

National Administrations in EU Trade Policy

Maintaining the Capacity to Control



Johan Adriaensen

EUROPEAN
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Introduction

Since the Treaty of Rome in 1957, member states have delegated full authority on trade policy to the European Economic Community, the predecessor the European Union (EU). All trade negotiations thereafter were led by the European Commission upon a mandate from the Council. To ensure trade negotiations would not harm domestic interests, the member states installed control mechanisms, most notably through their membership in the Council. Despite their loss of policy-making competencies, national trade administrations continue to exist for the sole purpose of monitoring and controlling the European Commission as it negotiates on behalf of the member states. But how do these administrations function, and does their capacity matter when it comes to ensuring national interests are sufficiently defended?

Debates surrounding the Transatlantic Trade and Investment Partnership (TTIP) have shown that the EU's current trade agenda has come a long way since Rome. Where the Common External Tariff was once the main policy instrument, regulatory issues that include behind-the-border measures have taken hold of the contemporary debate (Young & Peterson, 2006). Matters such as the manner in which chickens are prepared for the food market or the procedures used to test car emissions are increasingly interpreted as barriers to trade and can therefore become the subject of trade negotiation. This “deepening” of the trade agenda, however, has important implications for national trade administrations.

In addition to a growing need for regulatory and legal expertise, it has increased the number of ministries and societal actors affected by trade decisions. And these ministries are not restricted to the usual suspects. In May 2013, thirteen Ministers of Culture requested that the Irish presidency exclude audio-visual services from the negotiation mandate (Politico.eu, 15-05-Politico.eu, 2013). Most member states provide financial support to ensure local movie productions are not competed out of the market by Hollywood. Such financial support, however, distorts international competition and could thus be challenged in trade negotiations. But sanitary and phyto-sanitary rules can also act as trade barriers. Here, discussions pertain to the degree to which a measure intended to protect our health can act as a hidden trade restriction. Does a limitation on the use of hormones in beef address a genuine health risk, or does it—rather conveniently—favour domestic over foreign producers? Is a restriction on the import of genetically modified organisms a hidden trade barrier, or is it a justified measure to protect our well-being? With a growing scope of regulations being considered trade barriers, the circle of actors with whom coordination may be due widens.

Furthermore, the TTIP is but one of many such agreements. Since Peter Mandelson became Commissioner for Trade in 2004, the bilateral agenda has risen in prominence (Elsig, 2007). It is an agenda that was pursued with equal rigour by his successor Commissioner Karel De Gucht (García, 2013), and—judging by Commissioner Cecilia Malmström’s strategy paper—is likely to be intensified in the years to come (Commission of the European Communities, 2015). Against this background, Matthew Baldwin, a former Director of Market Access in DG Trade, urged that “it is vital that Member States maintain their capacity to promote their interests (and arbitrate effectively between different national interests where necessary), question the Commission, and defend the line against third-country ‘incursion’” (Baldwin, 2006, 930). Unfortunately, we know very little about how national trade administrations actually function, and whether such capacity is really “vital” to promote a member state’s interests remains to be seen. This book studies national trade administrations in the EU and examines the relationship between administrative capacity and the amount of control a member state can exert over the Commission during trade negotiations.

Recent studies uncovered substantial variation in national representatives’ attempts to influence policy in Council meetings (Dür & Mateo, 2010a, 2010b; Naurin & Wallace, 2008; Panke, 2011; Tallberg, 2008).

While such variation may not come as a surprise to many observers of EU politics, new questions about the causes behind these differences inevitably arise. Research has only just begun to scrape the surface. Size—be it political or economic—is the most straightforward explanation that comes to mind. But in a decision-making context where unanimity is the rule or where consensus is the norm, varying voting rights have only limited empirical purchase. Administrative capacity has often been suggested as an alternative explanation for the variation in member-state involvement (Beyers & Trondal, 2004; Haverland & Liefferink, 2012a, 2012b; Panke, 2010a, 2010b). Whereas many scholars attach some credence to the role of administrative capacity as a source of power, none have taken it as the central argument of their research. The main question of this book therefore is: *To what extent does administrative capacity explain a member state's control over the European Commission during trade negotiations?*

This introduction aims to meet three objectives: to situate the research question in the wider literature, to present a summary of the central argument, and to elaborate the research design used to test the main hypothesis. The sections are structured accordingly. The introduction ends with a brief overview of the book.

THE LITERATURE

The relationship between administrative capacity and a member state's ability to exert control has attracted cursory attention in three different research traditions. The Principal-Agent model, Comparative Public Administration, and Negotiation theory each recognised the importance of the question but, due to their respective foci, refrained from providing compelling answers. This book aims to contribute to each of these traditions, as will be explained below.

Principal-Agent Model

The Principal-Agent (PA) model studies hierarchical contractual relations. It has seen many applications in the study of international organisations in general (Dijkstra, 2015; Hawkins, Lake, Nielson, & Tierney, 2006; Lyne, Nielson, & Tierney, 2009) and of the EU in particular (Delreux & Adriaensen, 2017; Dür & Elsig, 2011; Pollack, 1997). In the latter context, the PA model is used to analyse both the delegation of authority from the member states (as the principals) to the EU (as the agent) as well as

the power struggle between the two. The principal(s) seeks to ensure the agent does not shirk whereas the agent tries to pursue its self-interest. For that reason, the model puts great emphasis on the role of control mechanisms.

By now a plethora of such mechanisms have been identified and subjected to empirical study: the selection of the agent (Delreux, 2008), reporting requirements, budgetary cuts (Weingast & Moran, 1983), procedural mechanisms (McCubbins, Noll, & Weingast, 1987), and the ratification procedure (Delreux & Kerremans, 2010) are the most common examples. Scholars have refrained, however, from studying the conditions that trigger the use of these instruments.¹ Especially in comparative settings, research has mostly mapped the range of available legal and procedural instruments through which the principal can exert control (Damro, 2006; Epstein & O'Halloran, 1999). For my objectives it is crucial to understand the factors that trigger the activation rather than the availability of control. Control mechanisms are created equally for all member states. Member states differ, however, in terms of how likely they are to invoke these instruments. Administrative capacity can be an important factor to explain this probability (Moe, 1987).

A second problem with the PA model is the limited comparative research of individual principals' attempts of control. Studies of the EU's external negotiations generally focus on single member states to make more general statements regarding the balance of power between the national and supranational (Da Conceição-Heldt, 2011; Kerremans, 2004). In other words, we have knowledge only of those member states that became vocal in the process, but not of the position and behaviour of other member states. Nevertheless, recent research has started to differentiate between the relations member states (as principals) share with an international organisation (as their agent). That research is still largely exploratory or theoretical (Dijkstra, 2015; Graham, 2013; Kleine, 2013a, 2013b). This book will push the agenda further through a comprehensive empirical study of twenty-two member states. However, in order to achieve this, insights need to be gleaned from other empirical traditions.

¹There are some exceptions that focus on contextual factors such as the degree of politicisation (Delreux, 2009a, 2009b) or the constellation of preferences within a collective principal (Da Conceição-Heldt, 2011; Kiewiet & McCubbins, 1991; Nielson & Tierney, 2003). These are, however, case-specific and not "principal"-specific.

*Comparative Public Administration: National Administrations
in EU Policies*

Comparative Public Administration presents a fruitful alternative when inquiring into the relationship between administrative capacity and a member state's behaviour within the Council. While this sub-field of Public Administration is developing strongly, the majority of research is still descriptive in nature, focusing on three or fewer cases (Fitzpatrick et al., 2011) and struggling with the development of generalisable findings (Pollitt, 2011). In the context of the book's research ambitions, it is important to note that the literature has mapped the diversity in administrative models to coordinate a national position. Of these applications, the most important works to date are two large edited volumes providing a detailed description of the national coordination procedures in European member states (Kassim, Peters, & Wright, 2000; Kassim, Menon, Peters, & Wright, 2001). More sector-specific work ensued, mapping coordination processes in the member states with regard to environmental policy (Knill & Lenschow, 1998; Schout & Jordan, 2005), health policy (Greer & Martin de Almagro, 2012), and chemicals regulation (Haverland & Liefferink, 2012a, 2012b). The few studies that exist on national trade administrations in the EU are either too old (Hayes, 1993) or focus on a single member state (Falke, 2005). But this is not the biggest issue.

Whereas many studies have compared and analysed changes in the domestic coordination processes (Dimitrova & Toshkov, 2007; Johansson & Raunio, 2010; Schout & Jordan, 2005, 2008), few have analysed the consequences of such variations in terms of the effects on EU policy-making. Or as Goetz stated, "In the study of the executive, it is generally held that 'institutions matter', but how they matter for executive performance has scarcely been tested" (Goetz, 2000). This applies particularly to the study of the relationship between different administrative structures and the (in)ability to shape policies at the European level. The boom in literature on member state's ability to implement and comply with EU legislation (downloading capacity) strongly contrasts with the limited number of studies on policy uploading.² This is somewhat surprising, as the ability to shape European policy according to domestic preferences is at least as

²Contrast the studies on the national implementation of EU regulations (Börzel, Hofmann, & Panke, 2012; Börzel, Hofmann, Panke, & Sprungk, 2010; Falkner, Hartlapp, & Leiber, 2004; Falkner & Treib, 2008; König & Luetgert, 2009) with those of policy uploading (Beyers & Trondal, 2004; Haverland & Liefferink, 2012a, 2012b).

important as the implementation of legislation. This problem was also recognised by Beyers and Trondal (2004, p. 920) as they advanced a bottom-up interpretation of Europeanisation.³ While their venture was laudable, few scholars have taken up their call to study the ability of a member state to upload domestic preferences to the European level. One notable exception is Diana Panke, who links traits of the domestic coordination process to the timing and quality of instructions submitted to permanent representations (Panke, 2010a, 2010b).⁴

In addition to updating our understanding of contemporary trade policy-making, the book will also contribute to this literature by tracing the impact of one of the most-mentioned but least-studied factors explaining a member state's ability to upload its preferences: administrative capacity. The complementarities with the PA approach outlined above should become clearer. Studies in Comparative Public Administration have granted us much greater insight into the ways in which national administrations are organised and how they have adapted to policy-making in a multilevel setting. The PA model, by contrast, focuses more on the hierarchical relationship between the national and the supranational institutions.

Negotiation Theory: Capabilities and Negotiation Activity

The relationship between administrative capacity and member-state control also receives cursory attention in Negotiation theory. Research on (international) negotiations focuses on the questions of who gets what, through which means, and why (Zartman, 1974). Applied to the context of the EU, three topics have attracted scholarly attention: the nature of interaction between member states in Council meetings (Elgström & Jönsson, 2000; Lewis, 2010; McKibben, 2013; Naurin, 2009), the particular strategies used by member states (Dür and Mateo, 2010a, 2010b; Haverland & Liefferink, 2012; Panke, 2010a, 2010b; Tallberg, 2008), and the outcomes of negotiations (Arregui & Thomson, 2009; Cross, 2013; Thomson, Stokman, Achen, & König, 2006).

³ Unfortunately, their analysis regarding supranational and intergovernmental role conceptions of national representatives was based on only two cases (Sweden and Belgium). This severely limits the generalisability of their findings.

⁴ Studying the Registration, Evaluation and Authorisation of Chemicals (REACH), Haverland and Liefferink also studied the capabilities of the Dutch administration as an important factor to influence the negotiations (Haverland & Liefferink, 2012a, 2012b). However, this research did not apply a comparative perspective.

Unlike the other two traditions, Negotiation theory takes all of the member states into consideration when studying the internal decision-making process. While this facilitates a comprehensive mapping of member states' varying involvement, it has left room to explore the causes of the variation. The limited research available focuses on the skills of the negotiators rather than the administrations in which they are embedded. The relationship between a member state's network capital—a measure of the number and intensity of ties it has with other countries (Naurin, 2007)—and negotiation success has been tested and confirmed in multiple analyses (Arregui & Thomson, 2009; Golub, 2012). In a similar fashion, countries' bargaining skills, power, and information have been used to explain member states' influence in negotiations (Bailer, 2004). The focus on bargaining skills, network capital, or information already go a long way in relating national capabilities to negotiation activities and their outcomes. However, knowing that more bargaining skills or a stronger network improves success in negotiations reasserts the question of what traits of the administration enhance such capabilities.

THE ARGUMENT

The main argument presented in this book is that *administrative capacity* explains the behaviour of member states in the Council. To make this argument, I combine the respective strengths of the three traditions described above. The PA model is used as the basic template. I start my argument by conceptualising the Council as a multiplicity of principals rather than a single collective principal. A collective principal delegates authority through a single contract with the agent (Lynn, Nielson, & Tierney, 2006; Nielson & Tierney, 2003). In practical terms, it implies that the member states can only monitor, sanction, or reward the agent through collective action within the Council (hence collective principal). Most applications of the PA model in the EU's external negotiations conceptualise the Council as a collective principal (Elsig, 2007; James & Copeland, 2014; Kerremans, 2004; Rommerskirchen, 2013; Schneider & Tobin, 2013). In these applications, individual member states do not really matter unless they are able to shape the Council's actions.

The critical challenge lies in contesting the nature of Council-Commission interaction. I argue that—due to the applicable supermajority voting procedures—individual member states' attempts to exercise control cannot easily be dismissed by the Commission. Chances exist that

a blocking minority can be forged around that member state. Moreover, when decisions require unanimity in the Council or in case a consensus is sought, even a single member state's opposition would suffice to block successful ratification of an agreement. Once the toolbox of multiple (rather than collective) principal(s) is unlocked, insights from Negotiation theory and Comparative Public Administration can easily be integrated into the PA framework.

To differentiate among member states' attempts to control the agent, a signalling approach is applied (Worsham & Gatrell, 2005). Each member state exerts a different degree of control as measured by the frequency with which they signal their preferences to the agent. To identify the variety of signals emitted, I draw on the strengths of Negotiation theory as indicated in Fig. 1.1. The signals can range from indicating a red line during a meeting to organising a personal meeting with the responsible Commission official. Negotiation theory also suggest that the stage at which such signalling takes place matters for a member state's potential influence (Greer & Martin de Almagro, 2012; Panke 2010a, 2010b). This book provides one of the first studies that differentiates between member states' signalling behaviour across the different stages of a trade negotiation. To this end, I introduce a novel classification with six stages that

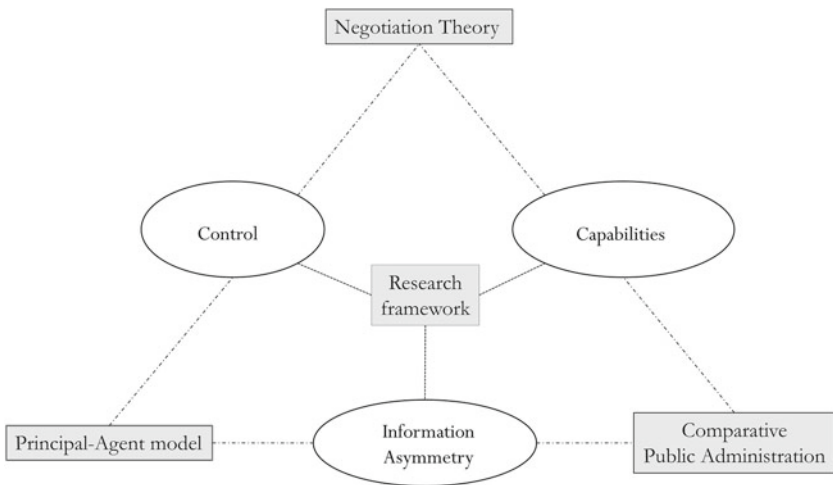


Fig. 1.1 Literature overview—identifying synergies

enables the construction of two new indicators. I measure the propensity of an administration to signal proactively (before texts are available) as well as their preference to signal during the formal (mandate and ratification) or the informal stages of the negotiations.

When conceptualising the Council as a collective principal, member states are all equally affected by the Commission's informational advantage in the negotiations. The inability to attend the external negotiations applies to all member states equally. Instead I will focus on varying degrees of administrative capacity as a source of information asymmetry among the principals. This can occur, for example, if a representative is absent in one of the many meetings in the Council's preparatory bodies or if the national administrations fail to formulate a position to be defended. In short, the argument is presented that limited administrative capacity affects a principal's propensity to exert control.

But how do we measure or observe administrative capacity? Here, I draw on the literature of Comparative Public Administration (see Fig. 1.1). The conceptualisation of administrative capacity is made in reference to the specific functions the administration performs (Milio, 2007). Applied to the EU's external trade negotiations, two such tasks are identified—monitoring what the Commission is negotiating on behalf of the member states (*monitoring capacity*) and deriving the nation's interests in the negotiation (*deriving capacity*). As the opening statement made clear, trade policy is rarely determined within an isolated ministry. This book therefore advances a focus on “network performance” as a measure of administrative capacity (Kenis & Provan, 2009). Through a study of policy network's performance, comparable indicators can be constructed across the different administrations in the EU. Monitoring capacity thus measures the frequency by which different sources are consulted on the Commission's behaviour. Deriving capacity, by contrast, builds on three sub-indicators: the presence of structural holes, the human resources available to the administration, and the efficiency of the coordination method by which the various interests are aggregated. Whereas the study of Comparative Public Administration contributes to the PA model by refining the sources of information asymmetry, it also complements studies in Negotiation theory that rely on the notion of (administrative) capabilities (see Fig. 1.1)

The empirical chapters will formulate and test three hypotheses and six propositions. I use the term *proposition* if the statement pertains only to either the dependent or the independent variable of my model. *Hypotheses* by contrast apply to the relationship between administrative capacity and

a member state's behaviour in the council. This behaviour reflects the amount of signals emitted, the timing at which such signalling takes place, and the signalling strategy pursued. I find compelling evidence that high administrative capacity leads to more and earlier signalling.

A second minor theme started to crystallise when studying the national trade administrations. The survey on national administrations calls into question the common practice of taking mobilised interest in society as a starting point of trade policy-making. More specifically, in many of the cases studied, administrations struggled to obtain sufficient quality input from societal stakeholders. This book provides an insight into the political economy of trade in the absence of mobilised interests and contributes to the development of a more refined state-centric study of trade policy.

THE RESEARCH DESIGN

From an empirical perspective, this book is innovative in three ways. First, it applies a comprehensive comparative focus studying twenty-two member states. Second, a mixed-methods design has been used to reap the benefits of both qualitative and quantitative methods. Third, it generates a rich and detailed dataset based on in-depth original data-gathering.

Having a clear a priori hypothesis, I use a confirmatory research design. To account for alternative explanations and to ensure a high external validity, I deemed a comprehensive comparative approach essential. Whereas most comparative studies rely on two to four countries, this book draws on in-depth data for four countries—Spain, Belgium, Poland, and Estonia—and complements the case studies with a survey on eighteen additional member states.

In terms of data-gathering, a sequential mixed-methods research design was used (Bergman, 2011). More specifically, I first conducted a series of qualitative, exploratory interviews with trade officials in the EU institutions as well as the national trade administrations. A total of thirty-three semi-structured interviews were conducted to enhance our understanding of the (informal) policy-making processes within national administrations and the EU. Such information was complemented with secondary literature, as well as official documents and media articles to inform the development of a proper survey instrument.

Two surveys were developed. The first survey was distributed among national representatives in the various preparatory bodies of the Council and measures the member states' activity within the Council. The second survey targeted trade officials in the member states to obtain insights

about their administrative capacity. An additional twelve interviews were conducted to increase the size of the sample. The surveys resulted in a unique dataset on twenty-two member states' administrations as well as the control these member states exert over the Commission during negotiations. Complementing the insights derived from the qualitative interviews, the data allows a privileged insight into the institutional machinery behind the Common Commercial Policy (CCP).

The empirical focus of the research is on the EU's external trade negotiations. Besides the empirical motivations explained in the opening statements of this book, there is also a theoretical justification of this policy domain. The CCP is an exclusive competency of the EU. National trade administrations do not make trade policy themselves, but are solely maintained to participate in the European policy-making process. Such an exclusive focus facilitates the execution of the envisioned research. Indeed, any administrative capacity uncovered is exclusively for the purpose of influencing EU decisions rather than for determining national policies. In cases of shared competencies, one would ideally separate the capacity devoted to monitoring European policy issues and the capacity invested in domestic policy-making. Moreover, the subject of external trade negotiations is particularly interesting as it contains a second delegation, (i.e., that of negotiating authority to the Commission). By consequence, the Commission-as-agent disposes of an additional information advantage that makes differentiation among the member states' monitoring capabilities more appropriate.

It is important to emphasise that this argument does not weaken the external validity of the findings for other policy domains. What it does imply is that an empirical test in these cases would require a more complex research design.

THE STRUCTURE OF THE BOOK

The remainder of the book contains six chapters and a conclusion sketches the empirical context in which member states engage with the European Commission during trade negotiations. How are the member states represented within the Council? Where and how often do they meet? Who represents the country and what happens if there is disagreement among the member states? Addressing these questions provides the necessary background for the subsequent chapters.

The theoretical framework is elaborated on in Chap. 3. The argument is presented that states within the Council represent neither a multiplicity nor a collective principal but—due to supermajority voting—something of

a hybrid principal. This calls for a refinement of the existing PA framework. The chapter distinguishes the main dependent variable (control) and the main independent variable (administrative capacity), provides a broad conceptualisation of each, and elaborates the relationship between them.

Building upon the resulting framework, Chapter 4 identifies various instruments of control and classifies them into collective and bilateral signals. In addition to the type of signals sent, the survey also looks into the stage of the negotiation process at which member states signal. To study the obtained data in more detail, I formulate and test three propositions with respect to the type and stage at which signals are sent. Following a discussion of the data-gathering process, descriptive statistics are provided along with a test of the formulated propositions.

Chapter 5 explores the policy-making process in four member states. In contrast to the conceptualisation of control, existing comparative scholarship on administrative capacity is still limited. As a consequence, qualitative pilot studies were required to obtain better insight into the domestic policy-making processes. Using a most-different-case design, variation is uncovered along three dimensions: degree of (de)centralisation, the interaction between public and private actors, and the coordination procedures to reconcile (divergent) opinions. Building upon these insights, Chapter 6 develops a survey using the notion of a policy network. Following a discussion of the data-gathering process, descriptive statistics are provided, mapping various types of administrations and identifying patterns that are particularly interesting for further inquiry.

Chapter 7 can be considered the capstone chapter of this book. Following a brief reconstruction of the main arguments, it brings together the dependent and independent variables defined, measured, and discussed in the three previous chapters. The data-analysis combines quantitative multivariate regression analysis with graphical (added-variable) scatter plots.

A conclusion will expand on the ramifications of the findings. It seeks to reflect on the internal and external validity of the research and explores additional paths to expand on the developed agenda.

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Member States in European Trade Negotiations

Before studying the various ways in which member states can control the European Commission in its trade policy, it is important to understand the institutional setting in which such interaction takes place. The Common Commercial Policy (CCP) consists of three different policy instruments for which different procedures apply. Moreover, the applicable procedures are further complicated depending on the division of competencies between member states and the EU. The first section therefore provides an overview of the legal framework in which European trade policy is set.

Knowing how policy is determined *de iure* is insufficient to paint a complete picture of member-state involvement in trade-policy-making. The legal framework needs to be complemented with empirical insights about the *de facto* process. Older empirical work on the EU's external trade policy has occasionally shed light on this process (Johnson, 1998; Murphy, 2000; Niemann, 2004). However, since the implementation of the Treaty of Lisbon, updates have been scarce while changes have been drastic. For that reason I will draw on a series of interviews to update the administrative framework. The fieldwork primarily focuses on the representation of the member states in the Council. Seeing that much decision-making takes place in the various Council working parties (Häge, 2008), I used interviews to inquire into the role and importance of these working parties. Who represents the members in these meetings, and how are the various working parties related to one another? During the interviews it also became apparent that additional forums exist where member states can

influence the Commission in its external trade policy. While not aspiring to be exhaustive, I will expand on the Informal Technical Meetings, organised by the European Commission, and the rotating Council Presidency as supplementary channels of influence over the Commission.

In the last section, the role of European Parliament (EP) is briefly discussed. Whereas the EP's influence in trade-policy-making has grown considerably, I am convinced that its absence in the ensuing analyses should not invalidate the findings. The demarcation of the research domain to focus exclusively on international trade negotiations further minimises any potential biases that would arise from the EP's absence. A short conclusion summarises the main lessons for the ensuing research design.

THE LEGAL FRAMEWORK

The Common Commercial Policy (CCP) is an exclusive competency of the EU.¹ This implies that only the Union may legislate and adopt legally binding acts. Further specifications on the scope and arrangements for exercising this competency are laid out in Articles 207 and 218 of the Treaty on the Functioning of the European Union (TFEU). Since the Lisbon Treaty, the scope of the exclusive competencies of the EU, has expanded to encompass trade in services, foreign direct investment and trade related to intellectual property rights (Art. 207(1) TFEU). Member states still retain authority on services trade for three particular issues:

1. "trade in cultural and audiovisual services, where these agreements risk prejudicing the Union's cultural and linguistic diversity" (Art. 207(4a) TFEU),
2. "trade in social, education and health services, where these agreements risk seriously disturbing the national organisation of such services and prejudicing the responsibility of Member States to deliver them" (Art. 207(4b) TFEU), and
3. "the negotiation and conclusion of international agreements in the field of transport" (Art. 207(5) TFEU).

The existence of these exceptions grants scope for mixed competencies in the CCP. This has two consequences: Firstly, regulations or negotiations that touch upon issues that fall under member states' authority are not

¹Art. 3(1e) Treaty on the Functioning of the European Union (TFEU).

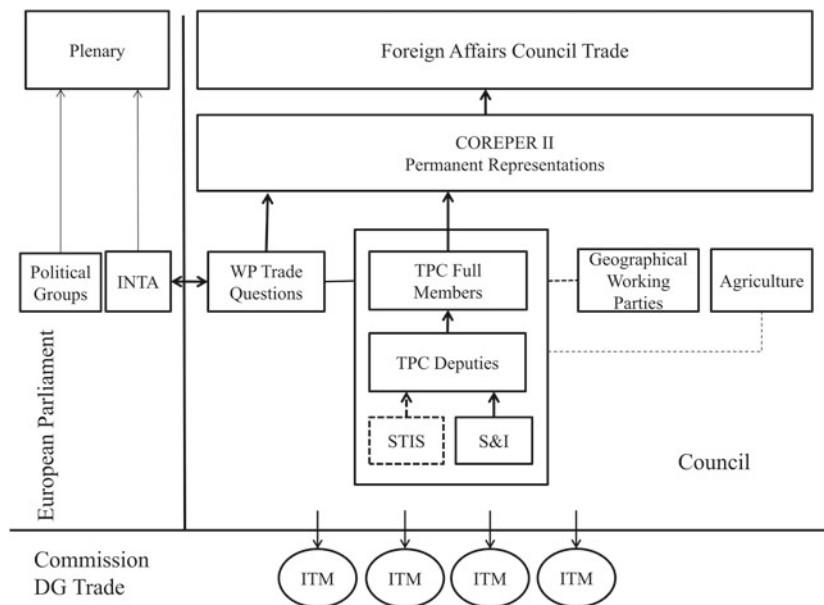


Fig. 2.1 Institutions for EU decision-making on the CCP

approved by a qualified majority but need to be taken by Common Accord. The latter is an enforced vote through unanimity. Secondly, the national parliaments need to ratify the resulting legislation in addition to the Council and the EP.

The provisions to exercise the Union's competency vary according to the type of policy instrument. There are basically three different procedures through which the EU governs its trade policy. In general, the CCP is subject to the Ordinary Legislative Procedure (Art. 207(2) TFEU). This procedure applies to topics generally classified as "autonomous trade policy." However, many trade decisions originate through international negotiations, either multilateral in the World Trade Organization (WTO), bilateral, or plurilateral. For international negotiations a decision is required to specify the institution or country negotiating on behalf of the member states. The process of delegation and the ensuing negotiation is governed according to Art. 207 (3-5) and Art. 218 TFEU and will be explained in more detail below. Finally, for the execution of a number of

trade policy decisions that do not require drastic changes to the existing legislation, competencies can be delegated to the Commission. The use of delegated and implementing acts (Art. 290 and 291 TFEU) in matters of trade pertains mostly to the use of trade defence instruments. While interesting in its own right, it lies outside the scope of this dissertation.²

Autonomous Trade Policy

One of the major innovations of the Lisbon Treaty with respect to trade policy was the application of the Ordinary Legislative Procedure (OLP) to the CCP. Legislation that needs to be approved according to the OLP is drafted by the Commission, after which the EP and the Council engage in an iterative process of amending the proposal. The EP is the first to propose amendments. Each party, in turn, can decide to accept the proposed amendments, suggest alternative ones, or reject the proposal altogether. In case Council and Parliament do not reach an agreement after two rounds (readings), a conciliation procedure is started to facilitate the conclusion of an agreement (Art. 294 TFEU).³ Before the TFEU was implemented, EP was only “consulted” on these issues.

The OLP applies to all decisions the EU can make autonomously without another country’s approval. It concerns, amongst others, the Union’s system of unilateral preferences towards the least-developed countries. But also alterations to the internal decision-making framework for matters of the CCP are approved through the OLP. Examples thereof include the “modernisation” of trade defence instruments (anti-dumping and safeguard mechanisms) or the Omnibus regulations. To ensure that all secondary trade legislation conforms to the new system of delegated and implementing acts, the Commission drafted the Omnibus I and Omnibus II legislative proposals. The former sought to bring all regulations that previously fell outside the comitology system within the new structure of delegating and implementing acts, whereas the latter sought to realign existing legislation under comitology with the new system. As the EU can decide on these issues independently from other countries, the topics subject to the OLP have been classified as “autonomous trade policy” (Woolcock,

² For a good overview of the factors that shaped the transformation of the EU’s secondary legislation see Héritier, Moury, Bischof, and Bergström (2013) and (Brandsma & Blom-Hansen, 2012). For more on the political economy of the EU’s attempt to reform anti-dumping policy between 2006 and 2008, see De Bièvre and Eckhardt (2011).

³ In practice, the responsible working party and the parliamentary committee often convene in trilogue meetings to reach an early agreement (Farrell & Héritier, 2004).

2012, 51). It is interesting to note that decisions on the bilateral safeguard clauses within international trade agreements are also decided according to the OLP.⁴ Because it concerns the internal processes determining the conditions by which such safeguards can be applied, it does not require international agreement and is, therefore, subject to the OLP.

In light of the broader research goals, it is important to highlight that, for legislation approved according to the OLP, it is nearly impossible to fully assess a member state's influence without factoring in the preferences of both the European Commission and the EP. In such a situation, concessions to be obtained from the Commission are conditional upon not only the position of the other member states in the Council but also the majority of EP members. This complicates the study of member states' activity and influence in the CCP and was one of the factors that led me to focus exclusively on external trade negotiations.

International Negotiations

Not all trade policy is determined at home. Changes to the EU's CCP are often the result of bilateral and multilateral negotiations. In international negotiations the EU needs to speak with a single voice. By consequence a second delegation is required that allows the Commission to negotiate on behalf of the twenty-eight member states as represented in the Council (Meunier, 2003). Art. 218 TFEU elaborates the relationship between Council and Commission in international negotiations.

Approval to open negotiations occurs through the adoption of a negotiation mandate. The mandate stipulates the scope, ambitions, and boundaries of the negotiations. This mandate is drafted by the Commission and tabled for discussion in the Council (Art. 207(3) and Art.218 (2) TFEU). Once the Council adopts a mandate, the Commission can start negotiations. The EP plays no formal role in the decision on the mandate. Instead, they often adopt a resolution prior to the negotiations to indicate their preferences early onwards. This occurred in advance of the EU negotiations with Japan (European Parliament, 2012) as well as the negotiations on the Transatlantic Trade and Investment Partnership (European Parliament, 2013). The Commission negotiates while con-

⁴ A safeguard clause enables a partner to the trade agreement to temporarily halt the liberalisation of specific products in case the imports have increased so drastically that it threatens the domestic industry's survival.

sulting a special committee appointed by the Council (i.e., Trade Policy Committee, or TPC). The Commission also reports regularly to the TPC and the EP on the progress of negotiations (Art. 207 (3)). This latter requirement is reinforced by Art. 218 (10) as it stipulates that the Parliament has to be: “fully and immediately informed during all stages of the negotiations.” Whereas the Commission consults the TPC, it merely informs the EP, suggesting a different status of both legislative institutions (Woolcock, 2010, 12). The importance of the TPC is also confirmed in the provisions of Art. 207 (3) that stipulates the TPC “*assists* the Commission in its task” (emphasis added) acknowledging the expertise embedded in member states’ trade administrations.

Once the negotiations approach completion, the Commission forwards the agreement to the Council, which can decide to conclude the agreement after the EP has given its consent (Art. 218 (6) TFEU). Both the opening and conclusion of negotiations are normally decided by a qualified majority insofar as the agreement falls under the Union’s exclusive competency (Art. 207(4) and Art. 218(8) TFEU). Whereas the Council can adopt negotiating directives and has ample opportunities to voice concerns through continuous interaction with the TPC, the EP’s consent implies accepting or rejecting the complete agreement. This does not necessarily mean they have little influence. As mentioned above, the bilateral safeguard clauses incorporated in Free Trade Agreements (FTA) are adopted according to the OLP. The EP made sure no consent would be given if its demands regarding the EU-Korea safeguard clause were not accepted. That a number of amendments suggested by the EP affected the broader agreement may add credence to the EP’s growing influence over the content of trade agreements (Richardson, 2012, 18–20).

As many of the new and comprehensive trade agreements encompass a wide array of topics, certain provisions can fall under member states’ authority. For such mixed agreements, a slight adaptation in the procedure is required (Art. 207 (5) and Art. 218 (8) TFEU). In such a case, the mandate can only be adopted by Common Accord. This is a reinforced unanimity rule stipulating that member states cannot abstain in a vote. However, the eventual ratification of mixed agreements is more complex. As they cover both Union and national competency, they still require approval by the member states’ parliaments. Even if ratification is mostly just rubber-stamping⁵, this procedure can seriously delay the

⁵The attention national parliaments have devoted to ACTA and TTIP may suggest a change in this practice. For now, I assume they are the exception rather than the rule.

implementation of the trade agreement. For that reason, the Commission has developed a custom to simultaneously adopt provisional trade agreements, which can be implemented directly. These provisional agreements are stripped-down versions of the complete agreement to cover only those matters belonging to the Union's exclusive competencies. On a proposal of the Commission, the Council can decide to provisionally apply an agreement before its entry into force according to Art. 218(5) TFEU.

THE ADMINISTRATIVE FRAMEWORK

Knowing how the member states—as represented within the Council—interact with the Commission is of great importance in studying the member states in European trade policy. To supplement the legal framework, more practical insights are required. What is established *de iure* is not always as representative of how European institutions interact *de facto*.

Outside the Council (committee) structure there are channels in the policy-making system through which a member state can defend national interests. In the second sub-section, I will focus on two such venues, the Informal Technical Meetings, organised by the European Commission, and the rotating Presidency of the Council.

Participating in the Council

By treaty, the member states' prerogatives are intrinsically bound to that of the Council of Ministers. Before the Lisbon Treaty, trade policy decisions were part of the broad agenda of the General Affairs and External Relations Council. Since the TFEU entered into force, the renamed Foreign Affairs Council deals with all issues of the EU's foreign affairs. It meets twice a year to focus solely on matters of trade.⁶ Prior to the implementation of the Lisbon Treaty, final decisions on matters of trade could be taken by the Minister of Foreign Affairs or the Prime Minister of a member state, despite such competency belonging to a different minister. This could occasionally create tensions between the Ministry of Foreign

⁶In April 2013, the Irish presidency also convened the first informal FAC Trade to meet with the ministers a first time in an informal setting. From the side of the presidency, the aim was to prepare and facilitate discussions on the ratification of a mandate for the Commission to negotiate a trade agreement with the United States. This ratification eventually took place a few months later in the formal FAC Trade (Interview, TO #22, #25, and #27). In the past, the national ministers of trade also convened informally in preparation of the GATT negotiation rounds (Johnson, 1998).

Affairs and the Ministry of Economy in a number of member states. In the current FAC Trade, the economic ministries are strongly represented. During the approval of the TTIP mandate, fourteen member states were represented by a representative from an economic ministry (industry or economy), whereas only seven hailed from other ministries (mostly Foreign Affairs), and the remaining six member states were represented by their Permanent Representation (Council of the European Union, 2013, 4–5).⁷ Notwithstanding the existence of a formal FAC Trade, trade decisions are regularly approved in different Council configurations. This is possible because all formations are one and the same emanation of the legal entity that is the Council. Adoption of trade legislation by formations other than the FAC Trade generally occurs for those issues where agreement has already been reached by the Council working parties.

Strictly speaking, all authority lies within the Council of Ministers. Most decisions are, nevertheless, prepared or even taken at a more bureaucratic level. Before tabling a proposal for legislation to the Council, it has been discussed and prepared by different Council working parties. Involvement in the workingparty stages is important, especially for international negotiations. In these cases, the briefings provided by the Commission in the working parties are the main source of information for the member states. Two working parties are important for trade issues. These are the TPC, as established in Article 207 of the TFEU, and the Working Party on Trade Questions (WPTQ).

Within the TPC, discussions take place on international trade negotiations. From the determination of the mandate, over the discussion of particular proposals to the eventual ratification of the agreement, all issues pertaining to trade negotiations are covered within the TPC. The TPC meets in Full Members (*titulaire*) each month in Brussels as well as with the start of a new presidency of the Council. In addition to the Full Members formation, the committee also convenes at the deputy-level on a weekly basis (*suppléant*). The difference between these formations is mostly one of authority. The TPC Full Members is attended by directors-general on the part of the Commission and senior officials of equivalent level from within the member states. This distinction is also apparent with regards to the issues tabled for discussion in the different TPC formations. Topics addressed in Full Members tend to be politicised and selective whereas

⁷In the coding, I classified ministers or state secretaries of trade policy according to the ministry of which they are a part or on which they rely for the preparation of a policy position.

discussions in TPC Deputies are more in-depth and comprehensive. The exclusive focus of the Full Members on the political issues is reflected in the frequency and duration of the meetings. A Deputies meeting lasts about a full day each week whereas a meeting of the Full Members occurs only once a month and lasts only half a day (Interview TO #25).

In a number of smaller member states, the Full Member is also in charge of representing the country in multiple other (high-level) working parties, making them less specialised in trade topics and highly dependent on input from the deputy (Interview TO #28). This, however, does not imply all issues are previously discussed in the TPC Deputies. On some occasions, an initial discussion in Deputies can reveal that further discussions should exclusively take place at the level of full members. This was the case for the provision of a mandate to negotiate a free trade agreement with the United States. Similarly, the mandate for the trade negotiations with Japan was discussed only briefly at the deputy level, but most decisions took place at TPC Full Members (Interview TO #25). Internal coordination between the different TPC representatives is therefore quite important.

The TPC also has three spin-off formations: TPC Steel, Textiles and other Industrial Supplies (STIS), TPC Mutual Recognition, and TPC Services and Investment (S&I). TPC STIS originated through the merger of TPC Steel and TPC Textiles. As the name indicates, this meeting largely deals with trade in industrial goods and textiles. However, this particular expert meeting is fading out of existence. Meetings occur less and less frequently, and a number of member states have decided—as a matter of principle—not to attend these meetings anymore. The TPC Mutual Recognition deals with technical product standards. This formation exists on paper only, does not convene, and is part of the responsibility of DG Enterprise and Industry (Interview TO#32; Commission of the European Communities, 2004). The only remaining, important spin-off formation is the TPC S&I, which is quite active and convenes every two weeks. Topics addressed during these meetings pertain to trade in services and foreign investment. The discussions often cover technical details and relatively new, complex matters that fall outside the scope of TPC Deputies. Its agenda has increased drastically over the last years due to the widening and deepening of the trade agenda. To address these developments, meetings have recently been extended to last a full day. By organising a morning and afternoon session, member states with dual representatives (one for services and one for investment) can participate in the discussions of

their respective field of expertise (Interview TO #29). The rising importance of TPC S&I to the detriment of TPC STIS reflects the broader economic trends within the Union.

In addition to the TPC, there is another working party where trade issues are discussed in the Council. The WPTQ is almost as old as the TPC and deals with the general policy framework for the CCP. Its importance severely waned in the '90s (Johnson, 1998). Nevertheless, following the implementation of the TFEU, the WPTQ has regained its prominence as it has become the central working party to discuss all issues falling under the OLP (Interview TO #25; 26). Consequently interaction between member states and EP is largely confined to this WP rather than the TPC.

Besides the TPC and WPTQ, there is a whole range of working parties that deal only with very specific trade issues or do so only occasionally. The working party on the Generalised System of Preferences (GSP) is an example of the former and still convenes when GSP reform needs to be discussed. The various geographical working parties are an example of the latter. More specifically, a trade agreement with the United States has an important foreign policy dimension. For that reason, the working party focusing on Trans-Atlantic relations is also briefed on developments regarding TTIP. Briefings to such geographical working parties do not dwell on particular details and are generally devoid of in-depth discussions. From the side of the Commission, there is also an explicit preference to contain all discussions on trade within the TPC. In the event that a geographical working party places a trade topic on the agenda, DG Trade will go to the meeting and explain their position (Interview TO #25). A similar logic applies to the discussion of sectorial issues such as the liberalisation of trade in agricultural produce. While the Special Committee on Agriculture can discuss such issues, it is in the TPC that a member state needs to voice its concerns with regards to specific provisions in a piece of trade legislation. By consequence it is up to the member states to coordinate internally with the agricultural—or other—ministries to ensure their interests can be defended in the TPC meetings.

If no agreement can be reached in the working parties, the issue will be tabled for discussion at a senior political level. In the first instance, this will be the Committee of Permanent Representations (COREPER); if no agreement can be reached at this level, the responsible Ministers try to solve the issue in the FAC Trade. Formally, the FAC's approval is required for many issues, but real discussions are a lot less frequent at the ministerial level. If agreement can be obtained within the Council working parties,

it will be rubber-stamped in the FAC as a so-called “A-list item.” If debate is required in COREPER or the Council of Ministers, it is placed on the agenda as a “B-item.” Scholars’ estimation of the percentage of decisions taken by bureaucrats in the working parties (A-items) vary widely and range from 26 to 90 % (Häge, 2012; Hayes-Renshaw & Wallace, 1997, 2006). The involvement of bureaucrats differs across policy domains. Unfortunately, no concrete data is available to map the extent to which trade policy issues are decided at the working-party level. Several respondents indicated, however, that the large majority of decisions are taken within the various formations of the TPC and that it is rare for a trade issue to reach the agenda of the COREPER or the FAC (Interview TO# 22/25/28).⁸ One recent exception was the launch of the TTIP negotiation, where even the French President got involved. This, however, is quite rare and, again, reflects only one issue in a much broader discussion.

Alternative Paths to Influence

Whereas the member states are formally represented within the Council, alternative forums are useful to advance one’s interests. I will limit the discussion to two such forums, the Council’s presidency and the Informal Technical Meetings (ITM) as organised by the European Commission.

The FAC Trade is the sole constellation of the FAC that is presided by the rotating presidency and not by the High Representative of the Union for Foreign Affairs and Security Policy. Consequently, a member state can still take advantage of this opportunity to set the (long-term) agenda. In discussing the agenda-setting power of the rotating presidency, it is useful to distinguish between the strategic and the operational agenda. Each presidency has the possibility to set a particular goal it wishes to accomplish during its term. DG Trade has a range of long-term agenda items and discusses with the presidency, well in advance, which goals are attainable. The Irish presidency, for example, eyed the adoption of a mandate to open the TTIP negotiations, for the Lithuanian presidency it was the finalisation of the eastern partnership agreements with Ukraine, Moldova,

⁸ Nonetheless, one respondent indicated that this is starting to change somewhat due to the existence of a recurrent convening FAC Trade (Interview TO #22). Knowing that every six months there will be a forum where your political seniors can take a decision eases of the pressure to come to a consensus within the TPC. More research is required to assess whether this trend is really occurring and what the real underlying causes might be.

and Georgia (Interview TO #27).⁹ These priorities are often determined several years in advance. The Commission adjusts the pace of negotiations accordingly and seeks to ensure that—if all goes well—a result can be obtained by the final FAC Trade. The presidency also sets the agenda for the TPC meetings; this is the operational agenda-setting power. These agendas are generally drafted by the coordination unit in DG Trade after internal discussion. As it is the Commission that needs to brief the member states, it is logical in a sense that they indicate on which dossiers they can report new developments. The presidency can then amend it (or ask for amendments) before circulating it to the other member states.

The existence of a separate formation of the FAC to deal exclusively with trade issues and it being chaired by the rotating presidency facilitates trade-policy-making in a number of ways. First of all, it grants higher visibility to the domain of trade policy. The photo opportunity for the presidency when launching or finalising negotiations, rather than having a different minister (or the EU's high representative) claim the credit, provides additional stimulus to the decision-making process. Secondly, each presidency is aware of the two occasions at which a trade issue can be discussed at the highest political level. This stimulates strict time management and the determination of clear priorities to realise particular trade deals. The shared responsibility over the trade agenda by Council presidency and Commission fosters stronger goal consensus. Thirdly, there is the observation that when only trade ministers convene, it becomes possible to clear out controversies at the last minute. Respondents indicated that this was not always possible before the Lisbon Treaty (Interview TO #22/25). Hence, the presidency provides an opportunity to set the agenda, and thus shift attention towards those issues of the CCP it considers most pressing.

The above discussion, however, also illustrates that the agenda-setting power of the rotating presidency should not be overstated. The commission has an informational advantage in the firmer understanding of the long term. For the ensuing analysis, the choice has been made not to focus on the additional control member states can exert when holding the rotating presidency.

Opportunities for member states to defend their interests are not limited to the meetings taking place within the confines of the Council. Much

⁹Ireland held the presidency of the Council from January to June 2013. Lithuania succeeded Ireland and held the presidency from July to December 2013.

interaction takes place on a continuous, daily basis between the national administrations and Commission officials. Such contacts involve circulating draft proposals and soliciting member-state input on particular issues. This occurs mostly through bilateral correspondence over e-mail (Interview TO #25/32). The Commission makes active use of the national expertise to improve its policy. Providing detailed input in response to such requests can increase a member state's influence in the eventual proposal defended by the European Commission.

However, contacts are not limited to bilateral correspondence. The Commission increasingly organises so-called "Informal Technical Meetings" (ITM). Formerly, these were called the expert meetings (see also Johnson, 1998) but as this concept is now commonly applied in the framework of the delegated acts, they changed its name to avoid confusion. The ITMs deal with the nitty-gritty of negotiations, such as rules of origin, the development of the tariff schedules offered in trade negotiations, and discussions of intellectual property rights. On average, there are between two and five such meetings each month. When the agenda for the TPC meetings become overburdened, more and more details of the trade agreement need to be discussed in separate meetings. What sets these meetings apart from the TPC is that they are not organised within the committee structure of the Council. It is the Commission that has full discretion on deciding when or for which topics it is appropriate to convene a technical meeting. There is a potential for frictions between the rotating presidency and the Commission, as the former is normally in charge of the agenda in the TPC.

The targeted participants at these ITMs are bureaucrats from the national ministries specialising in that particular area. Consequently, the representatives can change with each meeting. Unfortunately, not all member states are in a position to fly over a national expert. In addition, the lack of translation facilities or travel reimbursements can also constrain a country's participation (Interview TO #32). For such member states, people from the Permanent Representation often take part in both the TPC and the various ITMs (Interview TO #28). Finally, there are also member states which do not attend (particular) ITMs at all. Attendance as well as the expertise brought to such a meeting is likely to determine whether a member state can successfully defend its interests in a trade negotiation.

Finally, the informal nature of these meetings is also reflected in a lack of attendance lists or written meeting reports. This is important for two

reasons: on the one hand, it enables the Commission to discuss potentially sensitive issues without having them written down in the reports; on the other hand, the lack of such reports makes it crucial for member states to attend the meeting lest they miss out on the provided information (Interview TO #24).

ROLE OF THE EUROPEAN PARLIAMENT

Up until now, not much attention has been given to the role of the EP. Clearly, the focus in my research is on the member states. Nevertheless, from the earlier discussion of the legal framework, it became obvious that legislative authority—also in external negotiations—is shared between Council and EP. The Lisbon Treaty has cemented the role of the EP within the CCP.

In regards to autonomous trade policy, the EP has risen from a body to be consulted, to a full colegislator on par with the Council. The EP is represented through the International Trade (INTA) committee in trilogue meetings with the Council WP on Trade questions. In case of trade agreements, the EP has obtained the right of ratification through the consent procedure (Art. 218 (6a,v) TFEU).¹⁰ The Commission also has the obligation to immediately and fully inform the EP at all stages of the negotiations (Art. 218(10) TFEU). Such briefings by the Commission occur in the INTA committee.¹¹ Since 2010, it has been determined that every document that goes to the member states should also go to the INTA committee and the draft negotiation directives are to be sent to the INTA Committee at the same time they are proposed to the Council

¹⁰ Before the Lisbon Treaty, the provisions in Art. 218 TFEU (Art. 228 TEC) explicitly did not apply to trade agreements. Decision-making on international trade agreements was exclusively subject to provisions of Art. 207 TFEU (Art. 133 TEC), which did not include a formal right of ratification.

¹¹ Changing names throughout the decades, the INTA Committee started out in 1973 as the Committee on External Economic Relations and continued under the name of Committee on Industry, External Trade, Research and Energy from 1999 (OJ 1999, No. C219), before it acquired its current denomination as Committee on International Trade in 2004 (OJ 2005, No. L44).

(OJ 2010, L304).¹² The Commission briefings in INTA occur less frequently and are generally shorter than those in the TPC. Whereas the TPC Deputies meet weekly for almost a full day, INTA is briefed once a month over a day and a half. The Commission also organises ITMs for the EP, but these are aimed more towards the explanation of new developments in trade policy and their economic consequences than at the facilitation of a mutual exchange of information. In sum, there is a clear difference between the bureaucratic decision-making within the Council preparatory bodies and the “reporting” to the EP (Interview TO #25).

Despite these formal obligations regarding information provision to the EP, significant differences between the Council’s and the EP’s involvement in external trade negotiations remain. Indeed, it is the Council’s sole prerogative to provide and adjust a negotiating mandate. Similarly, the decision to apply a trade agreement provisionally does not require the EP’s approval. However, recent experiences have taught us that much of this imbalance has been rectified *de facto*. While formally not providing a mandate, the EP adopts a resolution prior to the negotiation laying down their own “red lines” that the Commission better not cross. And whereas the Commission could ask the Council for the provisional application of a concluded FTA, the EP made it clear during the ratification of EU and South-Korea FTA that it would not accept an agreement that was already provisionally being applied (Richardson, 2012). Hence, the EP is increasingly leveraging its legislative powers to obtain influence beyond the treaty provisions.

Unlike legislation subject to the OLP, direct interaction between TPC and INTA is rare in the case of international trade agreements. In theory, member states could obtain leverage over the Commission through influencing the EP (Van den Putte, De Ville, & Orbie, 2015). While feasible, this path appears to be less relevant for the member states. Unlike decisions subject to the OLP, there is no clear forum where the TPC interacts with the EP’s parliamentary committees. Interaction between member

¹² “Limited” documents are shared with all INTA members, “EU-restricted” documents are only made available to the president and vice-presidents of the committee, the rapporteur and the coordinators of the political groups. Other committees and MEPs can also request access to such documents but this has to proceed via INTA to DG Trade (Interview TO #25/26).

states and MEPs remains limited to receiving texts of the negotiation mandate in secured reading rooms, the six-monthly exchanges with the Council Presidency, and the lunch of the TPC to which the INTA chair is occasionally invited (TO # 22, #26, and #30; see also Devuyt, 2014).

CONCLUSIONS

Three important lessons can be drawn from the study of member-state control over European trade policy. First of all, the trade-policy-making process is a bureaucratic rather than a political endeavour.¹³ The tendency to organise more (informal) technical meetings to flesh out the nitty-gritty of trade issues as well as the limited number of issues that go all the way up to the FAC Trade; both suggest a strong influence of national bureaucrats over the ultimate outcome. This contrasts the recurrent focus on the more politicised issues and suggests additional insights can be obtained from applying an administrative lens to the topic.

Second, from this mapping exercise it has also become clear that member states interact continuously with the Commission during trade negotiations. While a large portion of this interaction takes place in the weekly meetings of the TPC Deputies, informal contacts are the rule rather than the exception. Moreover, expert groups as well as informal meetings are convened that enable member states to defend their interests in the more detailed, technical aspects of the trade agreement. Limiting one's focus to the formal occasions for control, such as the adoption of the mandate or the debates on the ratification, would therefore do injustice to the frequent opportunities for member states to exert control throughout the negotiating process.

A third and final lesson pertains to the effects of the Lisbon Treaty. Whereas the Lisbon Treaty was expected to further the integration of the CCP into the EU's external policy, based on the separate FAC Trade and the role the rotating presidency plays therein, we have—as of yet—no clear indications of this theoretical expectation crystallising empirically. Rather the contrary. On the other hand, the EP has indeed increased its role conform earlier anticipations. Nevertheless, even in light of this growing importance in international trade negotiations, I still feel the exclusive

¹³Public attention devoted to the Transatlantic Trade and Investment Partnership (TTIP) firmly contrasts the many agreements that are being negotiated simultaneously. Moreover, political controversy becomes visible only on a limited number of issues in a much larger agreement.

focus on the member states is warranted due to the lack of direct interaction between Council and EP throughout the negotiations.

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Theoretical Framework

To what extent can the member states control the European Commission during international trade negotiations? To answer this question, I made clear in the introduction that insights from various research traditions need to be combined. Central to achieving this integration is the Principal-Agent model. This model studies the decision of a principal (the Council) to delegate authority to an agent (the Commission) whereby the latter acts on behalf of the former.

In studying the interaction between member states and the Commission, most scholars have focused exclusively on the member states as part of a collective principal—the Council (Elsig, 2007; James & Copeland, 2014; Kerremans, 2004; Rommerskirchen, 2013; Schneider & Tobin, 2013). It is the Council that delegates negotiating authority through the adoption of a single mandate and not the twenty-eight member states that each individually delegate such authority to the Commission. In doing so, the Council is considered a unitary actor, leaving limited room for a comparative study of the member states. Inevitably then, this chapter needs to start by challenging the view that the Council is a collective principal. Central to this claim are the strict voting rules in the Council for ratifying an agreement. If the Council operates under consensus or unanimity, each member state can individually monitor, reward, and sanction the agent. When a simple majority is needed, the notion of a collective principal applies. Due to qualified majority voting, the argument is developed that the member states are best characterised as a hybrid principal, exhibiting traits of both a collective and a multiplicity of principals.

Deviating from the assumption of a collective principal has two important ramifications. First and foremost, it becomes sensible to study and compare individual member states' interaction with the Commission. A second consequence is that, in a context of multiple competing principals, we can hypothesise that the principals confronted with capacity constraints run the risk of facing sub-par policy outcomes. The application of this perspective affects the conceptualisation of two key tenets of the PA model: control and information asymmetry. Any measure of control should allow for variation between member states. This requires a shift in focus away from the formal mechanisms of control that are established in the treaties and towards the continuous informal interactions between principal and agent. Similarly, traditional PA studies have drawn on the external negotiating context as the main source of information asymmetry. As this affects the member states equally, alternative sources of information asymmetry need to be identified. It is here that the notion of administrative capacity comes into play. Once these concepts have been refined, the chapter can introduce and contextualise the main hypothesis of this book.

TWENTY-EIGHT PRINCIPALS OR A SINGLE COLLECTIVE?

Principal-Agent (PA) models study the decision of a principal to delegate the performance of specific tasks to an agent and its attempts to ensure the agent performs the delegated tasks appropriately. In essence, every time a delegation of authority occurs, it is possible to distinguish a principal and an agent. The decision to delegate is often modelled as the consequence of a trade-off between the benefits to be accrued from having the Commission conduct negotiations instead of the twenty-eight member states, on one hand, and the costs associated with such delegation on the other hand.

The benefits from delegating trade authority are diverse. References are made to the ability to credibly represent (and commit) the member states (Kerremans, 2004), the reduction of transaction costs (De Bièvre & Dür, 2005),¹ the additional bargaining power obtained from pooling resources (Meunier & Nicolaidis, 2006), the insulation from societal pressures (Meunier, 2005; Woolcock, 2005) and the ability to make use of

¹The transactions costs in trade negotiations concern the "legislator's need to choose between freer trade and more protection in every single case that is brought to her or his attention" (De Bièvre and Dür, 2005).

the expertise and resources of an experienced agent (Billiet, 2006).² The costs associated with delegation are generally twofold: there are the losses suffered when an agent's actions deviate from the principal's preferences (also called agency slack) and then there are the costs incurred by the principal when exerting control over the agent. Each of these costs will be discussed in further detail below.

Agency Slack

There are two prerequisites to explain the occurrence of agency slack. The first assumes the existence of a latent conflict of interests between the principal (who delegates authority) and the agent (who acts on behalf of its principal). The second prerequisite is the presence of an informational advantage for the agent (Dür & Elsig, 2011; Waterman & Meier, 1998).

Within the literature, three sources of goal conflict are commonly invoked when pitting the Council and the Commission against each other. The most common of these pertains to the expected economic return of the resulting agreement. While the member states are solely focused on the maximisation of their own countries' benefits, the Commission-as-agent pursues a pan-European interest (Bouwen, 2004). Following this line of argument, it is the Commission that aims to maximise the size of the pie, whereas each of the member states tries to get the bigger slice. A second source concerns the distribution of power between the member states and the EU. Member states wish to retain part of their autonomy, whereas the Commission seeks to enlarge its competencies. Most applications of the PA model relying on this conflict were applied to the subject of European integration (De Bièvre & Dür, 2005; Kassim & Menon, 2003; Marks, Hooghe, & Blank, 1996; Pollack, 2001). Applied to the issue of international trade, it applies mostly when questions of mixed or exclusive competencies arise (Meunier & Nicolaidis, 1999). The member states have repeatedly questioned the scope of the exclusive competency before the European Court of Justice with varying success (Adriaensen & Coremans, 2016). A third and final cleavage is ideological. The Commission, in particular DG Trade, is considered more liberal and free-trade oriented than the average member state. The allegation of a bias in the Commission's ideology towards free trade is largely made on the basis

²For a more extensive discussion on the diverse motivations behind delegation, see Kassim and Menon (2003).

of (interpretative) discourse and document analysis (Siles-Brügge, 2011; De Ville & Orbie, 2014).³

In most cases of delegation, the agent also disposes of an informational advantage that facilitates shirking behaviour or bureaucratic drift (Pollack, 1997). Shirking occurs when the agent pursues policies not aligned with the preferences of its principals. In the context of bilateral trade negotiations, the main source of information asymmetry is the privilege of the Commission to negotiate bilaterally without direct oversight of the member states. Formally, the member states cannot speak during negotiations; informally, there is a procedural rule that inhibits member states from attending the negotiations in the room (Interview TO #45). Even in the WTO, where the member states are represented alongside the EU, practical limitations (Da Conceição-Heldt, 2011) and organisational customs inhibit direct oversight (Interview TO #45). The lack of direct oversight results in the existence of private information on the efforts made and goals pursued by the agent. That is, the principal can only judge the outcome, not the actions of the agent. Has the Commission done everything it could to defend our national interests? Is the Commission reporting truthfully when it invokes the limited negotiating room to finalise a trade deal? There is ample reason to doubt that the agent is reporting openly as collusion between negotiators strengthens the agent's position vis-à-vis its principals. This phenomenon has been observed repeatedly in EU trade negotiations (Elsig & Dupont, 2012; Gastinger, forthcoming).

Agency Costs: Control

To contain agency losses, principals exert control. Two types of control are generally identified in the literature: ex-ante and ex-post control. Ex-ante control mechanisms take place before the delegation whereas ex-post control occurs once authority has been delegated.⁴

³Alternatively, one can also explain a potential liberal bias through the nature of the Commission as a bureaucratic institution that grants them a longer time horizon than national politicians. Much like their focus on a pan-European interest, such reasoning helps explain their insulation from narrow interests (da Conceição-Heldt 2011b).

⁴Bart Kerremans distinguished a third control mechanism, ad locum control. In the event that member states can effectively attend negotiations next to the Commission, it is possible to monitor the agent's actions directly and signal potential problems "on the spot" (Kerremans, 2006). This idea was applied fruitfully to external environmental negotiations

When delegating negotiating competency to the Commission, *ex-ante* control can be exerted through the determination of the negotiating mandate that sets out the red lines the negotiator cannot cross. In case the aspired agreement involves mixed competencies, member states can also determine to whom negotiating authority is granted. The selection of the agent is a powerful measure of control (Delreux, 2008). In addition to the European Commission, this can involve the EU's External Action Service, the Council presidency, or a member state with particular expertise (Delreux & Van den Brande, 2013). In the context of trade negotiations, the selection of the agent is not a common instrument for control. The treaties indicate the Commission as the negotiator, and in case of mixed agreements, the framework agreement is often negotiated separately (EuropeDirect, personal communication, April 18, 2013).

Often a broad mandate is preferred to grant the Commission sufficient negotiating room to broker an ambitious and balanced trade deal. Lack of flexibility for the negotiator increases the risk that negotiations break down before an agreement can be reached (Allen & Yuen, 2014; Huber & Shipan, 2002). The limitations to exert control through the selection of the negotiator or through the adoption of a rule-based mandate implies a greater emphasis on *ex-post* mechanisms of control.

In the study of *ex-post* control mechanisms, a distinction is made between monitoring or oversight on the one hand and sanctioning or rewarding on the other hand. Oversight is guaranteed through the recurrent meetings of the member states and the Commission in the Trade Policy Committee (Kerremans, 2011, 178). While treaty provisions mention the establishment of a particular committee to which the Commission should report regularly during the negotiations, it is the set of procedures governing the Trade Policy Committee that makes it a potent instrument for monitoring and control (see *supra*). Procedural rules can be used to mitigate informational disadvantages as well as making the agent more responsive to the principals' interests (McCubbins, Noll, & Weingast, 1987). Sanctioning of the agent can occur during the ratification of the agreement. International trade agreements require a ratification with a qualified majority in case the agreement does not touch upon national competencies.

Whereas control mechanisms can easily be identified, observation of its effects is less apparent. Active use of control instruments only tells half

(Delreux, 2008, 2009a, 2009b). In the area of trade policy, this has become increasingly rare due to internal procedural rules as external contextual factors (see *infra*).

the tale, as control can also be exercised latently. That is, the threat of sanctioning can be a sufficient deterrent to ensure compliance by the agent (Calvert, McCubbins, & Weingast, 1989). The problem of observational equivalence has been one of the key challenges in PA analyses (Damro, 2007; Weingast & Moran, 1983).

Multiple and Collective Principals

In its simplest form, a PA model focuses only on one principal, who seeks to control a single agent. Political systems, by contrast, are often characterised by an aggregation of interests whereby a larger group of principals delegate to a common agent. In dealing with such composite principals (Thatcher & Sweet, 2002), two typologies are forwarded within the literature, namely of a collective principal and multiple principals. In case of the latter we are dealing with a single agent having more than one contract with organisationally distinct principals; the former applies to a situation in which the single agent is bound only by a single contract with the group of principals (Kiewiet & McCubbins, 1991; Lynn, Nielson, & Tierney, 2006). The multiple and collective principal models are depicted in the left and middle panel of Fig. 3.1.

The main distinction between a collective principal and multiple principals pertains to the ease by which control can be exerted. Within a collective principal, a majority needs to be constructed among the principals to activate control mechanisms. This applies to the adoption of the mandate, the adoption of new or revised negotiating directives, and, ultimately, rejecting the agreement. In light of the formulated research question, the

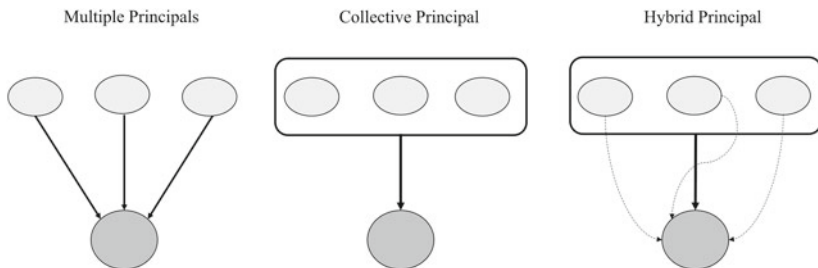


Fig. 3.1 Beyond multiple and collective principals.

Source: Author's adaptation from Nielson and Tierney (2003, 248).

conceptualisation of the Council as a unitary actor implies it would not make sense to study the dyadic relationship between single member states and the Commission. By contrast, in a setting of multiple principals, each principal can independently decide to “reward, sanction or monitor the same agent” (Nielson & Tierney, 2003).

Two acts of delegation can be distinguished when the EU engages in trade negotiations (Meunier & Nicolaidis, 1999). First, there is the delegation of trade competences from the member states to the EU. In a second stage, the Council—as a collection of member states—delegates negotiating authority to the Commission, allowing the latter to negotiate trade agreements on behalf of the former. In other words, in trade negotiations, there are twenty-eight member states that have jointly delegated authority to the European Commission.⁵ In studying the relationships between the member states and the Commission during trade negotiations, most scholars have largely used the notion of collective delegation (see e.g., Da Conceição-Heldt, 2011; Elsig, 2007; Kerremans, 2004; Pollack, 2002, 213). It is after all the Council as an institution that provides a single mandate, and it is also the Council that decides—as a collective—whether or not to ratify the agreement.

A first step to enable a meaningful comparative study of the individual member states thus requires the renouncement of the collective-principal perspective in favour of the multiple-principal-agent model. To understand why this argument can be made, a closer look at the subject of delegation is required. Which authority has actually been delegated by the member states through the Council mandate? For international trade negotiations, the Commission cannot make any binding commitments on behalf of the Council or the member states unless consent is given to implement such decision. In other words, no changes in the EU’s trade policy will occur unless the member states decide to ratify an agreement. This differs significantly from most relationships studied in the PA literature, where the object of delegation is the execution of a specific task, such as peace-keeping (Allen & Yuen, 2014), the lending by the International Monetary Fund (Copelovitch, 2010), or the delegation to (independent) agencies

⁵Throughout this book we will assume the Commission to be a singular agent to keep the analysis parsimonious. If the Commission negotiates, it is, however, not only DG Trade that represents the member states. The multiplicity of agents at times can affect the interaction between Council and Commission (Elgström, Larsén, & Frennhoff Larsén, 2010; Frennhoff Larsén, 2007).

(Epstein & O'Halloran, 1999). The delegation of executive authority implies the agent can take actions that have concrete and direct ramifications for its principals. Most control mechanisms identified in the case of such agencies require a majority within the collective principal before they can be triggered (see e.g., Nielson & Tierney, 2003). If no such majority exists, the agent can continue its operations, even if it harms the interest of a substantial minority of its principals.

This is different in a negotiation. Until member states give their consent, the principals are in no way bound by the agent's actions. Therefore, the voting rules at the end of the negotiation, not the existence of a single mandate, determine the extent to which we can conceptualise the Council as a collective or a multiplicity of principal(s). In case decisions need to be taken by unanimity, each principal can independently decide to sanction the agent by rejecting the agreement. If normal majority applies, we can maintain the conceptualisation of the council as a *de facto* collective principal. Indeed, if a majority is required to block the agreement, control can be exerted only through collective action in the Council. A qualified majority falls in between both extremes and implies the composite principal is akin to a hybrid. On one hand, a blocking minority needs to be constructed among member states if they wish to control the Commission, while on the other hand, it can be questioned whether the Commission can ignore the signals sent by individual member states. Clearly, the odds that the concerned member state might be able to forge such a blocking minority are not negligible. The situation of the "hybrid" principal is depicted graphically in the right panel of Fig. 3.1.

The notion of the Council being some type of "hybrid" principal is not entirely new. Many of the EU's past and current trade agreements include clauses that touch upon national competencies. For such mixed agreements, the Council needs to approve the agreement with a unanimous vote. In addition, approval is required from national parliaments before the agreement can enter into force. In such cases the notion of multiple principals apply (Kerremans, 2004, fn 9). The argument presented here broadens and formalises this line of thought. I expect to observe, instead of a dichotomous Council, elements of both collective and multiple-principal-agent dynamics, even in pure trade agreements, due to qualified-majority voting.

Obviously, a whole string of factors will affect the balance between the two extremes. The presence of mixed competencies, as suggested earlier, or the existence of an informal norm of consensual decision-making

(Kleine, 2013a, Kleine, 2013b; Meunier, 2000, 108) can strengthen the conceptualisation of the Council as a multiplicity of principals. By contrast, arguments that weaken the credibility of an individual member state's veto at the ratification stage suggest collective dynamics are still relevant. The burden of rejection is one such factor. No member state wants to shoulder the entire responsibility for the failure of a carefully constructed trade deal at the international level (Delreux & Kerremans, 2010). To alleviate this burden, larger coalitions are aspired, strengthening the logic of a collective principal.

While authors may quarrel over the relative strength of these mechanisms, it is safe to argue that the “multiple-principals” model may offer us additional insights, especially in cases when consensual voting is aspired. In the following two sections, two key concepts of the PA model—control and information asymmetry—will be refined to facilitate the formulation of this work's main hypothesis.

FROM COLLECTIVE CONTROL TO CONTROL AS SIGNALLING

According to the *Oxford Dictionary*, control is defined as “the power to influence or direct people's behaviour or the course of events.” The clarity and obviousness of such a definition contradicts the complexity of translating it into a measurable, or even quantifiable, variable. How do we recognise control when we see it? How can we—scientifically—compare member states' control over the Commission? In recent years, a plethora of studies have emerged that seek to address this question. Two approaches to the measurement of control can be distinguished: on one hand, we can observe control as reflected through an outcome (often termed “influence”) or we can observe it as a process, the act of exerting control. Each has strengths and weaknesses, as discussed in further detail below.

Control-as-outcome starts from the assumption that effective control should become apparent in policy outcomes. Put simply, if a member state is able to change the policy outcome in the direction of its preferences, it has been effective in exerting control. Sean Ehrlich, for example, interprets variations across the trade-weighted means of the common external tariff as the outcome of individual member states' actions (Ehrlich, 2009). That is, a member state, able to obtain high tariff rates on products that are imported a lot, has been able to protect its import-competing industry and hence exhibits a high ability to control. The second perspective, by contrast, looks at control as a process and concentrates on the instruments

applied by the member states in controlling the Commission. It focuses more on activities undertaken by the member states to achieve control than on the consequences these entail in terms of shifts in policy outcomes.⁶ Within Principal-Agent models, the focus on instruments has come quite naturally. Whether studying the decision to delegate or the installation and activation of monitoring and sanctioning mechanisms, it is the ensuing struggle between delegation and control that lies at the heart of the PA model.

In this research, the focus will be on control-as-process rather than control-as-outcome or influence. Such a focus permits an inquiry across a wide range of negotiations, reduces the risk of social-desirability bias, and avoids a conflation of luck with influence (Selck & Steunenberg, 2004). This heightens the external and internal validity of the research design (Adriaensen, 2014, 50–55). Clearly, instruments of control are but a precursor to effective influence, and the biggest question is whether such attempts of influence are actually rewarded. However, the main objective of this research lies in the appraisal of administrative capacity as a determinant of member state's efforts of control. A shorter causal chain is therefore preferred. Subsequent research may study whether such efforts effectively translate into more influence.

The instruments of control most commonly studied in a context of international (trade) negotiations lose much of their empirical purchase when diverting the focus from the collective to the individual principal. The decision to adopt a rule-based or discretion-based mandate is not a decision a single member state can make. Likewise the sanction of ultimately rejecting a possible agreement is equally available to all the member states. In the absence of significant variation, there is not much explaining to do. By contrast, in a situation of multiple principals, the study of control benefits from focusing on the signals sent rather than the formal procedures in force (Wood & Waterman, 1993; Worsham & Gatrell, 2005).⁷ At the basis of this signalling approach lies the observation that

⁶James March defined this approach as the “measure of influence attempts,” which—together with “attributed influence” and “measures of opinion change”—formed the three approaches to measure influence (March, 1955).

⁷In business applications of the PA model, “signalling” is an act performed by the agent to indicate to the principals their capacities, thereby combatting problems of adverse selection. Here, the signalling occurs on behalf of the principals. I assume confusion to be limited as most EU applications of the PA model are focused on moral-hazard issues and are not using signalling as a concept.

communication is a crucial aspect of principal–agent interactions. Control can then be reinterpreted as the signalling of domestic preferences and their political salience.

Signalling occurs in a variety of ways; it can range from the indication of a red line during a TPC meeting to arguing and bargaining with the Commission to a national minister requesting a meeting with the Commissioner. Obviously, the aforementioned formal procedures still matter, but also, in the discussions leading up to the provision of a mandate or during debates on the ratification of an agreement, representatives exert control through the provision of signals. Such signalling can also serve an external purpose, showing the negotiating partner that the Commission is facing severe internal constraints (Da Conceição-Heldt, 2013).

In response to such signals, the Commission can decide whether it will adjust its negotiating position.⁸ There is no guarantee, however, that mentioning an issue is sufficient to influence the Commission’s behaviour. Being confronted by a plethora of demands, the Commission does not always know how “resolute” the indicated red lines actually are. As the number of principals increase, so too does the challenge for the agent to stay abreast of all the principals’—evolving—preferences. In every trade agreement, member states will win and lose at the same time. The key challenge is to assess whether a member state is willing to accept the resulting compromise or will block the entire agreement due to the crossing of one particular red line. This is not as daunting of a challenge as it may seem at first sight. Policy is set through a lengthy iterative process between member states and the Commission, providing ample opportunity for the former to signal the salience of a particular issue and for the latter to grasp the severity of it. Member states can vary regarding the type of signals sent, the stage at which they are sent, and the frequency with which they communicate their concerns.

In addition to the emission of signals directly to the Commission, the use of control can involve coalition building with other member states. In the end, the collective dynamic still plays a role as the threat of rejecting

⁸The representation of the policy process as one in which the Commission proposes and member states voice concerns is a drastic simplification of their complex structure of interactions but is not so far-fetched. The Commission does possess substantial first-mover advantages in international negotiations, as it often suggests potential adjustments to be made to the mandate or suggests alternative scenarios (Delreux & Kerremans, 2010).

the entire agreement carries more weight if it is echoed by a group of like-minded member states. The larger the coalition sending out the same signal, the less likely it is that the Commission can ignore it.

ADMINISTRATIVE CAPACITY AND INFORMATION ASYMMETRY

When shifting the focus away from the Council as a collective to the individual member states, a refinement is required to the commonly used notion of information asymmetry. Recall that the most pertinent source of such asymmetry is the Commission's ability to sit at the negotiation table, unlike the member states. In these cases, information asymmetry is derived from the (external) context within which the negotiations take place and can, to a large extent, be considered exogenous to the principal. It is a context that all member states have to deal with.

If we wish to distinguish between the potential for agency slack across the multitude of principals, we need to focus on alternative sources of information asymmetry. Fortunately, there is ample literature to draw inspiration from. Original applications of the Principal-Agent model used the difference in expertise as a main source of information asymmetry. To govern complex issues that require a specific type of knowledge, authority is often delegated to an expert agent (Egan, 2002; Sharma, 1997; Wood & Waterman, 1991, 1993). It is this difference in expertise that led Max Weber to assert that “under normal conditions, the power position of a fully developed bureaucracy is always over-towering” (Weber, 1960). The delegation from member states to the Commission is of quite a different nature, though. Representatives attending Council meetings often have a formidable administration behind them, making epistemic sources of information asymmetry less probable, though not impossible.⁹

An alternative source of information asymmetry originates from the functioning of the domestic administration. The inability to attend important briefings, lack of staff to monitor all on-going negotiations, or internal bureaucratic hurdles can widen the asymmetry in information. Seeing that monitoring—in particular the “police patrol” variant—can be quite costly, it is not hard to understand why member states differ in terms of their

⁹As Chap. 6 will reveal, the administration of the largest member state (the United Kingdom) included in my survey was not even half the size of the Commission's DG Trade. While the range of tasks performed by these administrations differ significantly, it does highlight the potential scope for information asymmetry due to varying expertise.

informational asymmetry vis-à-vis the agent (McCubbins & Schwartz, 1984). Member states with well-organised, competent trade administrations are better informed and hence less prone to ratifying sub-optimal trade deals. In a setting of multiple principals, administrative capacity affects the potential control of member states over the Commission. Or as Terry Moe succinctly wrote: “How much influence will any given principal have over the agency? That depends to no small extent upon how its resources, information, and incentives stack up against those of the other principals competing with it for influence” (Moe, 1987:482).

Two factors determine the scope of such endogenous information asymmetry. On the one hand there are the principal’s administrative capabilities, while on the other hand there is the (political) willingness to deploy such capacity in a specific negotiation. I will focus largely on the relationship between administrative capacity and control. An administration’s decision to invest (human) resources in a specific policy discussion is a question of political salience and prioritisation. Hence, if we really wish to assess the effect of administrative capacity on member-state control, we need to control for salience—a feature that will be accounted for through the applied research design.¹⁰

Defining Administrative Capacity

A commonly used concept in Public Administration literature, the notion of “administrative capacity” is still plagued by much vagueness. The concept is broad and varies according to the many different sub-disciplines of the social sciences. The few comparative studies that operationalised administrative capacity often resorted to very distant proxies, such as gross domestic product (GDP) per capita, aggregate indicators of administrative efficiency (Börzel, Hofmann, Panke, & Sprungk, 2010), the number of staff in the permanent representation (Damonte & Giuliani, 2012; Giuliani, 2003; Kassim, Menon, Peters, & Wright, 2001), staff and budget of responsible line ministries (Panke, 2011), and general government

¹⁰During the data-gathering process, the EU started to negotiate with the USA (TTIP) and Japan, was midway the negotiations in South-East Asia and India, and approached the conclusion of agreements in the Eastern Neighbourhood, Canada, and the Economic Partnership Agreements in Africa. By inquiring into member states’ signalling behaviour across all these cases, potential biases in salience are minimized.

effectiveness indicators (Panke, 2012).¹¹ In most of these studies, administrative capacity is used as a control variable to explain the (slow) implementation of EU legislation (see e.g., Börzel et al., 2010). By contrast, I am mostly interested in the features that foster a member state to weigh in on the formulation of the EU's external trade policy. Unfortunately, most work in this regard has been qualitative and focuses only on a limited number of cases (Beyers & Trondal, 2004; Haverland & Liefferink, 2012a, Haverland & Liefferink, 2012b; Tallberg, 2008).

In the public administration literature, more attempts have been made to develop a formal definition of the concept. Authors such as Jänicke (2001) describe administrative capacity as “the ability to perform functions, solve problems, set and achieve objectives.” Grindle and Hilderbrand (1995), by contrast, also focus on the sustainability and efficiency by which these tasks are performed. The United Nations Development Program combines both and defines administrative capacity “as the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably” (UNDP, 2006, 2). These definitions are rather broad and unwieldy for applied research. Therefore, Simona Milio suggests incorporating both the specific functions an institute needs to perform and the goal one is trying to achieve in the definition of administrative capacity (Milio, 2007). I am sympathetic to her reasoning and derive my own definition and measurement of administrative capacity accordingly. Trade policy is an exclusive competency of the EU. The remaining functions of a national trade administration with respect to the EU's international negotiations concern the monitoring of the Commission during these negotiations and the derivation of domestic interests that might be at stake.¹² For the purpose of this research, administrative capacity can thus be defined as: the ability of a member state to monitor the Commission and accurately derive its own preferences in policy discussions.¹³ These two sub-components of administrative capacity are further clarified when elaborating the relationship between administrative capacity and control.

¹¹The governance effectiveness indicators were developed as part of a broader World Bank project (Kaufmann, Kraay, & Mastruzzi, 2009).

¹²Member states still retain authority on trade promotion, and, as Chap. 2 indicated, there are still a few exceptions where authority remains with the member states also in external negotiations.

¹³Whereas others have distinguished up to nine sub-dimensions of administrative capacity (Farazmand, 2009), I prefer a parsimonious approach that relies on two components.

Administrative Capacity and Control

Starting from a one-dimensional policy space (e.g., from trade protection to full liberalisation) we can position the Commission and the member states with respect to a specific policy issue as depicted in Fig. 3.2. In such a simplified setting, “monitoring” would correspond to the observation of the Commission’s negotiating position whereas “deriving” would concern the identification of the domestic ideal outcome. Based on the observed gap between the desired outcome and what is being proposed by the Commission, national representatives will signal their discontent or provide support to the Commission proposal.¹⁴ This summarises the main hypothesised relationship in a nutshell.

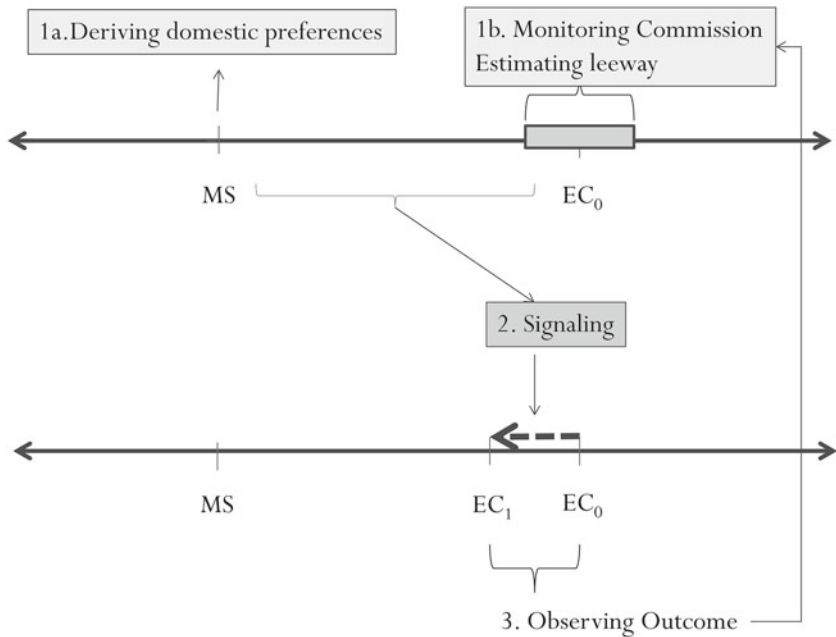


Fig. 3.2 Monitoring and signalling the Commission

¹⁴I will make the assumption that once an administration is able to derive a position and monitor the Commission, it is also able to put two and two together and make an adequate assessment of the gap between both positions. My definition of administrative capacity can easily be expanded to incorporate an administration’s ability to combine these two sets of information.

Monitoring capacity in its simplest form involves observing the policy positions the Commission is taking in various discussions. Seeing that member states can observe the outcome but not the actions of the agent, monitoring also concerns estimating the amount of leeway the Commission has in negotiations and the (lack of) vigour by which the agent has effectively defended a particular position. Monitoring and reporting are key aspects of the Principal-Agent model (Miller, 2005; Shapiro, 2005).

Such monitoring largely occurs through the reporting requirements in the relevant Council working parties (Meunier & Nicolaidis, 1999; Da Conceição-Heldt, 2010). The legal setting along with procedural rules, either formalised in the mandate or through common practice, creates—in essence—equal possibilities for all the member states to obtain such information. When comparing the interaction of principals and their agent in different institutional settings, it makes sense to draw on this conceptualisation of information asymmetry (see e.g., Da Conceição-Heldt, 2013). However, for the purpose of the envisioned research, endogenous sources of information asymmetry are of greater interest. That is: the information a member state could have obtained but, due to factors related to their own administrative functioning, did not. I will discuss three potential sources of varying monitoring capacity and provide examples to illustrate my point.

The most important source of deficient monitoring capacity occurs through absenteeism in the oversight committees. Whereas member states and the Commission have arranged a great number of reporting occasions at which information can be obtained on the on-going negotiations, member states can decide whether they will attend such meetings. In the context of the negotiations of the Anti-Counterfeiting Trade Agreement (ACTA), many member states did not take advantage of the opportunity to monitor the negotiations on the spot (Commission of the European Communities, 2012). Until recently, not all member states even attended the Trade Policy Committee where the Commission briefs them on the on-going trade negotiations, an observation that still applies for the increasingly popular Informal Technical Meetings. Secondly, variation can exist with regards to the representatives sent to such meetings. Some member states are represented by an experienced trade expert, others by a broadly trained diplomat, while in some cases a newly hired trainee can be sent to take notes on the meeting. The amount of relevant information these different representatives can glean from such a briefing gives rise to variation in monitoring capacity. Finally,

the observation that the Commission has frequent reporting obligations does not imply it will report “truthfully” or, rather, completely. This problem has received far more attention in economic applications to the PA model than in the political sciences (Laffont & Martimort, 2002).¹⁵ The solution to this problem is often one of incentives (i.e., the agent should share in the benefits to be derived from truthful reporting). Applied to the context of trade negotiations, the only incentive to be provided is the provision of discretion in future mandates (Kerremans, 2004). The decision to delegate negotiating authority to the Commission takes place in a setting of repeated games, enabling more cooperative behaviour (Bó, 2005; Radner, 1981).

Thirdly, and more interesting for the aspired research, is the ability of member states to consult a number of sources to complement and contrast the reports provided in the (in)formal meetings. In addition to bilateral inquiries for more information, member states can exchange information among themselves; they can contact the external negotiating partner or consult the Council secretariat to paint a more complete picture of the negotiations. Frequently engaging in such activities will result in higher monitoring capacity.

Next to monitoring, the trade administration also needs to derive a position. The capacity to derive a position accurately builds upon the assumption that there exists *an objective exogenous optimal position* for a country. For the sake of simplicity, this optimal position is considered to be defined with the purpose of delivering the greatest happiness to the greatest number. Lack of deriving capacity can have three consequences: (1) it can exaggerate the size of a gap between the Commission’s proposal and the domestic interests, (2) it can underestimate said gap, or (3) it might result in a lack of knowledge on the existence of a potential gap. I consider the third scenario most likely. When the Commission gives the opportunity for member states to comment on a policy proposal, it is up to the member state to identify the various issues at which the national position deviates from the proposal. Lack of technical expertise, limited input from societal groups, or a failing coordination process is likely to limit the number of issues on which a position will be formulated and thus the potential number of signals to be emitted.

¹⁵Exceptions to this observation exist but are not numerous. See, for example, Brandt and Svendsen (2013) and Lupia and McCubbins (1994).

Clearly, affinities with policy capacity exist. Policy capacity is quite a loose concept. Its definition and key components vary widely (Baskoy, Evans, & Shields, 2011; Fellegi, 1996, 6; Painter & Pierre, 2005, 5). Most definitions agree on the importance of knowledge and expertise and the use of such information in the policy process. Seeing that little research has been conducted on “policy capacity,” I prefer to use the notion of “deriving capacity,” as it fits better with the developed conceptualisation. If monitoring capacity serves to ensure all information regarding the negotiations reaches the concerned stakeholders, deriving capacity seeks to combine the input from these actors (public and private) into a (coherent) policy position.

THE MAIN HYPOTHESIS

The conceptualisation elaborated in the previous sections already shed some light on how administrative capacity and control-as-signalling are related to one another. How do the various components of administrative capacity affect signalling? Low monitoring capabilities result in higher information asymmetry between principal and agent. This information asymmetry strengthens the Commission by enabling the use various arguments that appease member states’ protest. The Commission can, for example, appeal to the limited negotiating room, the extent of its efforts, or the relative isolation of the concerned member state within the Council. It is able to do so credibly because the member state lacks information that may invalidate the Commission’s retorts. Even in the event that concrete concessions are being granted, low monitoring capacity easily squelches further protest as the true scope of potential concessions is unbeknown to the national representation. Consequently, limited monitoring capacity does not necessarily affect the range of issues on which signalling takes place, but rather the frequency and tenacity by which a member state will keep signalling in response to the Commission’s actions.

The consequence of low capacity in terms of deriving a position requires further explanation. Indeed, limited deriving capacity only makes a statement about the odds by which a member state can accurately derive the objective exogenous optimal position. Whether this leads to increased signalling is a separate question. Of the three biases a limited capacity creates with respect to the estimation of the gap between the desired outcome and the Commission’s negotiating position, two would result in fewer signals being sent—namely, an underestimation of the gap and the inability to derive a position (see Fig. 3.2). By contract, a lack of deriving capacity could also lead

to an overstatement of the gap in interests, thus triggering more signalling. I consider the absence of a position, however, the most likely scenario. And seeing there are no apparent reasons to assume the odds of an overestimation to surpass the odds of an underestimation of said gap, I hypothesise that higher deriving capacity will also result in increased signalling.

Whereas the expectations regarding an administration that scores low (or high) on both dimensions of administrative capacity is relatively straightforward, one could raise questions regarding the possibility of asymmetric capacity. What if an administration sees but does not know? Or what if it knows but cannot see? My a priori expectations are that the two particular situations are less probable to be observed empirically. Both monitoring and deriving are functions intrinsically linked within the national administrative network. In some member states, both tasks are even performed by the same staff members. In the remaining cases, where functions are clearly separated, large bureaucratic hurdles must be overcome to enable a divergent deriving and monitoring capacity. In other words, the information flow must be significantly constrained between the responsible units. In addition, central authority to address such shortcomings should be lacking or incapable of interfering.

In summary, the following hypothesis can be formulated:

The higher a member state's administrative capacity, the more it will signal the Commission during a trade negotiation.

CONCLUDING REFLECTIONS

The above discussion, in general, and the distinction between monitoring and deriving capacity, in particular, have consequences for the interpretation of two concepts common to the Principal-Agent lexicon. The first comment relates to the chosen conceptualisation of administrative capacity. The decision to include monitoring as a component of administrative capacity has its ramifications for the dependent variable, individual member states' control, as well. Monitoring or oversight has consistently featured as a standard instrument of (ex-post) control in most applications of the Principal-Agent model. For the goals set out in this research, it makes more sense to incorporate monitoring as part of the independent variable, namely administrative capacities. It is one of the key activities of contemporary European trade administrations. Consequently, the conceptualisation of control will be limited to the activities undertaken by the national representatives to adjust the agent's behaviour. Monitoring in itself does

not lead to an adjustment of the Commission's negotiating position. It merely acts as a precursor to the potential application of control (Krause, 2003). While this requires adjustments to our reading of the Principal-Agent model, it in no way contradicts prior applications of the model.¹⁶

A second remark pertains to the limitations of the distinction between fire-alarm and police-patrol mechanisms of oversight in the application of PA analysis to the study monitoring in the EU's external trade policy (McCubbins & Schwartz, 1984). Police patrol is often marred for being too costly, leading scholars to emphasise the complementary role of societal actors as a fire alarm to support principals in monitoring the agent. It was originally developed in the congressional dominance school to argue that a "seemingly dormant" parliamentary system can still control an expert executive. Seeing that a member of Parliament (MP) needs to monitor the executive on a wide range of topics, such fire alarms are useful in directing an MP's attention. The application of the concept runs into problems if we seek to apply it to the relationship between the member states and the Commission. In this case, we are studying a national executive that controls a supranational executive. What triggers a fire alarm to go off within society is the detection of fire. Yet, one of the main sources to provide such information to the concerned interest groups is the national trade administration. All information on the negotiations is centralised in these administrations. In the process of deriving a position, most administrations will consult stakeholders in society. Hence, it is possible to hypothesise a reversed causality (i.e., fire alarms do not go off to awaken a dormant principal, but rather fire alarms go off in response to a vigilant principal monitoring the Commission). The intricate relationship between police-patrol and fire-alarm mechanisms of oversight in an administration may warrant further reflection. Given the research goals of this book, I have decided to focus only on the police-patrol variant in the discussion of monitoring capacity.¹⁷

¹⁶The installation of reporting requirements (as a form of oversight mechanism) reduces the information asymmetry in the PA relationship. As such, it acts as a measure of control. Monitoring capacity, by contrast, refers to the ability of a principal to oversee the agent's actions and should be considered a separate activity from control.

¹⁷Societal actors, by contrast, will feature more prominently in relation to deriving capacity. The determination of a national position in light of a trade negotiation depends on input from concerned stakeholders in society. In other words, they can still fulfil a "fire-alarm function" in terms of highlighting a discrepancy between what the Commission is proposing and what they believe the national interest to be.

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Signalling Control

If member states seek to control the Commission through the provision of signals, the next question to address is in which ways and with what timing does such signalling take place? Negotiation theory has greatly increased our knowledge of the large variety of ways a member state can defend its interests in a negotiation.

Such signals will be measured through a survey instrument rather than the coding of official documents. The ability to obtain insight into activities that do not show up in official documents or go unnoticed by other participants is an important advantage of respondent-based measures such as a survey (Dür and Mateo 2010b, 689). Research has indicated that after the enlargement, informal processes have become increasingly important (Elsig, 2010). This finding was reaffirmed through the interviews conducted in the margin for Chap. 2. However, practical concerns dissuaded me from coding the TPC meeting reports in a design similar to the one employed by James Cross (2013). Many of these reports are not publically available, and in the several reports that I was able to access, no countries were mentioned by name. Hence, a survey was developed prompting national representatives to indicate the frequency with which they use various signalling tactics.

Rather than focusing on the choice and application of various tactics—the content of a signal—I advocate an emphasis on the mere incidence of signalling. The identified tactics are categorised according to the main target of the emitted signals. Member states can either seek to obtain

concessions by signalling the Commission directly or proceed indirectly by first coordinating with other members in an effort to broaden support for their position. This distinction naturally follows from the conceptualisation of the member states as part of a hybrid principal. The voting procedures for ratification of an international trade agreement require a qualified majority. On the one hand, this implies collective action is required to form a blocking minority; on the other hand, it implies that each representative's signal carries substantial weight, as a blocking minority is easily construed. The credibility of bilateral signals depends on the potential for the member state to eventually thwart ratification. From this observation the proposition is formulated that smaller member states have a stronger preference to apply a collective signalling strategy.

The questionnaire also studies the stage at which signalling takes place. The timing at which a member state forms a position and takes part in the debate has been argued to greatly affect potential influence. For smaller member states, early-stage involvement can be a way to offset their limited voting power (Panke, 2010a, 2010b; Thorhallsson & Wivel, 2006). But research has also shown that larger countries, such as Spain, would benefit from a proactive approach (Greer & Martin de Almagro, 2012). The focus on international trade negotiations enables a clear demarcation of six different stages in the decision-making process. Two of these stages require collective action within the council—namely, the approval of the mandate and the ratification of the agreement. In light of the conceptualisation of the Council as a hybrid principal, the proposition is formulated that member states that are relatively more active during the formal stages of the negotiation have a greater tendency to resort to collective signalling strategies.

The first section elaborates the focus on the incidence rather than the content of the negotiating tactics and introduces the main components of the survey. The method of data-collection as well as the discussion of the resulting sample takes place in the second section. The third section tests the formulated propositions after presenting the most important descriptive statistics. Where results raised concerns, additional interviews were conducted to explore potential explanations.

SIGNALLING BEHAVIOUR

Negotiating strategies have been studied increasingly over the last decades as the availability of cases and the quality of data had gradually improved. The literature has identified a wide range of strategies, such as integrative and

distributive bargaining (Lax & Sebenius, 1986; Walton & McKersie, 1965), arguing (Elgström & Jönsson, 2000), and deliberation (Naurin, 2009; Niemann, 2004), to name but a few.

Each of these classifications has improved our insights into the use of different tactics within the Council. Many of these typologies are, nevertheless, too complex for the research question I seek to address in this book. Rare are the cases where we can discern pure acts of arguing and bargaining (Dür & Mateo, 2010b). In most cases, a negotiator will provide an argument even when bargaining. This observation led Daniel Naurin to develop a three-step question procedure to distinguish bargaining from arguing (Naurin, 2009, 42). Likewise, classifying observable strategies such as voicing a threat or suggesting a compromise can be both value-claiming and value-creating at the same time. The harder it becomes to make a meaningful distinction between the various tactics defined, the less likely the respondents' answers are to be accurate. It is for these reasons that Dür and Mateo (2010b) suggested the use of soft and hard bargaining strategies as alternative concepts.¹ In other words, of all the various tactics to be discerned, it is best to select the simplest conceptualisation that can meet the formulated research objectives.

The theoretical framework developed in Chap. 3 explains only the incidence of signalling rather than the content of the message sent. It is the perceived gap between the Commission's position and the member state's preference that triggers a signal of control. The main hypothesis does not, however, tell us anything about the type of signal to be emitted or its content. Keeping a narrow focus on the incidence of signalling rather than its content is therefore preferred. Signalling approaches are not entirely new within Negotiation theory, even though they are not always classified as such. In studying the number of interventions made by the member states during the different council working parties or within COREPER, James Cross focused on the occurrence of such interventions rather than the particular issue raised or the manner in which this intervention took place (Cross, 2012).

From the developed framework, there are two dimensions of greater importance in studying the incidence of signals as control, and those are

¹Soft bargaining is characterised by co-operative or friendly behaviour, whereas hard bargaining strategies relate to conflicting or aggressive tactics. Based on this distinction Dür and Mateo were able to formulate a number of actions—or tactics—that can unambiguously be interpreted both by respondents and researchers (Dür & Mateo, 2010b).

the target of such signalling (Commission or fellow member states) and the timing at which such signals are sent. Each dimension will be discussed in further detail in the following sub-sections.

Exerting Control as Part of a Hybrid Principal

When focusing on the incidence of signalling rather the content of the signal, the number of items to be discerned is limited. Building on the conceptualisation of the Council as a hybrid principal, it is useful to make a broad distinction between two strategies within the survey. A first strategy is bilateral, in that it directly targets the Commission-as-agent. These bilateral signals correspond with the view of the Council as a multiplicity of principals where each member state can independently decide to sanction or reward the agent. The second strategy is collective in nature as it aims to signal both a particularistic concern as well as the broader support among the different member states. This collective strategy emphasises the need for collective action. I distinguish between three bilateral and four collective tactics, as indicated in Table 4.1. Based on the insights obtained from the qualitative interviews, I target both formal and informal means by which a member state can signal its preferences.

As a collective, the Council mostly interacts with the Commission through the different formations of the Trade Policy Committee. Interventions of the member states during the different Council working parties or within COREPER can be a first method to signal preferences within a collective setting. While meetings follow a recurrent structure in which any developments in the EU's multilateral and bilateral negotiations are automatically covered, member states can still place a topic on the agenda by contacting the Council presidency. This can help emphasise the importance of a particular issue for a member state. Alternatively, member states consult, coordinate, argue, and bargain among each other to see whether it is possible to voice a concern collectively (Elgström, Bjurulf, Johansson, & Sannerstedt, 2001; Hosli, 1999; Kaeding & Seck, 2005).

Table 4.1 Signalling tactics and their hypothesised strength

<i>Collective signals</i>	<i>Bilateral signals</i>
1.a Voicing Concern in the Council Working Party	1. E-mailing the Commission
1.b Placing an issue on the agenda	
2. Networking with other member states	2. Phoning the Commission
3. Coordinating with like-minded states	3. Requesting a bilateral meeting

The chosen tactics vary with regards to their political weight. Attributing a rank to the different signals can further differentiate between member states and speaks to the idea that the continuous interaction between principal and agent gives ample opportunity to signal the salience of an issue. Regarding the four collective signals, I differentiate between voicing concerns in the TPC or placing an issue on the agenda, which I deem actions of lower salience, and networking and coordinating with other members of the Council, which I deem stronger signals of control. Networking is considered of lower salience than coordinating, as it is devoid of a pursuit for shared commitments.

Bilateral strategies, by contrast, exclusively target the Commission. This can involve private discussions in the margin of a Council meeting, but also entails informal correspondence over the phone or through e-mail. In case a member state wishes to signal that a particular issue is of extreme importance, the responsible Minister or State Secretary can also arrange a meeting with the Trade Commissioner or his/her cabinet. Whereas national trade officials continuously raise concerns to the Commission by mail or phone, I expect political costs to be higher for organising personal meetings with Commission officials to discuss a particular issue.

To obtain variation in respondents' use of different tactics, national officials were asked to indicate the frequency with which the seven different signals were being used, an approach that is quite common in the literature (Dür & Mateo, 2010a; Panke, 2010a, 2010b). In the resulting survey, respondents could choose among six different categories of frequency. These were presented in order of intensity: never, rarely, sometimes, regularly, frequently, and very frequently.

The main reason for distinguishing between bilateral and collective strategies is related to the ease with which the Commission can disregard an individual member state's signals of control. Collective strategies are distinct from bilateral strategies, as they aim to signal the broader salience of the issue being raised. Therefore, I expect that voting power matters when deciding on a signalling strategy. When a large member state expresses a concern bilaterally, the Commission is aware that neglecting such a signal is more likely to result in a successful contestation during the ratification stage, as a blocking minority is easily constructed around a large member. This is different when a small member state signals the Commission directly. In such a situation, the Commission can more easily disregard this signal insofar as the threat of the small country forming a blocking minority lacks the credibility of its larger counterparts. This leads to the formulation of a first proposition.

Proposition 3.1 Larger member states are more inclined to engage in bilateral signalling strategies than smaller member states

Signalling from a Dynamic Perspective

A second dimension of interest when studying the incidence of signalling rather than its content is the time at which member states are active in voicing their concerns. Time plays an important role in the decision-making process. Researchers have tried to explain the temporal dynamics of trade negotiations (Crump, 2011) as well as the effect of time on the applied negotiating strategies (Elgström & Jönsson, 2000; Niemann, 2004, 2006) and their chance of obtaining a desirable outcome (Börzel, 2002; Greer & Martin de Almagro, 2012; Haverland & Liefferink, 2012a, 2012b; Maes & Verdun, 2005). From shaping the agenda to forcing late-stage concessions, member states differ in their use of tactics over the course of a negotiation. An important argument to support the conceptualisation of control as the provision of signals is the scope for repeated signalling. Repeated signalling enables the principal to indicate the political salience of an issue. Early-stage involvement creates more opportunities for such repeated signalling.

But how can we differentiate between the early and the late stages of the policy-making process? The focus on international (trade) negotiations makes the demarcation of different phases of the policy process somewhat easier than many other regulatory processes. In the developed survey, a distinction is made between six stages, as visualised in Fig. 4.2.² The first—but often overlooked—stage takes place before discussion on a mandate starts (Stein, 1988). Prior to the formal start of the negotiations, the Commission already exchanges some views with the negotiating partner. Also at this stage, control and oversight can be important (Gastinger, forthcoming). Debate over the mandate to be provided forms a second phase and represents the first formal occasion for the member state to exert (ex-ante) control. The mandate figures prominently in PA studies, as it marks the act of delegation from the Council to the Commission. During the first negotiation rounds,

²Other scholars have often distinguished between a pre-negotiation, negotiation, and post-negotiation phase (Elgström, Larsén, & Frennhoff Larsén, 2010). Surely, the six phases can easily be aggregated by three consecutive pairs to match such a conceptualisation. The advantage of the proposed demarcation, however, enables a clear separation of a proactive and a reactive stage while at the same time allowing for the distinction between the formal and informal stages of control.

discussions revolve around finding a common ground on the broader goals and ambitions for the various chapters of the agreement. At this point, no concrete draft texts are available. This stage represents the third phase of the negotiation process. It also demarcates the “*proactive*” from the “*reactive*” stages. Once drafts of specific chapters are being circulated, the member states can voice their concerns in reaction to specific provisions.

There are three reactive stages in the negotiating process. Again, two informal stages are separated by a formal mechanism of control. The formal mechanism in this case is the ratification of the negotiated agreement. The sixth and final phase of the negotiation process refers to the eventual implementation and monitoring of compliance. This aspect of international negotiations has received limited attention in the academic literature (but see e.g., Jonsson & Tallberg, 1998). Especially in light of the current tendency to negotiate “living” trade agreements, this stage will in all likelihood become more important. Living agreements foresee the establishment of various working parties and specialised committees that recurrently convene to discuss the implementation of the agreement. Especially in the context of the negotiations on the TTIP, the potential for a further harmonisation of new regulation has been a cause for concern (De Ville & Siles Brugge, 2015). Respondents are queried as to the frequency with which they signal their preferences in each of these stages, on a scale from one (never) to six (very frequently).

In addition to a distinction between proactive and reactive stages, the classification also enables a differentiation between the formal and informal stages of the negotiation process. The TFEU stipulates clearly that the Council—and not the member states—needs to adopt a negotiation mandate. Similarly, the ratification requires explicit support from the Council. These are the two formal stages at which collective action is required. During the other stages of the negotiation, there is more room for bilateral (informal) interactions. As a result, the proposition can be formulated that the collective nature of the hybrid principal prevails during these formal stages, whereas the informal stages (numbers 1, 3, 4, and 6 in Fig. 4.1) are characterised more strongly by the type of PA interaction associated with a setting of “multiple principals,” namely bilateral tactics. Consequently, we would expect that:

Proposition 3.2 Member states that are relatively more active during the formal stages of the negotiation process employ a more collective signalling strategy.

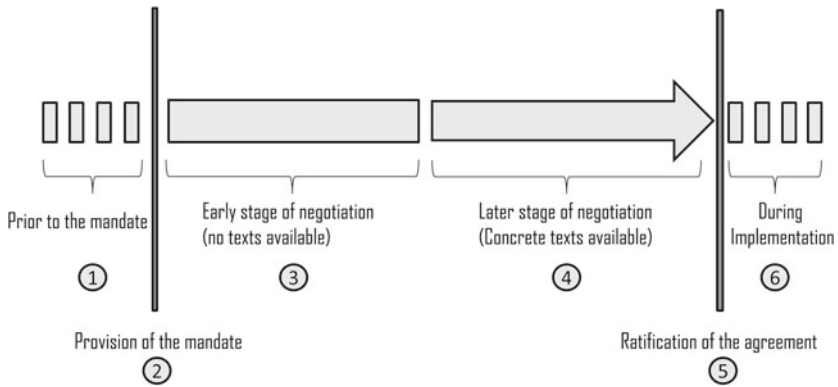


Fig. 4.1 Different stages of a trade negotiation

Alternative propositions can be formulated relating the size of a country or the functioning of its administration with the stage at which a position is formulated. However, insofar as the main causal mechanism pertains to the functioning of the national trade administration, I refer you to Chap. 7.

DATA COLLECTION

From the mapping of the policy-making process in Chap. 2, it is possible to identify the most relevant respondents. Whereas formal authority rests with the Council of the European Union, not much action takes place at the highest political levels. The FAC (Trade) and COREPER convene only sporadically, and when they convene, it is mostly to cut the final Gordian knots that have not been resolved at the level of the working party. To obtain a better understanding of member-state involvement in the EU's external trade policy, it makes more sense to study the responsible Council working parties. Given the clear division of tasks between the TPC and the WPTQ, a focus on the former comes as a natural choice. The ITMs, while growing in importance, fulfil a more complex function within the trade-policy-making process. They are subordinate to the TPC and deal only with the least-politicised issues of the negotiations. Moreover, as attendants tend to vary depending on the subject of the meetings, I consider the participants of the ITMs less appropriate for the targeted research. In summary, the survey sample

consists of the national representatives that take part in the following three formations of the TPC: Full Members, Deputies, and Services & Investment. The TPC Deputies can be considered the most important forum, as it convenes most frequently and deals with the full range of issues in the negotiation. Potentially, a total of eighty-four respondents can be identified to form the population of the first questionnaire. This number is not quite accurate, though. Many (smaller) member states are represented by the same person in multiple meetings, while the larger member states often have multiple representatives for the TPC S&I. The survey was distributed in June 2013, but reminders were repeatedly sent until October 2013.

Response rates on surveys conducted in European institutions are generally low. Often they are well below 50 %. A survey distributed among the staff of European Parliament was able to obtain a response from only 13 % of total respondents (Egeberg, Gornitzka, Trondal, & Johannessen, 2013). Studies on EU member states within the Council reported response rates from 21 % (Meert, 1997) up to 43 % among members of the Permanent Representation (Panke, 2011). One exception was Liesbeth Hooghe, who—upon studying socialisation processes in the Commission—obtained response rates of 51 % in 2001 and 40 % in 2004 (Hooghe, 2005). Evidently, limited response is a significant threat to engaging in comparative research. To address this issue, the survey has been distributed by the Commission within TPC Deputies (in person) and TPC S&I (through mail). The TPC Full Members were contacted by me directly. Non-respondents were identified and contacted individually by e-mail to increase the response rate. Seeing that a number of member states did not respond to such reminders, I also contacted them telephonically.

With forty-one filled-in questionnaires, response was fairly decent, though not exceptional. Two factors suppressed the response rate. Firstly, most of the respondents were diplomats that change posts every four or five years. As a result, five respondents had begun working in their positions fairly recently and therefore declined to fill in the questionnaire. Secondly, three member states formally rejected participation in my research. Still, the relatively good response rate within TPC Deputies (eighteen representatives) strengthens my confidence in the quality of the obtained data. This formation of the TPC convenes most frequently and has a full overview of both the politicised and the more technical issues. For eight countries, responses were obtained for all three formations.

Table 4.2 Representativeness of the sample

	# <i>Member States</i>	# <i>Responses</i>	# <i>Sample countries</i>
Like-minded	15 (53 %)	24 (59 %)	13 (57 %)
Open-minded ^a	13 (47 %)	17 (41 %)	10 (43 %)
Foreign Affairs	10 (36 %)	17 (41 %)	9 (40 %)
Economics ^b	18 (64 %)	24 (59 %)	14 (60 %)

^aThe three non-aligned countries were added to the group of the open-minded

^bThe group of Ministry of economics also incorporates those chaired by the Ministry of Industry

Source: Author's own data

The sample lacks data from five countries. These are Spain, Bulgaria, Greece, Lithuania, and Slovenia. Nonetheless, I consider the sample to be representative for the whole of the EU. From Table 4.2 it becomes clear that the distribution of the obtained sample of respondents across two relevant dimensions (column 3) closely matches that of the entire population (column 2) at the level of both the individual respondent and the member state.

The dimensions chosen were the membership to the like-minded and open-minded groups³ on one hand and the responsible line ministry on the other hand. This exercise had the same result when applied to the countries included in the sample (column 4). Finally, I checked whether the sample was representative in terms of the distribution in size. Both the mean as well as the standard deviation of the sample's country size was not statistically different from that of the population. I am therefore fairly confident that the obtained data is representative for all EU member states.

Cross-validation of the survey results occurred through interviews with a Commission official and two national representatives. The difficulties with doing a cross-validation of the acquired information originate due to the lack of a single source that can adequately assess both the bilateral and collective signals conveyed by a particular member state. While the member states can shed some light on the collective strategies applied by other representatives, they are left in the dark as to the latter's bilateral strategies. Similarly, the Commission can evaluate the accuracy of the data in terms of the bilateral signals but is worse positioned to

³Briefly formulated, the like-minded group is an informal coalition of member states advocating a more liberal trade agenda. The "open-minded" group by contrast is more pragmatic and favours the use of trade protection when it is deemed necessary.

provide a cross-validation with respect to the collective signals emitted by the member states. In the interviews, a list of country-pairs was drafted with the question of which was more active in signalling the Commission if it were possible to discern a difference at all. On the basis of these responses, the general ordering in the data was largely confirmed. The data obtained from two respondents was highly questionable, though, and was removed from the sample once the cross-validation confirmed their dubious nature.⁴ As a result the revised sample covers twenty-two instead of twenty-three member states.

DATA ANALYSIS

The survey data gathered contains information related to member states' signalling strategies (bilateral or collective) as well as the stage in the negotiations at which the respondents are particularly active in voicing their interests. Both topics are analysed in this section. To discuss the survey results, basic descriptive statistics will be provided first. Then, the formulated propositions will be tested, the results interpreted, and—when appropriate—additional interviews conducted to substantiate the findings or generate new alternative propositions.

Constructing a Signalling Index

Seven different signalling tactics were identified. For further analysis these tactics need to be aggregated into a single indicator of control.⁵ This can occur by granting equal weights to each of the signals or attribute a weight according to the power of the signal. But how can we infer whether the various signals differ in strength? Assuming that stronger signals also require a higher investment in terms of time and diplomatic resources, I would expect that stronger signals are sent less frequently whereas weak signals are sent quite often. As a result, it would be possible to affirm the hypothesised ranking, as indicated in Table 4.1, from the frequencies with

⁴Influence analysis (through *dfbeta*'s) when studying the main hypothesis (see Chap. 7) also singled out these respondents as suspicious. More information can be found in Annex A3 (3).

⁵The internal consistency of the different indicators revealed an alpha of 0.76, which is acceptable and close to the mean and median values obtained in past survey research (Peterson, 1994).

Table 4.3 Summary statistics signalling tactics

<i>Signal</i>	<i>Mean</i>	<i>Min.</i>	<i>Max.</i>	<i>Standard deviation</i>
Adding an issue to the agenda	2.31	1	4	0.69
Voicing concerns during the meeting	4.64	3	6	0.96
Contacting other member state representatives	4.54	3	6	0.79
Coordinating a position with like-minded States	4.41	2	6	0.91
Communicating concerns to the Commission through e-mail	4.16	2	6	0.95
Communicating concerns to the Commission over phone	3.38	1	6	1.18
Meeting in person with Commission officials	3.54	2	6	1.07
Signalling Index (Average)	57.21	37.14	88.57	12.22
Signalling Index (Weighted)	58.22	38.46	93.8	12.81

Source: Author's own data

which the identified signals are sent. Table 4.3 presents the summary statistics of the seven signalling tactics. Overviewing the results, it becomes clear that the original ranking does not completely hold.

First of all, adding issues to the agenda occurred least frequently. This does not reflect high political costs but rather the rare need for a representative to put an issue on the agenda (Interview TO #32). Procedural customs determine a large part of the agenda. Meetings are structured according to a relatively fixed pattern, which provides an opportunity to voice most of the concerns. As a result, the agenda rarely needs amending by member states. Apart from the instrument of agenda-setting, the collective signals follow the expected pattern: voicing concerns during a TPC meeting occurs most often, followed by the contacting of other member states, ending with the coordination of a common position. Notice that the differences in mean are too small to be statistically significant. With regards to the bilateral signals, the order between meeting a Commission official in person and contacting an official over the phone was opposite of my expectations (though not statistically significant). The fact that e-mail was the most frequently used tactic confirmed prior expectations.

A ranking derived from the data provides only a partial picture. Therefore, two officials were also contacted to share their interpretation of the political weight attached to each of the signals. With regards to the collective tactics, the interviewees confirmed the suggested ranking. Opinions diverged as far as the bilateral tactics were concerned.

While both agreed that personal meetings reflect high saliency, doubts were cast on the greater costs of contacting the Commission over the phone vis-à-vis the use of e-mail correspondence (Interview TO #31). When a representative prefers a certain degree of confidentiality, it is safer to contact the Commission over the phone to avoid a paper trail. This was, however, disputed by a second respondent, who remarked that the existence of such a paper trail enables the development of institutional memory and could be used as justification vis-à-vis their superiors (Interview TO #33). Respondents also indicated that personal preferences plays an important role in deciding the propensity to use one type of signal over another (Interview TO #33).

Whereas the weights suggested in the conceptualisation above were largely confirmed, there are sufficient doubts to warrant caution. Consequently, I have decided to report results using both a simple average and a weighted average when combining the various signals for further analysis. The attributed weights correspond with the ranking of the signals in Table 4.1 (values one, two, and three). The data were transformed to a scale from 0 (no signals) to 100 (maximum signals provided), both for the averaged and weighted index.⁶ The resulting Signalling Indices (SI) will form the main dependent variables in the ensuing analyses. As is apparent from the two bottom rows of Table 4.3, there is sufficient variation to enable further analysis on the constructed indicators.

Selecting a Strategy

Having differentiated between a set of bilateral and collective signalling tactics, it is possible to study a member state's preference for one signalling strategy over the other. The first proposition stipulates that larger member states have a higher propensity to engage in bilateral signalling tactics relative to the smaller member states. A small member state's bilateral signals can more easily be disregarded by the Commission, as its opposition is less likely to result in a blocking minority. Consequently, we would expect smaller member states to have a preference for collective tactics, as they also need to indicate the broader support for their position to persuade the Commission. To test the proposition, an indicator is constructed that

⁶The items of the index were first rescaled to [0,5] by subtracting one from all values. Such rescaling also occurred in the construction of other indicators (see *infra*). The resulting scores were then averaged and multiplied by 20.

takes the value 0 when only collective signals are emitted (*Bilateral* = 0) and that goes up to 100 when only bilateral signals are used by the respondent (*Collective* = 0). The following formula is used to this end: $Strategy = 50 \cdot [1 + (Bilateral - Collective) / (Bilateral + Collective)]$; with *Bilateral* and *Collective* reflecting the (weighted) average of bilateral and collective tactics respectively. The variable *Strategy* has a score of 50 when a member state is using an equal amount of bilateral and collective strategies. To approximate a member state's power, I prefer to use indicators based on voting weights rather than economic prowess. Member states derive their power in the Council through their formal votes, not because they boast a large economy. As a proxy for power, the Shapley-Shubik indicators calculated for the Qualified Majority Voting (QMV) rules applied in the post-Lisbon setting were used (Shapley & Shubik, 1954).⁷ Neither the correlation nor a bootstrapped regression analysis (see *infra*) could discern a significant relationship. Regardless of the formulation of the dependent or the independent variable (raw voting rights), smaller member states did not reveal a stronger preference for collective strategies. A scatter plot can shed more light on the underlying reason. From Fig. 4.2 it is clear that the larger member states, like Germany or the United Kingdom, show a relative preference for bilateral strategies. This was in line with our expectations. However, the smaller member states vary significantly in their signalling strategies, capturing both the minimum and the maximum values of the constructed indicator. Why are there so many small member states pursuing a bilateral rather than a collective strategy?

To better understand the lack of a correlation, I contacted two respondents from small member states and confronted them with my puzzle. From these interviews, two alternative explanations surfaced. The first respondent attributed his preference for bilateral strategies as a natural consequence of his country's non-alignment with either of the two major groups that often coordinate on trade issues—the “like-minded” and the “open-minded” countries (Interview TO #33). Being part of an informal coalition makes networking and coordinating a lot easier. In other words, there are factors that lower the threshold for (small) member states to apply collective signalling tactics. This argument can also be broadened. Seeing that representatives from small member states need to persuade more colleagues to form a blocking minority, they may be drawn to bilateral signalling tactics, which require far less effort.

⁷The indicator takes into account the latest enlargement with Croatia, values were derived from Napel et al. (2013).

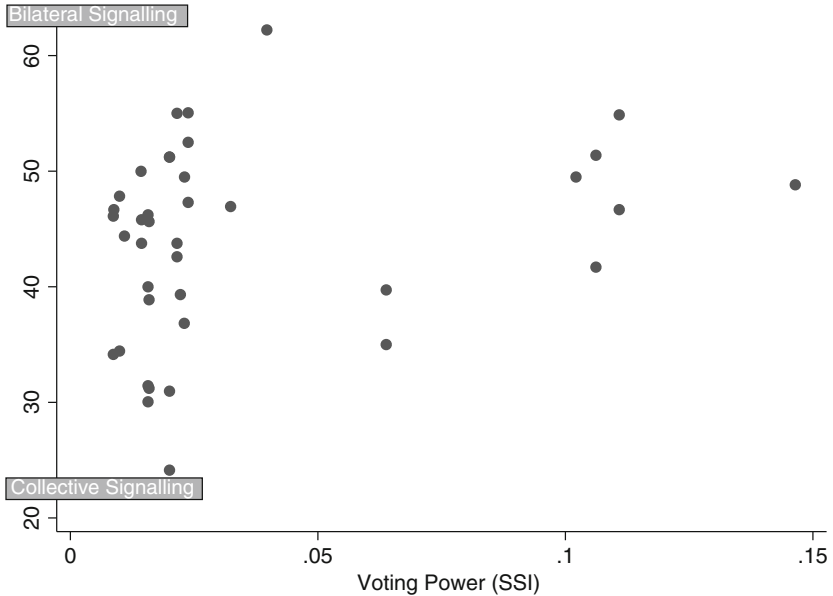


Fig. 4.2 Signalling strategy and voting power.

Source: Author's own data and Napel, Widgrén, and Mayer (2013).

The second official indicated that his preference for bilateral contacts with the Commission was predicated by his prior experiences. In general, the respondent felt the Commission listened to their concerns and accommodated their grievances. As a result, it was rarely necessary to engage in collective strategies. While I assumed that it was raw voting power that determined the extent to which member states were bound by the collective procedures in the Council, there might be a whole range of alternative factors that influence respondents' signalling strategy. At a more abstract level, it would be interesting for future research to study the effects of representatives' perceptions of the nature of the Council (collective, multiple, or hybrid principal) on the manner in which they defend national interests. These role conceptions can be fuelled by prior experiences, as was the case for the consulted respondent.

Signalling Across the Phases of the Negotiation

The data analysis on member-state signalling activity across the various phases of negotiation consists of three parts. As always, a first descriptive analysis can help to reveal broader patterns. Which stages of the

negotiation are characterised by intense signalling and which stages are rather tranquil? The second sub-section seeks to assess whether member states that are active in the early stage send fewer signals overall. In the final part, the formulated proposition regarding the relationship between heightened activity during the formal stages of the negotiations and the preferred signalling strategy will be put to the test.

In Table 4.4, you can find the mean scores of member states' activity across the six identified stages. The data have been disaggregated for the various TPC formations and include the overall mean and standard deviation in the bottom two rows. Three observations can be made on the basis of these results. First, the overall means reveal that the ratification process itself (phase 5) is significantly less important than the three preceding stages.⁸ The continuous interaction between Commission and member states during the negotiations has led to the expression and resolution of most thorny issues, making signalling at this late stage unnecessary. Second, the adoption of the mandate appears to be the most active stage. Despite mandates remaining relatively vague or discretion-based, it suggests that member states use this opportunity to voice most of their preferences to ensure the Commission takes them on board at the earliest stage possible. Third, the functional differentiation between the three TPC formations can also be observed from the summary statistics. Remember that the TPC Full Members deals only with the most contentious, politicised issues, whereas the TPC Deputies addresses the full scope of the agenda. TPC Services & Investment is more specialised and deals only with issues of services and investment. This is, to some extent, reflected in the data. Of all formations, the TPC Full Members was most active during the adoption of the mandate (2), whereas it was largely absent in

Table 4.4 Signalling activity across the various stages of the negotiation process

	1	2	3	4	5	6
Full Members	3.33	4.71	4.16	4.57	2.83	2.17
Deputies	3.75	4.65	4.00	4.35	3.41	3.18
Services and investment	4.07	4.84	4.00	4.80	3.38	2.92
TPC mean	3.81	4.73	4.03	4.56	3.31	2.92
Standard deviation	1.43	0.77	1.24	0.72	1.37	1.44

Source: Author's own data

⁸These differences were significant in a matched t-test and Wilcoxon matched pairs signed rank test.

the pre-mandate phase and post-negotiations (1 and 6). What is more surprising is the observation that even the TPC Full Members was not as active during the ratification of the agreement as during the negotiations.

From the obtained data, an indicator is constructed that distinguishes those respondents active in the early (proactive) stages of the negotiation from respondents active in the later (reactive) stages. The first three stages of the negotiation process were termed proactive, as they take place before concrete texts are being made available. Correspondingly, the reactive stages were the following three stages identified. For the analysis, a simple sum of the rescaled frequency of signalling across the three stages was used to construct two indicators: proactive (P) and reactive (R). These two measures were then transformed into a single indicator of proactiveness through the following formula $Proactive (ratio) = 50 \cdot [1 + (P - R) / (P + R)]$. The resulting scale equals 0 if a member state was active only in the three latest stages ($P = 0$), while it equals 100 if signalling occurred only in the proactive stages ($R = 0$). In addition to a ratio-based indicator, I also constructed an additive index of proactiveness.⁹ Among the most proactive countries are the Netherlands, Germany, and France, whereas the more reactive countries were Estonia, Luxembourg, and Austria.

Looking at the relationship between the degree of proactiveness and overall signalling behaviour, a slight positive correlation can be inferred from Fig. 4.3. The underlying mechanism suggested that mentioning an issue at an early stage does not automatically result in such interests being defended by the Commission in the ensuing negotiations. Indeed, it is up to the Commission to decide whether it will take these concerns to the negotiating table or not. Signalling one's preferences in the early stages of the negotiations enables a representative to repeatedly bring up the issue should this be necessary. Future research could inquire whether early-stage involvement leads to a greater chance of success in the internal negotiations.

A second proposition stipulated that respondents that are predominantly active during the formal stages employ more collective strategies than respondents that signal mostly during the informal stages. For the

⁹For this variable, the following formula was used: $Proactive (added) = 10 \cdot (15 + P - R) / 3$. A respondent will obtain a score of 100 only if she/he has given the highest value on each of the proactive stages, while attributing the lowest possible scores to the reactive stages ($P = 15$; $R = 0$). A value of 50 will occur when P equals R . Unlike the ratio based indicator, for this measure it matters whether a respondent attributed a high or low score to the different stages.

adoption of the mandate and the ratification of the agreement, collective action is required from the Council. Consequently, we can expect that member states that focus their efforts on these stages of the negotiation will exhibit a greater propensity to use collective signalling tactics. To construct an indicator of the importance attached to the formal stages of the negotiations, the following formula was used: $Formal = 50 \cdot [1 + (Formal - Informal) / (Formal + Informal)]$, with *Formal* being a rescaled average of the two formal stages and *Informal* being a rescaled average of the other four stages, as identified in Fig. 4.1. In the regression model, I also included the Shapley-Shubik index (see supra) as a control variable. The proposition was tested using observations at the level of the individual respondent as well as using country-averaged data. The models are estimated using Ordinary Least Squares (OLS) regression. For the OLS to result in unbiased estimates of the coefficients, it suffices that the errors are independent and identically distributed. Normality is not required but is important for hypothesis-testing. Due to the small sample size, I decided to estimate the errors of the obtained coefficients through

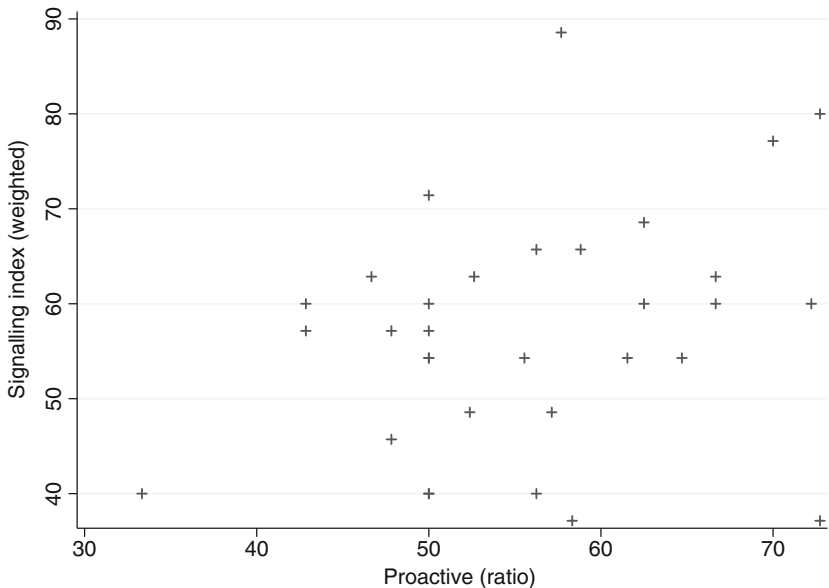


Fig. 4.3 Proactiveness and overall signalling.

Source: Author's own data

a non-parametric method: bootstrapping (Efron, 1979). Bootstrapping involves resampling the data-set by randomly drawing observations from the sample. In this process, observations can be sampled repeatedly. “The population is to the sample as the sample is to the bootstrap samples” (Fox, 2008, 590). The resulting sample counts the same amount of observations as the original sample. This is important to avoid increasing the significance of results due to an inflated sample size. In total, 5000 replications were made for each of the estimations.¹⁰ The standard deviation of the estimated coefficients across these replications is the bootstrapped standard error of the coefficient. The results are depicted in Table 4.5.

The data indicates that respondents that were more active in the formal stages exhibited a greater propensity to use collective rather than bilateral tactics. Recall that the dependent variable, the signalling strategy, takes a higher value if bilateral strategies are preferred over collective strategies. A negative coefficient therefore corresponds with a relative preference for collective signalling tactics. The deviant results from the third column might be explained by the over-determination of the regression

Table 4.5 Collective action and the formal stages of the negotiation

DV	<i>Respondent</i>		<i>Country</i>	
	<i>Weighted</i>	<i>Equal weights</i>	<i>Weighted</i>	<i>Equal weights</i>
Formal	-0.50** (0.22)	-0.47** (0.18)	-0.67 (0.47)	-0.52** (0.26)
Power	58.78** (27.48)	28.13 (21.44)	35.25 (31.40)	10.36 (21.32)
Constant	66.94*** (11.02)	69.48*** (9.18)	76.86*** (24.01)	73.15*** (13.32)
N	32	32	21	21
Adjusted R ²	0.15	0.14	0.26	0.26

***significant at 1 %

**significant at 5 %

*significant at 10 %

Source: Author’s own data and Napel et al. (2013)

¹⁰To calculate the number of required replications, one can also use the three-step approach (Andrews & Buchinsky, 2000). The minimum number of replications as reported by STATA’s “bssize” procedure (Poi, 2004) were well below 5000 in the cases tested.

model. Estimating two coefficients and a constant with only twenty-one observations is not without pitfalls. Still, the coefficient was significant at the 89 % confidence level.

The obtained results might be a consequence of respondents' beliefs regarding the relationship between member states and the Commission. Respondents that are very active during the formal stages are more inclined to perceive the nature of the Council as a collective principal and adjust their signalling strategies accordingly. This explanation resonates well with the comment raised earlier whereby representatives' past experiences determine their signalling strategy. We can speculate that the respondents' perception of the "true identity" of the hybrid principal determines the dominant signalling strategy. I do not consider the causal path running the opposite way as it seems unlikely that representatives would decide to be active in a particular phase of the negotiations due to their preference to engage in bilateral or collective strategies. Further research is required to substantiate the empirical leverage of this explanation.

CONCLUDING REMARKS

This chapter concludes the description of the main dependent variable that is "control". The interviews conducted in the first chapter fostered our understanding of the context in which member states can defend their interest at the European level. The importance of informal decision-making dynamics warrant the chosen survey method. After overviewing the literature, a decision was made to focus on the incidence of signalling rather than the content of such signals. This focus is appropriate given the developed theoretical framework and the limited need for further complexity. Response to the survey was fairly decent and the data proved to be representative of the EU member states.

Two propositions were formulated and tested using the data gathered. The first proposition referred to the effect of voting power on signalling strategies. Voting power could not be associated with the preferences of a respondent to pursue bilateral versus collective tactics. However, alternative hypotheses could be formulated with respect to the various causes of (small) member states' signalling preferences. Thus it was suggested that member states also require the necessary capabilities to engage in collective strategies. Membership to (informal) coalitions could be an important factor thereto. Respondents' personal experiences or their beliefs regarding the relationship between member states and the Commission were suggested as another alternative explanation.

A second proposition addressed the relationship between the stage at which a respondent signals and the preferred signalling strategy. Seeing that the adoption of the mandate as well as the ratification of the agreement require a collective decision within the Council, it was posited that those respondents that are most active during these formal stages have a higher propensity to engage in collective signalling strategies than the respondents that place greater emphasis on the informal stages of the negotiation process. This proposition could not be rejected by the collected data.

A final note regards the selected dependent variable. Using signals as a measure of control is less ambitious than a thorough assessment of the consequences of such signals in terms of policy change. The focus on control as a measure of influence attempts (March, 1955) has the benefit of enabling a feasible design with sufficient degrees of internal and external validity. To assess the potential effect on effective influence, the survey also incorporated a single question with respect to respondents' perception of negotiation success when engaging with the Commission. Both Signalling Indices correlated positively with this measure of "attributed influence." The correlation uncovered was significant at the 95 % confidence level. While this finding suggests that frequent signalling has a positive effect on a member state's influence, caution is due as variation on this indicator was extremely limited.¹¹

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¹¹ Of the thirty-seven respondents that answered this question, twenty-seven responded "regularly." Of the remaining ten, six responded "rarely," and the final four indicated "frequently." The other answering options were not being used.

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Exploring National Trade Administrations

Before developing indicators of administrative capacity, it is crucial to gain a better understanding of how a trade administration functions. How do the member states formulate their position in external trade negotiations? Being one of the most studied policy domains in International Political Economy (IPE), theories abound on the drivers of a nation's trade policy. From this accumulated knowledge, it has become clear that mobilised interests in society play an important, often constitutive, role. Such interests are quite diverse and depend on firms' and citizens' ability to overcome the collective action problem (Olson, 1971).

And thus the literature has drawn attention to the role and importance of import competing interests that try to shield their market from foreign competition (Dutt & Mitra, 2005; Hiscox, 2001; Ladewig, 2006; Milner & Kubota, 2005; Rudra, 2002). To explain liberalisation, it has pointed at the increasing ability of exporters to overcome their collective action problem and lobby for freer trade (Bailey, Goldstein, & Weingast, 1997; Chase, 2003; Destler, 1986; Dür, 2007; Manger, 2009). But this dichotomy between exporters as winners and importers as potential losers has been eroded due to the surge in international fragmentation (Yi, 2003). To export, one must import. Opposing the import-competing firms are retailers and firms that have outsourced part of their production. They stand to benefit from a reduction of domestic trade barriers (Eckhardt, 2013). Parallel to the myriad of economic interests that seek to weigh in on the trade negotiations, we have witnessed an increasing involvement of

civil society organisations (Hocking, 2004; Young, 2007). Following the successful contestation of the negotiations for a Multilateral Agreement on Investment (1998), the public protests at the “Battle of Seattle” during the WTO ministerial (1999), the massive campaigning against ACTA (Dür & Mateo, 2014), and the current mobilisation in light of the TTP; one cannot neglect the importance of civil society organizations in trade policy. In conclusion, the societal actors involved in trade issues have become extremely diverse.

Knowledge on interest groups alone does not necessarily explain a country’s trade preferences. In the end, interest groups do not have the authority to draft and approve legislation. Such authority remains with the state, and it is here that we can discover more substantial comparative cross-country research. In the predominantly quantitative studies, government institutions often act as a filter or a buffer for the influence of societal pressures. In the models thus developed, society and state interact in parliament and within political parties. As a proto-typical example, the “Protection for Sale” model is worth considering. Here, a policy-maker weighs the benefits he/she can obtain (either pecuniary or electoral) from providing protection to societal actors with the overall reduction in aggregate welfare that concurs with such protection (Grossman & Helpman, 1994). The factors determining the relative weight of state and society are assumed to be politico-institutional factors (Gawande, Krishna, & Olarreaga, 2009). Electoral systems (Rogowski, 1987), party discipline (Hankla, 2006; McGillivray & Smith, 1997), and constituency size (Baldwin, 1985; Lohmann & O’Halloran, 1994) have all been associated with an increased autonomy of the state.

All of the explanatory models above were inspired by the American political system and transposed to a wider context of OECD (and developing) countries. Whereas a focus on the legislative system makes perfect sense from an American perspective, when studying the European member states, its adequacy severely diminishes.¹ The member states have delegated authority over the CCP to the European Union. As a result, national parliaments have no direct involvement in the trade policy-making insofar as the negotiations remain within the remit of the EU’s exclusive competency. Few comparative studies exist that focus on the executive.

¹In the United States, US Congress retains full authority over external trade. The decision to grant the President the authority to negotiate on its behalf, the so-called ‘Fast-track’-authority, is limited in time and conditional on congressional approval.

With the exception of a detailed mapping of Latin-American trade administrations (Jordana & Ramio, 2003), existing studies on the EU's trade administrations are either too old (Hayes, 1993) or focus on a single member state (Falke, 2005).²

This chapter develops a comparative political economy that focuses explicitly on the executive rather than the legislative power. The limited information on this subject warrants an exploratory, qualitative research design. In the first section, a topic list for exploratory research is developed on the basis of Comparative Public Administration literature and—when available—applications to trade policy. The second section elaborates the exploratory case-study design and explains the logic behind selecting Spain, Estonia, Poland, and Belgium as pilot cases. The results of the fieldwork conducted are discussed in the third section. A conclusion follows that reflects on the broader implications of the exploratory findings.

TOWARDS A COMPARATIVE APPROACH IN STUDYING TRADE ADMINISTRATIONS

The first stage in the explorative investigation is the determination of a “topic list”: a relatively stable set of questions that will be used in each of the interviews. To identify these questions, other work in executive politics and comparative public administration can provide more leverage. In the end, four topics of inquiry are selected: the involvement of different public actors, the method of coordination, the available human resources, and the relationships between state and society. Each topic will be discussed in more detail below.

Topic 1: Involvement of Different Public Actors

Knowing which ministry assumes authority over trade can foster greater understanding of the internal policy-formation process and ultimately the positions by a member state. The literature on “bureaucratic politics” has emphasised that the position of a public actor is affected by the administrative structure within which one is located, that is: “where you stand

²Gerry Alons also provided an in-depth analysis of the preference formation in France and Germany during the GATT negotiations of the Uruguay Round 1987–1994 (Alons, 2010). Her research focused on the liberalisation of agricultural trade and dealt more with the politicised discussions than the day-to-day administration.

is where you sit” (Allison & Halperin, 1972; Clifford, 1990; Halperin & Clapp, 2006).

A quick glance at the attendance records of the FAC Trade reveals that the responsible line Ministers are largely divided between economic and foreign affairs (Council of the European Union, 2013, 4–5). Seeing that trade policy affects both the regulation of the internal market and the tackling of market barriers abroad, the involvement of the Ministry of Economy should not come as a big surprise. Likewise, the EU’s tendency to use its formidable trade power for a wide range of foreign policy objectives (Meunier & Nicolaidis, 2006, 922) warrants the inclusion of the Ministry of Foreign Affairs (MFA) in national coordination. In addition to these likely suspects, other state actors are also affected by developments in trade policy. The levying of customs duties has long been a task of the finance and taxation ministries. State support for agricultural producers is highly contested in international politics, compelling the involvement of the Ministry for Agriculture. For a comprehensive trade agreement, the European Commission involves up to ten of its Directorates General (EuropeDirect, personal communication, March 2011). The inclusion and relative strength of these different ministries in the national coordination process is a first topic of inquiry for the exploratory analysis.

Topic 2: Coordination Mechanisms

Given the multitude of interests a state can pursue, and given the equally great variety in public actors to defend such interests, coordination mechanisms are important for understanding the outcome of the internal decision-making process. In the study of administrations, the importance of horizontal coordination is uncontested, as it has been designated “the holy grail of public administration” (Peters, 1998). The way in which the member states coordinate EU policies at home displays considerable variation (Kassim, Peters, & Wright, 2000). Coordination not only matters in understanding the policy positions taken but also affects the speed with which a policy position can be formulated (Dimitrova & Toshkov, 2007; Johansson & Raunio, 2010; Panke, 2010a, 2010b; Schout & Jordan, 2005, 2008).³

³Whereas most scholars suggest that effective coordination within the member state will result in more influence at the European level, Angelos Sepos found no significant effect

There are many ministries affected and potentially involved in trade policy-making. Studying the internal coordination processes might thus shed new light on, for instance, the trade-off between foreign and economic policy objectives (see also Copeland, 1996). While I do recognise the possibility of centralised trade administrations that assume full authority over trade, I think that even in these cases, it might be interesting to understand whether and how they interact with other ministries. In this regard, the (dis)advantages of having an isolated trade department has also attracted scholarly attention (Ozdem & Struett, 2009). Following a same rationale, Jordana and Ramío conducted a mapping exercise of the different coordination mechanisms organised in twelve Latin-American trade administrations. They defined three categories of coordination based on the existence of a formal coordinative body and its ability to reconcile diverging interests (Jordana & Ramío, 2003).

EU studies on coordination processes in trade have focused mostly on the various Directorates General of the European Commission (Frennhoff Larsén, 2007; Levermore, Gibb, & Cleary, 2000). National coordination of EU trade policy still remains uncharted territory. This will be the second topic of inquiry.

Topic 3: Human Resources

The aspect of a public administration that has attracted the most attention in comparative analyses is the human and financial capital of which the responsible ministry or department disposes. The number of staff in the permanent representation (Damonte & Giuliani, 2012; Giuliani, 2003; Kassim, Menon, Peters, & Wright, 2001) or the available staff and budget of responsible line ministries (Panke, 2011) are the indicators that are most commonly used.

One specific type of capacity is of particular interest here: the ability to engage in evidence-based policy-making or policy analytical capacity (Howlett, 2009). The importance of integrating (academic) research in trade policy has been emphasised in recent research (see e.g., Tussie, 2009). The use of impact assessments as a tool for governance is but one example thereof (De Ville & Siles-Brügge, 2015; Radaelli, 2009). The quality of input brought into the policy process and the manner in which

when studying the impact of the German and Belgian coordination mechanism on a series of EU directives (Sepos, 2005)

such data has been critically assessed and aggregated determines, to a large extent, whether an administration can accurately derive their interest in a trade negotiation.

As a result, I will focus on human resources in a broad sense. That implies not only the quantity of the trade officials involved in the policy process, but also the training they enjoy, the overall experience retained and the robustness of the policy network in case a trade official should leave the network.

Topic 4: Relation State-Society

The aforementioned institutional approaches to IPE studied how variation in parliamentary systems affects the extent to which the state could act autonomously from societal interests. Succinctly formulated in the protection-for-sale model, policy-makers balanced the contributions from particular interests with the reduction in aggregate welfare. In the discussion thus far, the relationship between state and society has been one of conflict where either societal interests or state interests prevail.

The increasing role of non-state actors in the policy process has often been interpreted as implying the decline of the state (Strange, 1996). State and society are, however, not always caught in an antagonistic relationship, each trying to get the upper hand in a power struggle. Peter Evans (1997) suggested that—while the eclipse of the state might be a possibility—the relationship between state and society also exhibits synergies. Skocpol and Finegold's account of Herbert Hoover's term as Minister of Commerce exemplified an era in which a more cooperative relationship between business partners and government had been enhanced at the initiative of the Minister (Skocpol & Finegold, 1982).

State-society relations have been subject to much research, and a plethora of categorisations have been suggested. Atkinson and Coleman (1989) distinguished between eight typologies, depending on the mobilisation of interests, the autonomy of the state, and the degree of concentration of authority. Next to state-centric and pluralist (or society-centric) models, they also focused on corporatism and concertation⁴ as additional models of state-society interaction. Work by Peter Evans (1995) confirmed

⁴This type of state-society relationship is a collaborative policy-making network in which the state enjoys autonomy and societal interests (and most specifically, business associations) are well represented at the same time. As a typical example of a country where concertative

the intricate relationship between the state and society in Korea as he linked it to their industrial development—a relationship he termed “embedded autonomy.” With this concept he emphasised the autonomy of the state as opposed to capture from society while at the same time being thoroughly embedded in said society. The final topic of inquiry is, therefore, the manner in which trade administrations interact with interest groups in society.

These four topics form the core around which the interview questions are built. In the Annex you can find the complete list of questions. Keep in mind that these questions varied slightly across countries to account for the different contexts and allow respondents to verify, elaborate, or expand on earlier responses. Having identified the different dimensions of the trade administration that will be explored, the next section will elaborate the research design and, more specifically, the member states selected for the pilot studies.

RESEARCH DESIGN

A series of qualitative pilot studies are conducted to gain a better understanding of how the different member states formulate their position on matters of trade. The goal of these pilot studies is to derive a series of indicators that can be gathered for all twenty-eight member states in the second, quantitative stage of this research. With that purpose in mind, I originally selected three member states—Belgium, Estonia, and Spain—in an exploratory, diverse case-study design. Such a design was chosen with the objective to lay bare as much variation as possible (Gerring, 2007; Seawright & Gerring, 2008). An additional, supplementary case was added in a later stage: Poland. Three variables guided the case selection. First, the date of accession: older member states attained more experience with the multilevel decision-making system and may have reformed their trade administration accordingly. A second indicator is size: differences in economic and political weight can give rise to different modes of organising the trade administration due to economies of scale or a larger heterogeneity of economic interests to defend. And finally, I expect that differences in the predominant trade preference (trade liberalisation or trade protection) could affect the way an administration is organised. To classify member states according to this latter dimension, information

networks are common, Atkinson and Coleman referred to Japan during its rapid economic development (Atkinson & Coleman, 1989).

Table 5.1 Country selection for pilot studies

	<i>Belgium</i>	<i>Spain</i>	<i>Estonia</i>	<i>Poland</i>
Date of Accession	1952	1986	2004	2004
Size	Medium	Large	Small	Large
Ideological position	Mixed	Protective	Free Trade	Mixed
Centralisation	Decentralised	Centralised	Decentralised	Centralised
Coordination ambition	Comprehensive	Selective	Selective	Comprehensive

Sources: Author's compilation of data from Elsig (2010); Kassim (2003), and Gärtner, Hörner, and Obholzer (2011)

was drawn from Elsig (2010, 788) (Table 5.1 The result of this mapping can be found in Table 5.2).

As an additional check to ensure that the selected cases cover a large diversity in national systems of trade coordination, I used two indicators from the large cross-comparative research of Kassim (2003) as expanded by Gärtner et al. (2011). Within this research, member states are categorised on the basis of two dimensions—centralisation and the ambition of coordination. Centralisation reflects the presence of specialised institutions within the centre of government responsible for coordination. Centralised systems are characterised by a desire to speak with a single voice. The other dimension, “coordination ambition,” points to the degree to which member states pursue coordinating a position on all issues tabled for discussion (comprehensive) or on only a limited number of such issues (selective). From the table above, it becomes clear that the selected member states—Belgium Spain, Estonia, and Poland—not only show substantial differences across the first three dimensions but also capture all four possible configurations of centralisation and coordination ambition.

Semi-structured interviews are the preferred method for gathering data. The ability to deviate from a fixed list of questions while maintaining focus is desirable to systematically map variation across the cases. Data-gathering took place in Spain (Madrid), Belgium (Brussels), Estonia (Tallinn), and Poland (Warsaw) between May and November 2012 through a series of face-to-face interviews. I received assistance from Miss Katarina Sazonkina in the data-gathering process. She was responsible for the Polish interviews, which were conducted following the same topic list. In total, twenty-six interviews were thus conducted, lasting between forty-one and eighty-three minutes. Respondents were selected to cover the most important ministries. In the majority of cases, the interviewee was the head of the

concerned policy unit, ensuring a comprehensive understanding of their role in the broader policy process as well as the extensive experience from which practical examples can be drawn.

RESULTS OF THE PILOT STUDIES

The cases of Spain, Belgium, Estonia, and Poland will be discussed in sequential order, focusing on the four topics distinguished above. A comparative discussion follows at the end and elaborates the broader lessons to be drawn across the cases.

Spain

[A] Public Actors Involved

In Spain, external trade policy falls under the responsibility of the Ministry of Economy. Within the *Ministerio de Economía y Competitividad*, a Secretary of State (*Secretario de Estado*) is responsible for all matters of trade. One Directorate General is responsible for dealing with external trade (*Dirección General de Comercio e Inversiones (DGCI)*) while another one focuses on matters of internal trade. Trade policy has never had its own ministry since Spain's accession to the EU. Instead, it has always been headed by either a State Secretary or a Secretary General (Interview TO #8). The Secretary of State also represents Spain during meetings of the FAC Trade. This was different before Lisbon, when the MFA or Prime Minister would often be the responsible delegate.

To construct a position on trade, the DGCI relies on a range of sub-directorates to provide the necessary input for the various chapters of the trade agreement under negotiation. More specifically, the sub-directorates on agriculture, industrial goods, and services are responsible for deriving the Spanish position for their respective sectors. In addition, there is a separate cell that focuses on issues of trade defence and tariff measures. This cell also provides assistance with regards to more technical issues, such as rules of origin (Interviews TO #4/5). Finally there are also a set of sub-directorates organised along geographical lines.

External trade—like foreign affairs—belongs to the exclusive competency of the Spanish State. However, a number of areas that feature prominently in trade negotiations (e.g., Agriculture and Fisheries) could necessitate coordination with sub-national entities. In correspondence

with the Ministry of Fisheries, it was made clear that there is a clear differentiation between the federal and regional competences (Personal communication, May 31, 2012). This suggests that authority on trade is highly centralised within a single ministry that is not contested by regional and federal ministries. More in-depth research conducted with respect to the role of sub-national regions in the EU's trade policy confirmed the limited involvement of the Catalonian government (Keirsschot, De Bièvre, and Kerremans 2014)

[B] Internal Coordination

Within DGCI, the sub-directorate for EU affairs is responsible for coordinating and defining the Spanish position on European trade issues. In weekly meetings, the representatives of each sub-unit provide their contribution to the formulation of the Spanish position. Conflicts and priorities are largely dealt with through these internal coordination meetings (Interview TO #2/3/7). In other words, coordination largely takes place within the secretary of state and between the relevant sub-directorates concerned.

Authority on trade is highly centralised within the Ministry of Economy and Competitiveness. Even though boundaries between competencies are strongly respected, the horizontal nature of trade policy necessitates at least some degree of coordination across ministries. This coordination is largely informal and occurs first and foremost at the level of the different sub-directorates. In determining the Spanish position on trade in agricultural goods, the sub-directorate is in constant contact with the Ministry of Agriculture and Fisheries (Interview TO #5). Likewise, the location of the trade administration within the same building as the Ministry of Industry also facilitates the exchange of information.

Moreover, due to the intense interaction with sectorial organisations (see below), the scope for potential conflicts is even further constrained. Significant overlap between the organisations consulted by the various sub-directorates and those consulted by the other ministries reduces the odds that an inter-ministerial conflict would arise. When a conflict does arise, it is mainly due to the setting of priorities. To resolve such conflicts, the MFA steps in as a mediator. Such cases are quite rare and can be quickly resolved through informal meetings (Interview TO #8).

[C] Human Capital

Staff within the Ministry consists mostly out of civil servants with a specialised economic training. These *técnicos comerciales y economistas de estado* are selected through an exam for which the passing rate varies between

10 and 15 %. The second largest group within the trade administration consists of trade diplomats (*diplomados comerciales*). In both cases, the entrance exam is focused on macro- and micro-economics, but the groups differ in terms of the depth of topics to be mastered. The requirements for trade diplomats in terms of economic expertise are less challenging (Interview TO #2). A third, significantly smaller group is the SOIVRE. This corps is tasked with quality assessments of imports and exports and often has a background in the more exact (bio)sciences. Their expertise within the trade department is largely located on the Sanitary and Phyto-Sanitary measures as well as the discussions on the technical barriers to trade.

Overall, the average length of experience is well above ten years. As one respondent replied, “It almost takes two, 3 years before you can really contribute” (Interview TO #4). While this can be a challenge for the trade diplomats who are involved in a rotation system, respondents indicated that the mobility of staff can also facilitate the creation of knowledge networks. In the first place, this occurs between the different sub-directorates, but opportunities also exist to act as a trade liaison officer in alternative ministries or to be part of a foreign mission as a trade official. Personal networks are easily created this way (Interview TO #2). Recently, a new cell has been created that deals exclusively with the assessment of trade policy through the analysis of (trade) data. This was deemed helpful to foster the professionalisation of the ministry and undergird policy choices with impact assessments (Interview TO #3).

[D] State-Society

Following the strong division of tasks within the trade administration, most sub-directorates have constructed their own network to engage with private actors. There is, however, a fixed list of some thirty sector-wide organisations that are given a privileged status. These organisations are acknowledged as representative of the Spanish interest in a given sector and are therefore consulted frequently for defining the Spanish interest in trade policy debates. Contacts with these associations are frequent and informal. Often it takes the form of a quick phone call, but meetings are also regularly established. Active lobbying from individual firms occurs less frequently, as they lack the legitimacy on which the sector wide associations can rely (Interview TO #7).

Similar to the Civil Society Dialogue initiated by the European Commission, the Spanish administration has increased its consultation with civil society organizations. To this end, it established the *Comisión*

Consultiva de negociaciones comerciales internacionales in 2008. This commission acts as a platform to exchange information on the general direction of European trade policy. It convenes minimal twice a year and is the main consultative body with the broader civil society. Taking part in these meetings are labour unions, non-governmental organisations (NGOs), business interests, and academics (Interview TO #3).

Belgium

[A] Public Actors Involved

The Belgian trade administration is characterised by a high degree of fragmentation. Competencies on trade are divided horizontally across different ministries and vertically between the federal and regional level. The main authority is situated within the MFA, which coordinates the national position. The Directorate General for European Affairs (DGE) within this ministry organises coordination meetings, participates in the various formations of the Trade Policy Committee, and acts as the main contact point for the European Commission.

The MFA largely relies on other ministries for substantive input ministry is of particular importance thereto—the Ministry of Economy. In the past, authority on trade was located within this ministry. Nowadays, they still retain a large part of the technical expertise on trade and continue to play an important role in the policy-making process. Next to providing input on the more technical issues, they also prepare and monitor trade defence and represent the Belgian position in different Council working group meetings (e.g., the WPTQ, various ITMs, or the Market Access Advisory Committee).

The regions also play an important role. With the Lambermont Agreement of 2001, authority on trade policy was shifted from the federal government to the three regions (Wallonia, Brussels, and Flanders) of Belgium. While the regions have extensive competencies on trade policy, the emphasis is largely placed on trade promotion. They have full authority over the international network of trade representatives. The regions are also involved in defending the economic interests of their region within the DGE coordination meetings. The coordination process between regions and federal ministries is horizontal, as all attend these meetings as equals (Interview TO #10). Other ministries, such as the Ministry of Agriculture (located at the sub-national level) or the Ministry of Justice, take part in the coordination if there are specific issues that are of particular concern to them.

[B] Internal Coordination

It is important to start the discussion on the Belgian trade administration by emphasizing that DGE is a directorate within the MFA in charge of organising coordination meetings on a range of European policies. For trade, this is done by a small sub-unit (i.e., DGE5). This unit is in no way comparable to the Spanish DGCI. With only a few employees, it fulfils a largely coordinative function.

The central locus of trade policy-making in Belgium is the coordination meeting of DGE. These take place on a Thursday before each meeting of the Trade Policy Committee. For these meetings, all regional and federal ministries (cabinets and administrations) are invited. Mailing lists are being used that include liaison officers in all the ministries (both regional and federal). Consequently, if issues would pop up in which, for example, the Ministries of Culture have an interest at stake, they can participate at the coordination meeting (Interview TO #9). Based on the items on the agenda, the ministries decide whether they will attend to defend certain positions. While more than thirty people are invited to such meetings, regular attendance (outside the chairs) is limited to the regional trade administrations, the Ministry of Economy, the Ministry of Finance, the MFA, and the Agricultural ministries. In the end, between ten and fifteen people generally attend the meeting (Interview TO #12). The attendance and frequency of these meetings varies according to the agenda. Decisions are generally taken by consensus. In case this cannot be achieved in such a coordination meeting, a working group composed of the different ministerial cabinets is convened to strike a deal at the political level. In case they cannot agree, Belgium abstains from any vote. According to a senior respondent, this has not occurred during her ten years in office (Interview TO #10).

The strength of the (informal) network is crucial for Belgian policy-making. All information DGE obtains from the Commission is circulated to a "trade-mailing list" involving all trade experts in the different departments (Interview TO #10/24). Input and reaction from other ministries are essential in deriving the Belgian position. The agendas of and positions taken in these working group meetings are also circulated to other ministries and open for feedback.

In addition to participation in the coordination meeting, DGE can also create ad-hoc working groups to monitor a specific trade issue in more detail. In the case of the ACTA agreement, staff from the Ministry of Justice was joined by trade experts of the Ministry of Economy and DGE to draft a detailed report on the strengths and weaknesses of the ACTA

agreement for the Belgian economy (Interview TO #10). Coordination also takes place to a lesser extent within the regional ministries responsible for trade policy (Interview TO #12)

[C] Human Capital

The decision to hire staff is the responsibility of the separate ministries. Consequently, it is difficult to speak of a unified entrance exam or a specific profile of the staff employed. As DGE is mainly staffed by diplomats, the administration is subject to recurrent changes. At the time of conducting the interviews, two staff members of DGE were in the process of leaving the unit to assume a position in one of the Belgian foreign missions. However, many of the positions they rotate to (or from) are trade-related, and senior staff often comes back to the national administration.

Most of the delegates representing their ministries have long-standing experience in the area of trade. In addition, the majority of policy units in the various ministries dealing with trade also consist of more than one staff member, enabling on-the-job training in the shadow of a more experienced expert. This does not apply to all ministries though. Especially representatives from ministries that have only recently been involved in the trade coordination process are limited in staff. At the time of my fieldwork, the Flemish trade administration consisted of a single expert responsible for overseeing all aspects of the trade agenda. At the same time, he was in charge of coordinating with societal actors, representing the region, and coordinating among the different Flemish ministries (Interview TO #12).

[D] State-Society

Interactions between state and society occur at the discretion of the different ministries. The general starting point in a new trade negotiation is the *Interministerial Economic Conferences* (IEC), which act as an important first step in formulating the nation's economic interests. These IECs are a—relatively—recent initiative by the Ministry of Economy and have become standard practice for each (large) trade negotiation the EC proposes to initiate. The senior official responsible for trade within the ministry started organising these meetings, as he considered it appropriate to use the available expertise and capacity within his administration to develop a comprehensive overview of the economic interests at stake in potential negotiations (Interview TO #11). Starting from a statistical analysis of available data, business associations are invited to provide input in defining and refining the offensive and defensive interests Belgium has

in the negotiation under study. Other ministries are also invited to attend these conferences, although they have little incentive to do so, as they also participate in the eventual coordination meetings at DGE (Interview TO #12). The report that comes out of such an IEC is an important tool to define the Belgian interests at an early stage of the negotiation, but it also acts as an important reference work throughout negotiations.

Making abstraction of the IEC, consultations with stakeholders are largely organised at the discretion of the involved administrations. Each ministry relies on its own network and correspondingly consults most intensely with those groups active in their respective domain. Consultations occur frequently at the initiative of the ministry. Most of the time, these involve national business associations; only rarely do discussions occur with individual or multinational corporations. The Ministry of Economy also disposes of a large database of registered firms to assess the salience of specific initiatives. This database can also be used proactively to solicit input from potential stakeholders in the absence of a vocal business association. For a specific trade dispute, the administration used this register to contact companies (many of them SMEs) to inquire into the Belgian interests at stake (Interview TO #11). Since DGE has a largely coordinative function, direct input from business associations is somewhat limited.

Also at the regional level, large business associations are active within the policy process. The main institution with whom the Flemish administration engages is VOKA.⁵ Through cooperation with the policy unit within VOKA, the administration obtains more detailed information on the priorities and interests of Flemish business (Interview TO #12). More recently, attempts were also made to integrate the expertise of the Flemish trade promotion agency “Flanders Investment and Trade” in the Flemish policy network. The underlying motivation being that they are confronted most directly with the concerns and questions of the—often smaller—exporting firms.

Estonia

[A] Public Actors Involved

Prior to the accession, Estonia had a separate Ministry of Trade. Repeated reforms have continued to decentralise competencies on trade resulting

⁵This is a large umbrella organisation covering many different sectors and counting over 18,000 companies among its members, and covering twenty-nine business associations and greater than 65 % of Flemish employment.

in various ministries being responsible for different parts of the agreement. Currently, the main authority on trade policy lies with the MFA. Representatives in TPC Full Members and TPC Deputies also hail from this unit. With regards to trade in services, it is the Ministry of Economy that takes the lead. Consequently the TPC S&I is attended by two representatives. The Ministry of Economy is also responsible for trade defence and representation in the WPTQ.

In general, competences are clearly distributed according to the various chapters of a trade agreement. The Ministry of Agriculture provides input when it concerns the products belonging to the first twenty-four chapters of the Harmonised System product classification. Non-agricultural manufactured goods, technical barriers to trade, and trade in services belong to the Ministry of Economy. The chapter on intellectual property rights belongs to the Department of Justice. Public procurement is covered by the Ministry of Finance. And insofar as tariff rates are concerned, the Estonian administration depends on a separate agency: the Customs and Taxation Board (Interview TO #14). The number of ministries actively involved can go up to six or seven when we are dealing with deep and comprehensive free-trade agreements (Interview TO #12).

[B] Internal Coordination

Coordination for the TPC meetings is the responsibility of the MFA. Within this ministry, the workload is divided according to the geographic areas in which the EU is actively negotiating trade agreements. One person covers, for example, all the Asian trade negotiations (Interview TO #13). When the agreement appears on the agenda of the TPC, or as soon as concrete texts are circulated for feedback, it is the responsibility of this official to draft a position and request input from the relevant ministries. Internal coordination largely occurs through telephone or e-mail correspondence. Generally this takes the form of a "cookie". That is, for each point on the agenda, a brief history, along with a draft position, is prepared. The ministries can then suggest amendments or provide input where so requested (Interview TO #14).

Only exceptionally do—bilateral—meetings occur. The process is also more closed, and ministries rarely openly discuss or overrule positions formulated by other ministries (Interview TO #12). Whereas all the respondents were familiar with the MFA, they barely knew the other trade experts in the different ministries. The Estonian process of coordination

is more closed in comparison to the Belgian case, as it is left at the discretion of the MFA to decide which ministries are to be contacted for input (Interview TO #15). However, for most issues, there is a clear division of tasks among the ministries.

In the eventuality that conflicts arise, no formal methods of conflict resolution could be recalled. Conflicts are exceedingly rare—due to not only the clear division of tasks but also the common adherence to an “open-minded, liberal trade agenda.” Adjustments to the aforementioned cookies often take the form of a further specification or a more technical wording.

[C] Human Capital

Within the MFA, policy officials are all diplomats. This implies that they change position every three years. This presents a challenge to the acquisition and retention of expertise and experience on trade policy-making (Interview TO #13). Alternative career paths are being investigated to address this issue and enable rotations within a specific policy field.

With the exception of the MFA, most trade officials are public servants. They have relatively stable careers within the ministries. One respondent indicated she had been in charge of trade policy for more than twenty years. If she would leave the office, the administration would be hard-pressed to find a suitable replacement (Interview TO #17). The trade cell in these ministries often comprises one or two staff members knowledgeable on the particular trade topics. Within the Ministry of Economy, four people were still working on the EU’s trade policy (including trade defence).

Moreover, respondents indicated that policy formation on trade-policy issues is but one of the many tasks to be fulfilled. An Estonian respondent explained that almost 50 % of her workload consisted of implementation work. This does not involve only assessing the conformity of new trade regulations with national law or overseeing its implementation but also public service provision. As experts in their field, they are also the main spokespeople for the public at large. Officials are often approached with questions from businesses about applicable trade rules or need to update the ministry’s website (Interview TO #14). Finally, for those ministries in which trade plays only a minor role, the staff is also involved in multiple policy networks. In that case, the civil servant’s time needs to be spread across different topics.

[D] State-Society

To consult with societal stakeholders, the MFA organises a roundtable twice a year. At these events, the administration presents the important developments in trade policy and invites societal stakeholders to voice their concerns or interests.

Outside of these roundtable meetings, input from society is often limited. Acknowledging the importance of input from business associations, the respondents frequently reach out. Unfortunately, little response ensues (Interview TO #14). The small scale of the country makes the financial basis to sustain a business association with sufficient policy capacity on trade too narrow (Interview TO #14/16/18). The main exception is the Chamber for Commerce and Trade. This umbrella organization supports trade policy in two ways—firstly by providing input on many recurrent issues, but also more structurally surveying their members' preferences on a specific policy issue its members' preferences on trade through a (web) survey.

However, at the same time respondents acknowledged that in a small country like Estonia one can easily identify the affected firm(s) responsible for bilateral exports based on basic statistics. In that case, a quick phone call can help to identify the firm's—and thus the national—interest (Interview TO #14).

*Poland**[A] Public Actors Involved*

In Poland, the Department of Trade Policy within the Ministry of Economy prepares the Polish position with regards to the EU's external trade policy. Even though the Treaty of Lisbon led to the inclusion of foreign investment in the EU's CCP, a different department remains responsible for investment (Interview TO #19). For international trade negotiations, internal coordination between the various departments within the ministry is required.

Other ministries are also involved in the policy-making process. Similar to the Belgian and Estonian cases, various “secondary” ministries have trade departments that contribute to the formulation of the Polish position in trade. The Ministry of Agriculture is one such example. The MFA also plays a role, although this is largely a coordinative function to ensure coherence across the various European policy initiatives in which Poland

needs to take a position (Interview TO #20). The Ministry of Finance as well as the Treasury also contribute regularly. The latter's involvement is required when trade from state-owned producers is affected by a trade negotiation.

Finally, the Polish Parliament has to be consulted in advance of defending a position at the Foreign Affairs Council (see *infra*). While they have an opportunity to raise questions on the positions defended, their consent is required only when a piece of legislation needs to be approved.

[B] Internal Coordination

Two different coordination processes are in place depending on the level of the discussions. (1) For the TPC meetings the line ministry (i.e., Ministry of Economy) is responsible for the coordination process. The applied process is quite similar to the Belgian case, albeit less open for participation. Once the agenda for the upcoming TPC meeting is known, a draft position is developed within the Ministry of Economy. This draft position is then forwarded to all the relevant ministries and agencies for additional input. Based on the provided input, a new position is drafted, which is circulated again to the other trade experts. These can—if so desired—still request adjustments during a coordination meeting that convenes on the Thursday before the scheduled TPC meeting. In the event that the conflict cannot be resolved during this meeting, the issue is referred to an interministerial body. Respondents indicated that this occurs rarely (Interview TO #19, #21).

(2) In preparation for COREPER II and FAC meetings, coordination follows a different procedure. Here, the *Komitet do Spraw Europejskich* (KSE) within the MFA assumes responsibility for the coordination process. By law, all meetings of COREPER and Council need to be prepared by this committee. The committee also informs the Polish Parliament of the formulated position before the meeting in Brussels takes place. Coordination within the KSE occurs at the ministerial level. In this case, the line ministry forwards a draft position to the KSE, which invites comments from all directors in the different ministries responsible for EU policies. These directors, then, need to consult internally to identify any concerns. The risk in this procedure lies in the many chains that need to be passed before the trade experts are actually consulted. A respondent explained, “It occurs quite often that we receive a draft instruction at 8.30 in the morning and we have 30 minutes time to voice concerns or to propose some modifications” (Interview TO # 21). Moreover, a pro-

posal for modifications requires ministerial approval, tightening the time constraint. Consequently, secondary ministries try to influence the policy formation process within the line ministry in advance of the KSE coordination. The majority of this coordination takes place through written procedures. Again, only few instances of internal conflict could be recalled.

[C] Human Capital

As a large part of the decision-making process occurs in a decentralised manner, to grasp the available human capital within the Polish administration requires a case-by-case assessment of the involved ministries. As highlighted above, the Department of Trade within the Ministry of Economy has the largest responsibilities and expertise in trade and consists of some twenty-six members. With the exception of a few people who acquired experience in foreign posts (Geneva, Paris, or Brussels), the majority of current staff are young graduates with limited prior experience within the public administration (Interview TO #19). Trade departments in other ministries are considerably smaller. There are some seven staff members within the Ministry of Agriculture working on trade subjects. In the MFA, only a coordinative function is applied and the number of staff is correspondingly quite limited. Here, most experts have a background in international economic relations.

[D] State-Society

The coordinating units (both within the Ministry of Economy and the KGE within MFA) rarely consult directly with societal stakeholders. This is left to the sub-directorates within the Ministry of Economy and the secondary ministries. Polish respondents indicated a limited input from business associations. Mainly because they are not aware of what is going on. Hence, the quality of input could be substantially improved. A respondent recalled, when trying to solicit input, that “they really did not have much to say apart from claiming: ‘well, it is very complicated ... the Ministry should do what is best for our interest. We do not have the knowledge, the expertise’” (Interview, TO#21). Other respondents were less clear-cut with regards to the way in which interaction with societal interests take place. When reflecting on the overall functioning of the administration, a respondent was generally positive but pointed out that “there is a lot of copy-paste. It would be nice to involve more direct major stakeholders” (Interview TO #19). When input is limited, policy positions are generally constructed on the basis of previous knowledge.

The limited involvement of societal actors confirms earlier findings by McMenamín, who, upon studying Polish business associations, argued that they had to be built from the ground up after former Communist rule and are thus not accustomed to actively lobbying their government (McMenamin, 2002).

Summarising the Exploratory Case-Study Analysis

The case studies reveal considerable variation across the different topics identified. The findings are summarised in Table 5.2 and will be discussed in more detail below.

With regards to the involvement of different public actors, the most apparent distinction between the various cases is the degree of centralisation of trade authority and trade expertise. In Spain, such authority is largely centralised in one State Secretary. In Poland, the Ministry of Economy wields considerable authority while at the same time being dependent on other ministries for input on trade issues; finally, in Estonia and Belgium, the MFA is largely responsible for coordinating a national position and representing the country in the TPC. The scope for overlapping competencies was clearly limited. Nevertheless, in the case of Belgium, such scope exists due to the regionalisation of trade authority.⁶ In Poland minor overlap was present with regards to the authority to coordinate and represent the national position.

The second topic identified was the coordination process among the affected ministries. Here, variation can be observed on three dimensions. Firstly, there is the method of coordination and the extent to which such coordination is formalised. In Belgium and Poland, weekly meetings take place in person a day before the TPC Deputies convene. In Estonia, such coordination largely occurs through e-mail and phone correspondence. In Spain, the decision to consult the other ministries is facultative and is the responsibility of the sub-directorates general. A second dimension of variation in the coordination process concerns the nature of coordination. In Spain, the line ministry has substantial discretion in the choice of whether

⁶The open, horizontal, method of coordination ensures that any regional interest can be defended in DGE's coordination meetings. There are for example the regional ministries of agriculture or the regional ministries of culture and education that can attend the coordination should they so desire. The existence of a separate ministry for trade policy at the level of the regions creates overlapping competencies without strengthening the policy network.

Table 5.2 Summary of qualitative fieldwork

	<i>Spain</i>	<i>Belgium</i>	<i>Estonia</i>	<i>Poland</i>
Public actors		Low	Low	Medium
1. <i>Centralisation</i>	High	Overlapping competencies	Clear division—risk of gaps	Overlap in coordination
2. <i>Competencies</i>	Clear division	Formalised weekly meetings	MFA asks input—mail and phone correspondence	Formalised weekly meetings
Coordination	Ad hoc at discretion of sub-directorates		Aggregation	
3. <i>Method of coordination</i>			Ad hoc	
4. <i>Nature of coordination</i>	Consultation—reaffirmation	Negotiation		Consultation & negotiation
5. <i>Conflict resolution</i>	MFA mediates	Ministerial discussion to decide		Ministerial coordinating body (KGE)
Human Capital	Large	Medium	Very small	Medium
6. <i>Number of staff</i>	Technical and diplomatic corps, life-long career in trade possible	Diplomats (MFA) & Civil servants	Diplomats (MFA) & Civil servants	Civil servants, limited experience
7. <i>Training & experience</i>	High	High	Low	Low
State-Society	Mixed	Mixed	State-driven	State-driven
8. <i>Presence of business associations</i>				
9. <i>Interaction</i>				

Source: Author's own data

to incorporate the provided input in a resulting compromise position. In Poland, an explanation is required from the line ministry when deciding not to take the input on board. However, if the Ministry of Agriculture, for example, does not agree with the provided explanation, it can still invoke (ministerial) conflict-resolution procedures (see *infra*). Coordination in such case takes on the form of a consultation. In Estonia, the different positions are largely aggregated without much discussion. Here, the ministries formulate a joint position through coordination-as-aggregation. Finally, the Belgian coordination process is one of “horizontality,” which means that all ministries—regional or federal—are treated as equals. A consensus needs to be struck between the various ministries.

All participants of the meeting can openly discuss issues they consider of relevance to their ministry. Input is thus not merely aggregated by the coordinating body but put up for discussion. This represents coordination-as-negotiation. Thirdly, variation could be noted regarding the manner in which conflicts are solved. Whereas the Estonian respondents could not recollect formal mechanisms, there was a clear procedure to be followed in the Belgian and Polish cases. In Spain, a mechanism existed, but this felt more like an informal rule of procedure. The reason for such “vagueness” is the limited number of cases in which internal discord would amount to highly political discussions.

Next to the involved ministries and the coordination process, variation was also found with respect to the available human resources in the administrations. Here, the contrast between small and large member states did play a role. Whereas in Spain, Belgium, and Poland, policy units in different ministries consist of multiple experts, this proved to be less the case in Estonia. In addition to the number of staff, the time such staff can devote to matters of trade policy-making varies. Differences also existed with regards to the amount of experience and training that officials could gather “on the job.” The obligatory rotation for diplomats was repeatedly cited as a challenge to acquire and maintain expertise. In most of the cases, this problem was remedied by rotating within similar positions, such as the missions in Geneva, at the WTO, or embassies to important trading partners.

A fourth and final topic concerns the manner in which the trade administration interacts with societal stakeholders. From the fieldwork, it became apparent that there is a large difference between the member states, both in terms of the capacity of business associations to provide useful contributions to the policy process and the way in which the administrations

engage with societal actors. The focus of existing IPE scholarship on the dominant, constitutive role of interest groups somewhat wavers in light of the Estonian and Polish cases. Whereas the limited involvement of Estonian business associations could easily be explained based on the relatively small size of the economy, the Polish case suggests a more profound cleavage. Research has shown that societal organisations are less involved in policy-making in the eastern member states (Sissenich, 2010). The cases confirm this finding. Moreover, variation was also discovered in the manner in which state-society interaction takes place. In almost all of the cases, policy-makers decided to consult with stakeholders and often decided on a case-by-case basis whether to follow the advice of the interest groups—a finding that echoes earlier research by Cornelia Woll when describing the Commission’s relationship with business associations (Woll, 2009).

CONCLUSIONS

How does a trade administration derive its interest in a given negotiation? To address this question, I noted that the available IPE literature has its limitations. While acknowledging the importance of societal interests, it failed to provide insights into the process by which such interests are aggregated in a trade administration. Insights from legislative processes are not particularly useful in this exercise. For these reasons, exploratory case studies drawing on semi-structured interviews were deemed appropriate. Ultimately, four cases were selected: Belgium, Estonia, Spain, and Poland. The interviews in these member states have enabled me to paint a more detailed picture of the trade administration.

The resulting findings cast new light on what has been called one of the first dominant research paradigms in IPE: “Open Economy Politics” (OEP) (Bates, 1997). This paradigm stresses: “a uni-directional conception of politics as flowing from individuals to interstate bargaining” (Lake, 2009, 225). It generally begins with the identification of interests within society and continues to look at how domestic institutions affect the aggregation of such interests, ultimately resulting in a policy position defended at the international level. The combination of an explicit comparative focus with a political economic explanation of the policy-formation process has enabled the identification of a wide array of institutional determinants of trade policy.

The findings from Estonia and Poland call a key tenet of this model into question: the existence of mobilised interests. This observation reinforces

the need for a greater comprehension of the functioning of a trade administration both in the presence and—more importantly—in the absence of mobilized interest groups. Whereas the Belgian and Spanish administrations confirmed frequent interactions with sectoral organisations, also in these cases did the “uni-directional conception of politics” waver in light of the evidence. Indeed, it occurred quite frequently that a (sectoral) administration would decide on whom to consult and when.

Clearly, these findings do not necessarily invalidate the entire OEP paradigm. Nevertheless, they do hold two implications. Firstly, they suggest that we need to question the generalisability of the central role attributed to mobilised interests in EU trade policy. That is not to say that interest groups do not matter, but rather that their importance or input should not be taken for granted, as their involvement can vary from country to country. Secondly, the findings further stress the importance of understanding how positions are determined not in insulation from but in the absence of mobilised interests. Luckily, the chapter provides some clues as to the relevant mechanisms. The scope for path dependencies was already suggested by the Polish Trade official who spoke of “copy-pasting.” Alternatively, the role of ideology and tradition was brought up in the case of Estonia, where respondents often referred to their tradition of openness as facilitating policy-making through the existence of a “default position.” A final example concerns the role of data, research, and impact assessments in formulating trade policy positions. In each of the pilot studies, reference was made to the use of (basic or detailed) trade data as an important starting point to identify national interests. The organisation of a new data unit in Spain to conduct impact analyses, or the use of a detailed firm-level database in the case of Belgium, can further support the policy-making in the absence of mobilised stakeholders. This sub-theme will be explored further in the following chapter when a set of indicators on the role of state-society interactions will be gathered for a wider set of member states.

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Measuring Administrative Capacity

The fieldwork conducted in the previous chapter already revealed that, to grasp the capacity of an administration, we cannot limit our focus to the responsible line ministry. In many member states, the trade administration is not a monolithic entity but rather a complex network of experts dispersed across a wide range of public and private actors. As a result, relying on straightforward measures such as the (sub)directorate's budget or the number of staff it employs creates a bias in favour of the centralised administrations. To account for this diversity, a more holistic approach is required. To this end, the notion of the policy network will be used as a mnemonic device. The first section elaborates the added value to be obtained from such a conceptualisation. The second section focuses on identifying the factors contributing to the performance of the trade policy network. Where appropriate, the underlying assumptions regarding the drivers of network performance have been specified. The resulting outcome of this discussion is a small survey instrument and a set of five propositions that help to gain additional insight into the obtained survey data. The data-gathering process is explained in the third section. A web survey was combined with phone interviews. In the fourth section the gathered data is described and the proposition put to the test. The resulting findings are summarised in a final section.

MAPPING THE TRADE ADMINISTRATION AS A POLICY NETWORK

To account for the variation in organisational forms, the conceptualisation of the administration as a policy network will be used as a starting point (Atkinson & Coleman, 1989). The search for comparative measures of monitoring and deriving capacity is thus preceded by the question of what determines the performance of the policy network. But before reaching that point, it may be best to elaborate the conceptualisation of the trade administrations as a network first.

Policy networks are considered here not as a specific functional form or a metaphor but as a general template, a generic model or algorithm from which we can deduce a plethora of organisational forms (Isett, Mergel, LeRoux, Mischen, & Rethemeyer, 2011, 168). The choice of this interpretation of policy networks, rather than the more popular “network governance” approach, is driven by its wider, inclusive perspective. The different actors involved in trade-policy making (both public and private) are related through a large variety of hierarchical and non-hierarchical relationships. Confining the analysis to study only the latter type of network ties would reduce the empirical validity of the concepts being used.¹

Drawing inspiration from the method of social network analysis, it is possible to distinguish the three primary components of the policy network; these are the nodes, attributes, and ties. The nodes correspond to the different actors potentially involved in the network. The attributes

¹I prefer, however, to refrain from using the notion of “governance” for an additional, more pragmatic reason. Already from its inception, governance has carried many interpretations and connotations, a problem also recognised by many of its main proponents (see e.g., Börzel, 1998, 2011b; Rhodes, 1996). One such interpretation that has been used quite frequently in the literature is the focus on governance as the opposite of government (Bell & Hindmoor, 2012). In this view, governance reflects a “*continuum ranging from the most dominated by the state to those in which the state plays no role*” (Pierre & Peters, 2005, 11). This is at odds with the positive-sum game that characterises much of the interaction between state and society. The stronger inclusion of non-governmental players does not mark the retreat of the state (Strange, 1996) or the advent of a governance without government (Rosenau & Czempiel, 1992); rather it marks a change in the role of the state in the policy process. The state increasingly fulfils the role of a meta-governor, assessing potential weaknesses in the policy-network and seeking adequate remedies (Bell & Hindmoor, 2009; Sørensen & Torfing, 2009).

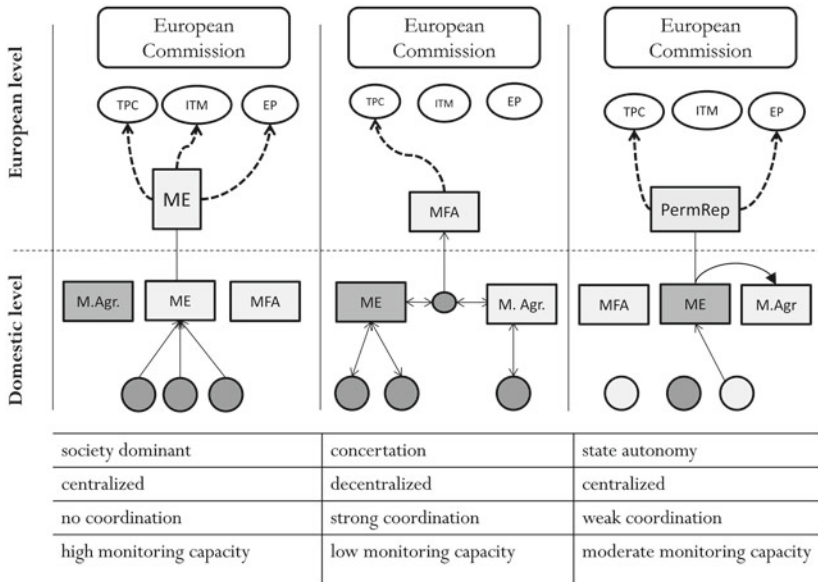


Fig. 6.1 Deriving administrative indicators from the policy network

reflect the different characteristics of these actors. Finally, *ties* refer to the relationship between the different nodes. By inquiring into the actors involved, their characteristics, and the relationships between them, we can form a complete picture of the functioning of a (trade) administration. This is depicted graphically in Fig. 6.1.

The three panels draw inspiration from the differences discovered in the pilot studies of the previous chapter and seek to provide a simplified, stylised depiction of the policy network. In the examples, I assume three ministries (squares) to hold some authority or expertise on trade policy. These are the Ministry of Foreign Affairs (MFA), the Ministry of Economy (ME), and the Ministry of Agriculture (MAgr). The representative at the European level can monitor the Commission through a variety of sources. In the depicted schedule, three such sources were indicated: participation at the TPC, attendance to the ITMs, and consulting with European Parliament (EP). Societal interests (circles) also play an impor-

tant role in the policy network as they are best suited to provide more information regarding the likely effects of a trade agreement on their specific sector. Will the gain in market access be sufficient to offset potential losses? Can the sector withstand international competition? Variation across the cases is visible with regards to the ministry representing the member state, the existence of a coordination process (the middle panel), and resource munificence. A high availability of resources is indicated by a darker colour.

When looking at the actors involved in the policy network, their capacities, and the relationships between them, we can map a plethora of characteristics of the trade administration. By counting the number of public actors that play a constitutive role in deriving or defending national preferences, a measure of (de)centralisation can easily be obtained. The example in the left panel of Fig. 6.1 represents a highly centralised administration—as we have seen in Spain—whereas the central panel depicts a more decentralised system such as Belgium. Horizontal coordination or lack thereof becomes apparent when studying the ties between the public actors in the policy network and can range from a complete lack of inter-ministerial coordination to weekly coordination meetings. As the pilot studies have shown, variation also exists with regards to the business association's resources and the quality of their input. Additional dimensions of administrative variation can easily be derived if we take into account that attributes might also distinguish between national, sub-national, and supranational actors; between foreign and domestic interest groups; or between representative and executive roles.

These examples serve to illustrate that by focusing on the nodes, ties, and attributes, it is possible to construct a wide range of second-order indicators regarding the trade administration. The crucial challenge remaining is to identify which indicators contribute to high administrative capacity. Applied to the context of a policy network, we can rephrase our question thus: What determines network performance? Keeping in mind the definition of administrative capacity formulated earlier, a network performs well if it can monitor and accurately derive the domestic interests at stake. While the notion of network performance is quite old (see e.g., Provan & Milward, 1995), it has taken some time before public administration scholars have turned their attention to the subject.

OPERATIONALISING ADMINISTRATIVE CAPACITY

Most authors studying network performance have focused on networks for policy implementation rather than policy-making (Lecy, Mergel, & Schmitz, 2014). Consequently, some of the factors of network performance that are being forwarded below find less (empirical) support in the existing literature. Simplifying assumptions are therefore made to enable a clear selection of variables.² For each of these variables, a concrete set of questions is derived based on the pilot studies elaborated in the previous chapter. Remember that two components of such capacity were identified. On the one hand, there was the capacity to monitor the Commission while, on the other hand, there was the ability to derive a national position in an on-going trade negotiation. Each will be discussed separately below.

Monitoring Capacity

To monitor the agent during a negotiation, the Principal-Agent model has emphasised the importance of various reporting mechanisms. In line with the network approach elaborated above, the frequency with which these sources are consulted relates to the existence and strength of the ties. For many external trade negotiations, member states cannot monitor the Commission directly, as trade is an exclusive competency of the EU. This also applies to so-called Deep and Comprehensive FTAs, where topics touch both member states' and union competency. For these agreements, the trade components of the agreement are negotiated separately from the issues that fall under member-state competency (EuropeDirect, personal communication, April 18, 2013). Member states, therefore, depend primarily on different indirect channels to obtain information on the agent's behaviour. Seeing that each of these sources can divulge new information, a larger diversity of sources can help to clear out the information asymmetry between principal and agent.

Assumption 1 A larger diversity of sources consulted with regards to the Commission's action in negotiations contributes to a higher monitoring capacity.

²Evidently all of the assumptions made can be subject to discussion. Nonetheless, it is important to keep in mind that the existing measures of administrative capacity all assume the existence of a central administration, thereby creating a bias vis-à-vis the many decentralised trade administrations.

To map the proficiency of the information network at the administration's disposal, it is primordial to identify the various sources that can be consulted to obtain additional information on the actions and efforts made by the Commission during negotiations. Based on the interviews in Chaps. 2 and 5, thirteen sources language categorised in four groups.

The first group of sources from which information can be gleaned is the European Commission itself. Through the briefings of DG Trade within the TPC meetings, the member states can obtain first-hand information with regards to the status of the negotiations, the positions taken, and the strategies applied. More recently, informal technical briefings (ITMs) are also organised in the wake of a negotiation round. Attendance to such briefings tends to vary, and since no written report is being supplied, absence can easily lead to an informational disadvantage (Interview TO #23/25).³ Respondents indicated that, in general, the Commission maintains an open relationship with the member states and provides ample information. However, at the same time, they had the impression that the Commission only discloses information that it considers relevant, occasionally retaining sensitive information (Interview TO #23/28). The Commission provides the same information to all principals. While not discriminating in its communication vis-à-vis the different principals, member states can obtain (additional) information through informal, bilateral contacts with Commission officials (Interview TO #25; Panke 2010, 803).

A second group of sources are the other European institutions. The Council secretariat or European Parliament can also act as a source of information. Either by raising attention to pieces of overlooked information or by disclosing private information obtained through informal contacts with Commission or external partners (see *infra*).

A third group of sources is located within the national administration. The permanent representation, as well as other line ministries, can participate in various meetings of the Council working parties where information can be disclosed about on-going trade negotiations. Consequently, domestic actors can contribute to an administration's overall monitoring capacity. Among those domestic actors are also societal stakeholders that catch wind of developments in trade negotiations and provide additional information regarding the Commission's actions.

³Unfortunately, no attendance records are kept of these meetings, and to collect a sufficiently representative sample of meetings would imply data-collection well beyond the time frame of this research.

A fourth and final source of information is the EU's external trade partners. A respondent confirmed that direct interaction between the negotiating partner and member states occurs and can—at times—lay bare internal conflicts, weakening the negotiating position of the EU (Interview TO #25). Having an international presence in the partner country can potentially help to secure additional information on the Commission's actions through its negotiating partner (Interview TO #27).

To transform this discussion into a concrete set of questions, respondents were asked to indicate the frequency with which they consult the resulting thirteen sources in their efforts to monitor the Commission.⁴ Moreover, diverse sources of information improve a member state's oversight on the Commission during the negotiations. Similarly, the frequency with which such sources are consulted affects the ability of a member state to monitor the Commission and correctly estimate its room of manoeuvre. In other words, the administration needs to obtain as many pieces of the puzzle as possible to fully understand what the Commission is (not) doing.

Deriving Capacity

“On two occasions I have been asked, ‘Pray, Mr. Babbage, if you put into the machine wrong figures, will the right answers come out?’” Charles Babbage (1864, 67).

In terms of deriving capacity, I focus on three characteristics of the policy network that affect its performance. A first characteristic is related to the participation of relevant stakeholders in the policy-making process—the nodes in the network, so to say. The omission of important stakeholders, or structural holes, can result in a weaker performance of the policy network. A second characteristic pertains to the capacity of the involved actors. Available human resources are an important attribute. Finally, the ability to solve internal conflicts is also important to understand whether an administration is able to formulate a position. These concern the ties that create the network.

⁴The strength of a tie has been repeatedly measured through the frequency of interaction in the literature (Friedkin, 1980; Sandström & Carlsson, 2008).

Structural Holes

Asking the question of who participates in the policy network presents a first step towards the analysis of the network's proficiency in deriving a position. Potentially more important is the question "Who is not participating?" The exclusion or absence of specific actors in the network can explain a member state's inability to formulate a position or identify its interests in a negotiation. This absence affects both the ability to derive domestic interests and the ability to monitor the Commission.

In formulating a position, failure to tap into the available expertise or information of a policy actor will result in sub-optimal policy positions. Such "structural holes" represent a first factor through which information asymmetry can occur (Burt, 1992). This can happen in the absence of a public or private actor that holds significant expertise over a specific part of the policy issue. One example drawn from the fieldwork is the involvement of export promotion agencies. While these agencies support many companies in their desire to export abroad, their expertise is often left out of the policy network (Keirsschot, De Bièvre, and Kerremans 2014). The literature on the effect of structural holes on network performance is still inconclusive (Berardo, 2009; Sandström & Carlsson, 2008). Structural holes have been shown to stimulate innovation, but this effect is somewhat offset, as forced cooperation among heterogeneous partners can also constrain efficient decision-making. For a policy network, in general, and a trade policy network, in particular, I will assume that, on average, more structural holes results in a weaker deriving capacity. There are two observations that strengthen me in making this assumption. The first observation is that the trade policy network is structured within a larger hierarchical setting. This should reduce the extent to which a wider diversity of partners would reduce efficiency in decision-making. Besides, the efficiency of coordination will be a separate variable in the measurement of deriving capacity. A second observation pertains to the main objective of the trade policy network. The administration needs to identify the variety of interests to be defended in the on-going trade negotiations. The existence of structural holes implies specific interests will not get articulated or defined, reducing deriving capacity and ultimately the number of signals the administration can send.

Assumption 2 Lack of structural holes increases deriving capacity.

The pilot studies conducted in the previous chapter enable me to form a more elaborate picture on the different (groups of) actors that can con-

tribute to the formulation of a policy position. So, which are the sources that can help an administration to identify its interests at stake? As is apparent from the qualitative fieldwork, multiple ministries are involved in trade policy-making. The survey therefore assesses the occurrence of structural holes by asking the number of ministries involved in the coordination process. But also societal interests are important in the formulation of a policy position. In each of the case studies, officials recounted specific challenges to solicit input from relevant stakeholders in society. To measure this latter dimension, respondents were asked to evaluate the statement “We receive little input from business organizations.”

Human Resources

The relationship between human resources and the performance of the network is best clarified by the quote at the beginning of this section. If the information inserted in the policy network is inaccurate, it is less likely that the resulting outcome will approximate the ideal position, even in the absence of structural holes. When Charles Babbage was explaining the first computer, two politicians confronted him with the question of whether the machine might produce correct answers if the wrong numbers were inserted. Unfortunately, when the quality of information inserted into the policy network is low, so will be the result. In terms of the performance of policy networks, a recent literature review discerned a positive effect of the available staff on network performance (Walker & Andrews, 2015).⁵ Having sufficient staff at your disposal to follow up remove on-going debates, to gather and process the wealth of information, and to evaluate alternative proposals can contribute to a member state’s deriving capacity.

Assumption 3 More human resources increase a member state’s deriving capacity.

The munificence of human resources is determined by two factors: the number of effective working hours available and the efficiency with which such time is used. The former increases the amount of information that can be gathered and processed simultaneously and enables specialisation, whereas the latter affects the speed with which such data is gathered and

⁵In a configurational analysis of network performance, resource munificence did not constitute a necessary condition for network performance. That is not to conclude that resources did not play an important role, but rather that their effects are more differentiated (Raab et al. 2015, 26).

enables a more correct assessment of the value of the acquired information. This applies both to public and private actors. Three variables were singled out as relevant for the survey. The first is an estimation of the available human resources. Because the pilot studies revealed that an exclusive focus on the responsible line ministries would paint a biased picture, I have asked respondents to provide a rough estimate of the total number of staff, located in all of the ministries, that are regularly consulted on trade issues. A second question was incorporated in the survey to solicit respondents' answers of whether they felt that the functioning of the trade administration was hindered because they had to "do the same or more work but with fewer resources." From the fieldwork, I also found that acquiring and retaining human capital is a particular problem when key positions are taken by diplomats, as they often need to rotate positions every five or six years. This formed the inspiration for the third question in the survey.

Availability of human resources is an equally important issue for societal actors. Many small business associations lack the staff to monitor every development in European policy. They miss the legal or technical expertise on trade regulations, face difficulties in acquiring responses from their members, or struggle to reconcile the dissenting views. Here, internal coordination, the presence of a policy unit with sufficient trade expertise, and even financial capabilities to outsource these functions to law firms are important drivers for the input national administration can expect from private actors. The case studies revealed that such input is often lacking or of low quality. It is therefore interesting to include a question in the survey polling the quality of the information trade officials obtain from business associations. Respondents had to evaluate the following statement: "Private stakeholders lack the required expertise to provide useful input."

Effective Coordination

A final trait of the policy network that can affect its performance is the way in which the various public and private actors combine the available information. Coordination is crucial for a cross-cutting policy such as trade. Expertise is often dispersed across a wide range of actors. The intensity of coordination has been shown to positively affect network performance (Cristofoli, Markovic, & Meneguzzo, 2014). Coordination processes determine how different perspectives are combined into a single coherent position. All of the actors involved in the policy network possess

only a small part of the equation that needs to be solved jointly to derive the optimal position. Consequently, effective coordination is required to make all the pieces of the puzzle fall into place.

Assumption 4 Effective coordination improves deriving capacity.

What determines effective coordination, though? For the survey, four different indicators were identified to capture the variation in the coordination processes observed in the studied trade administrations. A first pair of questions concerns the method of coordination, and a second pair pries into the perceived effectiveness thereof. I will discuss the variables in that order.

The method of coordination consists of two factors: on the one hand, there is the coordination among public actors while, on the other hand, there is the method through which an administration coordinates with societal interests. Central to the measurement of both is the nature of coordination. Here, a distinction can be made between coordination-as-aggregation and coordination-as-negotiation. The former occurs when a central coordination unit merely combines the input from the different ministries, whereas the latter applies to cases where coordination results in adjustments to prior positions and compromise solutions on the basis of internal negotiation. The degree to which public actors can contribute to or alter positions drafted by a different policy-maker varies across the countries examined. While authority and competencies are respected in most cases, it is only natural that interests do collide and require coordination. From the pilot studies, it became apparent that large variation can be found in the scope and intensity of coordination. For example, during coordination meetings in Belgium, each ministry can raise an issue or voice a concern. In Spain the autonomy of the lead ministry is widely respected, and instances in which secondary ministries sought to change a position were quite rare. Poland was somewhere in the middle. I expect coordination-as-negotiation to enhance deriving capacity as most trade discussions have a distributional impact (some gain, while others lose). Assessing the relative weight of each of these arguments can become apparent only through internal discussion and debate.⁶ Coordination among public actors was categorised using three levels of intensity. The lowest level (value = 0) applies when the line ministry decides whom to

⁶Keep in mind, though, that overlapping competencies might also result in inefficient administrations due to the requirement of twice the amount of human resources.

consult and through which method. Because there is limited room for discussion, it conforms to the idea of coordination-as-aggregation. A second category (value = 1) pertains to those member states where regular meetings in person are organised but where these meetings take place on an ad hoc format. In other words, they are not formalised. Because there is room for discussion and negotiation, it fits the moniker coordination-as-negotiation. The third category (value = 2) goes one step further and applies to those member states that convene trade experts on a weekly basis in person. I expect that structured personal meetings enable more discussion and can thus contribute to deriving capacity. In addition, such personal (informal) meetings can also generate the necessary trust among participants of the policy network to enhance coordination (Provan & Kenis, 2008).

A similar perspective can be used when studying the relationship between societal interests and public actors. Coordination-as-aggregation in this context conforms to the idea of policy-makers as transmission belts of societal interests. Here, the policy-maker calculates the resultant of the different societal forces to which it is exposed and delivers that policy. By contrast, coordination-as-negotiation can be likened to a concertative relationship between state and society. In such a situation, interest groups have sufficient capacity to provide useful input, while the state retains a high degree of autonomy and power is highly concentrated (Atkinson & Coleman, 1989). I associate such a state-society relationship with higher deriving capacity for the following reason: if we assume that all interest groups have an inherent tendency to overstate the importance of their interest, the administration must remain sufficiently autonomous and critical when engaging with mobilised interests to avoid capture. This might even imply consulting additional actors in society that have not been able to mobilise. At the same time, the input from societal actors remains important for the policy-maker to derive a position. Public-private interactions in the policy network vary in nature. Earlier discussions made clear that the mode of interaction does not always conform to what has been described as “pressure politics” (Woll & Artigas, 2007). Businesses do not only pressure policy officials—rather the contrary. On many occasions public officials contact private actors for information. According to Woll and Artigas, this is partly driven by the regulatory turn in trade policy. The survey will inquire into the initiator of public-private interaction as an approximation of the nature of interaction (pressure politics or concertation).

The second pair of indicators focuses on the results of coordination or at least the challenges experienced with respect to internal coordination. For that purpose, two items were identified. The first item inquires whether member states face difficulties balancing offensive and defensive interests, while the second variable questions whether the functioning of the administration is constrained through administrative hurdles. The balancing of offensive and defensive interests is a key challenge in the administration. It is one of the main reasons why a larger inclusion of stakeholders (less structural holes) can result in a lower performance of the network. In that regard, a Spanish respondent voiced the expectation that it must be a lot easier to coordinate a position in a smaller country due to the limited amount of articulated interests (Interview TO # 8). The existence of administrative hurdles may be a second constraint that prohibits effective coordination. The involvement of many ministries each with their specific competencies requires smooth operating procedures. Even if an intense coordination mechanism is put in place, it can be greatly undermined if the administrative procedures constrain the flow of information. The Polish case suggested the scope for such hurdles when an interviewee referred to the limited time granted to file in responses to a circulated position.

Formulating Propositions

Drawing on the fieldwork of the previous chapter as well as the broader literature on member states' capacity, it is possible to formulate a series of propositions. The first two are related to the size of the country. Often it is assumed that larger countries have a natural advantage over their smaller counterparts. The cost of attending a negotiation round abroad, the ability to maintain an international network of economic diplomats, or the financing of various impact assessments is less constraining for member states with a large budget. The third and fourth propositions focus exclusively on deriving capacity. The third proposition relates past Communist rule to divergent deriving capabilities. The underlying causal mechanism is the involvement of interest groups. From the pilot studies, we found that both Estonia and Poland are confronted with limited input from societal stakeholders. This observation was not an isolated case, as earlier studies have suggested a flattened civil society in the wake of the Communist era (McMenamin, 2002; Sissenich, 2010). Through more systematic data-gathering, we can assess whether this finding can

Table 6.1 Propositions regarding administrative capacity

Proposition 1	Larger member states have higher monitoring capacity than smaller member states.
Proposition 2	Larger member states have higher deriving capacity than smaller member states.
Proposition 3	Formerly Communist member states have a lower deriving capacity than member states with a market-based economy.
Proposition 4	Trade administrations led by the MFA have lower deriving capacity than administrations led by the ME.
Proposition 5	Member states with high monitoring capacity also dispose of high deriving capacity.

be generalised to a broader population of national trade policy networks (Table 6.1).

A fourth proposition posits that administrations led by the MFA have lower deriving capacity. The causal mechanism underlying this assertion is related to the challenge of high staff turnover. During my fieldwork, I was repeatedly confronted with the issue of rotating diplomats. This problem also manifested itself in respondents' refusal to participate in my survey due to lack of experience or in the observation that trade officials were often "moving targets," rotating in and out of the administration. Trade administrations led by the MFA are confronted with a challenge that is less pertinent for administrations where the lead ministry is populated by civil servants.

A fifth and final proposition seeks to inquire into the relationship between both components of administrative capacity. When elaborating the theoretical framework in Chap. 4—the hypothesis was formulated that higher monitoring capacity is associated with higher deriving capacity. In other words, cases of "asymmetric capacity" were deemed improbable, as both tasks were performed by the same policy network.

DATA COLLECTION

Whereas monitoring is mainly the responsibility of the national representation in Brussels, the determination of a national position is something that largely takes place domestically. The respondents for monitoring and deriving capacity only overlap in the function of the TPC representatives. As a result, the battery of questions related to monitoring was inserted in the survey measuring the member states' signalling tactics. For an over-

view of the data-gathering process and the resulting responses, I refer the reader to the third section of Chap. 4.

For the second sample, I originally developed a web survey to be circulated among all trade officials.⁷ This triggered a limited response, which implied the use of follow-up interviews with the key officials in the national administrations. Ultimately, responses were obtained for twenty-two member states—twelve through telephone interviews, eight by the web survey, and two based on the qualitative pilot studies. Since I used the exact same questions for the interviews as for the web survey, I assume pooling to bear limited risk of creating biases. The resulting sample for deriving capacity is slightly skewed in favour of the smaller member states, as data for Germany and France were missing. On the other hand, Spain could be included for this analysis while it was absent in the study of signalling.

DATA ANALYSIS

For each of the sub-components of administrative capacity, I will provide and discuss the descriptive statistics before testing the formulated propositions.

Monitoring Capacity

Monitoring capacity was operationalised through the frequency with which the respondents made use of a variety of sources to monitor the Commission during the negotiations. A first impression of the relative importance of the sources of information identified in the survey can be obtained by interpreting the summary statistics in Table 6.2. Five observations are worth pointing out. First and foremost, the briefings by DG Trade, both in the TPC and the ITM, are crucial sources of information. That the TPC functions as an important forum to exchange information between the Commission and member states was already quite well-known and is reaffirmed by the data (Baldwin, 2006; Kerremans, 2004; Niemann, 2004). The importance attached to the Informal Technical

⁷The original research ambition was to map the policy network through a comprehensive web survey in three languages. The survey was distributed among all the member states but did not result in much response. Therefore a reduced survey was conceived that enabled a more targeted inquiry. The full survey developed can be consulted in the dissertation on which this book is based (Adriaensen, 2014).

Table 6.2 Summary statistics: Monitoring Capacity

<i>Monitoring source</i>	<i>Mean</i>	<i>Min</i>	<i>Max</i>	<i>Variance</i>
a. Briefings within the TPC	5.26	4	6	0.88
b. Informal Technical Meetings	4.87	2	6	1.26
c. Bilateral contacts with Commission officials	4.18	1	6	1.14
d. Other DGs within the Commission	2.69	1	6	1.10
e. Council Secretariat	3.03	1	5	1.11
f. European Parliament	2.85	1	5	1.08
g. Other member state representatives	4.69	2	6	0.92
h. Colleagues from within the (line) ministry	5.21	1	6	1.09
i. Colleagues from other ministries	4.54	1	6	1.19
j. Permanent representation	5	2	6	1.14
k. Your embassies abroad	3.72	1	6	1.23
l. The external negotiating partners	2.69	1	6	1.24
m. private stakeholders	4.11	1	6	1.13
Monitoring 1	61.27	24.62	90.77	14.04
Monitoring 2	51.72	17.14	88.57	15.51

Source: Author's own data

Meetings is quite surprising. It is a consultation format that has not been given much attention in the extant literature. The ITMs take place outside the Council, are organised by the Commission, and are not formalised. These attributes, combined with their apparent important role, warrant deeper research into their origins, dynamics, and overall effects. This can shed new light on EU-policy-making in general and Commission-member state interaction in particular.

A second observation is the important role played by domestic policy actors such as private stakeholders, colleagues in the line ministry, and the permanent representation. Two interpretations can be given to this observation: on one hand, it may mean that the representatives from within the TPC require help from the administration to filter through the wealth of information a negotiation generates, while on the other hand, it may imply that these stakeholders have obtained information through alternative sources such as attendance at meetings with the Commission where the TPC member was absent. Regardless of the interpretation, it reinforces the idea that internal coordination is of great importance to monitor EU decision-making.

A third observation pertains to the limited dependence on the other European institutions. This may not come as a surprise in light of the

Commission's preference to centralise inter-institutional coordination within the TPC. At the time of research, European Parliament was also not as involved or experienced in trade negotiations. It would be interesting to assess whether this would have changed following the negotiations on the TTIP.

Fourth, meaningful variation could be discerned between the different formations of the TPC. Respondents from the TPC Services and Investment (mean score of 53.8) monitored significantly less intensively than their colleagues in Deputies (66.3) and Full Members (65.1). This is likely a result of the scope of their task. TPC S&I deals only with a specific sub-topic of the negotiations, requiring less oversight in general.

The fifth and final observation worth pointing out is the large variation in member states' importance attached to the different information sources. The ITMs, other DGs within the Commission, foreign embassies, and external trading partners harbour the largest variation. One reason for such variation could have to do with the size of the different countries. A proliferation of meetings is likely to affect the smaller member states disproportionately. Likewise, bigger member states can sustain a larger network of well-staffed embassies abroad. This proposition will be tested below.

In constructing an aggregate indicator of monitoring capacity, two measures were calculated. One was a simple average of all thirteen items.⁸ The second measure is a more conservative indicator, removing all items that might have been subject to misinterpretation or that risk overlap with the dependent variable.⁹ For both cases, the resulting indicator was highly consistent with a Cronbach's alpha of 87 % and 84 % respectively. The Cronbach's alpha is a measure of internal consistency with higher values, suggesting that the various items used to construct the scale measure the same latent construct (monitoring capacity). In a similar fashion as the Signalling Indices, the monitoring indicators were rescaled to correspond to a scale from 0 to 100. The summary statistics provided in Table 6.2 indicate that there was substantial variation among the respondents as almost the full scale of responses was used.

⁸The reason not to apply weights is simply that I have no a priori assumptions as to the value of the various sources. For the thirty-nine respondents, only two did not complete the entire list of questions regarding monitoring. Of all the listed monitoring sources, three items were not answered by all respondents. Data was imputed for these cases using all the other items as independent variables.

⁹The items excluded were those related to the domestic administration and those that also featured in the dependent variable. These concern items c, g, h, i, j and m from Table 6.2.

Table 6.3 Bivariate regressions monitoring capacity and size

	<i>Monitoring (Respondent)</i>	<i>Monitoring (2) (Respondent)</i>	<i>Monitoring (Country)</i>
Population	2.19 (1.80)	1.47 (1.94)	0.64 (2.24)
GDP/Cap	0.81 (1.45)	0.95 (1.61)	0.93 (1.52)

Source: Author’s own data and the World Development Indicators

To test the first proposition—that larger member states are better able to monitor the Commission during external negotiations—I ran a series of bivariate regression models with bootstrapped standard errors. As independent variables, I used the log of population and GDP per capita. Data was obtained from the World Development Indicators of the World Bank. The results in Table 6.3 report the obtained coefficient as well as the bootstrapped standard error. The lack of any significant coefficient illustrates that monitoring capacity is not explained by the size of a member state nor its level of development.¹⁰ This is important, as it suggests that countries do not gain an advantage in monitoring what the Commission is doing because of size-related effects. In a sense, this should not be surprising. The additional information to be obtained by attending a TPC or ITM meeting with multiple staff members is limited. Moreover, as indicated in the first chapter, any differences that used to exist in terms of attendance at meetings between the member states has largely been reduced over the last years. Instead, it is more likely that monitoring capacity is affected by the skills of the national representative assuming that position.

Deriving Capacity

To structure the discussion of the data on a member state’s deriving capacity, I will focus on the three main components identified above. The first pertains to the involvement of public and private actors (the nodes). The size of the network affects the amount of information an administration can dispose of when drafting a position. More information will result in

¹⁰As an extension, it may be important to note that the indicator of monitoring capacity is not correlated with the “Information” variable of Stephanie Bailer’s “Power-Skills-Information” data-set. This may be due to the temporal and topical disjoint between the current trade representatives investigated and the respondents of her survey (Bailer, 2004). This suggests—to some extent—that it was indeed sane to gather separate data and not apply existing data to new settings.

the identification of a larger variety of issues where control may be warranted. The second group of variables that were collected relates to the available human resources an administration disposes off (the attributes). A third and final set of indicators aim to grasp the effectiveness of the coordination mechanism (the ties). For each of these variables, you can find the summary statistics in the table below.

Structural Holes

With respect to the performance of the policy network, the argument was presented that a lack of structural holes contributes to a member state's deriving capacity. For that purpose, questions were included on the involvement of different ministries as well as the input from societal stakeholders. From Table 6.4 it becomes clear that—on average—internal consultations on trade negotiations involve three to four ministries on a regular basis. In most of the member states, these are the ME, MFA, and MAgr. In addition to these, the Ministries of Finance, Justice, and Health were also mentioned frequently in the phone interviews. The Ministry of Finance often held authority over (the levying of) customs duties, investment, and public procurement. The Ministry of Justice is mainly involved with intellectual property rights and also played an important role in the discussions on the Anti-Counterfeiting Trade Agreement.¹¹

Table 6.4 Summary statistics deriving capacity (country-level)

	<i>Mean</i>	<i>Min</i>	<i>Max</i>	<i>Standard deviation</i>
Quantity societal input (inv)	3.30	1	5	1.36
Quality societal input (inv)	3.35	1	5	1.16
Ministries	3.47	2	5	1.15
Workload	3.89	1	5	1.22
Staff turnover	2.49	1	5	1.23
Human resources	24.08	7	60	14.95
Administrative hurdles	2.63	1	5	1.42
Coordination	1.11	0	2	0.74
Balancing offensive-defensive	2.22	1	5	1.33
Initiative consultation society	3.75	1	5	1.34

Source: Author's own data

¹¹ Respondents also mentioned the importance of the Ministry of Health when Sanitary and Phyto-sanitary measures were part of the discussion. The Department of Immigration occasionally plays a role when mode 4 in services trade is being negotiated.

Regarding the role of societal interests, the summary statistics of Table 6.4 confirm the idea that the average administration does not receive sufficient input from societal stakeholders. It should be emphasised that this does not imply that there are no interest groups active in the member states. Rather, what it does say is that respondents felt the acquired input to be insufficient. Part of the explanation may be that certain sectors or firms are not represented among the active business groups or rarely provide input when consulted. Moreover, there is quite some variation across the member states. Larger countries such as the United Kingdom and Italy completely disagreed with the statement that too little input was provided by societal stakeholders. To assert whether this observation can be extrapolated to the wider sample, a small regression was run. The size of a member state was measured through the log of the total population. The log transformation was deemed appropriate, as I expect its marginal effect to be a decreasing function of size. That is, for smaller member states, the effect of an increase in size is larger than an equal (absolute) increase for larger member states. Coefficients are estimated through OLS with standard errors obtained through bootstrapping 5000 samples with replacement. From the results listed in Table 6.5, we can deduce that larger member states were indeed affected less by the challenge of obtaining sufficient input (first column). Part of the explanation, as suggested by an Estonian business representative, may well be that the market is too small to sustain a thriving community of organised interests (Interview TO # 18).

The absence of such a community, however, may also be the result of a Communist heritage. Above, the proposition was formulated that

Table 6.5 Explaining the amount and quality of input from societal organisations

	<i>Quantity</i>	<i>State initiative</i>	<i>Quality</i>
Size	-0.45** (0.20)	-0.36** (0.15)	-0.35** (0.17)
Communist	0.86** (0.41)	0.85** (0.41)	0.53 (0.48)
Constant	1.06 (0.83)	1.93** (0.75)	1.67** (0.65)
# Observations	22	22	22
Adjusted R ²	0.27	0.18	0.17

*** significant at 1 %

** significant at 5 %

* significant at 10 %

Source: Author's own data and World Development Indicators

formerly Communist member states are more constrained in their deriving capacity due to the challenges they face in obtaining input from mobilised interests. To test the third proposition, a dummy variable (Communist) was used that equals one if the member state has a Communist legacy. The results from Table 6.5 also confirm the proposition that administrations in formerly Communist member states suffer from a low quantity of input. In other words, the idea of a flattened civil society in formerly Communist member states is confirmed by our data—even when controlled for the size of the member state (McMenamin, 2002; Sissenich, 2010).

In the remainder of the book, I will use the number of ministries and the input from societal stakeholders as an indication of the size of the network, or rather, the lower likelihood for structural holes. Societal input is a combination of the quantity and quality indicator (see below). The data are inversed so that a higher level of *societal input* corresponds to more quality input rather than less. The following formula was used to this end:

$$\text{Societal Input} = 100 * \left[1 - \frac{(\text{quantity} + \text{quality} - 2)}{8} \right], \text{ ranging from } 0, \text{ if}$$

the respondents completely agreed with the statements that quality and quantity of the input provided by societal stakeholders was constrained, and 100, if they completely disagreed with these statements. Summary statistics can be found in Tables C1 and C2 in the Annex.

Human Resources

The main causal driver behind the hypothesised relationship between country size and deriving capacity are the available resources an administration has at its disposal. Three variables were singled out for the survey. The first is an estimation of the total number of staff, located in all of the ministries, that are regularly consulted on trade issues. Here, I have asked respondents to provide a rough estimate.¹² The smallest administrations consisted of around seven staff members, whereas the largest countries

¹²As much data of the web survey proved to be unreliable (respondents' estimates often pertained to the size of the entire ministry, not just the policy unit for trade), data on the number of staff were severely constrained. The resulting thirteen observations are quite limited for further analysis. To deal with the large number of missing observations, I extrapolated missing values by drawing on the strong correlation with (the log of) population for four additional countries.

had sixty staff members devoted to trade. It is important to note that these were rough estimations. I had inquired for Full Time Equivalents as—especially in smaller member states—many officials devoted only a portion of their time to the EU’s trade policy.

A second question asked whether respondents felt that the functioning of the trade administration was hindered because they had to “do the same or more work but with fewer resources.” From the summary statistics, it is clear that the majority of countries confirmed this to be the case (74 % of the respondents replied “yes” or “yes, but”). Whether the increasing workload is a consequence of the budgetary pressures or the broadening and widening of the trade agenda cannot be answered with the available data. However, it does stress the appropriateness of juxtaposing the evolution of the trade agenda to the changes in national trade administrations in a longitudinal study.

Finally, a third indicator for human resources focuses on the retention of experience and expertise within the administration. More precisely, respondents were asked whether staff turnover presented a challenge for the operation of the trade administration. On this issue, respondents were less conclusive, with only five out of nineteen respondents agreeing with the statement. Including this question was mainly inspired by the obligatory rotation to which many diplomats are exposed. As most diplomats are located within the MFA, the proposition was formulated that member states in which the MFA assumed central authority would suffer from a limited deriving capacity. The first step to assess this proposition is asserting that MFA-led countries suffer more from staff turnover than their economic counterparts. To this end, a Wilcoxon Ranksum test was performed, as normality assumptions cannot be maintained with such a small sample size. The results revealed that MFA-led member states are indeed affected more adversely by staff turnover. This difference was barely significant at the 90 % confidence level. Important to note, however, is that in our coding, the Dutch trade administration was classified as led by the MFA. In the recent past, trade policy has always been a part of the Ministry of Economy (Interview TO #44). Reclassifying the ministry results in a significant Wilcoxon Ranksum test, up to the 98 % confidence level. Which indicators shall be used for subsequent analysis? I expect the question on respondents’ assessment of the changes in their workload not to be particularly useful, as variation was extremely limited and the risk for potential bias non-negligible. For these reasons, I will

predominantly make use of the number of staff and staff turnover in subsequent analyses.¹³

Human resources also matters for the societal interests mobilised on trade issues. Because a direct inquiry with national interest groups was beyond the scope of this research, trade officials were requested to evaluate the quality of societal input. Whereas the averages of the administrations' assessment of such quality mirrored that of the quantity procured, no significant correlation could be found between the variables. Also the quality of input was analysed through a bootstrapped regression analysis. The third column from Table 6.5 reveals that a Communist heritage did not have any significant effect on the quality of societal input. Respondents from larger member states were, however, more inclined to reject the statement that societal stakeholders lacked the required expertise to provide useful input. Here, the same logic elaborated in the previous sub-section is at play. A larger market harbours more (and larger) firms that can share in the costs of maintaining a sectoral organisation and a fortiori maintain a policy unit within such organisation. The argument built around the Communist heritage does not say anything about the capabilities of the groups that are eventually created. In summary, size matters in the amount and quality of input trade administration can expect from interest groups.

Effective Coordination

For the measurement of the administrations' coordination method, two dimensions were identified: the method of coordination and the effectiveness or result of such coordination. The method of coordination is a combination of the interaction among public actors and the manner in which state and society interact. Regarding the coordination among public actors, three categories were distinguished. Coordination-as-aggregation occurred in a minority of administrations (four member states). The other extreme—where weekly meetings in person were organised—was slightly more common (six member states), whereas the middle ground where personal but “ad hoc” meetings were organised characterises the majority of trade administrations (eleven member states). Table 6.5 reveals that the average member state does not take the initiative when input from societal

¹³Only two respondents did not confirm that “having to do the same or more work but with fewer resources” represents a challenge for the administration. Lack of variation might be due to the bad formulation of the question or social desirability bias.

actors is required. Administrations that did take the initiative were also those that indicated to receive limited input from societal stakeholders. These were predominantly smaller member states such as Cyprus, Malta, and Ireland. This is also confirmed in the second column of Table 6.5 with a significant and positive coefficient for the size variable.

To enable the construction of a single indicator, we transformed “state initiative” to match the three-level measurement of coordination among public actors. This was accomplished by combining both affirmative and both dissenting options. The overall indicator capturing the intensity of coordination (*CoordMethod*) is constructed as the sum of both components, multiplied by 25 to match a scale from 0 to 100.

With respect to the efficiency of the internal coordination, two alternative questions were asked. Opinions widely diverged with respect to the existence of administrative hurdles that impede the execution of their work. The balancing of offensive and defensive interests, by contrast, was something that a slight majority of member states agreed posed a challenge. Neither variables were, however, significantly correlated with the size of the member state, as indicated in Table 6.5. In that sense, it is not the case that the larger member states have bigger coordination problems than the smaller member states due the plurality of interests they need to reconcile. Combining both variables enabled the construction of a second coordination indicator: $CoordResult = 100 * \left(1 - \frac{(Balancing + Hurdles - 2)}{8} \right)$.

A higher value on this indicator corresponds with limited coordination-related problems. The correlation between *CoordMethod* and *Coordresult* was positive and significant at the 90 % confidence interval. This suggests that the intensity of the coordination process reduces the probability that an administration faces problems balancing its offensive and defensive interests or faces constraints due to administrative hurdles.

Testing the Propositions

In the previous sub-sections, the main causal drivers behind the second, third, and fourth propositions were largely affirmed. To fully assess the propositions, the table below provides the correlations between the above-defined indicators of deriving capacity and the size of the member state (proposition 2), its Communist legacy (proposition 3), and the line ministry responsible (proposition 4). While monitoring capacity proved to

Table 6.6 Explaining deriving capacity

	<i>Structural holes</i>		<i>Human resources</i>		<i>Coordination</i>	
	<i>Society</i>	<i>State</i>	<i>Staff</i>	<i>Turnover</i>	<i>Coord Method</i>	<i>Coord Result</i>
Size	10.60*** (3.60)	-0.19 (0.34)	8.90*** (2.39)	0.27 (0.18)	-4.03 (3.90)	-3.14 (2.51)
MFA	-7.37 (11.60)	0.44 (0.59)	-2.95 (8.64)	0.94* (0.54)	11.01 (9.89)	8.14 (9.40)
Communist	-20.35† (11.50)	0.05 (0.64)	-3.13 (10.24)	-0.39 (0.65)	9.29 (10.39)	-7.74 (10.60)
# Observations	22	16	13	19	19	19

*** significant at 1 %

** significant at 5 %

* significant at 10 %

Source: Author's own data and World Development Indicators

be unrelated to the size of a member state, this appears not to be the case insofar as deriving capacity is concerned. To test the second proposition, a series of bivariate regression analyses were run using the logarithmic transformation of population as the independent variable. As per usual, standard errors were bootstrapped. The results indicated in the first row of Table 6.6 show that the size of a country had an important effect both on the potential for structural holes (societal input) and the amount of human resources at the administration's disposal.

With respect to the proposition on the lead ministry, differences between the means were reported [$\text{mean}(X|MFA = 1) - \text{mean}(X|MFA = 0)$, whereby X refers to a variable of deriving capacity]. Similar statistics are calculated to assess differences between formerly Communist and market-economy member states. For each difference, I have indicated the standard deviation of the differences. Significance was determined through a Wilcoxon Ranksum test. The limited number of observations, made a non-parametric estimation technique appropriate. The symbol † implies that the effect was found at the 0.05 significance level in a matched t-test but was rejected on the basis of the non-parametric test.

Testing the third proposition—whether the formerly Communist member states are constrained in their deriving capacity—we confirmed above that these member states received less input from societal stakeholders. This variable had no impact of the other indicators of deriving capacity.

Hence the overall effect on deriving capacity is somewhat limited. Similarly, responsibility over trade policy by the MFA increased the problem of staff turnover but did not affect any of the other indicators of deriving capacity. In summary, the third and fourth propositions cannot fully be discarded, as the identified causal mechanism proved to be valid. The overall effect on deriving capacity is subject to interpretation.

What is the relationship between deriving capacity and monitoring capacity? In elaborating the conceptual framework in Chap. 2, the hypothesis that both components of administrative capacity are negatively related was considered highly unlikely. Chances of high monitoring capacity while having limited deriving capacity and vice versa were argued to be slim, as both functions are performed by the same administration and thus high deriving would also imply that there is an internal demand for better monitoring. From a series of correlations, it became clear that monitoring capacity and deriving capacity do not correlate significantly with each other. One exception is the number of ministries. More ministries involved in the policy network coincide with higher monitoring capacity. Whereas the overall lack of a significant relationship has no concrete repercussions in the study of the relationship between administrative capacity and control, it does raise the question whether the data obtained from both surveys are consistent. If both data-sets measure the characteristics of the same trade administrations, we should also be able to find some overlap in the variables—a matter of triangulation. Such overlap between both data-sets can be found in the questions regarding societal stakeholders. One of the items of monitoring capacity concerned the input obtained from societal stakeholders. That was also one of the reasons to construct a conservative “monitoring2” indicator. The correlation between the “Societal Input” indicator developed to measure deriving capacity and the aforementioned item of monitoring capacity proved to be positive and significant at the 95 % confidence level.

SUMMARISING THE FINDINGS

Which aspects of the administration enable the member states to monitor the Commission and accurately derive a nation’s interest in a given trade negotiation? Based on the observations from the pilot studies, the need to conceptualise the trade administration as a policy network was suggested. To understand the factors that enable an administration to monitor the Commission and derive its interests, we have turned our focus to the concept of network performance. As indicated by Pollitt (2011) the challenge

for comparative public administration is to derive clear measures that are unambiguously related to increased performance. In order not to expand too far outside the scope of this book, I have made simplifying assumptions relating particular traits of the network to increased performance. Thus a set of questions was formulated inquiring into the prevalence of “structural holes”, the available human resources, and intensity of internal coordination processes that characterise the different national trade administrations. Data for monitoring capacity was gathered in the same survey as the dependent variable (see Chap. 4). To measure deriving capacity, a separate list of questions was developed. Originally, this data was to be gathered through a web survey targeting the multitude of trade officials in the different ministries and trade policy units. Unfortunately, response was limited and telephone interviews with senior trade officials within the national trade administrations were used to complement the data.

From the ensuing descriptive analyses, we discovered substantial variation among the member states’ administrative capacity, suggesting scope for useful inferential study. With regards to monitoring capacity, I found that in addition to the European Commission, the domestic administration acts as an important source of information. Moreover, it was also interesting to observe that this capacity was not significantly correlated with the size or the level of development of the member state from which the respondent hailed.

Variation also existed among the member states with regards to deriving capacity. This capacity could partly be explained by the size of the country and, to a lesser extent, by the existence of a Communist legacy. The results also indicated that most member states would have preferred more input from societal stakeholders and that the state mostly consults relevant stakeholders, rather than being pressured by lobby groups. This finding echoes the results obtained through the pilot studies in the previous chapter. It calls the primacy of mobilised interests as foundations for trade policy decisions further into question and suggests that there is substantial scope for state-centric explanations. Let me emphasise again that the lesson to be drawn is not that interest groups are completely absent or that they do not matter. In larger member states or at the EU level, they can still dominate policy-making. The message I hope to convey is that we cannot assume they play a role in all member states on all trade issues. The findings also further highlight the need to study how national administrations deal with the growing European (trade) agenda. The large majority of administrations confirmed that the size of the administration did not keep up with the evolving work-

load. Such a longitudinal study would also be interested in other policy domains where the European Commission has intensified its policy output.

The key question remaining, however, is whether such divergent capacity has an effect on member states' ability to exert control over the Commission during external trade negotiations. That will be the subject of the next capstone chapter.

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Administrative Capacity and Control

The main argument this book presents is that administrative capacity explains member-state behaviour in the Council. To this end the previous chapters explored the institutional context through which the member states engage with the Commission, elaborated a theoretical framework to better understand the relationship between administrative capacity and control, and ultimately derived a set of concrete indicators that enable the testing of the main hypothesis across a larger sample.

As the literature has already been reviewed, and seeing that the conceptualisation, operationalisation, and descriptive analysis of the dependent and independent variables occurred in the previous chapters, I distinguish only three sections in this chapter. In the first section, the hypotheses are formulated and contextualised. The second section refreshes the key dependent and independent variables and tests each of the formulated hypotheses and discusses the results. The third and final section concludes by addressing some of the implications of the findings.

SUBSTANTIATING THE HYPOTHESES

The survey instrument that was developed measures member-state behaviour in three ways: the number of signals sent as a proxy of control, the stage at which such signalling took place, and the signalling strategy, namely whether the Commission is targeted directly or indirectly. The latter followed from the conceptualisation of the Council as a hybrid

principal exhibiting traits of both a collective and multiplicity of principals. The variation thus uncovered showed great promise for further inferential analysis. Whereas the main hypothesis pertains only to the first of these indicators, the amount of control, the chapter will also assess whether administrative capacity affects the stage at which member states signal and the preference for either a bilateral or collective signalling strategy.

Administrative Capacity and Control

From the theoretical model, it was inferred that higher administrative capacity reduces the scope for information asymmetry between principal(s) and agent and thus enables the emission of more signals to control the agent. The causal mechanism driving this relationship is the assumption that the occurrence of signalling is conditional on the observation of a gap between what the Commission is proposing and what the member states are aspiring. In assessing the size of the gap, a trade administration needs to not only accurately derive their interests at stake but also monitor what the Commission is doing on their behalf and with what vigour. The larger the discrepancy between the Commission's actions and a member state's interest, the more likely the national representative will emit a (strong) signal to the Commission to ensure its interests will be defended satisfactorily. Thus it is argued that the mere act of monitoring does not constitute control but is an important condition for control to take place.

Hypothesis 1a Monitoring capacity reduces information asymmetry and increases control of a principal over its agent.

In Chap. 3, it was also argued that a higher ability to accurately derive a nation's interest in a given trade negotiation will increase the propensity by which a member state will signal the agent. This argument is based on the assumption that limited deriving capacity is most likely to result in an underestimation of the cases where a position ought to be taken. Whereas the gap might be overstated in a number of cases due to a lack of deriving capacity, this remains below the total number of cases where no position is formulated or where the gap is considered smaller. The empirical research from the previous two chapters further supports this assumption. There, it was shown that trade officials often have to solicit input from societal stakeholders themselves to formulate a position, suggesting that lack of such input diminishes a member state's ability to identify the potential preferences to be signalled. Moreover, the new trade agenda has provided

a challenge to the administrations not only in assigning responsibilities but also in motivating other units to provide the desired input. In the majority of member states, the line ministry is dependent on input from other ministries. The latter's eagerness to devote scarce time and resources to these issues determines to a large extent whether a position is determined and how specific that position will be.

Hypothesis 1b Deriving capacity reduces information asymmetry and increases control of a principal over its agent.

Overall, I expect monitoring capacity to be the closest approximation of a member state's overall administrative capacity. In the discussion of the various sources consulted in monitoring the Commission, it appeared that respondents also emphasised the role of various public and private actors in the process. Consequently, respondents may have interpreted the concept of monitoring not in the strict sense of observing the Commission's actions but rather in a broad sense—monitoring the gap between what the Commission is (or might be) doing and what the member state considers desirable. In such a scenario, the obtained indicator of monitoring capacity also captures part of the explanatory power of deriving capacity. Simultaneously, due to a number of challenges encountered with the gathering of the data on deriving capacity, a number of short-cuts were made that reduce the accuracy and reliability of the obtained data.

Administrative Capacity and the Stage of Control

A second relationship subject to inquiry is that between administrative capacity and the stage at which a national representative is most active in signalling the agent. When studying the dynamics of the negotiations, variation can be found on two dimensions. On one hand, variation exists among respondents regarding the relative importance they attach to the formal and informal stages of the negotiation process; on the other hand, it is possible to differentiate among respondents based on their preference or ability to be more active in the early (proactive) stages of the negotiations than in the later (reactive) stages. The demarcation between the proactive and reactive stages is made on the basis of the availability of concrete negotiation texts that could be subjected to discussion.

When studying the capacity of trade administrations, this latter distinction is of greater importance than the distinction between the formal and informal stages. Early involvement in the negotiation process was deemed

important because: “If instructions arrive too late or even fail to arrive at all, the activity level of states remains low, since many points are already resolved in advanced stages of negotiations and won’t be reopened for the latecomers” (Panke, 2010b, 814). For this reason, Panke argued that proactive preference formation and articulation is an important prerequisite for the useful application of small member state’s “counterbalancing strategies.” However, even if smaller member states face difficulties weighing in late in the game due to their limited voting power, this does not imply that they are more active in the early stages of the negotiation. In terms of the delay in receiving negotiation instructions, Panke’s research revealed substantial variation among the smaller EU member states (Panke, 2010a). If we assume that the timing at which a representative voices its interests affects its ability to attain desirable outcomes—and thus effectively upload domestic preferences—it is important to know how administrative capacity can contribute thereto.

Using distinctions between small or large obscures the assessment of the underlying causal mechanisms. Why might we expect a small country to signal earlier (or later) than a large one? Adhering to the focus of this book, I will zoom in on the traits of the administration in search for an explanation of why member states signal predominantly proactively or reactively. More specifically, I distinguish between three causal mechanisms through which administrative capacity may affect the speed with which an administration formulates a position.¹ Each of these mechanisms can also be used to explain why small (or large) member states signal relatively early or late in the negotiation process.

The first mechanism identified is the availability of sufficient human resources. The amount of staff working on trade issues is likely to affect the speed with which a policy position is formulated. Having an abundance of resources enables, for instance, the organisation of a conference with relevant stakeholders before each negotiation. But it also enables specialisation whereby a single staff member can focus on one particular component across many trade agreements. Consequently, a policy position is formulated relatively quickly, even when it concerns highly technical matters. Finally, human resources also enhance parallel processing

¹The assumption that the speed of formulating a policy position is also translated into being relatively more active in the “proactive” than the “reactive” stages of the negotiation can be subject for debate. I do not see any reason why a member state would delay the signaling of a position once it has been formulated.

capacity: the amount of dossiers that can be dealt with simultaneously. Monitoring the developments in a single negotiation is a lot simpler than monitoring five negotiations at the same time. We expect limited human resources to be a more pressing constraint for smaller member states. In such an administration, the trade official often performs multiple tasks, ranging from representation and policy-making to the provision of public services, as indicated from the field work in Estonia. Moreover, representatives often need to cover multiple policy domains of which (external) trade is only one.

Hypothesis 2a The smaller the trade administration's staff, the stronger its tendency to signal during the reactive rather than the proactive stages.

A second mechanism focuses on the difficulties or challenges an administration faces in formulating a position. Inefficient coordination can slow down the policy-making process. If the dispersion of information is hindered, the various stakeholders cannot provide timely input. Similarly, the existence of various administrative hurdles and procedures can also slow down the policy formation process. The amount of interests to be aggregated affects the speed at which a position is formulated. According to this mechanism, we would expect that larger member states require more time to formulate a position, as it takes time both to organise a broad debate with public and private actors and to aggregate the various interests voiced in a coherent position. Such preference heterogeneity makes policy-making in larger states more cumbersome (Alesina & Spolaore, 1997, 2003). By contrast, in a smaller member state, the determination of an interest is more straightforward. There are fewer firms, ministries, or associations to consult, and the potential for conflicting interests is also much lower. This can enable a smaller country to formulate a position quite quickly. One Spanish respondent added credence to this hypothesis when musing over the cases I had selected for my pilot studies. He commented that it probably is a lot easier to formulate a position as a small country due to absence of so many interests to reconcile (Interview TO #8).

Hypothesis 2b The more a trade administration faces difficulties in coordination, the stronger its tendency to signal during the reactive rather than the proactive stages.

Finally, during the qualitative fieldwork a discrepancy became apparent between the predominant view in the IPE of trade from which we would expect policy-makers to be subjugated to a continuous barrage of

societal pressures, and a political reality where often societal actors are largely absent urging the trade official to actively solicit input. From the quantitative results, it was confirmed that the median administration initiates contact with private stakeholders and not vice versa. Based on this finding, it is possible to hypothesise that the more an administration takes the initiative to consult its stakeholders, the faster it can formulate a policy position. This mechanism somewhat favours the smaller member states, as it is easier for their administrations to identify and consult the relevant stakeholders. Clearly, large member states can also initiate consultations, but in a larger country business associations have larger policy units that are more actively trying to influence policy. Here, the policy-maker can also await their input.

Hypothesis 2c The more a trade administration takes the initiative when consulting with private stakeholders, the stronger its tendency to signal during the proactive rather than the reactive stages.

Administrative Capacity and Strategies

The third dependent variable developed and discussed in Chap. 6 was the strategic choice to signal bilaterally or collectively. Where the first two hypotheses concerned only the capability of a member state to signal, one can equally well conceive of capabilities that foster the use of one strategy over another. It has been shown, for example, that the presence of expertise within an administration allows a representative to persuade others through argumentation (Haverland and Liefferink, 2012a, 2012b; Tallberg, 2008). In a similar fashion, it could be possible to identify administrative traits that enable a member state to signal the agent directly or through collective action.

If we focus on the data that was collected in the margin of the measurement of administrative capacity, it is difficult to formulate a concrete theory-based hypothesis. Why would monitoring lead to a preference for collective or bilateral signalling strategies? And can we think of aspects of deriving capacity that might lead to a preference for one strategy or the other? The preference of a trade official to use one strategy over the other could not be explained satisfactorily by the voting power of the member states. Part of the explanation offered was that, rather than power, it takes a capable administration to signal bilaterally or collectively. For that reason, the hypothesis can be formulated that to engage in collective

strategies, the member states also require a degree of networking capacity. Daniel Naurin has operationalised this concept and measured a member state's networking capabilities through peer-evaluation—inquiring of other member states how well networked a particular member state is (Naurin, 2007). Whether such “network capacity” is also an emanation of the domestic decision-making process can be questioned. With a bit of conceptual stretching, it might be possible to link it to a member state's monitoring capacity. But still, the conceptualised indicator is primarily focused on the observation of the Commission and not on the relations with other member states.

This points to a limitation of the proposed conceptualisation—the exclusive focus on the capabilities of the domestic administration while neglecting the skills, network, and reputation of the member states' representation. In summary, based on the chosen conceptualisation and operationalisation of administrative capacity, I do not expect to find a relationship between administrative capacity and the preference for one strategy or the other.

Hypothesis 3 Neither monitoring nor deriving capacity has a significant effect on the strategies pursued.

DATA ANALYSIS

Data on the dependent and independent variables have already been discussed extensively in Chaps. 4 and 6, respectively. Information regarding the data-gathering process and descriptive statistics on the obtained data can also be found in these chapters.

Administrative Capacity and Control

To test the relationship between administrative capacity and control, I will proceed in two steps. First the relationship between monitoring capacity and signalling will be the subject of inquiry. In a second stage, the question of whether variation in deriving capacity can help explain a member state's propensity to signal is tested on the basis of the gathered data. In both cases the dependent variable, control, is measured through the Signalling Index (SI) developed in the third chapter. The indicator aggregates seven different signalling tactics. Two versions were thus constructed: one with equal weights for the different tactics and a second with each tactic weighted conform its political weight.

Monitoring Capacity and Control

To measure monitoring capacity, representatives were asked to indicate how often thirteen different sources were consulted to obtain information regarding the Commission's negotiating behaviour. Sources ranged from the European institutions and the domestic administration to the international partner with whom the Commission is negotiating. Two versions of the independent variable were constructed. The first was a simple mean of the indicated frequencies (Monitoring); the second was a more conservative measurement that excluded all items that could be related to either the dependent variable or the deriving component of the administrative capacity (Monitoring2). For both the dependent and the independent variables, indicators were rescaled to range from 0 to 100. Two additional control variables are added to the linear regression model to ensure the studied relationship is not confounded by other explanatory factors.

The first control variable to be included is a member state's voting power. The Shapley-Shubik indicators for power were used for this purpose. Its inclusion in the regression model helps to provide a more conservative assessment of the effect of monitoring capacity. A second variable is included in the model to control for "common method bias." Common method bias occurs when both the dependent and independent variables are measured with the same survey instrument (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). This heightens the chance of finding a significant correlation if respondents exhibit a bias in their response pattern. It is a quite pertinent problem in the study of public administration (Meier & O'toole, 2013). Because monitoring capacity and control were measured with the same instrument, the aspired analysis may be exposed to this risk. More specifically, if respondents exhibit a tendency to overstate their efforts at signalling control, they might also be more likely to overestimate their efforts with regards to monitoring. To avoid any positive effect uncovered resulting from respondents' biases, a second control variable was included. This variable, (common method bias), consists of the mean scores respondents gave with regards to their activity level in the various stages of the negotiation. The measure functions as an approximation of respondents' over- or underestimating bias.

The models are estimated using Ordinary Least Squares (OLS) regression. Due to the small sample, the errors of the coefficients were estimated through a non-parametric method (i.e., bootstrapping).² Each regression

²This notwithstanding, post estimation of the models revealed that the null hypothesis of normally distributed error could not be rejected. Neither could we reject the hypothesis of homoscedastic errors.

was thus estimated using 5000 replications where the bootstrapped samples were constructed with replacement and retained the same size as the full sample. Following a first regression, I assessed the existence of outliers. Three observations were flagged as requiring further investigation. A qualitative inquiry (see Chap. 4) confirmed that in two of these cases the answers of the respondent were questionable. They were removed from the sample. Important to emphasise is that their removal weakened the results rather than strengthening the findings. The *dfbeta* plot and its interpretation can be found in the annex (Figure C1).

Ultimately, six regression models were tested. In the first two models, the dependent variable was the unweighted SI (models 1 and 2). The following set of regressions used the weighted indicator SI as an alternative dependent variable (models 3 and 4). The final two models were estimated using country-averaged data (models 5 and 6). Due to the small sample size, I have decided to leave out the CMB control variable for these final two models.³ The results can be found in Table 7.1.

In each of the models, the findings clearly illustrate that a respondent's—or a member state's—monitoring capacity contributes to the overall signals emitted. In other words, a principal that is able to limit its information asymmetry vis-à-vis the agent will exert more control over that agent. Moreover, this effect was quite strong with standardised coefficients between 0.25 (model 3) and 0.44 (model 5).

This finding is robust when correcting for size and the potential for common method bias. Voting power as measured through the Shapley-Shubik index was also significant in all but one of the models. We can therefore confirm that higher voting power has a positive effect on the frequency by which a representative will signal the Commission. Evidently, voting power captures much more than just formal might. It also covers many size-related aspects, some of which are reflected in traits of the domestic trade administration. In the following sub-section, the effect of three such factors will be tested when analysing the effect of deriving capacity on control. The control for CMB was significant in a one out of four models, suggesting that results might be a little susceptible to common method bias. Nevertheless, even when controlling for this problem, the results for monitoring capacity were still significant.

³ An alternative formulation of the model was also estimated using only monitoring capacity and CMB as independent variables. Regardless of the choice of dependent and independent variables, the CMB had no significant effect (while monitoring still had).

Table 7.1 Monitoring capacity and Control

	Model 1 (unweighted)	Model 2 (unweighted)	Model 3 (weighted)	Model 4 (weighted)	Model 5 (unweighted)	Model 6 (unweighted)
Monitoring	0.274*** (0.105)	/	0.232** (0.104)	/	0.423*** (0.140)	/
Monitoring 2	/	0.239*** (0.081)	/	0.207** (0.082)	/	0.268* (0.138)
Power	128.034*** (48.584)	136.676*** (48.43)	157.369*** (48.475)	164.533*** (48.768)	121.295* (67.588)	131.199* (72.138)
CMB	0.193 (0.120)	0.207** (0.112)	0.162 (0.122)	0.173 (0.115)	/	/
Constant	24.762***	28.06***	29.097***	31.673***	26.794***	38.619***
Adjusted R ²	0.373	(9.031)	(8.669)	(8.913)	(8.984)	(8.328)
Observations	39	39	39	39	22	22

***significant at 1 %

**significant at 5 %

*significant at 10 %

Source: Author's own data and Napel, Widgrén, and Mayer (2013)

Deriving Capacity and Control

To study the relationship between deriving capacity and control, I will make use of the three core concepts that were also identified in the previous chapter. These are the *diversity of the policy network*, the *available human resources*, and the effectiveness of the *coordination process*. For each of these concepts, two variables were constructed whose effect on the member states' propensity to signal the Commission will be tested.

The first set of variables measuring the diversity of the policy network concerns the input from societal stakeholders as well as the number of ministries involved in the coordination process. Societal input is an indicator that combines both the amount of input obtained from societal stakeholders and an assessment of business associations' technical expertise. To operationalise the second concept—availability of human resources—I will make use of the number of staff of the administration and the extent to which job turnover presents a challenge for the administration. The third set of independent variables captures both the method of coordination and the effectiveness of such coordination. For the former, an indicator was constructed that captures the intensity of inter-ministerial coordination as well as state-society interaction, whereas the latter variable grasps the extent to which member states face difficulties in balancing offensive and defensive interests and the extent to which they are constrained by administrative hurdles.

Seeing that deriving capacity was predominantly measured at the level of the member state (and not the respondent), we will test the relationship between the distinct components of deriving capacity and control on the basis of country-aggregated data. In the analysis, I have decided to conduct bivariate analyses to avoid problems of multi-collinearity as the sample size is very small. The size of the domestic economy affects both the level of societal stakeholders' involvement in trade policy and the number of staff an administration hosts. Again, OLS was used to estimate the coefficients. The errors were bootstrapped using 5000 iterations.

The results from Table 7.2 show results indicate that of the six independent variables (one for each column), only two led to significant results. The input obtained from societal interests as well as the staff employed are the two factors that help explain a member state's propensity to signal the Commission during external trade negotiations. The lack of a significant finding for the other factors does not imply there is no relationship to be discovered. Rather, we can only observe that based on our data, such a relation could not be dis-

Table 7.2 Deriving capacity and control

	<i>Dependent variable = SI (unweighted)</i>					
	<i>Society</i>	<i>State</i>	<i>Staff</i>	<i>Turnover</i>	<i>CoordMethod</i>	<i>CoordResult</i>
Deriving capacity	0.20* (0.11)	3.37 (4.24)	050* (0.29)	-0.48 (2.77)	-0.10 (0.21)	0.061 (0.18)
Constant	49.61*** (4.94)	42.89** (17.25)	50.64*** (4.76)	60.26*** (9.04)	64.40*** (16.33)	55.02*** (11.37)
Adj. R ²	0.13	-0.04	0.11	-0.07	-0.06	-0.07
# observations	17	14	12	15	15	15

***significant at 1 %

**significant at 5 %

*significant at 10 %

Source: Author's own data

cerned. More research is appropriate to substantiate these findings. A refinement of the indicators of deriving capacity can be a first avenue of research.⁴ An additional regression was run to estimate the joint effect of monitoring capacity and deriving capacity on the amount of control exerted by a member state. The results are included in the annex (Table C.3) and confirm the findings of this section. Monitoring capacity has a significant effect in all models but for deriving capacity only the number of staff and amount of societal input showed a significant coefficient.

A final note of caution is due. In studying the relation between administrative capacity and a member states' ability to exert control, the issue of endogeneity arises. The need to apply control is related to the specific interests a member state seeks to defend. Going back to Fig. 2.2, it is clear that, if the Commission's proposals are close to that of the member state, control is rarely required. Likewise, in the event that a member state expects others to defend a similar interest, they can free-ride on the actions of another member state. In other words, member states differ among one another with regards to the demand for control they experience. Evidently, if such demand for control is relatively fixed and stable, it is not hard to imagine a member state would adjust its administrative capacity

⁴Originally, a proper network analysis was aspired through a web survey throughout the national administrations. The level of detail in the data ultimately gathered differs significantly from the original aspirations, for both the involvement of other public actors and the intensity of the coordination system.

correspondingly. In this case the problem of endogeneity arises due to an underlying latent factor driving both the dependent and the independent variables: the demand for control (King, Keohane, & Verba, 1994, 189). While data was gathered with respect to this “demand for control,” the indicator proved to be uncorrelated with both the dependent and the independent variables.⁵ As a result, I refrained from incorporating it as an additional control variable in the tested model.

Administrative Capacity and the Stage of Control

Are there specific characteristics of the administration that enable a member state to signal its preferences in the earlier stages of the negotiation? Based on the alleged impact this may have on negotiation success, inquiry was deemed appropriate. Above, three hypotheses have been formulated. In short, I expect resource munificence, the effectiveness of the coordination process, and active consultation of societal stakeholders to result in a faster position being formulated and thus in “proactive signalling.” Recall from the discussion in Chap. 4 that six different phases of the negotiations were defined that could be separated in two groups: the last three stages formed the reactive phase of the negotiations, as they enabled member states to react on specific draft texts. The first three stages, by contrast, formed the proactive period, taking place before any texts were circulated. For the analyses, both an additive- and ratio-based indicator of proactiveness was created, which equals 0 if a respondent is only active in the three latest stages and 100 if signalling only occurred in the proactive stages.

In the analyses, the added indicator was used, but the findings do not differ in case a ratio is used. Three independent variables were identified in formulating the hypotheses: the available human resources, the effectiveness of coordination, and the active consultation of societal stakeholders. To assess the effect of the available resources, we used the imputed number of staff (HR). For the other two variables, we can use the rescaled variables *CoordResult* and *Initiative*. As per usual, estimates were obtained through OLS estimation, with the standard errors derived from 5000 bootstrapped samples. The results of all the regressions can be found in Table 7.3.

⁵The survey included the following question to measure the “demand for control”: “How often do you feel that the Commission’s initial proposals deviate from your country’s preferences?”

Table 7.3 Administrative capacity and proactive signalling

	<i>Model 1</i> (Country)	<i>Model 2</i> (Country)	<i>Model 3</i> (Respondent)	<i>Model 4</i> (Respondent)
Staff	0.31*** (0.10)	0.18 (0.11)	0.27* (0.15)	0.11 (0.12)
Initiative	0.20*** (0.06)	–	0.19*** (0.05)	–
CoordResult	–	0.16* (0.08)	–	0.17** (0.08)
Constant	35.80** (5.50)	41.04*** (7.04)	37.93*** (5.85)	42.00 (6.82)
<i>N</i>	16	14	26	23
Adj. R ²	0.47	0.15	0.26	0.12

***significant at 1 %

**significant at 5 %

*significant at 10 %

Source: Author's own data

The limited number of observations is a consequence of the missing observations on the side of the dependent and independent variables. From the results of the country-level regressions, it is clear that the size of the administration has a significant and positive effect on proactive signalling of the Commission. A larger staff enables a position to be formed earlier in the negotiation process and can thus enable proactive signalling. This result was not robust when accounting for the effectiveness of the coordination process. Encountering difficulties in coordination significantly delays the stage of the negotiations at which a member state will predominantly signal its preferences (models 2 and 4). Difficulties in coordination were suggested to be size-related and able to provide an advantage to smaller member states. However, it is important to keep in mind that the results from Table 5.5 did not confirm that larger member states face more challenges in coordinating a position. While the coefficient had the hypothesised sign, this relationship was not significant. Also the third variable—member states taking the initiative to consult stakeholders—proved to affect the stage at which respondents predominantly signal the Commission (models 1 and 3). A more proactive approach in engaging with societal actors results in a stronger emphasis on the early than the late stages of the negotiation process. While support was found for the main hypotheses, the limited number of observations warrants caution to extrapolate these findings.

Administrative Capacity and Strategies

Above, the hypothesis was formulated that—based on the developed theoretical framework—no a priori relation was expected between administrative capacity and a preference for a particular negotiating strategy. To assert whether a relationship exists between both variables, we will make use of the (unweighted) ratio of bilateral over collective signals as the dependent variable. A higher value thus corresponds with a preference to signal bilaterally. The explanatory variables are the same as those elaborated in chapter 3 i.e. size and the preference to signal during the formal stages of the negotiation.

Monitoring Capacity

When testing the relationship between monitoring capacity and signalling strategies, it is of particular importance to use the constrained monitoring indicator. The underlying reason is to reduce the overlap between the bilateral contacts a representative establishes with the Commission in

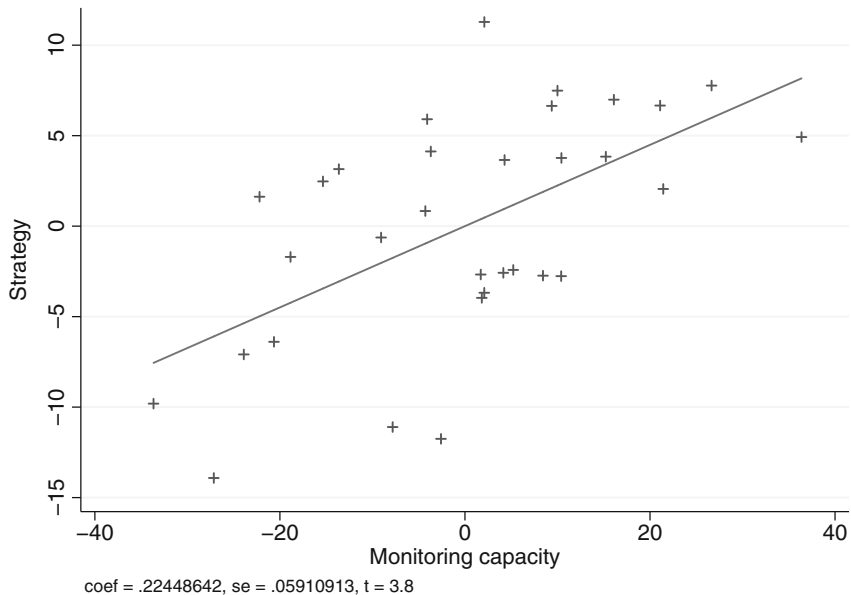


Fig. 7.1 Added variable plot Monitoring capacity and Signalling strategies.

Source: Author's own data.

the context of monitoring and the contacts whereby the Commission is the target of a member state's tactics.

Figure 7.1 visualises the relationship between a respondent's monitoring capacity and its preference to signal bilaterally. This graph, also called the partial regression plot, is useful for indicating the additional explanatory power to be obtained from one regressor if controlled for the other explanatory variables in the model. In this case the control variables were size and the preference to focus on the formal stages of the negotiating process. From the graph, it is clear that higher monitoring capacity increases the relative preference of a respondent to apply bilateral tactics. In a bootstrapped OLS regression, I found this effect to be highly significant at the 0.1 % confidence level. Moreover, the size of the uncovered effect was also large, with a standardised coefficient of 0.51. Under the unrealistic assumption that monitoring capacity would function as a proxy of a member state's ability to network, a negative relationship should be expected.

So how can we make sense of this relation? One potential explanation may be that the observed effect is a consequence of the iterative process of signalling. Monitoring capacity improves a member state's ability to assess both the actions of the Commission and the remaining room of manoeuvre. This can favour bilateral signalling as a strategy when representatives fear that using this information publicly may jeopardise their negotiating position as other principals may start a countermove. In other words, higher monitoring capacity gives a member state a competitive edge over its rivalling principals, an advantage that can trigger a greater preference for bilateral strategies.

An alternative explanation for the uncovered relationship might be a consequence of a member state's desire to engage in arguing. Time for starting an argument is limited in the TPC meetings. When monitoring diligently, direct informal contacts may enable representatives to leverage their excellent knowledge about the agent's actions, whereas such arguing would not be possible in a collective venue.

Deriving Capacity

To test the relationship between deriving capacity and a member state's signalling strategy, a set of bivariate regressions were run using the (unweighted) strategy index as the dependent variable. The coefficients, the bootstrapped standard errors, and the number of observations are reported in Table 7.4. As is clear from the table, none of the different mea-

Table 7.4 Deriving capacity and Signalling strategies

	<i>Dependent variable = Signalling strategy</i>					
	<i>Society</i>	<i>State</i>	<i>Staff</i>	<i>Turnover</i>	<i>CoordMethod</i>	<i>CoordResult</i>
Deriving capacity	0.03 (0.03)	2.54 (1.60)	0.00 (0.04)	-0.13 (0.80)	0.01 (0.07)	0.03 (0.06)
# observations	17	14	22	14	15	15

Source: Author's own data

tures of deriving capacity correlated significantly with a member state's signalling strategies.

Why does deriving capacity not trigger a higher preference for bilateral signalling, whereas monitoring capacity does? It could be related to the type of information concerned. Being able to derive one's interest more accurately does not give a member state a competitive edge over competing principals that have a divergent opinion. It is precisely the nature of the Council as a hybrid principal that facilitates the view of competition among principals. In the end, principals compete among each other to pull the ultimate trade deal as much in their direction as possible.

I also assessed whether other capabilities of an administration correlated with the strategic preferences of the respondents. In the development of the hypotheses, I briefly touched upon the potential relation between a member state's networking capacities as a factor that can enable its representatives to signal collectively. The data on networking capacity was derived from Daniel Naurin's EUI Working Paper (Naurin, 2007). However, in a simple regression, I found the coefficient to be insignificant. The most obvious explanation is the incongruence of both datasets in time and policy domain. Naurin's measures might not capture the networking capacity of contemporary trade administrations. More research is thus required to address the relationship between the administrative traits and a member state's preference to signal bilaterally or collectively.

CONCLUSION

After exploring and describing both the dependent and the independent variables, this chapter formulated and tested the main hypotheses of this book. What conclusions may we draw from these results?

First and foremost, the results indicate that administrative capacity matters. Monitoring, in particular, has a significant impact on the number of signals emitted to the Commission. The observation that monitoring capacity is not related to the size of the member state suggests that smaller members also have the potential to put their stamp on EU trade policy. The results also indicate that deriving capacity matters when explaining the amount of control exerted. The relationship between state and society appears to be a critical success factor. The amount and quality of input obtained from societal organisations explain the propensity by which a member state will signal their interests. The availability of human resources also affected the number of signals emitted. Size still matters. However, caution is warranted in interpreting these results. It is important to reiterate that maintaining a large administration comes at a price. Increasing administrative capacity might not be worth the additional cost if it cannot be offset by additional gains.

Nonetheless, there are some low-hanging fruits to be reaped. The largest explanatory power was derived from monitoring capacity, an indicator that is not related with the size of a member state. The role played by the representatives in the TPC is therefore vital to understand the potential impact a member state can have. The selection of and support provided to these representatives in their daily operation can be a first starting point to strengthen the trade administration. Similar improvements can be identified with respect to the retention of expertise within the policy network, the training of key societal actors or the organisation of coordination meetings.

The main relationship of interest was that between administrative capacity and control. This notwithstanding, two additional sub-themes addressed in this chapter were the preference for bilateral versus collective strategies and the member states' activity in the proactive versus the reactive stages of the negotiation process. While the framework supporting these analyses was not developed as rigorously, the findings are nevertheless interesting for further research. A country's monitoring capacity correlated strongly with a preference for bilateral signalling tactics. On the other hand, the analyses have shown that the number of staff members, the efficiency of the coordination process, and the taking of initiative when consulting societal interests can help in explaining why certain representatives can signal proactively while others become more active in the later stages of the negotiations.

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Conclusion: A Matter of Principals

Over the last decades, we have seen an increasing widening and deepening of the EU's trade agenda. The Commission's DG Trade has expanded correspondingly. Whereas 452 people were employed by DG Trade in 2004 (Commission 2005), this number has grown to 758 ten years later (Commission of the European Communities, 2015). Whether administrations in the member states have mirrored such evolution is questionable. When commenting on the strategy paper by Trade Commissioner De Gucht in the Dutch lower chamber, the responsible Ministry of Economy acknowledged the challenges, but reacted by noting that “[these developments] demand a different engagement from the Netherlands. Even more so than in the past, it remains of the utmost importance for the Netherlands to derive its own interests at an early stage of the negotiations and pro-actively place those on the Brussels' agenda. This demands a lot from a shrinking government; but it is also demanding for all other stakeholders: business, societal organisation, labour unions and other institutions need to be aware of it.”¹ (van Economische Zaken & Landbouw, 2011).

¹Original in Dutch: “[Deze ontwikkelingen] vragen ook om een andere en scherpere inzet vanuit Nederland. Nog meer dan in het verleden is het van cruciaal belang dat Nederland in een vroeg stadium inzicht heeft in de eigen belangen en deze pro-actief in Brussel agendeert. Dat vraagt veel van een kleiner wordende overheid; maar het vraagt zeker ook meer van alle andere belanghebbenden: bedrijfsleven, maatschappelijke organisaties, vakbonden en andere instellingen dienen zich hiervan bewust te zijn.”

The above observation raises the question of the role of national administrative capacity in controlling the European Commission during trade negotiations. At a more basic level, it also raises the need for more knowledge on how national trade administrations are actually organised. Throughout the book, I have tried to provide an answer to these questions. This endeavour has generated several new insights that, hopefully, contribute to the wider literature and may inform new research to be conducted. The conclusion will briefly revisit the main theoretical and empirical contributions of the conducted research. To each, a separate section will be devoted. A prospective angle is also useful to look beyond the confines of this research project. The final section will, therefore, touch upon the normative implications and point at a few directions for further research.

THEORETICAL CONTRIBUTION

To what extent does administrative capacity explain a member state's control over the European Commission during trade negotiations? While different research traditions have shed light on parts of the puzzle in accordance with their particular analytical focus, individually, none provided sufficient leverage over the posited research question. To provide a compelling answer, cross-fertilisation between these different strands of literatures was deemed desirable and necessary. More specifically, by combining insights from *Comparative Public Administration* (CPA), *Negotiation theory*, and the *Principal-Agent model*, I hypothesised that member states vary in their propensity to signal the Commission, and that this variation can be explained by the performance of the national trade administration. Building towards the testing of the formulated hypothesis, several conceptual refinements were required.

Rather than looking at the member states as part of a single collective principal (i.e., the Council), I have argued that it is more appropriate to consider the Council as some type of hybrid principal, wavering between a collective and a multiplicity depending on the (real or perceived) veto power of individual member states. The existing approaches to study the relationship between the member states and the Commission are thus complemented by opening up the toolbox of “multiple principal” models. Doing so enables a meaningful study of member states' attempts for control quasi-independently from one another.

A meaningful comparison between member states' proclivity to exert control during the negotiations also called for an alternative approach to

conceptualise control. Because member states and the Commission interact continuously both within and outside of the Trade Policy Committee, a “signalling approach” was used to study control. Member states interact with the Commission by signalling their interests. These signals have to be taken seriously if the Commission wishes to see the agreement ratified. While many PA scholars are cognisant of Negotiation theory and have conducted research on both subjects, the two fields have mostly coexisted next to one another without much cross-fertilisation.² Through the book, I hope to have made this bridge more explicit. The conceptualisation of the Council as a hybrid principal informed the differentiation between collective and bilateral signalling strategies. The former follows from the collective identity of the Council, whereas the latter signifies the direct but informal contract the member states share with the Commission. The synergies between the PA model and Negotiation theory also arose when looking at the different stages of the negotiation process in which member states are active. Here, a distinction was introduced between the formal and informal phases of the negotiation process. In the formal stages, a decision by the Council is required, whereas the informal stage also facilitates direct interaction between the member states and the Commission. This distinction led to the proposition that member states that are relatively more active during the formal stages have a stronger preference for a collecting signalling strategy.

Adhering to the idea of information asymmetry as a key driver of agency slack, the argument was forwarded that lacking administrative capacity widens such asymmetry. Member states can decide to attend Council meetings—or not; they can decide to gather additional information regarding the preferred policy—or not. For the conceptualisation and measurement of administrative capacity, insights were drawn from Comparative Public Administration. Drawing on the notion of the policy network and network performance, different indicators were derived to approximate a country’s monitoring and deriving capacity. In doing so, the research also presents a (modest) contribution to the literature on network performance. Most Public Administration scholars have focused their attention on implementation networks, whereas the performance of policy networks has attracted limited attention. It also contributes to the

² Compare for example Dür and Mateo (Dür & Mateo, 2010a, 2010b) with Dür and Elsig (2011); Niemann and Huigens (2011) with Niemann (2004), or da Conceição-Heldt (2011) with da Conceição-Heldt (2006).

limited, but growing, body of research relating administrative capacity to a member state's ability to upload their preferences to the European level. In summary, this research has shown that there are significant synergies to be reaped from further integrating insights from Comparative Public Administration, Principal-Agent models, and Negotiation theory. I consider the bridging of these three traditions in scholarship the most significant contribution to the broader literature.

A final theoretical contribution can be identified with respect to the political economy of trade policy. The institutional approaches in comparative IPE have almost exclusively focused their attention on variation in the legislative system. In the EU's CCP, the national parliaments' role has been usurped by the executive and thus variation needs to be found at the level of the bureaucracy. In the EU we are studying executives that seek control over a supranational executive. By studying national trade administrations, the book contributes to the further development of a comparative political economy of the executive.

EMPIRICAL CONTRIBUTION

Translating the theoretical framework to an empirical research design implied several hurdles to be overcome. The first hurdle pertained to the limited information available on the functioning of domestic trade administration. The second hurdle to overcome was the derivation of concrete indicators for the quantitative analyses. To address these challenges, the research design incorporated an exploratory qualitative stage before quantitative data could be gathered.

Qualitative Findings

For the dependent variable—control—in-depth interviews with officials in the different European institutions were conducted. These interviews resulted in three main insights. First of all, the interviews show that—contrary to prior expectations—Lisbon has not brought the CCP closer to the Common Foreign and Security Policy. The creation of a separate FAC trade, as well as the role of the rotating presidency therein, strengthened the relative independence of the trade policy community. Secondly, the interviews confirmed the growing importance of informal processes in EU decision-making. This observation referred not only to the discussions that take place in the margins of the TPC meetings but also that

emanate through the organisation of Informal Technical Meetings by the European Commission. And finally, the interviews helped to clarify the role and importance of the various Council working parties that discuss the EU's external trade negotiations.

On the side of the independent variable—administrative capacity—qualitative pilot studies in Belgium, Estonia, Poland, and Spain unearthed variation along four identified topics of inquiry. First and foremost, administrations vary in terms of centralisation and the scope for overlapping competencies. Secondly, variation in the coordination process could be found on three dimensions: the openness to participation, the method of conflict resolution, and the potential for discussion. Thirdly, the member states differ with respect to the resources at their disposal. These differences manifest through the available staff, the scope for specialisation, and the balance between civil servants and diplomats. Finally, variation was found regarding the way in which state and society interact. Thus it was uncovered that not all administrations could rely on an extensive network of business associations, and that interaction often occurred on the initiative of the administration itself.

Quantitative Findings

The quantitative research on the dependent and independent variables (cfr. Chaps. 4 and 6) consisted of two parts. First an operationalisation was elaborated based on the qualitative findings and the available literature. Consequently, a descriptive analysis of the results was offered. This structure will be maintained in our discussion here.

The qualitative research confirmed that it was important to capture both formal and informal processes of control. Accordingly, a survey of representatives was preferred over a document-based codification of formal meetings. The focus on the incidence of a signal rather than its content also facilitated data reliability. Seven different signals were thus identified. In addition to distinguishing between various bilateral and collective signals, an assessment of the strength of these signals was made. This presents a modest contribution to the literature. In the end, three propositions were formulated with regards to the dependent variable and put to the test. From the analyses, it was revealed that member states' signalling strategies could not be explained by their voting power. Whereas the larger countries predominantly signalled their preferences directly to the Commission, representatives from smaller

member states applied a wide variety of strategies. The data also showed that involvement in an early phase of the negotiations leads to more signalling overall and that member states that are mostly active during the formal stages of the negotiations also have a higher propensity to signal collectively.

Administrative capacity was originally conceptualised as the ability to monitor the Commission and accurately derive domestic interests. In transforming this definition into measurable indicators, I started from the notion of network performance. Using a series of assumptions regarding the factors that foster and deter network performance, and drawing on the insights from the pilot studies, a survey was developed that grasps the ability of a trade administration to monitor the Commission and derive their domestic interests. The focus on the performance of the policy network seemed adequate from a theoretical perspective but appeared less feasible empirically. While data on monitoring capacity were easily gathered, the mapping of the—often decentralised—policy networks inside the capitals was far more difficult. Despite this set-back, the derived indicators are still a large improvement over the existing indicators commonly used in (quantitative) comparative analyses.

Four findings emerge from the ensuing analyses. Firstly, member states vary strongly in their monitoring as well as deriving capacities—a variation that can be explained only in small part by the size of the member state. Secondly, the results cast doubt on one of the major assumptions in the IPE of trade policy: the omnipresence of mobilised interest groups. A large majority of respondents rejected the statement that they receive sufficient input from societal stakeholders. The research also revealed that most interaction between state and society occurs on the initiative by the trade officials thereby questioning the assumption of the state as a passive aggregator of interest group pressures. That is not to say interest groups do not matter. To the contrary, it suggests that we need to know more about trade policy-making in the absence of mobilised interests. As indicated in the first chapter, existing studies on the EU's trade policy have often focused on the most politicised issues. This research reveals that such focus might create a biased view on the trade-policy-making process. The third finding pertains to the challenge identified by Matthew Baldwin when he stated that national administrations are under increasing pressure (Baldwin, 2006). The research indicated that his concern has to be taken seriously, as a large majority of respondents confirmed the challenge

of having to do the same or more work but with fewer resources.³ And fourthly, I found that the amount of input from societal actors decreases significantly when we shift our focus from the western to the eastern member states. The capability of interest groups to provide useful information, however, was related only to the size of a country.

The dependent and independent variables were, ultimately, linked to each other in the previous chapter. In testing the main hypothesis, the results indicate that monitoring capacity, indeed, increases control. The analyses were less straightforward with regards to the various components of deriving capacity. An increasing amount of—high quality—input from interest groups resulted in more signalling. A similar effect could be observed with respect to the available human resources. By contrast, the effects of coordination as well as the number of ministries are not significant.

Subsequent analyses also indicated that administrative capacity can explain the signalling strategy a member state applies. More specifically, member states disposing high monitoring capacity signal the Commission relatively more often through bilateral than collective tactics. A final empirical contribution is related to the stage at which the member states predominantly voice their concerns. Those member states where the administration initiates consultation with societal stakeholders are found to be more active in the early stages of the negotiation than administrations that awaited input from interest groups. Also the availability of plenty human resources facilitates proactive signalling.

Normative Implications

Before discussing the potential expansion of the initiated research, it is important to tackle the normative implications of the acquired findings. I will focus on the two questions that most often followed the presentation of my empirical results.

The first question revolves around the identification of winners and losers. Does my research imply that smaller member states generally draw

³ Further research is required to substantiate this finding, as it is unclear whether the source of an increase in workload is due to the deepening and widening of the trade agenda, declining budgets, or the supranational character of the policy domain—that is, if the results are not affected by social desirability bias in the first place.

the shorter end of the bargain? I would answer: not necessarily. First, smaller countries have far fewer interests to defend in a given negotiation. In other words, they have less to signal about. Devoting additional human resources to trade will not change that. Second, for those interests that are articulated, small member states can benefit the most from the pooled market power. Would Cyprus, for example, have ever been able to get its “Loukoumi Geroskipou” (a locally produced type of candy) protected as a “Geographic Indication” in a trade agreement with Canada if it was not a part of the EU?⁴ Third, the occurrence that a small member state’s interests are completely distinct from that of a larger member state is quite rare. Free-riding on another (more powerful) member state’s efforts is quite common. The effect of a member state’s size on signalling behaviour is therefore dual: on the one hand, larger countries can maintain a larger administration and thus signal more often, while on the other hand, their economy is a lot more diverse, implying a larger variety of offensive and defensive interests are to be identified, reconciled, and defended.

This also brings me to the second question: What are the policy implications to be drawn from this research? The observation of a relationship between administrative capacity and control should not necessarily lead to the conclusion that all trade administrations should expand and hire additional staff. Recall from the third chapter that the decision to delegate depends to a large extent on the balance between the aspired benefits, on one hand, and the costs that follow from such delegation, on the other. These costs were twofold. There are costs associated with monitoring the agent as well as costs associated with the agent acting against the principal’s interests. An expansion of the administration increases the costs of control while constraining the potential of agency slack. Consequently, an expansion (or reform) of the administration is useful only insofar as the marginal benefit exceeds the marginal costs of such a reform.

Rather than a focus on the size of the country or the size of the administration, I have advocated the idea of the administration as a policy network and administrative capacity as the performance of said network. Following this logic, administrative reform can be achieved without

⁴A Geographic Indication is defined as “an indication which identifies an agricultural product or foodstuff as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of the product is essentially attributable to its geographical origin” (Art.7 of the CETA chapter on intellectual property rights 2015). If a trading partner accepts such a geographic indication, it implies its producers cannot call their products “Champagne” or “Parma ham.”

necessarily incurring much cost. Small member states—more than their larger counterparts—for example, need to prioritise the different meetings they will attend, have to invest more in representation than in interest formulation, and benefit disproportionately from a long-term human resources policy to ensure the acquired expertise does not get lost. The finding that monitoring capacity is not related to a member state's size may suggest that many smaller member states have already invested in their monitoring capabilities.

EXPANDING THE RESEARCH

In which directions can this research agenda be pushed further? A first set of applications expands the scope of the developed research design to other policy-domains and decision-making contexts. A second group of extensions can be identified in the refinement of the applied research design. Both will be discussed below.

Expanding the Scope

The theoretical framework developed to study the relationship between the functioning of a domestic (trade) administration and the control it can obtain over the Commission can be extended in four directions. It can be applied to legislative institutions (i.e., European Parliament), other international organisations, or other policy domains. A longitudinal study of how administrations have evolved over time is also an interesting avenue to consider.

European Parliament

The first applications of the Principal-Agent model in political science focused on the relationship between a legislative and its executive (Kiewiet & McCubbins, 1991; McCubbins & Schwartz, 1984). Expanding the formulated hypothesis would thus suggest that control of the European Parliament over the Commission is contingent on the performance of the policy network(s) on which the MEPs can draw. With respect to the European Parliament, most studies have focused on the composition of committees (McElroy, 2006), their functioning (Egeberg, Gornitzka, Trondal, Gornitzka, & Trondal, 2014), or their powers (Mamadouh & Raunio, 2003). Scholarship on the policy networks of MEPs is scarce, although recently interest has been increasing (Egeberg, Gornitzka, Trondal, & Johannessen, 2013; Egeberg et al., 2014).

Whereas scholars have argued that the European legislative system can be characterised as bicameral (Crombez, Steunenberg, & Corbett, 2000; Crombez & Vangerven, 2014), one has to take into account that representation within the Council (working party system) is not comparable to that of the European Parliament. The trade experts in the TPC are embedded in a trade administration that functions as the central hub of a large policy network. The implication this holds for bicameral decision-making in the EU has not attracted much research, however. Whereas recent studies have focused on explaining the EP's bargaining success (Costello & Thomson, 2011; Rasmussen & Reh, 2013), no study, to my knowledge, has looked into the impact of the divergent administrative capacities of both chambers on the resulting legislation. In terms of bargaining success, the number of amendments to a proposal, or the chances of the overall proposal being rejected, it is realistic to hypothesise that administrative capacity may be an important explanatory variable.

Empirically, the EU's trade policy could be a good starting point for such an inquiry, as the European Parliament has been given new powers since the Lisbon Treaty. It would be interesting to assess whether their administrative capacity has increased correspondingly. And with the amount of data generated by the TTIP negotiations as well as the increasing demand for transparency, one cannot help but wonder how their administration has coped with this changing workload.

However, a greater comprehension of the policy networks the EP can rely on is also an important pre-requisite to study any decision-making process subject to the Ordinary Legislative Procedure. Whereas the formulated thesis was applied to the case of external trade negotiations, one could think of alternative policy domains to study the relationship between administrative capacity and the resulting control over EU policy. Particularly in trilogue meetings, such scope is quite large. During these meetings, the Council and European Parliament negotiate with each other directly. It would be interesting to assess whether the differences in terms of administrative capacity are reflected in the negotiation dynamics and, eventually, the outcome of the trilogue.

International Organisations

When looking for alternative cases to elaborate and test the developed hypotheses, a good starting point are other regional organisations. While the EU is one of the oldest and most integrated regions in the world, many other regional organisations have emerged over the last decades.

The majority of these organisations also originated as free-trade areas or customs unions. The nascent literature of comparative regionalism has sought to map the (dis)similarities between different regions and increase our understanding of their emergence and integration processes. These studies, among others, have led to the mapping and comparison of various regional organisations (see e.g. Koitzsch, 2012), led to the initiation of a dialogue between EU studies and the new regionalism (Warleigh-Lack & Van Langenhove, 2010),⁵ and inquired into the potential causal drivers for the origin and evolution of such regions (Haastrup, 2013; Jetschke & Lenz, 2013). Neither the varying participation of member states in the internal decision-making process nor the factors explaining their influence have received much attention. A comparative analysis on how the member states in these regions coordinate a position is both timely and appropriate—not in the least to enrich our knowledge on the political economy of trade in non-OECD countries, which do not always conform to the standards of a liberal democracy (Hankla & Kuthy, 2013; Milner & Kubota, 2005).

A comparative analysis of national trade administrations in other regions can also be desirable to uproot the Europeanisation literature from its sui generis perspective (Warleigh-Lack & Van Langenhove, 2010). We can expect that member states of other regions will also adapt to a system of multi-level governance following their membership (Börzel, 2011a, 2011b).⁶ The focus on trade policy might be the best starting point for such an exercise. Not only because it is the policy domain where most competencies have been delegated to the regional organisation but also because many regions have already participated in external trade negotiations. Studying how domestic trade administrations have organised in these countries—along with the regional decision-making process—is therefore of great interest to the study of International Political Economy, Comparative Public Administration, and comparative regionalism.

In addition to other regional organisations, the theoretical framework can easily be expanded to study participation and influence within the

⁵ But for a critique on the sustainability of such a dialogue, see Jørgensen and Valbjørn (2012).

⁶ Clearly one has to take into account that to effectively observe a “regionisation” effect, one needs to compare with similar countries that are not part of the regional organisation (Haverland, 2006). Nevertheless, the comparison of trade administrations across these regions can be of interest to understand whether the adjustment processes are similar and, if not, what explains such differences.

World Trade Organization. Here, notions of administrative capacity have mostly featured to assess the developing countries' ability to fully participate in the negotiations as well as the organisation's dispute settlement mechanism (Busch, Reinhardt, & Shaffer, 2009; Guzman & Simmons, 2005; Shaffer, 2005). Most scholars have been concerned with members' legal capacity, or their physical presence in Geneva.⁷ While the delegation from the members to the WTO is of a different nature than the one within a regional organisation, it would be worth the effort to study empirically whether domestic decision-making processes can explain the (lack of) involvement of the different members within the WTO. Besides the effects of administrative capacity in terms of participation at negotiations, it might also be interesting to understand the (administrative) factors determining the choice to participate in the multitude of meetings organised within the WTO.

An additional reason to focus on international organisations like the WTO is that the divergence among the members in terms of technical expertise is likely to be of greater importance. The original proposal of this research project focused explicitly on epistemic sources of information asymmetry between principals and agent as the main independent variable. Consequently, it was quite understandable that the first reaction I obtained on my research design was the suggestion to select developing countries in my sample to increase variance on the independent variable. Forwarding this suggestion as a path for further research feels like succumbing to Lord Goring's device as he remarked: "I always pass on good advice. It is the only thing to do with it. It is never of any use to oneself." (Oscar Wilde, *An Ideal Husband*, Act I).

Comparing Policy Domains

A third extension worth exploring concerns a cross-sectional study within a single member state. The performance of the policy network on which a national administration can draw is likely to vary across different policy domains. Inquiring into the effect of such variation on a member state's influence is desirable for three reasons. Firstly, it enables a mapping of within-country variation. Many existing studies have either neglected

⁷The absence of LDCs in trade disputes should not be overstated, however. The possibility to free-ride in dispute settlement procedures as well as the "*indirect use of the litigation system in the negotiations*" mitigates the gravity of their absence in trade disputes (Elsig & Stucki, 2012).

the existence of such variation or refrained from a systematic analysis thereof. By making an elaborate mapping, we can address the question of whether future studies better differentiate across policy domains or whether the assumption can be maintained that country-level characteristics of the administration apply across policy domains. In the opening chapters, I have made the assumption that variation might be substantial, but adequate research is still lacking on this subject.

Secondly, attention to the differences within a country (rather than across member states) enables a most similar case-study design. This is important as it helps to address one of the largest challenges in asserting the impact of varying administrative forms: over-determination. There are many explanations to the same phenomenon, and the complexity of the structure of the policy-network makes the formulation of unambiguous hypotheses even more challenging. Studying variation within a country simplifies the comparative design as many explanatory factors remain stable across the cases.

Thirdly, the focus on different policy networks within a member state facilitates data-gathering. There are limited marginal costs—both in time and in resources—associated with the inclusion of additional cases in the research design. The researcher does not have to familiarise herself or himself with the linguistic barriers, institutional history, or administrative culture before gaining access to the desired information (Eglene & Dawes, 2006). As (horizontal) policy networks can overlap considerably, the number of respondents to be consulted is also reduced. The additional time gained can facilitate the rigorous mapping of the broader policy network.

Longitudinal Design

For the fourth and final extension, it may be fruitful to revisit the quote by Matthew Baldwin in the introduction of this book (Baldwin, 2006, 930). As a director of Market Access in DG Trade, he was afraid that member states would reduce their capacity on trade in light of budgetary restraint. The opening statement in this conclusion substantiated his fears, as it suggested a growing disparity between administrative capacity at the supranational and the national level. While this was nothing more than anecdotal evidence, it does indicate the scope and need for thorough longitudinal research. The applied design would ideally study the evolution of the policy network in a few member states over a sufficiently large time span. The concepts and measurements developed in this research may provide a good starting point for such an endeavour. Empirically, the

challenge will be to trace all the involved ministries as well as their coordination methods over time. Surveys, like the one used for this research, will not prove to be very useful.

Ideally, such longitudinal research would pursue an explanatory objective. Knowing whether national administrations have expanded or reduced their capacity is one thing; the mechanisms at work that explain these developments are far more interesting. Is a lack of capacity really the result of the delegation of competencies to the EU? Process-tracing can be a helpful method here. But also, comparative research may help us understand whether any changes uncovered are truly “caused” by EU membership. The exclusive focus on European member states in many studies on Europeanisation lowers the validity of any conclusions drawn (Haverland, 2006).

Refining the Design

In addition to expanding the scope of the conducted research, it is also important to consider the improvements with respect to the research design applied. I will focus first on the lessons drawn with respect to the operationalisation and measurement of control and administrative capacity and second on the manner in which the data can be analysed.

The need for exploratory fieldwork constrained the ambition and scope of the quantitative analysis. Future research could work towards a more refined operationalisation of the dependent and independent variables. Three improvements can be identified on the basis of the conducted fieldwork: a refinement of signalling tactics, a shift from signals to effective influence, and a proper network analysis of administrative capacity.

Whereas many studies on Negotiations have distinguished—and combined—a wide variety of tactics, few have made a clear differentiation with respect to the “strength” of these tactics. In this regard, my research is but a first step that requires further refinement. The classification of bilateral signalling tactics was made with respect to the medium used (phone, e-mail, personal meetings). An interviewee suggested that instead of focusing on the “modus” through which a signal was emitted, it might be better to grasp the weight of a signal by focusing on the authority of the recipient of said signal. Requesting a meeting with the Commissioner is a stronger signal than communicating with the chief negotiator or a commission official at a more technical level (Interview TO #31). Deciding on the appropriate weights is a challenging endeavour but one—I believe—that is important

to undertake. Not just for the study of Negotiation Theory but also for the Principal-Agent model in which scholars frequently note that control is costly, but few translate this into an empirical design.

A second refinement to the applied research design is to shift the focus from the incidence of signalling to its results on policy outcomes. Whereas this book has focused on the use or activation of control, it is not able to say anything about its consequences. While the signalling index correlated positively with a crude measurement of preference attainment, a first step to elaborate on this research would be to establish the relationship between signalling and control. Research by James Cross found a negative relationship between the number of interventions in Council meetings and bargaining success (Cross, 2012). Part of the explanation he offered was that interventions are used to indicate a member state's disagreement with the proposal and thus—if anything—signalled their defeat. His measure of interventions did not account for the frequent informal contacts that permeate the interactions between member states and the Commission. Neither did his empirical work include cases of external negotiations. Future research could extend by studying the impact of administrative capacity on more refined measures of influence such a “process-tracing” and “preference attainment” (Dür, 2008). Finally, the measurement of administrative capacity can be improved by effectively implementing a more comprehensive network analysis of the entire policy network. Whereas the indicators selected were inspired by the method of social network analysis, they remained static country-level variables. It would be interesting to engage in a more detailed mapping of the network, study the intensity of the relationships between the involved actors, and ultimately derive more refined measures of capacity. This could, for example, lead to a detailed picture of the factors that facilitate policy-makers' insulation from societal pressures (e.g., the number of aggregation procedures that take place before a position is formulated) or a better understanding of why certain interests are not represented in the policy network (e.g., societal interests may lobby the wrong ministry).

In addition to refining the measurement of the dependent and independent variable, further research could also improve the method in which the resulting data was analysed. In the empirical chapters, the applied techniques were mostly linear regression analyses accompanied by visual representations through added-value plots. Alternative methods of data-analysis may prove fruitful for the type of data gathered. In particular, configurational techniques such as Qualitative Comparative Analysis (QCA)

can reveal new insights. A configurational analysis looks at the effect of a combination of conditions on a specific outcome. When studying the performance of a national trade administration, the notion of a combination of conditions repeatedly occurred. As a first example, consider a member state that disposes of a wide network of societal stakeholders that actively lobby the policy-maker. The vast information this can deliver to the responsible administration needs to be processed. If there is insufficient staff to manage this information, the administration can become incapacitated. Likewise, the involvement of more ministries might lead to more input but could also imply more administrative hurdles, depending on the effectiveness of domestic coordination. In other words, whether a specific trait contributes to the performance of an administration is often conditional on the presence (or absence) of a series of other characteristics. In recent years, many studies of network performance have used a configurational approach (Cristofoli & Markovic, 2015; Raab, Mannak, & Cambre, 2015; Wang, 2015). However, the configurational approach has also been used in the context of the EU's external negotiations to understand the combination of conditions that determine a negotiator's discretion (Delreux, 2009a, 2009b).

IN SUMMARY

“Nothing is a greater obstacle to our progress in knowledge, than a bad performance of a celebrated author; because, before we instruct, we must begin with undeceiving” Montesquieu, *De l'Esprit des Lois*, Livre XXX. Ch. XV p 489⁸

While I am far from considering myself “a celebrated author,” the opening quote by Montesquieu raises a key question at the end of this book: What may we learn from this research and should we continue building upon its findings? The objective of this concluding chapter was to present a balanced picture of the potential uses and limitations of the conducted research. Despite the remaining challenges in measuring administrative capacity, I believe the research initiated provides a useful starting point for further inquiry. Clearly, through the fieldwork (and the ensuing data analysis) I have encountered the challenges to conduct comparative public administration research. However, with the necessary

⁸Original in French: “Rien ne recule plus le progrès des connoissances, qu'un mauvais ouvrage d'un auteur célèbre: parce qu'avant d'instruire, il faut commencer par détromper.”

caution, I believe it is worth the effort to gradually improve our understanding of how national administrations function and what implications this holds for member states' influence in the EU's multi-level decision-making system. The last section has made clear there is ample scope for such an exercise.

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LIST OF INTERVIEWEES

I guaranteed the respondents all information would be treated with the greatest confidentiality; consequently, more detailed information regarding the respondents' identity cannot be displayed. Additional information regarding the interviewees can be obtained upon request.

Table A.1 List of interviewees

<i>TO #</i>	<i>Function</i>	<i>Date</i>	<i>Interviewer</i>	<i>Method</i>
1	National Official	5/2/2012	Johan	Person
2	National Official	5/31/2012	Johan	Person
3	National Official	6/4/2012	Johan	Person
4	National Official	6/4/2012	Johan	Person
5	National Official	6/5/2012	Johan	Person
6	National Official	6/5/2012	Johan	Person
7	National Official	6/5/2012	Johan	Person
8	National Official	6/7/2012	Johan	Person
9	National Official	8/1/2012	Johan	Person
10	National Official	8/7/2012	Johan	Person
11	National Official	8/20/2012	Johan	Person
12	National Official	11/21/2012	Johan	Person
13	National Official	11/21/2012	Johan	Person
14	National Official	11/22/2012	Johan	Person
15	National Official	11/23/2012	Johan	Person
16	National Official	11/27/2012	Johan	Person
17	National Official	11/27/2012	Johan	Person
18	National Official	11/28/2012	Johan	Person
19	National Official	11/21/2012	Kate	Person
20	National Official	11/22/2012	Kate	Person
21	National Official	11/20/2012	Kate	Person
22	EU Official	2/11/2013	Johan	Person
23	National Official	3/29/2013	Johan	Person

(Continued)

Table A.1 (Continued)

<i>TO #</i>	<i>Function</i>	<i>Date</i>	<i>Interviewer</i>	<i>Method</i>
24	National Official	3/29/2013	Johan	Person
25	EU Official	4/16/2013	Johan	Person
26	EU Official	4/18/2013	Johan	Person
27	EU Official	4/24/2013	Johan	Person
28	National Official	8/14/2013	Johan	Person
29	National Official	8/22/2013	Johan	Person
30	EU Official	10/21/2013	Johan	Person
31	EU Official	10/22/2013	Johan	Person
32	National Official	11/20/2013	Johan	Person
33	National Official	3/13/2014	Johan	Phone
34	National Official	3/4/2014	Johan	Phone
35	National Official	3/4/2014	Johan	Phone
36	National Official	3/4/2014	Johan	Phone
37	National Official	3/5/2014	Johan	Phone
38	National Official	3/5/2014	Johan	Phone
39	National Official	3/5/2014	Johan	Phone
40	National Official	3/5/2014	Johan	Phone
41	National Official	3/7/2014	Johan	Phone
42	National Official	3/11/2014	Johan	Phone
43	National Official	3/11/2014	Johan	Phone
44	National Official	3/11/2014	Johan	Phone
45	EU Official	10/27/2015	Johan	Person

TOPIC LIST INTERVIEWS TRADE ADMINISTRATION

Questions apply to the interviews conducted in Spain. For the other member states, slight variants were used.

HUMAN CAPITAL: STAFF

1. How many people are active within your sub-directorate general?
2. What is the average experience of staff within the sub-directorate general?
3. What is the general profile of the staff employed?

INTERNAL ORGANISATION

4. Could you describe the internal process that follows once the Commission expresses his intention to initiate a new trade proposal (e.g., launch a new trade agreement)?
 - (a) How are responsibilities assigned for such an initiative? Is responsibility assigned to one specific sub-directory or shared through a task-force?
 - (b) Who or which body assigns such a responsibility?
 - (c) Does some form of prioritisation take place at this stage?
5. How do you ensure coherence across different policy initiatives? Internal coordination meetings, a policy plan/strategy?
6. How do you determine the Spanish position in a given trade negotiation?
 - (a) Do you draw on prior experience within the group?
 - (b) Do you perform an impact analysis of different alternative scenarios?

- (c) Will other ministries or departments provide you with input? (which?)
 - (d) Do you rely on private actors for input (sectoral organisations or individual firms)
7. Does the intensity of these activities (information gathering and coordination) differ according to the stage of the negotiation?

INTERACTION WITH PUBLIC ACTORS

In the previous section, we briefly touched upon the role of expertise in other ministries for the formation of the Spanish position. Trade policy touches upon many areas that belong to the competency of other ministries. Opinions can and probably will occasionally collide.

- 8. In which fora do you generally coordinate between ministries?
- 9. What is the frequency of such meetings?
- 10. How are conflicts resolved?

INTERACTION WITH PRIVATE ACTORS

- 11. Through which channels does consultation with societal actors take place? Does it take place on an ad hoc basis or through a fixed format with, for instance, recurrent meetings?
- 12. How are these societal actors selected? If they come on their own account, how were they informed?
- 13. What is the frequency of such contacts?

ADDITIONAL STATISTICS

Table C.1 Summary statistics—respondent level

<i>Variable</i>	<i>Mean</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Standard deviation</i>
Strategy	46.88	30.77	57.14	6.59
Strategy (weighted)	43.92	24.14	62.22	8.27
Proactive (ratio)	55.90	33.33	72.73	9.52
Proactive (added)	56.56	40	76.67	9.82
Formal	50.50	41.67	66.67	5.77
Shapley Shubik Index	0.035	0.009	0.146	0.036
Vote power	0.035	0.009	0.082	0.025
GDP per Capita	36,891.83	9036	103,828	19,130.64
Log (population)	-4.16	-7.10	-1.83	1.35
CMB	57.88	26.67	100	15.84
CoordResult	63.51	37.5	100	20.13
CoordMethod	69.35	50	100	16.72
Societal input	43.43	0	87.5	28.35
#staff (imputed)	31.62	7	67.9	16.80

Source: Author's own data

Table C.2 Summary statistics (country-level)

<i>Variable</i>	<i>Mean</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Standard deviation</i>
Strategy	47.41	37.39	57.14	4.68
Strategy (weighted)	44.80	30.74	62.22	6.70
Proactive (ratio)	55.86	33.33	72.73	8.70
Proactive (added)	56.80	40	70	8.26
Formal	50.52	43.48	66.67	4.97
Shapley Shubik Index	0.04	0.01	0.15	0.04
Vote power	0.04	0.01	0.08	0.03
GDP per Capita	34,179	9036	103,828	21,974.78
Log (population)	-4.17	-7.10	-1.83	1.44
CoordResult	64.44	37.5	100	20.16
CoordMethod	71.67	50	100	16.00
Societal input	41.67	0	87.5	26.56
# Staff (imputed)	30.80	7	67.9	18.21

Source: Author's own data

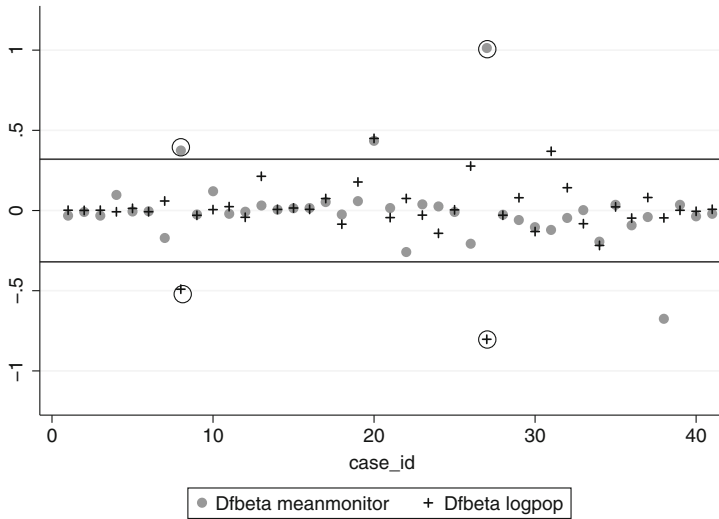


Fig. C.1 Assessment of Outliers.

Source: Author's own data

A common method to assess the presence of outliers is through the calculation of DFBETAs. This is a measure that can be calculated for each observation and is basically the difference between each of the regression coefficient calculated for the full sample and the regression coefficient calculated with the observation deleted. The cut-off value for DFBETAs is $2/\sqrt{n}$, with n the number of observations. In the graph below, the cut-off values are indicated by the horizontal lines. Values outside this band warrant additional scrutiny. The two observations within the ovals were also identified through qualitative follow-up interviews and were removed from the sample.

Table C.3: Combined effect of monitoring and deriving capacity on control

	<i>Dependent variable = SI (unweighted)</i>					
	<i>Society</i>	<i>State</i>	<i>Staff</i>	<i>Turnover</i>	<i>Coord Method</i>	<i>Coord Result</i>
Deriving capacity	0.17** (0.08)	2.85 (2.22)	0.43*** (0.15)	-0.25 (1.76)	-0.01 (0.10)	-0.02 (0.12)
Monitoring capacity	0.24** (0.10)	0.20** (0.09)	0.31** (0.15)	0.24* (0.13)	0.28** (0.12)	0.25* (0.14)
Constant	37.49*** (6.62)	33.85*** (10.90)	30.44*** (8.82)	46.22*** (8.89)	42.97*** (9.69)	46.60*** (7.47)
Adj. R ²	0.20	0.09	0.31	0.03	0.08	0.03
# observations	34	31	25	30	33	30

***significant at 1 %

**significant at 5 %

*significant at 10 %

Source: Author's own data

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