre. These outcomes provide scope conditions – applicable to more cases than just the German one – under which certain variables may be expected to be more or less influential in a domestic preference-formation process. Further empirical research is necessary to establish whether similar explanatory logics operate in preference-formation processes in other EU member states.

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¹ In the theoretical section, when referring to the organisation in general, I will use the denomination EU, but in the empirical section, describing events before 1993, I refer to European Economic Community (EEC).

² It is argued, however, that member state control through this committee should not be overstated, because the trade experts on the committee 'tend to be socialized as an "epistemic community"', as a result of which it operates 'as a "policy collaborator" rather than a body supervising the Commission' (Bretherton and Vogler 2006: 69, in Orbie 2007: 40).

³ Sophie Meunier and Kalypso Nicolaidis (1999: 480) as well as Adrian Van der Hoven (2002: 6) also point out this practice of consensus decision making in the Council.

⁴ The author would like to thank an anonymous reviewer for drawing her attention to this particular debate.

⁵ The principal-agent literature provides more reasons for why member states have delegated their autonomy with regard to external trade policy to the EU. Delegating trade negotiating authority to the Commission enables the EU to speak with one voice, strengthening the negotiators' credibility. Furthermore, delegation enables the EU to 'exploit a market power that is much greater than would have been achieved separately by each member state' (Kerremans 2004: 365).

⁶ It is further argued that the collusive delegation hypothesis suffers from theoretical shortcomings. First, why would politicians delegate authority with the aim of enabling more liberal policies? The long-term welfare gains from trade liberalization should be 'close to irrelevant for their short-term electoral success' (Dür 2008: 30). Second, it is questionable whether politicians consistently share more liberal preferences than interest groups, particularly when one takes into account that 'societal actors can also influence the selection of policy-makers' (Dür 2008: 30).

⁷ This also implies that I assume that governments are not merely conveyor belts for the preferences of domestic interest groups, but that they have their own interests and preferences. It is important to note that this deviates from the assumption, much applied in the interest approach and liberal theories, that governments and politicians do not have their own interests and preferences independent of societal actors.

⁸ See for example, Banchoff (1999), Finnemore (1996) and Katzenstein (1996). I only focus on the effects of given state identities on state preferences, without problematising the concept of identity itself (Ruggie 1998), and will thus not investigate the prior *construction* of these identities.

⁹ It should be noted here that the Franco-German friendship indeed was not only "constraining" for Germany, but also "enabling", if only because German initiatives in European decision making were more palatable if introduced as a Franco-German initiative (Bulmer and Paterson 1996: 28).

¹⁰ BArch. B102: 271993. 7 September 1982. Bund Deutscher Industrie. Stellungnahme der Industrie zur GATT-Ministerkonferenz im November, 1982; BArch. B102: 271994. 1 October 1984. Bund Deutscher Industrie. Stellungnahme zu einer neuen Verhandlungsrunde zur liberalisierung des Welthandels.

¹¹ BArch. B102: 271991 7 March 1984. Ministry of Economics. Leiterin der Abteilung V. Informelle Ministerrunde zur Vorbereitung einer neuen 'Reagan-Runde'.

¹² Although France was one of the most competitive producers of agricultural goods within the EEC, it could not compete in the world agricultural market without the export restitutions (subsidies) provided under the CAP (Delorme 1994: 41). While French agriculture was highly dependent on export restitutions, the relatively small and inefficient German farms were dependent on high guarantee prices and barely needed export restitutions.

¹³ BArch. B102 292882 4 June 1985. Ministry of Economics. Handelsministerkonferenz Stockholm, 8-10 Juni 1985. Agrarfragen.

¹⁴ ArchEZ. WA-BEB-55. Ministry of Economics. Verslag van de vergadering van art. 113 (leden) op 12 November 1982.

¹⁵ Germany focused on bilateral talks with France, during which it tried to convince its partner that a new GATT round was also in the French interest. It was only at this level that soft pressure was exerted however: during negotiations in the Council of Ministers Germany remained cautious about pressurising the French openly.

¹⁶ Frans Engering was Director General for Foreign Economic Relations at the Dutch Ministry of Economics and attended these negotiations.

¹⁷ Deutscher Bundestag. *Plenarprotokoll* 10/137. 14 May 1985, 10163.

¹⁸ BArch. B102 292882 1 July 1985. Ministry of Economics. V A 5. Verhältnis EG/USA. Gesprächsziel: Frankreich bewusst machen, dass seinen Interessen langfristig am besten durch eine weltoffene Handelspolitik gedient ist.

¹⁹ See for example: BArch B 102 292882 1 July 1985. Ministry of Economics. E/IV C. Gespräch von BM Dr. Bangemann mit Frau Minister Cresson am 8. Juli 1985 in Paris. Assuming that France would use the strained US-EEC relations as an argument for the claim that a new GATT round was not expedient, Germany would endorse that these tensions were manifest, but use them as another reason why GATT negotiations were indeed important: to counter US unilateral actions.

²⁰ Dr. Lorenz Schomerus was Director General for Trade Policy at the German Ministry of Economics.

²¹ Deutscher Bundestag. *Plenarprotokoll* 10/323 25 September 1986, 17998.

²² CAC 19930192. 9 October 1990, Communiqué de Premier Ministre; CAC 19920056, 16 October 1990, Conseil agricole, Intervention de M. Mermaz. The US was of the opinion that the Commission proposal, before a watered-down version of it had even been accepted by the member states, was a 'non-starter: too little too late'. Considering that the US was offering 70 to 90 per cent reductions, this was not

surprising (ArchBuZa 26 September 1990. wasi762/19192. Coded message from the Dutch embassy in Washington to the Dutch Ministry of Foreign Affairs).

²³ CAC. 19920056, art 8, 2 November 1990. Diplomatic telegram from the French embassy in Bonn. Objet: UR préparation du conseil du 5 novembre 1990.

²⁴ Dr. Franz-Josef Feiter was Director General for Agriculture at the Chancellor's Office.

²⁵ ArchBUZa. VN/1985-1994: 08640. 24 October 1990. Telex from the Dutch Ministry of Economics to the Dutch permanent representation in Bonn.

²⁶ CAC 19920056, art. 8 24.10.1990. Bernard Vial. Ministry of Agriculture. Note pour Monsieur le Ministre.

²⁷ ArchBuZa. DDI DIE ARA: 1012 26.10.1990. Ministry of Foreign Affairs, Department of International Economic Relations. Memorandum: Verslag Landbouwwraad.

²⁸ BArch. B102: 736231. 2 November 1990. Ministry of Economics. V A 2. Sprechzettel. This document clearly shows that the French position was of particular importance to Germany, but in the end it concluded that it would not be in Germany's interest to support a continued French rejection of the Commission proposal.

²⁹ The reasons for this change in Kohl's priorities may be that governmental sensitivity had decreased in 1991 as no major elections were due in the near future. Further, a successful conclusion of the negotiations, and the economic advantages associated with it, became increasingly important as the costs of German unification were proving to be far higher than foreseen (*Der Spiegel* 15 April 1991; 13 May 1991).

³⁰ BArch. N1436: 21. 21 January 1992. Telex from the German embassy in Paris to the German Ministry of Foreign Affairs.

³¹ *Wirtschaftswoche* (13 November 1992) even argued that it was Kohl's *Nibelungentreu an Mitterrand* that had caused the collapse of the bilateral negotiations in early November, a few weeks before the Blair House Accord was reached. The US had also complained that Kohl was prioritizing the interests of his farmers and his friend Mitterrand over Germany's wider economic interests (*Financial Times* 6 March 1992; 18 March 1992).

³² ArchEZ. GATT-UR 1990-1993. Soc 1-199. 3 September 1993. Informal bilateral German-Dutch debriefing on high-level Franco-German consultations.

³³ CUEAC 8409/93, GATT 134, AGRICORG 261. 1 September 1993. Note from the French delegation. Subject: Blair House Agreement.

³⁴ It is questionable though whether France would actually have vetoed a final GATT deal, as such a deal would not only include agriculture but also other economic sectors. Losses in the agricultural sector could be offset by gains in other sectors. It is this package deal character of the final GATT agreement and the Commission's prerogative to refuse voting on separate parts of the overall deal that provided the Commission with some freedom of manoeuvre relative to the member states.

³⁵ ArchBuZa. DDI-DIE ARA: 1763. 4 February 1993. J. Douma. Message from the Dutch embassy in Bonn to the Dutch Ministry of Foreign Affairs.

³⁶ ArchBuZa. DDI-DIE ARA: 1763. 3.9.1993 boni 300/15691. 10 September 1993 brei 075/5829. Messages from the Dutch Embassy in Bonn to the Dutch Ministry of Foreign Affairs.

³⁷ Johannes Ludewig was Director General for Economic and Financial Affairs at the Chancellor's Office.

³⁸ Interviews with Feiter 21 May 2007; Schomerus 29 March 2007; Ludewig 5 April 2007. See also Meunier (2005: 118).

³⁹ ArchBuZa. DDI DIE ARA 1763 8 September 1993. brei 313/15939. Message from the Dutch Embassy in Bonn to the Dutch Ministry of Foreign Affairs. The monetary crisis worried the Germans, as it endangered the European system of 'green currencies' used in intra-European agricultural trade. German agriculture profited from this system, because it kept agricultural prices in Germany relatively high compared to prices in other member states.

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