

The Multilevel Politics of Trade

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Goals and Objectives

In 2014, the Canadian government and the European Union (EU) signed the Comprehensive Economic and Trade Agreement (CETA). CETA is noteworthy for the role that the provinces and territories played. For the first time, they had a seat at the negotiating table alongside their federal colleagues (DeBeer 2012; Johnson, Muzzi and Bastien 2013; Kukucha 2013; Paquin 2013; Fafard and Leblond 2015). There is anecdotal evidence to suggest that CETA is not the only example of change in the role of sub-federal actors in trade negotiations. More recently, the German Länder asked to have a say in the ratification of both the Transatlantic Trade and Investment Partnership (TTIP) negotiations between the United States and the EU and CETA. While the EU insisted on the inclusion of the Canadian provinces in the negotiation processes leading to CETA because it would affect many provincial jurisdictions, however, the European Commission, until very recently, vehemently denied acknowledging CETA as a mixed agreement. And while certain sub-federal actors seek to become more directly involved in trade negotiations, other sublevel jurisdictions rely on “exit” rather than “voice,” declaring themselves as TTIP or CETA free zones.

The emerging politics of multilevel trade prompt interesting questions for politicians, trade negotiators and academics alike. For example, are Canada and Germany exceptions or are they emblematic of a more substantial change across federal states? Are CETA and TTIP distinctive trade agreements or are they merely the most visible examples of sub-federal actors’ enhanced standing in trade negotiations? To answer these questions, the workshop will put trade policy scholars and practitioners in conversation with scholars of federalism and multilevel governance.

The overall goal of the workshop is to lay the foundation for a future research project that will compare the changing patterns of sub-federal actors’ involvement in international trade politics. Deploying different formats (paper-based panels, practitioners panels), the workshop will start to identify patterns of continuity and change, as well as the factors driving the trend of increased presence of sub-federal governments in what was traditionally an exclusive jurisdiction of the federal/supranational level. In addition, the workshop seeks to explore the impact this will have on the long term evolution of trade governance in federal states and multilevel governance more generally.

For the purposes of the workshop, we focus, in particular, on developments in North America and the European Union. In addition, we include Switzerland and Australia, two cases that promise important comparative insights. Expected workshop outcomes and the creation of research capacities, most notably through a solid network of scholars, practitioners and organizations, will help us to determine how we can eventually expand and recalibrate our focus within a larger research project. This may result in including municipalities, regions in unitary states, and federations in South America (e.g. Brazil, Argentina) and Asia (e.g. India, Malaysia), among others.

The specific objectives of the event are: (1) to understand how sublevel actors in the federations under consideration participate in the politics of international trade, and how this has been changing (or not) since the 1990s; (2) to create a network of scholars, practitioners, and organizations (BSIA, Forum of Federations) that will serve as a launching pad for future research activities and partnerships, presumably leading to a SSHRC Partnership Development Grant proposal; (3) to produce and disseminate workshop outcomes through different types of publications targeting different, sometimes overlapping audiences.

This inquiry is particularly timely. One of the most significant trends in trade in recent decades is the proliferation of free trade agreements (FTAs). Numbers have increased from just a handful of FTAs in the early 1990s to close to 400 today (Trebilcock, Howse and Eliason 2013; WTO 2015). This increase denotes a major shift from multilateral approaches to trade governance, favoured in the post-World War II period, toward a more fragmented, preferential trade regime. Moreover, a spate of free trade agreements has recently been concluded. From a scholarly standpoint, it is important to explain the outcomes. The role of sub-federal actors is clearly an important part of that explanation for CETA and the Transpacific Partnership (TPP), as well as other smaller agreements. Furthermore, a number of negotiations are ongoing and others are likely to commence in the near future. Therefore, from a practical perspective, it is useful to pursue this analysis to generate forward-looking recommendations for policy makers.

These changes have profound consequences for the constellation of actors involved in different stages of the external trade policy process. Emerging FTAs are often “comprehensive” or “second generation” treaties that move past liberalization of goods trade to services, intellectual property, and government procurement, among other issues. Priorities have been shifting from tariff reduction and market access (e.g. NAFTA) to regulatory cooperation through mutual recognition or even harmonization (e.g. CETA, TTIP etc.). Accordingly, enhancing access to foreign markets for domestic exporters is no longer simply a matter of removing border measures. It increasingly requires a change in so-called “behind-the-border” policies (Young 2016). Many of these “behind-the-border” policies and regulations fall within the jurisdiction of sublevel entities. When the EU seeks easier access to Canadian markets for its wines and spirits, it encounters a provincial jurisdiction. When Europeans want to bid on sub-federal procurement contracts in Canada and the US, provinces, states, and municipalities are implicated. Therefore, the nature and extent of sub-federal participation in trade negotiations is at least partly a function of the sectors targeted by the agreement in question. At the same time, federal actors may resist relinquishing control over international treaty making.

Greater involvement of constituent units in the politics of trade, therefore, seems to indicate at least a partial reversal of an established historical path. Indeed, preliminary evidence even points to the interests of sub-federal actors as one of four main obstacles to the successful conclusion of FTAs (Aggarwal 2015). These observations indicate that we have entered a new era of multilevel politics in the realm of trade. Scholarship on these developments is rare and tends to focus on certain aspects of these trends in individual countries. Comparative research is almost non-existent. In particular, we identify two major research gaps, one empirical and one conceptual, which we seek to address through our workshop.

First, building on insights of academic country experts and our practitioners, the panels and discussions will enhance our understanding of the changing role sublevel units play in trade policy in individual

countries, as well as the EU. Adopting a comparative perspective, we seek to generate systematic knowledge about how actor configurations vary in different stages of the policy process; how sublevel actors participate (e.g. consultation or co-decision-making; informally or formally; indirectly or directly); and how contextual factors, notably features of the political system (e.g. presidential versus parliamentary systems, varieties of federalism), political ideas, and the nature of FTAs themselves promote these varying patterns.

Second, drawing on these comparative insights, the conference will facilitate cross-fertilization between different pockets of scholarship in political science (international political economy meets comparative federalism) and between political scientists and legal scholars. In particular, we expect that the workshop will help to further advance more fine-grained analytical tools to analyze the changing nature of multilevel politics at the interface of domestic and international politics.

Guiding Questions

This list of questions is not exhaustive, nor will each question necessarily apply to or interest each workshop participant. We offer them as entry points into our conversation and welcome your suggestions for further orienting questions. In addition, we expect and hope that our workshop conversations will allow us to refine and develop this list.

1. How do federal states differ in the role given to sub-federal actors in trade negotiations? What accounts for these differences?
2. How has the role of sub-federal actors changed in the last 20-25 years? What accounts for these changes? What are the costs and benefits of these changes and for whom?
3. How does the role of sub-federal actors vary across sectors or issue areas?
4. What are the most pressing problems (procedural and material), from the perspective of supranational, national and sub-federal actors?
5. What are the long-term implications of greater sub-federal involvement?