

Abstract

The CAP reforms that the EU accepted in June 2003 will partially decouple direct income payments to farmers from production and make these payments conditional on cross-compliance. The reforms are driven by enlargement of EU membership, budgetary constraints, mounting pressures from diverse animal welfare, consumer and conservationist non-governmental organisations, and by external pressure for a less distorting agricultural policy. The paper addresses the issue whether these CAP reforms will contribute to an agreement in the Doha Development Round that will liberalize world trade in agricultural products. The paper argues that the 2003 CAP reforms have enabled the EU to participate more constructively in the multilateral trade negotiations compared to the Uruguay Round. However, the reforms do not create room for improved access to EU agricultural markets for third country producers. These countries insist on substantial tariff reductions that, if realized, will force down the relatively high internal EU prices, which would mean a further restructuring of the sector.