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By Jerry Hagstrom

## TRADE

### **New French President Could Be Open To Ag Policy Change**

French President-elect Nicolas Sarkozy may be more open to change in European agricultural policy than outgoing President Jacques Chirac, but the increasing subsidization of biofuels in Europe is likely to reduce the impact of that change, a prominent French economics professor said Monday in Washington.

While "Sarkozy will probably be open to change" on agriculture, he has both criticized and defended the European Union's Common Agricultural Policy, said Patrick Messerlin, director of the Groupe Economie Mondiale at Sciences Po, France's elite school for political science studies.

Sarkozy's party -- known by the French acronym UMP -- has been "very careful to talk about a rural policy, not an agricultural policy" in this year's election, an indication the party is no longer as wedded to traditional E.U. subsidies, Messerlin told a seminar sponsored by the German Marshall Fund of the United States.

Messerlin also said Sarkozy had written a paper criticizing the CAP but later defended it in what could have been an internal party battle with Chirac. The real question, Messerlin added, is "Who is the real Sarkozy?"

He also noted that even though Sarkozy ran as a candidate of economic change who wants to increase the industrial work week beyond 35 hours, he also has said he wants to protect people from globalization.

In his first speech after the election Sunday night, Sarkozy urged other European leaders "not to remain deaf to the anger of the people who regard the European Union not as a protection, but as the Trojan horse of all of the threats carried by the changes in the world," according to an *Associated Press* report.

Sarkozy was elected with 53 percent of the vote and is scheduled to take office May 16.

France also will hold legislative elections in June.

Messerlin said French farmers could be more open to cuts in European Union subsidies as they become increasingly aware they are the most productive farmers in Europe, and that subsidies helping other European farmers stay in business are "against their own interests."

But Messerlin said farmers in France and other European countries are responding to the call to produce crops for biofuels, which involve subsidies and tax credits provided by national governments.

"Biofuels will mess [up] this imagined change," he said. "Biofuels are arriving at the worst time point, putting back real reform of the CAP." French biofuels subsidies, he said, are in the form of tax credits and licenses, which make them much harder to track than E.U. cash subsidies.

Messerlin also said he believes that a quick end to the Doha round of trade negotiations would probably mean a low quality agreement. He suggested three to four years of "silence and reflection" would be better.

He also said the World Trade Organization should improve the efficiency of its negotiating process by instituting shorter rounds and limiting the negotiations to market access and other trade issues, rather than the development issues in which it has become involved in recent years.