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# International Institutions and Interest Mobilization: The WTO and Lobbying in EU and US Trade Policy

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*What affects lobbying patterns in trade policymaking? Existing explanations focus mainly on economic determinants, like the rise of intra-industry trade. We argue that the international trade institutions of the World Trade Organization (WTO) themselves are also key for understanding which type of interest mobilization is likely to arise. We contend that the institutional setting of issue-linkage based trade negotiations creates incentives for firms to work through broad sector-wide lobbying organizations, while judicial adjudication and enforcement in WTO dispute settlement stimulates de-linkage, leading to product-specific interest mobilization. We illustrate how these two arguments can explain the coexistence of both sector-wide and product-specific lobbying in the contemporary international trade regime. We provide evidence on interest mobilization for United States (US) and European Union (EU) initiated WTO disputes, and on EU and US domestic interest organizations that mobilize during multilateral trade rounds or are present at WTO ministerial conferences.*

## 1 INTRODUCTION

An important question in the study of trade politics relates to the way collective action is structured. Such question is important because the nature of collective action has profound effects on the effectiveness and outcomes of political decision-making. To give one notable example, Mancur Olson argued that an all too steep increase of specialized lobbying could lead to deadlock in political decision-making.<sup>1</sup> Existing explanations for the aggregation and representation of interests in trade politics usually concentrate on domestic political cleavages along factors of production, sectors of industry, or specific products. For instance, in

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<sup>1</sup> Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven: Yale University Press, 1982).

recent years studies that focus on industry collective action have argued that trade politics is characterized much more by product-specific lobbying than sector-wide and cross-sector lobbying and that this is due to the growing importance of intra-industry trade in contemporary international trade relations.<sup>2</sup>

In this article, we argue that the design of international trade institutions also shapes the character of interest mobilization in trade policy lobbying. We do not seek to refute analyses that stress the importance of domestic factors but rather to complement these works in showing how international institutions can also affect the dynamics of collective action in trade policy making. Our reasoning builds on earlier research showing how international institutions has affected various other aspects of international trade politics, such as multilateral trade negotiations,<sup>3</sup> and compliance with multilateral trade rules.<sup>4</sup> Likewise, we argue that the institutional characteristics of the international trade regime could also affect the nature of collective action in domestic politics.

Our main argument is that the bifurcated structure of the international trade regime with both a judicial and a negotiation venue leads to the coexistence of different types of interest group mobilization within the regime. First, we submit that *judicial* adjudication and enforcement in the World Trade Organization (WTO) dispute settlement system de-links issues and stimulates product-specific lobbying. Exporters know that WTO Dispute Settlement Body rulings, and the possibility of trade sanctions, increases the likelihood that a foreign government will remove non-WTO-conform trade barriers. The case-by-case logic of judicial proceedings triggers product-specific interests to lobby their government, and makes them less eager to pay the high coordination costs of sector-wide collective action. Second, we submit that the institutional setting of issue-linkage based multilateral trade *negotiations* create incentives for firms to lobby through organizations that represent and aggregate the interests of entire industry sectors, or even across multiple sectors. In such a context, fruitful lobbying depends on the ability to supply the building blocks for across-issue package deals that negotiators

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<sup>2</sup> Michael Gilligan, 'Lobbying as a Private Good with Intra-industry Trade', *International Studies Quarterly* 41, 455–474, 1997; Daniel Verdier, 'Democratic Convergence and Free Trade', *International Studies Quarterly* 42, 1–24, 1998; Daniel Kono, 'Market Structure, Electoral Institutions, and Trade Policy', *International Studies Quarterly* 53, 885–906, 2009; In Song Kim, 'Political Cleavages within Industry: Firm-level Lobbying for Trade Liberalization', Paper presented at the IPES 2013 conference and winner of the IPES Best Paper Award 2013.

<sup>3</sup> Christina Davis, 'International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization', *American Political Science Review* 98, 153–169, 2004.

<sup>4</sup> Claus-Dieter Ehlermann, 'Tensions between the dispute settlement process and the diplomatic and treaty-making activities of the WTO', *World Trade Review* 1(3), 301–308, 2002; Judith Goldstein and Lisa Martin, 'Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note', *International Organization* 54, 603–632, 2000; Judith Goldstein and Richard Steinberg, 'Negotiate or Litigate? Effects of WTO Judicial Delegation on US Trade Politics', *Law and Contemporary Problems* 71, 257–82, 2008.

will generally seek to attain. Since the probability that a single firm's lobbying effort affects outcomes is likely to increase when mobilization takes place in cross-sector business alliances and/or sector peak associations, individual firms will seek to represent their interests through such more encompassing interest organizations.

Our analysis has several implications for the literatures on trade policy, interest groups, and global governance. First, we complement existing accounts on trade policy lobbying by specifying how international trade institutions influence firm incentives for political mobilization. Second, we add to the literature on patterns of interest group articulation in domestic governance in advanced liberal democracies.<sup>5</sup> Our analysis shows that the institutional structure of international trade governance, constituted as it is by a highly judicialized form of adjudication and recurrent multilateral trade negotiations, may have systematic consequences for patterns of political mobilization. Third, we highlight some potential future developments in patterns of interest representation in global trade governance. The decline of the WTO as a forum for negotiated trade liberalization combined with the continued resilience of the organization's judicial arm, raises the expectation that the current structure of interest representation at the WTO will shift to a more imbalanced structure, in which narrower interests primarily determine the content of WTO commitments.

The article is structured as follows. We first explore the strength of existing explanations regarding the character of interest mobilization on international trade. We then present our argument on the differential effects of two types of institutions in the world trade regime: the WTO's negotiation forum and its judicial arm. We go on to show the plausibility of our argument by presenting data on how the WTO provides varying incentive structure for collective action in the United States (US) and in the European Union (EU). We conclude with a description of the consequences of our findings and provide some suggestions for future research.

## 2 EXISTING LITERATURE

Discussions on the nature of interest representation in trade policy lobbying have often focused on why economic sectors or producers of particular products organize collectively. Two models from these discussions need careful consideration here: the sector model and the intra-industry model. Although originally these

<sup>5</sup> Martin Shapiro and Alec Stone Sweet, *On Law, Politics and Judicialization*, Oxford: Oxford University Press, 2002; Pieter Bouwen and Margaret McCown, 'Lobbying versus Litigation: Political and Legal Strategies of Interest Representation in the European Union', *Journal of European Public Policy* 14, 422–443, 2007.

models were designed to predict the effects of international trade policies on economic welfare, they also make predictions regarding political cleavages and patterns in political representation.<sup>6</sup>

The sector or Ricardo-Viner model assumes that production factors are sector-specific. Trade liberalization increases the returns from the abundant factors used in that sector, while it reduces returns from the scarce factors used in that sector.<sup>7</sup> Under such circumstances, firms are likely to organize in sector-wide trade associations to defend their interests on international trade.

The intra-industry model comes from strategic trade theory, and assumes economies of scale and imperfect competition. If firms benefit from increasing returns to scale, barriers to entry for new firms go up, and established firms find themselves in a situation of imperfect competition. This results in intra-industry trade, i.e., trade of different varieties of the same product between countries with similar factor endowments.<sup>8</sup> Due to extensive product differentiation and specialization, intra-industry trade turns firms or agglomerations of firms into the dominant actors in their market niche.

Observing that intra-industry trade reduces the costs of trade *relative* to inter-industry trade, a number of analyses have argued that intra-industry trade lowers the incentives for more collective forms of representation (and may even make trade liberalization politically easier to achieve).<sup>9</sup> Other authors have, however, pointed out that strategic trade theory tends to overlook *how* intra-industry trade affects incentives for collective action.<sup>10</sup> While the costs of adjusting to intra-industry trade are probably less severe than with inter-industry,

<sup>6</sup> Jeffrey Frieden and Ronald Rogowski, 'The Impact of the International Economy on National Policies: An Analytical Overview', in: Robert Keohane and Helen Milner (eds) *Internationalization and Domestic Politics*, New York: Cambridge University Press, 1996. We do not explicitly consider the factor-model, which predicts political cleavages along factorial lines. While this provides a powerful explanation for the politics of trade in the nineteenth and early twentieth century characterized by political party mobilization along class lines, it has been convincingly shown that the gradual and sustained downward trend in inter-industry worker mobility since the interwar period caused by the growing complementarity between labour skills and technology produced a marked shift from class-based trade policy coalitions to sector-based ones in major developed economies in the post-WWII period. Since our analysis focuses on the period following the creation of the GATT in 1947 we do not discuss the factor-model and its implications. For a detailed discussion on this point see Michael Hiscox, 'Class versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade', *International Organization* 55, 1-46, 2001.

<sup>7</sup> James Alt and Michael Gilligan, 'The Political Economy of Trading States: Factor Specificity Collective Action Problems and Political Institutions', *Journal of Political Philosophy* 2, 165-192, 1994.

<sup>8</sup> Paul Krugman, 'Intraindustry Specialization and the Gains from Trade', *Journal of Political Economy* 89, 959-973, 1981.

<sup>9</sup> Joanne Gowa and Edward Mansfield, 'Alliances, Imperfect Markets, and Major-Power Trade', *International Organization* 58, 775-805, 2004; Charles Lipson, 'The Transformation of Trade: The Sources and Effects of Regime Change', *International Organization* 36, 417-455, 1982.

<sup>10</sup> Michael Gilligan 1997.

comparative advantage trade, they are not concentrated in one single social class or a single industry. Rather, a small set of hyper-specialized producers, or even a single firm, face the burden. Because firms consider the expected benefits and costs of lobbying, as well as the likelihood that their individual and joint efforts will have an impact on policy outcomes,<sup>11</sup> intra-industry trade is expected to ease political mobilization. The decreasing number of firms in markets with intra-industry trade increases the impact one single firm may have on policy outcomes and lowers the coordination costs for collective action. Michael Gilligan went so far as to state that the high concentration of benefits and the low coordination costs might turn lobbying over intra-industry trade into a private, rather than a public good for the firms active in that product category within a country.<sup>12</sup> Because intra-industry trade leads firms to act more individually or in small groups (rather than collectively within or across sectors), trade policy lobbying will take the shape of highly specialized and brand-specific associations dominated by a small number of firms.

In our view, taking into account how the institutional characteristics of the international trade regime also affect patterns of interest mobilization in trade policy can fruitfully complement these seminal contributions. Although the dispute settlement mechanism of the WTO underwent a significant reform in 1995, the existing studies on the effect of intra-industry trade on the character of trade policy lobbying neglect the impact of this important institutional innovation on trade policy lobbying. For instance, Gilligan considers evidence on trade complaints lodged at the US International Trade Commission by American interest groups in the 1988–1994 period, and Kim offers evidence on trade policy lobbying based on the reports that became available only after the adoption of the Lobbying Disclosure Act in 1995;<sup>13</sup> yet, both studies does not control for how changes in the institutional set-up of the WTO affect trade policy lobbying.

Yet, as former studies have shown, international institutions have a profound on other aspects of trade politics, including how issue-linkage increases the likelihood of liberalization, how the rising importance of the judicial arm of the WTO affects the balance between exporters and import-competing groups in the domestic political arena, and how the strength of the WTO's enforcement capacity is a critical factor influencing a state's propensity both to subject itself to further commitments and to comply with already agreed upon rules.<sup>14</sup> In line with these studies, we suggest that international institutions may also have a critical

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<sup>11</sup> Mancur Olson (1965), *The Logic of Collective Action. Public Goods and the Theory of Groups*, Cambridge, Mass.: Harvard University Press, 1965.

<sup>12</sup> Michael Gilligan 1997.

<sup>13</sup> Michael Gilligan 1997; In Son Kim 2013.

<sup>14</sup> Christina Davis 2004; Judith Goldstein and Lisa Martin 2000; Claus-Dieter Ehlermann 2002.



influence the politics underlying trade policy making. More specifically, we contend that international institutions can crucially affect the nature of collective action.

### 3 INTERNATIONAL TRADE INSTITUTIONS AND TRADE POLICY LOBBYING

As in studies on interest group politics and social movements, we conceive the institutional environment as a political opportunity structure,<sup>15</sup> and dissatisfaction with, or threats to, the preferred status-quo emanating from public policymaking can be regarded as determining and shaping the supply of lobbying efforts.<sup>16</sup> In line with such a conceptualization of lobbying, we argue that differences in the design of institutions – that is, in their mandate and functioning – affect the type of interests that get mobilized, as specific institutional features affect the scope of the policy issues being treated within them. While some institutions are structured to deal with a broad and encompassing sets of issues, other institutions, by design, deal with highly specific issues and consider each issue on its own merits. This institutional distinctiveness affects the organizational form of interest aggregation and representation.

From this perspective, a variety of analyses have emphasized how in the domestic realm the different institutional contexts of rule generation and law making on the one hand, and of rule application and enforcement on the other hand, call for different, yet coexisting, forms of interest mobilization. In the former case, interests tend to be represented through encompassing organizations, while in the latter case special and narrow interests, but often also individuals or individual firms, dominate the scene.<sup>17</sup> We expect a similar logic to play out in the WTO as both a legislative and a judicial venue also coexist within it. The existing literature on the relationship between institutions and political mobilization in trade policy

<sup>15</sup> Doug McAdam, John McCarthy and Mayer Zald (eds), *Comparative Perspectives on Social Movements. Political Opportunities, Mobilizing Structures, and Cultural Framings*, Cambridge: Cambridge University Press, 1996.

<sup>16</sup> Peter Bouwen, 'Exchanging Access Goods for Access: A Comparative Study of Business Lobbying in the EU Institutions', *European Journal of Political Research* 43, 337–369, 2004; David Lowery and Virginia Gray, 'The Population Ecology of Gucci Gulch, or the Natural Regulation of Interest Group Numbers in the American States', *American Journal of Political Science* 39, 1–29, 1995; Beth Leech, Frank Baumgartner, Timothy La Pira and Nicholas Semanko, 'Drawing Lobbyists to Washington: Government Activity and the Demand for Advocacy', *Political Research Quarterly* 58, 19–30, 2005.

<sup>17</sup> Karen Alter, 'Who Are the Masters of the Treaty? European Governments and the European Court of Justice', *International Organization* 52, 121–147, 1998; Anne-Marie Burley and Walter Mattli, 'Europe before the Court: A Political Theory of Legal Integration', *International Organization* 47, 41–76, 1993.

has, however, hitherto focused only on differences across *domestic* institutions.<sup>18</sup> Incentives to lobby, however, do not only vary in this way across domestic political institutions. Varying political opportunity structures within *international* institutions can also provide distinct incentive structures that shape interest aggregation. In the global trade regime we see especially two types of political opportunity structures, which provide contradictory incentives for collective action: the Dispute Settlement Mechanism and the WTO trade negotiation forum, the Ministerial Conferences.

### 3.1 JUDICIAL ADJUDICATION AND ENFORCEMENT

From the inception of the GATT in 1947 onwards, the structure of reciprocal concessions in multilateral trade rounds has generally been the cornerstone of the international trade regime, whereas the regime's enforcement mechanism only became highly judicialized since the creation of the WTO in 1995.<sup>19</sup> The WTO dispute settlement mechanism (DSM) consists of automatic, independent, and binding third party adjudication, backed by the possibility of multilaterally authorized trade sanctions. The adjudication of members' complaints is thus multilateral, while enforcement is bilateral. The automatic right to review, the formulation of legally binding obligations, a standing tribunal of justices, and the authority to authorize sanctions and even cross-retaliation against recalcitrant WTO members, make the WTO's judicial arm a highly, and perhaps the world's most judicialized global institution.<sup>20</sup>

Such an international judicial institution is likely to set incentives for product-specific trade policy lobbying. Since WTO litigation is a bilateral,

<sup>18</sup> David Kono 2009; Stephanie Rickard, 'A Non-tariff Protectionist Bias in Majoritarian Politics: Government Subsidies and Electoral Institutions', *International Studies Quarterly* 56, 777–785, 2012.

<sup>19</sup> While legalization is the most commonly used concept, we opt for the term judicialization as we focus on the effects of strengthened mechanisms of rules enforcement, and not on the broader topic of the increased scope of international law-making.

<sup>20</sup> Dirk De Bièvre and Arlo Poletti, 'Judicial Politics in International Trade Relations: an Introduction', *World Trade Review*, 14, supplement S1, 1–11, 2015. The reform of the GATT dispute settlement mechanism did not occur all at once in 1995, but in the course of a process of judicialization in distinct steps. In the beginning of the 1980s, GATT contracting parties abandoned the practice of vetoing GATT panel rulings. In 1989, GATT contracting parties abolished the defendant's veto against the establishment of a panel in a decision that took immediate effect, independently from any further progress in the Uruguay Round negotiations. In 1994, all future members of the WTO approved of the Dispute Settlement Understanding that incorporated these two crucial changes, while adding yet two other judicializing properties: the possibility of appeal with an independent and permanent WTO Appellate Body, and the possibility to have WTO panels authorize cross-retaliation by the complainant in cases of enduring non-compliance.

single-issue interaction, judicial institutions de-link different issues.<sup>21</sup> This institutional context incentivizes exporters active in a particular product niche to organize interest representation on that level, to push their public authorities to investigate their issue-specific demands, and to file the case with the WTO DSM, which applies general, previously agreed on rules case by case.

Strategic issue linkages in this judicial context are difficult for a number of reasons. First, government representatives are generally not granted the authority to make commitments on issues other than the one under dispute. Second, the most favoured nation obligation makes such linkages particularly costly, as any concession beyond the disputed issue would have to be automatically extended in a non-discriminatory way to all other WTO members. And third, traditionally global trade diplomacy avoids compensating for losses in the form of direct cash payments. All these features make it difficult to engage in issue linkage within a WTO dispute.<sup>22</sup>

The de-linkage of issues brought about by this judicial environment decreases the need for firms to lobby through sector-wide or cross-sector associations, and stimulates them to lobby through product-specific associations. Since working through large encompassing organizations will not increase the probability that an individual firm's lobbying is going to contribute to a successful outcome, exporting firms seeking trade benefits are more likely to lobby only on the issues of importance to their companies, independently from other producers or sectors.

Three further characteristics of this highly judicialized institutional environment create disincentives to use sector-wide organizations. First, panel decisions and Appellate Body reports are not formally binding in the sense of the common law doctrine of precedent. Absent formally binding legal precedent, the benefits stemming from a WTO ruling can only be appropriated by the firms active in the product category affected by the dispute.<sup>23</sup> If there consistently were formally binding legal precedent instead, firms active in different product markets

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<sup>21</sup> Christina Davis, *Why Adjudicate? Enforcing Trade Rules in the WTO*, Princeton: Princeton University Press, 2012.

<sup>22</sup> Andrew Guzman and Beth Simmons, 'To Settle or Empanel? An Empirical Analysis of Litigation and Settlement at the World Trade Organization', *The Journal of Legal Studies* 31(1): 205–235, 2002. An exception to this line of argumentation concerns potential retaliation by a complainant, whenever the defendant does not implement WTO panel and/or Appellate Body rulings, and the WTO has authorized such retaliatory measures. Indeed, in such cases, issue linkages become possible in the framework of WTO dispute settlement proceedings, whether retaliation takes place in the same product category, within the same sector, or across sectors (as is the case with so-called cross-retaliation, or in the US even 'carousel' retaliation).

<sup>23</sup> The absence of formally binding legal precedent does not mean that there may have been a *de facto* legal precedent in some rulings. For instance, the panels and the Appellate Body have consistently condemned US zeroing in anti-dumping with explicit reference to preceding rulings. However, the Appellate Body has also reversed its previous decisions, such as in the case of its different interpretations of environmental exemption provisions of the GATT in Art. XX in the

or sectors not directly affected by a dispute, but potentially affected by future disputes concerning the same WTO rule, could have incentives to engage in anticipatory collective action beyond their particular product category. Second, product-specific trade associations do not need to balance diverging membership interests, but can concentrate on compiling the detailed, product-specific information and frame this in a highly specialized legal language that resonates well in a judicial venue. Third, the removal or the maintenance of trade barriers has direct effects on the economic success of specific firms, as one year without access to large consumer markets often has immediate consequences for the balance sheet. In order to maximize the effectiveness of lobbying efforts, such firms prefer to avoid lengthy sector-wide or cross-sector policy coordination, if the institutional route to do so is available.

It is important to note that some analyses have already shown how the judicialization of the DSM has transformed traditional forms of lobbying into public-private partnerships characterized by horizontal, network-like exchanges based on expertise, learning, and information give-and-take.<sup>24</sup> We add that judicialization does not only affect the way private actors and public officials interact, but could also alter the nature of interest representation.

### 3.2 NEGOTIATIONS

The DSM thus provides incentives for specialized forms of lobbying. In contrast, during trade negotiations, executive officials purposely link issues. The more trade negotiators broaden the stakes of ongoing negotiations, the more market access they can obtain from foreign trading partners, while counteracting domestic obstacles to liberalization.<sup>25</sup> Moreover, the heterogeneity of capabilities and preference intensities among WTO members enhances the chances for cooperation through issue linkage, and the decision-rule of unanimity further enhances demand for issue linkage from states wishing to change the status quo.<sup>26</sup>

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*Tuna-Dolphin* case and the *Shrimp-Turtle* case. The point here is that only in the presence of a systematic and formal application of the legal precedent actors can be expected to engage in anticipatory collective action.

<sup>24</sup> Gregory Shaffer, *Defending Interests: Public-Private Partnerships in W.T.O. Litigation*. Washington DC: Brookings Institution Press, 2003; Cornelia Woll, and Alvaro Artigas, 'When Trade Liberalization Turns into Regulatory Reform: The Impact on Business-Government Relations in International Trade Politics', *Regulation and Governance* 1, 121-138, 2007.

<sup>25</sup> Christian Davis 2004; James Sebenius, 'Negotiation Arithmetic: Adding and Subtracting Issues and Parties', *International Organization* 37, 281-316, 1983; Richard Steinberg, 'In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO', *International Organization* 56, 339-37, 2002.

<sup>26</sup> Lisa Martin, 'Heterogeneity, Linkage and Commons Problems', *Journal of Theoretical Politics*, 6, 473-493, 1994.

An institutional context of trade negotiations based on issue linkage is likely to generate a demand for encompassing and aggregated interests. When negotiators assemble package deals on multiple issues, the credibility of their liberalization demands, as well as of their offers of concessions, depends on their domestic support. To put it in two-level game language, the size of negotiators' win-sets decreases and their bargaining power increases when exporters express strong demands and import-competing sectors draw clear red lines.<sup>27</sup> Negotiators wanting to bring home an agreement thus have an incentive to enlarge their win-set by offering concessions in other domains through linking issues. To be successful in this exercise, negotiators rely on key interlocutors from private industry that are able to deliver stable and credible positions.

Therefore, if business representatives want to obtain liberalization benefits or to protect their domestic market by opposing particular concessions, they need coordinated positions. Umbrella associations constitute the best organizational form within which economic sectors can aggregate their preferences, with positions likely to be determined by the preferences of their largest members or those with the strongest preferences over issues, which they then transmit to their government representatives and negotiators.<sup>28</sup> Business actors, in other words, have an incentive to aggregate interests in order to weigh credibly on this negotiation process characterized by institutionalized issue linkage.<sup>29</sup> These complex institutionalized issue linkages make product-specific or firm-level lobbying less effective, as sector-wide and cross-sector peak associations are better equipped to follow all parts of the negotiations, provide aggregated policy positions for negotiators, and can weigh more decisively on negotiation outcomes. Moreover, since trade negotiators face constraints on time, resources, and agenda space,<sup>30</sup> and since there are transaction costs associated with interactions with interest groups, societal interests are likely to aggregate their interests on the level of entire sectors of industry.

In short, we contend that the WTO provides two contrasting incentive structures for interest mobilization. First, the DSM triggers product-specific

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<sup>27</sup> Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games'. *International Organization* 42, 427-460, 1988.

<sup>28</sup> Andreas Dür, 'Bringing Economic Interests Back into the Study of EU Trade Policy-Making', *British Journal of Politics & International Relations* 10, 27-45, 2008; Rainer Eising, 'The Access of Business Interests to EU Institutions: Towards Elite Pluralism?', *Journal of European Public Policy* 14, 384-403, 2007a; Rainer Eising, 'Institutional Context, Organizational Resources and Strategic Choices. Explaining Interest Group Access in the European Union', *European Union Politics* 8, 329-362, 2007b.

<sup>29</sup> Christina Davis 2004.

<sup>30</sup> Bryan Jones and Frank Baumgartner, *The Politics of Attention. How Government Prioritizes Problems*. Chicago: Chicago University Press, 2005.

collective action. Second, the Ministerial Conference (MC) negotiations create incentives for sector-wide or cross-sector collective action.

#### 4 EVIDENCE

To see whether our reasoning is plausible we look at the incentives provided by the DSM and the MCs in two economic regions in the world: the US and the EU. We opted for these regions because they are pivotal players in international trade relations, accounting for roughly 40% of world trade, and because they are the most frequent users of the WTO dispute settlement system.<sup>31</sup> Second, the strong involvement of both the US and the EU in intra-industry trade makes us confident that we do not design our research in favour of our own expectations. Our evidence concerning the US and the EU allows us to assess the proposition that the institutional design of the global trade regime affects the organizational form of collective action. Third, it is generally recognized that the EU and the US differ significantly in their domestic institutions, which in turn affects the predominant mode of interest representation on both sides of the Atlantic.<sup>32</sup> While the prevailing consensus oriented decision-making institutions in the EU coincide with a corporatist domestic mode of interest representation in many of its Member States, the majoritarian US institutions are characterized by a pluralist interest group environment. These strong differences domestically give extra leverage to our findings. In the remainder of this article, we provide illustrative evidence indicating the different incentives that the WTO provides for domestic interest mobilization.

##### 4.1 JUDICIAL ADJUDICATION AND ENFORCEMENT OF TRADE RULES

We first analyse the effect of the institutional structure of the WTO's judicial arm on interest mobilization, by looking at the product coverage of all GATT/WTO dispute settlement cases lodged by the EU and the US. Ideally, we of course would have used data on lobbying in domestic institutional contexts, but unfortunately such data, which would allow for a comparison between the US and the EU, is not available. Various scholars have indeed investigated the nature and size of US trade policy lobbying coalitions, by looking at official data on interest group

<sup>31</sup> Richard Steinberg 2002; World Trade Organization, *World Trade Report 2012*. Geneva: WTO Publications, 2012; Henrik Horn, Louise Johannesson and Petros Mavroidis, 'The WTO Dispute Settlement System 1995–2010', *Journal of World Trade*, 45, 1107–1138, 2011.

<sup>32</sup> Cornelia Woll, 'The Brash and the Soft Spoken: Lobbying Styles in a Transatlantic Comparison', *Interest Groups & Advocacy* 1, 193–214, 2012.

testimonies to the Senate Finance Committee,<sup>33</sup> trade complaints lodged at the International Trade Commission,<sup>34</sup> trade lobbying expenditures from the US Senate Office of Public Records,<sup>35</sup> and congressional votes on trade policy bills.<sup>36</sup> Yet, we lack similar and comparable sources on trade policy lobbying in the EU context. For one, data on interest group spending are not systematically collected, and direct campaign contributions by firms are forbidden in most EU Member States. Additionally, institutional mechanisms to formally and publicly collect trade complaints have only been in place since 1995.<sup>37</sup> Finally, while evidence from US section 301 and EU Trade Barrier Regulation market access investigations for WTO dispute settlement cases is available and actually confirms the predominance of the product-specific lobbying origin for such cases, the data only consists of cases that were brought publicly, and leaves out the large majority of WTO dispute settlement cases where firms and interest groups value confidentiality.

Although imperfect, the scope of WTO dispute settlements provides a good indication for the type of incentives the DSM provides for collective action. To see what types of cases are filed during the GATT and WTO period, we analyse the product scope of the cases filed. To measure the product scope of disputes at both the GATT and the WTO, we coded all EU and US disputes (282 cases) according to the ISIC (International Standard Industrial Classification of All Economic Activities) classification system. Whenever the US or the EU were both complainants in a dispute, we treated them as distinct cases, as we are interested in capturing the type of lobbying that triggered the public authorities to file a complaint in both political systems. Moreover, to investigate whether the increase in intra-industry trade accounts for changes in the type of product coverage seen in dispute settlement cases over time, we also included the relation between the level of interest aggregation in the framework of GATT and WTO dispute settlement and the evolution of intra-industry trade in the EU and the US over the same period.<sup>38</sup> This way we can somewhat 'control' for the structure of trade

<sup>33</sup> Daniel Verdier, *Democracy and International Trade. Britain, France and the United States, 1860-1990*. Princeton: Princeton University Press, 1994.

<sup>34</sup> Michael Gilligan 1997.

<sup>35</sup> Matilde Bombardini and Francesco Trebbi, 'Competition and Political Organization: Together or Alone in Lobbying for Trade Policy?', *Journal of International Economics* 87, 18–26, 2012.

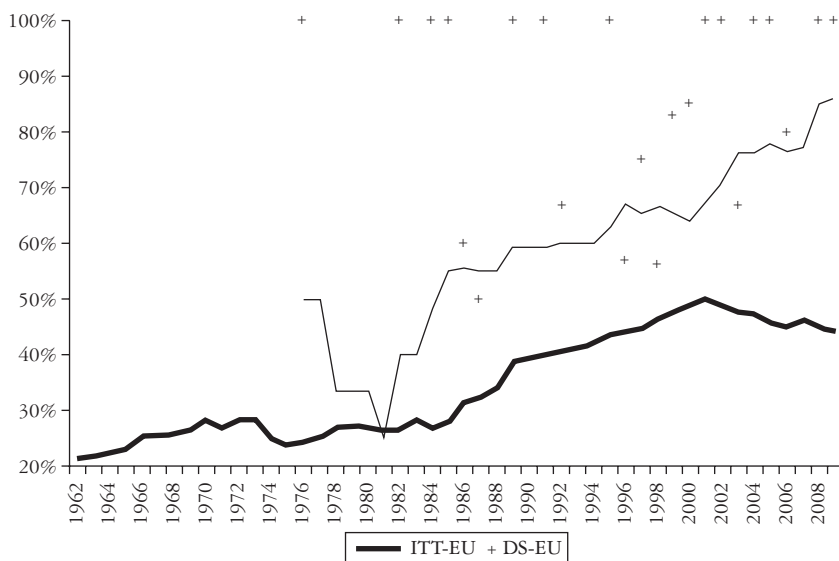
<sup>36</sup> Michael Hiscox, 'Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation', *American Political Science Review* 96, 593–608, 2002.

<sup>37</sup> Candido Tomas Molyneux, *Domestic Structures and International Trade: The Unfair Trade Instruments of the United States and the European Union*, Oxford and Portland, Oregon: Hart Publishing, 2001.

<sup>38</sup> For both the EU and the US, we calculate the total proportion of intra-industry trade (IIT) using the index proposed by Herbert Grubel and P.J. Lloyd, *Intra-industry Trade: The Theory and Measurement of International Trade in Differentiated Products*, New York: Wiley, 1975. For a given country,  $a$ , trading commodities from  $N$  different industries, with  $B$  different partners, the year's total proportion of intra-industry trade is expressed as:

flows, i.e., existing explanations that do not consider the potential effects of international institutions.

Figure 1a Percentage of Product-Level DS Cases and Intra-Industry Trade in the EU (1962–2008)



$$ITT_a = \sum_{b=1}^B \left[ 1 - \frac{\sum_{i=1}^N |X_{ab,i} - M_{ab,i}|}{\sum_{i=1}^N (X_{ab,i} + M_{ab,i})} \right]$$

where  $X_{ab,i}$  represents  $a$ 's exports to trading partner  $b$  in industry  $i$ , and  $M_{ab,i}$  represents  $a$ 's imports from  $b$  in industry  $i$ . This measure takes a value between zero and one, and is increasing in the share of intra-industry trade. To calculate intra-industry trade for the EU, we aggregate across all EU Member States, excluding intra-EU trade. We calculate intra-industry trade for the EU and the US using two different data sets: Robert Feenstra, Robert Lipsey, Haiyan Deng, Alyson Ma, and Hengyong Mo, "World Trade Flows 1962–2000", *NBER Working Paper* no. 11040, 2005, contains all commodity-level bilateral trade flows between 1962 and 2000, while the UN COMTRADE dataset employed by Leonardo Baccini, Andreas Dür and Manfred Elsig, "The Politics of Trade Agreement Design: The Obligation-Flexibility Tradeoff", Paper presented at the ECPR Joint Sessions of Workshops, Antwerp, April 10–15, 2012, provides data on commodity-level bilateral trade from 1989–2009. To ensure compatibility between the two data sets, we aggregate the Feenstra et al. data to the two-digit SITC code format.



*Figure 1b Percentage of Product-Level DS Cases and Intra-Industry Trade in the US (1962–2008)*

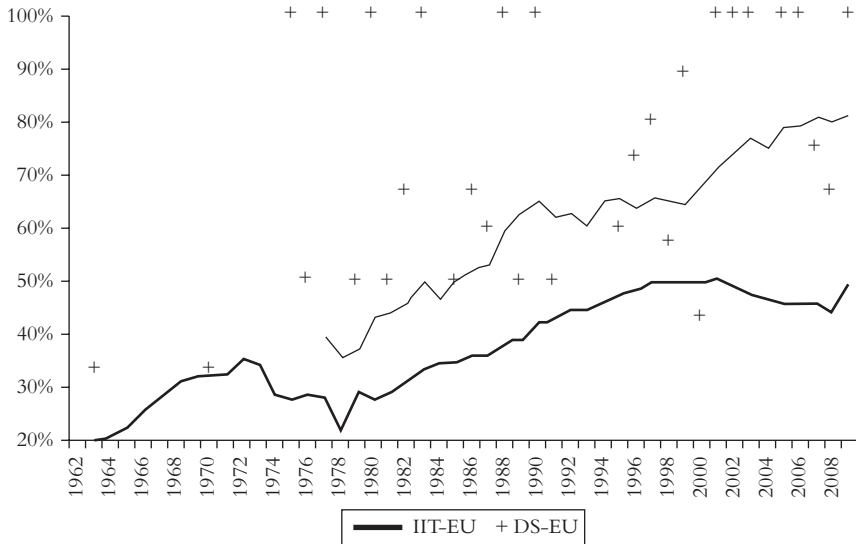


Figure 1a and 1b plot the evolution of intra-industry trade as a percentage of total trade, and the development of product level cases filed as a share of all cases that were filed during the GATT period in the EU and the US. With regard to the dispute settlement cases, due to the low number of cases in some periods, especially in the 1960s and 1970s, we used a moving average of cases over a period of ten years.<sup>39</sup> The figures show that increases in the share of product-level cases filed with the WTO dispute settlement mechanism do not move in line with the changing composition of EU and US trade. While in the pre-1995 period, product-level lobbying and intra-industry trade seem to go fairly hand in hand, the growth trends in their relative share of total lobbying and total trade, respectively, diverge in the subsequent period for both the EU and the US.

In the case of EU trade with the rest of the world, the share of intra-industry trade increased from around 30% in the early 1980s to near 50% in the mid and late 1990s. The average number of product-level dispute settlement cases filed by the EU also grows in this period at a rather consistent rate (that is, from around 35% in the early 1980s to about 55% in the mid 1990s). However, in the period

<sup>39</sup> The first element of the moving average is obtained by taking the average of the initial fixed subset of the number series. Then the subset is modified by shifting forward, i.e., excluding the first number of the series and including the next number following the original subset in the series, which is then averaged. This process is repeated over the entire data series between 1962 and 2009.

after the creation of the WTO, the share of intra-industry trade as a percentage of total trade actually decreased over time, whereas the share of product-level dispute settlement cases increased considerably. In the late 2000s, the average share of product-level cases exceeded 80% of all WTO dispute settlement cases filed by the EU, while the share of intra-industry trade dropped to less than 45% of total EU trade in the same period.

The US displays a very similar pattern. As portrayed in figure 1b, the share of dispute settlement cases filed and the share of intra-industry trade increased rather consistently during the GATT period, whereas this is not the case for the period after the creation of the WTO. Between 1980 and 1995, US intra-industry trade grew from a share of 28% to almost 50% of total US trade. Likewise, the average share of product level dispute settlement cases increased from less than 40% to almost 60%. After the creation of the WTO, however, the share of product-level cases rose to almost 80% of all WTO dispute settlement cases filed by the US, whereas the level of intra-industry trade actually dropped with a few percentage points, from around 50% to close to 45% of total US trade in the mid and late 2000s.

*Table 1 Percentage of Sector-Wide and Product-Specific EU and US Dispute Settlement Cases in GATT and WTO Period*

	<i>Product</i>	<i>Sector</i>	<i>Cramer's V</i>
<b>Overall</b>	53	47	.272
GATT (N=115)	79	21	(p=.000)
WTO (N=170)			
<b>European Union</b>	56	43	0.275
GATT (N=41)	82	18	(p=.002)
WTO (N=83)			
<b>United States</b>	51	49	0.255
GATT (N=74)	76	24	(p=.001)
WTO (N=87)			

The contrast is even starker when we compare the entire GATT period with the WTO period (see table 1). If we look at the average shares of product and sector level cases filed in both periods, we see that the average share of product-level cases increased from 53% of all dispute settlement cases in the GATT period to 79% in the WTO period. For the EU, product-specific dispute settlement cases increased from an average share of 56% in the GATT period, to no less than 82% in the WTO period. In the US, the share of product-specific

complaints increased from an average of 51% in the GATT period, to an average of 76% in the WTO period. Given that the share of intra-industry trade in both the EU and the US did not increase in the WTO period, and even decreased a bit, it is clear that intra-industry trade (alone) cannot account for the increase of product level dispute settlement cases, but that the institutional environment of more judicialized adjudication and enforcement contributed to this specialization of interest mobilization.

## 4.2 NEGOTIATION OF TRADE RULES

In order to examine the extent to which the institutional setting of multilateral trade negotiations provides incentives for firms to mobilize through sector-wide and cross-sector lobbying organizations, we first present qualitative evidence on the different GATT negotiation rounds. Over the course of decades, the GATT negotiation rounds led to reciprocal liberalization in a host of economic sectors, such as the machinery, chemicals, pharmaceuticals, and agricultural sectors. Throughout the first five GATT rounds, countries negotiated on an item-by-item, request-offer approach, and linked these in packages that seemed balanced to all.<sup>40</sup> The exact form of this basic structure of reciprocal liberalization commitments, also called exchanges of concessions, was changed somewhat later on from tariff reductions to linear tariff cuts in the Kennedy Round (1963–67), and to a harmonization approach in the Tokyo Round (1973–79; reducing tariff peaks more) amended by lists of exceptions (such as in the agricultural or textiles sectors). Next to the exchange of tariff concessions, negotiations covered rules governing the conduct of domestic anti-dumping investigations, whether or not to include negotiations on foreign direct investment, the institutional design of the DSM, intellectual property protection, technical barriers to trade, and so on. The gradual worldwide lowering of tariff-barriers corresponded with the increasing importance of non-tariff trade barriers or so-called behind-the-border issues.

Let us now turn to the qualitative evidence from these GATT rounds, which seem to confirm that these negotiations set institutional incentives for interest mobilization through sector-wide and cross-sector lobbying. During the Kennedy Round, sector-wide agricultural organizations from the US insisted on the inclusion of agriculture in the round, whereas the European agricultural sector insisted, successfully, on keeping their sector outside of the liberalization package.<sup>41</sup> Also, sector-wide trade associations for aluminium, ceramics, coal, electrical, and

<sup>40</sup> Bernard Hoekman, 'Determining the Need for Issue Linkages in Multilateral Trade Negotiations', *International Organization* 43, 693–714, 1989.

<sup>41</sup> Terence Stewart, *The GATT Uruguay Round: A Negotiating History (1986–1992)*. Den Haag: Kluwer Law International, 1993.

glass products, as well as producers in the car industry and mechanical manufacturing, textiles, agriculture, chemicals, and commercial services sectors actively mobilized in favour of increased market access on the American market.<sup>42</sup>

Next, during the Uruguay Round, sector-wide peak associations were the governments' main interlocutors in the sectors of agriculture and manufactured goods.<sup>43</sup> In Europe, for example, sector-wide trade associations formulated positions and communicated these to the European Commission's negotiators, including the European Chemical Industry Council, the European Federation of Pharmaceutical Industries and Associations, and the European Automobile Manufacturers Association. Encompassing, cross-sector trade associations such as the Union of Industrial and Employers' Confederations of Europe (UNICE; now called Business Europe), the European Roundtable of Industrialists, and the American Chamber of Commerce in Brussels also acted as important interlocutors of European Commission negotiators.<sup>44</sup> The European Commission even actively summoned economic sectors to bring to bear their demands through sector-wide and cross-sector groups, in order to have a representative overview of the demands and a common thread running through them, which could be brought to the negotiation table.<sup>45</sup> It was also the sector-wide European Chemical Industry Council CEFIC that, together with their American and Japanese counterparts, initiated the zero-for-zero tariff proposal that negotiators transposed into the overall package of the Uruguay Round by reducing tariffs on chemicals to zero on both sides of the Atlantic.<sup>46</sup>

The Agreement on Textiles and Clothing constituted one of the major building blocks of the overall package of the Uruguay Round,<sup>47</sup> and sector-wide peak associations from the textiles sector were crucial in securing the agreement. For instance, the European sector-wide peak association COMITEXIL (now EURATEX) served as the central interlocutor for European Commission

<sup>42</sup> Andreas Dür, *Protection for Exporters. Power and Discrimination in Transatlantic Trade Relations, 1930 – 2010*, Ithaca and London: Cornell University Press, 2010.

<sup>43</sup> Robert Paarlberg, 'Agricultural Policy Reform and the Uruguay Round: Synergistic Linkage in a Two-Level Game?', *International Organization* 51, 413–444, 1997; H. Moyer (1993), 'The European Community and the GATT Uruguay Round: Preserving the Common Agriculture Policy at All Costs', In: W.P. Avery (ed.), *World Agriculture and the GATT*, 95–119. Boulder: Lynne Rienner Publishers, 1993; Helen Milner, *Resisting Protectionism. Global Industries and the Politics of International Trade*. Princeton: Princeton University Press, 1988.

<sup>44</sup> Andreas Dür 2010.

<sup>45</sup> Interview with European Commission chief Uruguay Round negotiator, Ambassador Hugo Paemen, Brussels, Autumn 1999.

<sup>46</sup> Reinhard Quick, 'Business in Economic Diplomacy', In: Nicholas Bayne and Stephen Woolcock (eds), *The New Economic Diplomacy. Decision-Making and Negotiation in International Economic Relations*, 105–121. Aldershot: Ashgate, 2007.

<sup>47</sup> Richard Steinberg 2002.

negotiators.<sup>48</sup> Negotiators were hesitant or even refused to interact with representatives of more specialized, product-specific organizations, as taking less aggregated demands into account would have hindered their potential to bring weight and credibility to their negotiation positions. Also on the American side, the large sector-wide peak associations, rather than the more specialized, product-specific representatives from American industry were the most frequent and prominent to give testimony in hearings before the House Committee on Ways and Means. Those arguing in favour of increased foreign market access included the American Electronics Association, the Semiconductor Industry Association, the Motor and Equipment Manufacturers Association, and the Motion Picture Association of America, whereas those defending the existing level of protection worked through cross-sector trade associations like the Labour-Industry Coalition for International Trade and the Trade Reform Action Coalition.<sup>49</sup> Both European and American sector-wide organizations thus played a key role in constructing the package deal of the Uruguay Round of multilateral trade negotiations.<sup>50</sup>

Also during the WTO period, sector-wide and cross-sector lobbying has been dominant in the institutional context of multilateral trade negotiations.<sup>51</sup> Throughout the Doha Round, the European Farmers and Agro-Cooperatives Organization (COPA-COGECA), for example, aggregated demands and preferences from the agricultural sector and relayed them to the European Commission. The same was seen with regards to other sector-wide trade associations such as the European Services Forum, the European Chemical Industry Council, and the European pharmaceuticals peak association EFPIA.<sup>52</sup>

<sup>48</sup> Interviews with the following Brussels-based trade policy-makers, conducted winter 1999–2000: Camille Blum, former director-general of COMITEXTIL; Ambassador Hugo Paemen, European Commission chief Uruguay Round negotiator; Monique Julien, former Director of the External Relations Department at UNICE, the Union of Industrial and Employers' Confederations of Europe (now BusinessEurope); Adrian van den Hoven, international relations staff member at UNICE (Winter 2006); Reinhard Quick, director of the Brussels Liaison Office of the VCI, the Verband der Chemischen Industrie. See also Peter Bouwen 2004; Rainer Eising 2007b.

<sup>49</sup> Andreas Dür 2010.

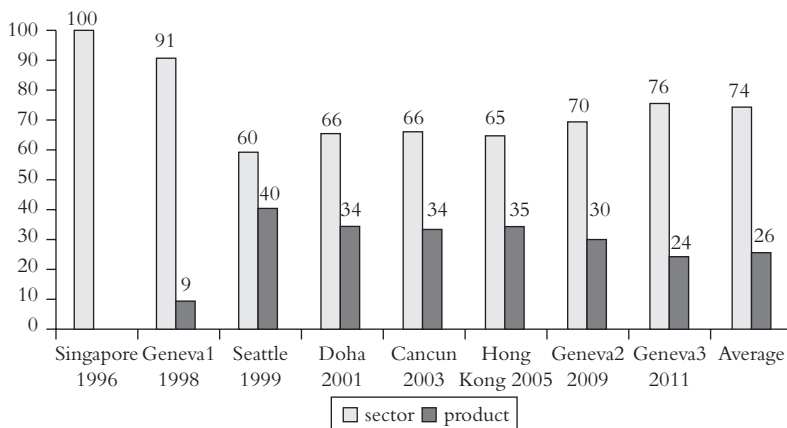
<sup>50</sup> Christina Davis 2004; Cristopher Meyerson, *Domestic Politics and International relations in US-Japan Trade Policymaking: The GATT Uruguay Round Agriculture Negotiations*, Basingstoke: Palgrave Macmillan, 2003.

<sup>51</sup> Andreas Dür 2008.

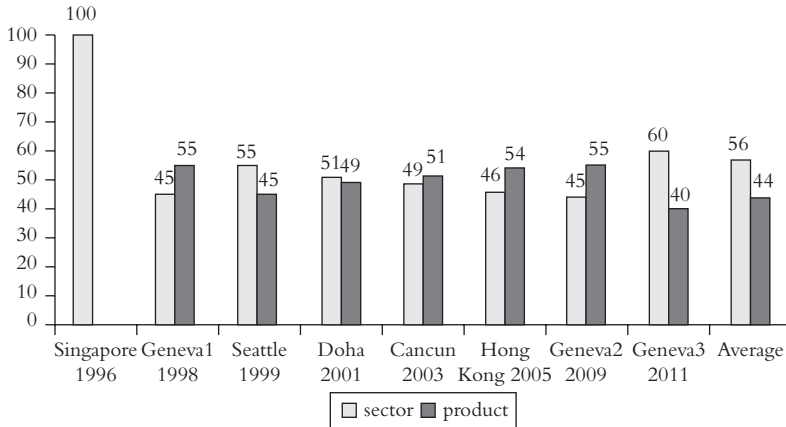
<sup>52</sup> Paul Blustein, *Misadventures of the Most Favored Nations: Clashing Egos, Inflated Ambitions, and the Great Shambles of the World Trade System*, New York: Public Affairs, New York, 2009; CEFIC, *CEFIC Comments on a New Multilateral Trade Round*. European Chemical Industry Council, Brussels, 1999; Eugenia Conceição-Heldt, *Negotiating Trade Liberalization at the WTO: Domestic Politics and Bargaining Dynamics*. Palgrave Macmillan, Basingstoke, 2011; EFPIA, *Communication of the Commission to the Council and the European Parliament on Accelerated Action Targeted at Major Communicable Diseases within the Context of Poverty Reduction*, Brussels: European Federation of Pharmaceutical Industries and Associations, 2001; Arlo Poletti, *The European Union and Multilateral Trade Governance: the Politics of the Doha Round*, London: Routledge, 2012.

The evidence discussed above shows that interest mobilization in the pre-1995 and post-1995 periods predominantly took the form of sector-wide and cross-sector trade associations taking the stage more consistently and more prominently than more specialized carriers of collective action. Quantitative evidence on lobbying presence at WTO Ministerial Conferences (MCs) for the post-1995 period lends additional support to this claim. To see what type of incentives the MCs provide to interest groups, we look at the level of interest aggregation predominant among interest groups that attended (or were eligible to attend) sessions of the WTO Ministerial Conference. Our dataset includes 1968 organizations registered by the WTO Secretariat as eligible to attend and/or as attending one of the seven sessions of the WTO MC between 1996 and 2012. From this we filtered all EU and US organizations, which left a total of 437 interest organizations, of which 215 originated from the US and 222 from the EU. Using web-based coding we added measures such as geographical origin, areas of interest, and organizational characteristics, as well as a measure of the level of interest aggregation of lobbying organizations using the ISIC classification system. We used the classification system in order to ensure comparability between our product scope coding of dispute settlement cases and interest group presence at sessions of the WTO MC. By looking at the nature of collective action at the MCs over time we have, again, an indication on the type of incentives this venue provides to interest groups. Figures 2a and 2b offer an overview of how the relative share of product-specific and sector-wide associations attending sessions of the WTO MC has evolved over time.

*Figure 2a EU Interest Groups Attending WTO MCs by Level of Interest Aggregation (Percent, 1995–2012)*



*Figure 2b US Interest Groups Attending WTO MCs by Level of Interest Aggregation (Percent, 1995–2012)*



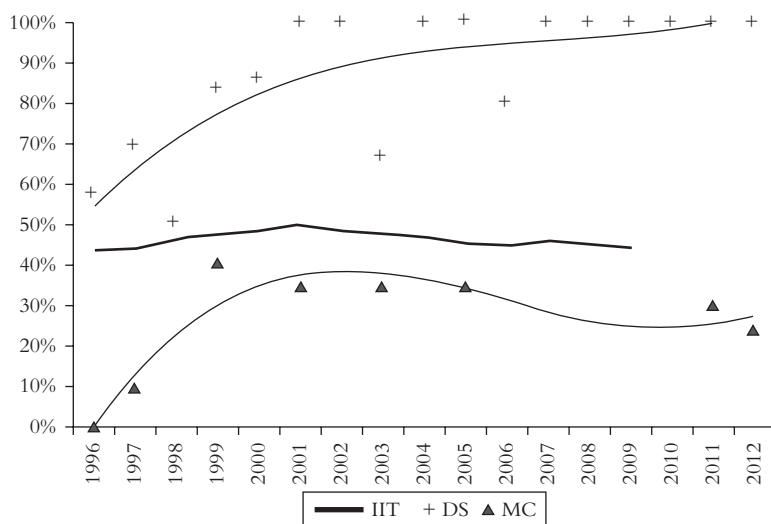
The figures illustrate the relative dominance of sector-wide interest organizations over product-specific ones with multilateral trade negotiations – with some slight, yet noteworthy differences between the EU and the US. The share of product-specific interest groups that attends these negotiations never exceeded 40% (at Seattle) in the case of the EU, and the average share of product-specific US interest groups present at sessions of the MC was only 44% of all US business associations attending, arguably a consequence of the more pluralist outlook of the US system of interest representation – an effect we have already noted with regard to the share of product-specific WTO dispute settlement cases. In total, nonetheless, the evidence provides additional support for our assertion that the negotiation forum of the WTO provides more incentives for sector-wide and cross-sectoral collective action than for specialized forms of collective action.

4.3 COMPARING INSTITUTIONAL VENUES

Finally, we combine and reorganize the evidence presented so far to make more explicit the important point that the institutional structure of the WTO provides both incentives for sector-wide and product-specific trade policy lobbying. If the main determinant of the type of political mobilization were to be found only in the type of trade countries engage in, we should observe that increases in intra-industry trade produces more product-specific lobbying at the expense of

sector-wide lobbying, regardless of institutional context. We suggest however, that different organizational forms of trade lobbying coexist as varying responses to the incentives brought about by the dual nature of the international trade regime with a judicial and a negotiation arm. Since this coexistence of two distinct lobbying patterns is important both theoretically and empirically, we compare the percentage of sector-wide and product-specific interest mobilization in the EU and the US in the contexts of WTO dispute settlement and WTO MCs in figure 3a and 3b. In both cases we add a polynomial trend line (order 3)<sup>53</sup> as this allows us to locate general patterns of in- or decrease within the data over time. We include the development of intra-industry trade as a reference point (see also figure 1a and b).

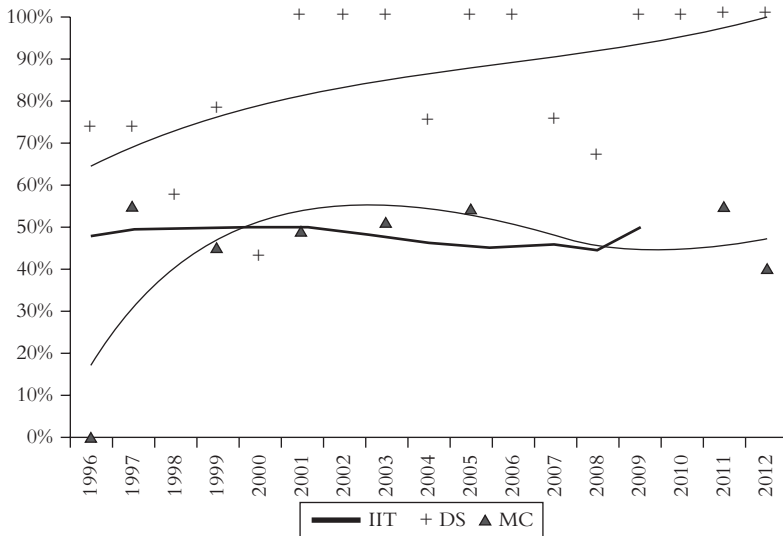
*Figure 3a EU Product-Specific Mobilization, Product-Specific DS Cases, and Intra-Industry Trade*



<sup>53</sup> Higher order trends did not provide substantial differences in terms of the variance of the data that was explained. Only for DS-US the  $r^2$  increased substantially (with .11) when applying order 4 which points to the high variance within the datapoints. Yet, as the general direction of the trendline did not differ, for sake of comparison we used a similar order for all datapoints.



*Figure 3b US Product-Specific Mobilization, Product-Specific DS Cases, and Intra-Industry Trade*



The results indicate two things. First, patterns of political mobilization differ significantly depending on the type of institutional venue targeted. Despite the institutional differences between the EU and US, the international institution of trade dispute adjudication attracts much more product-specific interests throughout, whereas the international institutional environment of multilateral trade negotiations attracts more sector-wide interest mobilization. This difference is most profound for the EU in which we find almost a mirror image of mobilization of product-specific and sector-wide interest mobilization between 1995 and 2011. That is, on average 82% of the EU cases filed at the WTO DSB were product-specific, whereas at each of the WTO MCs, on average, only 24% of the EU interest groups represented these more narrow interests. For interest organizations from the US, the difference is somewhat smaller, but the pattern exhibits the same institutional effect, in which more US product-specific interest groups mobilized for dispute settlement than sector-wide groups (on average 76% to 24%), while at the MCs US sector-wide mobilization was more pronounced than product-specific mobilization (on average 44% to 56%). While differences between WTO members suggest additional effects due to domestic characteristics, i.e., domestic patterns of interest intermediation and political institutions, the figures lend plausibility to the claim that international institutions affect domestic lobbying patterns in a systematic way.

## 5 CONCLUSION

In this article, we have argued that international trade institutions provide incentives for different types of domestic interest mobilization. Next to explanations that focus on the evolving character of global trade or the impact of domestic institutions, we highlight how the characteristics of the institutional structures of the multilateral trade regime also affect collective action in trade policymaking. The evidence we presented provides substantial support for this reasoning. First, we showed that the institutional environment of judicialized dispute settlement created significant incentives for product-specific lobbying. Furthermore, the increase in product-specific cases filed at the WTO DSM in recent decades cannot be (fully) accounted for by the rise of intra-industry trade in the EU and US. Since the early 2000s, the share of intra-industry trade has stabilized and even decreased in both trading entities, while the number of product-specific dispute settlement cases has grown at an even higher speed than in earlier periods. In contrast, interest mobilization in the form of attendance at sessions of the WTO Ministerial Conference continues to be marked by sector-wide representation. This supports our claim that the judicial system of rule enforcement of the WTO creates incentives for product-specific and specialized trade policy lobbying. Future research might engage in even more systematic tests of our claim by drawing, if it is to become available, on comparable more direct evidence concerning patterns of trade policy lobbying.

Of course, it remains to be seen whether or not the incentives provided by the WTO has led to substantial shifts in the type of trade lobbying in the EU and the US. Yet, the evidence we presented in this article at the very least shows that we cannot ignore the institutional structure of the global trade regime but need to pay attention to the potential influence of the institution on collective action.

Future research could also explore whether the dynamics we have highlighted similarly play out for important members of the trade regime other than the EU and the US, or for other international organizations that have both a legislative and a judicial branch. Our causal reasoning is not likely to be relevant for countries that either do not significantly weigh in on negotiations and/or make little use of the WTO DSM. These may include, for example, least developed countries (LDCs) and non-democracies which have largely state-driven systems of interest intermediation. But future research could fruitfully investigate whether the institutional structures of the WTO have affected patterns of interest aggregation and representation within other established as well as emerging democratic economies. Existing research has already looked into emerging patterns of business-government interactions in countries such as India, Brazil, Argentina, and

South Africa due to their active participation in the WTO governance system.<sup>54</sup> These studies could be very usefully complemented with the approach taken in this article.

The reason why it may be useful to include the potential effect of international institutions more into future analyses relates to the possible political consequences. That is, our findings bear resemblance to patterns often observed *within* domestic governance, where legislative and rule enforcement institutional settings also affect patterns of political mobilization. However, this parallelism between domestic governance and the governance system of the WTO, both characterized by the coexistence of sector-wide and product-specific lobbying, may not hold for the WTO in the future. For some time, it seemed reasonable to assume that the fragmenting effect of judicial trade policy making on trade policy lobbying would be countered by the increased importance of negotiated trade-related regulations for many, if not all economic sectors within the WTO framework. Yet, the multilateral negotiating track is vastly diminishing in importance, yielding only very small partial agreements in recent years, such as the Bali 2013 agreement on trade facilitation. If this development continues, the members of peak associations have little incentive to seek influence on WTO negotiations. At the same time, the judicial arm of the WTO has been, and continues to be, the most active part of the organization, with its rulings being largely respected and considered authoritative. In the long run, all this could reduce the presence of sector-wide peak associations regarding trade issues, and change the picture that we have portrayed in this article to one in which product-specific interests dominate the WTO governance system.

At the same time, this does not need to mean the end of sector-wide interest representation. Partially as a result of the WTO deadlock, contemporary international trade governance has increasingly shifted to bilateral, regional, and plurilateral deal making. The explanation we have provided for sector-wide interest mobilization in the framework of package deal negotiations implies that most of the sector-wide articulation of interests may now take place in the negotiation of such bilateral, regional, and plurilateral agreements, especially those covering very large amounts of trade, like the trans-pacific and transatlantic trade and investment partnerships. Future research could explore whether this implication is borne out by empirical evidence. If this is found to be the case, the coexistence of product-specific and sector-wide lobbying may well turn out to remain a continuing general feature of patterns of interest mobilization in international trade governance.

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<sup>54</sup> Gregory Shaffer and Ricardo Melendez-Ortiz, *Dispute Settlement at the WTO: The Developing Countries Experience*, Cambridge: Cambridge University Press, 2010.

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