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Political controversy about international economic agreements:

Lessons for Canada-UK trade negotiations after Brexit

Abstract: *The withdrawal of the United Kingdom (UK) from the European Union (EU), if and when it occurs, will likely imply that Canada must conclude a new bilateral trade agreement with the UK. In the light of recent trends towards an increasing politicization of trade negotiations, this policy brief assesses in which respects a Canada-UK agreement could become politically controversial. Drawing on explanations for the politicization of recent trade deals, it identifies potential flashpoints for political conflict in the Canada-UK trade relationship. It then discusses which options policy makers have to channel trade-related controversies into the policy process in a way that contributes to inclusive and evidence-based public debates.*

Keywords: *Canada-UK relations; Brexit; trade and investment agreements; politicization; transparency; stakeholder inclusion; communication and framing strategies*

Recent political controversies about international economic agreements, including US President Donald Trump's pointed criticism of the North American Free Trade Agreement (NAFTA) and large-scale demonstrations in Europe against the proposed Transatlantic Trade and Investment Partnership (TTIP), have been interpreted in the scholarly literature as indicators of a growing *politicization of trade relations*.¹ Political contestation about international economic agreements

¹ Ferdi De Ville and Gabriel Siles-Brügge, *TTIP: The Truth about the Transatlantic Trade and Investment Partnership* (Cambridge: Polity Press, 2016), pp. 93-127; Alasdair R. Young, *The New Politics of Trade: Lessons from TTIP* (Newcastle upon Tyne: Agenda, 2017), pp. 67-92.

is, however, neither a new nor a universal phenomenon. In Canada, the most heated trade-related debates occurred in the 1980s about free trade with the US, while the recent conclusion of the Comprehensive Economic and Trade Agreement (CETA) with the EU, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with ten states in the Asia-Pacific region, and the new Canada-United States-Mexico Agreement (CUSMA) did not generate much public controversy. These examples show that it is important to understand, for scholars as well as for policy makers, under which conditions trade agreements become politicized, and how such politicization can be anticipated in the policy process.

After the conclusion of CETA, CPTPP and CUSMA, the next round of major trade negotiations for Canada will likely include a post-Brexit economic agreement with the United Kingdom (UK). Even though the precise modalities of UK's withdrawal from the European Union (EU) remain contentious, the British government has clearly expressed its preference for leaving both the EU's single market and customs union. This would imply that CETA no longer applies to the Canada-UK relationship, and that a new bilateral trade and investment agreement would need to be negotiated. Should we expect political controversy about such an agreement, if it becomes necessary? What could be flashpoints of contestation? How can policy makers prepare for political controversy, and respond to it when it occurs?

This policy brief takes up these questions. It first reviews the state of scholarly knowledge about factors that lead to the politicization of trade agreements, then applies these insights to the Canada-UK economic relationship, and finally discusses options for policy makers to productively channel political controversy into the policy process.

What accounts for the politicization of trade agreements?

Scholars of International Relations speak of the politicization of an international agreement (or organization) if it becomes salient as a subject of contentious political debate in the citizenry, engaging not just policy makers or other experts, but a broader range of societal actors.² Such politicization may manifest itself, *inter alia*, in parliamentary and media debates, demonstrations and other protest events, or social media activity.

Studies that apply the concept of politicization to international trade have usually focused on individual agreements, in recent years especially TTIP. While this research is not systematically comparative, it does allow us to identify the specific aspects of trade agreements that are particularly likely to cause controversy. It suggests that the most important *trigger of politicization* (or independent variable) is a perceived threat to state sovereignty.³ This threat can originate from the scope of the agreement, measured by the range of issues included or the

² Michael Zürn, Martin Binder and Matthias Ecker-Ehrhardt, “International authority and its politicization”, *International Theory* 4, no. 1 (2013): 69-109; Michael Zürn, “The politicization of world politics and its effects: eight propositions”, *European Political Science Review* 6, no. 1 (2014): 47-71; Pieter de Wilde, Anna Leupold and Henning Schmidtke, “Introduction: the differentiated politicisation of European governance”, *West European Politics* 39, no. 1 (2016): 3-22; Swen Hutter, Edgar Grande and Hanspeter Kriesi, eds., *Politicising Europe: Integration and Mass Politics* (Cambridge: Cambridge University Press, 2016).

³ For a general discussion of triggers of politicization, see Edgar Grande and Swen Hutter, “Beyond authority transfer: explaining the politicisation of Europe in public debates”, *West European Politics* 39, no. 1 (2016): 23-43. On trade agreements, see Alasdair R. Young, “Not your parents’ trade politics: the Transatlantic Trade and Investment Partnership negotiations”, *Review of International Political Economy* 23, no. 3 (2016): 345-378; Laurie A. Buonnano, “The new trade deals and the mobilisation of civil society organizations: comparing EU and US responses”, *Journal of European Integration* 39, no. 7 (2017): 795-809.

economic weight of the negotiating partners, but it can also reflect concerns that the agreement undermines a polity's core values or collective identity. Identity concerns often relate to regulatory standards on sensitive issues such as consumer protection, the environment and health care, and the labour market. In the case of TTIP, for instance, the debate in Europe focused particularly on the alleged threat that the agreement would pose to food safety standards (epitomized by the "chlorinated chicken") and public monopolies on infrastructure and social services (including the National Health Service in the UK), as well as provisions for investor-state dispute settlement (ISDS) that were seen as giving special rights to transnational corporations.⁴ In addition to these sovereignty-related triggers, politicization can be a result of diffusion from a different trade agreement. For instance, CETA became controversial in Europe primarily because it was perceived as being similar to TTIP.⁵

Once politicization processes have been set in motion, their trajectories in different countries depend on a range of *conditioning factors* (or intervening variables). Which aspects of an agreement will become contentious, and in which arenas these debates will occur, depends on political opportunity structures, such as the institutions involved in the trade policy process (for instance, rules for the involvement of parliaments at various political levels), patterns of public

⁴ Matthias Bauer, "The political power of evoking fear: the shining example of Germany's anti-TTIP campaign movement", *European View* 15, no. 2 (2016): 611-639; Leif Johan Eliasson and Patricia García-Duran, "TTIP negotiations: interest groups, anti-TTIP civil society campaigns and public opinion", *Journal of Transatlantic Studies* 16, no. 2 (2018): 101-116.

⁵ Kurt Hübner, Anne-Sophie Deman and Tugce Balik, "EU and trade policy-making: the contentious case of CETA", *Journal of European Integration* 39, no. 7 (2017): 843-857; Eric White, "The obstacles to concluding the EU-Canada Comprehensive Economic and Trade Agreement and lessons for the future", *Global Trade and Customs Journal* 12, no. 5 (2017): 176-183.

opinion towards international trade, as well as resources and strategies of political actors, particularly opponents of the trade deal.⁶

These considerations suggest a two-step explanatory framework for politicization (Table 1). In what follows, we will rely on this framework to assess patterns of contestation around a potential Canada-UK trade deal.

Table 1: Explanatory framework for the politicization of trade agreements

Triggers (independent variables)	Conditioning factors (intervening variables)
<ul style="list-style-type: none"> ▪ Perceived threat to state sovereignty, emerging from <ul style="list-style-type: none"> (a) the scope of the agreement, or (b) provisions relevant to polity's core values/identities ▪ Diffusion effects from other agreements that are seen as similar 	<ul style="list-style-type: none"> ▪ Political opportunity structures, including <ul style="list-style-type: none"> (a) institutions of trade policy making (e.g., parliamentary ratification processes), and (b) patterns of public opinion (e.g., perceptions of trade, views of negotiating partner) ▪ Resources and strategies of an agreement's opponents, including finances, alliances with political parties, framing strategies employed in discussing an agreement

⁶ For a general discussion of political opportunity structures in politicization processes, see Pieter de Wilde and Michael Zürn, "Can the politicization of European integration be reversed?", *Journal of Common Market Studies* 50, no. 1 (2012): 137-153. The influence of such factors in trade-related debates is discussed by Andreas Dür and Gemma Mateo, "Public opinion and interest group influence: how citizen groups derailed the Anti-Counterfeiting Trade Agreement", *Journal of European Public Policy* 21, no. 8 (2014): 1199-1217; Davor Jančić, "TTIP and legislative-executive relations in EU trade policy", *West European Politics* 40, no. 1 (2017): 202-221; Manuela Caiani and Paolo Graziano, "Europeanisation and social movements: The case of the stop-TTIP campaign", *European Journal of Political Research* 57, no. 4 (2018): 1031-1055; Dirk De Bièvre, "The paradox of weakness in European trade policy: Contestation and resilience in CETA and TTIP negotiations", *The International Spectator* 53, no. 3 (2018): 70-85.

What could be triggers for politicization in a Canada-UK economic agreement?

The strong economic, political and cultural ties between Canada and the UK may suggest that a new trade agreement between both states would not generate much opposition. However, since all trade agreements create winners and losers, one should not assume that the negotiations for such an agreement would be entirely without controversy. Potential triggers of politicization can be predicted by analyzing bilateral trade patterns in connection with political debates in both countries about previous trade agreements, including CETA.

The UK is by far Canada's the most important economic partner in the EU. Globally, it accounts for 2.8% of Canadian merchandise exports, 6.1% of Canadian service exports, and 9.2% of Canadian direct investment abroad. It is also an important source of imports (1.5% of merchandise imports, 5.3% of service imports) and inflowing direct investment (5.8%).⁷ Canada's exports to the UK are mainly in raw materials and fuel products, as well as machinery, while the most important import categories are machinery, vehicles, aircraft and pharmaceuticals. In the area of services, Canada has a trade deficit with the UK, which is driven primarily by the import of financial and insurance services, as well as construction services.⁸

Canada-UK trade and investment relations are largely liberalized under CETA, and any future bilateral agreement can be expected to use that agreement as a baseline. A mere "cutting and pasting" from CETA is unlikely to raise concerns about state sovereignty that could trigger

⁷ Global Affairs Canada, "Trade and investment economic statistics", <https://www.international.gc.ca/economist-economiste/statistics-statistiques/index.aspx?lang=eng> (accessed 5 June 2019).

⁸ Department for International Trade, "Impact assessment of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada", 17 May 2018, http://www.legislation.gov.uk/ukia/2018/82/pdfs/ukia_20180082_en.pdf (accessed 5 June 2019).

politicization in either polity. However, political controversy could develop around aspects in which a new Canada-UK agreement diverges from CETA. This could be the case if the new agreement goes beyond CETA to include sensitive and value-laden economic sectors that have proven controversial in previous trade negotiations, such as agriculture and food production (including, for instance, the dairy sector), or health care and social services. Political controversy could also unfold if one of the partners seeks to restrict market access compared to CETA, for instance in fisheries, where the UK government might embrace a more protectionist approach.⁹ Finally, negotiators on both sides will face strong pressures in the area of financial services, a core sector of the UK economy where significant Canadian investment has occurred, which is however now put at risk by the potential loss of EU “passporting” rights.¹⁰

In addition, a Canada-UK trade agreement could also be affected by controversies that spill over from debates about national and subnational identities. In Canada, statements by Conservative Party leader Andrew Scheer, who has enthusiastically supported Brexit, indicate that we might see a broader politicization of Canada-Europe relations, with a strong political and identity dimension.¹¹ This politicization reaches beyond trade, but it might come to affect

⁹ Dan Roberts, “‘We have been hijacked’: fishermen feel used over Brexit”, *The Guardian*, 23 March 2018, <https://www.theguardian.com/politics/2018/mar/23/we-have-been-hijacked-fishermen-feel-used-over-brexit> (accessed 5 June 2019).

¹⁰ Josh Nye, “Brexit: a new challenge to Canada’s European trade ambitions”, Royal Bank of Canada, October 2017. http://www.rbc.com/economics/economic-reports/pdf/other-reports/Brexit_October2017.pdf (accessed 5 June 2019).

¹¹ Achim Hurrelmann, “Perceptions of Brexit in Canada: Transatlantic relations and domestic politics”, DCU Brexit Institute, 2 October 2018, <http://dcubrexitinstitute.eu/2018/10/perceptions-of-brexit-in-canada-transatlantic-relations-and-domestic-politics/> (accessed 5 June 2019); Duncan Bell and Srdjan Vucetic, “Brexit, CANZUK, and the legacy of empire”, *British Journal of Politics and International Relations* 21, no. 2 (2019): 367-382.

economic relations. In addition, subnational identities could become relevant especially in Quebec, if the agreement is seen as part of a broader strategy of aligning Canada with the “Anglosphere” at the expense of French (or other continental) cultural traditions. In the UK, concerns previously raised in the Scottish Parliament about the devolved authorities’ right to decide on regulatory standards and public procurement as well as about the protection of Scottish food and fisheries products could re-emerge.¹²

Last not least, there is a distinct possibility that political controversy about a Canada-UK agreement develops as a result of diffusion from a planned trade agreement between the UK and the US. Such an agreement will be significantly more controversial in Britain than the Canada-UK deal.¹³ Issues that might be politicized in its context, such as food and environmental standards, health care systems, or investor-state dispute settlement, may spill over to negotiations with Canada.

How can policy makers channel politicization into the policy process?

Once political controversy about an international agreement has been triggered, policy makers are typically hard pressed to quell it. A more productive use of political resources aims not at suppressing politicization, but at channeling it into the policy process in a way that contributes to

¹² Martin Williams, “Minister says EU free trade deal approval threatens Scots brands and exposes ‘breathhtaking failure’ by Westminster”, *The Herald*, 15 February 2017.

https://www.heraldscotland.com/news/15094952.Minister_says_EU_free_trade_deal_approval_threatens_Scots_brands_and_exposes_breathtaking_failure_by_Westminster/ (accessed 5 June 2019).

¹³ George Parker and James Blitz, “Donald Trump sends mixed messages on US-UK trade deal”, *Financial Times*, 5 June 2019, <https://www.ft.com/content/0cc78564-86d0-11e9-a028-86cea8523dc2> (accessed 5 June 2019).

inclusive and evidence-based public debates. In other words, political attention must be devoted to the conditioning factors of politicization, which influence its shape and policy impact. Policy makers are able to (a) shape the institutional context in which debate about trade agreement occurs, and (b) devise communication and framing strategies that allow them to engage in meaningful political exchange with critics of the agreement.

When devising domestic institutions for debating trade agreements, it is important to acknowledge that new-generation trade agreements – ones that involve not just tariffs, but also matters like government procurement, intellectual property, and market regulation – have brought non-traditional players to the table. These include parliaments, business associations and trade unions, subnational jurisdictions, non-governmental organizations, and citizen groups. Such actors must be systematically informed and meaningfully included in policy processes. Measures to increase transparency and stakeholder input have therefore become part of the standard repertoire in modern trade negotiations.¹⁴ Three main strategies can be distinguished: (1) transparency measures; (2) limited inclusion aimed at building support for policy decisions; and (3) open inclusion that allow stakeholders to challenge the status quo.¹⁵ Table 2 provides examples for mechanisms that can be used in each context.

¹⁴ Niels Gheyle and Ferdi De Ville, “How much is enough? Explaining the continuous transparency conflict in TTIP”, *Politics and Governance* 5, no. 3 (2017): 16-28. Stakeholder inclusion mechanisms have been explicitly embraced by a number of polities, most prominently the EU in its 2015 trade strategy. See European Commission, “Trade for all: towards a more responsible trade and investment policy”, October 2015, http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf (accessed 5 June 2019).

¹⁵ This distinction draws on James Organ, “EU citizen participation, openness, and the European Citizens Initiative: the TTIP legacy”, *Common Market Law Review* 54, no. 6 (2017): 1713-1747. See also Evelyn Coremans, “From

Table 2: Mechanisms of stakeholder inclusion in the trade policy process

	Transparency	Limited inclusion	Open inclusion
Concept	Institutional transparency and awareness raising, but little or no participation	Transparency as well as participation through instruments of deliberative and direct democracy, but just as means to support existing policy decisions and effective governance	Transparency as well as participation through instruments of deliberative and direct democracy that allow interest groups to challenge the status quo
Strategies	<ul style="list-style-type: none"> ▪ Publications, press releases, speeches ▪ Information on website ▪ Use of social media ▪ Making negotiation documents publicly available ▪ Official statistics 	<ul style="list-style-type: none"> ▪ Close-ended consultation with limited options for replies ▪ Targeted stakeholder involvement ▪ Targeted public hearings/events 	<ul style="list-style-type: none"> ▪ Open ended consultations ▪ Open stakeholder consultations actively ensuring participation of a diverse range of interests ▪ Open public hearings actively ensuring participation of a diverse range of interests

The second task for policy makers when trying to channel politicization into trade policy concerns communication and framing strategies. What is needed in this context is an understanding of which arguments are effective for both proponents and critics of a trade deal. Existing research shows that the most powerful arguments tend to be emotional ones, tapping into fear of economic costs or loss of national sovereignty in policy-making, especially in key

access to documents to consumption of information: the European Commission transparency policy for the TTIP negotiations”, *Politics and Governance* 5, no. 3 (2017): 29-39.

fields such as immigration, food production, or the environment (Table 3).¹⁶ Technical arguments that focus on the institutional details of a trade deal will likely shape public opinion much less than vivid, concrete examples that touch upon the day-to-day concerns of the public. In an era of post-truth politics, it should be noted that the power of such arguments does not depend on their empirical validity.

Table 3: Communication strategies in debating trade agreements

Ingredients of a strong argument	Facilitating factors for critics of trade deal	Facilitating factors for proponents of trade deal
<ul style="list-style-type: none"> ▪ Using familiar themes ▪ Using emotional appeal (especially fear and anger) ▪ Using negative information ▪ Using non-technical and vivid arguments ▪ Access to previously used and successful campaign materials (through networking) 	<ul style="list-style-type: none"> ▪ Broad scope trade deals ▪ Agenda setting power of the No side ▪ Availability of the “sovereignty” argument ▪ Access to the anti-globalization network 	<ul style="list-style-type: none"> ▪ Availability of the “economy” argument ▪ Use of public consultations to renew the agenda

¹⁶ For a general discussion of such strategies, see Michael Pfau and Henry Kenski, *Attack Politics: Strategy and Defense* (New York: Praeger, 1990); Dennis Chong and James Druckman, “Framing public opinion in competitive democracies”, *American Political Science Review* 101, no. 4 (2007): 637-655; Stuart Soroka, *Negativity in Democratic Politics: Causes and Consequences* (Cambridge: Cambridge University Press, 2014). Their use in recent trade-related conflicts is discussed by Bauer, “Political power of evoking fear”; Eliasson and García-Duran, “TTIP negotiations”; Sabina Maria Ciofu and Nicolae Stefanuta, “TTIP, the bullied kid of Twitter”, *Georgetown Public Policy Review*, 14 January 2016, <http://gppreview.com/2016/01/14/ttip-twitter-and-how-social-media-is-defining-the-public-argument/> (accessed 5 June 2019); Gabriel Siles-Brügge, “Transatlantic investor protection as a threat to democracy: the potency and limits of an emotive frame”, *Cambridge Review of International Affairs* 30, no. 5 (2017): 464-488.

In the agenda setting process, critics of a trade deal often have an advantage, provided that they have the necessary resources. They do not need to be coherent and can attack the agreement from multiple angles.¹⁷ This is especially the case when the trade deal is multidimensional and covers a broad range of issues, providing more ammunition for the opposing side. Critics of modern trade agreements have developed a repertoire of arguments that have proven to be successful in a number of campaigns. Given the transnational character of trade-critical NGOs, we can expect diffusion effects in which strategies that have worked in previous campaigns are applied to the Canada-UK context.¹⁸ This means that arguments, slogans and posters used in the TTIP and CETA cases might reappear. At the same time, previous experience shows that, when faced with public opposition, the negotiating parties can use public consultation to renew the agenda and increase support for a trade deal.¹⁹ Even though the emerging solutions might not address all concerns raised by an agreement's critics, the process itself is valued and the proposed solutions often neutralize the opposition to some degree. Such consultation must, however, be meaningful; it must ensure unbiased access for a broad range of different interests and demonstrate how feedback is reflected in the trade agreement or in accompanying legislation.

¹⁷ Lawrence LeDuc, "Opinion change and voting behaviour in referendums", *European Journal of Political Research* 41, no. 6 (2002): 711-732; Ece Özlem Atikcan, "Agenda control in EU referendum campaigns: the power of the anti-EU side", *European Journal of Political Research* 57, no. 1 (2018): 93-115.

¹⁸ Ece Özlem Atikcan, "Diffusion in referendum campaigns: the case of EU constitutional referendums", *Journal of European Integration* 37, no. 4 (2015): 451-470.

¹⁹ Siles-Brügge, "Transatlantic investor protection", p. 477.

Conclusion

While the outcome of the Brexit process is still unclear, the UK's withdrawal from the EU – if and when it occurs – will likely necessitate the negotiation of a new bilateral trade agreement with Canada. In anticipation of these negotiations, it is important for policy makers to understand the conditions under which such agreements become politically contentious among citizens, and how such contestation can be addressed in trade negotiations. As we have shown in this policy brief, the scope of political controversy about the new Canada-UK agreement will likely be limited by the cordial nature of the bilateral relationship, as well as the availability of CETA as a template. However, conflicts may develop if the new agreement diverges in significant ways from CETA (for instance by including sensitive economic sectors such as agriculture or health care); if it is drawn into a broader politicization of Canada's transatlantic relationships; or if connections are established in political discourse that link a Canada-UK agreement to the much more controversial negotiations between the UK and the US. Should such conflicts develop, certain exaggerated arguments may be raised, which are difficult to debunk in a heated debate.

Policy makers are hence well advised to incorporate the political dimension of a potential Canada-UK trade deal into their strategic planning for the negotiations from the outset. Such an approach can entail various elements: The likelihood of public controversy about the agreement can be reduced by linking it closely to CETA, by not including sensitive economic issues, and by making sure to de-couple the agreement from negotiations involving the US. Political controversy can be channeled into the policy process by structuring domestic decision-making processes in a way that ensures transparency and stakeholder inclusion. Communication and framing strategies can emphasize the benefits of an agreement, while responding in meaningful ways to concerns raised by its critics. By approaching post-Brexit trade negotiations with the UK

in this fashion, policy makers would acknowledge that trade policy, in spite of its complex and technical character, and even when conducted with a long-standing partner like the UK, cannot and should not be comprehensively shielded from controversial public debate.