

不對稱談判：加拿大在 NAFTA 談判 的經驗及其未來

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中文摘要

由於世界貿易組織（WTO）的杜哈回合（Doha Round）陷入嚴重危機，越來越多的國家決定訴諸自由貿易協定（FTAs）來推動貿易政策自由化與確保重要的國際市場。迄 2007 年底已有超過 300 的區域貿易協定（RTA）已通報日內瓦的 WTO 秘書處。儘管 RTA\FTA 如此受歡迎，但是 FTA 卻為推展多邊主義與日益增加的國際關係法治化的外交政策帶來相當大的負面衝擊，尤其是權力與不對稱的問題。超過 75% 的 RTA 以及幾乎 90% 目前正在談判中的貿易協定皆為雙邊 FTA。而且，成長最快速的模式是已開發國家與發展中國家所簽訂的 FTA。這意味著在此正在激增中的貿易談判大環境下，小型經濟體正面對要與比自身強大很多，甚至可能是高度不對稱依賴的貿易伙伴進行談判的情況越來越多。極少數學者（事實上全是加拿大人）明確地考慮到優惠貿易協定（PTAs）談判中的不對稱的問題。

本文主旨即試圖從加拿大與美國不對稱談判的經驗來探討國際談判，藉研究加拿大在北美自由貿易協定（NAFTA）

談判的角色來剖析不對稱性對決策制訂者的關連性。首先將檢視有關談判與不對稱的文獻以定義國際談判裡的權力，其次點出加拿大在北美自由貿易協定談判的整體目的。而第三節與第四節是剖析農業談判，並從理論上看談判。最後一節則闡述 NAFTA 的結果對加拿大北半球貿易策略衝擊。

Negotiating Asymmetry: Canada's Experience in the NAFTA Negotiations and Beyond

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With the Doha Round of the WTO in a serious crisis, more and more countries have decided to turn towards free trade agreements (FTAs) as means to liberalize trade policy and to guarantee access to important markets. By late 2007, more than 300 such accords, "regional trade agreements" in GATT parlance, had been notified to the multilateral trade regime's Geneva secretariat. Yet in spite of their popularity, FTAs tend to bring a problem back into foreign policy that the expansion of multilateralism and the increasing legalization of international relations had reduced to a much more limited role: the question of power and asymmetry. Over 75 percent of regional trade agreements and almost 90 percent currently under negotiation are bilateral agreements. Moreover, the fastest-growing type of agreement is the developed-developing country FTA (Crawford and Fiorentino 2005). This means that in a significant and increasing number of negotiations, small economies are

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facing much larger partners on which they may be highly asymmetrically dependent. Yet surprisingly, very few authors (and in fact, all Canadians) have explicitly considered asymmetries in the negotiation of PTAs (Cameron and Tomlin 2000; DeBoer-Ashworth and Winham 2000; Robert 2000; Mace et al. 2003).

Drawing on Canada's experience with asymmetrical negotiations with the US, this paper presents several findings from studies investigating international negotiations and illustrates their relevance for policymakers with a case study of Canada's role in the NAFTA negotiations. Besides the obvious relevance of the experience of having negotiated with the United States, one of the most important actual or future FTA partner for many countries, the Canadian case allows us to ignore problems that may plague other countries. Canada did not have to deal with issues such as administrative overstretch through many possibly concurrent FTA negotiations, or the potential effects and feedback between multiple FTAs. The case therefore allows us to focus exclusively on what defines asymmetrical negotiating situations and how policymakers can deal with them.

The paper proceeds as follows. The next section presents key theoretical insights from the literature on negotiations and asymmetry in order to define "power" in international bargaining. Section 2 provides an overview of Canada's overall objectives in the NAFTA talks. Section 3 analyzes the bargaining on agriculture. Section 4 analyzes the negotiations theoretically. Section 5 casts the light on the consequences of NAFTA on Canadian trade strategy in

the hemisphere, and concludes with an overview of current negotiations in the multitude of initiatives taken on during the last years.

1. Asymmetry in international negotiations

Asymmetrical interdependence, first posited by Hirschman (1980) and Keohane and Nye (1977) and elucidated as a relational concept by Baldwin (1980), is one of the cornerstones of international relations theory. In terms of economic exchange between nations, dependence implies that a cost has to be borne by one country for severing the trade ties with another state. Asymmetry is therefore the result of an unequal dependence between two countries.

Most commonly, the source of asymmetrical interdependence is simply the consequence of *market power*, or the size of one country's market relative to the others. For example, based on 2006 IMF figures, the size of Canada's national market is a mere 9 percent of the US market. Moreover, in absolute terms, bigger economies tend to trade less with the outside world in general. While exports and imports equal close to 50 percent of Canada's GDP, the comparable figure for the US economy is only 16 percent. Yet most important for assessing the asymmetry in a relationship is the mutual dependence. For Canada, trade with the United States makes up close to 80 percent of foreign commerce. Conversely, Canada buys 23 percent of US exports and is responsible for selling 17 percent of US imports. Despite the fact that Canada's position is stronger than these figures suggest, given its abundance of

natural resources including oil and gas that make up about 22 percent of its exports to the US, the asymmetry in economic terms is stark.

But does asymmetry in market power automatically result in asymmetrical outcomes? One of the most important findings of the theory of two-level bargaining (Evans et al. 1993) is that the flexibility in a government's international negotiating position depends primarily on its domestic win-set, defined as the set of possible agreements that can be negotiated at level 1 (the government) that would be accepted by level 2, the domestic interest groups, in a simple up-or-down vote (Putnam 1993). The range of possible agreements is therefore defined by the overlap in the win-sets between the parties.

A direct consequence of this logic is that the smaller the domestic win-set of a country, the less it will be in a position to make concessions. Such domestic constraints can become a source of leverage in the negotiations, given enough interests in the agreement by the other party. Why would this differ from mere inflexibility in the negotiating position? Asymmetrical interdependence is defined by the opportunity cost of a non-agreement. This is referred to as the "best alternative to a negotiated agreement," or BATNA (Odell 2000). A smaller win-set is equivalent to a better BATNA, since the domestic costs of the concessions necessary to achieve an agreement outweigh its utility at a lower threshold—as always, speaking in terms of political costs to the government, not true economic welfare costs.

As Grossman and Helpman argue (1994, 1995), trade policy making is almost purely special interest politics, a position that has recently found strong empirical support (Gawande and Hoekman 2006). If trade policy is regularly controlled by special interests, then any liberalizing bargain turns into an uphill battle. In fact, for the longest time, political economy has failed to track down many supporters of liberalization (Milner 1988). This may be because such supporters of the reduction of trade barriers will in many negotiations be split across country lines, and therefore have to overcome high hurdles in the formation of coalitions. Natural allies because of common interests are primarily exporters of a product from one country and importers (consumers) of the same product in the other country.

However, individuals are unlikely to ever lobby since they face collective action problems: it simply does not pay off for individual consumers to attempt to lobby against e.g. dairy tariffs, because the costs of organizing a sufficiently strong coalition is bound to outweigh the premium paid on the share of milk products in the consumption basket because of such protectionist policy. However, importers are not always divided. Buyers of intermediate goods from abroad are sometimes concentrated enough to prevent local firms from obtaining protection. For example, in the NAFTA negotiations, US computer manufacturers successfully avoided the imposition of costly rules of origin on components. While US producers of these parts would have preferred to source them from their own production sites in Mexico, US computer manufacturers as consumers of these intermediate goods gave preference to being able

to buy them from cheaper suppliers in Taiwan and Mainland China (Chase 2003).

A further crucial dimension influencing the win-set lies in the domestic institutions of a country in a two-level negotiation. The more autonomous a state from its domestic constituencies, the weaker its bargaining position, since negotiators cannot credibly claim that they will be unable to gain ratification at home if they do not need to do so to implement an agreement (Putnam 1993). Recent work has found direct empirical evidence that the more veto players in a polity are in a position to block trade legislation, the less likely a country is to conclude preferential trade agreements (Mansfield et al. 2007).

However, this does not imply that autocracies are able to commit themselves best to trade liberalization because they do not have to respond to domestic pressures to the same degree as democracies. With the exception of rare instances of imposed liberalization (e.g. Chile under Pinochet), autocratic rulers have often resorted to using trade barriers to bolster their political support. As Milner and Kubota (2005) show, the spread of democracy throughout the world has also given a strong stimulus to trade liberalization in developing countries. Most less-developed economies are by definition relatively labour-abundant, so that the Heckscher-Ohlin model predicts that these countries will ultimately be in favour of free trade vis-à-vis the capital-abundant developing countries.

Given these considerations, what would the

two-level framework lead us to expect as Canada's strategy in the NAFTA negotiations? As a smaller economy, highly dependent on the United States for its foreign trade, the asymmetries are obvious. Moreover, given its Westminster-style parliamentary system (although constrained by important regional political forces), a Canadian majority government would not be forced to assemble the votes for the ratification of an agreement with side-payments in the way a US government might be forced to do. Would this automatically translate into a weak bargaining position, especially in agriculture, where Canada is even more dependent on the US market? As the following discussion shows, Canada had a number of tools at its disposal that gave it more leverage in the negotiations than to be expected at first glance. Nevertheless, the whole bargain nearly collapsed over the issue of agricultural liberalization.

2. To Join or Not to Join: North American Trade

From the outset, Canada had been a reluctant participant in the NAFTA negotiations, having only recently negotiated a free trade agreement with US, the CUSFTA, an undertaking that was highly contested in the domestic political arena and over which an election had been fought in 1988 (Johnson et al. 1992). Prime Minister Mulroney first heard about Mexico's proposal for an FTA with the United States in a phone call from Ambassador Burney in preparation for a visit to Mexico in March 1990, when Mexican President Salinas was planning to officially inform Mulroney of his initiative. While Foreign Affairs (then still the Department of External Affairs) was unconcerned, as

Canada-Mexico trade was negligible, the Department of Industry, Science and Technology contracted a study by two eminent Canadian economists to analyze the potential impact on Canadian interests (Lipsey 1990; Wonnacott 1990). The two studies warned that a hub-and-spokes model centered on the United States could have two negative effects on Canada: first, Mexico might be able to obtain better access to the US market than Canada had under the CUSFTA, especially in the auto industry, possibly resulting in the shift of industrial production from north of the US border to south of the Rio Grande. Second, theoretical models predicted that in a hub-and-spokes model, the biggest economy would attract the most investment to the disadvantage of the smaller partners. Since FDI into Mexico was likely to be driven by different considerations (e.g. efficiency and low wages) than FDI that could locate either in Canada or the US, this concern, if realized, would be most pressing for Canada.

After a few months of internal discussions, the Mulroney government finally settled on the decisions to try to get a seat at the table. The response from Mexico's Commerce Secretariat SECOFI was guardedly positive, until Canadian Minister for International Trade John Crosbie stated that his country's actual participation in a final deal depended on whether Canada would need to protect gains made in the CUSFTA. Faced with the risk of Canada spoiling the deal, walking away and throwing the negotiations back for months, or failing to get domestic support, the Mexican government decided to allow Canada to play a role. However, it also obtained a rider from the US that if Canadian participation became an obstacle to

concluding a deal with the US, it could be told to leave the negotiations (Cameron and Tomlin 2000).

These positions were to define the negotiations until the very end: Canada sought to protect the gains made in the CUSFTA, but also had the previous agreement as a fall-back option, a precisely defined BATNA. Having turned NAFTA into a regional deal, Canada also sought to prevent future hub-and-spoke agreements and managed to insert an accession clause into NAFTA, despite vehement resistance from Mexico. Ultimately, however, this clause would never be used: Chile attempted to join NAFTA, but decided to pursue agreements with Canada and Mexico separately when the Clinton administration failed to obtain congressional authority to negotiate. Chile and the US concluded a separate FTA in 2002.

The NAFTA negotiations were broken down into 19 different working groups within six major areas: market access, services, investment, protection of intellectual property, dispute settlement, rules on subsidies and dumping, and rules of origin. This division of labour in many ways built on the chapters of the CUSFTA, but it was not necessarily reflecting the underlying issues adequately. For example, the rules of origin in the automobile sector proved so complex to negotiate that the working group won the right to strike its own bargain on this issue. Agricultural trade cut across many of these fields, but the most contentious issues revolved around subsidies and quotas.

3. Agriculture in the NAFTA deal

Although Canada was and remains one of the most important exporters of agricultural products, its interests in the NAFTA deal in agriculture were almost exclusively defensive. The primary purpose of the negotiations was to protect the supply management mechanisms in place for grains (the Canadian Wheat Board) and the dairy and poultry farming industry. The political importance of these industries reflected party and regional cleavages in the Canadian body politic that still remain salient today.

Wheat farming is almost exclusively an economic activity of the prairie provinces. Although successive governments had pledged their support for the CWB, the actual political support of these farmers was probably less important for the federal government. Few farmers would switch their allegiance to the Liberal party, so that in federal elections, a Tory government could count on either their votes, or on their support going to the often name-changing Reform, Reform Alliance, or Alliance party. On the other hand, dairy and poultry farming was heavily concentrated in Quebec. Although the 1994 separatist referendum in Quebec was unforeseen at the time, the federal government was still reeling from the failed Meech Lake accord on constitutional reform that would have silenced the sovereigntist movement in Quebec at least temporarily. PM Mulroney, himself a Quebecker from the small town of Baie Comeau near the mouth of the St. Lawrence, was in no mood to inflict further damage on his own party's election chances in the francophone province.

Institutional features contributed to the out-of-proportion influence of Quebec agricultural interests.

Of 279 seats in the House of Commons in 1985 (when the *Representation Act* in place in 1990 was designed), Quebec held 75, “grandfathered” since 1976. Despite much faster population growth in the Western provinces, this formula remains at the heart of the existing constitutional bargain.¹ Given the importance of rural Quebec for the “Mulroney conservatives,” it was unsurprising that the concerns of the relatively small number of dairy and poultry farmers outweighed those of western Canadian wheat farmers.

By contrast, Mexico primarily sought better access to the US market for its products, and aimed at the elimination or at a minimum generous enlargement of quotas for its winter vegetables and citrus fruits. However, Mexico's agriculture was also the most protected and in need of reform. For a developing country with a long tradition of communal farming born in the revolution and land reforms of the early 20th century, the risk and potential social implications of a sudden opening of its agricultural market to a flood of subsidized imports from the United States were tremendous. Mexico's negotiators therefore constantly sought to make concessions in agriculture dependent on gains in other areas.

Finally, the United States went into the negotiations with the triple aims of opening up the Mexican market,

¹ By 2007, this resulted in a slight overrepresentation of Quebec holding 26 percent of the seats in parliament versus 21 percent of the population, and a significant underrepresentation of Alberta and British Columbia, prompting a minor adjustment.

weakening the provisions in the CUSFTA against subsidies from a strong “shall not subsidize” to a legally weaker “should not subsidize,” and ideally forcing Canada to abolish its supply management of wheat that the US considered a subsidy in itself.

Early Battles: The Dallas Meeting

The agricultural working group kicked off its negotiations in Dallas in February 1992.² From the outset, it would become clear that the real struggle would take place between the United States and Canada. Although Mexico did not intend to liberalize its market for grains (especially corn) and sugar, both heavily subsidized in the US, the Mexican team opened the negotiations with a bold gambit: it would lift all restrictions if the US was willing to do the same. This effectively undermined the US strategy of making changes in the quotas for winter vegetables and fruits conditional on progress in corn. Whether to call the bluff or to strike a quick bargain, the US team decided to accept the offer, at least rhetorically, but deferred to Canada in giving response on subsidies.

For the Canadian side, this turn of events was unexpected. The team for the agricultural working group had come to the negotiations without any mandate to negotiate further liberalization, but to leave these issues for the Uruguay Round, where its supply management systems were unlikely to be successfully challenged as

² This section draws heavily on an interview with a former Canadian negotiator, to whom I am very grateful for his insights. The interpretation presented is the author’s alone.

long as worse offenders like the European Union were taking the blame. Without any flexibility, the Canadian team resorted to stalling tactics. Over the next three hours, the exchange became so heated that the Canadian Ambassador decided to do what trade negotiators at the limit of their mandate always need to do: refer the matter back to the capital. This meant a trip to the Canadian Consulate General in order to contact Ottawa on a secure communications line. The forced pause led to further aggravation among the American negotiators. Upon arriving at the Consulate, the Canadian Ambassador learned from the PM about a prior conversation between Mulroney and the Mexican President that let his heart sink: Salinas had made it clear that Mexico would not allow the agricultural topic to turn into a deal-breaker. At the same time, the Canadian team was instructed not to give any ground. Any liberalization would have to take place in the Uruguay Round.

If Mexico and the United States were to come to a deal under these circumstances, it would mean that Canada would have to part ways, or that there would be no agricultural chapter in NAFTA, or, as a last resort, Canada would have to give up something somewhere else in the deal by conceding the US and Mexico a similar major exception (Cameron and Tomlin 2000). The negotiators left Dallas without a clear roadmap ahead of them.

The Impasse: The April Meeting in Montreal

In April 1992 at the Ministerial Meeting in Montreal, Canada found itself again isolated. With no trilateral

bargain in sight, the teams agreed that there would be separate bilateral negotiations in agriculture between the three players that would effectively result in three different agreements—the only working group in which this outcome was acceptable to Canada.

A second issue that nearly became a deal-breaker related to Chapter 19, the settlement of disputes over antidumping and subsidies. From the Canadian perspective, these were also mostly linked to agricultural exports, as well as the recurrent issue of softwood lumber exports. Here, the US claimed that the Canadian system of selling off logging rights on crown land for a fixed price amounted to a hidden subsidy, compared with the US system of auctioning off logging rights, usually for a higher price than the Canadian forestry industry paid.

The CUSFTA had brought some institutional innovation to free trade agreements through the creation of a binational panel that could be called on by either party to investigate anti-dumping and countervailing duty proceedings. As with most such dispute settlement produces, the panel only had the legal authority to verify that the domestic laws of the defendant country had been properly applied—in this case, usually whether the United States International Trade Commission (USITC) had correctly used its own rules. Article 1904 of the CUSFTA established a further challenge procedure against panel rulings. After initially unsatisfying outcomes in the panel procedures, the US government had decided that it would attempt to reopen this chapter in order to obtain a weaker dispute settlement system in NAFTA. For Canada, the

question was again whether it would be necessary to fall back on to the FTA as its BATNA.

Breaking the Deadlock: The Deal at the Watergate Hotel

Both issues could only be settled during the final negotiation session at the Watergate hotel complex in Washington, DC. Up until this point, the United States had used what Canadian negotiators described as “the typical American strategy:” to hold out as long as possible because eventually the smaller partner would cave in. While this had yielded results with Mexico, the Canadian side referred to the fallback option, the FTA, whenever US negotiators appeared to be playing for time. In many instances, this resulted in constructive dialogue.

Still, the impasse over the agricultural negotiations had not been broken. Despite having invested a further year and considerable political effort into the negotiations, the Canadian side was again contemplating withdrawing from the talks and falling back on the CUSFTA (Cameron and Tomlin 2000).

Finally, the Canadian team managed to find a concession that offered a way out of the deadlock by pulling an obscure issue out of the sleeve that had plagued US-Canada trade relations for decades. The “Crow's Nest Pass Agreement,” dated 6 September 1897, guaranteed a cash subsidy of (by now) CAD 3.3 million to the Canadian Pacific Railway (CPR), in addition to the title to pass into British Columbia. In exchange, CPR was to reduce, in

perpetuity, eastbound rates on grain and westbound rates on a specified list of “settlers’ effects.” Due to this agreement, the shipping cost of Canadian grain to offshore markets via ports in the east were on average 15 percent lower than US shipping rates. The subsidy of Canadian grain producers, combined with the Canadian Wheat Board, had been a bone of contention between the US and Canada ever since the inception of the GATT. Throughout the 1980s, the USITC had initiated several “Super 301” proceedings against Canada that resulted in countervailing duties being levied on Canadian products.

However, this concession was not be given away in the NAFTA negotiations. The Canadian government decided to stick to the plan of not extending any offers on products under a supply management regime in bilateral negotiations. Rather, Canada included the abolition of the Crow’s Nest Pass rate agreement in its offer in the Uruguay Round negotiation in Geneva. In practice, this still amounted to a concession to the United States only, but it helped deflect pressure from the supply management systems for dairy and poultry. For the United States, this concession made it much more palatable to agree to the Canadian ultimate objective: agricultural trade between the two partners would remain to be governed by the CUSFTA bargain, but the agreement would be rolled over into NAFTA without any changes. For the Canadian negotiators, this represented a rare coup in the negotiations with its bigger neighbour: Canada resorted to its BATNA *selectively* in an issue where its interests were defensive without jeopardizing the bargains made in other fields.

The subsequent backtracking of the US team on the offer made to Mexico brought the asymmetries of the negotiations into stark relief again. Despite the earlier claim that the US government was willing to drop all restrictions on agricultural imports from Mexico in a zero-for-zero deal, the concrete offers that materialized after the agreement with Canada looked quite different. The main concern for US negotiators revolved around sugar exports, even though Mexico was a net importer. Officially, the US team claimed that if given preferential access to the US market, Mexico might export domestically produced sugar and fill the gap in locally consumed sweetener with imports from other countries, most likely Cuba, instead. This argument was almost certainly specious: barring political decisions to the contrary, Mexico would most likely import sugar from Brazil and Australia as vastly more efficient producers than Cuba.

To be able to strike a deal, Mexico was forced to accept a minimal quota increase to 25,000 tons per year for sugar, to be increased to 150,000 tons only in the event that Mexico became a net exporter. More difficult, but crucial for closing the bargain were 15-year phaseouts for citrus fruits, tomatoes, onions, eggplants, chili peppers, squash, and watermelons—or virtually all produce in which Mexico had a comparative advantage over the US because of climate and cheap labour (Mayer 1998).

Analyzing the Negotiations

By most counts, the stark asymmetry between Canada and the United States would have led to an

expectation of equally asymmetrical outcomes. Canada was (and remains) extremely dependent on the US as market for exports. This fact in itself should have skewed any bargain against Canada. In addition, the inevitable dominance of the US position in the negotiations could have allowed the American negotiators to play Canada and Mexico off against each other. The agricultural bargain was a clear attempt at making concessions between Mexico and the US conditional on those made by Canada.

Nevertheless, Canada managed to achieve its ultimate goal without having to make major concessions. With limited export interests to Mexico, Canada could use the CUSFTA as a clearly defined and unchanging BATNA. The Mulroney government was clear from the outset that it was not willing to concede on any components included in the CUSFTA. The only scenario in which Canada would lose would be if Mexico made significant gains in access to the US market in products in which the countries competed. Moreover, at the same time as the NAFTA negotiations, Canada was engaging in the Uruguay Round of negotiations for General Agreement on Trade and Tariffs (GATT). Given the choice, it would prefer to reach a favourable settlement in the Uruguay Round since any concessions received there would apply beyond North American trade and so, would provide greater benefits.

The strength of the BATNA allowed the Canadian negotiating team to protect its key supply-managed agricultural industries despite heavy pressures from the US, and therefore helped preserve the delicate political balance within the Canadian federation.

4. Beyond NAFTA

NAFTA marked a turnaround for Canadian trade policy: for the first time, Canada looked beyond its immediate southern neighbour and considered trade agreements in the western hemisphere. In part, this coincided with Canada's original plan to open NAFTA up to an expanding membership that would dilute the influence of the US and provide partners in coalitions to fight against US trade "remedies." Canada also became an active supporter of the process that was planned to lead to the negotiations for a Free Trade Area of the Americas (Salazar X and Robert 2001), and acted as host during the April 2001 negotiations in Quebec City—an event that was marred by at times violent demonstrations. However, with the recent shift to the radical left in several Latin American countries, the FTAA has become a distant prospect. In reaction, the Canadian government has refocused its efforts on negotiations with a variety of partners, most of which have not attracted much domestic attention in Canada. Table 1 presents an overview of ongoing and concluded FTA negotiation as of late 2007.

Table 1: Current Canadian FTA Negotiations

Partner	State of play
Andean Community	FTA negotiations launched in 2007 and close to conclusion as of early 2008.
CARICOM	FTA negotiations launched in 2007.
Central American 4	FTA negotiations in progress since

	2004.
Chile	Signed FTA in 1996. In force since 1997.
Costa Rica	Signed FTA in 2001. In force since 2002.
Dominican Republic	FTA negotiations launched in 2007.
EFTA countries	FTA successfully concluded in 2007.
Israel	Signed FTA in 1996. In force since 1997.
Singapore	FTA negotiations close to conclusion as of early 2008.
South Korea	FTA negotiations in progress since 2005.

It is noteworthy that with the exception of the EFTA countries and South Korea, none of these partners are important export markets for Canadian products. This underscores a pattern emerging in North-South FTAs during the past decade: despite limited importance of countries as export markets if total trade is considered, governments engage in negotiations, often because a small number of companies has concentrated interests in these countries—trade liberalization therefore become “protection for exporters” (Dür 2007). Moreover, as a middle power, Canada has a strong stake in the legalization of international affairs—but not just any rules. Rather, Canada is following other developed countries in attempting to propagate its own model of rule-making in the trade relations with other partners. For example, the FTA with Chile is exemplary (in the Canadian government’s

perception) in that it outright bans the use of any trade remedies between the partners. Canada therefore engages in “competitive regionalism” the same way as Japan (Solís and Katada 2007; Manger 2005), the United States (Shadlen et al. 2005) and the European Union—yet since Canada cannot offer the sizable markets of these players, asymmetry comes into play again. Few countries will adopt a Canadian model of a rules-based trade policy if the EU and the US press for approaches that privilege their own exporters.

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