Coalitions in the Uruguay Round

By

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I. Introduction

Although only at its mid-stage, the current (eighth) GATT Uruguay Round of trade negotiations has already made its mark by being different in nearly all ways from its predecessors. It has a broad coverage (see Table A1 in the Appendix), and a complex structure of fifteen negotiating groups. An important further difference is the greater coalitional activity that has occurred thus far in the negotiations, especially on the part of the developing countries.

Defining exactly what one means by a coalition in GATT trade negotiations is difficult because most national delegations are in continual and repeated contact, and what is or is not coalitional activity is not always clear. We will refer here to a coalition as any group of decision-makers participating in such a negotiation who agree to act in concert to achieve a common end.¹

This concept of a negotiating coalition differs from coalitional concepts used in other areas of economic analysis. The most widely used coalitional concept in economic theory is that of the blocking coalition, with an allocation in the core being defined as one which cannot be blocked by any subset of participants in the grand coalition [Debreu, Scarf, 1963]. Coalitions in voting theory may block proposals made by rival groups in legislative processes, or more active coalitions or groups may try to secure voting majorities for their own proposals. Coalitional activity (collusion)

¹ Odell and Kahler [1988, p. 115] define a coalition as "two or more actors with shared interests that influence their bargaining behaviour toward other actors."
between groups of firms is also studied in industrial organization theory. There is, however, little or no economic theory which gives any guide as to how or why coalitions form in trade negotiations, how they should behave to achieve their ends, and who gains or loses from them.

During its critical launch phase in early 1986, the Uruguay Round saw a major and extremely determined coalitional effort initiated by a group of smaller and middle-sized developed countries (EFTA, Canada, Australia, New Zealand) along with a number of mid-size market-oriented developing countries (Colombia, Uruguay, Zaire, Indonesia, Thailand, Malaysia). These countries were jointly concerned over the implications for the multilateral system should a round not be launched, and they were influential in launching the Round and in shaping the agenda of the negotiations. The direction of the Round has also been significantly influenced by two important issue-specific coalitions, one in agriculture (the “Cairns” group of 13 developed and developing countries), and the other in services (involving ten, so-called “hardline”, developing countries opposed to the inclusion of services in the trade round).

While developed-developing country coalitions were not unheard of in the previous Kennedy and Tokyo GATT Rounds, the participation of developing countries in this Round has thus far been more active and more pluralistic than in previous rounds which, de facto, were largely E.E.C.-U.S.-Japan negotiations. This has led to considerable discussion of both the merits of and possibilities for coalitional activity in trade negotiations, especially as far as smaller developing countries are concerned [Ostry, 1987].

Why has an upsurge in this type of activity occurred now, and why did it not occur in a major way in earlier rounds? Are coalitions a force to be reckoned with, or will they begin to break down when the serious negotiating activity gets underway? Can the interests of the middle-sized and smaller developing countries who have been especially prominent in this activity thus far in the Round be furthered, or are there drawbacks to their participation?

II. Coalitions in GATT Negotiations

Whether or not coalitions form during GATT trade negotiations, and what these coalitions try to do is a direct reflection of what the negotiations are about, and how they are conducted. The process of negotiation in the GATT is sequential. To begin there must be agreement on an agenda of issues to be negotiated upon, followed by the tabling of proposals around the agreed agenda issues. Subsequently, negotiations are based on these proposals. The process, therefore, inevitably generates several different