

# The quest for leadership in multilateral institutions: Great power rivalries and middle powers in the WTO

Lora Anne Viola 



Department of Political Science, Freie Universität Berlin, Berlin, Germany

## ABSTRACT

This article investigates the great power rivalry of the US and China at the World Trade Organization (WTO) through the lens of cooptation dynamics. First, it argues that the accession of China to the WTO is a case of top-down cooptation meant to tame opposition to the US-led international order and to restrain China from security competition. Second, it explains why this cooptation deal was not durable and led to feedback effects that fueled the US' loss of interest in maintaining a powerful WTO. Third, it shows how the WTO crisis triggers a current bottom-up effort by middle powers to re-stabilize the WTO through the mechanism of Joint Statement Initiatives, which attempt to re-commit the US to leadership. The article shows that the US' undermining of the WTO and the institutional reaction it evokes in other members are part of a reactive sequence dynamic driven by failed cooptation bargains.

**KEYWORDS** Middle powers; World Trade Organization; cooptation; Joint Statement Initiatives; multilateralism; great power rivalry

Expectations about the rise of China along with decline in US relative power have fueled much debate about the possibility of a direct conflict between the rivals. Over the last two decades, many argued that the key to the peaceful rise of China would depend on China's integration in the global economy and its commitment to international cooperation through multilateral institutions (e.g., Ikenberry, 2008). Specifically, in the late 1990s and early 2000s, the US viewed trade normalization with China and China's accession to the World Trade Organization (WTO) as the primary means of managing their security competition. In a May 2000 speech, US National Security Advisor Sandy Berger (2000) argued that "These are the real questions for us today: How will China evolve, both internally and in the way it relates to

**CONTACT** Lora Anne Viola  [lora.viola@fu-berlin.de](mailto:lora.viola@fu-berlin.de)  Department of Political Science, Freie Universität Berlin, Lansstr. 7-9, Room 210, 14195 Berlin, Germany

© 2024 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group

This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited, and is not altered, transformed, or built upon in any way. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

the world? And how do we best encourage China to evolve in a constructive direction? It is my strong conviction that ... accession to the WTO will make it more likely to emerge as a more open, stable, cooperative nation that plays by the rules of the international system and provides greater freedom to its people.” If entry and trade normalization were to be rejected, “I am equally convinced that we will subvert that goal and damage our national security” (Berger, 2000). China’s entry into the WTO would, in the view of the Clinton administration, have implications well beyond the obvious economic ones, including encouraging political transformation within China and facilitating US-China cooperation “on such crucial issues as nonproliferation, regional security, peacekeeping, human rights and arms control” (Berger, 2000).

Managing the emerging great power rivalry through the WTO, I argue, initially relied on a special type of cooperative bargain that can be captured with the term “cooptation.” Cooptation, as introduced by this special issue, refers to a cooperation deal in which institutional privileges are offered to rival actors in order to secure their support for the existing order. In the late 1990s and early 2000s, the US pursued China’s accession to the WTO as a means to coopt it into a US-led institutional order, hoping to gain its support for that order and bind it into its framework of rules. But today, the tables seem to have turned with the US withdrawing its support from the WTO because of fears that the organization is empowering its economic and geopolitical rival (Sinha, 2021). A little more than two decades after Berger’s speech, US National Security Advisor Jake Sullivan (2023) concluded that policy once premised on the idea that “economic integration would make nations more responsible and open, and that the global order would be more peaceful [...] didn’t turn out that way.” The cooptation bargain appears to have collapsed and China and the United States are caught in what some scholars have referred to as an economic security dilemma, including the weaponization of trade (Bulman, 2021; Farrell & Newman, 2019). Even more, there is a growing consensus that “The Death of the WTO Now Looks Inevitable” (Bloomberg, 2024).

Given that institutionalized cooperation once meant to mitigate the US-China rivalry is now failing, suggests two related questions: Why and under what conditions do cooptation bargains fail and what happens to such institutional arrangements when leaders are no longer committed to them? IR theories show little consensus on why and when the leading actor is no longer able or willing to uphold its role in the order or, even, what happens when it becomes the main disruptor of that order. To shed light on these questions, I argue, it is useful (1) to theorize US-China relations with respect to the WTO as a cooptation bargain and, importantly, (2) to conceptualize cooptation bargains not as one-off deals but as dynamics that unfold over time and that are subject to reactive sequences characterized

by sets of causally connected actions and reactions that can reinforce or undermine the initial bargain.

My argument offers a set of propositions regarding the sequencing of cooptation bargains and the conditions likely to influence whether such a bargain will be self-undermining. The first proposition is that leading powers enact top-down cooptation bargains in order to tame rivals. The likelihood of this bargain becoming self-reinforcing or self-undermining, I argue, is conditioned by the relevance of time inconsistency challenges and the extent to which transformative expectations are aligned. The second proposition is that, in response to institutional undermining, secondary powers with a stake in the institutional status quo attempt bottom-up cooptation bargains in a quest for leadership and institutional stabilization. The likelihood of this bargain becoming self-undermining is conditioned in part on the extent of concessions made to re-secure institutional support.

Turning to the case of the WTO, the reactive sequences I identify unfold across two temporal stages: the first sequence begins with the top-down cooptation bargain negotiated with China's accession to the WTO in an effort to tame opposition to the US-led order; this move empowered China to use WTO rules and procedures to pursue its own interests; the US perceived these interests to be at odds with its own and so reacted with a series of moves ultimately weakening the WTO. This institutional failure, in turn, initiated the second, bottom-up cooptation effort by which middle powers used institutional innovations to attempt to seek a renewal of US leadership at the WTO—so far without success.

The WTO case is important because of its material economic and security consequences; indeed, the security logic behind the US' approval of China's accession to the WTO is underappreciated in the literature. Moreover, the case is important because its trajectory from once being a major success story of global governance to the current perception of institutional crisis stands to tell us something about the conditions under which international institutions succeed or fail at moderating great power rivalries. The case also sheds light on how middle powers react to institutional crises, an underexplored topic, by studying their use of a novel institutional format based on plurilateral negotiations called the Joint Statement Initiatives (JSI), which some states see as the best hope for saving the WTO. Finally, the argument contributes to the theoretical development of cooptation theories by conceptualizing cooptation bargains not as static, one-off events, but rather as dynamic processes. It spells out the dynamics that unfold through cooptation bargains, the conditions under which they fail, and the responses that these dynamics and failures generate in other actors.

The argument is developed in three parts: first, the theoretical argument is developed and conditions for the reactive sequence are identified; second, the

first stage of the sequence involving the initial cooptation bargain between the US and China and its failure is analyzed; third, the second stage of the sequence involving the reaction of middle powers to the WTO's crisis of leadership is examined by studying the motivations of middle powers and the JSI process, especially the JSI on E-Commerce. The conclusion summarizes the findings and implications.

### **The dynamics of cooptation strategies and the search for organizational stability**

In classic organizational studies, cooptation refers to “the process of absorbing new elements into the leadership or policy-determining structure of an organization as a means of averting threats to its stability or existence” (Selznick, 1949, p. 259). In recent applications to the context of IR, cooptation refers to a specific cooperation deal between asymmetrically empowered actors: the *cooptor* who is the leader of an institutional order, and the *cooptee* whose support and following the cooptor seeks. In cooptation arrangements, “the parties trade, within an existing or emerging order, institutional privileges for order support. The cooptor grants privileges in return for the cooptee’s support” (Heimann et al., 2025). This often takes the form of great powers giving lesser powers institutional privileges and side-payments in order to win them as partners, gain their support and legitimacy, generate vested interests in the arrangement, and socialize them into sharing principles and preferences (Ikenberry, 2001).

As the framework argues, cooptation bargains are attractive strategic tools for dominant actors to deal with rivals and can be used to tame opposition to institutional orders (Heinkelmann-Wild et al., 2024). This is because, while cooptation deals are initially transactional, based on trading privileges for support, they also aim to be transformative over time. In a cooptation relationship, the more powerful party “attempts to change the preferences that others have about particular ends and means” without resorting to coercion or conflict (Najam, 2000, p. 388). Selznick showed how, by inviting collaboration with external parties with whom a conflict exists, a more powerful organization can moderate external criticism and better control processes of change. The ultimate goal is for the incorporated actors to not only adapt their behavior but to internalize the rules and interests of the organization, and thus promote institutional compliance and stability (Baur & Schmitz, 2011).

Cooptees, in turn, accede to cooptation deals because of the benefits of institutional access—such as voting power and inclusion in the collective goods produced by the institution. At the same time, cooptees may see a cooptation deal as a means to help them achieve their own transformative expectations. A cooptation deal brings cooptees closer to leadership and narrows the institutional gap between them and cooptors, thus giving

them the opportunity to transform the cooptor and its institutional rules in favor of their own interests and identity. In other words, rather than adapting to the institution, the cooptee might attempt to adapt the institution to its own interests and preferences and away from those of the initial cooptor.

While cooptation may be conceived of as a discrete, one-off, event, understanding cooptation dynamics requires thinking about how initial cooptation arrangements affect subsequent policy choices, institutional preferences, and institutional development. As Kruck and Zangl argue, cooptation deals are intended to be self-reinforcing to the extent that actors experience increasing returns and therefore lock-in effects over time (Kruck & Zangl, 2019, p. 333). However, insights from Historical Institutional (HI) approaches point out that the timing and sequence of institutional choices and trajectories may not always be self-reinforcing but can also become self-undermining (Mahoney, 2000; Mahoney & Thelen, 2010; Rixen & Viola, 2015). In particular, observations of institutional change and erosion have renewed interest in the process of reactive sequences (Alter & Nelson, 2024; Bunte et al., 2021; Eilstrup-Sangiovanni, 2023; Hanrieder & Zürn, 2017; Mahoney, 2000).

Reactive sequences describe processes that are temporally ordered and causally connected such that an initial step leads to a response or reaction which, in turn, itself calls forth a response or adjustment so that outcomes are constrained by the institutional context but not locked-in (see Mahoney, 2000, pp. 526–535; Hanrieder & Zürn, 2017; Fioretos, 2017). Indeed, by tracing how closely linked reactions and counterreactions can transform or reverse earlier outcomes, reactive sequences help to explain path change and institutional instability. Whereas path dependence's focus on positive feedback loops has been used to highlight processes of institutional self-reinforcement, reactive sequences can shed light on negative feedback, backlash processes, and the ways in which initial choices can give rise to self-undermining dynamics (Alter & Nelson, 2024; Eilstrup-Sangiovanni, 2022; Bunte et al., 2021). Reactive sequences contribute a dynamic perspective to the cooptation framework by allowing us to think about how initial institutional decisions set in motion actions and reactions that have downstream consequences for institutional stability (Eilstrup-Sangiovanni, 2022; Ella & Press-Barnathan, 2025).

Given this contribution's interest in the failure of cooptation bargains, I focus on conditions under which cooptation agreements can trigger negative feedback loops and institutional undermining, and I further discuss the reactions in turn triggered by institutional undermining. Building on the typology of the introductory framework, I identify two related but distinct cooptation efforts that are causally connected through a series of reactive sequences: (1) the first cooptation sequence is set in motion by the initial "top-down" cooptation deal made by leaders seeking to *tame opposition*, but as reactions to this deal lead to cooptation failure and institutional

undermining (2) the second “bottom-up” cooptation sequence is set in motion by which followers *seek patrons* to repair the institution.

### ***Top-down cooptation dynamics and the quest for followership***

Broadly speaking, self-undermining dynamics develop when the behaviors and expectations of the cooptor and cooptee diverge. Building on existing institutional theories, I propose two conditioning factors that influence the likelihood that a cooptation deal between powerful leaders seeking to win the support of rivals will promote institutional stability and become self-reinforcing over time or, instead, become self-undermining over time: the *severity of time inconsistency problems* and the *degree of alignment of transformative expectations*. These factors are not necessarily unique to cooptation bargains, but they are particularly relevant to top-down cooptation given the bargain’s underlying logic of trading institutional privileges for support. Moreover, the severity of time inconsistency problems and the degree of alignment of transformative expectations may themselves be conditioned on factors exogenous or endogenous to the institution (see also Thompson, 2025).

First, the effectiveness of a cooptation deal depends on the credibility of the commitment by both sides to implement it, which—given preference divergence—is negatively affected by mismatched timelines for delivery. The risk to the cooptee is that the cooptor will demand support but never deliver on the promised privileges or renege on them once support is locked-in (see Kruck & Zangl, 2019, p. 333). This is the traditional concern with cooptation—that the cooptee “sells its soul” for only the illusion of power and privilege never to really gain access to it at all (thus Kruck & Zangl, 2025 argue that the generosity of the initial offer matters). The risk to the cooptor is that once institutional privileges are granted, the cooptee will eventually renege on its support or demand ever more privileges to secure and maintain that support (Kruck & Zangl, 2019, p. 334). These risks arise because the trade that underpins the cooptation deal cannot be achieved simultaneously but happens sequentially over time. In the case of international institutions specifically, the offer of privileges tends to be locked in early—e.g., with accession to the institution—whereas the offer of support is delivered over time after accession. In institutionalized settings, this tends to favor the cooptee who is reluctant to offer support while putting pressure on the cooptor who seeks it. Importantly, although the initial cooptation bargain is characterized by power asymmetry, the cooptee has agency. The time inconsistency problem embedded in the cooptation deal allows a cooptee who has different preferences or whose preferences change over time to react by changing the terms of the deal. This can undermine the goals of the cooptor and initiate a negative feedback loop.

Second, a *misalignment of transformative expectations* can erode a cooptation deal over time. As a result of habitual acceptance, socialization, or endogenous preference changes associated with being a stakeholder or leader within an order, cooptee support can become stabilized, ideally reflected not only behaviorally but also in terms of interests and ultimately internalized in terms of identifying with the institutional order. However, a cooptee may become socialized to the rules and procedures of the institution while also maintaining divergent policy preferences. In this case, even a cooptee's highly successful integration into an institution can endogenously trigger a negative feedback loop. The cooptee might work effectively with and through the institution to usurp the order from within, to work against the preferences of the cooptor, or to change the interests of the cooptor. Cooptation can thus lead to a dilemma for the initial cooptor; namely, while the goal of including rivals is to tame their contestation, inclusion may over the long term empower rivals to assert their interests and undermine those of the cooptor, creating incentives for the cooptor to abandon or withdraw from the inclusive institution and to pursue arrangements excluding the rival (Heinkelmann-Wild et al., 2024; Viola, 2019).

If either of these unfavorable conditions occurs, the durability of the cooptation agreement will ultimately depend on the ability of the cooptor to enforce the deal or its willingness to tolerate cooptee defection. When cooptee support falters or the cooptee successfully uses institutional privileges in ways adverse to cooptor interests, the cooptor can respond by increasing side-payments to the cooptee, employing disciplining/enforcement measures, or by absorbing short-term costs on the wager that the cooptee will over time develop a self-interest in continued support of the institution. But as the costs of maintaining the institution increase, the cooptor will face incentives to abandon or withdraw from the arrangement, endangering institutional stability and potentially leading to an institutional crisis.

### ***Bottom-up cooptation dynamics and the quest for leadership***

While the institutional self-undermining dynamic of great power rivalry has been explored in several recent studies (Heimann & Paikowsky, 2022; Heinkelmann-Wild et al., 2024; Kruck & Zangl, 2019), the story usually ends here without considering what reactions the possibility of institutional withdrawal or abandonment generates in other actors. But great power cooptation bargains do not exist in a vacuum. I argue that the cooptation dynamic outlined above is part of a larger reactive sequence that generates responses from other affected actors. Indeed, in a recent review article Alter and Nelson (2024) observe that our understanding of sequences is often abridged

because the response of actors other than the great powers “is often overlooked because IR scholars overwhelmingly focus on what states and powerful actors do” (p. 401). However, instead of being mere cooperation failures, “abandoned efforts to create multilateral global action to address important governance challenges, are a second trigger for institutional sequences” (Alter & Nelson, 2024, p. 381). Institutional stalemate or unraveling can prompt other motivated actors to create institutional alternatives, and “[t]hese alternatives can initiate change that creates its own sequence” (Alter & Nelson, 2024, p. 401).

In cases where an initial cooptation deal breaks down, the resulting instability of the institution is likely to trigger reactions among those members who continue to have vested interests and identities in the maintenance of the institution. Rather than the commonly studied responses of regime shifting, forum shopping, or counter-institutionalization (Jupille et al., 2013), affected actors who may not otherwise be prime movers attempt institutional innovations to repair and re-stabilize an institution they do not want to replace or abandon. Specifically, I argue that the institutional crisis triggered by the breakdown of a top-down cooptation bargain can incentivize a new round of cooptation efforts characterized by members’ bottom-up quest for leadership. Cooptation relationships can be a bottom-up strategy for cooptors who are less powerful but who are nevertheless in a position to grant privileges—such as institutional exceptions—to potential leaders in exchange for engagement and stabilization of the institution.

Bottom-up cooptation is likely to occur under circumstances in which a group of less powerful states who benefit from an institution require powerful actors as leaders in order to provide public goods or to generate resources that the group alone is unable to muster, such as market power, security, and/or legitimacy. This may happen when a newly formed group seeks a leader or when an existing group loses a leader. A group of less powerful actors may decide, for instance, to “go it alone” together in order to cooperate on an issue for which powerful actors are not highly incentivized but whose participation may benefit the arrangement in light of the material and ideational influence that accompanies their power. To entice more powerful actors, the group has to be willing and able to offer privileges of leadership—such as veto powers or rule exceptions—in exchange for engagement and support. The creation of the North Atlantic Treaty Organization (NATO), for example, was driven by a set of lesser powers who sought a bargain that would defer power to the US in order “to keep the Americans in” in the face of the Soviet threat (Lundestad, 1986). More recently, Japan’s role in promoting the Quad follows a similar logic. But bottom-up cooptation may also be made necessary as the result of losing a leader. Former sponsors may lose power and standing, or they may purposefully



choose to back away from leadership when their interests are no longer served by an institution—for instance as the result of previous rounds of failed cooptation—and they respond by withdrawing support. Institutional destabilization can generate efforts by remaining members to re-secure or replace the leader.

The bottom-up search for leaders is likely to intensify under conditions of great power rivalry for two inter-related reasons. First, as rivals compete, leaders may become less willing to bear the costs of leading international institutions—which may include public goods provision, institutionalized restraints on the exercise of power, and the sharing of institutional privileges—if these limit their ability to compete and heighten relative gains concerns. In other words, a leadership vacuum can ensue, destabilizing international institutions. Second, the intensification of a great power rivalry might, at the same time, make the benefits of stable international institutions more valuable for everyone else. Non-major powers are more vulnerable to problems of free riding, cheating, under-provision of public goods, and transaction costs—challenges institutions help to ameliorate—in a world characterized by intense geopolitical rivalry. When non-major powers benefit from existing institutions, they have an interest in maintaining institutional stability and restoring the institutional status quo by wooing back leaders.

As with top-down cooptation bargains, the cooptor seeks a deal in order to lock-in the support of the cooptee and thus seeks a self-reinforcing dynamic by which the gains experienced by the leader make it over time increasingly committed to upholding the institution. However, as with the top-down cooptation dynamic, a bottom-up cooptation bargain can also become self-undermining. I propose that the *overextension of concessions* is a key conditioning factor that influences the likelihood that a cooptation deal between less powerful followers seeking to win the support of more powerful leaders will become self-undermining over time. Whereas top-down cooptation is initiated and dominated by major powers who set the terms of the agreement and make certain concessions of restraint or sharing of privileges in order to generate loyal followers, the key question for bottom-up cooptation is whether the less powerful cooptor has anything to offer the more powerful cooptee. This is particularly difficult if the cooptee has already enjoyed a privileged formal institutional position but is withdrawing because of the costs of remaining in the institution. In this case, a bottom-up cooptation strategy will focus on wooing leaders by *reducing their costs of participation* in order to attract and keep committed the resources and support of major powers who otherwise have lost incentives to take on leadership (Snidal, 2025). This can include efforts by non-major powers to lift formal institutional restraints on powerful actors, to accept distributional disadvantages, or to facilitate the exclusion of the leader's rival. Given the power

asymmetry between cooptors and cooptees, bottom-up cooptation deals run the risk of leaders becoming extractive—that is, demanding more concessions on threat of leaving—or of leaders using their power resources to usurp the organizational logic, “weaponizing” the institution in their own service. In the attempt to attract leaders, followers run the risk of overextending their concessions in a way that undermines the organizational logic or that fuels further geopolitical competition (e.g., by excluding rivals). As a result, bottom-up cooptation is, like top-down cooptation, at risk of succumbing to self-undermining dynamics. The more secondary powers have to weaken the institution to coopt a leader, the greater the risk that the institution will become less effective and attractive to them, undermining both the functionality of the institution itself and their support for working within it. The returns to remaining continue to decrease as more actors, including leaders, leave or seek alternative arrangements.

### ***Reactive sequence expectations***

Reactive sequences are not deterministic; rather, the concept points to the ways in which actions taken in one period shape subsequent actions and how the unfolding sequence has contingent, unanticipated effects that can include institutional reversal or institutional undermining (Howlett, 2009). Above I proposed certain conditions under which we might expect a negative feedback loop. These conditions and feedback loops are not exhaustive, agency is still possible, and exogenous changes (such as domestic leadership changes or technological innovations) are still influential alongside endogenous changes. Indeed, an Historical Institutionalist (HI) approach prioritizes contingency, the importance of sequences and context, and boundedly rational microfoundations. My claim is that within and across each reactive sequence stage, we can develop probabilistic expectations regarding developmental trajectories.

My argument offers a set of propositions and conditions whose influence can be evaluated empirically through process tracing: (1) the proposition that leading powers enact cooptation bargains in order to tame rivals; (2) the relevance of time inconsistency and misaligned transformative expectations in conditioning self-undermining of the initial top-down bargain; (3) the proposition that, in response to institutional undermining, secondary powers with a stake in the institutional status quo attempt bottom-up cooptation bargains in a quest for leadership and institutional stabilization; (4) the relevance of excessive concessions as a factor conditioning the self-undermining of bottom-up cooptation bargains.

In order to evaluate the argument proposed here, the next two sections apply it to the case of US–China relations at the WTO. To do so, I consider two distinct but linked stages of reactive sequences: in the first stage, the

initial cooptation bargain begins with US–China negotiations over the latter’s accession to the WTO, after accession China indeed quickly adapts to the WTO legal system but uses this to undermine US expectations and goals, which eventually elicits a disciplinary response by the US that ultimately contributes to the undermining of the institution; in the second stage, the institutional crisis of the WTO provides the impetus for middle powers to react by creating institutional innovations to restabilize the institution; these include bottom-up efforts to coopt the US back into leadership based on concessions which themselves run the risk of undermining effects. Breaking the case into temporal segments allows for identification of causal feedback loops, since causes (and actions) precede effects (and reactions). The analysis illustrates how cooptation bargain sequences help to understand the current crisis of the WTO in the context of the US–China rivalry and current attempts by some members to rescue it.

### **Top-down cooptation at the WTO: The US-China rivalry**

At the turn of the century, the US government was cognizant of the growing economic power of China and it was concerned about the risks of an emerging rival characterized by an illiberal regime and a market essentially closed off from the rest of the world. In addition to growing economic power, the US was concerned with China’s internal human rights abuses and with the potential for US–China military confrontation, especially given the 1995–1996 Taiwan Straits Crises. While the US initially resisted extending permanent normal trade relations (PNTR) over human rights concerns, the Clinton administration came to the conclusion that engaging China through trade was the best way to achieve several goals: economic benefits for US companies and consumers, incentives for cooperation instead of confrontation in Asia, and internal reform within China. According to Mickey Kantor, US Secretary of Commerce under Bill Clinton, “China was going to become the second largest power on the face of the earth and if the first largest power, the United States of America, did not reach out and begin to bring China into a system of liberal order and rule of law, then everyone was going to suffer” (Kine, 2021). The US used the prospect of China’s accession to the WTO and normalization of trade relations as its main instrument for *taming opposition* to the US-led liberal order, including its preferences on human rights, liberal markets, and security interests in Asia.

The cooptation framework sheds useful light on understanding the dynamics around China’s entry into the WTO in 2001. The WTO was a relatively new and prestigious organization and admission to its ranks was a sought-after privilege among states (Russia was only admitted a decade later). China was concerned about being left out of this new institution and its policy-making authority, and it sought PNTR with the US. The US

could grant China a seat at the table, and thus share institutional power and resources, in exchange for China acquiescing to certain costly conditions, while the US would largely reap benefits with almost no costs. US business interest groups expected windfall gains from access to Chinese markets and consumers were expected to benefit from lower prices and increased goods. Indeed, according to a Federal Reserve report, these benefits have been born out, with the US experiencing clear economic gains as a result of China's entry into the WTO (Amiti et al., 2018). But even more than the economic rationale—which business groups had long been pushing for, but the administration had resisted on human rights grounds—the Clinton administration came to firmly believe that engagement on trade would bring security benefits by transforming China's behavior, interests, and ultimately identity. Being integrated into the WTO trading system would set off an endogenous self-reinforcing process that would enable and strengthen reformers in China and promote public demands for economic and political liberalization. President Clinton asserted that “The change this agreement can bring from outside is quite extraordinary, but I think you could make an argument that it will be nothing compared to the changes that this agreement will spark from the inside out in China. By joining the WTO, China is not simply agreeing to import more of our products; it is agreeing to import one of democracy's most cherished values: economic freedom [...] And when individuals have the power, not just to dream but to realize their dreams, they will demand a greater say” (Clinton, 2000). Similarly, in his official statement welcoming China to the WTO, President Bush said “I am confident that China's entry into the WTO will bring other benefits to China beyond the expected benefits” (Bush, 2001). Moreover, the administration argued that WTO entry would lead to a more peaceful and secure world, and that engagement would prevent US–China military confrontation (Berger, 2000). Kantor, Berger, and even then-Senator Joe Biden all argued that trade normalization and entry into the WTO would promote stability across the Taiwan Straits (Hillman, 2023, pp. 407–408). In speeches promoting his policy of engagement, President Clinton directly and explicitly linked trade engagement to the security interests of the US in the Middle East and Asia, and generally to the need to prevent China from becoming “hostile” (Clinton, 1997).

The negotiations were protracted and difficult, both sides were wary, and the US and its partners demanded difficult concessions from China (Blustein, 2019). US Trade Representative Charlene Barshefsky noted that “the basis on which China entered the WTO was one of the strictest agreements in history” (AmChamChina, 2019). China undertook substantial market liberalization exceeding the requirements imposed on other nations and accepted several unique enforcement mechanisms as well as annual review by Congress that could be used to restrict the flow of Chinese products, including

its status as a “non-market economy.” In contrast, the Clinton administration continually emphasized that the US was getting a great deal while conceding virtually nothing. Clinton argued the agreement is “the equivalent of a one-way street. It requires China to open its markets [...] in unprecedented ways [...]. All we do is to agree to maintain the present access which China enjoys” (Clinton, 2000). In another speech, Berger echoed that theme, saying “this agreement is the closest thing you will ever see to a one-way street” (Berger, 2000). In a 2004 review report to Congress, the USTR reminded that “In accepting China as a fellow WTO member, the United States also secured a number of significant concessions from China that protect U.S. Interests [...]. By contrast, the United States did not make any specific new concessions” (USTR, 2004, p. 3). Overall, the agreement was seen as a success, signaling, as incoming WTO Director-General Supachai Panitchpakdi wrote, “China’s willingness to play by international trade rules and to bring its often opaque and cumbersome government apparatus into harmony with a world order that demands clarity and fairness” (Panitchpakdi & Clifford, 2002).

The accession of China to the WTO on these terms at first appeared to be a cooptation coup, but at the same time there was concern that China might not cooperate as planned. China’s entry into the WTO did lead to a certain kind of socialization and endogenous feedback loop—but not of the kind the US was expecting. As Gao and Schaffer argue, within the WTO China “developed legal capacity to go head-to-head, lawyer-to-lawyer, in trade conflicts with the U.S. and Europe and became enmeshed in transnational legal processes” (Shaffer & Gao, 2018, p. 118). China, in other words, quickly learned how to use WTO rules and procedures to protect and promote its own interests against the US (Shaffer, 2021). Along with this endogenous process, China’s own domestic politics saw a move away from market reforms in the early 2000s and a doubling down on state-led capitalism such that “by the time Xi Jinping came into office, reform and opening had virtually halted” (AmChamChina, 2019). Even as the private sector was allowed to flourish, the Chinese state established institutions giving it tighter control over the management of state-owned enterprises (SOEs), government intervention into the economy and private firms became much more pervasive, it followed a pegged currency policy that created competitive advantages for its export market, it blocked foreign access to its own market, and sought domestic exceptions. As Long Yongtu, China’s chief negotiator for WTO accession recently said, “When we promised to adopt a market economy, we made it absolutely clear that it would be a socialist market economy” (Ziyi, 2021). Clearly, China had its own expectations about what its accession to the WTO could transform, and these were misaligned with those of the US.

This step of the reactive sequence, in turn, drove negative US perceptions of the WTO legal order and prompted US defensive reactions (Shaffer, 2021).

At first, the US did little to discipline China at the WTO, even though it had sanctioning and enforcement tools at its disposal (Hillman, 2023). In part, the US was benefitting economically from economic engagement with China and did not want to risk reprisals, and in part there was still “confidence about the endpoint” that made the US “more patient about missteps along the way” (US policymaker quoted in Blustein, 2019). Barshefsky claims the series of actions and reactions following accession “was simply unforeseeable in 2001” (AmChamChina, 2019). In reality, once the offer of membership was made, it was difficult for the US to control whether or how China would be “socialized” into supporting the system. However, with the growth of China’s economic and political influence and ensuing political tensions—in other words with the intensification of the great power rivalry—China’s lack of commitment to the rules-based order become intolerable to the US. US lawmakers have accused China of “relentless exploitation of WTO loopholes” and “willful disregard of WTO rules” in a bid to reap the benefits of membership while skirting the obligations (Kine, 2021). Not only did China appear to renege on the hope that admission to the WTO would socialize it down the path of liberalization (and perhaps even democratization), but circumventing the rules also enabled China to accelerate its growth and generate relative gains that would eventually allow it to displace the US as the world’s most important economy and to generate a defense-industrial base to rival that of the US. Under Trump, the USTR’s annual report to Congress on China’s compliance with the WTO declared, “It seems clear that the United States erred in supporting China’s entry into the WTO” (USTR, 2019a). According to Senator Chuck Grassley “clearly the arrangement hasn’t lived up to our hopes of 20 years ago” (quoted in Kine, 2021). From the perspective of the US, the cooptation deal seems to have backfired.<sup>1</sup>

In response, the US under Obama began to use WTO enforcement mechanisms against China, but as those appeared to be too little too late, successive administrations have become less committed to working within the WTO and have even actively undermined it. The Obama administration initiated trade rule enforcement actions against China, including for the first time invoking the special provisions of China’s accession agreement and bringing a record number of complaints to the WTO. Obama came to the conclusion that “vigilant monitoring and rigorous enforcement of U.S. trade rights is necessary” (Obama, 2016). His administration also blocked the appointment of some members of the adjudicative process’s Appellate Body. It did not, though, impose unilateral tariffs on China, which would have put the US in violation of WTO rules and risked a trade war. The Trump administration, in contrast, took a stronger stance against China without concern for violating WTO rules. In March 2018, the Trump administration applied punishing tariffs on Chinese goods on the grounds that

China was engaging in intellectual property theft. In the same month, it imposed hefty tariffs on steel and aluminum from most countries. These actions began a trade war as affected countries retaliated with their own tariff hikes and also began action within the WTO dispute settlement body. With respect to the Appellate Body, the Trump administration blocked reappointments, resulting in vacancies and leaving the body unable to issue reports. The Biden administration, for its part, has justified keeping all these measures in place largely on national security grounds. When in 2022 the WTO dispute settlement body declared that some of the Trump tariffs violate WTO rules (Krugman, 2022), the Biden administration rejected the panel reports on the grounds that “issues of national security cannot be reviewed in WTO dispute settlement and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security” (USTR, 2022).<sup>2</sup> Ironically, whereas the US once argued in favor of the WTO because of its security benefits, it is now arguing against the WTO because of its security liabilities. The US’s waning support for the WTO amidst the organization’s ongoing inability to move forward on negotiations has pushed it into an existential crisis and has gone hand-in-hand with heightened US–China security tensions.

### **Bottom-up cooptation at the WTO: Middle powers in search of leaders**

The US’s actions undermining the WTO are perceived as a major blow especially by countries who are not great powers, leading these in turn to mount an institutional response. Middle powers, defined by their structural positioning as non-great powers with significant international interests and some capacity and agency to defend those interests, are typically beneficiaries of multilateral institutions because these amplify the limited unilateral leverage of middle powers vis-à-vis great powers (Cooper, 2018; Efstathopoulos, 2018). Middle powers, such as Canada, Japan, South Korea, Argentina, and Australia, share an interest in maintaining the international multilateral institutional order in the face of leadership abdication from the US and potential threats to the order from the US–China rivalry; accordingly, they have actively engaged in initiatives to uphold these institutions in various issue-areas, including trade (Brattberg, 2021). Among the institutional proposals is the development of Joint Statement Initiatives (JSIs) which, I argue, can usefully be understood as a bottom-up cooptation effort by middle powers to re-gain the institutional commitment of powerful players, especially the US.

Although plurilateral initiatives are not entirely new to the WTO, the Joint Statement Initiatives represent a new institutional strategy first

**Table 1.** Joint statement initiatives overview<sup>a</sup>.

JSI	Year Initiated	Convenor	Current Members	US	China	Status
Joint Initiative on E-Commerce <sup>b</sup>	2017	Australia, Japan, Singapore	90	Original member	Joined 2019	Ongoing rule negotiation
Investment Facilitation for Development (IFD) <sup>c</sup>	2017	Chile, Republic of Korea	112–114	Non-member	Original Member	Agreement concluded 2023
Micro-, Small-and Medium-Sized Enterprises (MSMEs) <sup>d</sup>	2017	Barbados (preceded by Uruguay, Chile)	98	Joined 2023 <sup>e</sup>	Original Member	Ongoing discussion on recommendations
Services Domestic Regulation <sup>f</sup>	2017	Costa Rica	70	Joined 2021 <sup>g</sup>	Original Member	Schedule of commitments concluded 2021
Informal Working Group on Trade and Gender <sup>h</sup>	2017/2020	Cabo Verde, El Salvador, United Kingdom	128	Joined 2021	Original Member	Informal Working Group
Fossil Fuel Subsidy Reform (FFSR) <sup>i</sup>	2017/2021	New Zealand	48	Non-member	Non-member	Ongoing Discussions
Trade and Environmental Sustainability Structured Discussions (TESSD) <sup>j</sup>	2021	Canada, Costa Rica	76	Original Member	Original Member	Ongoing Discussions
Informal Dialogue on Plastics Pollutions and Environmentally Sustainable Plastics Trade (IDP) <sup>k</sup>	2021	Australia, Barbados, China, Ecuador, Fiji, Morocco	76	Joined 2023	Original member	Informal Dialogue and discussion; support of UN negotiations

<sup>a</sup>Some JSIs are focused on rule-making—the Joint Initiative on E-Commerce, the Joint Initiative on Services Domestic Regulation, and the Joint Initiative on Investment Facilitation for Development (IFD)—while the rest are primarily focused on informal dialogue, discussion, and recommendations for potential avenues for future negotiations.

<sup>b</sup>[https://www.wto.org/english/tratop\\_e/ecom\\_e/joint\\_statement\\_e.htm](https://www.wto.org/english/tratop_e/ecom_e/joint_statement_e.htm)

<sup>c</sup>[https://www.wto.org/english/tratop\\_e/invfac\\_public\\_e/invfac\\_e.htm](https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm)

<sup>d</sup>[https://www.wto.org/english/tratop\\_e/msmes\\_e/msmes\\_e.htm](https://www.wto.org/english/tratop_e/msmes_e/msmes_e.htm)

<sup>e</sup><https://geneva.usmission.gov/2022/12/16/wto-trade-policy-review-of-the-united-states-day-2-statement/>

<sup>f</sup>[https://www.wto.org/english/tratop\\_e/serv\\_e/jsdomreg\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/jsdomreg_e.htm)

<sup>g</sup><https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/july/united-states-announces-intention-join-wto-initiative-services-domestic-regulation-support>

<sup>h</sup>[https://www.wto.org/english/tratop\\_e/womenandtrade\\_e/iwg\\_trade\\_gender\\_e.htm](https://www.wto.org/english/tratop_e/womenandtrade_e/iwg_trade_gender_e.htm)

<sup>i</sup>[https://www.wto.org/english/tratop\\_e/envir\\_e/fossil\\_fuel\\_e.htm#:~:text=The%20Fossil%20Fuel%20Subsidy%20Reform,advance%20discussions%20at%20the%20WTO.](https://www.wto.org/english/tratop_e/envir_e/fossil_fuel_e.htm#:~:text=The%20Fossil%20Fuel%20Subsidy%20Reform,advance%20discussions%20at%20the%20WTO.)

<sup>j</sup>[https://www.wto.org/english/tratop\\_e/tessd\\_e/tessd\\_e.htm#fnt-1](https://www.wto.org/english/tratop_e/tessd_e/tessd_e.htm#fnt-1)

<sup>k</sup>[https://www.wto.org/english/tratop\\_e/ppesp\\_e/ppesp\\_e.htm](https://www.wto.org/english/tratop_e/ppesp_e/ppesp_e.htm)



promoted by small groups of states at the 11th Ministerial Conference in December 2017 when several initiatives were launched, followed in 2021 with two further statements on initiatives (see [Table 1](#)).<sup>3</sup> The JSIs are noteworthy because they essentially propose a break with the multilateral process as a way to salvage that process. As the WTO explicitly notes with every reference to the JSIs, “the Joint Initiatives are not part of a multilaterally agreed WTO process.”<sup>4</sup> Instead, the initiatives are run by a small group of convenors outside of the WTO process in order to move negotiations ahead amongst a sub-set of “like-minded” members on topics—such as e-commerce, services domestic regulation, and investment facilitation—that represent areas of long-standing (failed) negotiation efforts by the WTO and of economic significance to many members. The minilateral approach represents especially a concession to the US, which has signaled its interest in working with more exclusive groups of actors. However, the goal of convenors is to leverage the minilateral format without abandoning the WTO, hoping instead to later multilateralize the outcomes to the WTO membership and inserting them into the WTO legal framework. The goal is to use the JSIs to re-stabilize the WTO by creating an endogenous self-reinforcing process.

As [Table 1](#) shows, the initiators and drivers of the JSIs are primarily middle powers, such as Argentina, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Japan, and Singapore, while the US and China have selectively joined initiatives and in several instances have joined after initiation (Azme, 2024, p. 66). The convening parties create the agenda, mobilize potential members, organize the groups and sessions, prepare texts, and facilitate consultations (Azme, 2024, p. 67). Middle Powers support the JSI format both out of economic policy interests and also for structural reasons. Even though a large number of middle powers have an institutionalized economic relationship with the US via bilateral or plurilateral free trade agreements, the institutional crisis of the multilateral regime is costly to them especially in the context of intensifying great power rivalry. First, the multilateral forum provides a process for “being at the table” and minimizes the risk that middle powers will be left out of bilateral deals struck by the US or China and, relatedly, multilateral rules and commitments provide middle powers with some leverage in their bilateral relations with more powerful economic actors. Second, unlike more powerful actors, most middle powers have limited resources to engage in bilateral negotiations and so multilateral regimes are cost-efficient. Third, the WTO (when fully functioning) includes a dispute settlement mechanism that can be resorted to in the event of disputes with trading partners and thus provides recourse in a world of power asymmetry. Middle powers and also many developing countries have repeatedly expressed the urgent need to save and revive the multilateral approach to trade governance, including the consensus rule in negotiations, the centrality of the WTO as legal body, the non-discrimination principle, and the norm of inclusivity.

All JSI documents emphasize that initiators see these negotiations as a way to achieve the larger structural goal of keeping the WTO relevant and overcoming gridlock (Hoekman & Sabel, 2021). Australia has supported the process, for example, because “the current JSIs had the potential to deliver vital outcomes that strengthened the WTO’s rulemaking function and its health more generally” (WTO, 2021). Korea supported JSIs because they could help the WTO “be more relevant, responsive, and efficient in rebuilding trust in the multilateral trading system” (WTO, 2021). According to Japan, the JSIs update the WTO and ensure “the relevance of the WTO in the world today” and without them, “the WTO risks becoming less relevant and even losing its *raison d’être* as a cornerstone of the multilateral trading system” (WTO, 2022). At the same meeting, the UK claimed that “The JSIs were some of the most important reforms undertaken at the WTO” (WTO, 2022).

The JSI institutional format, I argue, can be usefully understood at least in part as an effort to create a type of bottom-up cooptation bargain that involves trading some advantages and privileges not directly available within the WTO in exchange for powerful actor institutional support. While the JSIs have substantive goals and member participation is based on economic interests, the structural goal of revitalizing the WTO is closely bound up with trying to woo the US back into supporting the WTO. In particular, JSIs allows members to offer advantages of interest to the US that the multilateral setting of the WTO does not allow—including *delivering outcomes, making concessions not available within the full membership, and pressuring rivals through variable geometry*. Convenors hope that success in achieving outcomes within the JSIs will show reluctant states, such as the US, that staying in the WTO is worthwhile. In defending the JSIs, Australia for example argued that without the initiatives powerful actors “might go elsewhere”—namely, to regional or bilateral agreements to create trade rules—and the success of JSIs could be used as a carrot to keep powerful actors in (WTO, 2022). Further, meeting in sub-groups enables concessions to be made that are not available in the inclusive WTO process and, in turn, overcoming deadlock in a sub-group can generate first-mover dynamics that entice reluctant members to come to the table. For example, as the JSIs on MSMEs and on Services Domestic Regulation seemed to be getting somewhere on rules and commitments, the US decided it should join in order not to be left out of the negotiations. On e-commerce, US participation was encouraged by its ability to move ahead without China at the table. Similarly, China was initially reluctant to join the JSI on E-Commerce but came to realize that if the initiative succeeds and rules are negotiated, then it had better be at the table (Gao, 2021). The ability of the JSIs to move forward with smaller groups of like-minded actors creates momentum that makes it credible that an agreement might be possible and incentives not to be left out of the discussions in the event that they become multilateralized.

Of course, JSIs are only enticing to the US when it has an interest in negotiation to begin with. For instance, the US is not a participant in the JSI on investment facilitation for development (IFD) because the US has a long-standing aversion to multilateral rules on investment and favors bilaterally negotiated investment treaties that allow it to fully exercise its economic leverage.<sup>5</sup> Consequently, JSI agreements are not necessarily costless for the membership. India and South Africa, for example, have thus far refused to join the JSIs on the grounds that they harm the multilateral process by fragmenting the trade regime, circumventing the legitimacy of the more inclusive process, and a la carte catering to the interests of powerful developed countries like the US without any restraints where interests diverge (Kelsey, 2022). Rather than a re-stabilization of the WTO, these countries fear that on the one hand too many concessions will be made and on the other hand resulting agreements will not be fully or successfully re-integrated into the WTO framework, leading instead to a dynamic where the WTO can be increasingly bypassed. Indeed, the legal and political process of multilateralization is contested and has not yet been successfully achieved for any of the JSIs. Because the bottom-up cooptation dynamic rests on the ability of secondary powers to muster enough concessions to attract a powerful actor such as the US, there is the risk that the greater those concessions become, the less attractive the institution becomes overall to all actors.

### ***The case of e-commerce***

Although it is too soon to assess whether US support can be “coopted” through JSIs and, if so, whether they will ultimately reinforce or undermine the WTO, the logic of the bottom-up cooptation bargain can be illustrated with a discussion of the most significant JSI concerned with rule-making that the US participates in—e-commerce. I argue that the middle powers have sought to offer the US outcomes, concessions, and leverage over rivals as a means to re-secure US support—with only very limited success.

***Delivering outcomes.*** By 2016, the US was frustrated with the lack of progress on WTO e-commerce negotiations but indicated its continued interest in pursuing negotiations outside of the WTO (Gao, 2021, p. 5). A main line of contention was between the US and China regarding issues such as free flow of information, data localization, non-discriminatory treatment of digital products, protection of proprietary information, and open government data. US allies, too, were concerned with what they perceived to be China’s autocratic approach to digital data and insistence on domestic exceptions that could be used to circumvent commitments and to promote illiberal market and political aims. Allies were keen on having the US provide leadership in promoting an open approach to digital commerce and data flows. In

response, Australia, Japan, and Singapore issued a joint statement at the 11th Ministerial Conference in 2017 announcing their intention to “initiate exploratory work together toward future WTO negotiations” (WTO, 2017). The convenors of the JSI moved rapidly to host meetings, held nine meetings alone in the first year, and members announced their intent to further accelerate the process—in stark contrast to the sluggish pace of negotiations within the WTO. The US, in particular, was interested in using the JSI format to move quickly to an outcome.

***Making concessions.*** Because JSIs operate outside of the WTO framework they are able to consider concessions to the US not available within the WTO. In this sense, the first concession is the willingness to negotiate informal initiatives outside of the protections of the WTO framework. Indeed, for some WTO countries this represents a major cost that they are not willing to pay. India and South Africa, for example, have not joined any JSI and have made official WTO statements regarding their concerns that the JSIs have no constraints to prevent them from being hijacked by the interests of powerful developed countries like the US. But substantively, too, the JSIs provide space for negotiation over demands that would not be possible within the WTO. The JSI on e-commerce, for example, has provided an opportunity for the US to push forward its discontent with the WTO’s framework on special and differential treatment (SDT) for developing countries (UNCTAD, 2021). The US has argued that developing countries that have become major trade players, particularly China, should no longer benefit from the flexibilities afforded by SDT. For this reason, the US proposed that the WTO end the practice of allowing countries to self-declare their “developing country” status (WTO, 2019a). From the US’ perspective, this is especially true in the area of the digital economy where the US and China represent the largest share of the world market. In the context of the JSI, the US argued instead in favor of “strong market-based rules” and the reduction of barriers and restrictions on data flows for all participants (USTR, 2019b). While under current WTO rules, changing the SDT framework appears practically impossible, outside of the WTO there seems to be some possibility of getting others to agree.

***Pressuring rivals.*** In the original cooptation bargain, the US negotiated the accession of China to the WTO in order to be able to tame its opposition to US rule preferences. To the extent that the JSIs can help the US recover this aim, it would be a significant attraction to US participation. One significant advantage JSIs can offer the US is the variable geometry of their memberships; unlike WTO negotiations, JSIs need not be inclusive of all WTO member-states. China’s draconian regulation of the internet made the US and its allies skeptical of continuing talks with China within the WTO or

bilaterally. At a 2019 US House Ways and Means Committee hearing, US Trade Representative Lighthizer made clear that, “I think bringing China in will not help these negotiations” and noted his preference for negotiating first in a small group (quoted in Cassella, 2019). One observer argued that China could and should be formally excluded from the JSI on e-commerce (Cory, 2019). While the JSI did not exclude China, China was not explicitly invited to join the initial JSI statement and, according to Gao, China was even “caught by surprise” by it and its ensuing momentum (Gao, 2021, p. 7). Although the ball started rolling without China, it is also clear that because China is such a powerful actor in e-commerce, leaving it out of negotiations would be ultimately counter-productive. But by setting the initial agenda and creating momentum in a certain direction, the JSIs help shape the content of negotiations. For its part, China was reluctant to join the JSI out of concern that the content of the initiative would be strongly influenced by US preferences (Gao, 2021, p. 7). It “tried to pre-empt the upcoming e-commerce negotiation” by bringing the issue up within the WTO again, but the momentum was now with the JSI (Gao, 2021, p. 6). The fast pace of the talks put China under pressure to join for fear of being left out of the negotiations altogether. When it joined, China emphasized that the negotiations should be complementary to the WTO and conducive “to supporting the multilateral trading system, contribute to the revitalization of the WTO negotiation function” and that “the negotiation should be open, inclusive and transparent, ensuring the participation of interested Members” (WTO, 2019b).

### ***Effectiveness and risks of joint statement initiatives***

Whether the JSIs can be considered a successful strategy for coopting US leadership is not yet clear. Despite their best efforts, the middle powers are constrained by two sets of problems. First, successful JSIs have the potential to further undermine rather than reinforce the multilateral trade regime. While it seems clear that there is no legal reason the JSIs cannot be compatible with the WTO, as is the professed intention of their members, the path to multilateralizing agreements is uncertain and paved with difficulties. Fully incorporating such agreements into the WTO or including them as plurilaterals under Annex 4 requires WTO-wide consensus. Incorporating agreements as a new set of commitments under individual country schedules also requires a certification process that can be objected to by other members. India, South Africa, and the US, for instance, could block consensus on the already agreed IFD, India and South Africa could object to the Services Domestic Regulation schedules, and the US could eventually scuttle the e-commerce initiative. In other words, including even successful JSIs into the WTO can be difficult, leaving open the real possibility that such agreements will continue to live outside of the multilateral regime. This dynamic, in turn,

can further devalorize the role of the WTO as a forum for coordinating the international trade regime, leading to decreasing returns to working within the WTO as long as minilateral negotiations exist.

Second, the JSI negotiations are vulnerable to domestic political pressures that lay outside their purview. This has become clear in the e-commerce negotiations. At the end of 2023, the US Trade Representative announced the surprise decision that the US would no longer support provisions for free cross-border data flows, prohibitions on data localization, proprietary safe-guards, and measures to prevent discrimination against digital products (USTR, 2023). The USTR's reason for revoking support lies in President Biden's promise to better regulate big tech firms at home and his domestic political calculus that voters are concerned with the run-away power of giant platforms (Lawder, 2023). The US does not want to restrict its domestic regulatory capacity through a multilateral agreement or to provide avenues for tech companies to circumvent domestic regulation by reference to WTO rules.<sup>6</sup>

This policy about-face has drawn severe critique from allies within the JSI and leaders at home. The goal of wooing US leadership and keeping the US in appears compromised and allies fear that the absence of US advocacy and leadership on data will have long-term negative implications for their own countries. US Senate Finance Committee Chairman Ron Wyden (2023) drew geopolitical consequences, issuing a statement that "In addition to abandoning our democratic allies in these negotiations, USTR is leaving a vacuum that China—an active participant in these negotiations—will be more than pleased to fill." He argued that the US' withdrawal is a "win" for China and cedes US leverage against its "digital expansionism." There are concerns that the US' cold feet will open room for China to move ahead with national security self-exemptions from any prospective agreement. The USTR's decision is a reminder that domestic politics considerations compete with geopolitical considerations and can scuttle international cooperation. In this context, e-commerce co-convenor Singapore's 2023 statement that the JSI "sends a strong positive signal on the WTO's continued credibility and ability to forge meaningful rules" (Wyden, 2023) appears as wishful thinking.

## Conclusions

This article has applied the framework idea of cooptation bargains to shed light on great power rivalry in the context of the WTO. It has asked why and under what conditions do cooptation bargains fail and what happens to such institutional arrangements when leaders are no longer committed to them? The stakes for understanding these dynamics are high because a successful cooptation bargain at the WTO could dampen competition and stabilize the US–China rivalry, localizing differences around a set of coordination problems, while a failed bargain is likely to result in a more severe

cooperation dilemma and increase security competition. Whereas China's accession to the WTO was initially a key part of the US' strategy for taming security competition with China, more recently the Trump and Biden administrations have argued that China is not living up to its end of the bargain and that continuing to abide by WTO rules compromises national security. Moreover, the US's waning support for the WTO and its increasing rivalry with China have implications for other actors. Understanding cooptation dynamics can shed light on how other invested actors react to the hollowing out of the institutional order—something IR theories have not paid enough attention to thus far.

I have argued that US–China relations at the WTO and the current institutional crisis at the WTO can be usefully understood in terms of a dynamic sequence of cooptation bargain attempts and failures. China's accession to the WTO is the first step of the cooptation bargain reactive sequence characterized by the hegemon attempting to check its rival by offering institutional access in exchange for institutional support and expectations of transformation over time. When China failed to support the rules to the satisfaction of the US and failed to transform according to expectations, the US began to see the cooptation bargain as costly and took action to attempt to enforce it. As those efforts fell short, US commitment to the WTO began to wane and the institution destabilized. This institutional crisis triggered the second step of the cooptation bargain reactive sequence. Middle powers who benefit from the multilateral trade regime sought to woo the US back into leadership by pursuing plurilateral negotiations outside of the WTO in the form of the Joint Statement Initiatives (JSIs). JSIs offer several enticing advantages, including lowering the costs and increasing the likelihood of reaching negotiated outcomes, making available concessions not available within the WTO, and offering a variable geometry approach that can side-line rivals or put them under pressure to join a negotiation they did not initiate. Bottom-up cooptation bargains, however, face their own risks, including the inability to actually re-integrate into the multilateral institution and succumbing to power asymmetry through dependence on the politics of more powerful actors, such as the US. Overall, this study sheds light on the role institutions can play in great power rivalries and the role of middle powers caught in between. It has shown that cooptation bargains represent an important institutional strategy to deal with great power rivalries, even if the chances of long-term success are limited.

## Notes

1. It is important to note that the US' disappointment is driven primarily by political and not economic costs; numerous studies show that the US has overall experienced economic gains as a result of trade with China and inclusion of China into the rules of the WTO.

2. Conveniently, the Appellate Body that would be tasked with adjudicating the dispute is unable to do its job.
3. The Trade and Gender Initiative and the Fossil Fuel Subsidy Reform Initiative (FFSR) were both also announced in 2017 but only became active in 2020/2021.
4. This text appears as the starred footnote accompanying each JSI entry on the WTO website as noted in [Table 1](#).
5. This goes back to the failure of the Multilateral Agreement on Investment (MAI) negotiations in the 1990s and it means that, even though an agreement is concluded, there is no path for the IFD to be multilateralized within the WTO, which requires membership consensus.
6. <https://www.mti.gov.sg/Newsroom/Press-Releases/2023/12/Co-Convenors-of-the-WTO-Joint-Statement-Initiative-on-E-Commerce>

## Acknowledgements

This article has greatly benefitted from comments received at authors' workshops hosted at the Hebrew University in 2022, the Akademie für Politische Bildung Tutzing in 2023, the International Studies Association Annual Conference 2023, and an online workshop. Special thanks go to Gadi Heimann, Andreas Kruck, Deganit Paikowsky, and Bernhard Zangl for excellent feedback and coordination.

## Disclosure statement

No potential conflict of interest was reported by the author(s).

## ORCID

Lora Anne Viola  <http://orcid.org/0000-0002-7161-2050>

## Reference list

- Alter, K. J., & Nelson, S. C. (2024). Global governance in time: Institutional sequences, international regime complexes, and the politics of global governance. *World Politics*, 76(2), 379–416. <https://doi.org/10.1353/wp.2024.a924510>
- AmChamChina. (2019). Extraordinary accession. *American Chamber of Commerce in the People's Republic of China*, 7 November 2019. <https://www.amchamchina.org/extraordinary-accession/>.
- Amiti, M., Dai, M., Feenstra, R., & Romalis, J. (2018). How did China's WTO entry affect U.S. prices? *Federal Reserve Bank of New York Staff Reports*, (no. 817). [https://www.newyorkfed.org/medialibrary/media/research/staff\\_reports/sr817.pdf?la=en](https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr817.pdf?la=en).
- Azmeh, S. (2024). Saving the WTO': Middle power insiders and joint statement initiatives at the world trade organization. *New Political Economy*, 29(1), 60–74. <https://doi.org/10.1080/13563467.2023.2221637>
- Baur, D., & Schmitz, H. P. (2011). Corporations and NGOs: When accountability leads to co-optation. *Journal of Business Ethics*, 106(1), 9–21. <https://doi.org/10.1007/s10551-011-1057-9>



- Berger, S. R. (2000). National Security Advisor Samuel R. Berger remarks to the East Asia Institute at Columbia University on China. 2 May 2000. <https://clinton.presidentiallibraries.us/items/show/11236>.
- Bloomberg Editorial Board. (2024). The death of the WTO now looks inevitable. *Bloomberg* 8 March 2024. <https://www.bloomberg.com/opinion/articles/2024-03-08/world-trade-organization-s-death-is-a-momentous-error?embedded-check-out=true>.
- Blustein, P. (2019). *Schism: China, America, and the fracturing of the global trading system*. CIGI Press.
- Brattberg, E. (2021). Middle power diplomacy in an age of US-China tension. *The Washington Quarterly*, 44(1), 219–238. <https://doi.org/10.1080/0163660X.2021.1896136>
- Bulman, D. J. (2021). The economic security dilemma in US-China relations. *Asian Perspective*, 45(1), 49–73. <https://doi.org/10.1353/apr.2021.0013>
- Bunte, J., Gertz, G., & Zeitz, A. (2021). Cascading noncompliance: Why the export credit regime is unraveling. *Review of International Political Economy*, 29(5), 1395–1419.
- Bush, G. W. (2001). President welcomes China, Taiwan into WTO. Statement by the President. *White House*, (November 11). <https://georgewbush-whitehouse.archives.gov/news/releases/2001/11/20011111-1.html>.
- Cassella, M. (2019). Lighthizer's reality check on China talks. *Politico*, (February 28). <https://www.politico.com/newsletters/morning-trade/2019/02/28/lighthizers-reality-check-on-china-talks-401602>.
- Clinton, W. J. (1997). Remarks by the President in address on China and the national interest. *White House*, (October 24). <https://clintonwhitehouse4.archives.gov/WH/New/html/19971024-3863.html>.
- Clinton, W. J. (2000). Speech on China Trade Bill. *Johns Hopkins University*, (March 9). <https://archive.nytimes.com/www.nytimes.com/library/world/asia/030900clinton-china-text.html>.
- Cooper, A. F. (2018). Entrepreneurial states versus middle powers: Distinct or intertwined frameworks? *International Journal*, 73, 596–608. <https://doi.org/10.1177/0020702018809532>
- Cory, N. (2019). Why China should be disqualified from participating in WTO negotiations on digital trade rules. *Information Technology and Innovation Foundation*, (May 9), 1–26. <https://www2.itif.org/2019-china-disqualified-wto.pdf>.
- Efstathopoulos, C. (2018). Middle powers and the behavioural model. *Global Society*, 32(1), 47–69. <https://doi.org/10.1080/13600826.2017.1351422>
- Eilstrup-Sangiovanni, M. (2023). The instability of the nuclear nonproliferation regime complex. *Review of International Political Economy*, 30(6), 2094–2121. <https://doi.org/10.1080/09692290.2023.2238732>
- Ella, D., & Press-Barnathan, G. (2025). Major power rivalry and cooptation dynamics through regime complexes: The case of China and the development finance regime complex. *Contemporary Security Policy*, 46(1), 66–97.
- Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, 44(1), 42–79. [https://doi.org/10.1162/isec\\_a\\_00351](https://doi.org/10.1162/isec_a_00351)
- Fioretos, O. (2017). *International politics and institutions in time*. Oxford University Press.

- Gao, H. S. (2021). Across the Great Wall: E-commerce joint statement initiative negotiation and China. *Artificial Intelligence and International Economic Law*, 9, 1–19. <https://doi.org/10.2139/ssrn.3695382>
- Hanrieder, T., & Zürn, M. (2017). Reactive sequences in global health governance. In O. Fioretos (Ed.), *International politics and institutions in time* (pp. 93–116). Oxford University Press.
- Heimann, G., Kruck, A., Paikowsky, D., & Zangl, B. (2025). *Cooptation in great power rivalries: A conceptual framework*. *Contemporary Security Policy*, 46(1), 8–36.
- Heimann, G., & Paikowsky, D. (2022). Winning a seat at the table: Strategic routes by emerging powers to gain privileges in exclusive formal clubs. *Contemporary Security Policy*, 43(4), 594–621. <https://doi.org/10.1080/13523260.2022.2074116>
- Heinkelmann-Wild, T., Kruck, A., & Zangl, B. (2024). The cooptation dilemma: Explaining US contestation of the liberal trade order. *Global Studies Quarterly*, 1–12.
- Hillman, J. (2023). China's entry into the WTO: A mistake by the United States? In H. Gao, et al. (Ed.), *China and the WTO: A twenty-year assessment* (pp. 400–426). Cambridge University Press.
- Hoekman, B., & Sabel, C. (2021). Plurilateral cooperation as an alternative to trade agreements: Innovating one domain at a time. *Global Policy*, 12(S3), 49–60. <https://doi.org/10.1111/1758-5899.12923>
- Howlett, M. (2009). Process sequencing policy dynamics: beyond homeostasis and path dependency. *Journal of Public Policy*, 29, 241–262. <https://doi.org/10.1017/S0143814X09990158>
- Ikenberry, J. G. (2001). *After victory: Institutions, strategic restraint, and the rebuilding of order after major wars*. Princeton University Press.
- Ikenberry, J. G. (2008). The rise of China and the future of the West: Can the liberal system survive? *Foreign Affairs*, 23–37.
- Jupille, J., Mattli, W., & Snidal, D. (2013). *Institutional choice and global commerce*. Cambridge University Press.
- Kelsey, J. (2022). The illegitimacy of joint statement initiatives and their systemic implications for the WTO. *Journal of International Economic Law*, 25(1), 2–24. <https://doi.org/10.1093/jiel/jgac004>
- Kine, P. (2021, September 12). China joined rules-based trading system — then broke the rules. *Politico*. <https://www.politico.com/news/2021/12/09/china-wto-20-years-524050>.
- Kruck, A., & Zangl, B. (2019). Trading privileges for support: The strategic co-optation of emerging powers into international institutions. *International Theory*, 11(3), 318–343. <https://doi.org/10.1017/S1752971919000101>
- Kruck, A., & Zangl, B. (2025). It pays to be generous: How cooptation transforms power rivalries: The cases of Russia and China after the Cold War and Germany after the World Wars. *Contemporary Security Policy*, 46(1), 37–65.
- Krugman, P. (2022). Why America is getting tough on trade. *New York Times*, (December 12). <https://www.nytimes.com/2022/12/12/opinion/america-trade-biden.html>.
- Lawder, D. (2023). US drops digital trade demands at WTO to allow room for stronger tech regulation. *Reuters*, (October 26). <https://www.reuters.com/world/us-us-drops-digital-trade-demands-wto-allow-room-stronger-tech-regulation-2023-10-25/>.

- Lundestad, G. (1986). Empire by invitation? The United States and Western Europe, 1945-1952. *Journal of Peace Research*, 23(3), 263–277. <https://doi.org/10.1177/002234338602300305>
- Mahoney, J. (2000). Path dependence in historical sociology. *Theory and Society*, 29(4), 507–548. <https://doi.org/10.1023/A:1007113830879>
- Mahoney, J., & Thelen, K. (2010). A theory of gradual institutional change. In J. Mahoney & K. Thelen (Eds.) *Explaining institutional change: Ambiguity, agency, and power* (pp. 1–37). Cambridge: Cambridge University Press.
- Najam, A. (2000). The four-C's of third sector-government relations. Cooperation, confrontation, complementarity, and co-optation. *Nonprofit Management and Leadership*, 10(4), 375–396. <https://doi.org/10.1002/nml.10403>
- Obama, B. (2016, September 13). Statement by the President on World Trade Organization enforcement action. *The White House*. <https://obamawhitehouse.archives.gov/the-press-office/2016/09/13/statement-president-world-trade-organization-enforcement-action>.
- Panitchpakdi, S., & Clifford, M. (2002). *China and the WTO: Changing China, changing world trade*. Wiley and Sons.
- Rixen, T., & Viola, L. A. (2015). Putting path dependence in its place: Toward a taxonomy of institutional change. *Journal of Theoretical Politics*, 27(2), 301–323. <https://doi.org/10.1177/0951629814531667>
- Selznick, P. (1949). *TVA and the grass roots. A study in the sociology of formal organization*. University of California Press.
- Shaffer, G. (2021). *Emerging powers and the world trading system: The past and future of international economic law*. Cambridge University Press.
- Shaffer, G., & Gao, H. (2018). China's rise: How it took on the U.S. At the WTO. *University of Illinois Law Review*, 2018, 115–184.
- Sinha, A. (2021). Understanding the 'crisis of the institution' in the liberal trade order at the WTO. *International Affairs*, 97(5), 1521–1540. <https://doi.org/10.1093/ia/iab109>
- Snidal, D. (2025). How informal intergovernmental organizations promote peaceful power shifts. *Contemporary Security Policy*, 46(1), 150–176.
- Sullivan, J. (2023). Remarks by national security advisor Jake Sullivan on renewing American economic leadership at the Brookings Institution. 27 April 2023. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/>.
- Thompson, A. (2025). From rivals to partners: Coopting emerging powers into the climate regime. *Contemporary Security Policy*, 46(1), 126–149.
- UNCTAD. (2021). What is at stake for developing countries in trade negotiations on e-commerce? The case of the Joint Statement Initiative. *United Nations Publication* (UNCTAD/DITC/TNCD/2020/5). [https://unctad.org/system/files/official-document/ditctncd2020d5\\_en.pdf](https://unctad.org/system/files/official-document/ditctncd2020d5_en.pdf).
- USTR. (2004). 2004 Report to Congress on China's WTO compliance. *Office of the United States Trade Representative*. [https://ustr.gov/archive/assets/Document\\_Library/Reports\\_Publications/2004/asset\\_upload\\_file281\\_6986.pdf](https://ustr.gov/archive/assets/Document_Library/Reports_Publications/2004/asset_upload_file281_6986.pdf).
- USTR. (2022). Statement from USTR spokesperson Adam Hodge. *Office of the United States Trade Representative*, (December 9). <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/december/statement-ustr-spokesperson-adam-hodge>.

- USTR. (2019a). 2018 Report to Congress on China's compliance with the WTO. *Office of the United States Trade Representative*. <https://ustr.gov/sites/default/files/2018-USTR-Report-to-Congress-on-China>.
- USTR. (2019b). Statement issued by USTR Robert Lighthizer on the Joint Statement on Electronic Commerce. *Office of the United States Trade Representative*, (January 25). <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/january/ustr-rob-ert-lighthizer-joint>.
- USTR. (2023). USTR statement on WTO E-Commerce negotiations. *Office of the United States Trade Representative*, (October 24). <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/october/ustr-statement-wto-e-commerce-negotiations>.
- Viola, L. A. (2019). US strategies of institutional adaptation in the face of hegemonic decline. *Global Policy*, 11, 28–39. <https://doi.org/10.1111/1758-5899.12856>
- WTO. (2017, December 10-13). Joint Statement on Electronic Commerce, 11th Ministerial Conference. (WT/MIN(17)/60). <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/MIN17/60.pdf&Open=True>.
- WTO. (2019a, November 25). Draft General Council decision - procedures to strengthen the negotiating function of the WTO: Communication submitted by the delegation of the United States. (WT/GC/W/764/Rev.1). [https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S006.aspx?Query=@Symbol=WT/GC/W/764/Rev.1&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChange=true](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=@Symbol=WT/GC/W/764/Rev.1&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChange=true).
- WTO. (2019b, April 23). Joint Statement on Electronic Commerce statement communication from China. (INF/ECOM/19). <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:INF/ECOM/19.pdf&Open=True>.
- WTO. (2021, March 1–2). General Council minutes. (WT/GC/M/190). <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/GC/M190.pdf&Open=True>.
- WTO. (2022, February 23–24). General Council minutes. (WT/GC/M/196). <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/GC/M196.pdf&Open=True>.
- Wyden, R. (2023). Wyden statement on Ambassador Tai's decision to abandon digital trade leadership to China at WTO. *United States Senate Finance Committee*, (October 25). <https://www.finance.senate.gov/chairmans-news/wyden-statement-on-ambassador-tais-decision-to-abandon-digital-trade-leadership-to-china-at-wto>.
- Ziyi, Z. (2021). China joined the WTO 20 years on: From the man who negotiated it. *CGTN*, (May 15). <https://news.cgtn.com/news/2021-05-15/China-joined-the-WTO-20-years-on-From-the-man-who-negotiated-it-10hKq3QMHD2/index.html>.