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TOO CLOSE TO SETTLE? THE ROLE OF THIRD-PARTY PROXIMITY IN WORLD
TRADE ORGANIZATION (WTO) DISPUTE NEGOTIATIONS

By MUHAMMAD FAWWAZ GHAZY HAFIZH

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Faculty Advisor: Dr. ANTON STREZHNEV

Faculty Preceptor: Dr. ADAM PARKER

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ABSTRACT

In an era dominated by uncertain geopolitics, the World Trade Organization (WTO) offers an avenue for dispute resolution based on negotiations and an impartial litigation process through its Dispute Settlement Mechanism (DSM). Drawing on all WTO disputes from 1995 to 2016, this thesis develops a theory of proximity. It posits that increased third-party proximity increases main parties' reputational and bargaining costs, decreases the cost of litigation and incentivizes panel ruling instead of early settlement, and employs probit regression to estimate how third-party multilateral trade agreements (MTAs) influence early settlement probabilities. Results show marginal effects of 5 and 12 percentage points decrease in early settlement for every standard deviation increase in MTA Count and Depth, respectively, while trade volume shows mixed, insignificant results when other variables, including third-party presence and count, are held constant. These findings indicate that legal, not merely economic, proximity shapes bargaining dynamics in the WTO, suggesting that the WTO Secretariat and disputing members should prioritize monitoring institutional networks when allocating mediation resources, and that governments might strategically cultivate, or limit, their MTA portfolios to influence dispute outcomes.

Keywords: World Trade Organization, Third Party, Proximity

CHAPTER 1

INTRODUCTION

As President Donald Trump announced his blanket 10% tariff on all countries across the globe on “Liberation Day,” concerns arose about the start of a new global trade war and the legality of the unilateral move. Under World Trade Organization (WTO) rules, any state facing unprovoked tariffs or trade conflicts may challenge them through the organization’s Dispute Settlement Mechanism (DSM), the world’s premier forum for enforcing trade obligations and channeling conflicts into negotiated solutions. Although the mechanism primarily concerns the two main parties, complainant and respondent, the role of third parties in dispute resolution has increased and is not negligible, often shaping dispute outcomes through early settlement or panel rulings. Furthermore, despite negotiation costs being salient in explaining countries’ decisions, existing literature on WTO dispute settlement overlooks the relational dynamics between disputing parties, especially the legal and economic proximity on regional and bilateral levels.

Building on theories of information signaling and bargaining in the shadow of the law, the thesis adds to existing literature and argues that third-party proximity to main parties influences the strategic calculations of both complainants and respondents. Proximity signals the legal and economic entanglement between the parties involved, increasing reputational and bargaining costs as proximity increases. The thesis aims to answer the question: to what extent does third parties’ proximity to complainants and respondents decrease litigation costs and influence the likelihood of early settlement in the World Trade Organization (WTO)’s Dispute Settlement Mechanism (DSM)?

To answer the question and provide empirical evidence for the argument, the thesis primarily utilizes quantitative methods on 516 WTO cases and proximity measures from the DESTA project. Probit regression analysis is implemented to test the likelihood of countries settling in a case while accounting for the primary independent variables: multilateral trade

agreements (MTAs) count, depth, and trade volume. MTA Count and MTA Depth exhibit robust results with 5 and 12 percentage point decreases in early settlement probability for every standard deviation increase of proximity measures.

The paper is divided into six additional sections. First, the paper introduces the WTO dispute settlement mechanism, covering the process, actors involved, and decision-making of dispute cases. Second, the paper reviews existing works on the topic and draws key findings before laying out the paper's theoretical framework in the third section. Next, the thesis describes the data collection, explains the methods used, and presents statistical results. Fifth, the thesis discusses the statistical analysis before discussing the literary and policy implications of the findings in the final part.

CHAPTER 2

BACKGROUND ON WTO DISPUTE SETTLEMENT

2.1 History and Precursor

The origins of the WTO DSM can be traced back to the General Agreement on Tariffs and Trade (GATT) established in 1947. Under this agreement, disputes were primarily solved through bilateral diplomatic negotiations and working parties that were made up of interested members, with consensus. Panels of three or five independent experts were eventually introduced to provide impartial assessments, recommendations, and rulings before being approved by the GATT Council to have a legally binding effect, creating a body of jurisprudence. Despite its aim for independent dispute settlement, the system had a flaw in its enforcement: parties to a dispute are not excluded from consensus-based decision-making in the GATT Council, allowing them to block the formation of a panel and the implementation of panel recommendations and rulings that are against their interests ([World Trade Organization, 2024b](#)). This structural weakness led to disputes not being addressed, and biased panel reports that attempted to satisfy both parties, anticipating that the opposing country would use its veto. The deterioration of the GATT system became evident in the 1980s as blocking panel formation and reports became more frequent.

In an attempt to address the critical flaw in the GATT dispute settlement process, member states negotiated a new system at the Uruguay Round that took place between 1986 and 1994. The result was the establishment of the WTO and the adoption of the Dispute Settlement Understanding (DSU), the legal document that lays out the rules for dispute settlement in the WTO. This marked the transition to a court-style case resolution, strengthening the dispute settlement system. The new measures also aimed to address the weakness of the GATT by including specific timelines for prompt resolution, uniform mechanisms for other WTO agreements, and upholding negative consensus, where panels

are automatically formed, and reports are automatically adopted unless there is a consensus not to do so. Furthermore, new mechanisms for appellate review and formal implementation of surveillance were established.

2.2 Governing Body and Mechanism

The WTO Dispute Settlement Body (DSB) is responsible for overseeing and ensuring that the WTO dispute settlement mechanism (DSM) functions as intended. Similar to the WTO General Council, the DSB is composed of representatives from member states and, therefore, is a political body. The DSB has the authority to establish panels, adopt panel and appellate reports, and conduct compliance surveillance with its decisions made mostly under consensus, except for establishing panels and adopting reports. The WTO Director-General and Secretariat play a minor role in the DSM, providing support to member states upon request, which often takes the form of legal training, advice, mediation, or arbitration assistance.

The WTO DSM is a structured, multi-level process that aims to resolve trade disputes among member states in a predictable, rules-based manner. There are four stages to the process: consultation, panel review, appellate review, and implementation compliance. Consultation is the first step in the dispute settlement process, where the complainant formally requests consultations with the respondent and informs the entire WTO membership and the public that a case is initiated. This mandatory stage serves as a preliminary effort to resolve the dispute through dialogue and negotiation, which reflects the WTO's preference for mutual or bilateral solutions over litigation ([World Trade Organization, 2024b](#)). During consultations, the parties are encouraged to discuss their grievances behind closed doors, clarify the facts of the matter, and negotiate adjustments that satisfy both sides. According to WTO rules, the parties have 60 days to reach a resolution through consultations, and if no mutually agreed solution is achieved or the complainant does not withdraw the case within this period, the complainant may proceed to request the establishment of an indepen-

dent panel to examine the dispute in detail. Despite this 60-day deadline, the consultation can continue beyond 60 days or proceed to panel establishment before 60 days if both the complainant and respondent agree to do so.

The second stage in the process is panel formation and review, which takes place if consultations fail. The panel stage is a formal legal process that aims to provide an impartial and objective assessment of the facts and legal arguments by a panel typically composed of three independent trade experts selected in consultation with the disputing parties. The panel process consists of several sub-stages. First, the written submission step allows both parties to submit written arguments detailing their legal positions and evidence supporting their claims. Second, the first substantive meeting is hosted by the panel, which invites the parties to present their arguments and allows for oral presentations. At this stage, third parties with a substantial interest in the case may also present their views. Third, the second substantive meeting provides the disputing parties the opportunity to rebut and respond to each other's arguments and present additional evidence or clarifications. Fourth, the panel prepares a draft report containing the descriptive part of the case, which is circulated to the parties for comments. Following this, an interim report, including findings and conclusions, is issued to the disputing parties for further review and comment. Finally, after considering feedback, the panel issues its final report to the disputing parties and the entire WTO membership. If the panel concludes that a WTO agreement has been violated, it recommends that the offending party bring its measures into conformity with WTO rules. Once the final report is issued and circulated, it is adopted by the DSB unless all WTO members, including the disputing parties, unanimously reject it.

After the panel stage, the appellate stage takes place when a party is dissatisfied with the panel's findings and decides to appeal to the WTO Appellate Body (AB) before the panel report is adopted. Unlike the panel stage, which primarily focuses on factual findings, the Appellate Body addresses issues of legal interpretation, upholding, modifying, or reversing

the panel’s conclusions based on its review. The AB’s decision is final, and once adopted by the DSB, it must be accepted by the parties involved. The very last step of the dispute settlement mechanism is to monitor compliance and implementation following the adoption of the panel or AB report. The “losing” party is expected to comply with the recommendations within a reasonable period. If compliance is not achieved, the “winning” party may seek compensation or request authorization from the DSB to impose retaliatory measures.

2.3 Third Parties’ Presence

Third parties are WTO members that, while not directly involved in the dispute, possess a substantial interest in the case’s outcome due to potential implications for their trade interests and rights or broader systemic concerns where the case involves interpretations of trade law that could set a precedent impacting future trade ([World Trade Organization, 2024b](#)). At the start of consultations, disputing parties can choose between invoking Article XXII:1 or Article XXIII:1 of the GATT. The former is used when a member believes another member’s measure affects its trade interests, regardless of whether a specific WTO obligation has been violated, which promotes a more open and inclusive multilateral engagement and settlement. On the other hand, the latter is invoked when the complainant alleges that a WTO obligation has been violated, that a benefit is being unfulfilled even without a breach, or that the purpose of the agreement is being undermined, setting a more exclusive and opaque consultation that could lead to litigation.

Regardless of the article invoked, to become a third party, a member must formally notify the DSB of its interest within a specified timeframe, depending on the stage of the case. During consultations, members wishing to join as third parties must notify the DSB within 10 days of the circulation of the request for consultations. They can only be included in the dispute with the consent of the disputing parties. During the panel stage, members with a substantial interest can request to join as third parties by notifying the DSB no later

than the initial meeting of the panel. At this stage, third-party participation does not require the consent of the main parties.

Third parties have specific rights within the WTO dispute settlement process. First, they can participate in discussions between disputing parties during the consultation stage, expressing their views or providing insights that may influence the results of the closed-door consultation. Second, third parties have access to submissions by the main parties for the first substantive meeting, allowing them to understand the arguments and evidence presented. Third, they may participate in panel proceedings by presenting their views during a dedicated session of the panel's first substantive meeting and/or submitting written submissions to the panel. Fourth, if a dispute proceeds to the AB, third parties who participated at the panel stage may also participate in the appellate proceedings, providing their perspectives on the legal issues under appeal.

CHAPTER 3

LITERATURE REVIEW

The topic of WTO dispute resolution has been widely explored by scholars since the organization's founding in 1995. Authors have analyzed various aspects of the dispute settlement mechanism (DSM), especially the factors that influence the likelihood of settlement, the role of third parties in disputes and early settlement, and the information signaling and bargaining that takes place behind closed doors during the settlement process. While these works offer valuable insights, they broadly examine the factors behind early settlement. Therefore, the thesis's primary aim is to incorporate a more holistic approach to evaluating third parties' influence in WTO's dispute settlement and early settlement by introducing a new variable often overlooked in previous works: the proximity of third parties to main parties.

3.1 Early Settlement in Dispute Cases

Early settlement is an option available for disputing parties to mutually resolve a case before a panel ruling is issued, which often occurs during the consultation phase of the DSM. Empirical data suggests that a significant portion of WTO disputes are settled before reaching panel adjudication. Approximately half of all disputes initiated at the WTO are resolved during these informal consultations, while about two-thirds see resolution before reaching a final ruling ([Busch and Reinhardt, 2006](#)). These statistics underscore the value of early settlements for member states, who often prefer the confidentiality and flexibility of informal negotiations. In response to the trend, past research has evaluated several factors that determine whether disputing parties can resolve their conflicts early without proceeding to arbitration.

One major determinant of early settlement success is the legal capacity or the ability of countries to accumulate legal resources that can be used to litigate or follow a dispute.

Research consistently shows that developed countries, equipped with stronger legal expertise and experience, as well as institutional resources, are more likely to achieve favorable early resolutions ([Abedin and Odano, 2005](#); [Busch et al., 2009](#); [Conti, 2010](#); [Lee, 2018](#)), while the lack of accessible legal resources for developing countries inhibits their ability to leverage early settlement opportunities effectively and reinforce existing global power asymmetries ([Besson and Mehdi, 2010](#); [Wood and Wu, 2020](#); [Widiarty, 2024](#)). This disparity has raised concerns about systemic bias and inequity in the dispute settlement process, which constitutes its own body of literature.

Economic stakes also shape early settlement dynamics. [Kucik and Pelc \(2015\)](#) argue that early resolution can be exploited by more powerful complainants to secure asymmetrical outcomes, especially given the private nature of pre-panel consultations. Their findings also emphasized that strategic concerns often outweigh legal considerations in early settlement efforts, with countries using these negotiations to extract favorable terms while avoiding the reputational and legal costs of formal adjudication.

On a similar note, trade volume between countries involved in a case also plays a significant role in early settlement. On one hand, increased volume of trade between disputing countries could increase the cost of disputes, exerting pressure for early settlement to resolve conflicts quickly due to potential economic losses associated with prolonged disputes ([Johns and Pelc, 2016](#); [Bown and Reynolds, 2017](#)). On the other hand, smaller trade volume can prolong disputes and discourage early settlement since the perceived economic benefit of doing so is less valuable, and, in turn, establishing legal precedents is more desired ([Takechi, 2023](#)).

Beyond state actors, the literature also touches on the evolving, although limited, role of civil society in shaping early dispute outcomes. [Irgel and Reinisch \(2001\)](#) explore how NGOs, although excluded from direct participation, can submit amicus curiae briefs to influence decisions indirectly. Similarly, scientific knowledge contributed by academia can play an

indirect role in informing settlement positions (Bonneuil and Levidow, 2012), suggesting that expertise and transparency can shape pre-panel outcomes. Finally, domestic lobbying has also been shown to delay settlements on the defendant side since there is a unified front to reject concessions (Ryu and Stone, 2018).

3.2 Third-Parties' Role in Early Settlement

While much of the early settlement literature focuses on primary disputants, a large body of research also investigates the role of third parties in dispute settlements. Existing work shows that third-party influence on dispute dynamics is multilayered and sometimes contradictory.

Busch and Reinhardt (2006) argue that third-party presence can disrupt bilateral negotiations through a “crowd effect,” suggesting that the inclusion of additional actors dilutes the incentive for early settlement. As more stakeholders become involved, each with distinct preferences and stakes, it becomes harder to achieve consensus, making negotiating positions more firm and extending the dispute timeline. Johns and Pelc (2014) complicate this analysis by highlighting how complainants and respondents can strategically manipulate third-party participation and suggesting that third parties can serve as a form of “insurance” that reduces the benefit of winning and the cost of losing, which disincentivizes the disputing parties to settle early and instead go to litigation.

However, not all third-party involvement has a destabilizing effect. Ryu (2022), drawing on a rich dataset spanning 1995 to 2012, finds that third-party motivations are highly heterogeneous: legal concerns, trade alignment, reputational calculations, and regional proximity all influence third-party behavior, arguing instead that some third parties may enhance the legitimacy and informational quality of the negotiation process. This finding is echoed by Pelc (2017) who identified three key reasons why third parties engage in disputes: to protect their trade interests, to influence jurisprudence, and to gain legal capacity. He further argued that the decision to allow third-party involvement often depends on the strength of the

complainant's case, as weaker complainants seek third-party support to bolster their legitimacy, and panels frequently consider third-party views that signal broader concerns of the WTO members. On a similar note, [Loginova et al. \(2021\)](#) provide a case-specific analysis by examining Russia's strategic use of third-party participation, showing that Russia's third-party involvement is often not a passive act but a deliberate strategy aligned with broader economic or geopolitical interests.

Taken together, the literature suggests a dual effect: third parties can either facilitate resolution by contributing normative clarity and legitimacy or complicate it by injecting competing agendas into what might otherwise be a bilateral negotiation, which will be dependent on their motives or interests.

3.3 Information Signaling in the Dispute Mechanism

Another strand of literature focuses on the signaling function of dispute settlement, especially how actions communicate information to both internal and external audiences, which can influence bargaining considerations and facilitate (or deter) early settlement.

[Davis \(2012\)](#) conceptualizes WTO litigation as a form of strategic signaling. By filing a complaint or engaging in consultations, states signal their resolve to enforce trade legal norms. This signal is directed not only at the respondent but also at domestic constituencies and the broader international community, showcasing a state's willingness to stand by its commitments. [Van Damme \(2017\)](#) adds that even procedural actions, such as requesting consultations or advancing to panel formation, convey signals about legal confidence and negotiation strategy. These sequential signals help structure expectations, reduce information asymmetries, and may incentivize parties toward early settlement. On a similar tone, [Ahn et al. \(2013\)](#) explore how opting for early settlement instead of litigation sends a different type of signal that emphasizes de-escalation, pragmatism, and reputational stewardship. Such settlements serve as preemptive communication strategies that signal diplomatic good-

will and a preference for cooperative solutions.

In terms of third parties, [Busch and Reinhardt \(2006\)](#) contended that the presence of third parties as audiences in the case could translate into support for the complainant’s case or the presence of systemic issues that involve the larger WTO membership, encouraging the respondent towards a settlement. Furthermore, [Pelc \(2017\)](#) provided empirical evidence that third parties create a perception of broad support for the complainant’s position, potentially swaying the panel’s decision, which can be utilized as a strategy by complainants or respondents to bolster their arguments in the case ([Johns and Pelc, 2014](#)).

The signaling literature emphasizes that dispute settlement mechanisms not only resolve individual cases but also provide communicative cues that structure the broader international trade environment. These signals can motivate early settlements by reducing uncertainty and clarifying expectations that need to be taken action on.

3.4 Bargaining in the Shadow of the Law

The concept of “bargaining in the shadow of the law” offers another compelling framework for understanding why many disputes are resolved before reaching formal adjudication. Initially coined by [Mnookin and Kornhauser \(1979\)](#), bargaining in the shadow of the law refers to the bargaining process during legal disputes that occur outside of the courtroom, specifically where disputing parties weigh their decisions based on an implicit legal backdrop and framework even in informal dispute resolution contexts. For example, [Ásgeirsdóttir \(2021\)](#) draws insights from the UNCLOS context to show that legal frameworks create credible threats that induce early settlements, revealing that once parties anticipate an unfavorable ruling, they become more willing to negotiate to avoid binding outcomes. In this sense, legal systems exert a disciplinary effect even when not directly invoked.

The concept has been incorporated into the WTO dispute resolution for a while, where trade negotiations and settlements often occur behind closed doors, with the legal framework

still serving as an implicit guide (Busch and Reinhardt, 2000; Steinberg, 2002). Some authors argued that high transaction costs and legal uncertainty encourage informal settlements as states leverage the legal framework as a backdrop and use the threat of litigation to extract concessions while avoiding the time and cost associated with a full legal battle (Claussen, 2021; Eddy, 2023). Others reinforce this perspective, arguing that international law serves as a structural force in more loose and flexible negotiations by being a reference point that anchors expectations (Hornsby, 2010; Bonnitcha and Williams, 2024). Finally, the available legal framework combined with the expected outcome of a legal proceeding also influences the likelihood of escalating disputes from closed-door negotiations to more public litigation (Poletti et al., 2015). Even when parties do not (or are yet to) proceed to litigation, their bargaining behavior is informed by legal norms, reputational risks, and potential precedential effects.

Another layer of bargaining that disputing parties need to consider in addition to the legal framework is the negotiating or bargaining cost, which comes in various forms. In the WTO dispute resolution, negotiation costs rise as the complexity of negotiations and potential legal challenges escalate beyond immediate benefits (Bown, 2005). In addition, third parties in WTO disputes increase negotiation costs by increasing the number of parties involved and the complexity of the case (Busch and Reinhardt, 2006). When bargaining costs exceed the expected benefits of reaching a negotiated agreement, parties have stronger incentives to forgo settlement and instead pursue adjudication, anticipating a more favorable or strategically advantageous outcome.

Aside from negotiation costs, reputational costs add another layer of complexity in bargaining as states weigh the potential long-term implications of their dispute behaviors (Carvalho and Canesin, 2018). Countries may be reluctant to engage in aggressive litigation strategies that could damage their international standing by incurring reputational costs from non-compliance or unwillingness to cooperate (Conti, 2010). In addition, the fear of

reputational damage can motivate early settlements as they seek to uphold their standing in future negotiations and maintain stable trade relationships (Goldstein, 2017). Third parties also further complicate the reputation cost of complainants and respondents by increasing the likelihood of posturing by forcing the main parties to adopt uncompromising positions and thus increasing reputational costs (Busch and Reinhardt, 2006). On a similar note, Lee and Wittgenstein (2017) also focused on reputational costs while introducing a novel measure: the interconnectedness of parties to the global trade network through regional and bilateral agreements, where decreased interconnectedness in the international system increased reputation risk in a dispute since countries need to maintain their limited reputation.

The literature points to a strategic logic in WTO settlements: states choose to settle early not simply out of goodwill but because they are engaged in sophisticated cost-benefit calculations shaped by the legal infrastructure. The shadow of potential legal loss, combined with reputational pressures and negotiation challenges, drives many parties to conclude disputes behind closed doors.

3.5 Moving Forward

Existing works in the literature offer valuable insights, but they broadly examine the factors behind early settlement while overlooking the network dynamics between disputing parties and their third-party supporters. The positional influence on dispute resolution and compliance for international organizations is critical in understanding international adjudication and settlement, as shown by Simmons (2000), where countries are more likely to comply when regional peers also comply and when there is market pressure and strategic, reputational gains. In other words, as countries become more interconnected and embedded in international trade, both economically and legally, their cost-benefit analysis and actions are bound to more restraints to fulfill expectations from their partners, especially close ones or those they interact with most. WTO dispute resolution is no exception to this phenomenon

since its mechanism relies not only on legal argumentation but also on the political and economic context in which disputes are embedded. Therefore, even though legal merits, institutional procedures, and country-level characteristics remain central, the web of relationships among complainants, respondents, and third parties may significantly shape how and when disputes are resolved.

Based on the aforementioned gap, the thesis contributes to the literature in three ways. First, it introduces the concept of third-party proximity as an additional crucial determinant of early settlement likelihood, which refines existing strategic decision-making models in WTO disputes and provides a more comprehensive account of how third-party involvement shapes dispute outcomes. Second, the thesis disaggregates proximity measures into absolute and relative terms, separating and highlighting the different effects. Third, it argues for the negative influence of third parties on early settlement likelihood, an unsettled contention in the third-party literature. Policy implications of the thesis include demonstrating that international trade relationships and agreements can be strategic tools and influence international legal negotiations over economic factors.

CHAPTER 4

THEORETICAL FRAMEWORK

4.1 Conceptualizing Proximity

Following [Lee and Wittgenstein \(2017\)](#), the thesis conceptualizes proximity in legal institutional terms, referring to how deeply a party is embedded in the international trade realm through overlapping trade agreements. It is not geographic, cultural, political, or economic but institutional and relational, reflecting a country's strategic trade position within a web of bilateral, regional, and multilateral trade agreements (MTAs). For a country to have higher proximity to others, there needs to be an increased number of trade agreements and/or increased depth or strength of trade agreements. There are three reasons for this relationship. First, these agreements are viewed as a commitment that can only be achieved through sustained legal and regulatory alignment between the two countries. Second, MTAs often include mechanisms for dispute resolution, monitoring, and transparency, which create wider and tighter interdependence and institutional overlap. Third, countries with deeper and broader MTAs are subject to similar expectations and standards to their partners, making them act in a similar fashion.

Since proximity vis-à-vis trade agreements forms the structure of international trade, it influences a state's exposure to reputational pressures during WTO dispute settlement. In their article, [Lee and Wittgenstein \(2017\)](#) argue that signatories to few and shallow trade agreements have greater potential for future integration and are more sensitive to reputational damage, as a poor reputation may undermine their credibility in ongoing or future trade negotiations, thus more likely to settle early to avoid an adverse ruling that would broadcast their unreliability as a trade partner. In contrast, states with many and deep trade agreements already enjoy broad market access and established reputational capital. For these actors, the marginal reputational cost of an adverse ruling is lower, since their trade

network is more secure and less dependent on future deals, offering greater insulation from reputational fallout and making early settlement less necessary.

Despite laying the ground for a new body of literature in proximity measures, this thesis departs from [Lee and Wittgenstein \(2017\)](#) work in three ways. First, it moves beyond the boundaries of the main parties in the WTO dispute resolution process. The thesis considers the proximity of third parties to the main parties, in addition to the proximity between disputing parties. Second, it expands beyond the mechanism of the “shadow of the future” that centers on the potential reputational costs of disputing parties from participating in WTO disputes in future agreement negotiations, considering negotiation costs and benefits of settling. Finally, it focuses on the more relevant country-to-country relationship in the WTO context rather than global-scale institutional embeddedness for each country.

In addition to the legal proximity measures proposed by [Lee and Wittgenstein \(2017\)](#), the thesis also takes into account economic proximity, which is conceptualized as trade volume. This measure is relevant for three reasons. First, greater trade volumes are an indication of economic synchronization and interdependence ([Frankel and Rose, 1998](#)). Second, trade volumes reflect bilateral relations between two countries, which influence economic and trade policy decisions ([Cong et al., 2023](#)). Finally, trade volumes can reflect historical and cultural ties underpinning economic relationships, which cultivates longer-lasting diplomatic engagements and alliances ([Gen et al., 2024](#)). Therefore, as trade volume between two countries increases, they are more likely to synchronize their economic and/or trade policies, which extends to the international level through their diplomatic decisions. Similar to trade agreements, this alignment is a product of reputational pressure from partners, in other words, pressure to conform to expectations, and is then reflected in their decision-making during WTO dispute resolution.

The central argument of the thesis is that higher third-party proximity increases costs during bargaining and decreases the likelihood of early settlement because closely tied third

parties amplify the cost incurred to the main parties' reputation while increasing posturing and increasing the cost to negotiate a settlement through more transparent and scrutinized negotiation, all of which reduce the cost of litigation. In this paper's context, proximity is conceptualized as the number and depth of mutual regional and bilateral trade agreements (MTAs), as well as trade volume between main and third parties at the time of the case.

4.2 Signaling: Proximity and Costs

Drawing from theories of information signaling (Davis, 2012; Van Damme, 2017), the thesis posits that the level of proximity of third parties signals different information to parties of WTO dispute resolution, affecting their cost-benefit calculations. Information signaling is a way of communication that conveys intentions or preferences influencing others' actions, regardless of intention. Signaling does not have to be active or directly tied to an action since contexts surrounding an action, such as characteristics of the actor and spatial and temporal settings of the action, would also be considered in interpreting a signal (Ahn et al., 2013). As a signal is internalized by the receiver, the new information can reduce information asymmetry and uncertainty, which could affect the way the receiver perceives things, either related to the actor and action or the contexts surrounding it, and behave in response to the new information.

In the context of the thesis, proximity, both legal and economic, is considered information that gets signaled when a party joins a dispute. In other words, when a country joins a dispute, its proximity to other parties creates a signal that is sent to all parties involved, which can be interpreted in three ways, regardless of whether the main party is a complainant or a respondent. First, following the "shadow of the future" framework (Lee and Wittgenstein, 2017), when country A with higher proximity joins a case, it signals to other parties (for example, Country B) that country A wishes to observe the behavior of country B in the case and see if country B can keep up with its commitments, especially with the existing MTAs.

On the other hand, when country C, with lower proximity, joins a case, country B can interpret this as country C attempting to learn about country B's behavior in anticipation of future trade relations or agreements.

Second, when new countries join a dispute, the existing parties can internalize the proximity information as a signal of the level of scrutiny and transparency that the new entrant is likely to exert in the dispute. When Country A, with high proximity, joins a case with Country B, the latter can interpret this move as an indication that the case will now receive increased scrutiny and transparency due to Country A's need to maintain consistency with its wide network of deep trade agreements (MTAs) (Busch and Reinhardt, 2006; Pelc, 2017). On the other hand, when Country C, with lower proximity, joins the case, Country B would expect less scrutiny from Country C since the latter is not constrained by as many trade obligations and is less likely to insist on consistency across commitments.

Third, when a new country joins a dispute, the existing parties may also interpret the move as an attempt by the entrant to advance its own strategic or economic interests (Johns and Pelc, 2014). If Country A, with high proximity, joins a case involving Country B, it can signal that Country A is seeking to obtain specific concessions that it could not extract through its numerous other institutional channels. Because it already participates in a dense web of MTAs, it may be less willing to be satisfied with broad or vague commitments. Conversely, if Country C, with low proximity, joins the dispute, Country B can expect Country C to be more willing to accept negotiation terms, as it lacks the institutional leverage of multiple MTAs and may see this dispute as a rare opportunity to gain influence or access to learn about litigation.

The interpretations of third-party proximity by the main parties would result in several cost-benefit structures, which will be discussed in the next section.

4.3 Bargaining: Costs and Early Settlement

Drawing from theories of bargaining in the shadow of the law (Mnookin and Kornhauser, 1979; Busch and Reinhardt, 2000; Steinberg, 2002), the thesis further posits that the different cost-benefit structures from proximity variation affect the likelihood of early settlement in WTO dispute resolution. As previously discussed, the WTO and MTAs provide legal frameworks that countries adhere to even when they negotiate outside of the WTO formal adjudication process (Claussen, 2021; Eddy, 2023). This shadow bargaining is particularly prevalent in the consultation and pre-panel ruling phases of a WTO DSM, as countries have the flexibility and opportunity to discuss their dispute and weigh the costs and benefits of a settlement or adjudication in private, or at least in the case of third-party presence, in a contained environment.

In the context of the WTO, the cost of negotiations is characterized as the expenses and challenges states face in advocating for their interests during a dispute, including the effort required to negotiate a settlement that would satisfy the parties involved (Bown, 2005). A similar but slightly different cost is reputational, the cost incurred to states' credibility of cooperating and adhering to their commitments in international trade, which is important for states to continue trade or make agreements outside of the boundaries of a case (Conti, 2010; Carvalho and Canesin, 2018). For simplicity, both negotiation and reputational costs are understood as costs from the perspective of the parties in question instead of being perceived by others or an observer.

Following the three interpretations of third-party proximity by main parties, three potential cost-benefit analyses are constructed. First, under the “shadow of the future” logic, when a highly proximate country joins a dispute, it signals to the main disputing parties that their behavior will have long-term reputational implications on existing partners (Lee and Wittgenstein, 2017). This increases the pressure on the main party (Country B) to take a hard posture and avoid appearing weak or inconsistent, which may discourage premature

concessions that could be seen as undermining its credibility in adhering to both existing and future MTAs. In other words, as proximity increases, the reputation cost to settle increases while the reputation cost to litigate decreases, or even becomes beneficial.

Second, high proximity signals increased scrutiny and transparency in the dispute process. When a close country enters the case, it brings with it a network of commitments that require consistency and accountability. This elevated level of scrutiny may discourage private or informal bargaining, which is typically easier in more opaque settings (Busch and Reinhardt, 2006; Hornsby, 2010; Bonnitcha and Williams, 2024). The main party may instead prefer formal adjudication, where it can justify its actions publicly and respond to the legal expectations of multiple audiences, decreasing the benefits of settling in relation to the cost of negotiating a settlement and making litigation more beneficial or less costly.

Third, high proximity suggests that the third party has less incentive to settle quickly, as it likely joined the dispute to extract specific, strategic concessions not available through other venues (Johns and Pelc, 2014; Pelc, 2017). In addition, the more agreements a country is part of, the less marginal benefit it derives from any single deal, making it more demanding and less willing to compromise. This can raise the overall bargaining threshold and stall settlement, increasing the negotiation cost for the main parties and making litigation relatively less costly.

4.4 Proximity and Early Settlement

The combined effects of proximity as it increases result in a decreased likelihood of early settlement. In other words, as the average proximity of third parties to the main parties increases, the dispute case is less likely to reach an early settlement. This relationship is the anticipated outcome for all three measures of proximity, resulting in the following hypotheses.

- *H1: As third parties have more MTAs on average with the main parties, the likelihood of settlement decreases.*

- *H2: When the average depth of MTAs between third parties and main parties increases, settlement becomes less likely.*
- *H3: Increased average trade volume between third parties and main parties results in a decreased probability of settling a case early.*

The step-by-step theoretical framework of the argument, from signaling and bargaining to cost-benefit analysis and settlement outcome, can be broken down as shown in Figure 4.1.

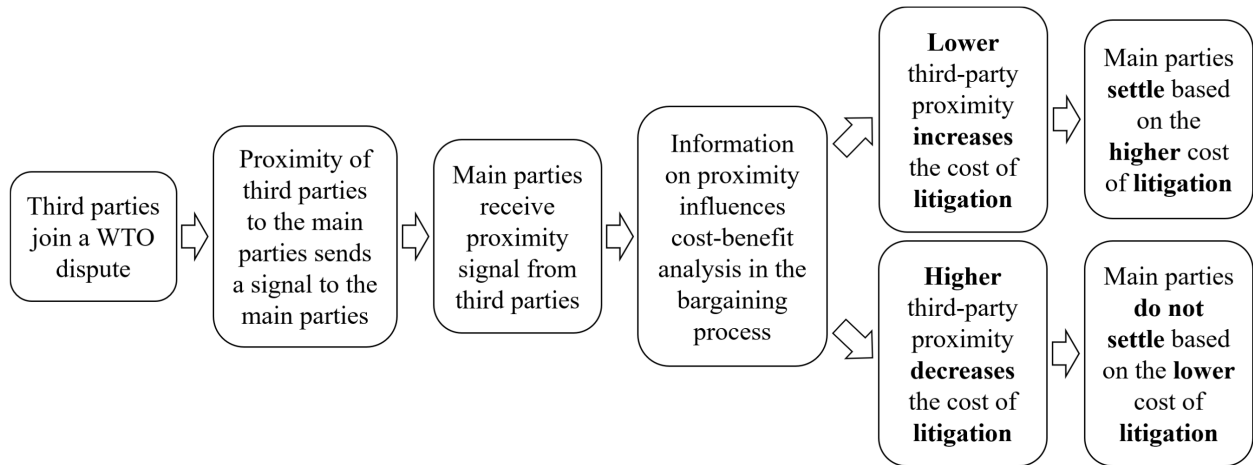


Figure 4.1: Theoretical framework of the argument, illustrating signaling and bargaining and their diverging effects of low and high third-party proximity to main parties.

CHAPTER 5

DATA AND METHODS

5.1 Sources for Data

The thesis utilizes the WTO DSM case database and quantitative methods to provide evidence in support of the argument. As of December 2023, the WTO DSM dataset includes 621 consultations, 372 disputes, 290 panel reports, and 191 appeals ([Global Governance Programme, European University Institute, 2020](#); [World Trade Organization, 2024c](#)). To account for the halt in the appellate body’s adjudication process since 2017, the thesis only includes WTO cases with panels established between 1995 and 2016, bringing down the number of evaluated cases to 516. Since the thesis focuses on evaluating the influence of third-party proximity to main parties on the likelihood of early settlement, the analysis only includes cases that have third parties, which brings the number of cases down to 213, before being reduced again to 203 due to excluding missing data. Non-third-party cases are unaffected by the variables of interest; therefore, excluding them minimizes noise in the data and distortion in the independent variables’ effects on cases that matter. To focus on the probability of early settlement, the analysis examines the circulation phase of the panel report, excluding consideration of the appellate process. The information available in the WTO DSM database includes the parties involved, case outcomes, the presence of systemic issues, provisions cited, and types of policies considered.

The thesis also draws on other sources for additional variables. This includes the DESTA project database that accounts for all trade agreements between countries in a dyad form since 1948 ([Dür et al., 2014](#)); the Correlates of War (COW) Trade v4.0 database that includes the trade volume between two countries from 1870 to 2014 ([Barbieri and Keshk, 2016](#)); the World Bank database that collects Gross Domestic Product (GDP) ([World Bank, 2024a](#)), and GDP per capita of all countries since 1960 ([World Bank, 2024b](#)); and the V-Dem Core

dataset that provided liberal democracy ratings from 1789 (Coppedge et al., 2024). Although these datasets span older years, only data from 1995 to 2016 are used in the analysis, except for the trade agreements, which utilize older data to account for the cumulative agreement count and depth over time.

5.2 Dependent Variable and Indexing

Each case in the WTO DSM constitutes a single observation, encompassing the various variables. The identifier variable for each case is the case number; duplicated cases are combined into a single observation, while cases with multiple complainants are disaggregated into multiple cases with identical information. Each case has main parties, which consist of the respondent and a complainant, as well as up to thirty-five third parties that have been confirmed and officially joined the case as observers. Case outcomes vary in three ways: (1) settling early during the consultation, (2) settling early during panel discussions, and (3) not settling until the panel report is circulated. For simplification, the thesis collapses this classification into a dummy variable, with cases settled before a panel report is issued as 1, and cases with a panel report issued or not yet solved are coded as 0.

5.3 Independent Variables

The primary independent variable of the thesis is proximity, which will be coded as the weighted sum of trade agreements and trade volume between third parties and both the complainant and the respondent. In other words, the number and depth of dyadic relationships of mutual trade agreements (MTAs) and dyadic trade volume between the main parties and third parties will be added for each case. The first measure is derived from the DESTA project dataset, which provides a comprehensive list of treaties coded on a dyad level. The list is aggregated based on the country pairs, creating a cumulative MTA count in dyad-year

format. The second measure is also created from the DESTA project, especially the depth index of each MTA that is constructed using the Rasch model of latent trait analysis on 49 trade agreement variables. Examples of the trade agreement variables are whether the agreement foresees that all tariffs should be reduced to zero and whether the agreement includes substantive, actionable provisions of collaboration in services trade, investments, standards, public procurement, competition, and intellectual property rights. The additive index ranges from -1.50 to 2.09 , which is rescaled to between 0 and 1 for simplicity. Since depth is coded for each agreement, the data is also aggregated based on the country pairs, creating a cumulative MTA depth in dyad-year format that is similar to a weighted sum of agreements between two countries. The third measure is taken from the COW Trade database, which includes the flow of trade between two countries for a given year that could then be summed into total trade volume in dyad-year format.

The independent variables are then weighted based on each third party's GDP divided by the total GDP of all third parties in the case, done to take into account unequal or concentrated influence from each third party. This results in three measures of proximity that will be used in the analysis: the weighted total number of MTAs between the third parties and the main parties, the weighted cumulative depth index of all MTAs between the third parties and the main parties, and the weighted trade volume between the third and main parties.

There are three ways to operationalize each proximity measure: raw total, third-party to all-party ratio, and third-party to main-party ratio. The raw total is constructed by simply summing the values of each measure from all third parties based on their weights (5.1). The third-party to all-party ratio is created by dividing the weighted sum of third-party values by the weighted sum of third-party and main-party values (5.2). The last operationalization divides the weighted sum of third-party values by the weighted sum of main-party values (5.3). For clarity, the following formulas are used for each operationalization.

$$\sum \text{TP Proximity Measure} \times \text{TP Weight} \quad (5.1)$$

$$\frac{\sum \text{TP Proximity Measure} \times \text{TP Weight}}{\sum \text{TP Proximity Measure} \times \text{TP Weight} + \sum \text{MP Proximity Measure} \times \text{MP Weight}} \quad (5.2)$$

$$\frac{\sum \text{TP Proximity Measure} \times \text{TP Weight}}{\sum \text{MP Proximity Measure} \times \text{MP Weight}} \quad (5.3)$$

The three operationalizations are used to capture three potential ways third parties influence a case. First, they could exert influence through sheer aggregate presence or capacity, regardless of how that compares to the main parties (captured by the raw total). Second, they could influence outcomes through relative dominance within the dispute context, where their proximity outweighs or balances that of the main parties (captured by the third-party to all-party ratio). Lastly, they could shape early settlement incentives through direct asymmetrical power or resources over the main parties (captured by the third-party to main-party ratio), which highlights the immediate relational gap between third parties and disputants.

5.4 Control Variables

Seven control variables will also be included in the model to emphasize the effects of the independent variables, and Figure 5.1 illustrates the correlations between all variables considered in the analysis to empirically support the selection of controls. First, the number of third parties in each case is used as control since previous works have found that an increased number of third parties decreases the likelihood of early settlement ([Busch and Reinhardt, 2006](#)) while also inherently increasing the number of trade agreements and volume in a case. In addition, controlling for third-party count enables the analysis to infer the effects of proximity when holding the count constant, or in other words, seeing whether different proximity

levels change early settlement likelihood when there is the same number of third parties in a case.

Second, the legal capacity of third parties is used as a control since disparities in legal expertise and resources can shape the ability of countries to influence early settlement outcomes, with more legally equipped states potentially leveraging their experience and resources to extract concessions or shape the negotiation process more effectively in their favor (Abedin and Odano, 2005; Conti, 2010; Lee, 2018). Furthermore, countries with more trade agreements are likely to have better legal capacity, since these agreements require legal analysis and procedure to draft and ratify, which could prolong disputes. Although Busch et al. (2009) pointed out that using GDP per Capita as a proxy for legal capacity is not straightforward and is fraught with limitations, it is the most available approximation and is still in accordance with previous studies. To support this, Figure 5.1 shows that legal capacity measures are strongly correlated with the proximity variables and correlated with early settlement.

Third, the liberal democracy score of third parties is also considered to capture domestic institutional constraints that may affect a state's behavior in international agreements and negotiations. More democratic countries are often subject to greater public scrutiny and lobbying pressures, which can either facilitate or delay early settlements (Ryu and Stone, 2018). In addition, democracies tend to have more trade agreements and follow those agreements since they enjoy a reputational advantage as countries see them as more stable and have higher expectations to adhere to their commitments on trade agreements, making them more likely to litigate and defend their status (Chen et al., 2023). Figure 5.1 also shows that the liberal democracy score is strongly correlated with both the independent (up to -0.15) and dependent variables (-0.01 and -0.13), supporting its inclusion as a control variable.

Both legal capacity and liberal democracy score of third parties are constructed as a weighted sum measure, similar to the proximity measures. This is done to reflect the average

characteristics of third parties in a case. However, the measures are only operationalized as a third-party to main-party ratio, capturing the direct relational influence of asymmetry between third parties and main parties in a case. The choice is supported by Figure 5.1, where the correlations between these measures and the independent and dependent variables are stronger than the raw total (-0.09 to 0.03 and -0.13 to 0.01). The following formula is used to construct the two variables.

$$\frac{\sum \text{TP Control Measure} \times \text{TP Weight}}{\sum \text{MP Control Measure} \times \text{MP Weight}} \quad (5.4)$$

The last four control variables are based on case characteristics. First, case complexity is measured by the number of WTO provisions or agreements cited in the claims, which is available in the WTO DSM dataset. The values of this variable are simply the sum of cited provisions or agreements in each case. This variable controls for the trend that more complex legal claims are harder to argue coherently and strongly in formal litigation settings, incentivizing early settlement (Busch and Reinhardt, 2006). Second, whether Article XXII is cited is coded as “1” if yes, and “0” if not. This variable is included since Article XXII signals an invitation for broad participation by the main parties in cases without severe violations, creating a more dynamic and docile legal and strategic environment for the case to move towards a settlement that favors one side (Busch and Reinhardt, 2006). Third, the presence of a systemic issue will be coded based on third-party statements in each case’s panel report. The result is a dummy variable, where “1” indicates that a systemic issue is cited in the case, and “0” indicates otherwise. This variable matters because claims for systemic concerns can elevate the stakes of a dispute, prompting third parties to raise broader legal or institutional implications, which in turn prolong negotiations and reduce the likelihood of early settlement (Busch and Reinhardt, 2006). Fourth, the case’s policy matter is drawn from the types of policy disputed in the WTO DSB. Each case is assigned to one of 5 policy types and coded as a categorical variable: (1) discriminative or preferential policies,

(2) technical or customs trade barriers to exports and imports, (3) subsidy or dumping policies, (4) intellectual property policies, and (5) taxes and investments policies on goods and services. These categories capture variations in economic and political stakes, as well as legal contestation, with some issues being inherently harder to settle due to their domestic political sensitivity and/or severity in international trade networks (Busch and Reinhardt, 2006).

Similar to the previous two control variables, Figure 5.1 shows that each of the case control measures is highly correlated with both early settlement (between -0.08 and 0.23) and proximity measures (up to 0.31), indicating that they are suitable control variables. For the policy control, a categorical variable is used over dummy variables for each group to simplify the model while still capturing the effect, as indicated by the high correlation between the categorical and dummy policy variables in Figure 5.1.

5.5 Methods

Following Klishch and Larionov (2022), the thesis uses probit regression of the WTO DSM and DESTA project data to test the hypotheses. The default regression model is shown below, where Y is the settlement outcome, X_1 is the measure of proximity, and X_i are the control variables from average third-party and case characteristics. For the hypotheses to be correct and the argument of the thesis to be supported by evidence, the data would show that the coefficient for proximity variables is statistically significant and negative.

$$Y = \beta_0 + \beta_1 X_1 + \beta_i X_i \tag{5.5}$$

From the default regression model above (5.5), nine regression models are constructed. The first three models (Models 1, 2, 3) test the MTA Count measure using the three different operationalizations: raw total, third-party to all-party ratio, and third-party to main-party

ratio. Models 4, 5, and 6 use the same three operationalizations, respectively, for the MTA Depth measure. The last three models (Models 7, 8, 9) also incorporated the three consecutive operationalizations for the Trade Volume measure. To help with results interpretation, all independent and control variables are standardized to a mean of 0 and a standard deviation of 1 before the probit regression is applied.

Table 5.1 presents the summary statistics for all dependent, independent, and control variables, including the number of observations, mean, standard deviation, minimum and maximum values, and quartile values, before the standardization. The summary statistics for standardized variables are attached as an appendix in Table A.1.

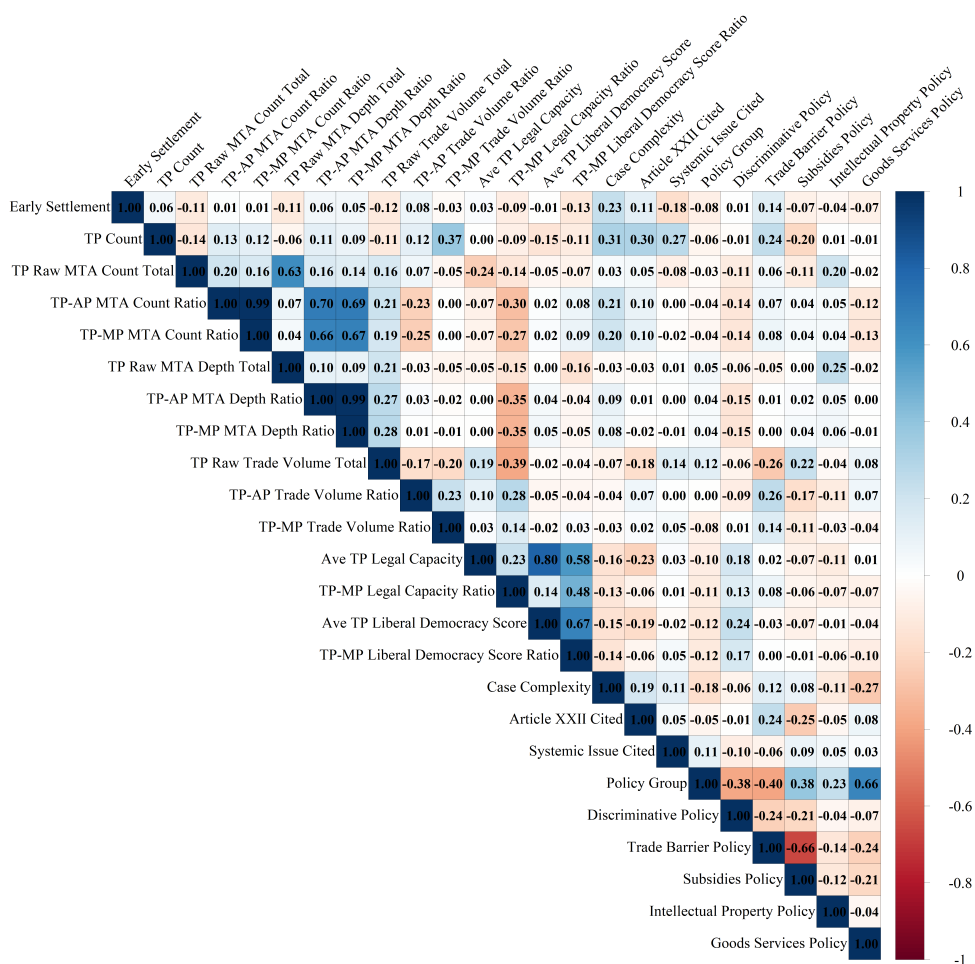


Figure 5.1: Correlation matrix of all variables considered. The values in each box are the correlation between the row and column variables. Colors indicate the strength of correlation.

Table 5.1: Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Median	Pctl(75)	Max
Early Settlement	203	0.064	0.245	0	0	0	0	1
Third Party Count	203	9.744	6.340	2	5	7	14.5	35
TP Raw MTA Count Total	203	1.200	0.961	0.015	0.569	0.889	1.621	6.047
TP to AP MTA Count Ratio	203	0.845	0.297	0.010	1.000	1.000	1.000	1.000
TP to MP MTA Count Ratio	203	3.225	1.431	0.010	4.000	4.000	4.000	4.000
TP Raw MTA Depth Total	203	1.070	1.701	0.000	0.190	0.568	1.302	12.813
TP to AP MTA Depth Ratio	203	0.918	0.242	0.000	1.000	1.000	1.000	1.000
TP to MP MTA Depth Ratio	203	3.586	1.084	0.000	3.966	3.966	3.966	3.966
TP Raw Trade Volume Total*	203	288,118	173,175	1,750	178,924	265,135	380,358	916,526
TP to AP Trade Volume Ratio	203	0.657	0.288	0.004	0.325	0.764	0.910	1.000
TP to MP Trade Volume Ratio	203	39.273	197.396	0.004	0.481	3.235	10.050	2,334.238
Average TP Legal Capacity**	203	30,307	13,570	1,822	25,180	32,268	35,083	160,913
TP to MP Legal Capacity Ratio	203	0.688	1.209	0.010	0.065	0.361	0.675	9.714
Average TP LibDem Score	203	0.710	0.488	0.140	0.580	0.697	0.758	7.204
TP to MP LibDem Score Ratio	203	0.814	0.936	0.033	0.323	0.733	0.985	9.122
Case Complexity	203	2.606	1.131	1	2	3	3	6
Article XXII Cited	203	0.729	0.446	0	0	1	1	1
Systemic Issue Cited	203	0.897	0.305	0	1	1	1	1
Policy Group	203	2.473	1.045	0	2	2	3	5
Discriminative Policy	203	0.069	0.254	0	0	0	0	1
Trade Barrier Policy	203	0.433	0.497	0	0	0	1	1
Subsidies Policy	203	0.365	0.482	0	0	0	1	1
Intellectual Property Policy	203	0.025	0.155	0	0	0	0	1
Goods Services Policy	203	0.069	0.254	0	0	0	0	1

TP=Third Parties; AP=All Parties; MP=Main Parties; LibDem=Liberal Democracy.

*Trade in millions of 2014 US dollars. **GDP Per Capita in 2024 US dollars.

CHAPTER 6

RESULTS

The results support the first and second hypotheses but fail to establish the third one. First, third parties' mutual trade agreements (MTAs) with main parties, both in terms of count and depth, significantly decrease the likelihood of early settlement. Second, trade volume between third parties and main parties has an insignificant effect on early settlement. Despite this, the predicted probability of early settlement based on all proximity measures still shows a noticeable negative effect.

The results of the regressions on the nine models are presented in Table 6.1. At a glance, several trends could be noticed. First, the constant value is negative and significant for all models, which means third-party presence alone in a case decreases settlement probability. Second, the third-party count variable is not statistically significant in all models, indicating that when proximity measures are introduced, the number of third parties in a case is not sufficient to explain their role in early settlement. Third, the ratio of the third-party and main-party liberal democracy score is negative and statistically significant in four out of nine models. This means that as third parties become more democratic on average compared to the main parties, the likelihood of early settlement decreases while holding other variables constant. Fourth, case complexity is statistically significant and positive in all models, indicating that all else equal, settlement is more likely to happen when more articles are included in the case. Finally, the presence of systemic issues is also statistically significant but negative in all models. This indicates that when a broader trade issue is discussed or raised in a case, considering all other variables constant, the probability of settling decreases. To note, the direction of these statistically significant values are expected and in line with previous findings ([Busch and Reinhardt, 2006](#)).

Table 6.1: Regression Results

	MTA Count			MTA Depth			Trade Volume		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Constant	-2.528*** (0.391)	-2.175*** (0.288)	-2.174*** (0.287)	-2.953*** (0.492)	-2.185*** (0.291)	-2.179*** (0.289)	-2.308*** (0.307)	-2.170*** (0.289)	-2.176*** (0.287)
Third Party Count	-0.253 (0.237)	-0.111 (0.208)	-0.111 (0.208)	-0.295 (0.244)	-0.132 (0.216)	-0.125 (0.214)	-0.225 (0.215)	-0.119 (0.210)	-0.108 (0.223)
Third Party Raw Total	-0.613* (0.239)			-1.633* (0.635)			-0.468 (0.259)		
TP to All Party Ratio		-0.008 (0.206)			0.112 (0.259)			0.032 (0.213)	
TP to Main Party Ratio			-0.012 (0.201)			0.063 (0.233)			-0.015 (0.302)
TP to MP Legal Capacity Ratio	-0.150 (0.638)	0.099 (0.480)	0.096 (0.476)	-0.091 (0.670)	0.162 (0.475)	0.140 (0.471)	-0.068 (0.466)	0.068 (0.525)	0.105 (0.455)
TP to MP LibDem Score Ratio	-1.248* (0.599)	-1.080 (0.621)	-1.074 (0.618)	-1.573* (0.644)	-1.133* (0.575)	-1.114 (0.572)	-1.306* (0.591)	-1.036 (0.657)	-1.088 (0.568)
Case Complexity	0.683** (0.233)	0.553** (0.202)	0.554** (0.201)	0.790** (0.265)	0.551** (0.198)	0.552** (0.198)	0.550** (0.200)	0.555** (0.199)	0.550** (0.200)
Article XXII Cited	0.472 (0.275)	0.291 (0.237)	0.292 (0.238)	0.362 (0.264)	0.293 (0.239)	0.293 (0.238)	0.184 (0.244)	0.290 (0.238)	0.291 (0.238)
Systemic Issue Cited	-0.406* (0.160)	-0.339* (0.143)	-0.340* (0.144)	-0.379* (0.158)	-0.326* (0.143)	-0.331* (0.144)	-0.268 (0.144)	-0.336* (0.141)	-0.339* (0.141)
Policy Group	-0.051 (0.244)	-0.097 (0.197)	-0.096 (0.197)	-0.071 (0.243)	-0.092 (0.195)	-0.093 (0.196)	-0.132 (0.213)	-0.096 (0.196)	-0.097 (0.196)
AIC	77.665	86.591	86.588	73.019	86.398	86.520	83.115	86.570	86.590
BIC	107.484	116.410	116.407	102.837	116.216	116.339	112.933	116.389	116.409
Log Likelihood	-29.832	-34.295	-34.294	-27.509	-34.199	-34.260	-32.557	-34.285	-34.295
Deviance	59.665	68.591	68.588	55.019	68.398	68.520	65.115	68.570	68.590
Num. obs.	203	203	203	203	203	203	203	203	203

*** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$. TP=Third Parties; MP=Main Parties; LibDem=Liberal Democracy.

6.1 MTA Count

Shifting focus to the first three models, MTA Count exhibits a detrimental effect on early settlement. In the first model, the coefficient of -0.613 for raw total means that a one standard deviation (SD) shift results in a negative -0.613 shift in latent (z-score) settlement probability, or in other words, as third parties have more MTAs with main parties, the likelihood of settlement decreases. This coefficient is statistically significant at $p < 0.05$. The other two models are not statistically significant within the conventional confidence interval of 95% but still have negative signs (-0.008 and -0.012), indicating a similar trend across MTA Count measure operationalizations. The marginal effects of the MTA Count raw total further support the regression results, as shown in Figure 6.1, where a one SD increase in MTA Count is associated with approximately a 0.05 (5 percentage-point) decrease in the probability of settlement on average, holding other factors constant. Marginal effects for the other models are also negative, but are not statistically significant and close to 0.

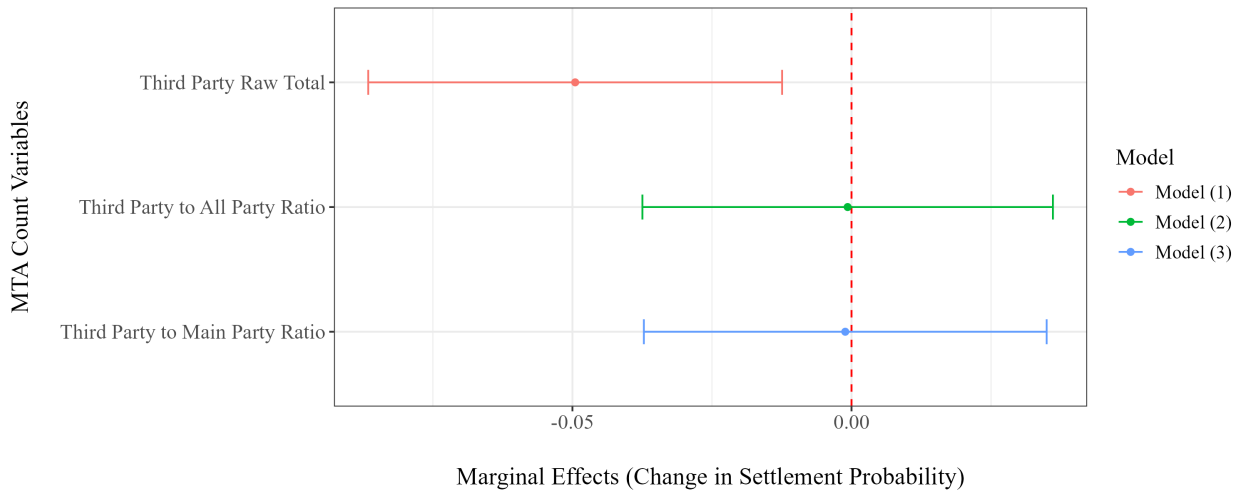


Figure 6.1: Marginal effects of MTA Count on Early Settlement across MTA Count models (Models 1, 2, 3) with 95% Confidence Interval.

In terms of predicted probability, all three MTA Count measure operationalizations show a statistically significant decreasing trend of settlement as the measure increases, holding

other variables constant at their means of 0. For the MTA Count raw total, the predicted probability of settlement decreases from 1.93% [0.31%, 8.14%] in the 25th percentile to 0.14% [0%, 2.25%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Count being 0.57% [0.05%, 3.90%]. For the MTA Count third-party to all-party ratio, the predicted probability of settlement decreases from 1.50% [0.24%, 6.49%] in the 25th percentile to 1.46% [0.25%, 5.98%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Count being 1.48% [0.31%, 5.35%]. Finally, for the MTA Count third-party to main-party ratio, the predicted probability of settlement decreases from 1.52% [0.24%, 6.51%] in the 25th percentile to 1.45% [0.25%, 5.90%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Count being 1.48% [0.31%, 5.36%]. Figure 6.2 shows the predicted probability of the MTA Count raw total on a continuous scale of the normal distribution, illustrating the smooth decrease of early settlement probability from up to 2.2% at -1 SD from the mean down to almost zero at 1 SD.

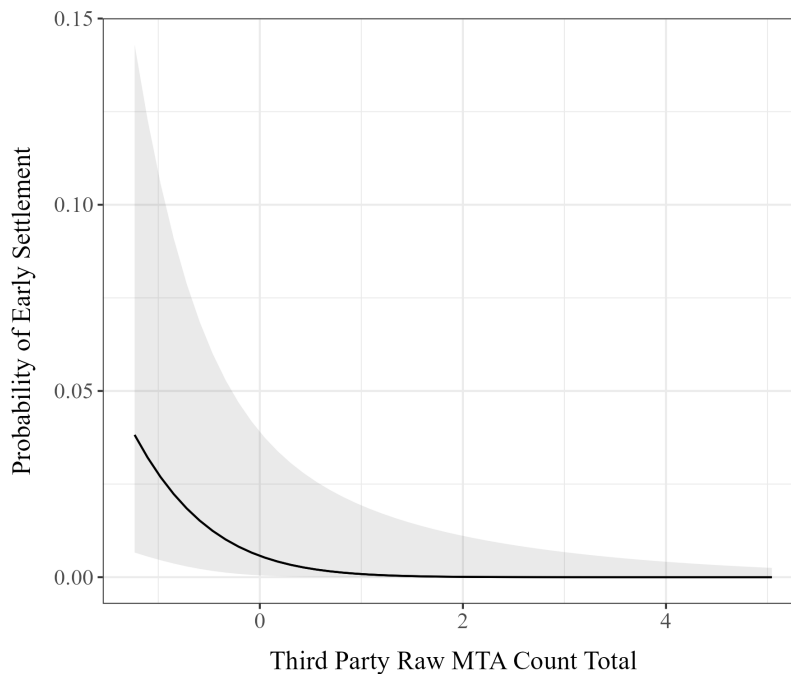


Figure 6.2: Predicted probability of Early Settlement conditional on Third Party Raw MTA Count Total while other variables held at their means with 95% Confidence Interval.

6.2 MTA Depth

The next three models evaluate the MTA Depth, showing a statistically significant adverse effect on early settlement. In Model 4 on Table 6.1, the coefficient of -1.633 for raw total means that a one standard deviation (SD) shift results in a negative 1.633 shift in latent settlement probability, which means that as third parties have deeper MTAs with main parties, the likelihood of settlement decreases. This coefficient is statistically significant at $p < 0.05$. The other two models are positive, but not statistically significant at a 95% confidence interval (0.112 and 0.063). The marginal effects of the MTA Depth raw total further support the regression results, where a one SD increase in MTA Count is associated with approximately a 12 percentage-point decrease in the probability of settlement on average, holding other factors constant, as shown in Figure 6.3. Marginal effects for the other models are slightly positive, but are not statistically significant and close to 0.

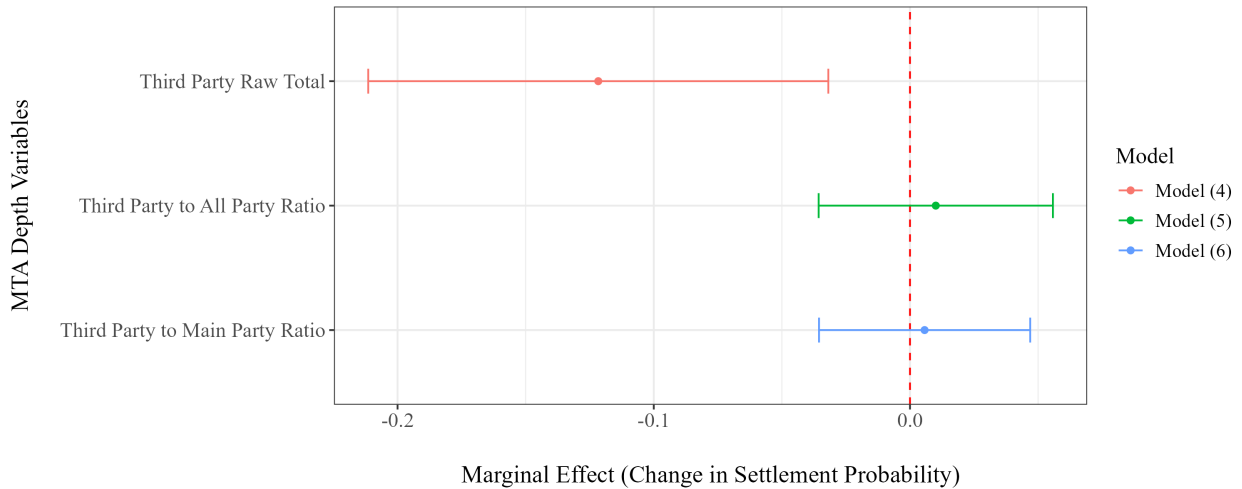


Figure 6.3: Marginal effects of MTA Depth on Early Settlement across MTA Depth models (Models 4, 5, 6) with 95% Confidence Interval.

In terms of predicted probability, the three MTA Depth operationalizations show a similar trend of settlement as the measure increases, holding other variables constant at their means of 0. For the MTA Depth raw total, the predicted probability of settlement decreases

from 4.19% [0.64%, 16.62%] in the 25th percentile to 0% [0%, 0.74%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Depth being 0.15% [0%, 2.34%]. For the MTA Depth third-party to all-party ratio, the predicted probability of settlement moderately increases from 1.16% [0.14%, 6.04%] in the 25th percentile to 1.78% [0.30%, 7.35%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Depth being 1.44% [0.29%, 5.31%]. Finally, for the MTA Depth third-party to main-party ratio, the predicted probability of settlement slightly increases from 1.30% [0.18%, 6.03%] in the 25th percentile to 1.65% [0.27%, 6.88%] in the 75th percentile, with the predicted probability of settling at the mean of MTA Depth being 1.47% [0.30%, 5.33%]. The numbers above are echoed by Figure 6.4, which shows the predicted probability of the MTA Depth raw total, illustrating the smooth decrease of early settlement probability from up to 2.7% at -0.5 SD from the mean down to almost zero at 0.5 SD.

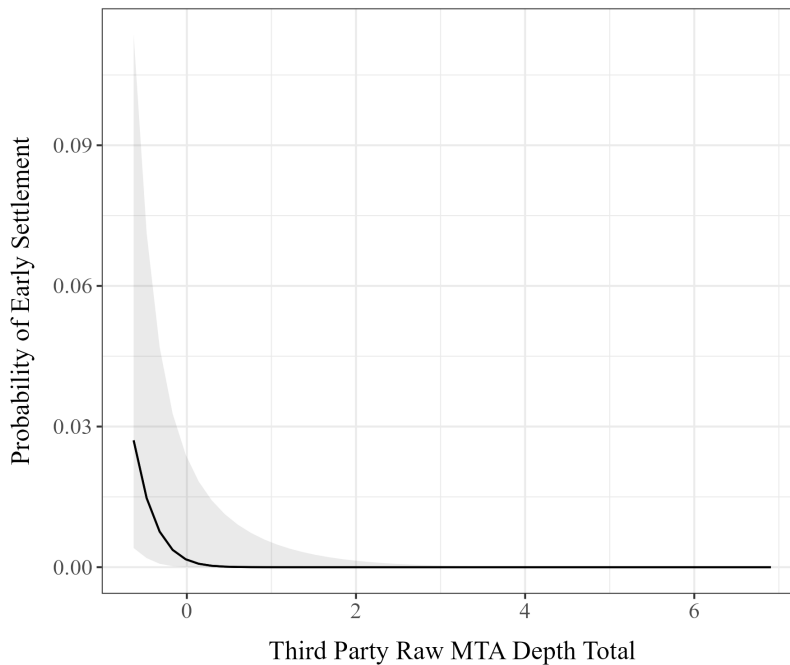


Figure 6.4: Predicted probability of Early Settlement conditional on Third Party Raw MTA Depth Total while other variables held at their means with 95% Confidence Interval.

The different results between MTA Depth operationalizations show a clear divergence in interpreting third parties' influence. The raw total measure shows a statistically significant negative effect on settlement probability, whereas both the third-party to all-party and third-party to main-party ratios yield small, positive coefficients that fail to reach significance. This pattern suggests that it is the sheer weight of extra-legal linkages, rather than the proportion of those linkages relative to other parties, that most powerfully impedes early settlement.

6.3 Trade Volume

The last three models evaluate the Trade Volume, showing a mixed effect on early settlement. According to Table 6.1, Models 7 and 9 have negative coefficients (-0.468 and -0.015) for Trade Volume measures, but are not statistically significant at the conventional 95% confidence interval. Model 8 has a slightly positive coefficient for the third-party to all-party Trade Volume ratio (0.032). However, this coefficient is not statistically significant. The marginal effects of the Trade Volume measures presented in Figure 6.5 reflect this coefficient direction and insignificance.

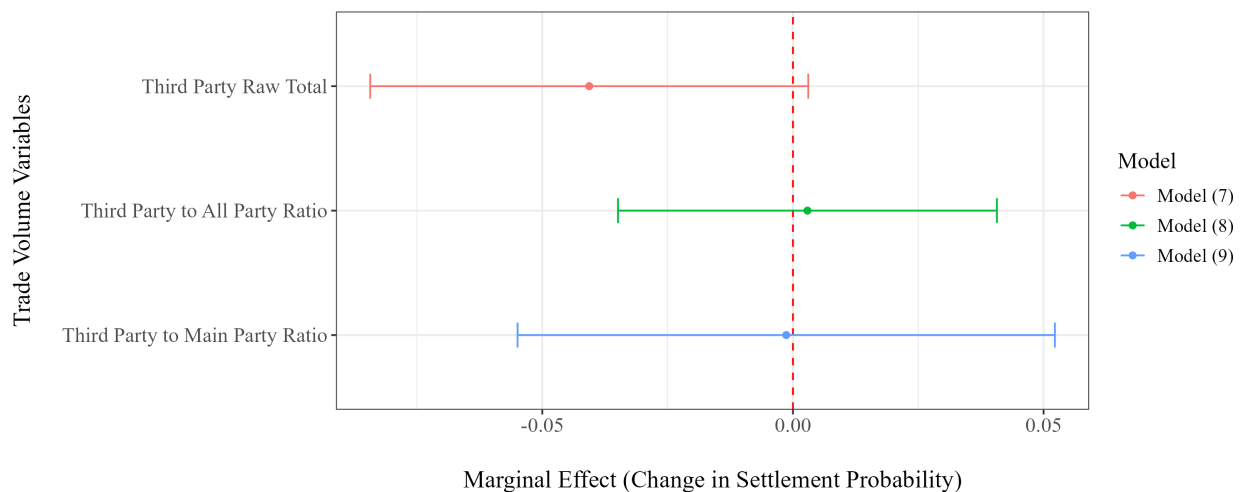


Figure 6.5: Marginal effects of Trade Volume on Early Settlement across Trade Volume models (Models 7, 8, 9) with 95% Confidence Interval.

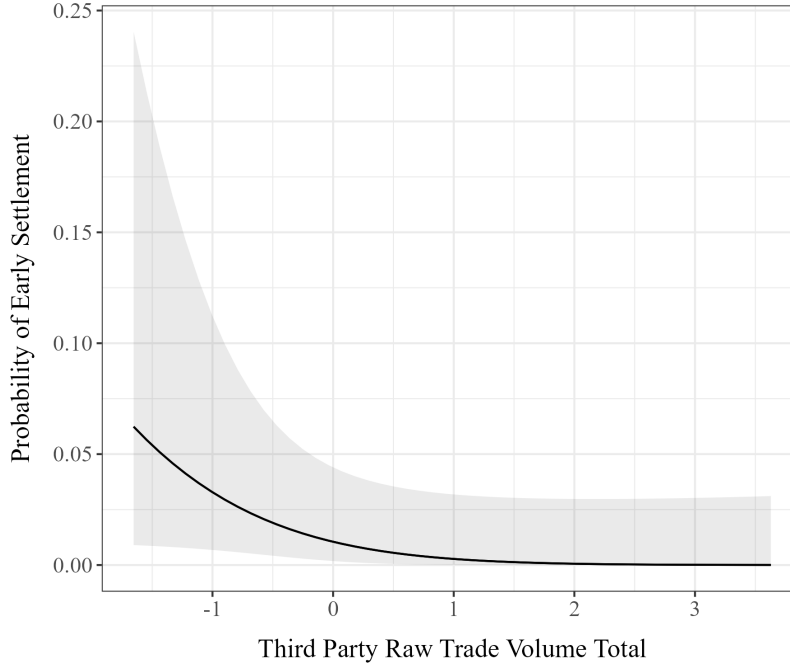


Figure 6.6: Predicted probability of Early Settlement conditional on Third Party Raw Trade Volume Total while other variables held at their means with 95% Confidence Interval.

The predicted probability of settlement is statistically significantly affected by Trade Volume, although in different directions based on the operationalization of the measure, when holding other variables constant at their means of 0. For the Trade Volume raw total, the predicted probability of settlement decreases from 2.51% [0.56%, 8.42%] in the 25th percentile to 0.39% [0.02%, 3.32%] in the 75th percentile, with the predicted probability of settling at the mean of Trade Volume being 1.05% [0.18%, 4.40%]. For the Trade Volume third-party to all-party ratio, the predicted probability of settlement slightly increases from 1.41% [0.24%, 5.79%] in the 25th percentile to 1.59% [0.24%, 6.00%] in the 75th percentile, with the predicted probability of settling at the mean of Trade Volume being 1.50% [0.31%, 5.43%]. Finally, for the Trade Volume third-party to main-party ratio, the predicted probability of settlement moderately increases from 0.48% [0.04%, 3.25%] in the 25th percentile to 3.89% [1.16%, 10.43%] in the 75th percentile, with the predicted probability of settling at the mean of Trade Volume being 1.48% [0.30%, 5.33%]. The numbers above are

further illustrated by Figure 6.6, showing the smoothly decreasing predicted probability of early settlement with respect to the Trade Volume raw total, from up to 5.5% at -1 SD from the mean down to around 0.5% at 1 SD.

Although the three Trade Volume operationalizations point in different directions—raw total and third-party to main-party ratios yielding negative point estimates, and the third-party to all-party ratio a small positive estimate—none of these effects have the conventional level of statistical significance. This uniformly weak evidence suggests that variation in third-party Trade Volume, whether measured in absolute terms or relative shares, does not predict early settlement meaningfully, even when other variables are constant.

CHAPTER 7

DISCUSSION

7.1 Overview of Research Design and Findings

The thesis investigated a central puzzle in the literature on WTO dispute settlement: under what conditions do disputes settle early, prior to the establishment of a formal panel? Building on theories of reputational costs, legal commitment, and economic interdependence, it focused on the role of third-party proximity, measured via multilateral trade agreement (MTA) count, MTA depth, and bilateral trade volume, in shaping the incentives of disputing parties to negotiate a settlement. Third-party proximity was defined as the degree to which non-disputing WTO members are legally or economically connected to the main parties in a dispute.

To answer this question, the thesis measured third-party proximity in three ways. First was the number of MTAs to which each third party and the disputing parties are jointly bound as signatories (“MTA Count”). Second was the sum of the depth of those MTAs, constructed by the DESTA project using the number of distinct provisions or commitments they contain, to capture the intensity of legal ties (“MTA Depth”). The last one was the total bilateral trade volume between each third party and the main parties. Each of the variables was operationalized into three measures: raw total, third-party to all-party ratio, and third-party and main-party ratio, allowing specific analysis of absolute and relative influence of third parties. Combinations of the variables and operationalizations were tested in a series of probit models predicting the binary outcome of early settlement.

The results yield clear and theoretically meaningful patterns. First, the raw total of MTA Count emerges as a robust predictor: additional joint MTA between third parties and the disputing pair significantly reduces the probability of early settlement. In predicted probability terms, a one-standard-deviation increase in MTA Count is associated with a

roughly 5-percentage-point decline in settlement probability, holding all else constant. This finding supports Hypothesis 1 (H1) and aligns with the notion that more extensive legal entanglements raise reputational and transparency costs for third parties, making them more willing to see a dispute litigated rather than quietly settled.

Second, when examining MTA Depth, the results are more nuanced. Models using the raw total of MTA Depth generally produce negative coefficients, suggesting that deeper legal institutional links reduce early settlement likelihood, but these estimates lose statistical significance once ratio-based operationalizations are introduced. The third-party to all-party and third-party to main-party ratios exhibit smaller effect sizes and confidence intervals that overlap with zero. This mixed pattern implies that while absolute legal institutional depth matters, the relative weight of third-party commitments vis-à-vis those of the disputing pair may dilute the MTA Depth effect. Therefore, Hypothesis 2 (H2) receives only partial support: depth matters in absolute terms, but when assessed in relation to other parties' commitments, its explanatory power decreases.

Finally, trade volume, the proxy for economic proximity, displays only weak and statistically insignificant effects across all specifications. Neither the raw total of third-party trade nor the ratio measures achieves conventional significance thresholds. This null result suggests that, in the WTO context, formal legal-institutional linkages embodied in MTAs carry more weight in third-party decision-making than do purely economic ties. In other words, while economic interdependence may influence state behavior in other arenas, it does not appear to drive third-party incentives toward or against early settlement in WTO disputes. Hypothesis 3 (H3) is therefore not supported.

Together, these findings underscore the importance of legal proximity, especially measured by MTA Count, in shaping the dynamics of bargaining before WTO litigation. They also highlight the need to distinguish between absolute and relative operationalizations of proximity, as well as to recognize the limits of economic interdependence when formal legal

commitments are at play. In the next section, the broader implications of these results are explored.

7.2 Revisiting the Theoretical Framework

Building on the empirical patterns documented above, the theoretical framework in Chapter 4 could be evaluated and interpreted based on evidence, emphasizing why some proximity measures matter more than others, and refining how third-party ties shape negotiation dynamics in the WTO's highly legalized environment.

The strongest result comes from the raw total MTA Count and MTA Depth: an increasing number and depth of multilateral trade agreements that third parties share with the disputing pair significantly reduces the likelihood of early settlement. First, the reputational-stakes argument through the shadow of the future and increased scrutiny and transparency predicts precisely this pattern. When main parties are increasingly embedded in the same legal frameworks as the third parties formalized in joint MTAs, they incur greater reputational costs if they are seen to choose early settlement through closed-door deals that are inconsistent with agreed-upon rules in other MTAs. In addition, settling also incurs reputation cost for the main parties that deviate from their posturing, since they are seen to be weaker in advocating for their case and are not unlikely to renege on future MTAs. Second, the strategic interests of third parties are also reflected in the MTA Count and Depth. As third parties have more and deeper trade agreements with the main parties, third parties join a case with more expectations and set goals on what they want from the case, which translates to them being harder to satisfy by long-hanging concessions, prolonging negotiations, and leading to litigation. Therefore, a larger MTA Count and MTA Depth between third parties and main parties functions as a constraint: it raises the reputational costs of early settlement for main parties and increases the cost to reach a bargain, decreasing the cost of litigation and making them more willing to push for formal adjudication instead of settlement. Although

not statistically significant, the positive results for MTA Depth's relational measures could be attributed to third parties pressuring the main parties to settle early, since they want the case to be closed as quickly as possible and be further resolved through other channels or MTA-specific dispute settlement frameworks.

Even though the results show support for the theory framework on legal proximity, evidence did not support the proposition for economic proximity, as bilateral trade volume, a proxy for economic interdependence, fails to predict early settlement. The economic proximity framework would predict that third parties with large trade exposures to main parties would prefer a transparent, rule-based resolution in order to protect their commercial interests and consistency. Furthermore, economic proximity implies that as trade between countries increases, countries have higher standards for concessions, since settlement could alter existing trade flow more than legally binding and non-partial litigation. However, the results imply that, outside of the formal commitments embodied in MTAs, those commercial and economic interests alone do not generate the same level of reputational or enforcement concerns. Three factors could explain this uncertainty. First, third parties with higher trade volume could pressure main parties to settle early to ensure minimal disruption and immediate cessation of cases that could threaten trade between the two countries. Second, Trade Volume may simply play a more peripheral role than legal linkages, exerting too little leverage to shift bargaining incentives on its own. Finally, collinearity between trade volume and other third-party proximity measures could obscure an otherwise genuine association, e.g., trade volume increases as third parties and main parties have more or deeper MTAs that guarantee the rule of law or expand access for trade.

Together, these interpretations reveal a coherent theoretical story: formal legal proximity generates reputational costs and bargaining leverage that pure trade ties do not. Absolute measures of legal proximity, in this case MTA Count and, to a lesser extent, MTA Depth, shape main party incentives to favor litigation, whereas relative measures and economic ties

alone are not sufficient. This finding emphasizes the WTO's role as a legal enforcement mechanism: it is not economic interdependence in isolation, but the interplay of legal commitments and reputational stakes that governs the cost-benefit analysis of early settlement.

7.3 Literature Re-Review

Building on existing work on WTO dispute settlement, this study makes three key contributions that deepen our understanding of how third-party involvement shapes pre-litigation dynamics in legalized trade regimes. This includes conditioning the influence of third parties beyond mere presence and count, disaggregating proximity measures, and providing evidence against economic interdependency in early settlement.

First, the thesis introduced the often-overlooked variable of proximity that refines the effects of third parties in early settlement. [Busch and Reinhardt \(2006\)](#) wrote a seminal analysis that highlighted how the sheer number of third-party participants influences the likelihood of early settlement by altering the costs and benefits of informal bargaining versus formal adjudication, and the thesis supports their evidence that third-party presence and count negatively impacts early settlement likelihood (see statistically significant, negative constant values for cases with third parties and third party count in Table 6.1). In addition, the thesis's findings refine and extend this insight by demonstrating that it is not only the count of third parties that matters, but the legal proximity those actors share with main parties through multilateral trade agreements (MTAs). Whereas [Busch and Reinhardt \(2006\)](#) focused on participation as a binary or aggregate count, the thesis shows that more and deeper MTA functions as reputational and procedural bargaining hurdles, raising the stakes for main parties and making them more willing to forego quiet settlements in favor of transparent, rule-based outcomes. In substantive terms, a one-standard-deviation increase in MTA Count reduces early settlement probability by 5 percentage points, while a one-standard-deviation increase in MTA Depth reduces early settlement probability by 12

percentage points, when other variables are held constant, including third-party count and presence.

Second, proximity in the third-party literature has often been treated as one monolithic measure, whether it be by geographic distance, trade volume, or institutional linkages (Simmons, 2000; Lee and Wittgenstein, 2017). The thesis introduces a critical nuance by contrasting absolute measures (raw MTA count and summed MTA depth) with relative measures (third-party to all-party and third-party to main-party ratios), revealing that the choice of operationalization can fundamentally alter both the direction and significance of estimated effects. Absolute MTA Count yields a strong negative effect on early settlement, but when it is normalized by the total number of parties' MTAs, the magnitude decreases and loses statistical significance. Similarly, while absolute MTA Depth exerts a negative pressure on settlement, the ratio-based depth measures suggest that the direction of third-party leverage depends on how their commitments compare to those of the main disputants. By unpacking these nuances, the thesis provides a more textured understanding of how legal embeddedness operates in practice.

Lastly, economic interdependence has long been viewed as a driver of cooperative behavior, with high trade volumes often cited as a mechanism for reducing conflict (Frankel and Rose, 1998; Kucik and Pelc, 2015). Yet the null and mixed results on trade volume illustrate that, within the WTO's legalized framework, formal legal commitments can outweigh pure economic ties in shaping third-party incentives. In other words, while economic exposure may matter in other diplomatic contexts, it does not by itself generate sufficient reputational or enforcement pressures to influence early settlement decisions.

By extending the focus on participation counts, unpacking the dimensions of proximity, and demonstrating the dominant importance of formal commitments, this paper advances the literature on WTO dispute settlement, refining the under-explored influence of third parties on dispute settlement.

7.4 Policy Implications

The finding that third-party legal proximity significantly reduces the likelihood of early settlement creates direct implications for those who manage and adjudicate WTO disputes in three ways. First, Secretariat mediators should incorporate third-party MTA networks into their case assessments. Knowledge that disputing parties share numerous MTAs with active third parties signals that behind-the-scenes settlement will be more difficult: main parties with many joint MTAs face high reputational costs if a deal is struck quietly. To address this and incentivize mediation, Secretariat mediators might allocate additional resources, such as expert legal advisers or extended consultation periods, to disputes involving more and deeper third-party legal proximity.

Member states themselves can use the insights on legal proximity strategically. Countries wishing to deter informal settlements that might disadvantage them can increase and deepen their MTA portfolios with key trade partners. By ratifying additional MTAs or negotiating deeper commitments (e.g., on services, investment, or regulatory cooperation), states effectively increase their third-party influence in future disputes involving their trade partners. When a dispute arises, these newly or increasingly entangled parties will be more likely to push for formal adjudication, indirectly benefiting the state that sought to raise the reputational stakes or influence legal precedence in the WTO system through litigation.

Conversely, states that prefer swift, negotiated outcomes, perhaps to avoid domestic political costs or to limit adverse precedent, might selectively narrow their MTA engagements with potential third-party partners. By reducing joint legal institutional ties, they lower the reputational cost and bargaining cost that third parties impose against an early settlement. While this strategy carries long-term trade-policy costs, as fewer MTAs imply less market access and cooperation, it may be worthwhile in high-stakes disputes where rapid resolution is preferred. In this way, MTA portfolio management becomes a tool of dispute-settlement strategy, complementing more traditional tactics such as coalition building in the DSB or

use of threat strategies in pre-panel negotiations.

7.5 Limitations

Even though the thesis provides robust results, it is still subject to further improvements and refinements. Firstly, the analysis excludes cases in which no third parties joined the dispute, on the grounds that those cases provide no variation in the proximity measures of interest. However, omitting zero-third-party cases may bias the estimated effects if those cases systematically differ in unobserved ways that also influence settlement propensity. Future research should re-incorporate zero-proximity cases by coding their MTA count, depth, and trade volume as zeros. Doing so would allow for a more comprehensive comparison across the entire population of WTO disputes and would test whether the identified proximity effects hold when the baseline no-third-party condition is included.

Furthermore, the thesis is limited in terms of its temporal dimension. All proximity measures are constructed at the moment a dispute is filed, but MTAs and trade flows evolve over time. Third parties may negotiate new agreements or experience sudden trade shocks during the life of a dispute, which can happen across multiple years, altering their incentives. A dynamic panel approach or time-varying covariates would better capture how changing proximity influences settlement trajectories.

Finally, the models cannot fully capture case-specific political pressures or negotiations outside the WTO framework. For example, disputing governments may engage in parallel bilateral talks outside of the WTO, consider the dispute case as part of broader diplomatic objectives and strategy, or face domestic political events that affect their willingness to settle. These unobserved factors could correlate with third-party proximity and thus confound the estimates. Incorporating qualitative case studies or process-tracing methods would help unpack these contextual influences and assess the robustness of the proximity effects under varying political environments.

CHAPTER 8

CONCLUSION

This thesis explores whether the composition of third-party participants in World Trade Organization (WTO) dispute settlement influences both the likelihood that a case will settle early and the timing of that settlement. Building on a literature that emphasizes the importance of third-party presence, information signaling, and bargaining in the shadow of the law, the study developed a theory of proximity: as third-party proximity to main parties increases, their involvement increases reputational and bargaining costs that reduce the cost of litigation and prompt disputing parties to choose litigation over settlement. Proximity is operationalized as legal proximity through MTA count and depth, as well as economic proximity through trade volume. To test the theory, the analysis utilized a dataset of all WTO disputes from 1995 through 2016, as well as MTA count and depth from the DESTA project, and employed probit models to estimate the probability of early settlement.

The results show that third-party legal proximity decreases the likelihood of early settlement, even when controlling for third-party count. A one-standard-deviation increase in MTA Count is associated with a 5 percentage point decrease in settlement likelihood, while MTA Depth has a stronger effect, a 12 percentage point decrease. On the other hand, Trade Volume measures yield mixed results, suggesting that economic stakes alone do not fully account for third-party signaling power. These findings contribute to the literature by refining the influence of third parties beyond presence and count, disaggregating existing proximity operationalizations, and challenging economic proximity mechanisms.

From a policy perspective, these insights carry clear implications for the WTO Secretariat and member states. Secretariat mediators could systematically monitor third-party MTA portfolios to anticipate which disputes are most unlikely for early settlement and direct resources to those cases to support mediation. Member governments, in turn, may strategically cultivate or moderate their MTA networks, not only to bolster market access

but also to shape the informal signaling environment of dispute bargaining. In an era of rising geopolitical fragmentation, understanding how institutional legal proximity influences dispute outcomes can help the WTO maintain its relevance as a forum for predictable, rules-based conflict resolution.

This study's limitations point the way for future research. First, reintegrating non-third-party cases could sharpen inference of the effects. Second, a more dynamic analysis could be used to consider cases that extend over one year and capture the changing legal proximity over time. Third, unobserved political pressures remain outside the model, which could be addressed by combining process-tracing of key disputes with qualitative measures of diplomatic activity to unpack these omitted influences. Fourth, exploring whether third-party legal proximity similarly affects compliance with panel rulings would extend the analysis from settlement timing to enforcement dynamics. Lastly, the study invites future researchers to explore how varying operationalizations of proximity may yield different insights across other international institutions and dispute mechanisms.

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APPENDIX A

STANDARDIZED SUMMARY STATISTICS

Table A.1: Standardized Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Median	Pctl(75)	Max
Early Settlement	203	0.064	0.245	0	0	0	0	1
Third Party Count	203	0.000	1.000	-1.221	-0.748	-0.433	0.750	3.983
TP Raw MTA Count Total	203	0.000	1.000	-1.233	-0.656	-0.323	0.438	5.042
TP to AP MTA Count Ratio	203	-0.000	1.000	-2.817	0.521	0.521	0.521	0.521
TP to MP MTA Count Ratio	203	0.000	1.000	-2.248	0.541	0.541	0.541	0.541
TP Raw MTA Depth Total	203	0.000	1.000	-0.629	-0.518	-0.295	0.136	6.905
TP to AP MTA Depth Ratio	203	-0.000	1.000	-3.795	0.339	0.339	0.339	0.339
TP to MP MTA Depth Ratio	203	-0.000	1.000	-3.307	0.351	0.351	0.351	0.351
TP Raw Trade Volume Total	203	0.000	1.000	-1.654	-0.631	-0.133	0.533	3.629
TP to AP Trade Volume Ratio	203	-0.000	1.000	-2.271	-1.156	0.371	0.877	1.191
TP to MP Trade Volume Ratio	203	0.000	1.000	-0.199	-0.197	-0.183	-0.148	11.626
Average TP Legal Capacity	203	0.000	1.000	-2.099	-0.378	0.145	0.352	9.625
TP to MP Legal Capacity Ratio	203	0.000	1.000	-0.561	-0.515	-0.270	-0.011	7.468
Average TP LibDem Score	203	0.000	1.000	-1.168	-0.265	-0.027	0.099	13.310
TP to MP LibDem Score Ratio	203	0.000	1.000	-0.834	-0.524	-0.086	0.183	8.877
Case Complexity	203	-0.000	1.000	-1.420	-0.536	0.348	0.348	3.000
Article XXII Cited	203	0.000	1.000	-1.636	-1.636	0.608	0.608	0.608
Systemic Issue Cited	203	0.000	1.000	-2.937	0.339	0.339	0.339	0.339
Policy Group	203	0.000	1.000	-2.366	-0.453	-0.453	0.504	2.418
Discriminative Policy	203	0.000	1.000	-0.271	-0.271	-0.271	-0.271	3.665
Trade Barrier Policy	203	-0.000	1.000	-0.873	-0.873	-0.873	1.140	1.140
Subsidies Policy	203	0.000	1.000	-0.756	-0.756	-0.756	1.317	1.317
Intellectual Property Policy	203	-0.000	1.000	-0.159	-0.159	-0.159	-0.159	6.277
Goods Services Policy	203	-0.000	1.000	-0.271	-0.271	-0.271	-0.271	3.665

TP=Third Parties; AP=All Parties; MP=Main Parties; LibDem=Liberal Democracy

APPENDIX B

ANALYSIS ON R

Please visit the following links to access the analysis on R, which includes the R project, R markdown file, datasets used, and outputs produced. For any inquiries regarding these resources, please visit the author's personal website or send a message to the author's email.

URL: <https://drive.google.com/drive/folders/1rGxUvqu1eyLeM8gDqgcdYzVpStttSii0>

Short URL: <https://bit.ly/MA-Thesis-Fawwaz-Hafizh>