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The second relationship

- A hypothesis-testing thesis on EU-Canada relations

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Abstract

The focus of this thesis is the EU-Canada relationship and the perplexing notion that despite common fundamental values and interests in foreign affairs and enduring historical ties, cooperation between these like-minded actors is not as developed as would be expected. By putting forward my argumentation in two different perspectives or 'cuts' the objective is to show which one best explains the state of EU-Canada relations. These perspectives are connected to two different hypotheses, which are derived from a dual theoretical framework. The initial cut depicts the Canadian point of view and concerns the hypothesis that a path-dependent logic explains the Canadian policy in EU-Canada relations. The second cut has a European perspective and draws on the premise that various aspects of power relations explain the EU's policy.

I argue that the two cuts in unison give a multifaceted understanding of EU-Canada relations. Albeit past experiences to some extent are important, it will be confirmed that the second hypotheses has a higher universal validity, wherein the imperative of the US and the economic asymmetry between Canada and the EU are consequential. In sum, the study demonstrates that the EU-Canada relationship is stipulated by the shadows of the US and past.

Key words: EU-Canada relationship, asymmetrical relations, US as a superpower, past experiences, path-dependency

Acknowledgements

I would like to thank my interviewees at the Council's Secretariat in Brussels and the Commission delegation in Ottawa for helpful and discerning information, Commission official Alexis Loeber for his instructive e-mail reply, desk officer Lennart Killander-Larsson at the Swedish Department for Foreign Affairs for useful contacts and advices, my family for their encouraging support and believe in me and Mårten Frostgård for his constructive criticism and enduring patience. Last but not the least many thanks to my supervisor at Lund University, Magnus Jerneck, for his empathy and for finding time for my concerns.

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List of Abbreviations

CEPS	Centre for European Policy Studies
CFSP	Common Foreign and Security Policy
CUFTA	Canada-US Free Trade Agreement
EC	European Community
EEC	European Economic Community
EU	European Union
FTA	Free Trade Agreement
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OEEC	Organisation for European Economic Cooperation
SEA	Single European Act
TAD	Transatlantic Declaration
TAFTA	Transatlantic Free Trade Agreement
TIEA	Trade and Investment Enhancement Agreement
UN	United Nations

1 Introduction

“As a European, it is strange to see how little a role Europe, particularly the European Union, plays in Canadian thinking.”

(Lindley-French 2005:652)

Canada and the EU share a common basis of established democracy, rule of law, market economy and an emphasis on multilateralism in world politics. They share similar political and moral principles in foreign policy with a high degree of consensus on key issues such as human rights, international law, climate change, the fight against terrorism and so on. It is no coincidence that in the UN, Canada tends to vote with the EU when it is united and with the majority of EU states when they are divided. Their values and interests are in fact more alike than those between Europe and the US (Long 2003:605; Potter 1999:254).

In 1976 the EC-Canada Framework Agreement was signed, giving Canada the privilege to be the first industrial country to have a formal relationship with the EC (Piening 1997:113). Since then a number of joint declarations and agreements have been signed, perhaps indicating that the relationship is substantial. This notion needs some modification however. According to numerous academics the relationship is considered to be abstract, sparse and lacking in substance, some even argue cooperation is underdeveloped¹. It is a common assertion that Canada needs to refocus and reengage in its strategic partnership with Europe. Bernard-Meunier (2006:109) ascertains that “Canada’s old obsession with the United States and new obsession with emerging markets leave little room for Europe”. This quote reflects an agenda that has been, and still is, dictated by trade interests. The title *Did you say Europe? How Canada ignores Europe and why that is wrong* is illustrative for what will be depicted in this thesis.

Both Canada and the EU are accused of a lacking engagement and their ministerial-level contacts are less frequent than those between the EU and US and the EU and Japan. Similar political, economic and social contexts make it natural to increase cooperation on a host of policy issues, both in the economic, political and security field (Long 2003:604; Potter 2001:197f). A Canadian journalist put it bluntly when asserting that “The opportunity cost – the things we [Canada and the EU] could be doing together, but aren’t - is enormous. Maybe one day soon a Canadian prime minister will figure that out” (Wells 2008:15).

Taken together, it is a paradox that EU-Canada relations do not seem to live up to its full potential, despite common fundamental values and strong historical bonds. The focus of this thesis is hence to examine this puzzling observation.

¹ See for instance Long 2003; Barry 2004; Lindley-French 2005; Bernard-Meunier 2006; Croci – Tossutti 2007.

1.1 Purpose and research question

As the introductory argument is put forward, it is expected that EU-Canada relations would be more developed and comprehensive, given their tantamount character and longstanding ties. The fact that they are perceived as like-minded should implicate privileged cooperation rather than tedious relations with symbolic hypocrisy. The purpose of this thesis is accordingly to shed light on this premise. Out of this, my primary research question is:

- Why is the EU-Canada relationship not as developed as would be expected?

This question will be answered by examining which one of the two hypotheses below has the highest universal validity. The hypotheses are as follows:

- The Canadian policy in EU-Canada relations is explained by a path-dependent logic.
- The EC/EU's policy in EU-Canada relations is explained by various aspects of power relations.

These hypotheses should not be seen as competing, but rather complementary, in the sense that they examine two different perspectives and both contribute with valuable insights. The study will however prove that the second hypothesis best explains the research problem.

I will proceed by contrasting these hypotheses in two separate 'cuts', where the rationale of path-dependency constitutes a first cut. The second hypothesis is derived from realistic and economic rationales and the impediment of the US and the implications of asymmetrical relations are imperative herein.

1.2 Demarcations

Some comments should be mentioned regarding demarcations. To begin with, the conditions of EU-Canada relations depend on a wider context and are affected by external factors. One aspect is that EU-Canada cooperation is affected by bilateral relations between Canada and various member states. In particular Great Britain, France and Germany are key partners to Canada but they enjoy unique relations with diverse commitments and expectations (Potter 1999:245). Consequently, fruitful cooperation is often based on good relations between Canada and the incumbent EU presidency (Alegre 2008:13). Due to space constraints I have not been able to consider these various relations and their implications.

Secondly, in order to understand the evolution of EU-Canada relations one must consider the broader context of EU-US and Canada-US relations, since Washington is the primary international interlocutor of both Ottawa and Brussels (Potter 1999:4). Throughout the thesis, particularly in the second cut, the implication of the US is manifest and will thus somewhat overlap this matter. Nevertheless, the all-encompassing relations between Canada and the US and the EU and US have not been possible to take into consideration in this thesis.

2 Method and material

In this section the methodological approach is presented. I begin with outlining my research method and thereafter discuss the material, give a brief review of prior research and finally make some necessary clarifications. The theoretical framework that underlies this thesis will be elaborated and motivated in the subsequent chapter.

2.1 Research design

The methodological nature of this thesis is qualitative in the sense that it is concerned with understanding and interpretation of the social phenomena being studied (Marsh – Furlong 2002:21). With regard to that the EU-Canada relation is the focus, the thesis is essentially a case study. The shortcomings of this type of studies, such as the restraint of making generalizations, are widely accentuated. Case studies are yet appropriate when the purpose is to make a detailed analysis of a phenomena and when the aim is to test hypotheses (George – Bennett 2005:19).

In order to clarify the state of EU-Canada relations I will put forward a dual theoretical framework that is based on a set of analytical variables. The two hypotheses that I have presented are derived from these two theoretical rationales. The first rationale is concerned with the idea that past experiences are important in order to understand Canada's policy towards Europe, hence motivating the application of the concept of *path-dependency*. The second theoretical approach draws on factors related to power relations, wherein both realistic and economic connotations are valid in order to understand EU's perspective. The variable of *the US as a superpower* refers to the former whereas *asymmetrical relations* is derived from the latter. The motivation for this distinction is that the first variable concerns the direct or indirect influence and power of the US, whereas the second primarily considers the economic aspects in EU-Canada relations.

It should be clear from the outset that the initial cut of the thesis, which constitutes a path-dependent explanation, mainly has a Canadian perspective, whereas the second cut is concerned with the European point of view. The motive is that during the progress of the thesis it has been clear that Canada's policies to a large extent are bound by past decisions. In contrast, the EU does not seem to be restricted by past decisions but is rather concerned with various aspects of power relations. Accordingly, the theoretical framework regarding the EU is based on the assumption that rationality is unbounded, and instead concerns the variable of the US as a superpower and the economic asymmetry in EU-Canada relations.

It should also be emphasized that the purpose is not to establish two competing explanations and then verifying one and falsifying the other. I will argue that both are important in order to understand the problem at hand. Since I have two different perspectives, the Canadian and the European, each with a concomitant hypothesis, it is incorrect to falsify one of them by comparing the two. Nonetheless, the study is akin to a hypothesis testing approach since I will be able to confirm which one of the hypothesis has the highest universal validity (George – Bennett 2005:109) *with respect to the perspective* in question. With this I mean that the second hypothesis to a higher extent is able to explain the EU's policy than the first hypothesis is to explain the Canadian policy.

2.2 Material

The greater part of the material consists of secondary sources such as specialist literature, academic articles as well as reports and articles from research institutes, both European and Canadian. The primary sources consist of two telephone interviews: one with an official at the Commission's delegation in Ottawa and one with an official at the Council Secretariat working with Canada relations. Both wish to remain confidential and will be referred to as: (interview 2009a) respectively (interview 2009b). I have also had mail contact with Canadian desk officer Lennart Killander-Larsson at the Swedish Department for Foreign Affairs and with Alexis Loeber, Commission official at the External Relations Directorate-General, responsible for relations with Canada and the US. I would have preferred to conduct more interviews, but the limits in time and some negative responses threw a spanner into the works. Since the purpose of the interviews is to complement and confirm information the sparse amount should not be a methodological deficiency.

2.3 Prior research

In general, relatively little has been written about the Canada-EU relationship. The literature that does consider the relation is however dominated by Canadian academics (Long 2003:593). What little has been written has been grouped around particular issues, such as the 'Third Option' policy during the 1970s and the 1976 EC-Canada Framework Agreement. According to Potter (1999:2f) the bilateral relationship since the early 1980s has been 'underresearched'.

Most of the material addresses EU-Canada relations from the Canadian perspective, such as *Transatlantic Partners, Canadian Approaches to the European Union* by Evan H. Potter, or compare Canada and the EU on the basis of their legal, political and economical similarities. Nevertheless, none of the prior research employed in this thesis has the same kind of approach as I have.

2.4 Basic concepts and clarifications

The concept of middle power will be used recurrently and hence motivates a clarification. To begin with, there is no widely accepted definition of this concept. Various interpretations characterize middle powers based on different features and any discussion about them is often defined to fit the context in question (Chapnick 1999:73). According to Holbraad (1984:73f) the definition of middle powers should be based on relative power, wherein GNP, population, size and so forth are appropriate indicators. Contrary to this, Neack (1995:216ff) argues that middle powers often refer to states that advocate peace and international order and entrust their national capabilities in order to preserve these objectives.

The argumentation in this thesis will adhere to the former definition, given that the second cut concerns various aspects of power relations. This preference is not categorical however. The latter reading is also instructive for my reasoning in the sense that it strengthens the introductory argument. Since Canada takes pride of its role as a middle power, i.e. as an international peacekeeper, advocate of multilateralism, international law etc. - values all shared by the EU – this is yet another rationale for enhanced cooperation between the two. This reading occurs in certain places when the context stipulates it.

Another elucidation that needs to be raised concerns the status of the EU. Few would disagree with the reference of the US as a superpower and Canada as a middle power. The position of the EU is nonetheless more ambiguous since it is difficult to conceptualize its role in foreign affairs. Albeit not yet a superpower in political terms, the EU can be seen as an economic superpower (Hill – Smith 2005:4; Marsh – Mackenstein 2005:53). Given the fact that the EU is the world's biggest economy and second-largest trading block, I presuppose the EU as akin to a superpower, implying that it is an international actor with substantially clout.

I would finally like to problematize as well as clarify some aspects regarding my primary research question. I am fully aware of that the EU-Canada relationship the last two years has improved, but despite this the majority of the sources still maintain that cooperation could have been more developed in various policy fields, both economically and politically. Those that object to this presumption are in general civil servants, with the task of promoting cooperation in EU-Canada relations and having diplomacy as one of their guiding principles. I understand and respect their concern to stress the improvements that have been made and the overall positive approach that needs to permeate their work. These different postures need to be balanced to one another, but it is also a question of criticism of the sources. Out of this, I would like to emphasize that I do not argue that the EU-Canada relationship is still *underdeveloped*. What I do argue and intend to examine is why the EU-Canada relationship is not as developed *as would be expected*.

3 Theoretical framework

This thesis is not beforehand bound by any specific theory, rather my particular case and its context have guided my methodological design and choice of explanatory factors. I will bring forward my line of argument based on a set of analytical variables, which are derived from two different theoretical rationales. The theoretical framework, divided into the two rationales, also generate the two separate cuts and concomitant perspectives, i.e. the Canadian and the European point of view. As already mentioned, Canada's policy has important historical implications wherein past experiences are imperative for the evolution of the relationship. This motivates the application of *path-dependency* in an initial cut, which also necessitates a historical depiction.

The second cut draws on variables related to power relations, wherein both realistic and economic connotations are guiding principles for the EU. The motive to this is that the EU-Canada relationship to a great extent is affected by Washington's relations with both Brussels and Ottawa (Potter 1999:4). This influential role is related to *the US as a superpower* with predominant political and economic clout. Additionally, trade and economic issues have always dominated EU-Canada relations. In fact, neither Europe nor Canada has prioritized political concerns (Barry 2004:52; Edwards 1993:19). The economic relation is however markedly asymmetrical; Canada is much more dependent on its economic link to the EU than vice versa. EU is the second most important trade partner to Canada, after the US, whereas Canada is EU's eleventh most important (<http://ec.europa.eu>) Hence, the variable of *asymmetrical relation* is imperative.

3.1 Path-dependency

Arguing that the past is important in order to understand EU-Canada relations is a theoretical assumption in that it presupposes that in order to achieve greater clarity in the relationship, past events affect the present condition, i.e. historical experiences are 'remembered'. For this reason a historical depiction of the evolution of EU-Canada relations is essential in order to get the 'real story'. Hence, the concept of path-dependency will be of explanatory value. My intention is however to apply a broader interpretation than is customary, originating from the definition by William Sewell. He suggests that "what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time" (Pierson 2004:20). In short this implies that 'history matters' and that knowledge about past events are essential prerequisites to understand the present.

The key mechanism at work in path-dependent sequences is a form of self-reinforcement; initial moves in one direction encourage further movement along the same path. Over time, the road that was not chosen becomes a distant alternative (*Ibid*:74f). Although politicians might aim to create new policy directions, they will “never be able to escape the effects of the past, as these highly influence attitudes, thinking and even decision-making” (Szent-Iványi - Tétényi 2008:575). When a change of policy or change in direction does occur, this is generally referred to as a critical juncture, and is often caused by external shocks (Kay 2003:414f).

3.2 Variables related to power relations

In classical power politics superpowers and great powers are the most powerful and important actors in the international system, and are generally only interested in dealings with one another (Jackson – Sorensen 2003:85). Middle powers rank below great powers in terms of influence on world affairs (Goldstein – Pevehouse 2006:77ff). Based on a realistic reasoning, the US and the EU are the ‘main players’ whereas Canada as a middle power becomes a minor concern and an overlooked actor in the US-EU-Canada triangle. Since the empirical evidence of classical balance of power theory today is limited (Paul et al 2004:3) and due to the fact that neither the EU nor Canada has ample incentives to balance the US, simply because it is not perceived as a threat, a modified version of the realistic reasoning is applicable in this context. The US is in fact considered to be an attractive, if not indispensable, ally for both Europe and Canada (Walt 2005:124) and cooperation with the superpower is a desirable strategy in order to maintain influence on the international arena. This condition is referred to the variable of *the US as a superpower*.

The second aspect emanating from power relations is the variable of *asymmetrical relations* between Canada and the EU. This primarily refers to the economic aspect of the relationship, i.e. that albeit being interdependent, Canada and the EU do not rely on their economic links correspondingly. Interdependence refers to mutual, but not necessarily evenly balanced, dependence among states. In a similar vein, interdependent relationships do not need to be mutually beneficial. Asymmetrical relations often generate advantaged positions for the stronger actor vis-à-vis the dependent one, e.g. as a source of power in negotiations or in providing influence on the political agenda. In short, asymmetry can be a source of power in that sense that power is the “control over resources, or the potential to affect outcomes” (Keohane – Nye 2001:8ff).

For the sake of clarity, the opening cut mainly explains the problem from the Canadian perspective and concerns the logic of path-dependency, whereas the European point of view is illustrated in the second cut, in which the variables of *the US as a superpower* and *asymmetrical relations* are central.

4 Setting the stage

The EU–Canada relationship is based on three main documents: the Framework Agreement; the 1990 Transatlantic Declaration; and the 1996 Joint Political Declaration and Joint Action Plan (Barry 2004:36). Supplementing this, the 2004 Partnership Agenda was adopted with the aim of strengthening and deepening the relation. The bilateral EC-Canada relation dates back to 1958 when Canada accredited its first ambassador to the EEC, but was not institutionalized until the 1970s; in 1972 annual meetings between EC officials and senior Canadians were established, in 1973 Canada opened a diplomatic mission in Brussels and in 1976 the Commission opened its delegation in Ottawa (Potter 1999:38).

This might give the impression of intimate and substantial relations. Yet, the institutionalization of a relationship cannot be a measure of substance; the EC-US relationship was formalized for the first time by the 1990 TAD, but the relation encompassed an incredibly diverse range of issues and policy fields prior to that (Keukeleire – MacNaughtan 2008:310f). According to Long (2003:606) “it is hard not to conclude that it [the Canada-EU relationship] is abstract, sparse and disarticulated. It may be relatively trouble-free, but it is tremendously dull”. He argues that there is ample of progress to be done, both in the economic and political field, such as more information sharing and coordinating positions in trade matters, human security and issues of global terrorism (*Ibid*:594).

In the last two years EU-Canada cooperation has expanded. Albeit this fact, a common opinion is that the relation has major reasons to enhance². Especially cooperation in the political field, NATO excluded, remains underexploited, whereas EU-US and Canada-US cooperation in this area continues to grow (Croci – Tossutti 2007:24). And although EU-Canada summits often set out ambitious goals, the implementation can be halting and inconsistent (www.carleton.ca). According to Loeber (2009) the relationship is good, but he recognizes that it “can certainly be further expanded”. Moreover, although it is argued that Canada’s prime minister Stephen Harper during the first two years in office has delivered an assertive foreign policy of global democratic leadership, none of his decisions has been directed towards the EU (Kirton 2008:3f). Prior to the 2008 Quebec Summit the French minister of state responsible for European Affairs asserted that “Based on the values and interests that we, Europeans, share with Canadians, the time has come to boost the partnership between the EU and Canada” (Jouyet 2008:12). These words confirm that EU-Canada relations still has much more to offer. Hereinafter I will shed light on the intriguing question of why Ottawa does not enjoy the kind of special relationship with Brussels that Washington does.

² See for instance Lindley-French 2005; Bernard-Meunier 2006; Wells 2008.

5 The EU-Canada relation in two cuts

In this section I will analyze the aspects that clarify why EU-Canada relations are not as developed as would be expected. It should be observed from the beginning that Canada's approach to Europe is equivocal in the sense that in trade matters Canada has been pressing for enhanced economic cooperation, but regarding political, more multifaceted and long-term issues there has been a growing indifference in Canadian policy vis-à-vis Europe. This distinction is important, not only for pedagogical reasons but primarily because Canada's focus on trade matters in its relations with Europe is somewhat consequential.

The first cut is concerned with the implications of past experiences, drawing on a path-dependent logic. It will be demonstrated that Canada's commitment to Europe during the post-war period has declined gradually. My argument here is that because Canada's initial efforts to engage in its European relations failed, this experience impelled a turn away from Europe.

In the second cut I will analyze the asymmetrical relation and the imperative of the US as superpower. I argue that the significance of the US, in capacity of a superpower, and the fundamental economic asymmetry in EU-Canada relations help to understand why Europe prioritize the US and subordinate Canada. These aspects are also to a large extent the rationale behind Canada's economic precedence in its overtures toward Europe.

5.1 The Canadian perspective: A first cut

This section is concerned with the proposition that the past matters in the sense that historical events and policy directions have affected the conditions of EU-Canada relations. Over the last 50 years Canada's commitment to Europe has diminished and in the last ten years Canada has also been focused on itself and its internal political and economic balance, a trend referred to as 'a decade of political isolationism' (Lindley-French 2005:651). There has also been a steadfast orientation toward the US in the last two decades, paraphrased as a growing "North Americanization" in Canadian policy (Hillmer et al 2004:10). I will argue that these tendencies, Canada's growing disinterest in Europe and overall foreign policy resignation, have impeded the evolution of EU-Canada relations.

5.1.1 Investing in Europe without any repayments: 1945-1960

Europe has traditionally occupied a central place in Canada's foreign policy, a logical effect of its historical links to the continent. The founders of the country, Great Britain and France, have always enjoyed a special relation and identification to Canadians (Nossal 2001:223). Canada fought in both World Wars and in contrast to the US, Canada came to rescue from the beginning (interview 2009a).

In conformity with the US, Canada after World War II became committed to the Wilsonian goals of liberal internationalism. Canada was instrumental to the establishment of NATO and one of the staunchest supporters of the creation of the UN, believing that strong international organizations and the development of international law were key to global peace and prosperity. In capacity of a middle power, Canada invested markedly in these organizations and was a great supplier of peacekeeping forces and multilateral security operations (Rioux – Hay 1999:71; Potter 1999:19f). European reconstruction accordingly became the highest priority on its foreign policy agenda after the war. The Canadian government also supported the general integration process in Europe, yet it feared that the development of the EEC would translate into a discriminatory regional block, causing severely restricted trade with outside countries (*Ibid*:20; Barry 2004:36). Despite its heavy commitment to European security through NATO and financial assistance through OEEC, Canadian policy makers felt that Canada did not receive a corresponding commercial return in Europe. For example, Canada emphasized a North Atlantic-wide free trade area and made several efforts to convince Europe of the benefits of multilateral and non-discriminatory trade, but did not get any response from West Europe.

Unlike the US, Canada had very little clout in the course of European developments, and instead of its plea for multilateral trade, a regional trading bloc was created. This powerlessness and lack of gratitude made Canada feel disappointed, even betrayed, by its European partners (Potter 1999:22). In order to secure its economic growth Canada therefore turned to the American market, which was seen as the only reliable one. Canada's growing import from and export to the US however created an undesired dependency, but Canada had few other options at this time (*Ibid*:22f).

5.1.2 The Third Option and questing for closer relations: 1960-1980

By the 1960s the economic importance of the EC increased and Canadian export and investment was on the rise into the European market. Simultaneously, fears of excessive trade and investment dependency on the US and the likely economic impact of the UK's awaiting entry into the Union urged the Canadian government to call for improved ties and a direct bilateral link to the EC (Barry 2004:37). In a comprehensive foreign policy report in the early 1970s Canada declared a profound interest in Europe, given that all of its major interests - political, military, economic, scientific and cultural - converged there. Closer EC-relations were seen as fulfilling the goal of diversification in Canada's policy. The report

however ascertained a great disparity in the relation; Canada's objectives vis-à-vis Europe met no correspondence. Canada-US relations were addressed two years later, this document presented three alternatives for Canada's relations with the US: maintaining status quo; closer economic integration; or more diversified multilateral ties in order to reduce dependence on the US. The last alternative was chosen and the 'Third Option' with its diversification approach became the prevailing policy-direction until the beginning of the 1980s (Potter 1999:29ff).

This culminated in the signing of the 1976 EC-Canada Framework Agreement. In diplomatic terms the accord was a triumph: Canada was the first industrial non-member state to have a privileged link with the EC. Yet, as an economic exercise it was a disappointment: the expected trade increase never materialized. When evaluated several years later a Canadian parliamentary report ascertained that it neither prevented, nor helped to resolve any of the bilateral irritants, calling the accord a failure (Barry 2004:39; Potter 1999:220). The government had been unable to offer the business sector ample incentives to abandon the US market. The business had been sceptical of trade with the EC from the start due to 20 years of established and very close links to the US. European businesses and authorities also preferred already established markets rather than exploring new ones and were unconvinced that the agreement would have any significant impact on trade and investments flows (*Ibid*:41f).

The failure of the agreement and the related Third Option became symbolic to what was argued being a failure of Canada to strengthen its relations with Western Europe. The business sector gradually began to abandon the Third Option and in 1983 the government would declare it dead (Barry 2004:40).

This initial depiction pictures a country that, despite profound military and economical commitments to a devastated continent, did not obtain any kind of compensation. Since Canada during this time was, and to a large extent still is, a trade-dependent economy (Potter 1999:171) it had few other options than to turn to the US market when the EC did not seem willing to offer Canada any market shares. My argument here is that this perception of 'disloyalty' most likely influenced the government's decision to resort to the American market in order to secure its economic growth. The unsuccessful results of the Third Option and the symbolism in calling it a failure further induced both politicians and the businesses to invest in the US market. As will be argued ahead, this policy direction would be consequential for Canada's future decisions.

5.1.3 A decade of benign neglect and North Americanization: 1980s

During most of the 1980s the EC-Canada relation would be largely overlooked by both parts. When Canada's Progressive Conservative Party seized power the agenda of Prime Minister Brian Mulroney would concentrate on integrating the Canadian economy more closely with that of the US (Potter 1999:3,58). A 1985 foreign policy review accentuated the political, economic and military strength of the US. On the whole, the document reflected the conviction that Canada's future

prosperity lay in greater economic integration with the US whereas Europe was more or less ignored. Consequently, relations between Canada and the EC during this period suffered from what has been called a decade of benign neglect (*Ibid*:58ff,192). The diversification approach reached a final end when the Canadian government, with strong support from the business sector, sought free trade negotiations with the US. President Ronald Reagan responded positively and in 1989 the CUFTA came into effect. Between 1979 and 1988 Canada's exports to the EC declined from twelve to eight percent (Barry 2004:40). This coincided with a time at when EC member states began to trade key traditional Canadian exports, such as wood and paper products, increasingly from within the continent. As a result, Canada's economic relations were further oriented to the US (*Ibid*:87; Potter 2001:196). When NAFTA subsequently came into force, Canada became economically even more integrated with the US, a trend that has persisted over the last 15 years (Smith 2004:43). This trajectory is related to a wider tendency of a growing "north Americanization" in Canadian policy, where both its economic and political linkages to the US are increasing (Hillmer et al 2004:10).

This account demonstrates a reciprocal disinterest: whereas Canada became increasingly integrated with the US, the growing EC intra-trade made the Union more concerned with internal matters, primarily with the achievement of free trade within the scope of the SEA, and thus paid little attention to Canada. The EC's intra-trade in turn gave further incitements for Canada to focus on trade relations with the US (Potter 1999:62).

Prime Minister Mulroney was influenced by the Third Option failure (interview 2009a). With reference to the 1985 foreign policy review it is overt that he did not believe that the EC was neither willing nor able to provide for Canada's trade demands; for him enhanced integration with the US appeared as the only way to secure Canada's future affluence. What had from the beginning been an imperative necessary turn towards the American market now acted as the basis for further integration with the US. This initial move toward the US would only accelerate, with the result that when Canada later on wanted to enhance its economic relations with Europe, this would prove challenging. This resembles of a path-dependent cycle and my argument is that Canada's growing disinterest for its relations with Europe and closer integration with the US hampered the prospects for Canada-EU relations.

5.1.4 From internationalism to isolationism: 1990-2006

Canada's ability to gain economic access to the EC had historically been based, to a large extent, on its internationalist foreign policy and participation in the post-war transatlantic security framework (Potter 1999:224). After the end of the Cold War however Canada's foreign policy was transformed. It became much more selective and conditional and less internationalist than it used to be, inducing a form of 'selective internationalism' (Rioux – Hay 1999:57). Such an approach became possible when Canada's security was no longer threatened by the Soviet

Union. This not only eased Canada's retreat from NATO but also caused the reduction of its European engagement.

This process also intensified what is referred to as the decline of the Atlantic idea in Canadian foreign policy. The idea of Canada as an 'Atlantic' nation has its roots in the historical links to Britain and France, and implies that Canadians historically have conceived their nation as intimately connected to Europe and thus regard it as European as well as North American. The Atlantic idea has been an integral part of Canadian self-perception since Confederation and has always been embedded in both the practice and rhetoric of its foreign policy. In the end of the 1950s, this notion began to lose ground in Canada. Except for a brief revival in the early 1970s with the Third Option, there has been a constant and systematic decline of the Atlantic idea over the last 50 years (Nossal 2001:223ff).

The end of the Cold War also coincided with a severe recession in Canada, and political leaders became preoccupied with reducing the deficit and balancing the federal budget. Concurrently constitutional problems surrounding the status of Quebec required sustained attention. These developments markedly fuelled the retreat from a foreign policy of internationalism. As a result of the budgetary crisis the Canadian military, diplomatic service, foreign policy and aid budgets suffered drastic cuts (Rioux – Hay 1999:62f; Fraser 2008:4). Despite great budget cuts Canada in 1991 deployed a troop of peacekeepers to the EC mission in Yugoslavia. Canada promised that the deployment of troops would stay as long as they were "needed and wanted", but in 1994 all permanently stationed troops were withdrawn. This unleashed protests in Europe and although some member states offered Ottawa very substantial help in covering costs, Canada removed its troops unilaterally (Potter 1999:224ff). Canada's peacekeeping and peacemaking participation in the conflict was clearly unenthusiastic: when other NATO allies advocated a harder stance Ottawa resisted (Nossal 2001:230).

This account illustrates the beginning of Canada's selective approach in its foreign policy and the continuation of an eroding enthusiasm for its relations with Europe. What made it problematic was that the criteria for selection was based almost entirely on economic and opportunistic considerations and sought to promote commercial self-interest. As a result of Canada's disproportionate emphasis on trade in foreign policy, traditional priorities such as human rights and peacekeeping were paid only lip service, all being subordinated to economic interests and profits. Canada thus had little to contribute in areas others than where economic interests were at stake (Rioux – Hay 1999:66ff). Canada was however concerned about maintaining its security links to Europe so as to retain a voice in international institutions such as NATO. In order to try to keep its foothold in European security matters Canada contributed sporadically, but due to the budget reductions only to low-cost areas. This was not appreciated by Europeans, as they saw this as trying to "buy a seat at the European table on the cheap". In the long run, this selective manner made Europe feel that Canada neglected its interest and commitment to the continent (Potter 1999:229ff).

The Canadian retreat from internationalism lasted numerous years into the new millennium. The 2004 Foreign Defence Policy Review and the International Policy Statement however signalled a change and indicated that the Canadian

government wished to revitalize their international presence. Nevertheless, neither the EU nor Europe was mentioned in these announcements (Lindley-French 2005:651ff).

This evolution of the relationship can be seen as rather paradoxical since it would be expected that the European integration ought to boost Canada's enthusiasm to create a more comprehensive approach to the EU. In fact the contrary is evident; as the EC/EU emerged as an increasingly international actor, the focus on Europe in Canadian foreign policy has steadily diminished. Although every Canadian government from 1942 to the present have supported some form of Atlantic tradition, the willingness to act on the idea has been absent. Noteworthy, this has not been met by any sustained opposition at the political level in Canada, indicating a more general indifference to European affairs.

Furthermore, the record of various attempts to enhance the relation that has proved ineffective is applicable to a path-dependent logic. Both the Third Option, the 1990 TAD, the 1996 Action Plan and the failed FTA are seen as disappointments. In general, progress in EU-Canada relations has been slow and expectations contained (Bernard-Meunier 2006:110). This slowness can be related to the inertia to change in path-dependency. Given the unsuccessful record above, neither Canadian nor European aloof hopes for progress are unexpected. Together these preconceptions reinforce already diluted expectations and positions.

In conclusion, the first cut so far demonstrates a growing indifference in Canada's policy toward Europe. The lack of consistent effort by Ottawa to assert its interests in Europe is seen as a failure of Canadian policy. Canada's role in Europe at the time was perceived as 'marginalized' (Buteux 2001:119). I argue that the gradual descent of commitment is applicable to a path-dependent logic in the sense that it seems to have initiated a self-reinforcing manner. The initial decision in the 1970s to turn to the US market impelled future decision-makers to follow a similar policy, with the result that its business sector over time became dependent on the US market. Today 85 percent of Canada's trade goes to the US (interview 2009a). This policy course was thus hard to change, and future decisions were taken because they had been taken in the past. My argument is that this process, along with Canada's propensity to neglect political and security concerns and focus primarily on trade, rather than combining these policy areas into a comprehensive relationship, has impeded the prospects for improvements.

Furthermore, considering that Canada has often followed US initiatives in order to advance Canada-EU relations, rather than defining its own positions and interests in a more proactive and independent manner, this has fuelled EU's assumption that Canada's integration with the US is now so extensive that "there is little point in attempting to distinguish the Canadian interest from the American" (Stairs 2002:3). Canada's indifference, perhaps imprudence, might in turn be one explanation to why the EU has not cared to take an active part in the relationship either. At this stage, Canada seemed to take the relations with Europe more or less for granted. When its preference for trade benefits grew stronger, at the expense of its traditional middle power ideals such as peacekeeping and human rights - values that Europe advocates strongly - this ought to be a reason to

the growing indifference between the two. All in all, this tendency must be seen as a pertinent reason to why there has not been a continuing, durable and long-term progress in EU-Canada relations.

5.1.5 A shift of policy: 2006-2009

The two most recently EU-Canada Summits, in Berlin 2007 and the Quebec Summit in October 2008, were concerned with making the relationship more action-oriented. At the Quebec Summit the wish to enhance the strategic partnership was proclaimed and particularly three priority areas were in focus for strengthened political contacts: economy, energy and the environment, and international peace and security (interview 2009b). Environmental unity nevertheless became strained when the newly inaugurated conservative government under Prime Minister Stephen Harper in 2006 backed away from Kyoto, claiming that its targets were unachievable. This meant that Canada became the only country to retreat from the climate treaty. The EU reacted with biting criticism (www.cbc.ca).

According to Killander-Larsson (2009) the Harper government has showed a clear alteration of course, signalling that Canada wants to prioritize relations with EU, particularly economic ones. On the whole, Harper is considered to be more resolved than his predecessor Paul Martin (interview 2009b). A sign of this “encouraging trend” is that Europe was mentioned in the Speech from the Throne in 2008 (Loeber 2009). At their forthcoming summit in Prague in May, Canada and the EU hope to launch negotiations on a new Economic Partnership Agreement. Both yet needs a mandate from respective member state/province and one Canadian province has already come out negative (Interview 2009a).

The reason to these steps forward can be found on both sides of the Atlantic. The sudden interest in Europe was twofold: the hope of easier access to Canada’s natural resources, in particular energy, and the hope that an agreement with Canada would facilitate an agreement with the US. Chancellor Angela Merkel made use of Germany’s term of presidency in 2007 and advocated a closer economic partnership with Canada. The French President Nicolas Sarkozy then used his presidency to follow through. For its part, Canada saw an agreement more attractive because trade with the US was declining and the future prospects on the American market were not very hopeful (www.ppforum.ca).

This improvement must be seen as a presumptive change of policy, and perhaps can the new foreign policy direction of Prime Minister Harper be conceived of as a critical juncture. Whatever reason to this policy shift, which has not been within the scope of this thesis however, it somewhat weakens the validity of a path-dependent explanation. I would not go so far as to argue that this sudden change falsifies the path-dependent reading altogether, but it does show that its explanatory value is impaired.

5.2 The European perspective: A second cut

The fact that the US for a long time has been – and presumably still is - the sole superpower and primary international actor is in itself imperative. When considering that both Canada and the EU after World War II enjoy a very close, special relationship with the US, this condition ought to be of importance.

The US has from the very beginning been closely implicated in the process of European integration, having a key role in influencing European policy and its relations with third countries (Hill – Smith 2005:343ff). Today, the EU-US economic relationship is the most substantial in the world. They have economies of similar size and their economic interaction is remarkably balanced and interdependent (Marsh – Mackenstein 2005:111; Bretherton – Vogler 2006:83).

Canada and the US have an intimate relation as well, being each other's most important trading partners (Keohane – Nye 2001:147) and enjoy the closest defense relationship of any two sovereign states. The US is by far the most significant of Canada's external relationships (Hillmer et al, 2004:8). Based on these circumstances, I will argue that two different aspects of power relations are applicable in order to explain the lack of cooperation between Canada and the EU: the influential role of the US as a superpower and the fundamental asymmetry in EU-Canada relations.

5.2.1 The shadow of the US

After the end of the Cold War, as the military threat of the Soviet Union no longer challenged its security, Canada's government decided to reduce its commitment to NATO and withdrew its troops from Europe. In 1994 all permanently stationed troops were removed (Rioux – Hay 1999:57). This raised protests from both Europeans and Americans, who argued that Canada had forsaken its burden-sharing responsibility. In fact, Canada's foreign policy sector had been neglected by the Canadian governments for a long period due to heavily reduced spending on the military, diplomatic service and aid budget, with the effect of accentuating its relative decline in world affairs (Fraser 2008:2ff). One outcome was Europe's recurring criticism of its low per-capita contribution to NATO. According to Welsh (2004:2f) the book title *While Canada slept: How we lost Our Place in the World* illustrates this trend. She argues that due to Canada's under-investment in foreign affairs, its reputation as 'the world's peacekeeper' has become severely tarnished. Whereas Canada used to contribute ten percent of the UN peacekeeping personnel, it now ranks 34th on the list of contributor countries. In short, this implies that Canada has "less meat to put on the international table" (*Ibid*:3).

Supplementing this, several external factors have caused Canada's relative decline in its standing in world affairs. The growing strength and influence of the EU, coupled with the end of the Cold War, has resulted in the European states looking less and less abroad for allies. When they do consult others, they often turn in the first place to the US or other major powers such as Japan or Russia.

Secondly, the end of the Cold War also meant that the US has become less dependent of its allies, and has increasingly tended to act unilaterally. Besides these factors, the rise of China, India, Brazil and other developing states has diminished Canada's relative economic and political strength (Fraser 2008:1). Taken together, Canada's value and influence in the eyes of its allies declined markedly by the end of the Cold War and during the 1990s it would more or less be ignored by Europe and the US in transatlantic negotiations (Potter 1999:97ff).

When US President George H. Bush in 1989 called for a 'new partnership' with the EC, this raised concerns in Canada that the two would strike a bilateral trade treaty, leaving Canada in a vulnerable position. US-EC negotiations went adroitly and a declaration was soon imminent. As a reaction to the worry of US bilateral tendencies and of being marginalized in transatlantic relations, Canada asked to be included. Washington objected, arguing that its participation would weaken the effectiveness of the agreement, whose purpose was to formalize bilateral US-EC contacts. The US rejection made Canada urgent to instead support a compromise solution where a separate EC-Canada declaration would be released along with an EC-US declaration. In 1990 the EC-Canada TAD was issued, one day prior to the EC-US TAD. Although Canadians saw this as an achievement, it was unlikely that they would have been able to negotiate such an agreement without the momentum of US-EU discussions (*Ibid*:100; Barry 2004:42).

Additionally, the Canadian government during this period intermittently pressed for a TAFTA between the EC, US and Canada. Although some member states, among them two of Canada's most loyal partners, the UK and Germany, were receptive to the idea, the preference of the US was the determining factor (Potter 1999:72f). The US refused to any multilateral commitment proposed by Canada, and the EC, unwilling to issue a transatlantic deal without the participation of the US, thus also became dismissive. Despite the rejections from both Washington and Brussels, the two were however prepared to liberalize trade with each other and on trade commissioner Leon Brittan's initiative they decided to explore the prospects for a bilateral accord. When Canada wished to participate, a spokesperson for the EU responded that "Parties on both sides of the Atlantic seem to have the opinion that it is more difficult to come to a conclusion when you have three parties instead of two" (Barry 2004:47). Instead the EU and US in 1995 started to negotiate a new partnership. Once again the Canadian government pressed for a trilateralization in order to prevent two parallel agreements, but for many of the same reasons as with the TAD Canada was not included this time either. What would complicate matters more was that EU-Canada relations by the mid- to late- 1990s suffered by several trade disputes. Despite this, Canada managed to proceed along a track parallel to the US-EU negotiations and in 1996 the EU-Canada Joint Action plan was signed (*Ibid*:44). Given the fact that US-EU negotiations once more underlay EU-Canada negotiations, this agreement seemed to be another Canadian "me-too" document (Potter 1999:212ff).

This account demonstrates the important role of the US in setting the parameters of bilateral EC-Canada relations. First of all it was the momentum of the US that made Canada engage in its relations with Europe, since the risk of being left out in transatlantic relations would be detrimental to Canadian interests. To put it bluntly, one can argue that relations with Europe were forced onto the Canadian foreign policy agenda at the same moment as the American president signaled his interest in advancing US-EC relations. However, despite Canada's efforts, Europe conformed to the will of the US, a will that implicitly impeded the prospects for evolving bilateral EU-Canada relations. Moreover, the depiction confirms the fact that Europe often consults Washington before engaging in any major transatlantic institutional accord. This is a noteworthy detail; although the EU tends to have a distinct preference for multilateral arrangements, the US rejection to Canadian involvement was a determining factor for the EU, which politely shelved the multilateral idea (Potter 1999:198; Marsh – Mackensteen 2005:62).

Current examples of this tendency are also evident. According to a 2008 CEPS report EU-Canada cooperation in justice and home affairs matters is considered in the context of transatlantic cooperation, which "is often overshadowed by cooperation with the United States" (Alegre 2008:10). The secondary importance of Canada is reflected in the Commission Progress Report, where the section on US and Canada mentions the latter only once, in the very end. What's more, EU-Canada cross-pillar troika meetings on second and third pillar issues are becoming less and less frequent, from one meeting per semester to one per year. In short, Canada often "seems like a sideshow" to EU-US cooperation. Canadians argue that the EU "goes ahead with agreements and negotiations with the US and then expects Canada to tag along as an afterthought" (*Ibid*:10ff).

This speaks for itself in that it manifests the unlikelihood that the EU-Canada relation will ever be as important to the EU as the US-EU relation. The US will always be imperative for the EU, contrary to Canada, with the consequence of demoting the EU-Canada relation to the shadow of EU-US relations. As the above reasoning confirms, the frank risk of a middle power such as Canada is to be isolated and subject to the decisions of others, or even ignored altogether. This condition is not least exemplified by the 'thinking in Brussels' as an interviewee (2009a) put it. Whether in the Commission, the Parliament or in the corridors there is always a focus on the US. Politicians and officials alike confer on how to improve a certain part of the relation or how to engage in a specific issue and so on. Any such consultation about Canada is much less rare. This is however considered to stem from the 'nature of EU-US relations'.

5.2.2 Asymmetrical relations

Bilateral trade and investment flows between Canada and Europe are characterized by asymmetrical vulnerability interdependence. It is asymmetrical because the cost of altering the economic relationship is much higher for Ottawa than for Brussels. For instance, trade with Canada represent less than one percent of the EU's world trade (Potter 1999:191). This condition often place Canada in a

vulnerable negotiating position since it has more at stake in bilateral economic relations. An example of its constrained ability to negotiate is the ‘Turbot War’, a fishery dispute that culminated when Canada in 1995 seized a Spanish fishing vessel in international waters. The immediate impact was the freezing of all EU-Canada contacts. As was accounted for in the above section, this coincided with the negotiations regarding the Action Plan. At this stage, Spain managed to derail the negotiations by raising objections to Canada’s fishery policies and convinced the Commission that the language of the proposed document had to be revised. Since the successful completion of the EU-Canada accord depended on whether the two could resolve the fishery dispute, Canada was in a disadvantageous position. The focus of the accord was on economic issues and contained a broad agenda for action on trade and a series of bilateral sectoral agreements, all very important to Canada. Under these circumstances, Canada was pressed to give in, and a compromise was realized when Canada finally accepted to include a paragraph that pleased Spain along with the other member states (*Ibid*:214ff).

In this context it is important to consider the fact that the EU most often is the domineering actor in bilateral arrangements. Because the Commission’s mandate rests on all the member states, its negotiating position often leave very little room for compromise and is therefore difficult to change (Bretherton – Vogler 2006:78f; Edwards 1993:20). Another related aspect is the EUs consensual approach to decision-making, which implies that the EU at times can be ‘held hostage’ to a dispute concerning the interests of a single member state. This was not least evident in the dispute above. In this way, “a problem with one member country automatically translates into a problem with the entire Union” (Barry 2004:51). With the background of the asymmetry in Canada-EC/EU relations, the Commission’s strong bargaining position and the consensual approach seem to be yet another obstacle for Canada to negotiate on an equal basis with the EU.

According to (interview 2009a) one reason to why the EU plays a limited role in Canadian thinking is that Canada prefers to deal with respective member state on a bilateral basis, rather than on an EU-basis. The rationale to this is twofold: first of all the ‘Brussels-level’ makes cooperation more problematic since the Commission has 27 mandates to consider, contrary to any bilateral relationship. As have been accounted for above, EU-Canada relations have suffered by many trade disputes, illustrating this complexity. Secondly, Canadian decision makers find the EU machinery complicated and hard to grasp. Since it enjoys ‘excellent bilateral relationships’ *within* the EU, Canada thus prefers to deal bilaterally.

This preference can be related to the asymmetry in relations in the sense that Canada logically prefers bilateral commitments because this sets Canada on a more equal basis relative to respective member states.

Canada has from the early 1990s and onwards intermittently pressed for a bilateral EC-Canada TAFTA. When it was first put forward, the EC was in the midst of preparing for the Single Market and the upcoming intergovernmental meetings, and thus gave little serious attention to the proposal. Despite recurring deadlocks, in the beginning of the 21st century a study was undertaken in order to determine the effects of eliminating tariffs on Canada-EU trade. The results showed overall

gains for both sides and at the subsequent 2002 EU-Canada summit Canada advocated a FTA to be included in the report. The Commission however remained lukewarm. Given the asymmetry in economic relations, many officials were still sceptical of devoting to much effort and resources to negotiations that they argued would generate modest gains. At the subsequent summit the parts settled for a less ambitious commitment than Canada had wished for (Barry 2004:49ff).

In 2004 a new EU-Canada Partnership Agenda was adopted, including a framework for bilateral TIEA, aimed at dealing with existing barriers to trade and investment. These negotiations are dropped however (Interview 2009a). Meanwhile, Canada continued to push for a FTA, and in 2007 it was agreed to undertake another study to examine existing barriers to the flow of goods, services and capital and to estimate the potential benefits of removing these. The results, published in 2008, once again envisaged “significant potential economic gains” for both sides. Canada’s trade minister expressed enthusiasm, but European diplomats and officials were still cautious. Given the asymmetry in relations and the rather unsuccessful history of bilateral efforts to strengthen the economic ties, this hesitancy was not surprising (Sarisoy – Napoli 2008:23).

This account reflects the asymmetrical relation between Canada and the EU. As the dependent actor, Canada lacks the political and economic clout of the US and EU, whose interests dictate the transatlantic agenda. Despite persistent attempts to negotiate an economic deal with Europe, the Canadian market is not attractive enough for the EU. Owing to the asymmetrical relations and its connotations, it makes sense for the EU to prioritize its relations with the US, downgrading the importance and influence of Canada (Barry 2004:35ff). It is thus comprehensible that Canada fears being sidelined in transatlantic relations and repeatedly prompts for trilateral declarations and multilateral free trade accords. The asymmetrical economic relation in the long run has been an obstacle to closer EU-Canada relations, which in turn is one of the explanations to why the EU-Canada relationship is not as developed as would be expected.

To conclude, what this second cut has demonstrated is the inability of Ottawa to negotiate independently with the EC/EU. In capacity of a middle power, Canada’s foreign policy choices and capabilities vis-à-vis Europe is to a large extent constrained. Given its relative decline in world affairs, together with the reduced spending on its military, Canada had little to offer. Furthermore, given the history of EU-US relations and Brussels’ receptiveness to the opinions of Washington, Canada always seem to face not only assurances from Europe but also indirectly from the US. The superpower has not only had the deciding vote regarding transatlantic trade accords but also seemed to be imperative for the making of bilateral Canada-EC declarations. In short, as leading powers, the US and Europe prioritize to deal with one another, leaving little room for Canada. As a middle power, Canada rarely becomes invited to the negotiating table, and when it does, its influence is much constrained.

5.3 Research question revisited

In this section I intend to summarize my findings and discuss how they relate to the theoretical variables. Before this summary I will yet make one reflection concerning EUs relatively short experience as an international actor.

When considering that the CFSP is quite novel, established in the Maastricht Treaty, it is comprehensible that the EU's present partnerships are not fully developed. Given the fact that the EU did not have the same set of institutions and hence not comparable procedural opportunities in the 1970s, 1980s or even in the 1990s, EU-Canada relations could apparently not have been as substantial during that time as today. One straightforward explanation to why the EU-Canada relationship has not evolved until recently would be that the EUs involvement in foreign affairs has not evolved until the last ten years (interview 2009b). Whereas this comment is accurate, the purpose of this thesis has not been to analyze the relation between the ECs/EUs institutional progress and its external relationships. Moreover, it still holds that EU-US relations are much more substantial *despite* recurring disputes, which are often the consequence of underlying value differences, (Hill – Smith 2005:354) compared to EU-Canada relations which are less substantial despite *concordant* values.

What conclusions can then be drawn from this study, and which hypothesis has the highest universal validity in explaining the state of EU-Canada relations?

In sum, the initial cut illustrates how Canada, after being 'betrayed', slowly lost its commitment to Europe. Trade concerns excluded, Canada has shown a pattern of growing indifference toward the EU: the decline of the Atlanticist idea, the neglect of Europe in both trade and security matters during the 1980s and the 'decade of political isolationism' all denotes to this tendency, and demonstrate that Europe gradually became a distant area of attention, consistent with path-dependency.

The second cut contrasts the Canadian view with a European perspective. Herein is Canada's disadvantaged position vis-à-vis the economically and politically more influential Europe confirmed. Whereas the EU and the US enjoy a balanced economic relation that generates similar gains and makes cooperation beneficial for both, EU-Canada relations are fundamentally asymmetric. Not only does this explain the EU's disinterest in Canada, but when considering Canada's huge dependence on the US market it also clarifies why Canada has focused almost exclusively on economic concerns in its relations with Europe.

Canada's constrained influence in EU-Canada relations is also explained by the imperative of the US in its capacity as a superpower. The study has showed that the US not only affect EU-Canada relations, but also that the state of US-EU relations hampers the possibilities for EU-Canada relations to enhance. Not only does the EU adhere to the preferences of Washington, but there also seem to be a tendency to squeeze together the Canadian interests with that of its southern neighbour. Ottawa's close links with Brussels and Washington notwithstanding, as a middle power in the US-EU-Canada triangle Canada is often overlooked. The

position as a middle power is perhaps more consequential in this context than otherwise, due to the geography. Albeit the concept in itself does not explain why Europe tends to disregard Canada – the EU cooperates with several other middle powers – its implications are more harmful to Canada because of the close proximity to the US. In that sense this case is unique and the possibility to generalize is somewhat constrained. All in all, the second cut verifies that although Ottawa and Brussels enjoy somewhat close relations, they are considerably unequal and ineffective. As the dependent power, Canada seems to be constantly overshadowed by the US.

Although both perspectives and hypothesis contribute with valuable insights, the Canadian shift of policy in 2006 somewhat dilutes the path-dependent explanation to Canada's policy and the overall rationale to why the EU-Canada relationship is not as developed as would be expected. One can thus state that path-dependency help to understand the Canadian perspective to a certain degree, but not entirely. Concerning the European viewpoint, the various aspects of power relations seem to be valid since they have not been dismissed. The implication of the US is evident in view of that Brussels hoped for closer relations with Washington by means of the relations with Ottawa. Consequently, Canada can be seen as an instrument for Europe to enhance its relations with the superpower. The asymmetrical rationale also apply; the logic is that when the asymmetry in EU-Canada relations somewhat evens out, cooperation develops. At a time when natural resources are becoming scarcer, Europe is more dependent on those countries that supply for these, and Canada has something important to offer its European partner. What all this boils down to is that rational considerations, in line with the second hypothesis, have a higher explanatory value to why EU-Canada relations do not live up to its full potential. Although it is not adequate to assert that the second hypothesis has a stronger explanatory value *altogether*, because it illustrates one of two perspectives, the results do indicate that the second hypothesis to a higher extent explain the EU's policy than the first hypothesis explain the Canadian policy.

Since I maintain that the path-dependent rationale has some explanatory value one can argue that the two cuts are 'interdependent' because in combination they offer a multifaceted understanding to both Canada's and the EU's policies. The first cut illustrates the Canadian perspective whereas the second explains the European viewpoint, and without *both* these depictions this study would have given a rather distorted and erroneous picture of EU-Canada relations. All things considered, due to the shadow of the US and past experiences EU-Canada relations have taken a back seat, hence symbolizing *the second relationship*.

6 Conclusions

This thesis has been concerned with examining the reasons to why EU-Canada relations are not as developed as would be expected. My pre-understanding suggested that cooperation between these like-minded actors ought to be substantial, comprehensive and characterized by a high degree of consensus and goodwill in all possible policy fields. The two cuts have nonetheless elucidated that the opportunities for improved cooperation have been aggravated. In order to avoid restatements, I will use this final section to briefly summarize the main findings in order to look ahead, and finally suggest prospective areas for future research.

The two different cuts are ‘interdependent’ in the sense that in unison they give a more many-sided picture to why the EU-Canada relationship is not up to its full potential. The initial cut showed how Canada, in accordance with a path-dependent logic, gradually lost its commitment to Europe. The second cut subsequently demonstrated Canada’s disadvantaged position due to its economic inferiority and its status as a middle power in the US-EU-Canada. Since the EU is much more powerful, economic dealings between the two are characterized by asymmetrical relations. This asymmetry is a contributory cause to why Canada receives little attention from Europe. Canada’s limited influence is also contingent on the power of the US as a superpower, and to the status of EU-US relations. As the record shows, the EU-US relation is more imperative than the EU-Canada relation. When taken in unison, the two cuts complement each other and clarify the rationale behind *the second relationship*.

The second hypothesis nonetheless has a higher universal validity, both because the path-dependent hypothesis was somewhat overthrown with the Canadian policy shift in 2006, and because the European motives to the steps forward was compatible with the second hypothesis.

What then can be anticipated for the future EU-Canada relations? Albeit my argument that the relationship would have been far more intimate and substantial if it had not been for the shadows of the US and past, my impression at present is that the state of the relation is promising and generally going in the right direction.

My suggestion to the EU would be to make a sharper distinction between their relations with Canada respectively the US. There has been a tendency to perceive the Canadian interests and concerns as closely entangled with that of the US, with the effect of fusing Canada in with the US on a range of transatlantic issues. By means of separating transatlantic matters more categorically in Brussels, this would help Canada to deal more independently with the EU and also put it on a more equal footing to its European and American partners. Regarding Canadian decision makers, they must above all demonstrate the political will to develop a

more comprehensive partnership that goes beyond economic concerns. Canada is, or at least has been, in a troublesome situation due to Europeans' perception that it is indifferent to cooperation other than in trade, and Canada must thus prove a more genuine engagement in all policy fields. Furthermore, Canada should reflect on, perhaps reconsider, its extensive integration with the US. If Canada was to broaden its horizons this would in all probability strengthen its opportunities for negotiating with the EU and offer a more independent and distinct Canadian foreign policy agenda, separated from the American one. What this really comes down to is for both Canada and Europe to express a sustained political will and ambition to boost the relations, and then really follow through with these pledges.

As presumably has been evident, my expectation is that Canada and the EU should extend their cooperation in all areas and on all levels. This would benefit not only their bilateral relation but hopefully be instrumental to world politics and critical global concerns, ranging from climate change and human rights to education, research and development. Potential, concrete suggestions for improvements have been outside the scope of this thesis however. A relevant area for further research would be to investigate in what ways the relation can be enhanced, both in substance as well as practical matters such as more frequently meetings, both summits and high-levels, but particularly on lower levels, since most of the work is done in these informal settings.

Another possible area of research – with a more scientific approach – would be to investigate the influence and/or implication of the media on EU-Canada relations. For instance, how do media picture the EU-Canada relationship? How is the EU constructed in Canada respectively how is Canada depicted in Europe? What does this imply for the relationship, for the prospects to improve etc.? In what ways could media be used in order to enhance cooperation? Would a more informed public be likely to put pressure on the process? Similar questions might form the basis for future analysis.

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