

A2 (Continental market)

Conditions:

General development philosophy:

- Social and cultural values can best be preserved in regional political alliances, within which nation states should keep as much sovereignty as possible. Optimum resource allocation among co-operating societies can largely be obtained by market-based solutions, but protection from other markets is necessary because different standards regarding e.g. working conditions, food safety, animal well-being and the environment impede the creation of a level playing field.
- Self-sufficiency is the key to steady development, shielded against the vagaries of third countries.
- Government intervention should be limited to core responsibilities with a strong focus on defence and security.
- Relatively lean government but high costs related to security (and support to agriculture) imply higher taxes than A1.
- International co-operation: non-interference unless vital interests of the alliance are at stake (e.g. combating international crime). Humanitarian aid, mostly by private initiatives, is given in reaction to catastrophes. Loose *Ad hoc* alliances, driven by political motives, may be formed with third countries.

Political situation EU:

- The EU forms a single market with the US and Canada.
- No further EU enlargement after accession of 10 CEEC; CEEC integration remains limited.
- No further development of supranational powers. National governments remain responsible for Foreign and security policy (2nd pillar) and fiscal policy as well as Justice and Home Affairs (3rd pillar).
- Very restrictive policy regarding international mobility of people from third countries. Limited possibilities for migration among member countries.
- Cohesion policy: not seen as priority. It is assumed that the market will take account of this.
- Social security systems unequal among member states; generally at lower level than currently in EU15.
- CAP subsidies: approximately at current level.

Market protection:

- Prohibitive import tariffs for competing products (e.g. meat, sugar, dairy, COP); low tariffs for tropical products, usually under politically motivated bilateral agreements.
- Food safety standards determined by European Food Authority (?);
- Little attention to non-trade concerns regarding imports from third countries.

Environment (pollution):

- Legislation principally focussed on issues related to public health.
- Enforcement of environmental legislation: zie A1
- Additional environmental standards (esp. for imports) may be imposed by purchasers (see A1 narrative); however, in practice consumer preference for regional products if available.
- The polluter pays principle is applied where possible.
- little attention to GHG emissions, but the use of bio-energy is supported in order to spare fossil reserves within the region and to relieve dependence on imports from third countries. R&D investments in technology to make this economically more attractive.

Nature, biodiversity and cultural heritage:

- Maintenance (and acquisition) of natural and cultural heritage is not a priority at EU level. Divergent policies among member countries. Within regions specific areas may be funded privately as in A1. This results in a strongly fragmented network of nature reserves.
- Hotspots of biodiversity are protected by national law; special attention is given to areas with a symbolic value confirming regional identities.
- Gene banks: As A1

Restrictions on land use / production:

- few and uneven restrictions to control competition between nature, agriculture and urban sprawl, except in a few sensitive areas;
- Agricultural production: production quotas of milk and sugar decrease to the level of self-sufficiency.

Consequences (interacting)

Economic growth

- Unequal, globally and within EU. CEEC lags behind; increasing poverty in rural areas of CEEC.
- Even more unequal in other regions; i.e. wealth disparities increase both regionally and globally.

Technology development as related to agriculture

- Uneven and fragmented. Communication on – and access to – new technologies is hampered by weak international institutions and lack of interest to participate in international platforms. Technology development is mostly targeted to cost reduction.