Multiple streams in EU policy-making: the case of the 2005 sugar reform

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Abstract

The multiple streams model, developed by Kingdon in the United States (US), is being adapted increasingly to study European Union (EU) policy-making. This, however, is revealing a theoretical underdevelopment in some of its central components. The present paper considers several concerns. It seeks to develop the idea of policy entrepreneurship as a context-specific activity that gives substance to the claim that 'ideas have their time'; it interprets the key notion of ambiguity, in the EU context, to mean institutional ambiguity; and it allows for spillovers between policy areas to be endogenous as well as exogenous. This affects the nature of the policy windows wherein policy entrepreneurship occurs. The adapted multiple streams model is used to analyse the 2005 EU sugar policy reform. Institutional ambiguity and endogenous spillovers are shown to create the conditions that enabled active policy entrepreneurship to lead, ultimately, to reform of this most resilient of policies.

Key Words

EU sugar reform; institutional ambiguity; multiple streams model; policy entrepreneurship; policy spillovers

Introduction

John Kingdon's multiple streams (MS) model of public policy making, originating in the study of United States (US) government, is being applied increasingly in other jurisdictions. It identifies three independent streams that flow through the policy system: politics, problems and policy. The politics stream contains factors creating an environment conducive to agenda-change, the problems stream contains concerns that come to the attention of policy makers, whilst the policy stream is where ideas and proposals are formulated and revised. However, as Barzelay and Gallego (2006) argue these are only descriptive heuristics to help organise a historical policy narrative (see also Zahariadis 2007, p.81-82). Instead, the key *explanatory factor* is a temporal conjunction of separate sub-policy processes: "agenda setting, alternative–specification, and decision making" (Barzelay and Gallego, 2006, p.539). When the agenda and proposal for a policy change coincide at certain moments, this greatly increases the likelihood a policy reform is agreed and implemented. Moments when such conjunction *might* occur are known as policy windows. Kingdon provides a set of causal mechanisms which explain such opportunities. *Whether* they are actually exploited is explained by the activities of policy entrepreneurs.

A nascent literature has transplanted the MS model to the study of European Union (EU) policy-making (Peters 1994, Richardson 2006, Zahariadis 2007). Despite its US antecedence, Kingdon (2003, p.190)[1] borrows one of his key causal concepts – the spillover – from Haas' (1968) study of EU integration. Zahariadis (2008, p.527) argues MS is well-suited to studying the EU as it 'drives home the point that ambiguity is an indispensable part of the EU policy process'. Similarly, Cram (2001), Corbett (2005) and Richardson (2006) see the MS model as well-placed to handle the complexity and fluidity in EU policy making; whilst accurately representing the relatively inchoate nature of EU institutions.

In applying the MS model to EU studies two issues arise. The first is the need to decontextualise the model: "the further one travels from.….the distinctive characteristics and procedures of the American legislature – the more Kingdon's analysis may require adaptation." (Pollitt, 2008, p.127). Second, decontextualisation reveals the theoretical underdevelopment of some concepts in the original MS formulation. Recent papers have begun to address these weaknesses (e.g. Zahariadis

2003; Natali 2004; Borrás and Radaelli 2009). The present paper seeks to contribute to this literature by addressing a series of linked theoretical problems salient in the applicability of the MS model to EU policy-making in domains with complex, cross-sectoral and international characteristics. The adapted MS model is then used to structure a case study of the 2005 EU sugar regime reform under the Common Agricultural Policy (CAP).[2]

The MS model places ambiguity at the core of the study of policy-making. In this paper we consider ambiguity in institutional terms. The European Commission is divided into thematic Directorates-General (DG). Within each, there is the Commissioner and Cabinet who can be distinguished from other DG staff (see below). Importantly, some policy issues occupy the policy arenas of different DGs – but the hierarchical structure of authority between DGs in cross-cutting cases is ambiguous.

Ambiguities over policy issues and arenas give the first area of underdevelopment in the MS model. Kingdon argues a spillover can create a precedent, influencing future decisions in other policy arenas (see below). We argue that because policy issues can occupy different policy arenas (such as the remits of different DGs), this affects the nature of the spillover that can occur. The kind of precedent described by Kingdon is akin to a political 'demonstration effect'. This we describe below as an exogenous spillover, where "adjacent" policy arenas are unconnected institutionally. If a policy issue occupies multiple institutionally-connected policy arenas, a policy decision taken in one arena may impact directly on policy decisions in others, even forcing a decision when none otherwise would be made. This we describe as an endogenous spillover. In our empirical analysis sugar is a policy issue located across multiple institutionally-connected EU arenas, being part of agricultural, trade and development policies and the respective DGs. A change to sugar policy in one arena may lead causally to change in sugar-related policies in other arenas.

As stated above, policy reform occurs in policy 'windows'. For Kingdon (2003, p.192) "it is important to move very quickly [on policy reform]. The window in the first area opens windows in adjacent areas, but they close rapidly as well." We offer below a theoretical adjustment to the MS model in which the characteristics of endogenous spillovers can hold windows open for a longer time. With sugar, change in one policy arena created an imperative for change in another, but reform in the latter was not required immediately.

In the broader context of MS, the nature and duration of the reform window affects bargaining over agenda-setting and policy-making. This leads into a third theoretical development. In the original MS model – and in much work since – there is both a functional and physical separation of policy entrepreneurs and decision-makers. We argue this distinction is too stark: entrepreneurs may not simply sell ideas to decision-makers, but be involved directly in decision-making. Thus we draw an analytical distinction between the individuals who are policy entrepreneurs and the process of policy entrepreneurship (PE), allowing us to isolate different facets of entrepreneurial activity. This distinction is significant to our case study: the key individual in sugar acted as a policy entrepreneur in pushing a particular policy idea, but he does not conform to Kingdon's notion of a policy entrepreneur because of his institutional role in policy-making.

The final theoretical contribution offered is to argue that all the above issues are related. Endogenous spillovers can hold open windows of opportunity for policy reform longer than envisaged by Kingdon, creating space for contestation over control of the policy agenda. This contestation is compounded by spillovers which create ambiguities over the decision-making authority of different institutions, in the absence of a clearly-defined institutional hierarchy. Entrepreneurs can thus push policies affecting not only their own policy arena directly, but also others which the policy issue (in our case, sugar) occupies.

The paper, in the next section, elaborates these theoretical adjustments to the MS model. It then presents the empirical case of sugar, a representative case of cross-sectoral EU policy-making as it is complex; involves multiple institutionally-connected policy arenas; and is the subject of international regulation. The adapted MS model reveals reasons for the previous lack of reform of the CAP sugar regime, illuminating the critical factors explaining the timing and features of the 2005 reform. Most analyses of this reform focus on a single, salient causal event; a negative trade dispute ruling in the World Trade Organisation (WTO) (eg Daugbjerg and Swinbank 2008); sugar's inclusion in the Everything But Arms (EBA) agreement (eg Brüntrup

2007); or the increasingly-incongruous nature of sugar support compared to reformed CAP sectors. The contribution of the adapted MS model to this empirical literature is to draw together these elements, combining endogenous and exogenous spillovers with a focusing event in the policy window (Kingdon 2003, pp.94-100). Underpinned by data from elite interviews, we argue each factor was necessary but not sufficient individually to explain fully the reform agreement.

Institutions and Institutional Ambiguity

Kingdon (2003, p.86) likens decision-making in the US federal government to "organized anarchy". In the spirit of Zahariadis (2003, p.1) we ask how useful a model developed in such conditions is, not for "parliamentary systems" as does Zahariadis, but for the specific agenda-setting and decision-making structure of the EU. This paper interprets ambiguity in institutional terms, the term 'institutional ambiguity' referring to a policy-making environment of overlapping institutions lacking a clear hierarchy. In this paper, the critical overlap is between DGs within the Commission. Each DG oversees a particular thematic area, but policy issues can overlap multiple thematic areas.

From the perspective of different policy *areas*, each DG has a clear mandate. From the perspective of the policy *issue*, however, there is no hierarchy prioritising unambiguously one policy area/DG over another, although interviews reveal Agriculture (DG-AGRI) and Trade (DG-TRADE) are dominant within the Commission. Thus, for example, whilst proposals for reform of the domestic sugar regime come from DG-AGRI, the context of their policy-making may change if DG-TRADE proposes a trade policy change affecting sugar. DG-AGRI may have to propose reform of the CAP sugar regime – whether they want to or not.

Thus even with institutional ambiguity, formal institutional roles with formal authority still exist, and political actors occupying these roles can have distinctively institutional power in defining policy agendas and shaping the process of alternative specification. This stands as a counterpoint to claims of institutional fluidity or even 'deinstitutionalisation' in the EU (Zahariadis 2008). Further, Zahariadis (2008, p.524) talks of EU decision-making being "mostly institutionally autonomous but not hierarchical". We agree on the lack of hierarchy, but argue that where policy issues are present in different policy areas, where spillovers are endogenous (see below) and where institutional ambiguity exists, decision-making may not be autonomous. Indeed, we offer a novel theoretical contribution by arguing institutional roles may enable policy-makers to act as commissioners of ideas and proposals in response to policy windows, conceived as signals from the wider policy environment. As such the causal mechanism is not brokering or the indefatigability of entrepreneurs as advocates, but a filter-based selection mechanism where intentional agents select deliberately among the policy ideas available in the wider political system.

Policy Spillovers and Window Duration in the MS Model

A policy issue located in multiple policy areas can lead to ambiguity in policy-making. A theoretical corollary concerns the nature of spillovers. Kingdon (2003, p.190) argues a spillover "sometimes establishes a principle that will guide future decisions within a policy arena. At other times, a precedent spills over from one arena into an adjacent one." He thus sees spillovers occurring when ideas pass between institutionally-unrelated policy areas. Haas (1968, p.297), in contrast, argued that market forces, released through liberalisation in one sector, created liberalisation pressures across the economy. This was more than epiphenomenal precedent-setting or a demonstration effect: it was connected directly to the initial policy decision, with the unliberalised parts of the economy affected by liberalisation in connected sectors.

We develop this notion with reference to the existence of policy issues occupying multiple policy areas. Change to the issue in one area can lead directly and causally to change in that issue in a different policy area. With sugar, specific features of a trade policy including sugar had a causal impact on the CAP sugar regime. We refer to the kind of spillover identified by Kingdon as exogenous, and to the latter as an endogenous spillover – the distinction rooted in the institutional inter-connectedness (or not) of policy areas.

Endogenous spillovers are signals between elements within the policy system of pressures for reform and receptivity for different policy proposals. Where institutions overlap, creating ambiguity, and lacking a clear hierarchy, endogenous spillovers represent a temporal (re)ordering of priority: a policy decision at time 1 under one institution in the policy system may spill over, creating reform pressures and shifting the receptivity of policy proposals from other policy institutions within the system at time 2. Policy institutions gain priority under ambiguity by initiating spillovers rather than being subject to them. At the same time, skilful policy entrepreneurs may use endogenous spillover effects to further a certain agenda or policy proposal elsewhere. The nature and duration of policy spillovers can therefore transform institutional ambiguity into conflict, affecting the balance of power in struggles over the agenda, the specification of alternatives and sequence of decision-making. Endogenous spillovers can hold windows open for longer than envisaged by Kingdon. Thus two separate reform events are linked by an endogenous spillover but separated by time.

Policy Entrepreneurs, Policy Entrepreneurship and Institutional Ambiguity

In the MS model, the activities of policy entrepreneurs explain if policy windows are exploited and a policy reform agreed and implemented. Kingdon's ambition is to illuminate the *ceteris paribus* clause for the comparative analysis of policy processes. No entrepreneur can cause policy reform alone; we always require a set of background conditions for a PE strategy to cause reform, fixed by a *ceteris paribus* clause. If conditions change in another case - i.e. everything is not equal - we cannot infer the same entrepreneurial causal mechanism. The skilled advocacy of a policy idea, or skilled brokering, will only produce reform in some political and temporal contexts: this is the causal structure behind the maxim 'ideas have their time'.

In his analysis of the context for entrepreneurship, Kingdon (2003, p.165) defends the independence of the three streams, but acknowledges there is, in practice, the possibility of interaction between them (*ibid*, p.228). Throughout his work Kingdon stresses participants should be separated from processes and that – although unlikely – the same participant may act in each stream. Indeed, during policy windows multi-stream working is essential for policy entrepreneurs to perform their *brokering* as opposed to *advocacy* role. Even so, with advocacy or brokering the policy window simply provides a coupling opportunity. In this paper, to highlight opportunities for creative and entrepreneurial agency in policy-making, we introduce policy commissioning as an alternative coupling mechanism. Policy windows are understood as changes in signals from the broader policy environment to creative and intentional agents who, in response, adjust their selection rules for adjudicating among the options available in the policy stream. In such an intentional selection mechanism, the nature of a policy window affects the commissioning activity of policy-makers.

Coupling by intentional selection

Coupling is critical in the Kingdon model, as the means by which opportunities to push particular policies are successfully exploited to raise a policy proposal high onto the decision agenda. Zahariadis (2007) states that coupling in the Kingdon model is a function of the nature of the policy window; and the skills and resources of the policy entrepreneur. Most discussion focuses on the latter element: this paper argues attention should be rebalanced to include the importance of the nature of the policy window as signals for coupling strategies by policy-makers.

In the Kingdon model, entrepreneurs' ability to sell ideas to policy-makers in response to policy windows explains whether policy change results. However, this account of coupling fails to capture the intuition of 'something needing to be done'. Consistent with Kingdon adumbrating situations where policy solutions exist in search of a problem or rationale, we claim changes in the political or problem streams may signal to policy-makers to select from known possible proposals. When these windows or environmental signals occur in the political stream, the agenda may be short term, presentational or symbolic and force policy-makers to search for politically successful policies. These are not obviously related to solving policy problems; indeed the problem stream is connected last, providing legitimacy for dealing with societal problems, after the politics and policy streams have been coupled.

Policy windows open in the problem or politics stream for various reasons; such as focusing events in the problem stream, changes of personnel in the politics stream or from spillovers from reforms in cognate policy sectors. In Kingdon's MS model, policy entrepreneurs are not involved directly in the opening of the window, but continue to act within the policy stream. However, Cram (2001) and Corbett (2005) claim policy entrepreneurs can open the window. This however leads back to the earlier point that we risk confusing different mechanisms. Corbett locates policy entrepreneurs in the higher levels of the Commission. Thus the distinction between policy entrepreneurs and policy-makers in the politics stream becomes blurred.

Furthermore, for Corbett it is essential to appreciate these are *individuals* with life histories, personal beliefs, identities: to apprehend fully their influence in policy change, they must be understood in terms beyond institutional context.

Without doubting that claim, this raises questions about what the concept of PE adds; Corbett seems to use PE as a general term for the claim that in certain institutional roles some agents are better than others in implementing successfully policy and political strategies (and that institutional roles do not rigidly determine their views and actions). Our alternative analytical strategy has policy-makers, instead of being passive agents sold coupling strategies by policy entrepreneurs, employ intentional filter mechanisms to select a policy solution appropriate for the agenda they construct from changes in environmental signals (the policy window). Thus policy solutions may get on the agenda not by being sold by persistent skillful policy entrepreneurs, but because policy-makers select the ideas appropriate for the policy window and thus the policy entrepreneurs who advocate. This is another way of understanding the intuition that ideas have their time. Coupling responds to the opportunity, suited to the nature of the policy window.

This alternative specification adumbrates problems in the concept of PE outlined earlier: most pertinently, are those hitherto called policy-makers actually policy entrepreneurs? If so, two separate policy-making mechanisms are conflated: *selling* ideas to policy-makers and *selecting* ideas by policy-makers. Both may be entrepreneurial. We prefer to understand PE as a general label for a set of behaviours in the policy process, rather than a permanent characteristic of a particular individual or role. Thus the attribution of causality to agency *qua* PE is only ever temporary, acutely sensitive to context and situation. Even Mintrom, 2000, a key contribution to the literature on policy entrepreneurs, sees entrepreneurs operating outside decision-making circles.[3] Moreover, on page 57 he argues "The policy entrepreneur must define problems in ways that are not readily dismissed by those who benefit from current policy settings." If a policy-maker acts as entrepreneur, however, not only is this constraint lifted in their arena (Interviews 2 and 11 emphasised Least Developed Countries' (LDCs) opposition to sugar's inclusion in EBA), exploiting endogenous spillovers allows them to manoeuvre for reform in adjacent arenas without such constraints: once the Trade Commissioner included sugar in EBA, this forced the DG-

AGRI agenda on EU sugar policy reform regardless of opposition from beneficiaries of the extant policy.

The discussion of PE in EU policy-making tends to rely on the unstated argument that entrepreneurial characteristics at the individual level are not normally distributed in the population; there is something distinctive about individual policy entrepreneurs. However, this attribution is always done *ex post*, limiting our understanding of PE. Moreover, difficulties remain in identifying clearly successful PE. It may be associated with change but, for example, PE may seek defence of the status quo, with strategies employed to preserve institutions and policy systems against reform (see, *inter alia*, the discussion of "nondecisions" by Bachrach and Baratz, 1970: 43-51). Alternatively, one might wish to impute failed PE as the inverse of successful PE. Thus, according to Zahariadis (2003: 15), entrepreneurs will be more successful when employing "salami tactics": if policy entrepreneurs recognise risk-averse policymakers are unlikely to accept a politically-risky proposal, they can cut the policy move into stages, presenting smaller less-risky steps sequentially to policymakers. But whilst this may imply other tactics reduce an entrepreneur's likelihood of successful PE, it does not mean either that salami tactics *guarantee* successful PE, nor that other tactics are bound to fail: one cannot with absolute certainty infer the success or not of PE from the tactic employed.

Thus, following Kingdon, we see PE occurring at the nexus of two phenomena: (i) the opportunity and (ii) the individuals. This is the logic Kingdon follows in articulating why, when and how opportunities for successful PE arise; but what Kingdon misses is a rigorous account of why, when and how (a) only some discover PE opportunities; and (b) different strategies/actions are used to exploit PE opportunities. Thus we need a mechanism to explain why some might discover an opportunity and others not. Informational advantages seem an obvious candidate, alongside cognitive skill interpreting and acting on those advantages. This is related to institutional position. In our case study, we explore key policy events leading to the 2005 reform of the EU sugar regime. Our interviews reveal PE was not purely reactive to a given situation: rather, entrepreneurial commissioning activity towards sugar in one policy arena created an irresistible pressure for policy change in another, opening a policy window.

EU Sugar Reform: an idea whose time had come?

There are three distinct sources of pressure for sugar reform. First, EBA would give sugar exports from LDCs duty-free quota-free (DFQF) access to the EU, after a transition period, undercutting the high prices set under the extant EU sugar regime for both domestic sugar production and a fixed quantity of imports from African, Caribbean and Pacific (ACP) countries under the Sugar Protocol of the Lomé Convention.

The second pressure came via a negative WTO dispute ruling. The 2004 Panel ruling, upheld by the Appellate Body (AB) in 2005, meant the EU had to reduce significantly the volumes of subsidised sugar exports, to respect previously-agreed limits. Third, the trend of CAP reforms since 1992 has been to cut support prices significantly, replaced initially by commodity-specific partially de-coupled payments and, in 2003, by more fully de-coupled Single Farm Payments (SFPs). This left an unreformed, trade distorting and protectionist sugar regime looking increasingly anachronistic.

Whilst much of the literature tends to focus on one or other pressure, we argue a full understanding of the reform requires an analysis integrating all three. Institutional ambiguity is at the core of this, emphasising the multiple, linked institutions involved in EU sugar policy-making. Indeed, ambiguity among tightly-coupled institutions (different DGs) supports the claim the three reform pressures are not independent but generate strong interaction effects. The adapted MS model proposed embraces endogeneities and helps structure the reform account below.

Stability in EU sugar policy

Why, though, was sugar not reformed previously? Within the CAP sugar is, arguably, unique.[4] To produce sugar the agricultural output – primarily beet in the EU – is processed at capital-intensive off-farm facilities requiring substantial investment, and a high degree of capacity-utilisation for profitability. The bulky beet also sees processors locate close to growers, creating a geographical concentration of sugar interests, providing a range of jobs in localised rural areas. Sugar beet is also a higher-cost sugar source than the alternative, cane. Price support thus provided uncompetitive EU sugar considerable protection vis-à-vis lower-cost imports. The Sugar Protocol, however, meant several developing countries benefited directly from the domestic sugar regime, which the EU viewed as important development assistance. Another feature is that spending on sugar, uniquely, has been funded from producer levies rather than general EU budget revenues. This made sugar essentially budget-neutral, distancing it from the growing cost of the CAP through the 1980s. Moreover food processors, major users of sugar, received transfers to help offset high prices (Interview 4), limiting their opposition to this policy.[5]

International trade negotiations have also, until recently, had little impact on sugar. One interviewee (Interview 4) argued the US would have accepted a Uruguay Round Agriculture Agreement based on cereals, the export commodity of most concern to them, had the Cairns Group not worked to include other commodities. Even so, the agreement on domestic support was based on an Aggregate Measure of Support, as sought by EU negotiators, which allowed deep cuts in cereals price support to be traded-off against sustained support for other commodities (such as sugar). Even the market access agreement saw sugar "get away" with a 20% cut (Interview 11).

Everything But Arms

There are two important aspects to the role of EBA in subsequent sugar reform. First, DFQF access for sugar would breach the protective wall around the EU sugar market created by price support (hence Brüntrup, 2007, calling EBA a 'Trojan Horse'). Second, there is the role of Pascal Lamy who, as EU Trade Commissioner, did not merely advocate EBA but was its commissioner (small 'c'). The presence of sugar in EBA created an endogenous spillover to the EU agricultural policy arena. In the adapted MS model proposed in the paper, Lamy's PE is understood in the context of opportunities provided by the institutional ambiguity that had developed around EU sugar policy.

Problems Stream

EBA is part of the EU Generalised System of Preferences (GSP). During the 1990s, concern grew over LDCs' lack of participation in trade, despite preferential provisions. The 1996 Singapore WTO Ministerial produced an Action Plan for LDCs[6] and, in September 2000, the United Nations Millennium Summit agreed the "Millennium Declaration". Point 15, resolved "to address the special needs of the least developed countries", with a 'Conference on the Least Developed Countries' in Brussels in May

2001. Industrialised countries should "adopt, preferably by the time of that Conference, a policy of duty- and quota-free access for essentially all exports from the least developed countries". EBA was the EU response. Commissioner Lamy decided on the "full monty" response (Interview 8), hoping also thereby to gain LDC support for the EU in the WTO Doha Round. Lamy saw problems for three commodities with DFQF that, he felt, could be overcome with transition periods: bananas, rice and sugar.

Politics Stream

There was strong opposition from the sugar sector to sugar's inclusion in EBA, given the threat to the high-price regime. That said, such opposition was undermined by EBA being a policy oriented towards LDCs. Thus attempts to exclude sugar risked being painted as opposition to helping the poorest countries (Interview 11). A second factor was the speed with which the EBA proposal was put together (Interview 8), catching DG-AGRI totally by surprise (Interview 7). It was "whipped" through the Commission "before anyone had woken up to what was going on" (Interview 11).

DG-AGRI, unambiguously, has authority over proposals regarding the CAP sugar regime. EBA, including sugar, meant a proposal made legitimately by the Trade Commissioner had profound implications for the CAP sugar regime, via an endogenous spillover between policy arenas and DGs. Thus institutional ambiguity meant DG-AGRI had to address reform of the domestic CAP sugar regime following a decision taken in DG-TRADE. That said, even though DG-AGRI disliked the EBA decision, Agriculture Commissioner Fischler recognised EBA would be meaningless if it excluded commodities LDCs could export – such as sugar (Interview 13).

Policy Stream

Agreement on EBA, largely as proposed, came in February 2001. In the interim, the goal for sugar interests was primarily damage limitation. Given the infeasibility of excluding sugar attention turned to safeguards, already part of GSP, such as monitoring imports (Interview 8). A key issue was getting a longer transition period than originally proposed for DFQF access to start, to 1 July 2009 (moved, in 2007, to 1 October 2009). Several interviews confirmed this was the best deal available to EU and ACP producers. The delay would also benefit LDC producers, giving them time to prepare for the opportunities of DFQF access (Interview 1).

EBA and the Opening of a Window of Opportunity

Lamy had been absorbing ideas about DFQF for LDCs for at least a year (Interview 2), but it was in 2000 that the opportunity arose for him to develop a proposal, as Trade Commissioner, that could withstand opposition from sectoral interest groups and some member states. One interviewee (Interview 7) distinguished between DG-TRADE, and Lamy and his Cabinet, referring to the latter as "the political level" who understood the implications of EBA for the EU sugar regime (also Interview 8). Pro-CAP reform member states supported EBA as they saw this as a way to "get into the more protected CAP regimes" (Interview 2).

Sugar's presence in EBA thus created an endogenous spillover to the domestic CAP sugar regime. Lamy, outside the traditional agricultural policy community, had a direct impact on that community: EU sugar reform was required as a direct result of Lamy's decision to include sugar in EBA. This was aided by staff turnover in DG-AGRI affecting the potential for defensive, status quo-protecting PE. Sugar once had one of the largest sectoral Market Units – with many staff having worked on sugar for years. Over time the size of the Unit fell, while staff movements brought in people less invested in the *status quo ante* and more receptive to reform ideas, given their experiences working on other agricultural commodities (Interview 11).

Important for the timing of sugar reform, however, the long transition period meant EBA was not of immediate concern to EU sugar (Interview 12): the endogenous spillover from EBA opened the sugar reform window, but the transition period meant the window would remain open for an extended period. Whilst it seems reasonable to assert EU sugar reform would eventually have resulted because of EBA, the exact timing and nature of the reform agreed were influenced directly by the outcome of the WTO dispute. This, we argue, acted as a focusing event that imposed a binding time-constraint on sugar reform.

The WTO Sugar Dispute as a Focusing Event[7]

Late in 2002 Australia and Brazil (joined in 2003 by Thailand) launched actions against the EU sugar regime. The essence of the case was that the EU was exporting with subsidy a quantity of sugar beyond its Uruguay Round commitments. This had two elements. First, it was argued sugar produced beyond quota (‘C-sugar’), excluded from the export subsidy commitment schedule as it should be exported at the world price without subsidy, was cross-subsidised from supported within-quota production. Second, the EU exported a quantity of domestically-produced sugar equal to imports under the Sugar Protocol. The outcome, which upheld both complaints, meant the EU had to make significant cuts in subsidised exports (in 2000/01, subsidised EU exports exceeded the agreed limit by over 2.8 million tonnes). The ruling on the cross-subsidisation of C-sugar exports referred to an earlier AB ruling on Canadian Dairy policy,[8] an example of an exogenous spillover consistent with Kingdon’s precedent-setting.

Several factors explain the timing of the WTO action. First, the Uruguay Round Agreement’s transitional ‘implementing period’ ended in 2000. Only then could an assessment be made of subsidised exports relative to commitments (Interview 3). Then followed negotiations amongst interests (sectoral and governmental), notably in Australia and Brazil, as cases were prepared. This was completed first in Australia; there was then a sense of being kept waiting by Brazil (Interview 3). The Brazilians, however, were also preparing an action against the US cotton regime – and Brazil felt the best strategy was to bring both cases simultaneously. They thus waited on sugar until the other case was ready (Interview 6). The length of the sugar case was then determined by WTO processes. These factors determined when the EU needed to begin its response to the ruling although, as discussed later, there was further disagreement over the speed of their response.

Sugar as Odd-One-Out

Our adapted MS model includes endogenous alongside exogenous spillovers as factors in policy change. The sugar regime, subject to five-yearly review, had been rolled-over in 2001. There was an interim review in 2003, but also a sense of needing first to ‘finish the job’ on the arable and livestock regimes (Interview 8). Following the 2003 reform, sugar was out of line with the philosophy of de-coupled support. Thus the opening of the window of opportunity for reform of the EU sugar regime offered an opportunity to proceed, following the precedent set by recent reforms to other commodities.

Explaining the Details of EU Sugar Reform: price and quota cuts

By 2005 reform pressures had combined to threaten the fundamentals of the sugar regime, unaltered for decades within a closed policy community. EBA was crucial, although the transition period for sugar removed the need for an immediate reform response. Several interviewees argued it was thus the WTO ruling that created the more urgent reform pressure, especially as the AB report could not be appealed (Interviews 12, 13, 15). One interviewee (Interview 9) argued that, of itself, sugar's exceptionalism would have been insufficient to force sugar reform by the end of the five-year period in 2006. Another (Interview 10), however, felt internal pressure led to reform, with EBA and the WTO determining timing: indeed, several interviews revealed pro-reform elements within DG-AGRI. Also, by 2004 sugar was no longer seen as untouchable, a view arising from the sugar case; but also, through an exogenous spillover, from the banana case showing what WTO dispute settlement could achieve (Interview 2).

Other interviewees identified important changes in the leadership of DG-AGRI. One felt Commissioner MacSharry believed sugar's exceptionalism could last (Interview 12). Another argued that when EBA was proposed Lamy felt DG-AGRI, now under Commissioner Fischler, would not take on sugar reform (Interview 8), although some believed Fischler would tackle sugar when the time was right – for which the WTO ruling was critical (Interview 12). This brought several senior Commission officials round to the way of thinking of pro-reform member states (Interview 11).

An interesting view from within DG-AGRI (Interview 9) was that pressures on the sugar policy were "fortunate", as they made it easier for DG-AGRI to propose reform. This raises an important issue regarding control of the policy window. Kingdon (2003: 205-206) talks both of problems being identified then solutions sought, and vice versa: "solutions searching for problems" as Zahariadis (2008: 519) puts it. DG-AGRI, however, knew the problem and they had a solution: to extend SFPs to sugar. What they lacked was the window to exploit – and, by implication, the inability to open the window themselves.

More open to contestation were the details of the reform, especially the scale of price and quota cuts. The WTO ruling required reductions in subsidised exports and in spending on export subsidies. Cuts in production quota would reduce exportable surpluses. Reduced support prices would lower both unit export subsidies and production incentives; with price *and* quota cuts being mutually reinforcing. Discussions in the WTO Doha Round were, however, moving towards eliminating subsidised exports. For EU sugar, an average world-EU price gap of about 300% made a reform based on price cuts alone unlikely. Moreover, the deeper the price cut the greater the cost to the EU budget of larger SFPs. The more likely option was a price cut plus large quota cut. Although there was no obligation yet on the EU to eliminate subsidised sugar exports, such a move would enhance the EU negotiating position in the Doha Round.

A key unknown in the reform debate was the magnitude of DFQF imports under EBA. Estimates varied greatly over both ‘direct’ exports of surpluses; and ‘triangular trade’, where LDCs would export domestic production to the EU at prices above world levels, then import from elsewhere at the world price to cover domestic demand. Crucially, price cuts would reduce the incentives to export to the EU and limit the quota cut needed to balance the EU market. DG-AGRI were predicting higher imports than DG-TRADE, which may explain a price cut proposal deeper than many expected given the WTO ruling (Interview 9). Importantly also, EU producers would be compensated however deep the price cut.

Explaining the Timing of EU Sugar Reform

The EU reform proposals were published within weeks of the WTO AB decision and set the 2006/07 crop year to begin implementing the reform. The WTO action had been brought under both the Agreement on Agriculture (AoA) and the Subsidies and Countervailing Measures (SCM) Agreement: if ruled against, the defendant must respond “in a reasonable time” under the AoA, but “without delay” under the SCM (Interview 3). The initial Panel report referred only to the AoA. The AB criticised this but did not rule differently using the SCM. There followed WTO arbitration, with the complainants and the EU debating the meaning of “reasonable time”. Although the complainants, especially Australia, felt the EU response was too slow, the domestic reform process then underway was allowed to progress as scheduled. A bilateral agreement between the EU and Australia allowed the latter to return to the WTO if the EU reform failed to deliver full compliance with the Panel ruling,[9] keeping the pressure on the EU.

Another factor in the timing of the reform was that the United Kingdom (UK), a long-time supporter of sugar reform, held the Chair in the Council of Ministers in the latter half of 2005. This enabled them to utilise the pressures on sugar to achieve agreement during this period. It is normal for representatives of the country in the Chair not to engage much in reform discussions, but with sugar the UK said more and influenced debate more than was usual (Interview 13).

The political agreement of November 2005 was, however, only the beginning. It was soon realised an initial compulsory quota cut would have to be imposed, as there was insufficient time for the schedule of quota cuts to be achieved voluntarily. This was introduced into the legislation published in February 2006 (Interview 1).[10] Also, some member states found ways of avoiding quota cuts to their (relatively inefficient) domestic industries, resulting in further amendments to the legislation in September 2007. One interview (Interview 12) revealed admiration for how the Commission approached the reform. The initial price cut was a wake-up call. Then, despite member states' obfuscation the Commission, over two years, got the policy to the point where it respected the obligations and pressures faced. Even so, another interviewee was reluctant to talk about 'reform' (Interview 13), as the difficult policy tools were still in place and EU prices were still about twice world levels.

Conclusions

The multiple streams model, developed by Kingdon in the US, is used increasingly to study EU policy-making. However, early non-US applications revealed theoretical underdevelopments in some central components. The present paper has sought to address several inter-related concerns. Ambiguity in decision-making is a core feature of the MS model; this paper has considered ambiguity in EU decision-making in institutional terms: uncertainty over hierarchy within Commission structures is compounded when policy issues exist in multiple policy arenas (under the purview of different Directorates-General). This creates the potential for policy spillovers quite distinct from those envisaged by Kingdon. Such 'endogenous' spillovers mean, first, a policy issue subject to decision-making in one policy arena may affect causally decisions on that issue in other arenas. Furthermore, such spillovers affect the duration of policy windows. With ambiguous authority, windows held open for an extended time allow contestation over control of the decision-making process and the window. To aid analysis of decision-making in this setting, we draw an analytical distinction between policy entrepreneurs and the process of policy entrepreneurship. This reflects the relatively closed and technocratic nature of EU policy-making compared to the US system; and has helped guide our search for influential entrepreneurial activity by senior policy-makers institutionally-embedded in the highest echelons of the Commission.

The MS model, incorporating these adaptations, is then applied to an analysis of EU decision-making: the 2005 EU sugar policy reform, which occurred after several reforms to other sectors under the CAP. The paper sets out, first, why sugar was not reformed sooner. It then analyses a range of factors that, together, created an irresistible pressure for change. The first occurred through EU trade policy, when Trade Commissioner Lamy proposed a DFQF policy for Least Developed Countries, EBA, to include sugar. Unrestricted sugar exports would undermine the protected, high-priced, EU market regime. Interviews revealed he was fully aware of this; and was able to exploit his role as policy entrepreneur, through an endogenous spillover, to put pressure on DG-AGRI.

Whilst EBA opened the reform window on the domestic sugar regime, however, the transition period for free market access meant a reform response to EBA was not needed immediately: the window would be open for several years. In the meantime a Focusing Event, a WTO ruling against the EU sugar regime, imposed a more immediate timeframe on reform. By this time, moreover, a combination of reforms to other commodities and shifts in personnel resulted in pro-reform sentiment building even within DG-AGRI. Reforms to other commodities provided precedents in terms of policy instruments, whilst EBA and WTO factors dictated the magnitude of changes to key policy variables and the timing of the changes. That is, a full understanding of EU sugar reform must integrate all reform pressures. One interviewee (Interview 5) expressed doubts over whether the WTO ruling “caused” the EU reform. What our analysis has shown is that this was not sufficient, by itself, to explain fully the reform implemented; but was a key factor that, with EBA and sugar's exceptionalism, led finally to reform of the last major unreformed sector under the CAP.

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Endnotes

[1] The revised second edition of Kingdon's 1984 work.

[2] Initial political agreement was reached in November 2005, with amended legislation published in 2006. Following further changes in September 2007, only in 2009 did the Commission declare the reform process to be concluded (European Commission, 2009).

[3] See, *inter alia*, pages 125, 134, 138-9. On pages 146-7, where he says the entrepreneur can be an "insider", this still "involves working closely with decisionmakers".

[4] The 'CAP', usually referred to in the singular, covers multiple commodities and instruments, with distinct agronomic, economic, political and policy characteristics. This section highlights key features of sugar, to help explain why EU reform was not forthcoming for so long; and identify the pressures for "nondecision" (Bachrach and Baratz, 1970) to be overcome to enable reform.

[5] High prices and market protection suggest similarities between EU and US sugar policies. One notable difference is the place of sugar substitutes. The US is a sugar importer and a major corn producer – encouraging the development of sugar substitutes like high fructose corn syrup. EU corn production is less, whilst subsidies for sugar users limit demand for sugar substitutes. US corn producers thus benefit from and support the US sugar policy.

[6] See, *inter alia*, WTO 2004.

[7] We outline here the salient features of the case. All case documents are available on the WTO website (DS265 for Australia, DS266 for Brazil, DS283 for Thailand). See also Ackrill and Kay, 2009.

[8] DS113, also available on the WTO website.

[9] Document WT/DS265/36 of 9 June 2006 (available on the WTO website).

[10] Council Regulation (EC) No 318/2006, of 20 February 2006, on the common organisation of the markets in the sugar sector. Official Journal L58, 28 February 2006, pp.1-31.

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Interviews

1	9/8/2007	Policy analyst, London
2	14/8/2007	Policy advisor, Oxford
3	30/10/2007	Dept of Foreign Affairs and Trade Lawyer, Canberra
4	30/10/2007	Retired Australian Trade Diplomat, Canberra
5	13/11/2007	Australian Industry Official, Brisbane
6	14/11/2007	Brazilian Trade Diplomat, Canberra
7	19/2/2008	Official, DG-TRADE, Brussels
8	20/2/2008	Official, DG-DEVELOPMENT, Brussels
9	20/2/2008	Officials, DG-AGRI, Brussels
10	20/2/2008	Official, DG-DEVELOPMENT, Brussels
11	22/2/2008	Policy Advisor, sugar company, London
12	22/4/2008	UK producer representatives, Peterborough
13	24/6/2008	UK Government Civil Servant, London