

REVAMPING MULTILATERALISM:
AN ANALYSIS OF THE RELATION BETWEEN COOPERATION ARRANGEMENTS
AND SUSTAINED MULTILATERAL COOPERATION

JAN SIMONSON HOEFNAGELS

433694JS

M. Sc. International Public Management and Public Policy

Faculty of Social Sciences

Erasmus University Rotterdam

JULY 23, 2017

Supervisor: Dr. Koen Stapelbroek

Word count: 24,464

Abstract

This research analyses the relation between Canada's participation in certain types of cooperation arrangements in international trade and its approach to multilateral cooperation. Given that the study is rooted in regime theory, liberal institutionalism and social constructivism, it assesses the impact of organisational and institutional structures in inducing preference adaptation through socialisation processes, multilateral rule-making and the development of effective compliance mechanisms. Three types of multilateral cooperation arrangements are compared to measure the effects of their structural components and social mechanisms on their propensity to generate sustained multilateral cooperation. The covariational analysis reveals that the participation in substantive multilateral arrangements, such as the European Union (EU), reflects a genuine commitment to sustained multilateral cooperation. Conversely, an approach to multilateralism that is based on the proliferation of trade agreements, such as North American Free Trade Agreement (NAFTA) or the Comprehensive Economic and Trade Agreement (CETA), signifies a multilateral approach based on instrumental multilateral cooperation. The study concludes that Canada's multilateral approach to international trade does not reflect its rhetoric concerning multilateralism as it participates in and promotes the proliferation of trade agreements which epitomise instrumental cooperation arrangements. Thus, the research's main argument is that Canada ought to promote the creation of and participate in substantive multilateral arrangements.

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List of abbreviations

APEC: Asia-Pacific Economic Cooperation

BECC: Border Environment Cooperation Commission

BRICS: Brazil, Russia, India, China and South Africa

CETA: Comprehensive Economic and Trade Agreement

CJEU: Court of the Justice of the European Union

COREPER: Committee of Permanent Representatives

DSB: Dispute Settlement Body

DSU: Understanding on Rules and Procedures Governing the Settlement of Disputes, or Dispute Settlement Mechanism

ECOWAS: Economic Community of West African States

ECSC: European Coal and Steel Community

EU: European Union

FTA: Free trade agreement

FTC: Free Trade Commission

GATS: General Agreement on Trade in Services

GATT: General Agreement on Tariffs and Trade

GDP: Gross Domestic Product

GPA: World Trade Organisation Agreement on Government Procurement

ICSID: International Centre of Settlement of Investment Disputes

ITA: World Trade Organisation Information Technology Agreement

IMF: International Monetary Fund

NAAEC: North American Agreement on Environmental Cooperation

NAALC: North American Agreement on Labour Cooperation

NADBank: North American Development Bank

NAFTA: North American Free Trade Agreement

NORAD: North American Aerospace Defence Command

QMV: Qualified majority voting

SEA: Single European Act

TEU: Treaty on European Union

TFA: World Trade Organisation Agreement on Trade Facilitation

TPP: Trans-Pacific Partnership

TRIMS: Agreement on Trade-Related Investment Measures

TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights

UN: United Nations

UNCITRAL: United Nations Commission on International Trade Law

US: United States of America

USD: US Dollar

WTO: World Trade Organisation

“Of course, all effective means of international governance involve strengthening ties among nations...”

Richard Rosecrance, 2008

“... the most interesting debates are not the debates between unilateralism and multilateralism, but what kind of multilateralism.”

Richard Haass, 2003

“... for genuine multilateralism to exist... cooperation must be deep-rooted and extended over a lengthy period of time”

Fen Olser Hampson, 2010

Chapter I: Introduction

In October 2015, Canada's newly-elected prime minister, Justin Trudeau, announced that after nearly a decade Canada would renew its commitment to multilateralism and its institutions (Devex, 2015). According to policymakers and several academics, multilateralism has been a core element of Canada's foreign policy tradition as it allows it to have a voice on global affairs through forums that facilitate dialogue, cooperation and coordinated action (Cantin, 2016; Devex, 2015; Gravelle et al., 2014; Keating, 2013; MacKinnon, 2015; McKercher and Sarson, 2016). Two years later, the Canadian Minister of Foreign Affairs, Chrystia Freeland stressed Canada's commitment to "a global order based on rules", whose "standards... [should be] internationally respected, enforced and upheld" (2017). Free trade and the multilateral forums such as the World Trade Organisation (WTO), the Group of 20 (G20), and the United Nations (UN) were coined as key elements in fostering closer international cooperation. This rhetoric sparked tremendous enthusiasm in policy circles and the media. Indeed, Canada promotes itself as a champion of multilateralism and international cooperation. Countries that do so generally advocate for a strong UN system, and support cooperation arrangements that promote dialogue and cooperation, like the WTO.

Multilateral cooperation arrangements are some of the most highly institutionalised types of cooperation arrangements and can take various forms. This research outlines three broad categories of multilateral cooperation arrangement, based on their propensity to foster sustained multilateral cooperation. To devise these categories, liberal institutionalism and constructivism are jointly employed in analysing international cooperation and multilateralism. This combination allows to investigate whether certain kinds of arrangement are more conducive to generate sustained multilateral cooperation, as their structures influence patterns of behaviour by regulating the environment in which interactions take place. Thus, these types of multilateral cooperation are examined to determine the way they induce their members to cooperate in a sustained and multilateral fashion in global affairs.

This research turns to international trade to assess the inclination of various multilateral cooperation arrangements to foster sustained multilateral cooperation and evaluate a country's commitment to tackling global issues in a multilateral fashion. Indeed, the contemporary system of governance regarding international trade is composed of several cooperation arrangements, such as international organisations, trade agreements and less formal arrangements, each creating

distinct institutional frameworks and procedures that in turn manage and regulate trade and interstate relations. Some may claim that “what is true for international trade is almost certainly *not* true for multilateralism in international politics”, but cooperation in trade is often a stepping stone for further cooperation in global affairs (Zartman and Touval, 2010: 48). Robert Keohane claims that the contemporary trade regime is “nested within a set of other arrangements – including those for monetary relations, energy, foreign investment, aid to developing countries, and other issues” (1982: 334). Barry Buzan further argues that trade creates pressure for codes of conduct that facilitate exchanges and provides assurances of security in realms that go beyond commerce (1993: 341). It would thus be incorrect to assume that analysing multilateral trade arrangements cannot tell us anything about multilateral cooperation more broadly. Indeed, the dense and varied network of multilateral arrangements in international trade allows for a rich comparative analysis and provides a substantial amount of cases from which to choose (Yarbrough and Yarbrough, 1992; Pahre, 2008; Simmons, 1998). Therefore, this research turns to international trade to assess the comparative utility of various types of multilateral cooperation arrangements

Problem definition

The problematic this study unravels concerns the translation of commitments made by governments regarding international cooperation into consequent foreign policies and actions on the global scene. Several countries publicly embrace the concept of multilateralism and portray themselves as staunch supporters of multilateral cooperation, but there is often a gap between the promotion of multilateralism and its practice. Canada’s participation in, and support for, multilateral cooperation arrangements and its commitments to working multilaterally to solve global problems is considered as a staple of Canadian foreign policy (Black and Donaghy, 2010: 1). However, its policies pertaining to global affairs demonstrate a limited adherence to multilateralism and sustained multilateral cooperation. The latter concept, which is at the core of this research, refers to cooperation based on indivisibility, codes of appropriate behaviour and diffuse reciprocity, maintained over an extended period, generally without interruption. The concepts of multilateralism and sustained multilateral cooperation will be expanded in Chapters II and IV respectively. Thus, given that multilateralism – let alone sustained multilateral cooperation – is a misunderstood concept in the field of international relations, it is relatively easy for governments to participate in cooperation arrangements that are multilateral in a nominal sense

(i.e. including three or more members) but not multilateral in substance. A country's participation in different types of arrangements reflects its 'practice' of multilateralism. In other words, a country's commitment to promoting multilateralism and multilateral cooperation should not be dissociated from its engagement in multilateral arrangement. Contextualising such actions in the broader discursive framework articulated by government officials and civil servants highlights the gap between the discourse and practice of multilateralism. This discrepancy is highly problematic and ought to be addressed.

Research objectives and research question

The aim of this study is two-fold: on one hand, it seeks to uncover which types of multilateral cooperation arrangements are most inclined to foster sustained multilateral cooperation through an analysis of their structural characteristics. The study will thus shed light on the relationship between the structure of these arrangements and the promotion of sustained multilateral cooperation. Given that the research is rooted in social constructivism, the propensity of these structures to create change through socialisation mechanisms¹. On the other hand, the research aims at highlighting the gap between discourse and practice with respect to multilateralism in global affairs. As this research focuses on Canada, the discourse outlined by government officials and policy documents regarding multilateralism will be analysed and compared to the country's multilateral practices. In the light of these objectives, the study situates itself in a broader academic discussion concerning the increasingly dense and thick character of the global trade system and the desire to explain patterns of cooperation in order to improve our understanding of the global order (Bhagwati, 1995; Keohane, 1982; Renard, 2016).

To fulfil these goals, the study will explore the intricacies of cooperation in global affairs, more specifically multilateral cooperation, and provide an insight into the typology of multilateralism. By navigating through the literature of cooperation, multilateralism, international organisations, and international trade (this research's focus area), the impacts multilateral cooperation arrangements have on their members and international cooperation more broadly will be uncovered.

¹ These mechanisms will be further discussed in Chapters II and III.

The following research question will thus guide this study:

Why does Canada's multilateral practice in international trade fail to produce sustained multilateral cooperation when its rhetoric on multilateralism implies otherwise?

In order to adequately answer the central research question, three sub-questions are to be addressed:

- *What type of multilateral cooperation arrangement fosters sustained multilateral cooperation?*
- *What is Canada's approach to multilateral cooperation in the field of international trade and how it fares against commitments?*

Relevance of the study

Academic

Much of the literature concerning global trade is rooted in the disciplines of economics, focusing on market forces, macro- and micro-economic factors. Political scientists and students of global governance sought to analyse global trade in the light of power relations among states, international law, governments' foreign policy strategies and the emergence of global governance regimes. This research situates itself within this tradition, as it explores the intricacies of international cooperation and cooperation arrangements. Moreover, as this research touches upon several sub-disciplines of global governance, such as international law, regime theory, social constructivism, and structural realism, it demonstrates that studying such complex phenomena cannot be done from a single theoretical angle.

It also addresses a significant gap in the literature regarding multilateralism. Many studies that study why states engage in multilateral arrangements use the vantage point of small and large states, failing to account for middle powers. In short, the present research is relevant from an academic standpoint since it contributes to the scientific discourse of international cooperation and regimes of governance, examines under-researched elements of this discipline, and will diversify the research methods and approaches employed in this field.

Sociopolitical

In the recent years, many cooperation arrangements have been criticised and their legitimacy questioned. Large trade agreements, such as NAFTA, the Comprehensive Economic and Trade

Agreement (CETA) and the Transpacific Partnership (TPP), are criticised as they are deemed to produce unfair and sometimes damaging outcomes. The failure to conclude the Doha Round of negotiations has plagued the WTO highlight the deficiencies in the current approach to multilateralism in international trade. Furthermore, substantial criticism is directed at the EU, and other organisations such as the United Nations (UN), the North Atlantic Treaty Organisation (NATO), the International Monetary Fund (IMF). Such discontent has valid grounds, but many of the benefits of these arrangements are seldom acknowledged and often misunderstood. This research will thus demonstrate that, in the case of certain multilateral arrangements, much praise can be given as it has positive consequences on the system of global governance and interstate relations.

From a policy perspective, this research offers a clear typology of the forms of cooperation in global affairs, and demonstrate the benefits and shortcomings of taking part in these various arrangements. This is useful for policymakers as the contemporary international trade regime is highly dense and complex. Furthermore, given the legitimacy crisis outlined above, it is crucial to study multilateralism and international cooperation in order to sketch out the ways in which actors of global affairs can contribute to the survival and reform of certain multilateral arrangements. Therefore, it is paramount to offer an adequate toolkit to policymakers, which is what this research aims to achieve.

Having defined the problems this study seeks to tackle and outlined its objectives, the following chapter reviews the literature on international cooperation, multilateralism and cooperation arrangements pertaining to trade. Chapter III sheds light upon the theoretical foundations of this project, outlining the framework that will guide this research analysis. Chapter IV outlines the design of the research. The methodological components of the research will be addressed, the variables operationalised, and the case selection justified. Chapter V consists of the core of this research: first, the structural components of three multilateral cooperation arrangements, namely, the North American Free Trade Agreement (NAFTA), the World Trade Organisation (WTO), and the European Union (EU), will be analysed. This selection of cooperation arrangement will also be discussed in Chapter IV. Second, Canada's rhetoric concerning its multilateral engagement globally will be assessed. Third, the actions taken by the Canadian government in international trade will be outlined in order to determine whether

multilateralism, and more specifically sustained multilateral cooperation, is indeed a core tenet of Canada's foreign policy strategy. Chapter VI will conclude the research, answer the research question, and offer recommendations for both academic and policymakers.

Chapter II: Literature review

The literature on cooperation in trade and multilateralism is vast and can be tackled from several vantagepoints. Given that the study aims at uncovering the types of cooperation arrangement that best promote sustained multilateral cooperation, it will focus on the structures and operations of particular arrangements, along with the impact of their institutional design on the regulation of state behaviour (Haggard and Simmons, 1987; Koremenos, Lipson and Snidal 2001; Abbott and Snidal, 1998). Therefore, this research approaches international cooperation and multilateralism from an institutional perspective, rather than discussing economic models, trade flows and issues pertaining to international law. Whilst these outlooks offer a critical insight into the formation of trade agreements and international organisations, they do not uncover the links between the structures of cooperation arrangements and their impact on international relations.

A review of the existing body of literature on cooperation and multilateralism will situate the research's main concepts in the discourse and practice of international relations and its theories. It will start with an assessment of the development of interstate cooperation in anarchic, self-help systems, followed by a deconstruction of the concept of cooperation to shed light upon the different lines along which cooperation arrangements can be categorised. The different types and forms multilateral arrangements take will be discussed. Thereafter, a short analysis of cooperation in international trade will be conducted. Multilateralism will then be addressed, both in nominal and qualitative terms, and will serve as a basis for outlining the concept of sustained multilateral cooperation.

Unilateralism and self-help

As Keohane claims, "to understand cooperation, one must also understand the frequent absence of, or failure of, cooperation" (1988: 381). Thus, without lingering on the instances in which cooperation is absent or fails, a brief outline will be made about self-help and unilateralism. The core assumption of realist theory is that, in a context of anarchy and distrust guides behaviour, actors remain wary of one another as they try to maximise their gains, and, ultimately, survive. Thus, given the uncertainty fostered by the anarchical nature of the system, prospects of cooperation remain largely inhibited (Grieco, 1988: 485). To some extent this remains true in the realm of security and defence, but the same cannot be said for trade. In an anarchic (economic) environment, actors are brought to act unilaterally, meaning that their trade policies are carried

through “regardless of what other countries do” (Pahre, 2008: 45). Given that “each country’s unilateral actions affect the other”, others retaliate and design policies that have the opposing effects (Pahre, 2008: 177). This tit-for-tat behaviour thus comes to characterise the nature of international relations in such environment. The issue with such scenario is that, in some cases, self-improving individuals can lead to self-harming crowds (The Economist, 2016a). Thus, without a consideration for the future, actors seeking to maximise their immediate, selfish gains may very well, collectively, create a suboptimal situation than if they had taken each other’s interests into account, if they had cooperated. Put simply, “a failure to act jointly (i.e. unilateralism) actually makes foreign trade policy less effective” (Pahre, 2008: 178).

Cooperation

According to William Zartman and Saadia Touval, cooperation is a situation where actors agree to work together to produce new gains, material or perceived ones, which would not be available to them through unilateral action, at some costs (2010: 1). When deconstructing this description, three elements come to light that should be examined. Firstly, joint problem-solving; secondly, mutually beneficial transactions and the production of new gains that might otherwise be absent; and thirdly, costs, which pertain to transaction costs and reduced autonomy. Robert Keohane (1984) and Charles Lipson (1991) stress that cooperative arrangements are based on shared expectations of behavioural change as “actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination” (Keohane 1984: 51-2).

Robert Pahre has a dichotomous understanding of cooperation, has behaviour changed or not, did the actor modify its behaviour in light of the expectations? (2008: 157-9). However, the picture is more complex than that, especially with regards to multilateral cooperation, and therefore this study will perceive cooperation as a continuous concept. George Downs, David Rocke and Peter Barsoom (1996) argue that there are different levels, or ‘depths’, to international cooperation. Contrary to ‘broad’ cooperation arrangements, which focuses on the number of players of a given arrangement, ‘deep’ cooperation touches upon several policy areas (Downs, Rocke and Barsoom, 1996, 1998). For example, contemporary cooperation in the field of security is rather shallow, whereas it is deeper with regards to international trade relations. Indeed, the contemporary structure of international trade has grown in complexity and density, as it “rests on an extensive network of international organisations, less formal [configurations] and treaties” (Pahre, 2008: 3).

Jagdish Bhagwati speaks of a “spaghetti bowl phenomenon” to describe the intertwined nature of trade agreements in the absence of multilateral cooperation (1995: 4). Despite its complexity, this network plays a key role in managing and regulating international trade relations.

International cooperation and free trade

It is often assumed in academic and policy circles that cooperation in international trade manifests itself in trade liberalisation and free trade. This assumption is not entirely false, given that in the years following the Second World War, international trade relations had to be restored and economies had to be rebuilt. Leaders came to realise that protectionism and self-help were not the way to go, and therefore they opted for economic development driven by the creation of a network of bilateral trade agreements and the establishment of a predictable institutional framework for trade (World Trade Report, 2007: 35). Thus, the norm of joint action was through the establishment of reciprocal trade agreements that aimed to lower the barriers to trade among constituent members (Pahre, 2008: 178).

Free trade had not been widespread in Europe since the pre-World War I era. The 1833 Zollverein treaties between German states and the 1860 Cobden-Chevalier treaty between England and France “triggered a series of other treaties among European countries” (World Trade report, 2007: 35). This golden age of free trade gradually declined at the end of the 19th century, trade barriers increased, and “once protectionist forces took hold across many countries, governments could blame the behaviour of others to justify their own trade restrictions” (World Trade Report, 2007: 38). Trade entered a further period of turmoil during World War I, and the interwar period was fuelled by mistrust among countries. World War II unsurprisingly further disrupted international trade relations. It thus took the US leadership in world affairs to set up a framework that fostered cooperation through economic interconnectedness. The General Agreement on Tariffs and Trade (GATT) pre-committed governments to a policy stance: neoliberalism and market-based policies. Consequently, international cooperation in the field of trade came to be equated with the promotion and proliferation of free trade agreements (FTAs).

However, international trade cooperation can take several other forms than trade agreements, and the remainder of the current literature review will shed light upon them. Indeed, instead of studying cooperation pertaining to dynamics of collective action (Olson, 1965), the provision of public goods (Molle, 2014) and costs (Snidal, 1996) is vast, but this research will

rather investigate the elements regarding the types and forms cooperation arrangements, their structure, and the processes they engender.

Cooperation arrangements: types, forms, and processes

Lipson has argued that when states cooperate, they can do so through “bilateral and multilateral treaties, in which states acknowledge their promises as binding commitment with full legal status” or through “tacit agreement, in which obligations and commitments are implied or inferred but not openly declared” (1991: 502). This distinction between tacit and explicit is thus the most basic way of categorizing cooperation arrangement. Jim Doran et al. (1995) use the following terminology to distinguish tacit and explicit cooperation arrangements: non-communicative and communicative. The former is when actors intentionally send and receive signals (i.e. communicate) in order to cooperate, whilst the latter case, actors “coordinate their cooperative activity by each observing and reacting to the behaviour of the other” (Doran et al. 1995: 2). Non-communicative cooperation is deemed as tacit as it relies on unspoken understandings and agreements, which was the case regarding the security relationship between the USA and the Soviet Union during the Cold war. Indeed, in tacit cooperation arrangements, actors expect to improve their position if “its strategic choices are modified in expectation of reciprocal changes by others” (Lipson, 1991: 500).

Richard Little points to the level of explicit rule formulation and expectation of compliance (Baylis, Smith and Owens, 2014: 293)². Categorizing cooperation arrangements on these axes, three distinct groups emerge: tacit arrangement, dead-letter arrangements, and complete arrangements (See *Table 2.1*). The conception of a tacit agreement remains the same; their existence is not openly expressed, formal rules are not clearly set out, but compliance is, to a certain degree, expected. A dead-letter agreement is when “formal rules have been brought into existence without any expectation that they will be observed” (Baylis, Smith and Owens, 2014:

² The terminology used by Little has been modified, as it originally dealt with the categorisation of regimes. It has thus been adapted to fit the broader object of study, namely ‘cooperation arrangements’. Furthermore, some terms were deemed misleading and have therefore been adjusted. Explicit rule formulation was coined ‘formality’ and ‘expectation of compliance’ was called ‘convergence expectations’. In the former case, the term was misleading, as formality can be closely associated with the structural elements of an arrangement, either in organisational terms or with regards to membership/groups dynamics. In the latter instance, it seemed to presuppose that action and policies of members would converge, to move towards one another, which has nothing to do with the “expectation that... rules will be observed” (Baylis, Smith and Owens, 2014: 293).

293). A complete arrangement is one where both rules are clearly and formally delineated, and where the expectations of behaviour modification are high.

Table 2.1. Types of cooperation arrangements

| | Low level of rule formulation | High level of rule formulation |
|--|-------------------------------|--------------------------------|
| Low expectation of behaviour modification | No arrangement | Dead-letter arrangements |
| High expectation of behaviour modification | Tacit arrangements | Complete arrangements |

Adapted from Little in Baylis et al. 2014.

Tacit arrangements will be discarded from this study since their existence is hard to verify, given that “what looks like a silent bargain may simply be a Nash equilibrium³” (Lipson, 1991: 529). According to this categorisation, the study will investigate explicit arrangements, which comprises both dead-letter arrangements and complete ones. Explicit cooperation arrangements can take several forms, and for the purpose of this research they have been categorised as follows: informal arrangements, treaties, international organisations. These three types of arrangements fit Doran et al.’s (1995) category of communicative cooperation, as they are the product of deliberate actions aimed at fostering cooperation and dialogue. However, they can vary greatly in terms of organisational and institutional structure. This categorisation thus accounts for these differences.

Informal arrangements are devised to avoid elaborate ratification in the case, as opposed to treaties, and from a desire to avoid formal and visible pledges, and to retain the ability to renegotiate or modify as circumstances change, or the need to reach agreements quickly (Lipson, 1991: 501). Informal arrangements are flexible, but also more easily abandoned than formal, written down agreements. In the area of trade, informal arrangements are not common given the rules set out by the WTO regarding trade agreements (Molle 2014, chapter 5). One may find it useful to think of ‘informal trade talks’, as they offer non-official channels of discussion between trading partners and outline the broad strokes of future formal agreements, such as free trade deals. Take for example the informal trade talks between Canada and the United Kingdom ahead of the

³ Nash equilibrium: a situation in which “each player chooses [its] best response to the other’s strategy” (Pahre, 2008: 184).

latter's exit of the EU (CBC, 2017). The outcomes of these informal arrangements are often hidden from the public and kept away from bureaucratic control.

Another form of informal arrangement is 'groups'; they differ from coalitions which Robert Wolfe defines as "groups of states working within international organizations" (Alexandroff, 2008: 327). Groups are loose in form, especially with regards to their organisational structure, and do not infringe on their members' sovereignty. The Group of 8 (G8), the Group of 20 (G20), and the BRICS, just to name a few, fit this category⁴. Indeed, as states can coalesce into clubs, or groups, they may opt for flexibility, for arrangements whose organisational structure differ greatly from international organisations, arrangements that are generally devoid of headquarters, permanent staff, and legal powers. Furthermore, membership is not as rigid and demanding as those of certain international organisations. For example, the G8, which brought together the leaders of the main industrial powers was transformed into the Group of 7 (G7) in 2014 after Russia was expelled due to its annexation of Crimea that same year. These informal groups discuss global issues, often macroeconomic and financial ones, either at a ministerial level, or in high profile summits in which heads of states and of governments take part. They are crucial in global affairs as they can establish broad guidelines for policy action in a given area, or put issues at the forefront of the global agenda, and so without creating binding agreements. Indeed, Gstohl claims that such non-binding commitments allow their members to coordinate national policies and set the tone for further cooperation in more formal settings such as international organisations (2007: 2-4). They can also set the base for the development of more formal

⁴ The Group of 8 comprises of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States, plus Russia. Russia became a formal member in 1998, but has been suspended given its annexation of Crimea in 2014, leading to the G8 to be renamed the G7 since there are now 7 participating nations.

The Group of 20 is made of 19 countries - Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States – and the European Union. Spain also attends the G20 Summits, and countries can invite third-countries to participate when they hold the rotating presidency. Representatives of international organisations, such as the World Bank, the International Monetary Fund and others, are also regularly invited at G20 meetings (G20, 2017).

BRICS is an informal group where representatives of Brazil, Russia, India, China and South Africa convene to promote the interests of emerging economies. The term was first coined in 2001 by Jim O'Neill, economist at Goldman Sachs, who referred to Brazil, Russia, India and China (South Africa joined the group later in 2011) as the future global economic powerhouses.

arrangements to foster deeper cooperation amongst participating countries; for example, the BRICS Contingent Reserve Arrangement and the New Development Bank were established by the members of the BRICS in 2014.

One of the main difference between informal and formal cooperation arrangements is the sole reliance of the former on reputation in ensuring compliance. As argued by Lipson (1991), in a world of imperfect information and repeated interactions, reputation has value. Breaking a contract, or appearing to do so, produces a loss of reputational capital, and in turn may promote compliance (Lipson, 1991: 509). Simmons argues that “states anticipate paying a higher cost in the long run for breaking an agreement” even if it means that they may increase their immediate gains (1998: 81). This is especially true in multilateral settings as treaty violation would be exposed not solely to one counterpart, but to all members of the cooperation arrangement. However, the general importance of reputation in international relations does not guarantee that countries will not violate the agreement. Thomas Renard (2016) contrasts arrangements that rely on norms, principles and reputation to ensure compliance (i.e. informal arrangements) with those that have binding structures that constrain actions and decisions of their members (i.e. formal arrangements).

To overcome the limitations of relying on reputation, states devise more constraining arrangements such as treaties and international organisations. These formal arrangements increase the costs of violating the terms of the agreement by establishing mechanisms that offer “political backing for the exchange of promises” (Lipson, 1991: 505). Treaties are written agreements that allow parties to set the boundaries of their promises, omit controversial matters and raise the credibility of their commitments (Lipson, 1991: 498, 511). Compliance with international agreements is thus not solely based on the threat of losing reputation capital, but also on the premises of international law. Treaties may outline dispute settlement procedures, such as those in the GATT, but there has also been growth in international organisations and third-party enforcers, as exemplified by the creation of the WTO. This development points to the establishment of explicit legal instruments that seek to regulate interstate relations (Simmons, 1998: 75-6).

International organisations are purposive entities with explicit rules, decision-making structures, and capacity for action (Keohane, 1988: 384). The purpose that is implied refers to solving three central problems of global governance: the lack of a legal framework establishing liability for actions, transaction costs, and information imperfection (Keohane, 1982: 337-8). The

functional aspects of international organisations pertain to the pooling of resources to produce public goods that would otherwise be costly and difficult to create, increasing the regularity and predictability in actors' mutual relations, and the provision information to members about each other's behaviour – i.e. monitoring behaviour (Abbott and Snidal, 1998; Simmons, 1998, Keohane, 1982). Consequently, international organisations often establish supranational bodies, or third parties, to order the relations among sovereign states and carry out the organisation's functional tasks. However, as noted by Little, the authority of international organisations and third parties may vary greatly with regards to behaviour modification. In short, international organisations regulate interstate relations and produce public goods. The key dimensions of international organisations are the form of their organisational structure and the institutional design of their compliance mechanisms. Arguably, these categories can be broken into more specific areas, and more elements can be added to the list. However, this study does not seek to enumerate every function of international organisations. Instead, it focuses on the dimensions that can be used to compare them to other cooperation arrangements: their organisational form and their compliance mechanisms.

Scholars of European Union politics and (regional) integration discuss the structure of international organisations based on the influence different actors have in the policymaking process of these organisations, and the way political authority is structured. An organisation with a strong intergovernmental character is one where states retain sovereignty and are at the centre of the decision-making process, representing their interests and those of their constituents. Conversely, an organisation with a supranational character is one where states are not the only players in the policymaking process, as they have delegated some of their power within the organisation (Kreuder-Sonnen and Zangl, 330). Viewing an organisation as solely supranational or intergovernmental is problematic, as it does not allow for a nuanced understanding of cooperation arrangements. Even if the supranational bodies, or third parties, have considerable amounts of influence in the policymaking process, such as in the EU, interstate bargaining will remain central. It is the density of such interstate interactions that varies, and the extent to which supranational (third) parties can ensure compliance and the promotion of community norms among the members of the cooperation arrangement.

The third parties that are studied are those tasked with ensuring compliance. Indeed, in an organisation with a strong supranational structure, dispute settlement is generally delegated to third-parties as states agree to “give up a portion of the most basic aspect of their sovereignty – the authority to act as the final judge of one’s own actions – to authoritative international [organisations]” (Simmons, 1998: 76). The character of dispute settlement mechanisms of international organisations can vary greatly, as some have attained a fair degree of autonomy and neutrality, whereas the distribution of power and capabilities of its members still influence others. Giovanni Maggi argues that the effects of imbalance of power in international organisations is reduced when there is a third-party enforcer that allows “a transfer of enforcement power across relationships” (1999: 193). Furthermore, the outcomes produced by such dispute settlement mechanism do not have the same impact; in some cases, they can be overlooked by (large and powerful) members, and in other cases, the rulings have more ‘bite’ and cannot be discarded as easily, as the outcomes are legally binding.

The dichotomous characterisation of authority structures (intergovernmental versus supranational) serves as the starting point for Kreuder-Sonnen and Zangl’s categorisation of international cooperation arrangements. It is complemented by an assessment of the autonomy of the authority-holders; whether they are granted “basically unlimited discretion... or whether authority is legally constrained through democratic and judicial processes” (2016: 330). From there, they formulate four types of international cooperation arrangements: forums, discretionary arrangements, contractual arrangements, and constitutionalised arrangements⁵ (See *Table 2.2*). In forums, states are the sole actors who can exercise authority without legal constraints. They recognise one another’s authority, one another’s sovereignty, and it is understood that the only constraints on states’ actions come from their domestic constituencies, and not from the international level. Discretionary arrangements are instances in which authority is pooled and delegated to a third party “that is not legally constrained through democratic or judicial accountability mechanisms” (Kreuder-Sonnen and Zangl, 2016: 331). In contractual arrangements, states retain full control of their sovereignty, but have constrained their authority by mutual agreement. This means that states “have full discretion over the content of international agreements, which... can be subject to domestic – but not international – democratic and/or

⁵ The categories have been renamed to fit this study.

judicial accountability” (Kreuder-Sonnen and Zangl, 2016: 331). Finally, constitutionalised arrangements are those where states have pooled and/or delegated parts of their sovereignty to a supranational body and “established legal constraints, at the supranational level, of the authority of this body. (Kreuder-Sonnen and Zangl, 2016: 331).

Table 2.2. Kreuder-Sonnen and Zangl’s typology of cooperation arrangements

| | Legally unconstrained authority | Legally constrained authority |
|---------------------------------------|---------------------------------|---------------------------------|
| Intergovernmental authority structure | Forum | Contractual arrangements |
| Supranational authority structure | Discretionary arrangements | Constitutionalised arrangements |

Adapted from Kreuder-Sonnen and Zangl, 2016.

As much as this categorisation gives insight into the relationship between participants of cooperation arrangements and the third parties created as part of the institutional design of such arrangements, it offers a view that is too starkly dichotomous. Cooperation arrangements cannot fit neatly in these groups given that as much as an arrangement has developed a supranational authority structure, it is safe to assume that intergovernmental mechanisms for dialogue, negotiations and input will always have a core role in the policymaking process. This focus on the neofunctionalist-intergovernmentalist debate “leads to an unhelpful focus on formal characteristics of the actors at the expense of the processes which characterize, and flow from, their interactions” (Branch and Ohrgaard, 1999: 124). Therefore, this study focuses on these processes as well as the structures that encourage them. It thus assesses the ways in which these structures induce participants to internalise community norms and values, and ultimately realign of their preference and interests accordingly.

Cooperation arrangements, and especially international organisations, can be understood as “sites of socialization” (Checkel, 2005: 807). Jeffrey Checkel emphasises “the socializing effects of international organisations and institutions on the [actors] who participate in them” (2005: 806)⁶. Indeed, organisations are not to be solely seen as products of state calculations and

⁶ In this instance, scholars focused their attention on the socializing effects on individuals, national elites, but in this research, the subject of study is reframed. It will assess the impacts of socialisation on the members of a cooperation arrangements: states. Surely this state-centric approach may attract some criticism, but since this study places states

instruments to order relations among states, but also as entities capable of creating and diffusing norms; as locales where community values are created and diffused (Abbott and Snidal, 1998: 3). Such social environments are conducive for a socialising process to occur. International organisations have, to varying degrees, this effect. He also outlines the ways in which agents can be socialised into internalising new understandings of appropriateness (normative suasion) and adapting their behaviour accordingly (role playing) (Checkel, 2005). Accounting for processes that are rooted in social theory and social psychology, and applying them to the organisational and institutional characteristics of cooperation arrangements, illustrates the contribution social constructivism to studying regimes of cooperation. Similarly, this research focuses on the institutional and organisational elements that induce actors in accepting the norms and rules of a given community, of a given regime of governance.

As demonstrated above, the scholarly literature on cooperation, international organisations and other types of cooperation arrangements is vast, and strikingly, it is most often made in the backdrop of the realist assumption that anarchy and the several other factors inhibit cooperation to occur. This review has also demonstrated how close this field is to that of international law. Indeed, cooperation arrangements may curtail participants' sovereignty, depending on their institutional and organisation features. Furthermore, these features affect the socialising effects cooperation arrangements have on their members. It is in the area of trade that cooperation has flourished the most and where cooperation arrangements are numerous and vary considerably in depth and in form. Thus, analysing the organisational form and compliance mechanisms of NAFTA, the WTO and the EU will require bridging elements of international law and social constructivism: organisational structure affect the potential for socialisation, whilst compliance mechanisms reflect the way in which enforcement power is distributed and the rationale behind punishing actors who violate the terms of agreements.

Up until now, multilateralism has not been adequately addressed as some theoretical and conceptual groundwork had to be made. Trade cooperation arrangements are usually reciprocal trade agreements between two actors and do not develop into more complex arrangements such as

at the center of its analysis, it will look at the socializing effects of structures and processes on states, whilst acknowledging that the socializing effects are primarily felt by those representing states in international cooperation arrangements (i.e. national elites).

international organisations as it would be too costly to do so for only two participants (Pahre, 2008: 178). Thus, in order to capture the complexity of the landscape of international trade, the investigation ought to be centred on multilateral arrangements.

Multilateralism

Many scholars stress the importance of considering the difference between ‘multilateralism’, as a noun, and ‘multilateral’, the adjective (Caporaso, 1992; Martin, 1992; Ruggie, 1992; Zartman and Touval, 2010). Building upon the work of John Ruggie (1992), John Caporaso posits that “multilateralism is the idea of ‘an architectural form’, a deep organising principle of international life” (1992: 601-602). Conversely, the term ‘multilateral’ is an adjective that modifies the term ‘cooperation’. Indeed, multilateral presumes cooperation: “not all cooperation is multilateral, but all multilateral activities include cooperation” (Caporaso, 1992: 603). It implies a certain *type* of cooperation, which is based on the core principles of multilateralism. However, there is a great deal of variation in the degree to which cooperation arrangements conform to these principles, and therefore, they do not foster multilateral cooperation equally (Martin, 1992: 767). Assessing the debates concerning multilateralism allows to demystify this concept that is too often misunderstood and misused both in policy circles and academia. It also sets the basis to further understand sustained multilateral cooperation.

Some scholars argue that multilateralism should be regarded as the ultimate form of cooperation that should regulate international relations. Vincent Pouliot argues that “as an end in itself, multilateralism becomes a matter of routine – a ‘way of life’... – that could deliver oft-ignored advantages for global governance” (2011: 18-19). Instead, the current study shares Martin’s assumption that multilateralism is “a means rather than a goal” (1992: 767). Perceiving multilateralism as an end is problematic. On one hand, it presumes that there is a solution for to the multiple and complex problems of global governance, which is a naïve and overly simplistic stance to adopt. On the other hand, it reduces the utility of other forms of international cooperation that may, in certain instances, be more effective and efficient. This study posits that sustained multilateral cooperation must be conceived as one among many means states employ to conduct international affairs. This signifies that it must ‘compete’ with other forms of cooperation. Investigating the forms of multilateral cooperation arrangements thus enables scholars and

policymakers to compare the ways in which they foster sustained multilateral cooperation differently.

Multilateralism in trade is often associated with the WTO and its painfully slow negotiating process (the latest negotiation round, the Doha Development Round, began in 2001 and remains unfinished at the time to writing). Such a perception is however incorrect as it assumes that for a cooperation arrangement to be ‘multilateral’ it requires the participation of nearly-every country in the world and that “international collective goods will only be provided under configurations of hegemonic power” (Kahler, 1992: 686). This confusion is however understandable as it is the style of multilateralism that blossomed in the postwar years, and that was then put in contrast with ‘regionalism’ and ‘minilateralism’.

In the 1960s, the United States, being the world’s most powerful state, promoted trade liberalisation and sought to do so globally; to achieve this end, it established multilateral cooperation arrangements such as the General Agreement on Tariffs and Trade (GATT) – the precursor of the WTO. The costs of establishing and maintaining a multilateral order, along with that of creating international organisations, negotiation settings, and a network of arrangements committed to liberalizing trade, was taken up by the US. The hegemon “offered prominent solutions to the most serious coordination issues... and promoted relevant conventions of cooperation” (Lipson, 1984: 19). Multilateralism was thus associated with trade liberalisation, a desire for universal membership, and the centrality of hegemonic powers. Indeed, in mainstream political economy literature, the role of a hegemonic power in creating and maintaining an open international trade system is greatly emphasised, and given that the “postwar multilateralism... expressed an impulse to universality”, many associate multilateralism with globalism (Yarbrough and Yarbrough, 1992: 49; Kahler, 1992: 682; Molle, 2014: 25).

John Ikenberry points to the reasons behind the provision of global public goods by a hegemon: multilateral arrangements “can reduce the costs of enforcement of hegemonic rule”, while enhancing the legitimacy of the hegemon as it operates within a rules-based international order (Alexandroff, 2008: 117-8). Furthermore, it is argued that for the maintenance of a successful multilateral order, the hegemon ought to act as a strong arbitrator and supporter of multilateral cooperation arrangements (Yarbrough and Yarbrough, 1992: 65). However, this does not mean that multilateralism and multilateral cooperation arrangement are always to be fashioned this way.

Ruggie (1992) explains that the near de facto assumption that multilateralism entails trade liberalisation through channels bringing together nearly every state, under the leadership of a hegemon, is a product of *American* hegemony, not merely hegemony” (1992: 593). Keohane argues that multilateral refers instead to the practice of cooperation and coordination of national policies in a given (set of) policy area(s) among a group of three or more states (1990: 731).

According to the understanding that multilateralism rests on the centrality of hegemonic powers, multilateral cooperation arrangements are tools for great powers to cut the costs of managing global affairs, whilst increasing the legitimacy of the actions and policies it favours, and to avoid blame when things go wrong (Zartman and Touval, 2010: 71-2). Conversely, multilateral arrangements allow small, marginalised countries to have a voice in international forums. As scholars tend to focus on the implications of multilateralism on these two ‘categories’ of states, countries that are “neither great nor small in terms of international power, capacity, and influence, and [that] demonstrate a propensity to promote cohesion and stability in the world system” do not receive enough attention (Jordaan, 2003: 165). Indeed, middle powers, such as Canada, the Netherlands, Indonesia, and South Africa, are states that have considerable influence in world affairs, but that are not “global giants such as Japan, India and Germany” (Gilley, 2012; Cooper, Higgott and Nossal, 1994; Jordaan, 2010). Andrew Cooper, Richard Higgott and Kim Nossal argue that middle powers are generally inclined to seek multilateral solutions to international problems and to promote compromise and dialogue (1993: 19). Eduard Jordaan complements this assessment by arguing that the interests of middle powers may rest in “global stability, controllability and predictability” (2010: 166-7). The link between middle powers and multilateralism is thus not novel, but has clearly been under-researched. Therefore, this study will seek to go beyond the hegemonic ontology of multilateralism.

Furthermore, the perceptions engendered by the postwar experience blurred the conception of what constitutes, nominally, a multilateral arrangement. As mentioned above, after the Second World War, the US sought to create universal cooperation arrangements, but as some countries came to be displeased with the slow pace of liberalisation in these arrangements, smaller groups of like-minded and/or geographically-close countries were created. They aimed at deepening the economic cooperation among members whilst negotiations continued to take place at the GATT level. The success of these blocs, especially the European Community (precursor to the EU),

ignited the ‘broader-deeper trade-off debate’ (Gilligan, 2004): whether multilateral arrangements should strive for universal membership with ‘shallower’ cooperation, or restricted clubs with ‘deeper’ integration. This debate also echoes Mancur Olson’s logic of collective action: the more actors there are in a multilateral cooperation arrangement, the more complicated it will be to produce meaningful outcomes, as there are more interests to account for. Thenceforth, multilateralism was contrasted to minilateralism and regionalism. In order to categorise these arrangements, scholars developed new terms to provide further analytical precision, but instead confusion ensued. Yarbrough and Yarbrough made the following statement to differentiate the different types of ‘lateralisms’:

“...’unilateralism denotes autonomously chosen policies by a single country...; ‘bilateralism’ covers policies negotiated by two countries...; ‘mini-’ or ‘plurilateralism’ refers to policies agreed to by a group of three or more countries (for example NAFTA); and ‘multilateralism’ is reserved for large-scale agreements (such as the GATT).” (1994: 102).

Such statement however is alarmingly misleading. The authors used the commonly agreed-upon definition of multilateralism put forth by Keohane (1990) and conveniently stamped it in the concept of minilateralism, whilst omitting a crucial element of this last concept. Niam Moises, editor in chief of *Foreign Policy*, argued that minilateralism was the practice of bringing together “the smallest possible number of countries needed to have the largest possible impact on solving a particular problem” (2009: 136). Moreover, Yarbrough and Yarbrough’s definition of multilateralism is so deeply engrained in the historical dimension of the concept that it is erroneous. It is thus paramount to overcome such pitfalls and root the definition in the qualitative elements of the concept.

Regionalism refers to cooperation arrangements made among neighbouring territorial units; it is thus a multilateral arrangement whose membership is defined on a geographical basis (Cho, 2001). Unlike minilateralism, it does not seek to make the most bang for its buck, but rather to bring together countries that are close to one another. Minilateralism and regionalism are thus seen as more restrictive forms of multilateralism. This research does not offer such a comprehensive analysis of these concepts as it uses a broad conceptualisation of multilateralism, which encompasses both minilateralism and regionalism. Instead, it focuses on the processes that emanate from different cooperation arrangements between three or more parties. However, it

distinguishes between tactical and substantive multilateralism, echoing Emanuel Adler's conceptualisation of 'thin' and 'thick' multilateralism (Kupchan et al., 2001). Thin multilateralism refers to "the proliferation of multilateral organizations and practices" and is based on "the instrumental logic of self-interested states [to] coordinate their policies" (Kupchan et al., 2001: 146). Conversely, thick multilateralism refers to a self-conscious effort to build a society of states around "core values derived common institutions and mutual responsiveness" (Kupchan et al., 2001: 146). Adler employs these concepts in the field of international security but his focus on social learning captures the effects of organisational and institutional structures studied in this research. Thus, this distinction is crucial as some cooperation arrangements only foster instrumental multilateral cooperation, which is closely linked to tactical multilateralism, whilst others promote sustained multilateral cooperation, which relates to substantive multilateralism.

Ruggie addresses the qualitative dimension of the concept, and paraphrases William Diebold (1988) when stating that multilateralism is not only about the number of parties involved in a multilateral arrangement, but also about "the kind of relations that are instituted among them" (1992: 566). Indeed, multilateralism – as a regime of governance – is different from bilateralism given the principle of sovereign equality of states; "smaller, weaker states were believed to be disadvantaged by bilateralism" whereas multilateralism seemed to offer a levelled playing field (1992: 681). Caporaso outlines three properties that characterise multilateralism, and argues that they ought to be seen as a coherent ensemble: indivisibility, generalised principles of appropriate conduct, and diffused reciprocity (Caporaso, 1992: 601-2). The first refers to "the scope... over which costs and benefits are spread, given an action initiated in or among component units" which increases the necessity of cooperation among the group (Caporaso, 1992: 602). The second, which pertains to the nature of a multilateral regime of governance, concerns the shift from differentiating relations case-by-case to a mode of relation among states that is circumscribed by a set of norms prescribing appropriate conduct (Ruggie, 1992: 571; Caporaso, 602). It will be added that these norms are often based on community values, on an understanding that members are part of a society and not solely a system of states. The last element, diffused reciprocity, "adjusts the utilitarian lenses for the long view, emphasising that actors expect to benefit [from the arrangement] in the long run and over many issues, rather than every time on every issue" (Caporaso, 1992: 602). Taken as a whole, these elements allow for multilateral cooperation arrangements to be successful and sustainable as they render "cross-sectoral and intertemporal

trade-offs and bargains feasible” (Ruggie, 1992: 594). Thus, multilateralism fosters an environment where collective responses are required given that they frame the threats to and challenges faced by the community as indivisibly affecting all its members (Ruggie, 1992: 570).

The definition employed in this research will be largely based on Keohane’s (1990) and will be complemented by the contributions of Ruggie (1992), Caporaso (1992) and Brian Job (1997, see Zartman and Touval, 2010, chapter 4): *Multilateralism is a practice of cooperation and coordination among three or more states, involving the development of shared norms and collective identities, characterised by indivisibility, generalised codes of behaviour, and diffused reciprocity*. It does not prescribe the development of particular types of cooperation arrangements, and refrains from being influenced by the pre-existing conceptions of multilateralism that are rooted in historical experiences. Instead, it aims at highlighting the baseline of what constitutes multilateralism, nominally and qualitatively.

Multilateral cooperation is thus a type of cooperation that incorporates these principles and promotes their use in the conduct of international relations through various structures and mechanisms. In turn, it fosters the creation of a common normative milieu where trust-building practices are facilitated through social learning mechanisms and structures that encourage socialisation and a new rationale for the pursuit of national interests based on the expectations of other members of the cooperation arrangement— i.e. preference adaptation (Kupchan et al, 2001: 140). Sustained multilateral cooperation runs deeper than the traditional understanding of multilateral cooperation given that its perpetuated use over an extended period of time facilitates the internalisation of the aforementioned principles as well as the realignment of state interests. It is thus more closely associated with thick multilateralism, as it goes beyond the mere establishment of multilateral cooperation arrangements to instead normalise its practice and create a normative setting where the values of the society of states are internalised, upheld and enforced.

This definition adopts a state-centric understanding of multilateralism; a stance that causes controversy in academic circles. Indeed, some scholars argue that the state is no longer the principal actor in global affairs, and that key branches of civil society are excluded from participating in the current institutions of global governance (Zartman and Touval, 2010: 68). Furthermore, Fen Osler Hampson argues that multilateralism should be associated with concepts of “equity, empowerment, fair representation and even democracy” (Zartman and Touval, 2010:

61). Others have advocated for the decentralisation of the international trade regime to sustain globalisation, and that the focus should rather be on non-state entities, such as domestic groups, civil society, transnational social movements and the like (Cox, 1981; Pahre, 2008; Smith, Chatfield and Pagnucco, 1997). While the need to further investigate the different actors and levels at which cooperation takes place is recognised, this research focuses on interstate relations and trade cooperation arrangements.

In short, the structural elements of a multilateral cooperation arrangements are crucial in shaping the relation among members. They determine the frequency to which states cooperate with one another and shape the environment in which interactions take place. They also impact members' expectations regarding compliance and interest convergence. Thus, in the light of this literature review, three broad categories of multilateral cooperation arrangement pertaining to international trade relations have been created to illustrate these variations. They are categorised according to their propensity to promote sustained multilateral cooperation, starting with the one having the least impact to the one with the most:

- Instrumental cooperation arrangements;
- Partial multilateral arrangements, and;
- Substantive multilateral arrangements.

A thorough assessment of the ways in which the structural elements of these three types of multilateral cooperation arrangements will be conducted in Chapter V. There, the structures of the North American Free Trade Agreement, the World Trade Organisation and the European Union will be analysed. The theoretical framework and methodological approaches to adequately carry out the research will be discussed before delving into the case studies.

Chapter III: Theoretical framework

Navigating through the literature of international cooperation and multilateralism, with a focus on international trade, has brought to light the complexities of these concepts and the academic debates surrounding them. Consequently, several categorisations of cooperation arrangements have been developed by scholars. In the light of the research's objectives, three categories of multilateral cooperation arrangements have developed based on their propensity to foster sustained multilateral cooperation. Given that the concepts of norms, values and social learning are central to multilateralism and sustained multilateral cooperation, in addition to the presumption that there is a certain organisational and institutional baseline to regulate interstate relations, the research bases its analysis on the following theoretical traditions: liberal institutionalism, regime theory, social constructivism.

Indeed, what sets this research apart is its theoretical approach to multilateral cooperation and international trade. Neoclassical trade theory, business-cycle theory, political power/voting theories and hegemony-based theories⁷, along with approaches centred on interest groups and transaction costs, compose the bulk of the theoretical tradition to study patterns of global trade (Yarbrough and Yarbrough, 1992: 13). Such approaches tend to deal with cooperation arrangements at such a broad level that it has little to say about institutional, organisational and social components of cooperation arrangements (Abbott and Snidal, 1998: 6). Therefore, this project will make a use of varied theoretical tradition, such as regime theory, liberal institutionalism and social constructivism to account for the structural and social elements of multilateral cooperation arrangements.

Regime theory

Scholars of this broad theoretical approach seek to explain the creation, maintenance and transformation of regimes and institutionalised patterns of cooperation. Regime theory uncovers the rationale behind state participation in arrangements that may curtail their sovereignty. Given

⁷ Respectively, these four theories deal respectively with gains and comparative advantages to foster “a situation of almost perfect harmony”; with (un)employment trends and “domestic consideration, in particular on fluctuating political pressures for protection”; with “the allocation of domestic political power or votes” and competing political/interest groups; and with the presence of a hegemonic country to ensure the maintenance of a stable and open multilateral system (Yarbrough and Yarbrough, 1992: 8, 10 and 12).

the setting in which regimes were designed, regime theory is rooted in the assumption that the costs of regime building will be absorbed by the system's hegemon⁸. Despite accounting for the historical components and developments of many contemporary cooperation regimes, these conditions should not be mistaken for prerequisites to regime creation.

Many scholars of regime theory such as Raymond Hopkins, Donald Puchala and Oran Young argue that the patterns of acceptable behaviour set by a regime affect all areas of international relations (Krasner 1982: 192). This constructivist element of regime theory highlights the significance of norms in regulating behaviour on the global scene and even questions the primacy of anarchy by emphasising the importance of dialogue, common rules, institutions, and norms in maintaining global order (Carlsnaes, Risse and Simmons, 2013: 333-4). Indeed, regime theory requires scholars to study the impact of institutions and mechanisms of cooperation arrangement in ensuring compliance, such as dispute settlement mechanisms. Therefore, it is often associated with the field of international law. (Slaughter, 1993: 205). For instance, Bernhard Zangl (2008) uncovered several components of international dispute settlement procedures and Beth Yarbrough and Robert Yarbrough (1997) identified four types of dispute settlement procedures. Regime theory thus bridges social constructivism and international law, and therefore offers a useful toolkit for the present research.

Liberal institutionalism

This stream of the regime theory studies the regulation of international behaviour through the establishment of regimes and organisations, and especially with regards to policy areas where actors have mutual interests such as trade (Baylis, Smith and Owens, 2014: 133). This theoretical tradition stems from the assumption that, through the development of international institutions, states will be less likely to resort to violence (i.e. war) to resolve their disputes. Being rooted in the liberal tradition, interconnectedness would best be achieved through institutions that facilitate trade and commercial exchanges. For instance, Robert Keohane, one of the main proponents of liberal institutionalism, claims that "institutions and rules can facilitate mutually beneficial cooperation" and that these institutional and normative frameworks influence state behaviour

⁸ The hegemonic stability theory views the distribution of power among states as the primary determinant of the character of the international system, and that the concentration of power in one dominant state is most conducive to the emergence of a stable international order (Keohane, 1982; Webb and Krasner, 1989).

(2012: 125-6). Indeed, liberal institutionalism posits that multilateralism and international cooperation are facilitated by the creation of regimes. This approach thus provides a useful toolkit to conduct this study as many of its assumptions reflect this research's understanding of global affairs.

Social constructivism

This broad theoretical framework focuses on the structures and contexts in which international relations and global governance take place. It is concerned with the way they construct actors' identities and interests, and how their interactions are organised and constrained by these structures and contexts (Baylis, Smith and Owens, 2014: 166). Some of its strands focus on the meta-theories and view the world "as a project under construction, as *becoming* rather than being" (Carlsnaes, Risse and Simmons, 2013: 113). Others rather direct their attention towards the role of identities and norms, and the impact of institutionalised patterns of governance in shaping global governance (Carlsnaes, Risse and Simmons, 2013: 113). This approach will enable this research to assess the social elements of multilateralism (Newman, Thakur and Tirman, 2006: 40). Given that this study investigates the influence of multilateral cooperation arrangements in shaping and regulating behaviour of their members, it is crucial to assess the social effects of these structures. Therefore, elements of the English School will be employed in this research.

At the heart of the English School, a strand of constructivist scholarship that borrows from the fields of sociology and anthropology to explain the relations between actors of global governance, is the concept of international society. Hedley Bull, one of the main proponents of the English School, distinguishes a system of states from a society of states (international society). An international system is formed "when two or more states have sufficient contact between them, and have sufficient impact on one another's decisions, to cause them to behave... as parts of a whole" (2002: 9). Conversely, an international society emerges when a "group of states, conscious of certain common interests and common values, form a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions" (Bull, 2002: 13). The key distinction is that in an international society, the interdependence among states is acknowledged and managed. Bull thus points to the effects that repeated interaction, gradual interdependence and shared values and interests have on interstate relations. Furthermore, Bull stresses that international societies are "constituted through

diverse political practices” and that its members share the consciousness of being bound by legal and moral rules (2002: xii). However, this conception of international society is too limited for this study. Most states today “pay some respect to the basic rules of coexistence” in international affairs and “take part in the working of common institutions: the forms and procedures of international law, the system of diplomatic representation... and universal international organizations” such as the UN (Bull, 2002: 40). This study will thus focus on the development of an international society through multilateral practices. Thus, instead of speaking of international society, this research will focus on multilateral societies of states, thus taking Bull’s concept one step further.

While the English School assumes that countries coalesce in societies based on shared cultural traits, which facilitate communication and mutual understanding, Ernst Haas, John Ruggie, Peter Haas and Emanuel Adler focus on the institutionalisation and diffusion of collective understandings (Baylis, Smith and Owens, 2014: 36; Carlsnaes, Risse and Simmons, 2013: 120). Such diffusion is facilitated when it takes place within an epistemic community. According to Peter Haas, a transnational epistemic community is “a network of professionals with recognised experience and competence in a particular domain” who share a “set of normative and principled beliefs” and “can influence state interests” (1992: 3-4). Such communities develop through socialisation, a process by which actors are induced into new roles and group-community norms (Checkel, 2005: 802-4). Socialisation may also alter the way state agents frame the interests of the governments they represent, as it persuades them to conform their behaviour to societal expectation (Wendt, 1999: 170). Thus, epistemic communities and socialised state agents increase the likelihood of convergent state behaviour, international policy coordination and preference adaptation as issues are framed within a broader context of repeated interactions and cooperation (1992: 3-4). Jeffrey Checkel argues that the adoption of community rules is “quite independent from a particular structure of material incentives or sanctions” (2005: 804), but David Bearce and Stacy Bondanella (2007) demonstrate that socialisation plays a crucial role in intergovernmental organisations and in fostering international cooperation. The current research builds upon their argument and nuances Checkel’s claim as it argues that certain types of structures are more conducive to socialisation than others.

Approaches and perspectives

The research formulates its arguments along two lines: rationalist and sociological. The rational-choice approach will serve to assess states' motivation to participate in different types of (multilateral) cooperation arrangements. It thus pertains to the assessment of Canada's multilateral approach to international trade. The sociological approach will be employed to discuss the main differences between the types of cooperation arrangements. Such approach is central to evaluating the effects of the arrangement's social structures on the promotion of multilateral practices and the internalisation of the principles of multilateralism by member countries and their agents.

In short, this study combines elements of liberal institutionalism, regime theory and constructivism to conduct a thorough research. Liberal institutionalism and regime theory focus on the role of cooperation arrangements in regulating state behaviour and promoting cooperation. In turn, social constructivism allows to investigate the ways in social processes influence the relations among members of a community, members of a cooperation arrangement. The toolkits of these theoretical traditions shed light upon the key elements of the study. They also set the groundwork for the operationalisation of the research's variables and delimit the scope of the study, as it will be discussed in more details in the following chapter.

Chapter IV: Research design

Having defined the core concepts of the research and outlined the theoretical foundations and approaches that guide this study, it is time to turn to the design of the research. This section will thus cover the research methods employed, the operationalisation of variables derived from the central research question, the justification of the selection of cases, a short discussion of the sources and the acknowledgements of the limitations of the study.

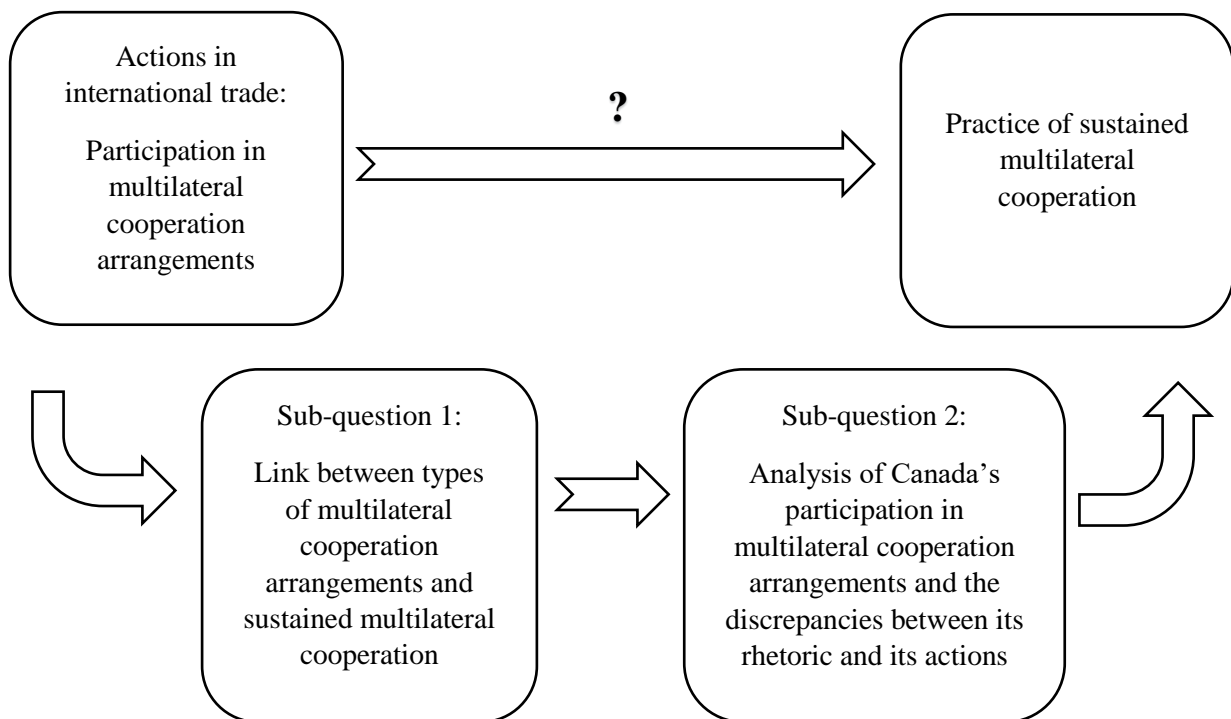
Methodology

A qualitative comparative case study will be conducted to investigate the research question. According to Robert Yin (2013), a case study is well-suited for a research that seeks to offer an in-depth investigation of a complex contemporary phenomenon. Such thorough assessment is well-suited for this research given the complex nature of international cooperation and multilateralism. Case studies can be conducted by using the congruence or covariational approach. The former seeks to “provide empirical evidence for the explanatory relevance or relative strength of one theoretical approach to another”, in other words, it is meant to test theories (Blatter and Haverland, 2012, 144). The latter approach seeks to demonstrate the existence of co-variation between the independent variable X and the dependent variable Y to infer causality, put differently, it tests whether different values of X produce different outcomes (Blatter and Haverland, 2012: 27). Similarly, case studies can take on two causal perspectives: they may be interested in the causes of effects (CoE) or the effects of causes (EoC). Ingo Rohlfing argues that CoE studies are centred on the outcome and seek to discern the relevant causes leading to the outcome, whereas EoC studies are centred on the causes and ask whether it has a specific effect on a given outcome (2012: 40).

Operationalising, or defining the measurement of, the variables of the research is crucial as it “take[s] a variable out of the realm of theory and plant[s] it squarely in concrete reality” (Brown, 1988: 8). This process establishes observable characteristics to otherwise difficult-to-measure and abstract variables. These constructs have to be sufficiently detailed and must “adequately describe the characteristics of the construct in question” to ensure high analytical precision (Brown, 1988: 9). Furthermore, the operationalisation, along with the theoretical and methodological frameworks, allows to set the boundaries of the research and ensure reliability and validity.

To adequately answer the central question, two sub-questions are designed (See *Figure 4.1*). The first sub-question analyses of the structural elements (i.e. organisational and institutional) of multilateral arrangements in order to determine whether they ‘make a difference’ in producing a significant effect in the social reality, i.e. whether they structurally foster sustained multilateral cooperation (Blatter and Haverland, 2012: 34). The second sub-question evaluates Canada’s actions in international trade – more specifically its participation in different types of multilateral trade arrangements – to assess its commitment to multilateralism.

Figure 4.1: Central research question and sub-questions



Central research question

Why do Canada’s actions in international trade fail to produce sustained multilateral cooperation when its rhetoric on multilateralism implies otherwise?

Independent variable: Actions in international trade

Dependent variable: Sustained multilateral cooperation

The *independent variable* pertains to Canada's actions in international trade. Unlike much of the political economy literature, which would look at trade policy instruments, this research looks at the types of arrangements in which it participates. Instead of looking at tariffs, quotas, and nontariff barriers employed to restrict or facilitate trade, the focus is the types of multilateral cooperation arrangements in which Canada participates. Indeed, participation in different types of arrangements generates different constraints and opportunities, which in turn shapes behaviour differently (Koremenos, Lipson and Snidal, 2001: 766). This pattern of participation will be compared to its overall rhetoric regarding multilateralism.

The *dependent variable* pertains to Canada's practice of sustained multilateral cooperation, as it highlights the discrepancy between actions and rhetoric. Actors of global governance continuously make pledges about their future behaviour, but often do not follow through; commitments are easily overlooked and often discarded by those who make them. In cases where actors fulfil their commitments, the actual behaviour of a given subject conforms to prescribed behaviour, and non-compliance is when actual behaviour departs significantly from prescribed behaviour and verbal commitments (Young 1979 in Simmons, 1998: 77). Thus, the measuring the degree to which actors practice sustained multilateral cooperation relates to the internalisation of the core principles of multilateralism, the extent to which actors are socialised into adapting their preferences and the way they pursue their national interests in the light of community norms, and their willingness to subject itself to multilateral rule-making and judicialised authority of third-parties, as it shows that their actions reflect their commitments to abide by the rules of a system of governance based on multilateralism.

Sub-question 1

Which type of multilateral cooperation arrangement fosters sustained multilateral cooperation?

As this sub-question aims at developing models from the types of cooperation arrangements, based on their propensity to foster sustained multilateral cooperation. Thus, the link between the types of multilateral cooperation arrangements and the promotion of sustained multilateral cooperation will be evaluated. A covariational approach will be employed as it allows to test whether different values of X produce a change in Y. The variables are thus the following:

Independent variable (X): the structural elements of a multilateral cooperation arrangement

Dependent variable (Y): the extent to which sustained multilateral cooperation is promoted

The *independent variable* pertains to the structural elements of multilateral cooperation arrangements, namely their organisational form and compliance mechanisms. Stephan Haggard and Beth Simmons (1987) urge scholars to look at the organisational and institutional design and operations of international cooperation arrangements, whilst Kenneth Abbott and Duncan Snidal (1998) claim that the focus must be directed to the degree of centralisation and independence of such arrangements. Building upon such claims, this study will look at the following elements of international cooperation arrangements:

- Organisational form, and;
- Compliance mechanisms.

An assessment of the organisational form of a cooperation arrangement allows to investigate the degree to which the activities are undertaken within the structure of the arrangement. Some arrangements have a “minimal administrative apparatus for the purpose of dispute settlement, the collection and sharing of information, or surveillance”, whilst others have “more elaborate, and potentially autonomous, organizational structures” (Haggard and Simmons, 1987: 497). The *size*, *composition* and *role* of a cooperation arrangements’ staff influence the range of operations it can conduct and effectiveness to which they carried through, as well as impacting the degree to which interests of member countries converge (Checkel, 2005; Haas, 1992; Molle, 2014). Indeed, the network of professionals employed by a multilateral cooperation arrangement may be highly competent, but if they are not allowed to participate in a meaningful fashion in policymaking process, national interests cannot budge. Furthermore, when the activities of a cooperation arrangement are *centralised* and conducted under one roof (both figuratively and literally), state agents are bound to interact with one another on a more regular basis, thereby socialising them into adapting their behaviour according to new understandings. Such processes are however not as easily produced in decentralised settings. In short, the organisational structure of a multilateral cooperation arrangement determines the extent to which it can be considered as a ‘site of socialisation’ as it shapes the environment in which interactions take place (Abbott and Snidal, 1998: 10, 17).

With respect to dispute settlement procedures, there are two dimensions to consider: *accessibility* and the *enforcement capacity*. The concept of compliance mechanisms is rooted in that of dispute settlement procedures, whose fundamental role is to “facilitate and support cooperation”, but is broadened to encompass other institutions that ensure that “actors comply with their international commitments” (Mansfield and Milner, 1997: 135; Zangl, 2008: 826). Dispute settlement mechanisms are indeed central components of trade agreements as they ensure that agreements are enforced and disputes settled. However, the mere presence of such mechanisms is not sufficient to ensure compliance, it should be accessible to all members and the prospect of punishment should be credible⁹. Accessibility relates to the costs, direct and indirect, of using compliance mechanisms, whilst the enforcement function of these mechanisms ensures that noncompliance does not go unpunished. Indeed, without an agreed-upon compliance mechanism, participants of a cooperation arrangement find it difficult to guarantee that they, or another participant, will keep their promises (Yarbrough and Yarbrough, 1992: 14).

With regards to the *dependent variable*, the extent to which sustained multilateral cooperation is promoted is measured by the processes engendered by aforementioned structural elements of multilateral cooperation arrangements. According to the precepts of regime theory, liberal institutionalism and social constructivism, to produce sustained multilateral cooperation, the organisational form and compliance mechanisms of multilateral cooperation arrangements ought to allow for these four processes to occur: socialisation, preference adaptation, multilateral rule-making and development of judicialised authorities.

Sub-question 2

What is Canada’s approach to multilateral cooperation in the field of international trade and how it fares against commitments?

This sub-question seeks to uncover Canada’s approach to multilateralism in international trade to compare discourse and practice and expose the discrepancies, if any. Using the same operationalisation for the independent variable of the central research question, Canada’s approach to multilateral cooperation in international trade is drawn from its participation in multilateral

⁹ Some refer to the development of strong dispute settlement and enforcement mechanisms as the “judicialisation” or “constitutionalisation” of cooperation arrangement. For more details see McCall Smith, 2000, and Zangl, 2008.

cooperation arrangements. Thence, the link between actions and verbal commitments will be analysed and the discrepancies between the two exposed. Thus, Canada's true commitment to engage in sustained multilateral cooperation in international trade will be exposed.

Case selection

With regards to the first sub-question, cross-sectional comparisons of typical cases of the three categories of multilateral cooperation arrangements outlined in Chapter II. In this instance, these three cases were selected:

- The North American Free Trade Agreement (NAFTA) – instrumental cooperation arrangement;
- The World Trade Organisation (WTO) – partial multilateral arrangement, and;
- The European Union (EU) – substantive multilateral arrangement.

They are typical cases of multilateral trade arrangements and they differ in kind. According to Rohlffing, when the scores of a variable differ in kind, theory and conceptual knowledge are needed to differentiate the cases (Rohlffing, 2012: 50). These cases are thought to be 'typical' as they are representative of their respective populations. Rohlffing claims that "since generalization is the underlying goal of a typical case study, there is a rationale for choosing a case that achieves the *maximum* degree of representativeness... that is, the case that is similar to the largest possible number of other cases in the population." (2012: 66).

NAFTA was selected as it represents a multilateral arrangement that is formal given that it stemmed from an international treaty, but whose organisational structure is small and that fulfils the minimal number of participants to be considered multilateral (i.e. three members, namely Canada, Mexico, and the US). Conversely, the WTO has a nearly universal membership as almost all countries in the world have joined the organisation and its organisational structure is bigger than that of NAFTA, but is still small in comparison to other international organisations¹⁰ and lacks executive power (Molle, 2014: 89). These two models differ with regards to their organisational form and compliance mechanisms. With regards to the third model, substantive multilateral arrangements, the EU has been selected as a case study given the size of its organisational structure

¹⁰ According to Molle, its total budget is comparable to the budget allocated to travel expenses of the World Bank. (2014: 89).

and its extensive network of rules ensuring compliance. The fact that Canada does not participate in the EU is not a relevant factor as this section only assesses the structural elements of multilateral cooperation arrangements. The Southern Common Market (Mercosur) and the Economic Community of West African States (ECOWAS) could also have been selected, but since the former failed to create a full-fledged single market and in the light of the latter's focus on political and security cooperation, they have been discarded. The EU is thus a better case for this study as its primary mandate is to foster cooperation and facilitate international trade (The Economist, 2013).

Furthermore, the rationale behind these multilateral trade agreements is the same: economic growth, job creation and facilitate trade among their members through the promotion of liberal economic and market policies. Indeed, NAFTA establishes a free trade area, the WTO seeks to eliminate barriers to trade globally, and the EU removes the obstacles to trade through the creation of the Single Market. However, they do not foster sustained multilateral cooperation equally. This difference is twofold. On one hand, it concerns the centralisation and independence of their organisational structure, which impact the possibility for repeated interaction among countries and their agents, norm diffusion, and interest convergence. In other words, some arrangements are sites of socialisation, whilst others not. On the other hand, they do not manage noncompliance of members in the same fashion. The three arrangements claim that the decisions taken by the authorities charged with ensuring compliance are binding, but the instruments at the disposition of these authorities do not have the same 'bite'. In short, by investigating the organisational form and compliance mechanisms of the typical cases selected to conduct this cross-case analysis, the research uncovers the effects of different types of multilateral arrangement on the promotion of sustained international cooperation.

With respect to Canada, the central object of study, the selection was based on the population of middle power countries as they are traditional promoters of multilateralism (Bothwell and Daudelin, 2009; Cooper, Higgott and Nossal, 1994). Canada is considered to be a typical case. Mark Neufeld argues that Canada's 'location' the international system in terms of influence and position in the global economy has fostered the notion that it is prime example of a middle power (1995: 8). Furthermore, its continuous commitment to multilateralism and the development of an open and cooperation international economic system make it a suitable case.

As mentioned earlier, conclusions will be made with regards to Canada's practice of sustained multilateral cooperation based on its involvement in multilateral cooperation arrangements. This participation reflects the extent to which an actor is willing to bear the costs of such type of cooperation. Indeed, as per the rational-choice theory, actors calculate the costs and benefits of their actions on the global scene according to their interests, and it is no different when they join cooperation arrangements. Thus, the participation in the aforementioned models demonstrates a country's true commitment (i.e. looking beyond rhetoric) to multilateralism, or rather the type of multilateralism it pursues.

The reliability and validity of a study is crucial in evaluating its contribution. Reliability refers to the extent to which the research is repeatable and consistent, and validity is about measuring what it seeks to measured. Case studies generally tend to have high internal validity, but low generalisability. A rigorous operationalisation and careful case selection are thus crucial steps in the research design. By using typical cases, this research can be repeated with other sets of actors, and the use of various theoretical and analytical approaches allows for a focused investigation of the phenomenon at play.

Sources

To conduct this study, the researcher will mainly use secondary sources, such as academic articles and analyses of trade agreements, multilateral arrangements, and international organisations. To complement them, primary sources will be used, such as government communiqués, white and green papers¹¹, parliamentary committee reports, press releases, administrative documents, and treaties of these multilateral organisations, and newspaper articles.

Combining primary and secondary sources allows the researcher to make an analysis that accounts for different perspectives and can reduce the risk of being misled or misinformed. It also allows to bridge documents pertaining to academia, which are often theory-focused, and policy circles, which may be produce vague documents (Neumann, 2007). Thus, to address the shortcoming of not triangulating these sources with quantitative data or interviews, the secondary

¹¹ White papers are documents outlining government policies on specific. Green papers are also documents that outline government policies, but also invites public comment or discussion.

documents, which pertain to a broad scope of theoretical perspectives and analytical approaches, will contribute to conduct a thorough research.

Caveats

This study's limitations are threefold. They pertain to the assumption that Canada, and states in general, are rational, unitary actors, to the Western-centric bias in the case selection, and regarding the complexity of the implementing the propositions set outlined above. Despite these limitations, which will be briefly discussed, the argument put forth in this research still offer a viable, progressive alternative to Canada's current approach to international cooperation and its trade policy.

Many scholars of international relations argue that states are not unitary actors, and that, consequently, should not be dealt with according to this assumption. Indeed, many urge scholars to account for domestic actors, social movements, bureaucratic interests, or even idiosyncratic characteristics of leaders and key figures in decision-making processes. Given the federal nature of the Canadian political system, provinces have a considerable degree of autonomy in international affairs and trade. Provincial governments may establish foreign delegations abroad to promote their economic and commercial interests. For example, the province of Quebec has its own ministry of foreign affairs, 11 delegations, seven bureaus, six trade offices and two areas of representation in multilateral affairs (Relations international et Francophonie, 2017). Christopher Kukucha (2008) studies the influence of provinces on Canadian foreign trade policy, and Serge Coulombe (2003) looks at the dynamics between international trade and interprovincial trade, and their effects on domestic growth.

The cases selected for the creation of the three types of multilateral cooperation arrangements in international trade are rooted in Western experiences and ideology. NAFTA, the WTO, and the EU only represent a fraction of the cooperation arrangement that make up the web of organisations, institutions and agreements that govern international trade. Other arrangements, such as ASEAN, the BRICS, or Mercosur, have different rationale regarding international cooperation. This research thus fails to assess the ways cooperation arrangements set up in global South function regulate their members' behaviour. Consequently, the research provides an incomplete toolbox to policymakers and academics regarding the options available to Canadian governments seeking to revamp their multilateral foreign policy strategy. Amitav Acharya (1996)

addresses the 'ASEAN Way' and the 'Asia Pacific Way' of building multilateral cooperation arrangements, whilst Laura Gomez-Mera (2009) explains dynamics in Mercosur.

Ultimately this study argues for the development of more cooperation arrangements that resemble the EU. Indeed, the structural elements of the cooperation arrangement that is argued to foster sustained multilateral cooperation is undoubtedly modelled on the EU. There are however pitfalls with this model, especially regarding its democratic deficit and with regards to the complexity of replicating it elsewhere (Hix and Hoyland, 2011). The EU developed due to unique circumstances and the path to such international cooperation is long and arduous. This research does not argue that the exact same model should be recreated elsewhere, but that it should inspire policymakers to think outside of the box when seeking to increase sustained international cooperation.

Chapter V: Case studies

Having established the theoretical framework that outlines the standpoint from which this research is conducted and discussed the research's design, it is time to answer the two sub-questions of the study. In a first instance, the structure of the three models of multilateral trade arrangements identified in the previous chapter will be investigated. This is by no means a comprehensive analysis of NAFTA, the WTO or the EU. Instead, it provides a brief overview of their organisational structure and compliance mechanism to highlight the areas in which they resemble one another, and where they differ. In a second instance, the Canadian foreign policy in the area of international trade, and more specifically an investigation of the types of multilateral trade arrangements in which it participates, will be analysed. Answering these two sub-questions will thus set the stage to address the central research question.

Multilateral trade arrangements

Model 1: The North American Free Trade Agreement (NAFTA)

Entering into force on January 1st, 1994, the multilateral cooperation arrangement aimed at creating “a free-mobility area in commodities, services, and financial flows in order to increase efficiency, productivity, and welfare” in Canada, Mexico and the United States (Morales, 1999: 36). NAFTA consists of the smallest number of states necessary for the cooperation arrangement to be deemed ‘multilateral’: three. The Agreement aims at eliminating barriers to trade¹², facilitating the cross-border movement of goods, services and capital between its member countries, creating a clear framework for business planning and investment, and establishing effective procedures to resolve disputes (NAFTA, 2014: Preamble, Article 102(a) and (b)). NAFTA covers a very broad range of goods and services as outlined in Parts II and V of the Agreement, and regulates technical barriers to trade (Part III), government procurement (Part IV), and intellectual property rights (Part VI). It is also complemented by two parallel agreements and two organisations: The North American Agreement on Environmental Cooperation (NAAEC), the North American Agreement on Labour

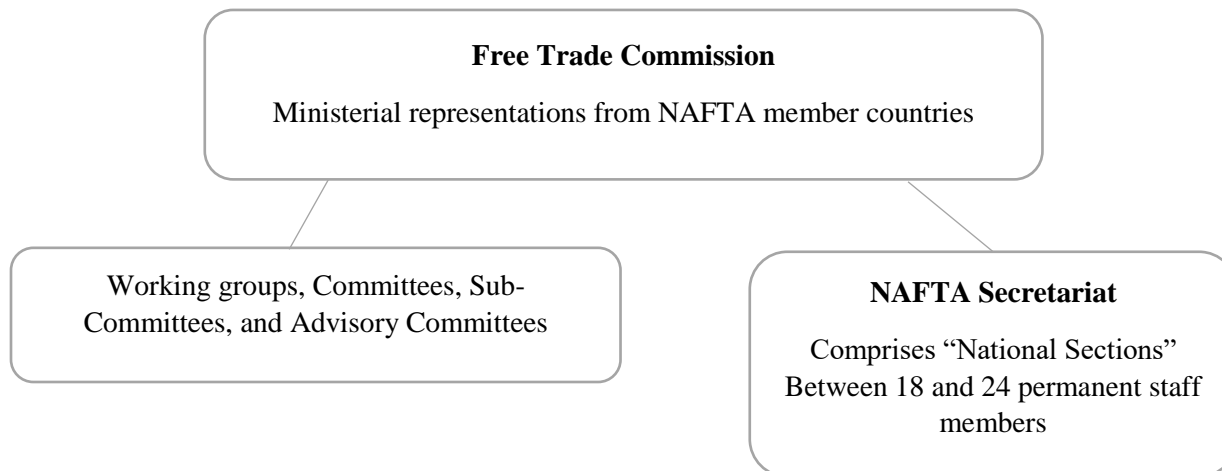
¹² In 2008, tariffs on nearly all originating good traded within the NAFTA region were eliminated, except for some agricultural products. (Global Affairs Canada, 2017a).

Cooperation (NAALC), the Border Environment Cooperation Commission (BECC), and the North American Development Bank (NADBank) (GAO, 1994: 10)¹³.

Organisational form

The organisational structure of NAFTA is rather limited: it comprises of the Free Trade Commission (FTC), which is composed of several working groups, committees, sub-committees, advisory committees, and the NAFTA Secretariat (See *Figure 5.1*). The FTC is NAFTA’s governing body and consists of the ministerial-level representatives responsible for international trade. Through various working groups and committees, it facilitates the implementation of specific sectors of the Agreement (NAFTA Secretariat, 2014; GAO, 1994: 11). The working groups and committees bring together technical and sectoral experts and civil servants of the three member countries and convene between one and four times a year, or when issues arise (Clarkson, Davidson Ladly and Thorne, 2002: 3). They are co-chaired by officials of each member country, and there is generally an equal representation of the three signatories of the Agreement (Clarkson, Davidson Ladly and Thorne, 2002: 6).

Figure 5.1: Organisational structure of the North American Free Trade Agreement (NAFTA)



(Adapted from GAO, 1994: 14)

The FTC supervises the implementation and further elaboration of NAFTA, and oversees the resolution of “disputes that may arise regarding its interpretation or application” (NAFTA, Art.

¹³ Given that the BECC and NADBank only concern Mexico and the United States, they will not be addressed by this research. An account of the NAAEC and NAALC will also omitted as they are separate multilateral cooperation arrangement that were negotiated separately from the NAFTA.

2001). The NAFTA Secretariat is divided into three separate sections, the “National Sections”, each of which are part of and physically located in the trade divisions of the member countries’ national administrations. The Secretariat is then tasked to provide administrative assistance to the dispute resolution panels.

This multilateral cooperation arrangement does not require additional employment as the FTC, working groups, committees and National Sections are staffed by existing government officials and experts, and meet solely when necessary (GAO, 1994: 38-9). Furthermore, it is the responsibility of the member countries to establish a permanent office for their National Section – as there are not headquarters, to administer, manage and fund the operations of their Section, and to remunerate and cover the expenses of those it employs (NAFTA, Art. 2001). This has led to significant imbalances among members of the Agreement (See *Table 5.1*). The decentralised form of organisation does not allow for agents to move beyond their national preferences and get socialised in a setting of multilateral cooperation, even less for an epistemic community to blossom and influence policy-making processes.

Table 5.1: Operational capacities of NAFTA member countries

| | Canada | Mexico | United States | Total |
|---------------------------|------------------------|----------------------------|-----------------|----------------------------|
| Permanent staff | 8 to 15 persons | 7 to 16 persons | 3 persons | 18 to 34 persons |
| Annual budget (in USD) | More than 2 million | Between 1 and 2 million | Circa 1 million | Between 4 and 5 million |

Source: Hufbauer et al., 2005: 249

Compliance mechanism

NAFTA aims at providing a framework to resolve differences amicably through committees and working groups, and with the administrative support of the Canadian, Mexican and US National Sections of the NAFTA Secretariat (Global Affairs Canada, 2015). As mentioned earlier, depending on the sector in which disputes arise, the rules and procedures vary. Chapter 20, which sets the guidelines for all disputes regarding the interpretation and application of the Agreement, is the backbone of NAFTA’s dispute settlement mechanism, with the provision of some modifications under Chapter 14.

As per Chapter 20, the Parties must seek to reach a mutually satisfactory solution through cooperation and consultation, but if this fails, the FTC may be asked to convene to resolve the dispute (NAFTA, Art. 2003, 2006 and 2007). If the issue is still unresolved, a binational arbitration panel, composed of five panellists, may be established. Each disputing Party selects two panellists who are citizens of the other Party, and both Parties must agree on the Chair of the panel (NAFTA Secretariat, 2014). With regards to Chapter 14 cases, the panellists ought to be chosen from “a special roster of experts in the field of financial services” (Global Affairs Canada, 2015). Furthermore, the panel may request Scientific Review Boards to assist them when necessary. Decisions made by Chapter 20 arbitral panels are non-binding and the role of these panels is “limited to reviewing findings... to determine whether a member country’s policy is consistent with its obligations under NAFTA” (Hufbauer et al, 2005: 218). However, if a member of NAFTA fails to comply with the ruling, the winning party may retaliate.

Chapter 19, which deals with antidumping and countervailing duties¹⁴, allows independent binational panels, instead of domestic judicial panels, to review the statutory amendments of a member country’s trade remedy laws (NAFTA, Art. 1903). These panels are composed of five members: two from each disputing member country, and the fifth from one of these two countries. The panel’s decisions are binding, but in exceptional circumstances, if the integrity of the panel process is questioned, the parties may turn to the Extraordinary Challenge Committee. The Extraordinary Challenge Procedure ensures that there is no serious conflict of interests with regards to the panel members and that the panel has not departed from a fundamental rule of procedure or exceeded its authority (NAFTA, Art. 1904.13). The Committee is composed of three-judges from both member countries involved in the dispute. In order to safeguard the panel review system, another three-person committee “may be established to review allegations of one Party that the application of another Party’s domestic law has interfered with the proper functioning of the panel system” (NAFTA Secretariat, 2014). Disputes under Chapter 19 must be resolved within 315 days.

NAFTA also has ways for disputes to be resolved in a non-intergovernmental fashion, as per Chapter 11 and the Agreement’s Alternative Dispute Resolution (ADR) mechanism. Under

¹⁴ Antidumping or countervailing duties: import tax imposed on certain goods to prevent dumping – when a product is exported at a price below the one in the home country, or below the cost of production – or export subsidies.

Chapter 11, investors may have recourse to the World Bank's International Center for the Settlement of Investment Disputes (ICSID), the United Nations Commission for International Trade Law (UNCITRAL), or a domestic court in the host country in which the alleged breach occurred (NAFTA, Chapter 11, Section B). These mechanisms allow "investors to enforce government obligations", and "monetary relief [is awarded] to the winning party" (Hufbauer et al, 2005: 203). Unlike many other trade cooperation agreements, NAFTA gives, under Chapter 11, private parties access to the dispute settlement mechanism, which has led to substantive controversy.

NAFTA's ADR mechanism "offers neutral, private proceedings", such as mediation and arbitration (NAFTA Secretariat, 2014). The Advisory Committee on Private Commercial Disputes must identify the sectors and types of businesses that would particularly benefit from the use of ADR, promote and facilitate the use of such procedures for the resolution of disputes in the NAFTA region (NAFTA Secretariat, 2014). This initiative reflects the desire to promote cost-effective and rapid dispute settlement and to encourage consensus-building among conflict parties.

The dispute settlement mechanism of this multilateral trade cooperation arrangement is weak due to its decentralised nature and the non-enforceability of its rulings. Given that the actual institutional framework for dispute resolution is not uniform across sectors, the risk of "procedural controversies" increases, especially when "a dispute overlaps the boundaries between trade in goods, services, and intellectual property" (Hufbauer et al. 2005: 215). Indeed, Yarbrough and Yarbrough demonstrate that panel reports and recommendations under NAFTA can be "overridden by a party to the dispute" (Mansfield and Milner, 1997: 142). Furthermore, they point to the fact that compliance is not mandatory and that there is no other recourse of enforcement other than unilateral retaliation (Mansfield and Milner, 1997: 142). Furthermore, depending on the procedure, rulings do not carry the same weight, and are not genuinely enforceable as the third parties do not have the authority to pass on judicially binding rulings.

Summary

Despite covering a broad range of economic sectors, the North American Free Trade Agreement is a rather basic multilateral cooperation arrangement. It has a small organisational structure and a decentralised compliance mechanism that cannot ensure compliance with the rulings of its panels. It relies entirely on its member countries to conduct and fund its operations, which results in

imbalances in terms of capacities and contributions. Furthermore, the NAFTA dispute settlement mechanism is, in most instances, bilateral rather than multilateral. Thus, NAFTA rather promotes shallow multilateral cooperation, as interstate interactions are not repeated and extended over a period of time, and the principles of multilateralism are only implemented in a limited fashion. Indeed, it does more to facilitate transactions and investment by members of the private sector through the deregulation of the commercial framework for businesses, than “strengthen the special bonds of friendship and cooperation” among its member countries, which is the case for most free trade agreements (NAFTA, Preamble). In short, FTAs that comprise three or more members are multinational rather than multilateral, as they foster an instrumental use of multilateral cooperation.

Model 2: The World Trade Organisation (WTO)

In April 1994, the contracting parties of the General Agreements on Tariffs and Trade (GATT) agreed to establish the World Trade Organisation, thereby formalising into a standing international organisation the promotion of “a cooperative, open trading system” (Yarbrough and Yarbrough, 1992; WTO, 2017e). The WTO’s membership is nearly universal, with 164 members and 21 observer countries, and accounts for 98 percent of world trade (WTO, 2017e). During negotiations, members tend to coalesce into various coalitions and “often speak with a single voice using a single coordinator or negotiating team”; for instance, the African, Caribbean and Pacific (ACP) countries, the Africa Group, the Cairns Group, Cotton-4, and the Small, Vulnerable Economies (WTO, 2017b).

The WTO establishes a formal “framework for the conduct of trade relations” and serves as a forum for negotiations on trade liberalisation and further cooperation in trade-related issues (WTO Agreement, Art. II; Hoekman and Mattoo, 2011). It regulates trade in goods, services (GATS), intellectual property (TRIPS) and investment (TRIMS), and establishes a centralised dispute settlement procedure (DSU). Negotiations are conducted in ‘Rounds’, and adopt the ‘Single Undertaking’ principle, by which “virtually every item of the negotiation is part of a whole and indivisible package and cannot be agreed separately” (WTO, 2017c). The current negotiations, the Doha Round, begun in November 2001, are at standstill since July 2008 due to disagreements between developed countries and emerging economic powerhouses such as Brazil, India, China and South Africa. The issues of contention pertain to furthering the liberalisation of agricultural

products, non-agriculture market access products¹⁵, services, and foreign investment, as well as reforming the actual formulas for tariff cuts (Schwab, 2011; Hufbauer et al., 2010; Mattoo and Subramanian, 2009). The WTO has thus been criticised by both policymakers and academics, but remains a cornerstone of international trade cooperation.

Organisational form

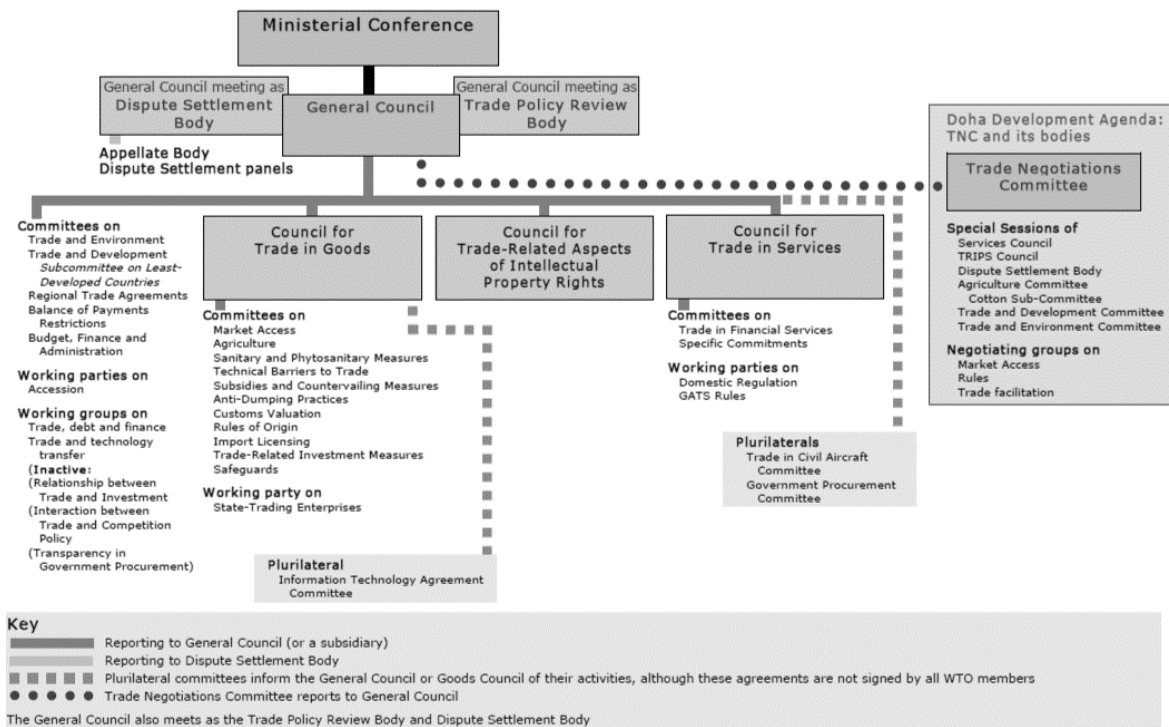
This Geneva-based multilateral cooperation arrangement is composed of Ministerial Conference, the General Council, sectoral councils (Council for Goods, Council for TRIPS, and Council for Services), a Dispute Settlement Body, several committees and working parties, and the Secretariat (See *Figure 5.2*). The Ministerial Conference is the organisation's highest authority; it carries out "the functions of the WTO and take actions necessary to this effect", takes "decisions on all matters under any of the Multilateral Trade Agreements", and appoints the Director-General of the Secretariat (WTO Agreement, Art. IV: 1; Art. VI). The Ministerial Conference meets at least once every two years, and when it is not in sessions, the General Council, composed of country representatives such as Ambassadors or Permanent Representatives based in Geneva, can adopt "decisions on behalf of the Ministerial Conference on all WTO affairs" (WTO, 2014: 16). Along with the responsibilities associated with being the top day-to-day decision-making body, it meets as the Trade Policy Review Body and the Dispute Settlement Body (WTO, 2017e; WTO Agreement Art. VI: 3-4). The sectoral councils operate "under the guidance of the General Council" and oversee the functioning of their respective Multilateral Trade Agreements. There are also subsidiary bodies, such as the Council on Trade and Development, the Committee on Balance-of-Payments Restrictions, the Council on Trade and Environment, and many more. All these are staffed by civil servants and experts of WTO member countries (WTO Agreement, Art. IV: 7).

The Secretariat of the WTO is headed by the Director-General, employs roughly 640 persons, representing 78 nationalities, and has an annual budget of 204 million USD in 2015 (WTO, 2017e). Its main responsibilities cover the presentation of the organisation's annual budget, the provision of technical and professional support to the various councils and committees and to certain developing countries; monitoring and analysing trends in international trade, and providing information to WTO members and the public (WTO, 2014: 24). The Director-General and the staff

¹⁵ Non-agriculture market access products include "manufacturing products, fuel and mining products, fish and fish products, and forestry products", and account for "almost 90% of the world merchandise exports" (WTO, 2017a).

of the Secretariat “shall not seek or accept instructions from any government or any authority external to the WTO” and their responsibilities are “exclusively international in character” (WTO Agreement, Art. VI:4). These characteristics point to the development of an independent epistemic community within the WTO, but their influence is however strongly curtailed. They cannot take independent views as they must align their positions with those of the Ministerial Conference and WTO member countries (Molle, 2014: 89). Moreover, despite being professionally strong, the Secretariat is politically weak, as it must “refrain from any action which might adversely reflect on [its] position as [an] international [body]” (Molle, 2014: 89; WTO Agreement, Art. VI: 4).

Figure 5.2: Structure of the World Trade Organisation (WTO)



Source: WTO, 2017

Thus, the only possibility for member countries to engage in actual multilateral cooperation is the in Ministerial Conferences, the General Council and through the participation in Council meetings. There are however some issues with this setting. First, by meeting only once every two years, the country representatives participating in the Ministerial Conferences cannot be induced into societal mind-set when interacting with one another, as interactions are not repeated to the extent that allows for community values and norms to be created a diffused throughout the system. With regards to the General Council, which meets more regularly than the Ministerial Conferences can

be seen as a site of socialisation. However, it is not every WTO member that can afford to permanently send representatives to Geneva. It is indeed expensive for countries to have permanent representations in Geneva, let alone for the WTO. Members that have more resources to sustain a large diplomatic corps will thus be able to be more active in the organisation, and eventually gain more prominence and influence. Therefore, only certain countries can benefit from a social environment that is conducive for a socialising process to occur (Checkel, 2005: 807). Concerning the Secretariat, the body where agents are most likely to be socialised, there are no explicitly barred from influencing the policymaking and negotiation procedures, thereby isolating the socialisation process. In short, when socialisation occurs in the WTO it is either curtailed from having a meaningful influence on the operations of the organisation, or it does not affect all members equally.

Compliance mechanism

The WTO has outlined a standard procedure to resolve conflicts among its members, and it is administered by the Dispute Settlement Body (DSB). The procedure is rather simple: if a member country believes another member is infringing WTO rules, the pursuant can request bilateral consultations. The country to which the request was made has 10 days to reply, and must “enter into consultations in good faith within a period of no more than 30 days after the receipt of the request, with a view of reaching a mutually satisfactory solution” (DSU, Art. 4.3). If the conflict persists, the pursuant party may ask the DSB to establish a panel, composed, in an ad hoc basis, of three or five “well-qualified governmental and/or non-governmental individuals” coming from “a sufficiently diverse background and a wide spectrum of experience” (DSU, Art. 8.1, 8.2, 8.5). Furthermore, the Secretariat maintains a list of potential panelists and proposes nominations for the panel – propositions that the disputing parties shall not oppose without compelling reasons; but if there is no agreement on the composition of the panel, the responsibility to do so falls upon the Director-General of the Secretariat, who must consult the Chairperson of the DSB and Chairperson of the relevant Council or Committee (DSU, Art. 8.4, 8.6 and 8.7).

The panel then examines the facts, meets the interested parties and presents its findings to the disputing parties and the DSB (Molle, 2014: 96). Article 16 of the DSU stipulates that the panel reports cannot be considered for adoption until 20 days after the date they have been distributed to the WTO members, but a decision has to be made by the DSB within 60 days of the distribution

of the reports. This decision is binding unless it is rejected by consensus, or if “a party of the dispute formally notifies the DSB of its decision to appeal” (DSU, Art. 16.4). In the case of an appeal, the standing Appellate Body, which is established by the DSB and composed of seven persons, has 60 days to notify its decisions to the DSB and the disputing parties (DSU, Art. 17).

The Appellate Body reports must be “unconditionally accepted by the parties to the dispute unless the DSB decides by consensus not to adopt the... report” (DSU, Art. 17.14). Thereafter, the parties must implement the decisions within a reasonable timeframe. In the case of non-compliance, the pursuant may ask permission to retaliate (i.e. adopt protectionist measures against the noncomplying party), or the offending party may propose compensation in trade or in financial terms (Molle, 2014: 96). Enforcement is thus a central element of the organisation’s dispute settlement mechanism.

All expenses of the DSB, the panels, and Appellate Body ought to be covered by the WTO budget, but the legal fees of the disputing parties are to be covered by the parties themselves. This has thus a negative impact, as mentioned above, on member countries that do not have the financial capabilities of engaging in such legal disputes, in Geneva, or to afford retaliatory measures from larger economies. It thus points to a major flaw in the WTOs dispute settlement mechanism: it is not entirely accessible to all members, despite the provision of legal assistance to those in need.

Summary

As a multilateral trade organisation, the World Trade Organisation fosters cooperation among countries. From the offset, it sought to achieve universal membership as it would allow for a truly open global trade system. However, due to problems of collective action, the diversity of its members, and the single undertaking principle, decision-making and progress is slow, as exemplified by the stalemate of the Doha Round. Moreover, the WTO is professionally strong but politically weak. Indeed, it has a permanent staff that monitors, regulates, and gathers information on global trade flows. It also provides the support for the settlement of disputes. However, the actors that take key decisions, the representatives of member countries, do not *all* convene on a regular basis, making it difficult for an epistemic community, one that has political power, to develop. The WTO does establish generalised principles of appropriate conduct, promote the notion of indivisibility and diffused reciprocity among member countries, normalises the multilateral rule-making and possesses a judicialised third party enforcer. However, it falls short

of fostering sustained multilateral cooperation, as it focuses on promoting trade liberalisation, which, as outlined above, should not be equated with interstate cooperation.

Model 3: The European Union (EU)

In global affairs, the European Union is a strange creature; it has several state-like features, but falls short of being recognised by the international community as an actor at par with states (Richardson and Mazey, 2015: 284). This multilateral cooperation arrangement is currently composed of 28 member states¹⁶, has evolved to cover a broad set of policy areas, and developed an extensive organisational structure and elaborate decision-making procedure. In some instances, each member country is given a veto right, whereas in other cases their votes are weighted (for more details, see Hix and Hoyland, 2011).

The EU is the product of decades of cooperation, coordination and integration, and the need to rebuild the continent's economy; the basis was set in the postwar years when the Treaty of Paris of 1952 established the European Coal and Steel Community (ECSC). The logic behind the ECSC was that "prosperity could best be achieved at a European rather than a national level"; in other words, member countries were to work together and establish institutions to ensure that cooperation would be sustained (Cini and Perez-Solorzano Borrigan, 2015: 20-1). The idea of moving beyond economic cooperation to extend cooperation and coordination to other policy areas, and creating a community of states was strengthened and formalised in the 1967 Treaty of Rome, and furthered in the 1986 Single European Act (SEA) (Cini and Perez-Solorzano Borrigan, 2015: 34). At the centre of EU politics is the Single Market; it allows goods, services, capital, and people to move more freely as it removes regulatory obstacles to intra-EU trade (European Commission, 2017b, 2017c). Given the focus of this study, it is the Single Market, the regulation thereof, and the role of the Council of the European Union (hereafter 'the Council'), the European Commission and the Court of Justice of the European Union (CJEU) that will be investigated.

¹⁶ When the ECSC was founded, the principal goal was to have France and West Germany on board, but invitations were sent to all West European states to join the cooperation arrangement; Belgium, Italy, Luxembourg and the Netherlands were the only ones to join the venture (Cini and Perez-Solorzano Borrigan, 2015: 21). The 1969 Hague Summit paved the way for the first wave of enlargement, leading to the accession of the United Kingdom (UK), Denmark and Ireland in 1975. Subsequent enlargement waves gradually increased membership to 28 in 2017. In June 2016, in 2017, the UK triggered Article 50 of the Treaty on European Union (TEU) setting it on the course to exit the Union by 2018.

Organisational form

The EU's overall organisational structure is dense and extensive: there are seven bodies¹⁷ representing the main stakeholders and serving specific functions to ensure “the coherence, effectiveness and continuity of EU policies and actions” (EUR-Lex, 2017). This study will focus on the Council of the European Union as it is the body in which national interests are directly represented, and where representatives of EU members are brought to interact, negotiate and work with other members on a regular basis. The Council is at the heart of EU decision making given that all EU proposals must be approved before becoming EU law. It meets in 10 different configurations, according to policy sectors¹⁸. Overall, the Council employs several thousands of officials and meets in diverse settings several times a week.

The ministers or state secretaries meet in Brussels, where the Council is based, some monthly and others no more than a handful of times per year. The Council's composition is however significantly larger, and exchanges are more regular at lower levels of decision-making. There are “permanent representatives who staff the Committee of Permanent Representatives (COREPER)” and over 150 working parties and committees charged with very specific subjects (Cini and Perez-Solozarno Borrigan, 2010: 144; Consilium, 2017). COREPER prepares Council meetings and paves the way for agreement by the ministers, as EU member states maintain permanent representations in Brussels staffed by the national EU ambassador, deputy, and policy specialists from different national ministries (Cini and Perez-Solozarno Borrigan, 2010: 144). It is thus imperative for these permanent representatives to balance the need to present their country's national interests and the responsibility for joint problem solving (Cini and Perez-Solozarno Borrigan, 2010: 153). The working groups deal with the day-to-day activities of the Council. In short, COREPER and its various working groups “presolve as much technical and fine detail as possible”, and leave politically sensitive topics to the permanent representatives or the ministers to solve (Cini and Perez-Solorzano Borrigan, 2010: 153).

¹⁷ The seven bodies of the European Union: the European Parliament, the European Council, the Council of the European Union, the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors (EUR-Lex, 2017).

¹⁸ Sectoral Councils: General Affairs; Foreign Affairs; Transport, Telecommunications, and Energy; Economic and Financial Affairs; Competitiveness; Environment; Employment, Social Policy, Health and Consumer Affairs; Justice and Home Affairs; Education, Youth, Culture, and Sport; and Agriculture and Fisheries. There is not hierarchy among council configurations; instead, the General Affairs Council and Foreign Affairs Council have special roles.

Regulating the internal market by working towards increasing growth and enhancing competitiveness in the EU, the Competitiveness Council brings together ministers responsible for trade, economy, industry, and research and innovation. In line with the Digital Single Market strategy issued in May 2015, and the Single Market strategy on goods and services of October 2015, the Competitiveness Council currently focuses on e-commerce, the automotive industry and its space strategy (Competitiveness Council, 2017).

The Council is not solely where national interests are expressed by representatives of member countries, it also allows for repeated interactions which lead national actors to act and think collectively, and “develop long-term relations of trust, mutual understanding, and obligations to try and help out colleagues with domestic political difficulties or requests for special considerations” (Cini and Perez-Solozarno Borragan, 2010: 145). Indeed, national officials work together to find common solutions to issues of shared interests, resulting in a convergence of interests; a product of the socialisation process taking place in this intergovernmental branch of the multilateral cooperation arrangement (Bearce and Bondanella, 2007).

Compliance mechanism

As mentioned earlier, the EU’s dispute settlement mechanism regarding the internal affairs (i.e. among member states) is called the infringement procedure, whilst its ‘dispute settlement mechanism’ rather refers to disputes between the Union and third countries. The procedure is a center piece of EU policymaking as it ensures that member countries comply with the rules and obligations of the Union. The framework is centralised and its outcomes are legally-binding.

The role played by third parties in infringement proceedings, such as the Commission and the CJEU, reduces the costs for member countries to ensure compliance. Indeed, having delegated to the Commission the task to monitor the actions taken by EU member states and share these findings, as exemplified by its naming-and-shaming instrument: the Single Market Scoreboard. It also has the capacity to initiate the infringement procedure, which reduces the reputational costs of members of doing so¹⁹. To further reduce the risk of animosity among member states, these third parties are autonomous, as their staffs are not tied to national interests (Cini and Perez-Solorzano Borragan, 2010). However, the economic and political power of certain states reduces

¹⁹ EU member states and their national courts are also allowed to refer cases to the CJEU.

their likelihood of being subject of infringement proceedings, while others may not be able risk being fined by the Commission and the CJEU (Hix and Hoyland, 2011: 92).

The bulk of the monitoring process of policy implementation is conducted by third parties. The Commission investigates whether member states apply the necessary change to align national policies with EU law (European Commission, 2017a; Cini and Perez-Solozarno Borragan, 2010: 127). Cases of suspected infringement of the rules and principles of the EU are administered by the Commission, which can open investigations if it deems necessary, but can also be brought forth by a member state (TFEU, Art. 105, 108, 258 and 259). If the Commission finds that there is an infringement, “it shall propose appropriate measures to bring it to an end” (TFEU, Art. 105.1). If noncompliance is not rectified, the Commission has three months to deliver an opinion, after which the issue may be brought before the CJEU (TFEU, Art. 259). If the Commission decides to bring the matter to the CJEU, “it shall specify the amount of the lump sum or penalty payment to be paid by the Member State concerned”, and given that CJEU rulings are binding, if it finds that “the Member State concerned has not complied with its judgment it may impose a lump sum or penalty payment on it” (TFEU, Art. 260). Furthermore, some CJEU infringement proceedings have had profound impact on the relationship between EU law and national law, such as the 1964 *Costa v. ENEL* case, 1974 *Dassonville* case, and the 1979 *Cassis de Dijon* case (for more details regarding these cases, see Hix and Hoyland, 2011). Thus, the infringement procedure effectively ensures that member states comply with EU law, and the TFEU allows for countries to be punished if they do not. Indeed, Jonas Tallberg (2002) argues that non-compliance in the EU is a temporal phenomenon.

Summary

The European Union covers a very broad range of topics, has developed an extensive structure to manage its operations, and comprises of 28 members. With regards to intra-EU trade, the Council of the European Union remains the central body, despite sharing competence with the other EU bodies. It has thus to balance the interests of the Union’s members and those of the supranational actors. The types of cooperation vary according to policy areas, and, with regards to intra-EU trade (i.e. the Single Market), national policies of member states ought to be coordinated and harmonised to reflect EU law. The intergovernmental body of the EU, the Council, meets regularly and in various configurations. In addition to the meetings between ministers and state secretaries, the

Council is composed of national officials that are permanently based at the headquarters in Brussels. International cooperation thus occurs nearly daily, and given that these officials “eat, drink and breathe EU issues seven days a week”, national interests are now considered within the broader EU context (Barber, 1995 in Cini and Perez-Solorzano Bogarran, 2010: 144). States and national agents have thus become socialised in a society of states, one where unilateral action is frowned upon and punished. Indeed, in the instance that a member state fails to implement EU policies in its national body of law, the European Commission may refer the case to the Court of Justice of the European Union. If the issue is not resolved, the infringement procedure allows for the Commission and the CJEU to impose financial penalties on the offending member state.

Summary and comparison

In the light of the previous findings, this section will assess the impact of the different types of multilateral arrangement on the promotion of sustained multilateral cooperation. It is thus important to bear in mind the qualitative characteristics of such arrangements: indivisibility among the members, the establishment of and respect for the codes of appropriate conduct, and reciprocity. This research posits that the structural elements of a cooperation arrangement are core elements in determining whether given arrangements are more likely to promote sustained multilateral cooperation. Indeed, organisational form and compliance mechanisms directly affect a country’s behaviour and the way it formulates its positions on given policies. This section looks beyond the rationale behind the establishment of cooperation arrangements, as they all seek to promote growth and job creation, and instead explores the effects these factors have on the dynamics among member countries. As outlined above, the organisational form of multilateral arrangements has a direct impact on the prospects of generating socialisation, epistemic communities, and interest convergence, while compliance mechanisms ensure that rules are followed and that noncompliance is punished. Indeed, they play a crucial role in managing the interactions among member countries and their agents.

Given that multilateral FTAs, like NAFTA, rarely centralise the conduct of their operations, let alone establish headquarter offices with a permanent staff, they do not allow for socialisation processes to occur, or for preference adaptation as the self-interested logic behind the pursuit of national interests remains unchanged. Once the agreement enters into force, state agents are not brought to interact with one another, except if there is a dispute among signatories.

Operations, such as monitoring and information-gathering, are often conducted by national authorities as part of the functions of the appropriate national bureaucratic entity. Indeed, as previously outlined, National Sections of the Secretariat, each of which are located in the national capitals of its member countries, conduct NAFTA's operations. Thus, interaction among officials of the member countries of a trade agreement is not sustained, and none of the NAFTA bodies are independent from national administrations thereby rendering interest convergence highly unlikely. Furthermore, the dispute settlement mechanism is also decentralised and, despite claiming that its rulings are binding, the DSB cannot enforce its decisions. In short, multilateral trade agreements may establish codes of appropriate behaviour and frameworks that emphasise the benefits of cooperating in the long run and over many issues, members do not however develop a sense of indivisibility as interstate relations are not sustained once the agreement is signed.

Conversely, repeated interactions are more common in international organisations, as they tend to have a centralised organisational structure and permanent staff; and compliance mechanisms are generally more thorough. However, as demonstrated by the cases of the WTO and the EU, there are varying degrees to which international organisations facilitate socialisation processes and ensure compliance.

The previous assessment of the WTO sheds light upon its limitations. It does have a permanent location where state agents come together, but it falls short of being a genuine site of socialisation. On one hand, the Secretariat, the only independent body of the WTO, is explicitly forbidden to take independent views or influence the decision-making process of the organisation. On the other hand, all members have the resources to establish permanent representations to voice their interests in the General Council. Socialisation in the WTO is thus a privilege for those who can afford it. With regards to the organisation's compliance mechanism (i.e. its dispute settlement mechanism), accessibility is limited: it is costly and a country's economic size affects the credibility of its retaliation and the impact of financial or commercial penalties. Thus, while Simmons (2009) argues that the WTO's multilateral framework is robust and efficient regarding multilateral rule-making, there remain some serious deficiencies. Despite bringing together the necessary elements for sustained multilateral cooperation to occur, the WTO's structure does not create a levelled playfield for its members, with respect to the prospects of socialisation and

regarding the impacts of its compliance mechanism, which undermines the prospects for diffusion and internalisation of the principles of multilateralism.

In the case of the EU, it is customary for national delegations to work together in a sustained way to find collective solutions to issues pertaining to the Single Market and many other policy areas. Indeed, the repeated meetings over long periods of time in the Council lead state agents to internalise new understandings of appropriateness and adapting their behaviour according to EU norms and values. Furthermore, COREPER and its various working groups, which are composed of national civil servants and experts, play a crucial role in the decision-making. Thus, the Council of the European Union and the Committee of Permanent Representatives differ from the WTO's General Council and Secretariat as EU epistemic communities and socialised state agents are enabled to influence the policymaking process. Furthermore, in the event that a member state fails to align its national policies with EU legislation, the CJEU can staunchly punish the offending member. EU member states have thus been socialised into forming a multilateral society of states, as they the core tenets of multilateralism have been generally internalised and the community values.

In the light of the structural differences of these models regarding the mechanisms fostering sustained multilateral cooperation, their effects on member countries also differ: substantive multilateral arrangements are far more constraining than instrumental ones. In short, trade agreements only create a framework to facilitate commercial exchanges between the signatories and only foster limited cooperation among states and instrumental multilateral cooperation. A country's participation in these models thus reflects its true commitment to multilateralism. Consequently, Canada's foreign policy in the field of international trade, more specifically the types of multilateral trade arrangements in which it chooses to participate, will be examined to evaluate the way it practices multilateralism.

Canadian multilateralism and international trade policy

To answer the second sub-question, which pertains to Canada's approach to multilateral cooperation in international trade and its commitments to multilateralism, a brief overview of Canada's foreign policy with regards to trade and multilateralism will be conducted. It will be followed by an assessment of the current government's rhetoric towards revamping its commitment to multilateralism, and of the steps it takes towards achieving this end. Concretely,

the types of multilateral trade arrangements it participates in and for which it advocates will be analysed and compared with the rhetoric put forth by government officials and civil servants.

Historical background

As a trading nation, the bulk of Canada's foreign policy consists of securing access to foreign markets for its exports. Indeed, according to the Advisory Council on Economic Growth (2017), 65 percent of the country's GDP relies on international trade. Indeed, in addition to the trade agreements it struck within the WTO framework, Canada has an extensive network of FTAs and foreign investment and protection agreements (FIPA) (See *Table 5.2*). Ensuring openness of global markets and liberalisation of trade relations, and the maintenance of regimes that promote economic liberalisation, have thus been crucial elements of Canada's foreign policy (Cutler and Zacher, 1992: 3). Given its geopolitical and economic weight, it seeks to do so through multilateral forums, which allows it to have more influence. Consequently, multilateralism has been deemed a staple of Canadian trade policy (Bothwell and Daudelin, 2009: 85).

Table 5.2: Overview of Canadian trade and investment agreements

| | Free trade agreements | Foreign investment promotion and protection agreements | World Trade Organisation agreements |
|----------|---|---|---|
| In force | Chile, Colombia, Honduras, Israel, Jordan, South Korea, Panama, EFTA members ²⁰ , and NAFTA members. | Argentina, Armenia, Barbados, Benin, Cameroon, China, Costa Rica, Cote d'Ivoire, Croatia, Czech Republic, Egypt, Guinea, Hong Kong, Hungary, Jordan, Kuwait, Latvia, Lebanon, Mali, Mongolia, Panama, Peru, the Philippines, Poland, Romania, Senegal, Serbia, the Slovak Republic, Tanzania, Thailand, Trinidad and Tobago, Ukraine, Uruguay, and Venezuela. | GATT, GATS, TRIPS, TRIMS, ITA ²¹ , and GPA ²² . |

²⁰ EFTA is the European Free Trade Association which groups Liechtenstein, Iceland, Norway, and Switzerland.

²¹ ITA is the World Trade Organisation Information Technology Agreement.

²² GPA is the World Trade Organisation Agreement on Government Procurement.

| | | | |
|-------------------------|---|---|-------------------|
| Signed | Ukraine, EU members, and TPP signatories ²³ . | Burkina Faso and Nigeria. | |
| Concluded negotiations | | Albania, Bahrain, Madagascar, Moldova, and Zambia. | TFA ²⁴ |
| Ongoing negotiations | Dominican Republic, India, Japan, Morocco, Singapore, CARICOM ²⁵ , and the Central American Four ²⁶ . | Ghana, India, Kazakhstan, Kosovo, Macedonia, Pakistan, Tunisia, and the United Arab Emirates. | EGA ²⁷ |
| Exploratory discussions | China, the Philippines, Thailand, Turkey, and Mercosur members ²⁸ . | | |

Source: Global Affairs Canada, 2017

As early as the pre-Confederation era, Canada’s economy was based on “the exports of goods, mainly resource-based (e.g. fish, fur, and timber), to larger markets, especially the United States, the United Kingdom and France” (Gecelovsky and Kukucha, 2011: 38). Since then, trade and commerce are at the epicentre of the Canadian government’s actions on the global stage. In the postwar setting, Canada contributed to the establishment of the GATT and other multilateral arrangements aimed at spurring economic growth. Since then, a high degree of continuity characterised Canada’s trade policy, but its “commitment to economic multilateralism was far from absolute” (Bothwell and Daudelin, 2009: 85). The reliance on few, large markets, such as the US, drove Canadian governments to seek ways to diversify its foreign trade in order to reduce Canada’s vulnerability. The bilateral FTA signed with the EU in 2017, CETA, is the fruit of such efforts.

²³ TPP signatories: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States (until it withdrew on January 23, 2017) and Vietnam.

²⁴ TFA is the World Trade Organisation Agreement on Trade Facilitation.

²⁵ CARICOM is Caribbean Community which groups Antigua and Barbados, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

²⁶ The Central American Four comprise of Guatemala, Honduras, Nicaragua, and El Salvador. The negotiations halted when Honduras decided to concentrate on bilateral negotiations with Canada, culminating in the Canada-Honduras free trade agreement in 2011.

²⁷ EGA is the World Trade Organisation Environmental Goods Agreement.

²⁸ Mercosur members: Argentina, Brazil, Paraguay, Uruguay and Venezuela.

Prime Minister Pierre-Elliott Trudeau (Liberal Party of Canada, 1968-1979 and 1980-1984) placed 'economic growth' at the top of his list of foreign policy priorities in the 1970 white paper *Foreign Policy for Canadians*, which meant close cooperation with the US, but also with European countries, Japan, China, and the Soviet Union. His successor, Brian Mulroney (Progressive Conservative Party of Canada, 1984-1993), sought to "bring a sense of balance to Canada's foreign policy" as he ranked 'economic prosperity' fifth out of six 'objectives' in his foreign policy discussion paper *Competitiveness and Security* (Gecelovsky and Kukucha, 2011: 42). In his 1989 "Going Global" strategy, the Conservative premier, also reaffirmed the need to look beyond North America and strengthen the country's ties in Asia and Europe (Gecelovsky and Kukucha, 2011: 43). That being said, Mulroney championed free trade, signed the Canada-United States Free Trade Agreement (CUSFTA) in 1988 and laid the groundworks for signing NAFTA. Indeed, as it remained committed to the multilateral trading framework, the Canadian government turned to bilateralism to secure better access to the US market (Sulzenko, 2016).

The 1995 white paper outlined Prime Minister Jean Chretien's (Liberal Party of Canada, 1993-2003) foreign policy strategy. It brought trade and international economic affairs back at the top of the policy agenda, according "the highest priority to the full and effective implementation of the WTO", and perceiving a rules-based trading multilateral system as "the bedrock of Canadian trade policy" (Canadian Council for International Cooperation, 1995). During the premiership of Chretien's successor, Paul Martin (Liberal Party of Canada, 2003-2006), the Department of Foreign Affairs and International Trade published an international policy statement. Focusing mostly on security issues given the 2001 terror attacks in the US, it nevertheless listed 'prosperity' as its first core priority (DFAIT, 2005: 5). It outlined Canada's desire to strengthen economic ties with the EU, Japan, China, Brazil, India, and South Korea (DFAIT, 2005: 18). Interestingly, it also compared the North American experiment of economic cooperation with that of Europe's, stating that "cooperation is managed through common rules, rather than centralised institutions" (DFAIT, 2005: 6). This segment demonstrated the diverging standpoints concerning multilateral cooperation regarding trade and commerce on both sides of the Atlantic.

When becoming prime minister in 2006, Stephen Harper (Conservative Party of Canada, 2006-2015) redefined Canada's engagement on the global scene as 'economic diplomacy'. This meant that all diplomatic assets would be harnessed to promote the country's economic interests

abroad and ensure the success of Canadian companies and investors in foreign markets, according to Ed Fast in 2014, international trade minister at the time. Indeed, Fast stated in an interview that “trade and investment... are essentially the twin engines of economic growth” (Financial Post, 2014). Furthermore, the Conservative government commercialised Canada’s development assistance, tying development aid to Canadian commercial interests, especially those of the extractive resource sector (McKercher and Sarson, 2016: 357-8). As outlined in its policy document *Seizing Global Advantages*, the Harper government timidly reasserted its commitment “to push for freer trade through the World Trade Organization”, but it turned its back from Canada’s multilateral tradition and replaced it by an “ambitious bilateral agenda” (Government of Canada, 2008: 5). Trade was thus brought back at the forefront of Canadian foreign policy, and “the multilateralism... once associated with Canadian foreign policy [was] replaced by bilateral agreements” (McKercher and Sarson, 2016: 355).

In short, the history of Canadian foreign policy is centred on trade and its commercial interests, and is characterised by a constant drive to reduce its dependence on the US market. As exemplified by the notable focus on bilateral trade agreements in the 2008 Global Commerce Strategy, multilateralism should not be considered as a core tenet of Canadian foreign policy anymore. Indeed, echoing Denis Stairs’, Canada is multilateral when necessary, but not necessarily multilateral (Black and Donaghy, 2010: 3). When the Liberal Party of Canada returned to government under the leadership of Justin Trudeau, the multilateral approach to global engagement and trade was revived. However, it is crucial to discern between rhetoric and action given that actions speak louder than words.

Real change?

During the 2015 federal election campaign, foreign policy platforms of the major parties were outlined and fiercely debated. As mentioned above, Prime Minister Stephen Harper’s approach was characterised by a breakaway from the country’s multilateral tradition and a commitment to promote the commercial interests of Canadian businesses abroad at any cost. Conversely, Justin Trudeau’s platform sought to “re-establish Canada’s role as an active middle power that is committed to multilateralism and upholding international law” (Petrasek, 2015). Both leaders staunchly supported free trade, but while the former preferred a bilateral approach, the latter favoured “large multinational covenants” (Cantin, 2016). Indeed, Trudeau claimed that “being

fully and firmly committed” to internationalism and to become once again “an active and constructive member of the United Nations and other multilateral organizations” is crucial for Canada (Trudeau, 2015). The Liberal’s electoral victory gave Trudeau the opportunity to put into practice the party’s ‘real change’ commitments concerning Canada’s engagements on the world scene. The day following his electoral victory, he announced that, under his leadership, Canada’s voice in international affairs would be more “compassionate and constructive” (National Post, 2015a).

During the months that followed, the Liberal administration went on a global charm offensive, promoting its vision for an open and inclusive international trading system at several multilateral summits, such as the G7, G20, APEC and World Economic Forum (Office of the Prime Minister, 2015, 2016; CBC, 2015; Macleans, 2016). These meetings aimed at reasserting Canada’s desire to strike more trade agreements and modernise existing ones. Indeed, the Premier stated, at his first APEC meeting in November 2015, that leaders had to do more than “talk about better collaboration and sign trade deals” by following up “with investment, with business ties, with job creation and strengthening economic exchanges” (CBC, 2015). He reiterated this commitment at the United Nations General Assembly in October 2016, stating that Canada would reengage “in global affairs through institutions” like the UN and NATO (Trudeau, 2016). He mandated his minister of foreign affairs and international trade minister, Stéphane Dion and Chrystia Freeland respectively, to “reenergise” Canada’s leadership in multilateral institutions and to “implement and expand Canada’s Free Trade Agreements globally” (Lexology, 2015). At a lecture at the London School of Economics and Political Science, Freeland reiterated the Liberal government’s commitment to multilateralism and international organisations, but argued that despite the difficulties of working within such frameworks, it is essential to do so, especially given the size of Canada and its economy (Freeland, 2016). Advancing a progressive trade agenda to spur economic growth and responsible economic cooperation were reiterated as priorities for the Canadian government after the 2017 ministerial shuffle, which made Freeland Minister of Foreign Affairs and Francois-Phillipe Champagne Minister of International Trade.

It however rapidly became clear that the renewed commitment to multilateralism would not apply to international trade, and would be mostly felt in the field of international security and defence (Trudeau, 2015, 2016; Cantin, 2016; Standish, 2016; National Post, 2015b). With respect to international trade, Canada continued to focus on extending its network of trade agreements.

Performance Reports published by the Department of Global Affairs in 2016 and 2017 outline Canada's commitments to provide global market access for Canadian businesses through the implementation and expansion of Canada's network of trade agreements. The documents focus heavily on bilateral and regional trade negotiations, especially those pertaining the Asia-Pacific region, Chile, the EU, Israel, South Korea, Ukraine, and the United States. The Advisory Council on Economic Growth echoes the government's desire to "develop significantly better and deeper trading links with large and fast-growing economies, particularly in Asia (2017: 2). Securing new access to large markets is stressed as a core priority for this administration as it is expected to create opportunities for Canadian exports, benefit consumers and accelerate growth. The pursuit of commercial ventures is also coupled with the promotion of key values and other policy sectors, such as human rights, social, environmental and poverty impacts, as exemplified by the modernisation of the Canada-Chile FTA which added a chapter on trade and gender (Global Affairs Canada, 2017c). However, as stated by Trudeau at the European Parliament in Strasbourg in early 2017, CETA is deemed as a blueprint for future trade deals as it exemplified responsible international economic cooperation (Trudeau, 2017).

In short, Canada's trade policy under Trudeau's leadership continued to focus on attracting foreign investment and securing market access globally. Much of the rhetoric outlined in speeches, statements and policy documents aimed at rebranding the country's trade and commercial strategy as progressive, sustainable, inclusive, and responsible. Commitments to the multilateral trading system were reiterated in several instances, and many policy analysts expected to see Canada's multilateral practice revamped. However, it rapidly became clear that this change would not be felt in its approach to international trade.

Discussion

Thus, having answered the two sub-questions, it is possible to turn to the central research question: *Why does Canada's multilateral practice in international trade fail to produce sustained multilateral cooperation when its rhetoric on multilateralism implies otherwise?* As Canada's multilateral practice in international trade is measured by its participation in multilateral cooperation arrangements, its participation in and promotion of instrumental cooperation arrangements demonstrate that its actions do not reflect its rhetoric.

Indeed, despite being hailed as a central element of Canadian foreign policy, it would be erroneous to assume that the promotion of multilateralism by successive Canadian governments is reflected in every aspect of its foreign policy. As a trading nation, securing access to large markets, and reducing the barriers to trade globally is crucial for any government formed in Ottawa. Justin Trudeau's electoral victory and its rhetoric concerning reviving Canada's multilateral approach to global affairs produced high hopes in policymaking and academic circles. However, this study demonstrates that there is a significant gap between discourse and practice.

From a standpoint that conceptualises multilateralism as engaging within three or more countries on certain issues, Canada fares arguably well in several policy areas. However, as argued above, such understanding of multilateralism is too narrow and incomplete. With regards to trade, by pursuing trade agreements with groups of countries, such as CETA, the TPP, or with the Central American Four, some may argue that it is a sign that Canada is taking action regarding its multilateral commitments. However, such assumption is erroneous. These negotiations are *multinational*, not multilateral, and its pursuit of expanding and diversifying its access to global markets through trade agreements (instrumental cooperation arrangements) demonstrates that it is not serious about engaging sustained multilateral cooperation. Substantive multilateralism is more than negotiating trade agreements with three or more countries. It requires the promotion, in a sustained way, the acceptance and internalisation of the three core elements of multilateralism: indivisibility, generalised codes of appropriate behaviour and diffused reciprocity. Furthermore, it implies a change in the rationale behind the pursuit of national interests (i.e. preference adaptation) through socialisation, multilateral rule-making and mechanisms that have authority to pass on judicially binding rulings to ensure that compliance. Canada's approach, which consists of negotiating trade agreements with larger markets, either bilaterally or with a group of countries, fails to deliver on its commitments, as it continues to engage in instrumental cooperation arrangements.

Chapter VI: Conclusion

As Justin Trudeau and members of his governments vowed to revamp Canada's image as an internationalist country, Justin Trudeau tapped into one of the core tenets of the country's foreign policy tradition – multilateralism. He claimed his government would take a more proactive role in multilateral forums and promote a progressive and responsible agenda with regards to international affairs. While this may have been true for several policy areas, it was not the case for international trade. Several Canadian officials, including Trudeau and Freeland, have claimed that the Comprehensive Economic and Trade Agreement between Canada and the European Union will be the country's blueprint for further cooperation in international trade. It thus seems that policymakers in Ottawa are confusing *multilateral* with *multinational*, thereby failing to engage in sustained multilateral cooperation.

Through a review of the literature on international cooperation and multilateralism, the following definition materialised: Multilateralism is the practice of cooperation and coordination among three or more states, involving the development of shared norms and collective identities, and characterised by indivisibility, generalised codes of appropriate behaviour, and diffused reciprocity. This conceptualisation of multilateralism set the benchmark to assess whether certain cooperation arrangements foster multilateral cooperation. In the light of the research's theoretical framework, the focus was on the structural components of multilateral cooperation arrangements. Consequently, three models of multilateral cooperation arrangements were conceptualised: instrumental arrangements, partial multilateral arrangements, and substantive cooperation arrangements. These arrangements were based on the cases of NAFTA, the WTO, and the EU respectively. Their organisational form and compliance mechanisms were assessed to illustrate their propensity to foster sustained multilateral cooperation.

This study thus posits that for sustained multilateral cooperation to occur, the norms, principles, values, and institutions devised and agreed upon by a group of states must be internalised, diffused, and enforced. Moreover, preferences must be adapted to these community norms and multilateral rule-making must be normalised. To this end, socialisation processes must occur and effective compliance mechanism has to be established. Cooperation arrangements must thus have centralised organisational structures and must allow for epistemic communities and socialised state agents to substantially partake in the policymaking process. Regarding compliance

mechanisms, they must be accessible to all members of the arrangement and must set an institutional framework whereby offenders are duly punished when violating the terms of the agreement. Substantive multilateral arrangements contain all these elements, and therefore, if a country seeks to approach multilateralism in a credible way, it ought to participate in such arrangements. In short, this study concludes that:

- The ambiguity of the concept of multilateralism allows policymakers to use the term loosely, thereby creating a discrepancy between the rhetoric concerning multilateralism and multilateral practices;
- The organisational and institutional structures of multilateral cooperation arrangements produce different outcomes with regards to the promotion of sustained multilateral cooperation;
 - In the light of their organisational form and the effectiveness of their compliance mechanisms, substantive multilateral arrangements fare better in promoting sustained multilateral cooperation than the two other models;
 - Instrumental cooperation arrangements, such as trade agreements, only foster tactical multilateralism, and partial cooperation arrangements
- Canada's actions do not reflect its rhetoric concerning its multilateral practice in international trade, as it only engages in instrumental multilateral cooperation arrangements.

Thus, in the light of these findings, the research advocates for a thorough reassessment of Canada's approach to multilateral cooperation. It posits that pursuing a multilateral practice based on sustained multilateral cooperation is in Canada's best interest given its position in global affairs. Indeed, the biggest winners of a multilateral system are middle-sized and smaller powers, like Canada (Freeland, 2016). However, there seems to be no desire in Canadian policy circles to go beyond the establishment of instrumental cooperation arrangements (i.e. trade agreements). Indeed, from a rationalist perspective, it is in Canada's best interest to pursue its economic and commercial interests through the participation in substantive multilateral arrangements. Developing a substantive multilateral arrangement would reduce the logistical costs of juggling several trade agreements, as the "construction of a multilateral mechanism is organisationally less

expensive than is the development of many bilateral contracts”, and it would have significant impacts on Canada’s position in world affairs (Haggard and Simmons, 1987: 504).

First, it would substantially reduce its dependence on large economic powerhouse, such as the US and China. Indeed, forging substantive cooperation arrangements with like-minded partners would secure a lasting access to foreign markets for Canadian exports. Indeed, there has been a significant increase in intra-EU trade and investment flows since the implementation of the Single Market (National Board of Trade, 2015: 3). Second, substantive multilateral arrangement would ensure that Canada’s interests and values are accounted for, and eventually diffused, within the community. Thus, Canada would have more influence in global affairs. Third, and lastly, substantive agreements are less likely to be at the whim of protectionist forces, such as trade agreements. In substantive cooperation arrangements, members are held accountable if they to break the terms of the agreement, in addition to suffering greatly in terms of ‘reputational capital’.

Some may expect that middle powers are less likely to take the lead in producing drastic changes in the global order, but the current retreat of the US in world politics has created a unique a window of opportunity for Canada. On one hand, Canada has equipped itself domestically to rethink its multilateral approach to international trade, and cooperation on the global scene more broadly, as it currently has a government that claims it is committed to a progressive and inclusive international agenda in power. On the other hand, Canada has drastically increased its soft power in global affairs and should capitalise on it (The Economist, 2016b). Furthermore, Canada is not short of partners with whom to create such arrangements as it is already part of several international groups, such as the Commonwealth, La Francophonie, the Organisation of American States, and many more. In short, Canada should thus take concrete steps towards developing a rules-based global order by creating and participating in substantive multilateral arrangements. may it be solely to protect its interests as a middle power. Such practice would indeed secure a lasting access to global markets and, more importantly, demonstrate true leadership in global affairs.

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