

The Enforcement of Issue Linkage: Environmental Provisions in U.S. Trade Agreements

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Abstract

This article examines when and how the U.S. government enforces environmental provisions in its trade agreements. I theorize that the government faces a dilemma in enforcing environmental provisions: Pro-trade groups demand weak enforcement, whereas environmentalists demand strong enforcement. Faced with this dilemma, I argue that the government's enforcement decisions follow ratification business cycles. Based on a case study of U.S. enforcement decisions from 2009 to 2016, I demonstrate that the government strategically implements strong enforcement measures prior to ratification of new trade agreements to weaken environmentalists' opposition to those agreements. In contrast, the government tends to adopt softer enforcement tools (i.e. technical assistance) when there are not any impending needs to expand pro-trade coalitions.

The U.S. has been at the forefront of linking environmental standards to trade agreements since the North American Free Trade Agreement (NAFTA). While studies have examined whether social and environmental provisions in U.S. trade agreements enhance social outcomes in partner countries (Hafner-Burton 2005; Kim 2012; Postnikov and Bastiaens 2014; Bastiaens and Postnikov 2017), scant attention has been paid to when and how the U.S. government enforces those provisions.

This article examines how the U.S. government chooses between punitive and inducement measures in enforcing environmental provisions in its trade agreements. This question helps us understand how the government resolves a key dilemma in enforcing environmental provisions. The dilemma arises from the conflicting enforcement preferences held by its domestic coalition members: Pro-trade groups demand weak enforcement (i.e. foreign aid) because punitive measures such as sanctions negatively affects their businesses by disrupting trade flows. In contrast, environmental groups demand strong enforcement (i.e. sanctions). Faced with the conflicting demands from pro-trade businesses and environmental groups, how does the government enforce environmental clauses?

To answer the question, I develop a theory of ratification business cycles. I argue that the government's enforcement decisions follow ratification business cycles. Because the relative importance of environmental groups increases closer to the ratification of new trade agreements, the government strategically implements strong enforcement measures (i.e., trade sanctions) prior to ratification of new trade deals to gain environmentalists' support for those deals. In normal times, however, the government tends to adopt inducement measures such as technical assistance to keep support from pro-trade businesses when there are not any impending needs to expand pro-trade coalitions.

Focusing on Peru's non-compliance with the Forestry Annex in the U.S.-Peru Trade Promotion Agreement (PTPA), I present a case study to show that the U.S. government adopted soft enforcement tools such as foreign aid when there are not any impending needs for coalition-making despite major environmental NGOs' demands for stronger enforcement.

However, the government used punitive enforcement tools (i.e. verification of shipments) when it needed to gain NGOs' support for a new trade deal. In addition to the case study, I conduct statistical analysis to demonstrate that the government goes one step further to buy support from environmental groups prior to the ratification of new trade deals. Specifically, I show that the U.S. Department of Commerce—a government agency with a pro-trade bias—significantly increased monetary contributions to environmental international organizations (IOs) mentioned in the Trans-Pacific Partnership to gain pro-TPP support from environmentalists.

This article proceeds as follows. First, I present background information and the puzzle regarding the enforcement of environmental provisions in trade agreements focusing on the U.S.-Peru Trade Promotion Agreement. Second, I present a theory of ratification business cycles and corroborate the theory based on a case study of the Office of U.S. Trade Representative (U.S.T.R.)'s enforcement decisions regarding the U.S.-Peru Trade Promotion Agreement from 2009 to 2016. I then demonstrate the mechanism through which the government increases support for the Trans-Pacific Partnership, a major new trade deal, from environmental groups amid the business cycle. Finally, I conclude.

The Puzzle in Enforcement Decisions: The U.S.-Peru Trade Agreement

By 2009, the U.S. environmental community developed strong grievances about the enforcement mechanism embedded in trade agreements. Their complaints were tri-fold: a) the lack of speediness in the process, b) the heavy burden of proving the persistence of illegality, and c) proving the relevance of environmental rule-breaking to trade. These three conditions made it exceptionally difficult for activists to pursue environmental allegations through the trade dispute mechanism.

In the midst of this learning period, the U.S.-Peru Free Trade Agreement (PTPA) went into force in February, 2009. The agreement included an extensive annex on Forest Sector Governance to reduce illegal logging in Peru. Despite the ambitious commitment in the An-

nex, it was difficult for the environmental community to present the evidence of violations that meet the three conditions. Without that evidence, the U.S.T.R. would not use the PTPA to put pressure on the Peruvian government.

In April 2012, the Environmental Investigation Agency (EIA), an environmental NGO, published a landmark report, entitled “The Laundering Machine,” detailing its investigation into illegal logging in Peru (EIA 2012).¹ In this report, the EIA identified at least seventy seven illegal shipments that contained timber of either Spanish cedar or bigleaf mahogany, both protected species under the Convention on International Trade of Endangered Species (CITES). Based on the investigation, the EIA petitioned the U.S.T.R. to exercise its rights under the PTPA Annex on Forest Sector Governance. In this request, the EIA demanded that the U.S.T.R. request Peru to investigate specific shipments, producers, and exporters of bigleaf mahogany and Spanish cedar that the EIA considered to be in violation of the Annex in the agreement.² The petition was widely regarded as landmark, as the EIA identified specific sources of illegal exports based on its multi-year investigation, and proved those transactions’ relevance to international trade. The EIA hoped that the exercise of the authority might lead to strong enforcement in the form of “audit and verification of shipments.” Specifically, the organization held a press conference, and said “should the U.S. exercise this authority, future shipments could be stopped and companies could receive fines or even face criminal charges (Inside U.S. Trade 2012).”

Upon an eight month-long review of the petition, the U.S.T.R. decided to not exercise its rights for enforcement under the trade agreement. In its statement, the U.S.T.R. said it decided not to pursue the allegation “based on the actions taken by the government of

¹Of course, this does not mean that activists did not push for strong enforcement before 2012. NGOs (e.g., EIA, NRDC, and WWF) started lobbying the USTR immediately after the U.S.-Peru trade agreement went into force in 2009. While the USTR would discuss the enforcement matters with the environmental community, their efforts did not produce any written response on the part of the U.S.T.R. until 2012. See “Environmental NGOs to Pressure USTR on Peru FTA Next Week.” *Inside U.S. Trade*. March 27, 2009.

²Article 7 of the Annex stipulates that “On the written request of the United States, Peru shall verify whether, with respect to a particular shipment of timber products from Peru to the United States, the exporter or producer of those products has complied with applicable laws, regulations, and other measures of Peru governing the harvest of, and trade in, those products.”

Peru to sanction or review the identified concessions,” and “exports of bigleaf mahogany and Spanish cedar from Peru to the United States have decreased significantly in recent years.” Instead, the U.S.T.R. proposed a five-point action plan to transfer capacity building resources to assist Peru in complying with the Forestry Annex. These action plans were designed to build administrative capacities to help Peru strengthen physical inspections of bigleaf mahogany and Spanish Cedar (Inside U.S. Trade 2013). Altogether, the U.S. government’s response put a heavier emphasis on inducement over punishment.

This landmark case—the first response to a major violation of the environmental commitment—is not well explained by the existing studies on issue linkage. The literature on issue linkage highlights the importance of hard enforcement. Most notably, Hafner-Burton’s study on human rights linkages in PTAs shows that issue linkages enhance human rights practices only when the enforcement of linkage is credible due to the availability of trade sanctions (Hafner-Burton 2005). Subsequent studies on issue linkages also focus on the effectiveness of the sanction-based enforcement mechanism, which the U.S.-related trade agreements adopt. Kim (2012) and Bastiaens and Postnikov (2017) show that U.S. trade partners pre-emptively strengthen their domestic social regulations in order to avoid sanctions and satisfy the U.S. before the ratification stage. As much as these studies convincingly demonstrate the positive correlation between the design of enforcement mechanism in trade agreements and partner countries’ compliance behavior, they do not present convincing evidence to explain why partner countries adjusted their policies despite the absence of any credible threat of sanctions.

Based on a close examination on the U.S. government’s implementation of issue linkages in 2012, however, I find that the *threat of sanctions* hypothesis does not hold up. The U.S.T.R. was careful to avoid using the “consultation” clause under its trade agreement with Peru to handle the environmental matters. According to the prior literature on issue linkage, the U.S. government should have considered using the dispute resolution mechanism in the trade agreement, which would have increased the credibility of the political will for enforcement. Contrary to this expectation, the U.S.T.R. was consistently reluctant to use

the trade-based dispute resolution mechanism, let alone imposing sanctions to enforce environmental linkages.³

Instead, the U.S.T.R.'s approach at this time can be better characterized as an inducement approach. Two sets of evidence support this line of reasoning. First, while the existing literature points to the ex ante effect of punishment before the ratification period, the trend in the U.S. government's aid giving to Peru points to the possibility that the U.S. had an incentive to help the partner country comply with the stringent issue linkage. As Figure 1 illustrates, the U.S. government increased its environmental aid to Peru from 4 million USD to 15 million in 2010, one year after the ratification in 2009 (the dotted black line). While the literature focuses on the threat perceived by U.S. partner countries, the Peru case shows that the U.S. also had a strong incentive to help Peru prepare for the implementation of the stringent Forestry Annex before the trade agreement would enter into force.

Second, when the EIA reported Peru's violation of the Forestry Annex in 2012, the U.S. government again increased its environmental aid for Peru in 2013 (Figure 1, the red dotted line). Most notably, U.S. private sector donors unprecedentedly increased their obligations to Peru in 2013 from less than \$1 million to \$18 million. Among these new obligations, 79% (14 mil out of 18 mil) was assigned to the projects under the title of "Peru Trade Promotion Agreement Forest Governance and Environmental Implementation (USAID 2019)." Together, the evidence suggests that the U.S.T.R. was invested in Peru's compliance with the Forestry Annex as much as the Peruvian government.

Under what conditions does the U.S.T.R. prefer to use an inducement strategy, instead of a threat strategy that would enhance the credibility of punishment? While there is well-developed literature on compliance, few studies examine why the enforcer might prefer

³One can better understand the U.S.T.R.'s cautious attitude on sanctions based on its decision-making process on the enforcement of environmental clauses. The Obama administration formed an Intra-agency Committee on Trade in Timber Products from Peru composed of high-ranking officials from various ministries. They are i) the U.S.T.R., ii) the Department of State, iii) the Department of Agriculture, iv) the Department of the Interior, v) the Department of Justice. The representation of agricultural interests and the lack of representation of the environmental interest (e.g., the EPA) explain the committee's weak enforcement decision.

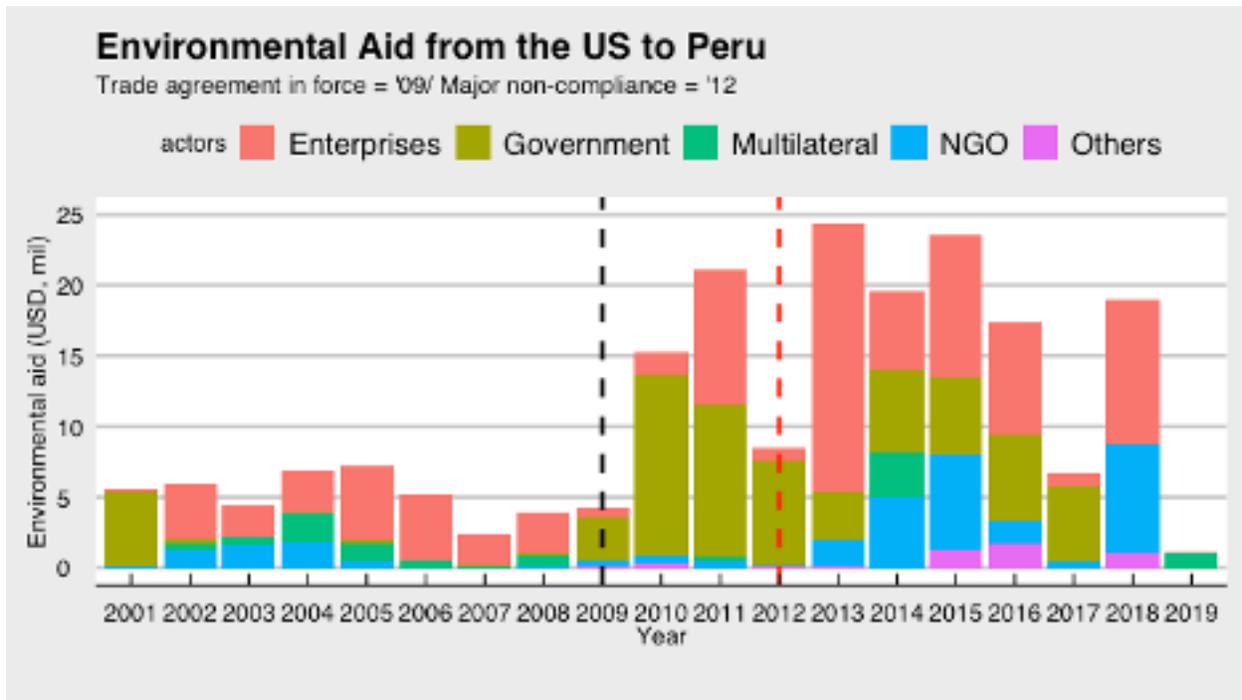


Figure 1 – U.S. Environmental Aid to Peru, 2001-2019 (Source: U.S. AID)

inducement over punishment. In the next sections, I provide an answer with a specific focus on the U.S. government’s coalition management goal in mind.

How Governments Manage Hybrid Coalitions: The Ratification Business Cycles

When does the government adopt an inducement strategy over punishment in enforcing environmental provisions in trade agreements? I argue that the government is prone to what I call “ratification business cycles.” The government tends to adopt punishment-oriented tools (i.e. trade-based dispute resolution, sanctions) when it needs the support for new trade deals from environmental groups for their ratification. When there aren’t any impending needs for coalition expansion, the government tends to resort to inducement (i.e. back patting partner countries, technical assistance for compliance).

Environmental provisions in trade agreements expand pro-trade coalitions by promoting support for trade from environmental activists. For governments, this type of coalition-making is not a one-shot game. A government typically negotiates multiple trade agreements

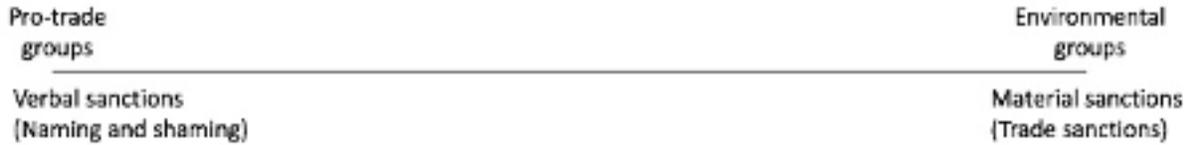


Figure 2 – Enforcement Tools and Coalition Members’ Preferences

simultaneously. For example, the Clinton administration negotiated NAFTA and the GATT Agreement along with approximately 300 other trade agreements. In this highly iterative environment, environmental activists who lent support for a trade deal in exchange for the inclusion of environmental linkages would update their expectations on the utility of the linkage once they observed the government’s enforcement records. At the same time, pro-trade business groups with preferences for weak enforcement would also re-calibrate their expectations on the linkage after the initial round of implementation phase. As such, forming a hybrid coalition is not the end of the game. For the government to use the issue linkage strategy in the long run, it must satisfy both pro-trade businesses and environmental activists during the implementation stage.

The government will choose an enforcement option depending on the relative importance of coalition members. Figure 2 visualizes coalition members’ preferences regarding enforcement tools. Material sanctions (i.e. a withdrawal of trade benefits, inspection of shipments) would satisfy environmental groups. Non-material enforcement (i.e. assistance, naming-and-shaming) would satisfy pro-trade groups, because they prefer to avoid any disruptions on trade flows.

However, the conflict in coalition members’ enforcement preferences makes it challenging for the government to use one of the two methods. If the government resorts to trade sanctions to punish non-compliant partner countries, pro-trade businesses will not support issue linkage in future trade negotiations. By the same logic, environmental groups will point to the inadequacy of enforcement efforts and will not support issue linkages in future trade agreements if the government does not use trade tools to enforce the linkage. Thus, if the

government chooses one side, it risks losing the other in future negotiations.

This type of interaction is likely to be highly cyclical, somewhat akin to political business cycles in democracies. The literature on political business cycles examines how politicians will boost demand in order to gain support from myopic voters who vote based on the performance of the economy prior to elections (Nordhaus 1975). The implementation of environmental provisions is prone to the same type of cycling: when the government needs environmental groups' support for the impending ratification of other trade deals, it will lean towards trade sanctions to placate them. However, when there is not any impending ratification of new trade agreements, the government is likely to side with pro-trade businesses, its main constituency.

To test the validity of this theory, I analyze how the U.S.T.R. handled the allegations on Peru's violations of the Forestry Annex from 2009 to 2016. The main explanatory variable is the needs to expand a pro-trade coalition in light of the on-going negotiation for the Trans-Pacific Partnership (TPP). Accordingly, the chronology can be divided into four phases: a) normal times, b) the TPP negotiation cycle, c) normal times, and d) the TPP ratification cycle.

a) Normal times: At the inception of the PTPA in 2009, the U.S.T.R. refrained from using the environmental clauses in the agreement despite three major environmental groups' demand to review Peru's implementation of the new forestry law in Peru. Instead, the U.S. government increased its technical assistance for Peru in 2010 (Inside U.S. Trade 2009).

b) The TPP negotiation business cycle: In 2010, this soft stance changed as the first round of the negotiation for the TPP began. In 2010, six major NGOs including the EIA and the Sierra Club mobilized to demand that the U.S.T.R. include enforceable environmental clauses in the TPP. To gain environmental groups' support for the TPP, the U.S.T.R. had an acute incentive to prove its determination to push Peru hard for compliance with the environmental clauses. In response, the then U.S.T.R. Ambassador Ron Kirk signaled his resolve to put pressure on Peru and said, "We are deeply concerned that the Government

of Peru has not yet taken all necessary steps to ensure complete implementation of the Annex on Forest Sector Governance under the PTPA by the August 1, 2010 deadline (Inside U.S. Trade 2010).”

c) Normal times: The stance changed again, as the public attention ebbed from the TPP in 2012-2013. This is when the EIA published its two-year study of the illegal logging practice in Peru and petitioned the U.S.T.R. to activate the dispute resolution mechanism under the trade pact. In addition, Lloyd Doggett, a ranking member in the Ways & Means committee sent letters to Mike Froman (U.S.T.R. Ambassador) to support environmental groups.

This time, the U.S.T.R.’s response was different: It refrained from publicly blaming the Peruvian government. Instead, the U.S.T.R.’s response to the petition highlighted Peru’s recent accomplishment in enhancing its environmental regulations (USTR 2012). In the absence of any impending need for coalition expansion, the U.S.T.R. was careful to avoid using the dispute resolution mechanism in the trade agreement.

d) The ratification business cycle: The stance again changed in 2015-2016. In early 2015, environmental groups strategically mobilized anticipating the ratification business cycle. In March, nine NGOs sent a letter to the U.S.T.R. demanding stronger enforcement of the trade pact with Peru with the knowledge of the congressional vote on the Trade Promotion Authority for the TPP (U.S. Official News 2015). In June 2015, environmental groups published a report detailing how the Forestry Annex in the U.S.-Peru trade pact has failed to lift up environmental standards in Peru. This initiative was endorsed by Ways & Means Committee ranking members, Sander Levin and Lloyd Doggett. They criticized the U.S.T.R. for its inaction (Lloyd Doggett 2015).

In October 2015, the TPP negotiations among the participating countries came to an end. Subsequently, the U.S.T.R. had to prepare itself for domestic bargaining to enlarge the pro-TPP coalition. Major environmental groups anticipated the increasing leverage they would gain during the TPP ratification; they mobilized to demand stronger enforcement of

the Forestry Annex. Specifically, the EIA and the NRDC published leaflets urging their members to oppose the TPP based on the U.S.T.R.'s soft stance on Peru's alleged violations of the Forestry Annex. This time was different from the 2012-2013 period when the U.S.T.R. brushed off the EIA's petition. The U.S.T.R. was faced with the task of maintaining the pro-trade hybrid coalition that made it possible to pass the U.S.-Peru trade deal. Without support from environmental groups, the TPP would not pass in Congress. To measure up to the environmental groups' expectations, the U.S.T.R. requested that the Peruvian government verify whether a 2015 timber shipment was in compliance with the Forestry Annex in the U.S.-Peru trade agreement (Agriculture Monitor Worldwide 2016). The U.S.T.R. used the dispute resolution mechanism in the seven-year-old trade agreement for the first time, as domestic coalition-building for a new trade deal became an imminent task.

Together, this analysis provides supporting evidence for the theory of ratification business cycles. Faced with activists' demands for strong enforcement based on their multi-year research in 2012, the U.S.T.R. adopted inducement tools such as environmental aid because there were not any impending needs for coalition building. However, the U.S.T.R. used punitive measures when it had to prepare itself for domestic bargaining to expand the pro-TPP coalition.

During the Ratification Cycle: Giving More Power to Activists Through IOs

We now know that the enforcement of environmental provisions is affected by the government's cyclical interest in maintaining hybrid coalitions. There is one remaining puzzle on coalition management: Why did some environmental groups still support future trade deals (i.e., the TPP) despite the cyclical nature of the U.S.T.R.'s enforcement decisions? In particular, activists are typically aware of the government's incentive to manipulate its enforcement decisions right before the ratification of new trade deals. While the business cycle theory makes sense to explain the behavior of myopic private agents (i.e., voters), environmental groups are far from myopic. Because they tend to closely monitor the government's en-

enforcement decisions, far-sighted actors such as environmental activists would withhold their support for new trade deals to gain leverage toward the government.

Despite the cyclical nature of the government's response to activists' demands, some major environmental groups (i.e., the WWF, Oceana) still supported the TPP.⁴ The World Wildlife Fund (WWF) was one of the major NGOs that had pressured the U.S.T.R. to use trade sanctions to enforce the Forestry Annex and regulate Peru's logging practice since 2009. Despite the U.S.T.R.'s soft enforcement stance, the WWF joined the pro-TPP coalition to support the trade deal in 2014-2015 (Roberts 2015).

Why did major environmental groups such as the WWF lend support for the TPP when they knew that the U.S.T.R.'s commitment to enforcement would not be always credible? In this section, I argue that the government goes one step further to buy activists' support when the ratification business cycle kicks in. Specifically, I show that the Department of Commerce, a U.S. government agency without any environmental mandate, increased financial contributions to specific environmental IOs whose roles were recognized in the TPP. Due to the increased financial resources allocated to environmental IOs in the TPP, environmental groups can work with these IOs to monitor partner countries' compliance records without relying on the U.S. government; anticipating the increased resources for enforcement, environmental groups with close ties to these IOs are more likely to support the future trade deal despite the U.S. government's weak enforcement records.

To test the validity of my theory, I apply the theory to explain if and how U.S. government agencies allocated their monetary contributions to IOs before and after the signing of the TPP. The premise of the theory is that even a government whose primary goal is to increase trade benefits (i.e., the Department of Commerce) has incentive to increase contributions to delegated environmental IOs, and empower the IOs. In order to test this, I

⁴As of March, 2015, the U.S.T.R. stated that the following organizations endorsed the TPP. They are the World Wildlife Fund, World Animal Protection International, the International Fund for Animal Welfare, the Nature Conservancy, the Humane Society, Oceana, Seafood Watch, and Bloomberg Philanthropies. See Targeted News Service. (March 31, 2015 Tuesday). What They're Saying: Environmental Advocates Point to the Trans-Pacific Partnership as a Historic Opportunity to Protect Our Oceans, Forests, and Wildlife. Targeted News Service.

use data on the U.S. government's contributions to IOs before (fiscal year 2014) and after the signing of the TPP (fiscal year 2016, as the TPP was signed in February, 2016). The data set contains information on five U.S. government agencies' contributions to IOs, not limited to environmental IOs. The five agencies are the Department of State, Department of Commerce, Department of Labor, Department of Interior, and the Environmental Protection Agency (EPA). In the years of 2014 and 2016, these agencies contributed to diverse IOs across different issue areas including the environment, labor, intellectual property, human rights, disarmament, and peacekeeping, among others. This data set contains information on each agency's monetary obligations to these IOs in the two years (pre-treatment year = 2014 and post-treatment year = 2016). Then, I use the change in monetary obligations from 2014 to 2016 in each agency's contributions to these IOs. As such, the data structure is agency-IO (e.g., the Department of Commerce - WHO).

If my theoretical conjecture is valid, I expect to find two patterns. First, government agencies such as the Department of Commerce that primarily respond to pro-trade interests must have increased contributions to the IOs mentioned in the TPP in order to empower activists with ties to those IOs. Therefore, I estimate whether the Department of Commerce (a government agency with a pro-trade bias) increased its contributions to the IOs mentioned in the TPP compared to its baseline contributions in the pre-TPP period. As such, I estimate an interaction model in which Commerce is interacted with the binary variable of IOs in TPP. If my theory is valid, I expect the coefficient on the interaction term to be positive and significant.

Summary statistics of my data are reported in Table 1. First, the data set has a binary variable that indicates the IOs mentioned in the final text of the TPP.

Second, I include issue area denominators as control variables. I divide the IOs in the data set into six categories: i) environment-related, ii) labor, iii) human rights, iv) disarmament, v) peacekeeping operations, and vi) general purpose. If there were any issue-specific time trends (i.e. the Paris Climate Agreement), these variables would capture the variation.

Third, there are two variables to note which agency among the Department of State and the Department of Commerce made contributions. Here, I assume that the Commerce represents pro-trade interests, while the State is answerable to general diplomatic interests. I theorize that the Department of Commerce has incentives to increase contributions to IOs mentioned in the TPP. As for the State, there are no theoretical grounds to assume that the signing of the TPP would significantly increase its IO contributions, as the State Department is answerable to stakeholders in diverse issue areas. In addition, I cluster the standard errors at the agency level because individual agencies' contribution patterns to IOs are likely to be affected by those agencies' budgets and goals.⁵

I conduct OLS regression analyses to test my theory. The results are reported in Table 2. The results are largely in line with my theoretical conjectures. In the first model, I include a binary variable where 1 indicates that the donor agency is the Department of Commerce (variable name: *Commerce*). I also add another binary variable indicating whether an IO is mentioned in the TPP (variable name: *IOs in TPP*). The signs of coefficients on those variables are negative. However, they are not statistically significant at the 5% or even 10% level. In this baseline model, I do not find any evidence showing that the Commerce increased contributions to IOs in general, or the U.S. government agencies in the sample increased contributions to IOs in the TPP.

More importantly, I am interested in understanding the interaction of Commerce and IOs in TPP. In Model 2, I interact these two variables. The results from the model provide evidence in support of my theory. The results show that the Commerce increased contributions to the IOs in the TPP more than the other agencies in this period. The relationship is significant at the 1% level ($p < 0.01$). Substantively, the results indicate that the rate of change in the Commerce's contributions to the IOs in the TPP is approximately 11 times

⁵For example, if the Commerce decided to contribute more to the ILO, it is likely to decrease its contributions to other IOs in the same year.

larger after the signing of the trade agreement compared to the other four agencies.⁶

In Model 3, I add control variables. First, I include seven issue control variables (i.e. the environment, labor, IP, human rights, disarmament, peacekeeping, and general) to capture the issue-specific trend in IO contributions, if there was any. Second, I add a binary donor agency variable, State Department. I expected that the State Department variable captures the overall temporal variation in the dependent variable that can be attributed to exogenous diplomatic events that made it necessary to increase IO contributions. Even when these variables are added, the coefficient on the interaction term remains positive and significant.

Taken together, the evidence indicates that the Commerce, a government body without any reason to increase contributions to non-economic IOs, selectively increased investments into the IOs with linkages to the TPP. The pattern of financial allocations indicates that the government was willing to make financial investments to gain support from non-trade issue stakeholders who work with the IOs in the TPP.

Table 1 – Summary Statistics of Government Agencies’ IO Contributions

Statistic	N	Mean	St. Dev.
log(2016)-log(2014) contributions	715	0.22	0.42
IOs in TPP	715	0.06	0.24
Environmental IOs	715	0.22	0.42
Labor IOs	715	0.01	0.08
Intellectual Property IOs	715	0.01	0.08
Human Rights IOs	715	0.08	0.27
Disarmament IOs	715	0.06	0.23
Peacekeeping IOs	715	0.20	0.40
General purpose IOs	715	0.43	0.50

Conclusions

Existing studies find that social provisions in U.S. trade agreements enhance social and environmental conditions in partner countries, because those provisions are enforceable through

⁶Keeping in mind that the outcome variable is $\log(2016 \text{ contributions to an IO from an agency}) - \log(2014 \text{ contributions to the IO from the agency})$, the coefficients substantively can be interpreted as $\log('16 \text{ contributions}/'14 \text{ contributions})$. As such, I report exponential values of the coefficients as multiplicative terms.

Table 2 – Relationship between U.S. Government Agencies and Increases in Contributions to IOs after the Signing of the TPP

	<i>Outcome: Contributions to IOs</i>		
	(1)	(2)	(3)
Commerce	-1.25 (1.50)	-1.40 (1.54)	0.15** (0.07)
IOs in TPP	-1.02 (0.82)	-1.51* (0.84)	-2.05* (1.15)
Commerce:IOs in TPP		2.41*** (0.84)	2.41*** (0.84)
Constant	1.75 (1.53)	1.78 (1.54)	0.70 (0.50)
Observation	715	715	715
IO issue controls	No	No	Yes
State Dep.	No	No	Yes
Stadard Errors	Clustered	Clustered	Clustered

Note: *p<0.1; **p<0.05; ***p<0.01

trade sanctions. This article closely examines if the U.S. government adopts punitive enforcement measures when there is evidence of violations in a partner country, Peru. Upon closer examination, this article portrays an alternative mechanism that explains the U.S. government's enforcement decisions.

First, my findings from the case study of Peru suggest that the U.S. government does not always have the incentive to punish violators of environmental clauses. Only during a very short window prior to the ratification of the TPP did the U.S. government have the incentive to punish a partner government that violated issue linkage. As the case study illustrates, serious allegations of the partner government's violations of environmental clauses would divide the hybrid coalition, thus decreasing the likelihood of maintaining pro-trade support from environmental groups. To avoid conflict within the hybrid coalition, the U.S. government adopted a punitive measure to pressure the Peruvian government.

When there are impending needs for coalition building, second, the U.S. government goes one step further to gain activists' support for new trade deals. My analysis of IO contributions data shows that even a government body without any environmental mandate such as the Department of Commerce increased its financial contributions to environmental IOs in the TPP to gain support from environmental groups. Together, the evidence in this article reveals that the government's enforcement decisions follow the needs for long-term coalitional management.

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