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Linking Trade and Security: Evolving Institutions and Strategies in Asia, Europe, and the United States

by Vinod K. Aggarwal and Kristi Govella (eds.)

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Trade and security, while seemingly unrelated, have had a long and complicated relationship. On the one hand, trade has often been used as a means to enhance the security of the state. For example, the famous Silk Road was created and maintained by the Han Dynasty to seek allies to help defend itself against the Huns. On the other hand, security has been deemed as an important safeguard to trade, as is shown by the prevalence of the ‘Gunboat Diplomacy’ in the nineteenth century.

In the modern area, the link becomes even stronger. The creation of the Bretton Woods institutions, including the still-born International Trade Organization (ITO) and then the GATT, was largely based on a shared belief among world powers that maintaining a rules-based international trading system could prevent economic warfare and the resulting tragedies of war. However, since the establishment of the WTO, the efforts by some WTO Members to incorporate security issues, in particular the less conventional ‘human security’ issues (as explained below), into the multilateral trading system have not been very successful due to the opposition by other Members, especially developing countries. For example, in 1996, a proposal by the United States to include labor issues were explicitly rejected by the WTO Members, which noted that the International Labour Organization (ILO) ‘is the competent body to set and deal with these standards’. In view of the obstacles, proponents of such issues have turned to various bilateral and regional free trade agreements to pursue the trade–security linkage, which is the subject of this timely book.

The overall theme of the book is introduced in the first chapter by Vinod Aggarwal and Kristi Govella, who are also the co-editors of the collection. While recognizing that a rich literature exists on this topic, they point out that the current book is different in three key aspects. First, it examines not only traditional security issues but also ‘human security’ issues. Second, it takes into consideration the impacts of the different structures of trade agreements—such as bilateral, minilateral (or regional) and multilateral—on the substantive trade–security linkage. Third, it considers both the effects of security on trade and vice versa.

Among the three distinguishing features, I find the first most interesting, as it is indeed very rare to find a book juxtaposing the link between trade and both traditional and ‘non-traditional’ or ‘human’ security issues. The chapter defines ‘human security’ in an expansive way by referring to the 1994 United Nations Human Development Report, which includes elements such as ‘safety from chronic threats such as hunger, disease, and repression, as well as protection from sudden and harmful disruptions in patterns of daily life’. This seems to indicate that the concept includes various survival and developmental rights, as frequently advocated by developing countries. However, most of the contributions in the volume tend to focus mainly on environmental protection and labor rights, which are often championed by developed countries. This is not surprising, given that most of the contributors are from the North. It would have been better if they had been complemented by contributions reflecting Southern perspectives.

After the first chapter sets the discussion in context, the next nine chapters discuss the issue along the lines of multilateral, minilateral, and bilateral agreements. The first is a chapter by David Vogel, which reviews the trade–security linkage in multilateral trade agreements. After tracing the evolution from the ITO and GATT to the WTO, Vogel notes that the strongest linkage can be found on national security and environmental issues, while the efforts to link human rights and labor rights to trade has been much less successful, largely due to the resistance of developing countries. Instead, the supporters of these issues have turned to the minilateral and bilateral agreements, which are discussed in the following chapters.

Minilateral agreements are discussed in the next four chapters. In his chapter on APEC (*Asia-Pacific Economic Cooperation*), John Ravenhill notes that, while security was not on its agenda when APEC was first created in 1989, APEC has become more receptive to security issues in recent years. Due to the special nature of APEC, the inclusion of many of these issues seems to be driven by special events on an *ad hoc* basis. For example, the 9/11 attack in 2001 led to the discussion on securitization of trade, while the outbreak of SARS in 2003 and the 2008 food crisis, respectively, pushed members to work on health and food security issues.

In contrast, according to Jonathan Chow in his chapter, while security was the initial *raison d'être* of ASEAN, its primary focus has shifted to trade and economics since the 1990s, due to the end of the Cold War and increasing competitive pressures from its neighbors. At the same time, the emphasis on the ‘ASEAN way’, which prefers a non-legalistic, consensus-oriented approach in handling international relations, has made its members reluctant to link security issues with trade. However, this might change in the future with the plan to build the ASEAN Community, which encompasses both a Political-Security Community and a Socio-Cultural Community in addition to the Economic Community.

Min Gyo Koo’s chapter explores the treatment of the trade–security linkage under the complex web of ‘ASEAN + X’ agreements. As the US delinked security issues with its economic policy after the end of the Cold War, the countries in East Asia tried to build their own regional mechanisms. However, these efforts largely cancelled each other out due to the co-existence of many different fora as well as the rivalry between the key players, especially China and Japan. Nonetheless, with the recent push for the Trans-Pacific Partnership (TPP) Agreement and the Regional Comprehensive Economic Partnership (RCEP) Agreement, these attempts might finally bear some fruits.

Unlike most other agreements studied in the volume, the Shanghai Cooperation Organization (SCO), which was formed in 1996 by China, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan, started out as a pure security forum. However, according to the chapter by Ming Wan, it has gradually expanded to cover economic and trade issues. Two other features also set the SCO apart from the other agreements. First, it is not dominated by one big player, but jointly managed by two, namely, China and Russia. Wan attributes this fact to their shared dislike of the US, as well as their economic complementarity. Second, rather than promoting liberal democratic values, the SCO has contributed to regional stability by helping to maintain authoritarian regimes. In other words, it has contributed to traditional security by sacrificing some human security values. As such, it presents a challenge to the US-led security model, especially as more authoritarian states such as Iran are being drawn into its orbit.

The next three chapters analyze how several major players have treated the trade–security linkage in their respective agreements. The first study by Seungjoo Lee reviews the practices of four key players in East Asia, i.e., China, Japan, Singapore and Korea. According to Lee, China took a preemptive approach by signing the Free Trade Agreement (FTA) with ASEAN, while Japan has pursued these security issues in FTAs largely in reaction to China’s strategic move. While it is the smallest among the four, Singapore has been the most active in its efforts to link trade and security by trying to keep the balance between great powers – both within and outside of the region – through a complex web of FTAs. The most unique case is Korea, which successfully transformed its security alliance with the US into a comprehensive alliance with the conclusion of the KORUS FTA in 2007. However, while it is currently ahead in the game, the recent accession of Japan to the TPP (and the possibility even the addition of China in the future) means that it is too early to call it a winner.

The chapter by Vinod Aggarwal discusses the US approach to the trade–security linkage. It argues that, since the GATT days, the US has been consciously using trade agreements to pursue traditional security goals. Starting with the North American Free Trade Agreement (NAFTA), non-traditional security issues such as labor and environment have also been inserted into trade agreements. As the United States’ recent FTAs such as TPP have shown, this trend is likely to continue even though the depth of the linkage might vary depending on the partisan mix in its domestic politics.

Like the US, the EU has also been quite eager to ‘uphold and promote its values and interests’, as per its mandate in the Lisbon Treaty. In his contribution, Anders Ahnlid notes that the EU has been quite successful in incorporating into trade agreements the ‘political clauses’, which typically cover democracy, the rule of law, and human rights, etc. However, I wonder if this success has been exaggerated, as these clauses are typically included in the broader framework agreements on cooperation rather than the FTA themselves. Because the framework agreements typically use non-binding language and do not include dispute settlement mechanisms, the inclusion of these clauses is only of limited utility. Ahnlid also recognizes this to be a problem, especially with regard to sustainable development clauses, which fall short of the legally binding results typically found in US FTAs. Moreover, Ahnlid cautions that, when the EU negotiates with bigger players such as India, it might not be able to incorporate even such soft clauses into the agreements.

The book is nicely wrapped up by Aggarwal and Govella in the final chapter. After summarizing both the overall conceptual approach and the main findings in the individual chapters, they note some general themes emerging from the collection. First, while traditional security has played a major role in driving the formation of trade agreements, non-traditional security issues have had little impact so far. Second, the trade–security linkage is also influenced by the organizational size, structure, and scope of the agreements. In general, it is easier to establish the linkage in agreements with smaller size, clearer legal structure, and more geographically concentrated countries. Third, with respect to the types of security issues linked in their trade agreements, the US and the EU have pushed for the inclusion of both traditional and non-traditional security issues, while many Asian countries are reluctant to incorporate non-traditional security issues.

Overall, I find the contributions in the book well-researched and highly informative, and would recommend it as a must-read to not only to trade specialists, but also those who study international relations and security issues.

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The History and Future of the World Trade Organization

by Craig Van Grastek

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When Craig Van Grastek accepted the commission to write a history of the WTO, he must have surely been aware of the magnitude of the task he was undertaking. He rightly chose also to discuss the previous GATT period – without which a proper understanding of the WTO could not be reached – and therefore had to delve into archives covering some 60 years of trade policy as it has been carried out since the end of World War II. This is an immense amount of documentation, extending over countless pages, encompassing minutes of meetings, reports, public pronouncements, books, inter-governmental negotiations of all kinds, as well as the results of highly intricate multilateral negotiations, among many other subjects.

However, not only did Van Grastek have to consult such vast amounts of material; lest he should risk misinterpreting past events and the opinions expressed, he had to understand it in all its complexity, separate the wheat from the chaff, and consult the memory of many participants so as to bring together views that would shed light on these ancient printed words. Only then would he be able to provide us with a history of what is, in the event, the course of world trade over half a century.

All this, in and of itself, would have been a formidable accomplishment, going very far beyond the books that both GATT and the WTO have inspired in a number of authors. Yet, Van Grastek has done even more. He has provided his own personal contribution to a better understanding of what the world trading system is all about. The reader is surprised to discover that the book is even more valuable than expected, thanks to these insights and comments made by one who has – as it were – carefully sifted all the evidence and come to logical and valid conclusions.

We might ask: How has the author approached his subject matter? Given that the book deals with so many controversial questions, the reader is entitled to enquire about the author's mentality and background, and how they may have coloured his interpretation of events.

In his Foreword, Van Grastek tells us that he is a political scientist first and foremost, and that he has sought to avoid partisanship, all the while recognizing that true objectivity is illusory, given that we all suffer from biases of which we are often not even aware. I have kept this statement in mind when reading the book, looking for passages in which the author may have strayed from his proclaimed intention. However, I have not found any such passage, not even in those cases where he discusses events and people that I knew intimately.

Van Grastek is very frank and straightforward. He reveals exactly how he has approached his task, explaining his preference for emphasizing change over time and