Adjusting Norwegian agricultural policy to the WTO through multifunctionality: Utilizing the environmental potential?

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ABSTRACT: This article deals broadly with the receptiveness of domestic institutions to international regimes, applying an organizational theoretical approach. More specifically, the aim is to explore how international obligations emanating from multilateral agreements on environment and trade affect Norwegian agricultural policy. Multifunctionality has been portrayed as an adept way of adjusting agricultural policy to the WTO by tapping into the environmental potential. However, closer scrutiny disclosed that this potential for environmental improvements has hardly been utilised. Partly accounting for this situation is the relatively weak role of the Ministry of the Environment in policy-making, compared to the highly institutionalized domestic interest groups associated with agriculture. The organizational field of agriculture has remained very strong, and hardly subject to normative persuasion from relatively weak international environmental regimes. Moreover, while Norwegian environmental NGOs do have the potential to affect policies, there is very little evidence of pressure for utilizing the environmental potential of multifunctionality. This study points out the strong alliance between rural and environmental grassroots organizations in Norway, with more harmonious relations than those at the ministerial level.

KEY WORDS: Multifunctionality, non-trade concerns, environmental policy integration, roles of agriculture, Norway, WTO, CBD, international obligations and domestic policy

Introduction

This article deals broadly with the receptiveness of domestic institutions to international regimes, applying an organizational theoretical approach. More specifically, the aim is to explore how international obligations emanating from multilateral agreements on environment and trade affect Norwegian agricultural policy. For practical reasons, the investigation is limited to the Agriculture Agreement (AA) negotiations of the World Trade Organization (WTO) Doha Round and to environmental principles from the Convention on Biological Diversity (CBD).1 The underlying rationale for this study is the notion that environmental management depends on decisions in a wide range of sectors, including agriculture, which may be as important as environmental legislation alone. This is a basic principle in the Norwegian approach to environmental policy through sector integration. While there is no great lack of environmental policy studies in general, there is very
little research on how this integration has fared (Skjærseth, 2004). In particular, the relationship between biodiversity and agriculture is both complex and under-researched (OECD, 2004: 9).

Adjusting agricultural policy to the trade concessions sought in the Doha Round might arguably enhance the environmental aspects of agriculture and mitigate its environmental externalities. Emphasizing the concept of multifunctionality or non-trade concerns, Norwegian policy-makers have presented the case for Norwegian agriculture in the AA negotiations by making explicit links to biodiversity and consistency with the CBD (WTO, 2001: 10). The Ministry of Agriculture and Food emphasizes that ‘multifunctionality’ recognizes that agriculture has many functions in addition to producing food and fibre, like environmental protection, protection of cultural landscapes and rural employment (Ministry of Agriculture [LD], 2002). Multifunctionality is not limited to environmental concerns, although this paper narrows the analysis to the environmental aspects. The case of multifunctionality in the WTO may hence be an indicator of whether and how the agricultural sector has been susceptible to environmental goals. More specifically, is the environmental potential being utilised?

In the following, I first present the analytical framework and then the relevant obligations of the WTO and the CBD. In order to study how Norwegian agricultural policies have been receptive to international regimes, we need to start with an understanding of how these policies have developed over time. Hence, I provide a pre-Doha snapshot of Norway’s agricultural sector, followed by relevant adjustments in Norwegian agricultural policy during the ongoing Doha Round (limited to 2001–2008). Environmental concerns first came into focus during the AA of the Doha Round, which would seem to make it easier to pinpoint any changes in this direction. I then discuss these recent adjustments, and conclude that the policy changes reflect international obligations only to a minor degree. The last section discusses various explanations for this finding. First, the analytical framework leads attention to the national level and how environmental adjustments in agriculture are matched by organizational changes within the Ministry of Agriculture and Food. Second, the role and influence of the Ministry of the Environment is examined. Third, I look into argumentation from interest groups at the sub-national level, which are relevant to agriculture, the WTO and multifunctionality.

My empirical material is drawn primarily from document analysis of Norwegian White Papers and negotiation proposals, reports from the Norwegian Agricultural Economics Research Institute (NILF) and OECD reports on the issue, as well as some additional scholarly sources. This is supported by interviews with two key actors in the agricultural and environmental sections of the WTO Secretariat, four representatives of the Norwegian delegation to the WTO/AA negotiations, and two members of the International Centre for Trade and Sustainable Development, a Geneva-based NGO, as well as personal communications with three researchers at NILF and at the legal department of the University of Geneva. Central actors in the Ministry of the Environment expressed great enthusiasm about and interest in the project, but in spite of repeated efforts it was not possible to convince any of those involved in the annual agricultural negotiations between the government and farmers’ organisation to agree to an interview. Caution is advisable with actors closely linked to the Norwegian negotiation delegation to the WTO, as they may be naturally inclined to inflate the positive aspects of Norwegian policy making. Similarly, external actors may be influenced by their own agendas when making statements. Nonetheless, this fairly broad range of interviews and sources should provide some balance to this methodological challenge. Finally, an analysis of press releases and statements from Norwegian NGOs provides indications of how they perceive the relationship between environment and agriculture in the WTO. In order to identify the most engaged and influential NGOs as well as their arguments and positions on the issue area of multifunctionality, I read through four volumes of Nationen, the central agricultural newspaper in Norway, in some detail (2005–2008) and three additional volumes more sporadically (2002–2003, 2009). Nationen was a relevant choice, as the debate on agricultural adjustments to the Doha Round has predominantly been held in this newspaper.
The susceptibility of domestic policy to international obligations

The study applies an organizational theoretical approach to explore the receptiveness of domestic institutions to international regimes. In examining whether international regimes may have influenced domestic policy, we need to identify factors that may hamper or facilitate such effects. International regimes are, in a widely accepted definition, ‘sets of implicit or explicit principles, norms, rules and decision-making procedures around which actor expectations converge in a given issue area of international relations’ (Krasner, 1983). In contrast, organizations are ‘purposive entities, with bureaucratic structures and leadership’ (Keohane, 1993: 28). Hence, regimes are seen as entities with comparatively less autonomous agency than organizations, although regime secretariats have also been shown to exert autonomous influence (Andresen & Rosendal, 2009). The WTO represents the organization, while the GATT (General Agreement on Tariffs and Trade) and related trade agreements such as the AA represent the regime; both can be studied as important agents of policy change (Biermann & Bauer, 2005).

While I look for potential effects from international regimes, the main focus is on how national and sub-national groups and actors are susceptible to external influence. Hence, the organization of the agricultural sector and its receptiveness to international regimes is a focal point. In order to demarcate the discussion, I single out two main organizational fields: environment and agriculture. An organizational field can be construed as those organizations that constitute a recognized area of institutional life, such as key suppliers, resource and product consumers, and regulatory agencies (Powell & DiMaggio, 1991). Included in the Norwegian environmental field are the Ministry of the Environment and related directorates, and environmental NGOs such as Nature and Youth, Friends of the Earth Norway and WWF-Norway. The organizational field of agriculture includes the Ministry of Agriculture and Food (MAF), related directorates and research institutes, and farmers’ and primary sector organizations, most importantly the Norwegian Farmers’ Union and the Norwegian Farmers’ and Smallholders’ Union.

The next step is to identify factors that might account for the receptiveness of Norwegian agricultural policy to trade and environmental obligations. The level of ‘institutionalization’ is generally assumed to be decisive for how organizations yield to external influence (Powell & DiMaggio, 1991: 10). Highly institutionalized fields are characterized by a rather fixed set of rules and practices that are taken for granted internally. The norms and regulations and the degree of institutionalization result from field-specific historical processes. It is assumed that the more strongly institutionalized a field is, the more resistant it will be to external pressure.

In order to trace possible influence from international regimes, we need to have some idea about where to search for policy change. The international regime approach is to check whether policy decisions (outputs) are followed by actual behaviour change (outcomes) that can be identified through relevant budgetary and organizational changes (see Hansenclever, Mayer & Rittberger, 1996). Similarly, the organizational literature explains change in terms of evolving formal structure, organizational culture, goals or programmes. Boasson (2007) has identified four kinds of effects to describe changes in the organizational fields.

First, it is pertinent to check intra-field effects, which refer to changes in the level of institutionalization within an organizational field. This is defined by the degree of modifications in cognitive, normative or regulative structures. It is these aspects that are subject to investigation in this paper’s section on pre-Doha changes in agricultural policy.

Second, intra-organizational effects are changes in the prevalent rules within individual organizations. This includes routines, procedures, roles and organizational forms (March & Olsen, 1989: 23). In the explanatory sub-section on ‘signs of greening in the MAF’ I examine the organizational charts and budgets of the Ministry of Agriculture and Food (MAF) for changes in a pro-environmental direction; new environmental labels of sub-sections and – more important –more staff dedicated to environmental tasks would be examples of signs of MAF ‘greening’. Whether
such changes can be identified or not, this would be merely an indication and not proof of actual greening.

Third, inter-organizational effects relate to the number and kinds of connections between organizations (Scott, 1995). Another element of potential greening and a central element examined here is the degree of involvement by the Ministry of the Environment in the development of agricultural policies. This is discussed in the explanatory sub-section ‘signs of influence from the Ministry of the Environment’.

Fourth, inter-field effects are changes in the boundaries between fields, emergence of new organizational fields, and/or merging or extinction of fields (Greenwood, Suddaby & Hinings, 2002: 59). Central in this discussion are linkages at the grassroots level between NGOs in the organizational fields of environment and agriculture. This is discussed in the explanatory section, ‘harmony at the grassroots level’ and constitutes the fourth element in examining whether the environmental potential provided by multifunctionality has been integrated in agricultural policy and why not, if it has not been.

**Multifunctionality and international obligations**

Concerning the conceptual understanding of multifunctionality, the OECD writes: ‘beyond its primary function of shaping food and fibre, agricultural activity can also shape the landscape, provide nature resources and the preservation of biodiversity, and contribute to the socio-economic viability of many rural areas’ (OECD, 1998). In practice, multifunctionality has been subject to little evaluation, and what limited evaluation methods there are differ widely between countries (Knickel, Kröger, Buckmeier & Engwall, 2009: 351). At the same time, most of the focus on multifunctionality has been in terms of nature protection, environmental concerns and landscape conservation, much as in this article (Knickel et al., 2009: 347).

The combined issues of trade, agriculture and environment tend to provoke controversy as much within countries as between countries. A case in point is the diverging needs of Norway’s export-oriented fisheries sector and much more protectionist needs of its agriculture in the WTO negotiations (Brandlistuen, 2005). Controversy is similarly high among WTO member-states regarding whether subsidies in some form are needed to help agriculture perform its many roles of multifunctionality. The Cairns Group of agricultural-exporting countries aims to bring agricultural trade under the same rules as trade in other goods, with an aim to curb protectionism. Similarly, the use of multifunctionality (and accompanying environmental arguments) in adjusting agricultural policies in industrialized countries to WTO standards has frequently been branded as protectionism by developing countries (Cairol, Coudel, Knickel, Caron & Kröger, 2009). At the far end of the spectrum, a few countries such as Japan, Switzerland and Norway emphasize the need to recognize agricultural diversity as part of the WTO non-trade concerns, i.e. multifunctionality. Others, including the EU, increasingly argue that non-trade concerns should instead be ‘targeted’ through environmental protection programmes rather than being dealt with by general agricultural subsidies in the WTO (Potter & Burney, 2002; Grant, 2005).

At the November 2001 Doha Ministerial Conference, agriculture negotiations became part of the ‘Single Undertaking’, which links the various tracks of WTO negotiations and implies that ‘nothing is settled until all is settled’.³ In 2004, member-states committed themselves to comprehensive negotiations aimed at three pillars for the Agreement on Agriculture: market access, export subsidies, and domestic support. With a view to market access, tariffs are now subject to substantial reductions in the Doha negotiations (WTO, 2004). For export subsidies, the parties have basically managed to reduce these to avoid dumping. Most important now are domestic subsidies, divided into the three Boxes – Green, Blue and Amber. Norway’s response to Doha has been to employ environmental arguments linked to multifunctionality in order to maintain agricultural
subsidies through the Blue or Green Boxes. In the negotiations, Norway made explicit links between biodiversity and the need for Green Box measures (WTO, 2001: 10).

The relationship between biodiversity and agriculture is, however, both complex and under-researched (OECD, 2004: 9). Agriculture is traditionally a major source of biodiversity loss – through habitat conversion (land-use change), degradation and pollution (Bishop, Kapila, Hicks, Mitchell & Vorhies, 2008). However, agriculture may also provide benefits to biodiversity by adopting alternative practices like organic farming and integrated pest management (McNeely & Scherr, 2002). The CBD describes the dilemma in that intensification of agriculture may reduce the pressure on natural habitats, while also increasing the use of environmentally harmful pesticides and pollutants.6

Nevertheless, multifunctionality might well align with the obligations inherent in the CBD, for which Norway has been among the main proponents (Rosendal, 2004). To be in line with the CBD, relevant environmental adjustments would be to reduce dependency on agrochemicals, reduce land-use change for agricultural purposes, reduce environmentally harmful subsidies, and increase the share of organic production.

Adding trade to the equation between agriculture and environment clearly increases the complexity. Central to the AA negotiations is the pressure to change from production-specific, trade-distorting domestic subsidies (‘Amber Box’) to non-production-specific domestic subsidies (‘Blue’ or ‘Green Boxes’). In WTO terminology, domestic support that exceeds the reduction commitment levels in the Amber Box is prohibited. Blue Box subsidies have an intermediate position, with certain production limitations. Green Box subsidies are permitted. The latter could mean more environmentally friendly agriculture, as they can be linked to non-trade concerns like environmental protection. On one hand, attempts to liberalize trade may conflict with government objectives to protect the environment and even encourage the conversion of natural habitats to agricultural use (Schoenbaum, 1997). Reducing agricultural subsidies will reduce farmers’ incomes, which may either put pressure on them to intensify or increase the area of production or let land lie fallow. On the other hand, trade rules negotiated under the WTO may contribute to environmental improvements in agricultural policies through the removal of environmentally harmful subsidies like market price subsidies (OECD, 2005).

Let us now see whether there are traces of any such changes in line with the WTO and the CBD in Norwegian agricultural policy.

**The broader setting: Pre-Doha changes in agricultural policy**

Norwegian agriculture has undergone major changes since the early 1960s. Specialization and mechanization, coupled with increased production and efficiency, describes the altered state of affairs (Almås, 2002). As environmental questions first entered the scene in the 1970s (LD, 1976: 32), the question of EEC (European Economic Community) membership established an alliance between environmental, centre–left-wing parties and small-scale agrarian interests as a reaction to internationalization and intensified agriculture (Almås, 2002). This is particularly well articulated in the Norwegian ‘district policy’ – the broad political agreement to safeguard rural settlements all over the country, which all political parties embrace to some extent and which has a particularly strong focus on securing the viability of rural areas.

This opposition did not, however, put an end to structural change in the agrarian sector. A situation of chronic overproduction characterized the sector in industrialized countries as the liberalization tide of the 1980s swept in (Almås, 2002). Many OECD countries responded with heavy deregulation of the agricultural sector, and farmers in general lost ground politically. During the 1990s, international questions related to the EU and the WTO increasingly dominated the agenda, and Norwegian authorities would refer to international obligations as leverage for domestic institutional reforms. The most important domestic organizational change was the replacement in
1993 of the Standing Parliamentary Committee on Agriculture with the Industry and Trade Committee, which took on agricultural issues (Langhelle, 2005). Another was closing down the import boards, where sector representatives had traditionally had access to policy formulation relating to import protection (Veggeland, 2000). These moves were naturally highly controversial for agrarian interests, who saw those important channels of political influence reduced or closing.

Despite these developments, and despite the agricultural sector being reduced to less than three per cent of the workforce, the influence of Norwegian farmers has been ‘diminished to a curiously little extent’ (Almås, 2002). This is partly because agriculture is still highly institutionalized and continues to score high on representation in Parliament and political influence (Brandlistuen, 2005). There are still close ties, common norms and networks between producers and civil servants, and several arenas where representatives of the agricultural sector may participate in policy-making (Hernes, 1984; Nordby, 1994; Veggeland, 2000). The highly institutionalized agricultural organizational field has remained largely resistant to internationally constructed environmental and trade concerns (Veggeland, 2000).

Explanations for this persistence may be sought in the broad political consensus across Norwegian political parties on the country’s ‘district policy’ and recognition of the relatively small-scale nature of Norwegian agriculture. The two fields of environment and agriculture share scepticism towards emerging international trade regimes. The next phase, however, entering the Doha Round, signalled greater pressure on agriculture to conform to WTO AA standards.

Norwegian agricultural policy in the Doha Round

Land use and land-use change represent the crucial links between biodiversity and agriculture. In its White Paper No. 42 (2000a) on ‘Biodiversity: Sector responsibility and co-ordination’ the Ministry of Agriculture points to the need to conserve cultural landscapes in order to save species. It is the traditional agricultural methods that are held to potentially have the most beneficial environmental contributions (LD, 2002: 12–14). Let us look into the central elements here, notably whether there have been reductions in market price subsidies, reduced dependency on agrochemicals, reduced land-use change for intensive agriculture, reduced environmentally harmful subsidies, and an increased share of organic production.

The major ingredient: Amber Box and price subsidies

Due to Norway’s import restrictions, its farmers have been getting higher prices than the norm on the world market and domestic production is greater than it would otherwise have been. Linking up to WTO terminology, target prices are defined as the average annual prices that agricultural producers are permitted to obtain, given balanced market conditions and under current import restrictions. Another part of the explanation is the broad agreement on the Norwegian policy of safeguarding rural settlements, and both the government and the agricultural unions consider it advantageous to be able to control domestic prices, independent of price changes in the world market.

One way to comply with the WTO demands would be to reduce or remove target prices in various sectors (Rogstad, 2005: 25). As a direct result of the WTO’s Agricultural Agreement, the use of exports as a regulating mechanism to stabilize domestic market prices must be reduced. This greatly limits the possibilities for regulatory exports of meat and dairy products, and makes it more difficult to achieve the target prices (Rogstad, 2005: 27). Although Norwegian market price support increased by €330 million from 2001 to 2002, it has decreased since: from €1.13 billion in 2003 to €580 million in 2007, due mainly to the rapid increase in international prices (OECD, 2008). Price fluctuations persist, however, and the WTO maximum level is at €1.27 billion. Pressure is building to scrap target prices on meat altogether, largely because they are Amber Box type support. There may hence be indications of some effect of the WTO in this regard.
The Norwegian policy differs from the trend in most comparable countries. During the same time frame, the EU member-states and Switzerland switched from Amber Box production support to mostly Green Box direct support, made conditional on compliance with environmental, animal health and food safety regulations (Daubjerg & Swinbank, 2007). This meant largely tying the subsidies to environmental activities and reducing the share of market price support from 75% in 1990–92 to 39% in 2006 (Eldby & Klepp, 2007). In Norway, the distribution between market price support and direct subsidies remained basically stable at 75% in that period. The share of commodity-based support continues to be high in Norway and is dominated by market price support, which has since been reduced to about 20% in the EU and to 60% in Norway (OECD, 2011). Norway has argued, by way of multifunctionality, for keeping a high level of domestic subsidies within the Blue Box and retains one of the highest levels of domestic agricultural support in the world (Knutsen, 2007: 148). A more recent and related strategy for Norway, as well as EU countries, is to declare a range of important (primarily meat and dairy) products as ‘sensitive products’ with the goal of withdrawing them from the general tariff reductions. The argument is that certain countries, such as Norway, face less favourable production conditions for climate and topographic reasons (Langhelle, 2005: 56; WTO, 2001: 2). While the EU strategy has been to anticipate Doha-related policy changes, the Norwegian government pursues a policy of not implementing Doha Round-related policy changes until the final outcome has been determined.

This section may not tell us much about the direct links to the environment in agriculture, but it does shed light on how the main controversies in agricultural policy are not really concerned with environmental questions. Let us now look more closely at what has been happening in relation to the Blue and Green Box related instruments.

**From Amber Box to multifunctionality**

Of the various support arrangements, price support, production subsidies and investment support schemes are financially the most important for Norwegian agriculture (Knutsen, 2007: 62). During the past 16–17 years, agricultural policy has aimed at reducing price subsidies and on not being dependent on production volumes.

First, since 2005 Norway has had a national environmental programme involving a package of policy instruments, consisting of a cultural landscape scheme, grazing subsidies and support to organic agriculture (Rogstad, 2005: 32). This package was envisaged as payment to farmers for production of public goods, including but not restricted to environmental services (Rogstad, 2005: 30). Acreage support and the cultural landscape scheme are claimed by the Norwegian government to meet the requirements for being classified as Green Box support (Rogstad, 2005: 44). However, in 2001 Norway notified €810 million as Blue Box support to the WTO, including acreage and cultural landscape subsidies and headage support for livestock, compared to €470 million for investments, research & education, and food security notified as Green Box support (Knutsen, 2007: 135). Norway has not notified any type of support after 2001, and it remains to be seen whether notification as either Blue or Green Box support will be accepted by the WTO (Knutsen, 2007).

Second, a small regional, environmentally-oriented financial instrument package was established, amounting to about €43 million for 2008 (Knutsen, 2007; White Paper, 2007). These funds are to be used for schemes that help to maintain the cultural landscape and reduce pollution. Third, there is a smaller package of environmental financial instruments amounting to €15 million, which includes support to planting along hedges and dams, maintaining cultural buildings and biologically important areas (White Paper, 26: 2006–2007, Ministry of Agriculture and Food [LMD], 2007). This type of direct environmental support constitutes three per cent of the budget. A fourth budgetary change with environmental effects is the removal of the mineral fertilizer tax from 2000. In order to avoid negative environmental effects due to the removal of the fertilizer tax, it was decided to introduce compulsory fertilizer planning and environmental planning for all farms.
The total budget for the subsidies under the national environmental programme amounted to €340 million in 2008 (Knutsen, 2007), which represents around 30 per cent of budget support to agriculture. It is, however, hard to establish the ecological impacts of these altered support mechanisms. There has been an increase in grassland acreage (land-use change) during the last five years, most likely resulting from the acreage and cultural landscape subsidies (Knutsen, 2007). A related trend is towards concentrating livestock production to fewer holdings, without a decrease in the total production volumes (Rogstad, 2005: 56–58; Knutsen, 2007).

Organic agriculture

Organic farming and the discontinuation of environmentally detrimental practices are cases of less disputed environmental benefits. This is evident in White Paper No. 19 (2000b), which states the goal of promoting organic farming, and this goal was strengthened by the government’s promise to increase the share of organic food production to 15 per cent by 2015 (Soria Moria, 2005).

Allocations to organic farming were introduced in 1991 (€1.4 million) and have risen to €8.8 million in recent years. Support to organic farming represents less than one per cent of budget support to agriculture. The number of organic farms is very slowly increasing (Debio, 2010) but one third of all organic farmers report that they consider withdrawing, due to less income combined with more paperwork (Løes, Koesling, Flaten & Lien, 2008). In 2009, only 4.7 per cent of Norway’s agricultural land was being farmed organically; a long way from the envisioned 15 per cent (Rogstad, 2005: 98; Debio, 2010). Nonetheless, a subsidy has been introduced to support more traditional ways of farming, of importance in protecting cultural landscapes (Rogstad, 2005: 44). This is not part of the explicit subsidy scheme for organic farming, but it may prove more accessible to farmers in this sector.

Evaluating environmental and trade aspects of agricultural policy

As stated, to be in line with the CBD, relevant environmental adjustments would be to reduce dependency on agrochemicals, reduce land-use change for agricultural purposes, reduce environmentally harmful subsidies, and increase the share of organic production. The Doha equivalent of this would be the removal of environmentally harmful subsidies like market price subsidies. While the previous section found specific figures for changes in budgets that can be associated with the environmental aspects of multifunctionality, it was difficult to find figures relating to changes in environmentally detrimental practices (harmful subsidies). This is partly because it is difficult to obtain comparable figures, as the labelling of budget posts change and partly because there is no systematic removal of environmentally harmful subsidies (Rosendal, 2004; Gulbrandsen, 2008). The only explicit finding here is the removal of the fertilizer tax, which can be seen as reinforcement of environmentally detrimental practices. Likewise, it is difficult to determine budgetary figures relating to support for organic agriculture. This is partly because farmers may access other environmental funds more easily through a switch to organic farming, hence indirectly increasing the actual funding that supports organic practices.

As for the acreage and cultural landscape scheme, the ecological impacts are somewhat disputed. The scheme is claimed to meet the requirements for being classified as Green Box support. The positive environmental trends can be seen in the relatively high share of budget support to agriculture that has an environmental heading and in the decision to introduce environmental planning for all farms. However, the cultural landscape and acreage scheme may lead to an increase in areas (land-use change) being put into intensified production of grassland, which in turn may conflict with objectives for the conservation of natural biological diversity. Intensified grasslands are generally of poor ecological value (Plantureux, Peters & McCracken, 2005). More directly, the removal of the fertilizer tax may represent a direct threat to biodiversity, as this is likely to stimulate increased use of such pollutants. Grasslands that are artificially
fertilized show increased productivity, but their plant diversity is diminished (Hautier, Niklaus & Hector, 2009).

Whether or not a subsidy that stimulates this type of land-use change can be put in the environmental improvement category is a disputed topic. Norway’s 2007 national report to the CBD on agricultural biodiversity stated: ‘In Norway, intensification has led to an increased uniformity of agricultural landscape and its biological diversity has been reduced by the growing use of chemical products.’17 According to the 2005 national report: ‘Some of the main threats to biodiversity in Norway relate to human physical impact on natural areas and land-use changes relating to increased efficiency in agriculture. Unfortunately the trends are still negative regarding loss of important habitats.’18 This view, expressed by Norway’s Ministry of Environment, of the problematic relationship between agriculture and environmental impacts stands out in contrast to the way multifunctionality has been presented in the WTO.

This brings into focus the dilemma between intensification and increased pressure for land-use change. Potter and Burney argue: ‘The problem with this strategy [multifunctionality] is that the arable area and livestock compensation payments to farmers currently in the Blue Box have not been designed with environmental interests in mind; they were conceived as compensatory payments for price cuts and are insufficiently decoupled from production to do double duty as environmental payments’ (Potter & Burney, 2002: 42). Josling (2004: 165) notes a related criticism: ‘decoupling support from production is not a sound basis for distinguishing between policies that should be encouraged and those that should be constrained’.

The broad conclusion is that the environmental aspects of agricultural policy are not evident either in connection with international environmental obligations or in utilizing the environmental potential of the AA negotiations. That would seem to be at odds with part of the rhetoric of multifunctionality, as applied by Norwegian negotiators (WTO, 2001: 10). In addition to the limited environmental impacts, multifunctionality has steadily been losing acceptance as a trade adjustment to the WTO system for agriculture. As Norway, while awaiting the final outcome of Doha, has made no notifications since 2001, it remains to be seen whether notifications – either as Blue or Green Box support – are eventually accepted by the WTO.

The analysis indicates that Norwegian agricultural policies have only to a limited extent been receptive to influence from international obligations on trade and environment. How to account for this? In the following I examine changes within and between organizational fields by inquiring into the degree of institutionalization and by examining the arguments within organizations at various levels.

Explaining environment and trade in Norwegian agricultural policy

Few signs of greening in the Ministry of Agriculture and Food

Starting with an examination of intra-organizational changes, a pertinent question is whether it is possible to find organizational traces of increased environmental concern within Norway’s Ministry of Agriculture and Food (MAF). Even if such organizational changes are found, that need not necessarily mean more than cosmetic changes. Nonetheless, the complete absence of such pro-environmental changes would be surprising, in light of the strong political rhetoric.

The most visible intra-organizational alterations in the MAF with a view to the environment are found around 2002/03. Prior to 1996, there was no mention of sustainable development, or coordination between environment and agricultural development in the organizational charts. This changed in 1996, but there were still rather few sections and staff in the MAF explicitly concerned with environmental issues. At that point there was one Section on Environment under the Division on Agricultural Policy. A staff of seven was tasked with environmental instruments, cultural landscapes and international environmental cooperation. In addition, the Division of Areas Management had four staff members responsible for coordinating agricultural development, nature
management and sustainable development. The Ministry was restructured around 2003, with the Section on Environment under the Division on Policy Development changing its name to the Section for Agricultural Development and Environment, and with the addition of one person to the staff. The tasks have remained largely the same, with the addition of tourism and organic agriculture. The restructuring also brought with it a new title: Section on Environment and Areas Policy, counting nine staff members, under the Division on Forest and Resources Policy (formerly the Forest Division). While the section labels have taken on a more environmental tinge, the number of personnel allotted to perform the tasks has changed only marginally. This suggests that the environmental rhetoric may be stronger than the actual greening of the MAF.

**Limited signs of influence from the Ministry of the Environment**

For the examination of inter-organizational relations and changes, I start with the relationship between the relevant ministries. There are annual agricultural negotiations on the size and content of public subsidies to Norwegian farmers between the government and Norway’s two farmers’ associations, the Norwegian Farmers’ Union and the Norwegian Farmers’ and Smallholders’ Union. These negotiations are based on the Basic Agricultural Agreement and the outcomes are formally adopted by the Norwegian Parliament. The Ministry of the Environment is represented on the government’s negotiating committee, but its actual influence on the output of these negotiations is limited (Mittenzwei, 2001). The negotiations are based mainly on economic accounts, monitoring and forecasting income and costs in agriculture (Veggeland & Mittenzwei, 2003).

Recapturing the intra-field relations and changes, we have seen how the highly institutionalized organizational field of agriculture has been resistant to internationally constructed environment and trade concerns. This is a central finding also with a view to exploring inter-organizational effects between the two ministries. Almås (2002) argues that already when Norway established its Ministry of the Environment in 1972, the cleavage between the Ministry of Agriculture and wildlife management was a fact. After all, the agricultural sector does have increased production and biological efficiency as overarching goals. As evident from the national reports to the CBD, the adverse impacts of agriculture for biodiversity is a matter of concern to the Ministry of the Environment. There are open controversies linked to highly productive agriculture, where pollution from pesticides and fertilizing pits these interests against each other (Almås, 2002). There is also open conflict at the ministerial level over habitat preservation versus various types of agrarian land use, most particularly in the forestry sector where Norway has a notoriously low score in forest preservation (Rosendal, 2004; Gulbrandsen, 2008). A third arena for conflict, also linked to small-scale agriculture, is predators and wildlife species versus livestock. In this sense, the historical roots of the two organizational fields of the environment and agriculture have had the two pitted against each other.

Against the background of ministerial conflict, the lesser influence of the Ministry of the Environment when up against sector ministries such as fisheries and agriculture is broadly recognised (Skjærseth, 2004: 203; Rosendal, 2004: 183). Nevertheless, this is hardly the sole explanation for the limited application of the environmental potential of multifunctionality. Let us now look for further explanations by examining how international trade, agriculture and environmental arguments have been applied in the domestic debate by interest organizations at the grassroots level.

**Harmony at grassroots level – despite losing the environmental battle in WTO**

**NGOs, multifunctionality and environmental impacts**

Examination of the WTO positions of Norwegian environmental non-governmental organizations and farmers’ organizations reveals strong coherence of arguments and persuasions linking the two organizational fields. Nature and Youth is set against any reduction in agricultural subsidies and demonstrated against the “drastic cuts in tariffs protection for local, environmentally friendly food
production’. Similarly, Friends of the Earth, Norway, argued that the WTO draft agreement on trade liberalization in agriculture was ‘detrimental to local livelihoods and the environment’. A coalition of twelve Norwegian environmental and farmers’ organizations campaigned that international trade policy should ‘give all countries the right to decide on the level of support and protection of sustainable agricultural production to their own populations’. Of these twelve, three are independent organizations on the environment and development, five are farmers’ organizations, and the remaining four, including Nature and Youth, are sponsored by the MAF.

Even though it receives funding from the Ministry of Food and Agriculture, Nature and Youth is most certainly regarded as an environmental NGO in Norway and it is one of the most active ones. It is nonetheless a point of discussion whether environmental NGOs such as Nature and Youth are more concerned with small-scale agriculture than with wildlife conservation. This links back to the broad agreement in Norway that the agricultural sector is already sufficiently ‘green’, being arguably less subject to intensification compared to other European countries. These same sentiments may also shed light on the limited public demand for increased organic agricultural production in Norway.

The upshot is an observed tendency for environmental NGOs to be supportive of agricultural subsidies, while not, however, engaging in discussing multifunctionality and its potential for adjusting agricultural policy in a pro-environmental direction. As the coalition between environmental and farmers’ organizations is both coherent and strong, it is likely to have affected policy-making in Norway in supporting domestic agricultural subsidies.

Exit the strategy of multifunctionality
Most of the WTO AA debate is concerned with development, rather than environmental issues. As indicated above, this is because any form of subsidy will work as a more or less hidden export support, thereby threatening domestic agriculture in poor countries. This has consequences for multifunctionality, which as a strategy has the dubious strength of meaning different things to different people (Potter & Tilzey, 2007; Dibden & Cocklin, 2009). The European Union no longer advocates it; EU payments through the Green Box are basically income support.

When environmental/agricultural NGOs in Norway argue that ‘all countries must be given the right to decide on the level of support and protection of sustainable agricultural production’, they ignore the great differences among developing countries and the fact that the Doha AA negotiations do not aim to change the specific safeguard mechanisms available to the least developed countries. Hence, the argument may tend to bolster the right of wealthy countries to maintain their own domestic subsidies, which work as a form of indirect export support.

The WTO AA negotiations have split the developing countries. The least developed countries, with predominately small-scale farmers who need to protect their domestic markets, are up against giant agricultural exporters like Brazil. A crucial question is to what extent the developing countries may protect (e.g. through tariffs) their agricultural products from external competition from products that are subsidized in rich countries (Stiglitz, 2007). They are allowed to withdraw some ‘sensitive products’ from the negotiations on tariff reductions. The ‘sensitive products’ strategy is also of interest to Norwegian negotiators seeking to ensure their own domestic agricultural interests. ‘Sensitive products’ include primarily meat and dairy products for which customs tariffs remain at peak levels (between 300 and 400 per cent) and the strategy is devoid of environmental aspects. Hence, the WTO environmental window of opportunity that was open for a while is about to close: multifunctionality has few supporters left and is being replaced by the ‘sensitive products’ strategy.

Against this backdrop, we may observe a cleavage line in Norway between nature conservation interests and the interests of the least developed countries on the one hand, and mainstream agriculture and the broad political consensus concerning preservation of rural communities on the other. This cleavage is likely to deepen if current indications of a future global food crisis become reality. The crises in domestic and international financial markets, increasing
pressure from the production of biofuels, and droughts in major cereal-producing countries are factors that put severe pressure on food prices and agricultural systems globally. This development may act to supplant environmental concerns regarding land-use change and the threat to biodiversity, as it will be easier to argue for expanding the lands used for agriculture. In his analysis of the Common Agricultural Policy (CAP), Feindt (2010) reaches a related conclusion, that the climate change discourse has diminished concerns for landscape and the environment, while agriculture is increasingly reframed as a producer of fibres and energy.

The cleavage line between biodiversity conservation and rural settlements is confused by the ecological dilemma concerning intensification of agriculture. Intensification may ease the pressure on natural environments, but also increase the use of hazardous chemicals. Moreover, many environmentalists have an ambivalent view towards cultural landscapes, as natural regrowth may reduce some foraging dependent species, but at the same time allow regrowth of natural species and ecosystems. This also made it difficult to evaluate the environmental effects of the acreage and cultural landscape scheme, as the ecological impacts are disputed.

Concluding remarks and further inquiries

Multifunctionality has been presented as a suitable way of adjusting Norwegian agricultural policy to the WTO by inter alia tapping into the environmental potential. However, closer scrutiny has shown that the potential for environmental improvements has hardly been utilized. By examining changes within and between organizational fields, this article has sought to account for the limited receptiveness of the Norwegian agricultural organizational field to international trade and environmental obligations.

Examining intra-field developments in the pre-Doha phase revealed that the organizational field of agriculture and ensuing policy has remained very persistent despite external pressure. The normative persuasion from international regimes has hardly altered the basic norms and internal interest structure in the agricultural sector, which has support across almost all Norwegian political parties. The idea of multifunctionality matches the image that Norway and the Norwegian agricultural sector have of itself and want to promote externally: small-scale and environmentally friendly. This widespread perception may have limited the scope for influence from multilateral environmental agreements on agricultural policies. A similar picture was evident in the intra-organizational study, which revealed that tangible environmental changes were lacking in the organizational chart of the Ministry of Agriculture and Food. This is one indication of lacking correspondence between environmental rhetoric and realities – and is hardly conclusive by itself. Nevertheless, the high level of institutionalisation in the agricultural organizational field goes a long way in explaining why the WTO potential for adjusting agricultural policy in a more environmentally-friendly direction has not been better utilized by Norwegian governments.

The examination of interest articulation within and between the two organizational fields of agriculture and the environment indicates a considerable degree of harmony and strong alliances at the grassroots level. While Norwegian environmental NGOs do have the potential to affect policies, a thorough examination of the central agricultural newspaper and NGO homepages revealed little or no evidence of pressure for utilizing the environmental aspects of multifunctionality. This particular trait of inter-field relations is perhaps the most interesting finding of the study, calling for further exploration.

The political harmony between environment and agriculture is not, however, reflected at the ministry level. Reports to the CBD, along with issues such as protected areas, pesticides, land-use change and large predators illustrate that the two relevant ministries have very different interests to defend. The environmental organizational field is all but absent in influencing the annual agricultural negotiations (the Basic Agricultural Agreement). Economic interests are, not surprisingly, the overriding concern in these annual agricultural negotiations, and are likely to be
much more important than multifunctionality in the WTO. This is problematic as seen from the Ministry of the Environment with an eye on sector integration, and it reveals a deep controversy at the ministerial level. But the Ministry of the Environment remains a weak actor when set up against the highly institutionalized domestic interest groups associated with the organizational field of agriculture.

The WTO environmental window of opportunity – multifunctionality – is about to close. That is partly because it has not been utilized in a convincing way, either in terms of meeting international obligations in trade or in environment. This finding echoes the conclusion in Potter & Tilzey’s (2007) analysis of the multifunctionality discourse in the EU – that even though it expresses a genuine resistance to the neoliberalist approach to agriculture, it is also vulnerable to capture by powerful farm lobbies. The lessened clout of multifunctionality may also be partly ascribed to the fact that environmental pressure from the WTO has been neither direct nor strong, the WTO being primarily concerned with trade and not with the environment.

The overall debate on trade, environment and development is linked to the deeper cleavage that riddles the WTO. On the one hand, there are those who would prefer to see the WTO fail at all costs, arguing that this would be beneficial for the least developed countries, no matter whether the remaining subsidies are called blue, amber or green. On the other hand is the argument that the poor will always be better off with multilateral agreements than with the increasingly proliferating bilateral free-trade agreements that tend to favour the more powerful. While this article has not set out to address this deep controversy, I hope that it has brought some nuances to the picture.

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Notes

1 The Convention on Biological Diversity represents the most comprehensive international treaty on environment and management of natural resources. Available from: www.cbd.org
2 WTO defines non-trade concerns as similar to multifunctionality. The preamble of the Agriculture Agreement specifies food security and environmental protection as examples.
3 The Ministry of Agriculture (LD) was re-named the Ministry of Agriculture and Food (LMD) in 2004.
4 Other influential factors include EU/Norwegian trade relations, general conditions for cooperative enterprises, and evolving public opinion regarding subsidies (Knutsen, 2007).
7 Since Norwegian prices are constantly higher than international prices, all kinds of exports are to be considered as subsidized exports.
9 Nationen (2009, January 15: 12); Nationen (2009, January 16: 8).
10 Klaus Mittenzwei, Senior Researcher at Norwegian Agricultural Economics Research Institute, personal communication, July 2008.
12 More generally, ‘sensitive’ means that a country may maintain higher tariffs on selected – sensitive – commodities having strong domestic political support, in an effort to shelter these lines from trade liberalization.
13 Klaus Mittenzwei, Senior Researcher at Norwegian Agricultural Economics Research Institute, personal communication, July 2008.
http://naturvern.imaker.no/cgi-bin/naturvern/imaker?id=73232

http://www.nu.no/frihandel/wto/1b8cb67a1cdd11db881b6b7d6aa2e40ef40.html (Accessed 29 March 2007).


This refers mainly to the less disputed element in the cultural landscapes debate that concerns the maintaining a diversity of genetic resources of domesticated plants and animals.

http://www.frihandel/wto/1b8cb67a1cdd11db881b6b7d6aa2e40ef40.html

http://www.frihandel/wto/1b8cb67a1cdd11db881b6b7d6aa2e40ef40.html (Accessed 22 January 2007).

http://www.wwf.no/om_wwf/dette_jobber_2_2007/

24 On a different note, Friends of the Earth, Europe, claim that some of it is environmentally harmful, such as subsidizing secondary forestry. Interview with Jonathan Hepburn, ICTSD, Geneva, September 24, 2008.

25 Interview with Lee Ann Jackson, Agriculture Division, WTO Secretariat, September 24, 2008.

26 On a different note. Friends of the Earth, Europe, claim that "the EU must unilaterally and immediately end agricultural export subsidies; and accept the right of poor countries to increase their own tariffs."


27 Interview with Lee Ann Jackson, Agriculture Division, WTO Secretariat, September 24, 2008.


References


