

EU Agricultural Trade Policy: what have we learned?

The Legacy of Luca Salvatici

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Overview

From defensive instrument to complex framework

- EU agricultural trade policy has evolved from a largely **defensive instrument** designed to protect the CAP into a more **complex framework**.
- This framework simultaneously pursues:
 - Market integration
 - Regulatory projection
 - Sustainability objectives
 - Geopolitical resilience
- **Key tensions:** These objectives are **not always mutually compatible**.
- Contemporary tensions arise from attempts to reconcile these goals within a changing international order.
- Weakening political support for trade liberalisation in an age of anxiety

The roadmap

The historical foundations

From multilateralism to preferentialism

Growing emphasis on unilateral measures in context
of the sustainability transition

Geopolitics and the return of food security policies

Conclusions: Open trade under political strain

The historical foundations - "Fortress Europe"

The original CAP model (1960s-1980s)

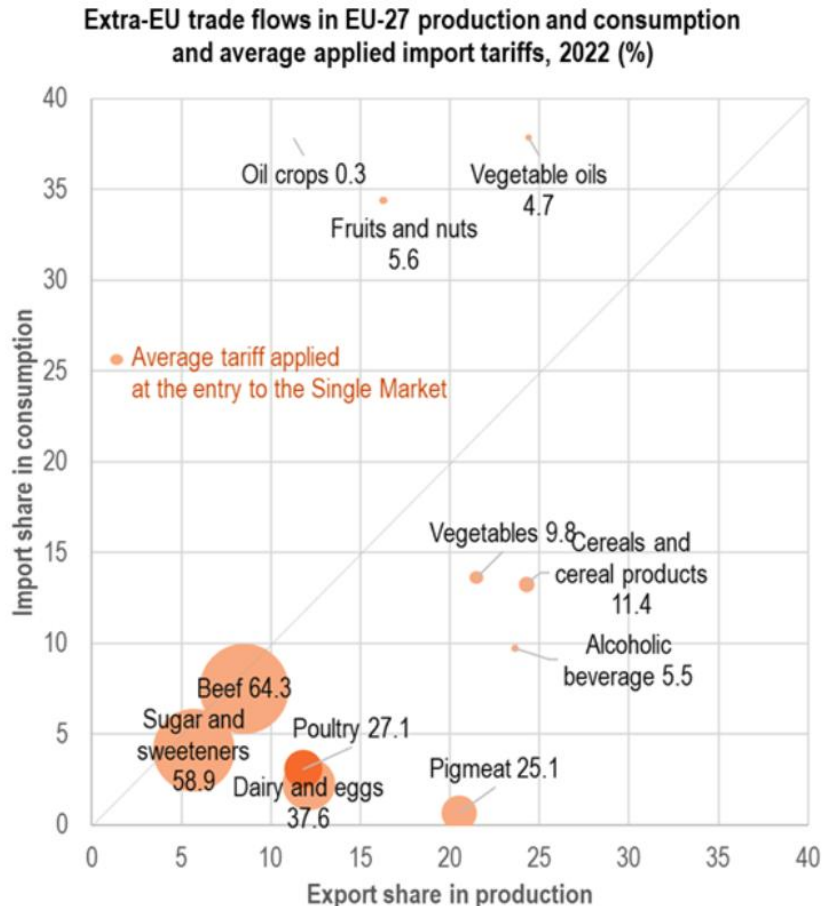
- The CAP combined:
 - High institutional prices
 - Variable import levies
 - Export refunds
 - Border controls
- This created a "**Fortress Europe**" approach: a large internal market protected by border management.
- By the 1970s-80s, this led to **structural surpluses** (dairy, cereals, beef) and tensions with major exporters (US, Cairns Group).
- The EU initially defended the CAP using arguments of **food security, rural stability, and multifunctionality**.

The Uruguay Round breakthrough

The 1994 WTO Agreement on Agriculture

- **Key shift:** The EU accepted disciplines it had previously resisted.
- **Internal drivers:** Budgetary pressures and the 1992 **MacSharry reforms** (shift from price support to direct payments).
- **External driver:** Geopolitical objective of preserving a **rules-based multilateral trading order**.
- **Result:** Variable levies converted to bound tariffs, export subsidies disciplined, domestic support constrained.
- **Lasting legacy:** Agriculture's political exceptionalism persisted, but its *form* was fundamentally altered.

An asymmetrical protection structure



Source: C. Emlinger & H. Guimbard, Trade aspects of the Strategic Dialogue on the future of the EU agriculture and the impact of trade on the competitiveness and sustainability of European agriculture, *CEPII Research Report*, N°2025-01, 2025, May.

- **A crucial long-term consequence**
- The post-Uruguay Round structure combined:
 - **High protection** for livestock products (beef, dairy, poultry)
 - **Relatively liberal access** for imported feed inputs (oilseeds, protein feeds)
- This encouraged **intensification and geographical concentration** of European livestock production.

From multilateralism to preferentialism

The widening of EU trade agreements

- The EU never operated as a pure MFN actor; preferentialism has deep roots (Yaoundé, Lomé, GSP).
- After the Cold War, FTAs became instruments of **regional stabilisation** (Euro-Med, Europe Agreements, Western Balkans).
- The stagnation of the **Doha Round** (post-2000s) led to a shift toward ambitious bilateral/regional strategies (Global Europe 2006).
- EU now has over 40 agreements with more than 70 countries
- New generation FTAs (Korea, Canada, Japan, Mercosur) extended beyond tariffs into **regulatory cooperation, GIs, and sustainability**.

Agriculture in EU FTAs - The dual structure

Offensive vs. defensive interests

- **Offensive export interests:**
 - Dairy products, pigmeat, processed foods, wines & spirits
 - **Geographical Indications (GIs)** became a principal negotiating objective
- **Defensive protection of sensitive sectors:**
 - Beef, sheep meat, poultry, sugar, rice
 - Managed liberalisation via **tariff-rate quotas (TRQs)**, transition periods, safeguards
- Preferential agreements contributed significantly to the expansion and restructuring of EU agri-food trade (Ferrari et al., 2024)
- FTAs exposed the **dual structure** of European agriculture: globally competitive vs. politically protected sectors.

FTAs as instruments of regulatory interaction

Beyond tariffs to rules

- Over time, FTAs evolved into frameworks for managing **regulatory interaction**.
- The EU's large consumer market gives its standards **considerable gravitational force** ("Brussels effect").
- GI provisions embedded European concepts of origin and quality into international trade governance.
- Newer FTAs since 2009 include **Trade and Sustainable Development (TSD) chapters** linking trade to deforestation, biodiversity, animal welfare.
- FTAs concluded since the 2022 review of the TSD chapters include sanctions-backed commitments relating to Paris Agreement and ILO Conventions

The rise of unilateral trade measures

Reconciling sustainability with open trade

- **Core policy question:** How can the EU sustain ambitious domestic standards if imports are produced under less restrictive conditions?
- This is **not entirely novel** – the single market has always required conditional market access (e.g., REACH chemicals regulation).
- **What's new:** The shift from regulating the *final product* (consumer safety) to regulating the *production process* abroad.
- The **mirror clause debate** asks: Should imports be subject to equivalent production standards?

From residues to production methods

The evolution of EU conditionality (Matthews 2022)

- **Traditional SPS:** Are residue levels in imported products safe for consumers?
- **New approach:** Prohibiting imports based on *production practices* even if the final product is safe.
- **Antimicrobial example:** Banning imports from animals treated with certain antibiotics, irrespective of residues.
- **Pesticide residues: Automatic withdrawal of import tolerances where active substance is banned in the EU for environmental reasons.**
- **EU Deforestation Regulation (EUDR): Most ambitious** example – requires traceability, geolocation, due diligence for soy, cattle, cocoa, coffee to prove no deforestation.

The mirror clause debate

Continuity and complexity in sustainability measures

- **Resistance is real:** Trading partners raise concerns over compliance costs, legal uncertainty, and disguised protectionism, especially for developing countries.
- **Not a radical departure from existing trade practice:** WTO members have long imposed import restrictions linked to production methods for societal objectives (e.g., animal welfare – seal products; conservation – shrimp-turtle; human rights – forced labour).
- The novelty lies in applying this reasoning **systematically to agricultural sustainability standards** and food production externalities.
- **Effects are not necessarily zero-sum:** Gohin & Matthews (2024) show that foreign producers can adapt and supply differentiated products into higher-value, sustainability-sensitive markets, benefiting from price premia.
- Redefinition of **fair trade** as compliance with equivalent regulatory conditions

Fragmentation and geopolitics - the erosion of multilateralism

From rules-based order to coercive bilateralism

- The failure of the Doha Round and the collapse of the **WTO Appellate Body (2019)** eroded enforceability.
- The EU shifted toward "**open strategic autonomy**" (EC 2021) – recognising strategic risks in concentrated supply chains.
- The Trump Administration's "Liberation Day" tariffs (2025) and the **Turnberry Agreement** demonstrated coercive bargaining.
- **Result:** Transition from a rules-based order to a fragmented system of selective bilateralism, sanctions, and economic coercion.

Geopolitical shocks and food system vulnerability

The return of food security politics

- **Russia's invasion of Ukraine (2022):** Disrupted Black Sea grain exports, spiked fertiliser and grain prices.
- **Vulnerability exposed:** Modern food systems depend on highly internationalised input systems (fertilisers, energy, shipping).
- **Recent IPES Food report (2026):** A "new geopolitics of food" – weakening multilateral institutions, trade wars, military conflict, aid cuts.
- **Key insight:** Vulnerabilities are rooted in the structure of highly concentrated and tightly optimised global supply chains.

Resilience vs. self-sufficiency

A critical distinction

- Food security is now framed as part of Europe's **strategic infrastructure**.
- The Commission increasingly emphasises "**food sovereignty**" and **resilience** (EC 2025).
- **But:** Resilience is **not the same as self-sufficiency**.
- Import dependence is not inherently undesirable – vulnerability arises from:
 - Excessive concentration of suppliers
 - Dependence on unstable regions
 - Lack of redundancy in supply chains
- A narrow focus on maximising domestic production can create *new* dependencies (imported feed, fertilisers, energy).

Managing agrifood dependencies

Five strategic priorities for the EU

- **Diversification** of sourcing (fertilisers, feed proteins) – more effective than broad self-sufficiency.
- **Strategic buffering** – public/private stockholding, emergency reserves.
- **Reducing structural dependence** – circular nutrient management, agroecological practices, alternative proteins.
- **Preserving multilateralism** – smaller/medium powers remain dependent on rules-based systems.
- **Resisting protectionism** – the goal is **managed interdependence**, not disengagement.

The erosion of political consensus

Why trade agreements have become toxic

- Agricultural trade agreements (e.g., EU-Mercosur) have become **politically toxic** in some member states.
- Opposition reflects **deeper symbolic conflicts** about:
 - National sovereignty & rural identity
 - Environmental standards
 - The perceived direction of European integration
- Trade agreements are now embedded in wider anxieties concerning **globalisation, ecological transition, and loss of political control.**

Three sources of contemporary contestation

Overlapping concerns driving politicisation

- **Traditional distributive conflict:** Exposed sectors (beef, poultry, sugar) mobilise against competition; adjustment costs are localised, gains are diffuse.
- **Trade & sustainability regulation:** Farmers facing higher domestic standards demand a "level playing field" – supported by environmental and consumer groups.
- **Strategic dependence & economic security:** Crises (COVID, Ukraine, fertilisers) have reinforced concerns about resilience and import dependence – the language of "strategic autonomy" has entered agricultural debates.

Public opinion and the future of openness

Support for trade remains, but with conditions

- Eurobarometer surveys show **majorities still view EU trade agreements positively**, including for agriculture.
- However, there is also strong public concern regarding **strategic dependence, food standards, and fair competition**.
- The "geography of discontent" literature (Kenny & Luca 2020) shows **urban-rural polarisation** in political attitudes.
- Colantone & Stanig (2018): Import competition increased support for nationalist/Eurosceptic parties.
- **Implication:** Economists may have underestimated the political significance of distributional effects and territorial inequalities.

Conclusions - the central challenge

Not openness vs. protectionism, but managed openness

- Future support for open agri-food trade depends on **three conditions**:
 - Credible mechanisms to address **adjustment costs and territorial inequalities**.
 - Stronger forms of **regulatory conditionality** to reassure producers and citizens.
 - Balancing efficiency with legitimate concerns regarding **resilience and strategic dependence**.
- The challenge is **not a simple choice** between openness and protectionism.
- The future depends on constructing a **politically legitimate model of managed openness** that reconciles efficiency, sustainability, resilience, and fairness.

Key takeaways

What have we learned?

- **Evolution:** From defensive CAP protection to a complex framework for markets, regulation, sustainability, and geopolitics.
- **Asymmetry matters:** The post-Uruguay Round protection structure created long-term environmental and production dependencies.
- **FTAs are now regulatory tools:** Not just for market access, but for projecting EU standards.
- **Mirror clauses can be justified** where global public goods are at stake (climate, biodiversity, AMR, deforestation) and are politically necessary to maintain domestic support for ambitious sustainability standards.
- **Geopolitics has returned:** Food security, strategic autonomy, and resilience are now central to trade policy.
- **Political legitimacy is the binding constraint:** Trade policy must address distributional effects and territorial inequalities to remain sustainable.