International-level negotiations

Identification of issues and the initial negotiating positions of the actors

The Seattle ministerial meeting taking place from 30 November to 3 December 1999 was expected to mark the launch of a new round of multilateral trade negotiations. Trade ministers, however, failed to agree on the negotiating agenda.

The Seattle ministerial meeting was part of the pre-negotiation phase. There are two interrelated aspects to the first stage of negotiations: the identification of issues and actors taking up their initial negotiating positions. When presenting their opening positions, negotiators can use three different bargaining strategies: maximalist, equitable, and integrative positioning.

When actors adopt the maximalist position, they ask for more than they expect to obtain. Actors choosing the equitable position are searching for an outcome that is fair to all concerned. Finally, an actor selecting the integrative strategy is searching for alternative solutions in the hope of reaching an agreement that works for all parties. In the first stage of negotiations bargaining parties commit to their opening positions. Each side wants their demands to be seen as being credible. When a party has a high opening demand they are likely to allow time for their position to have an effect on the expectations of the other bargaining parties (Williams, 1983).

Deep divisions and no time pressure to make concessions

When trade and foreign ministers met in Seattle, the key issue was to decide on the topics for the agenda of a new round of multilateral trade negotiations. The most important issue was liberalization of trade in agricultural products and services, such as banking, insurance, and telecommunications.

The Seattle ministerial meeting began on 1 December 1999 and was chaired by the USTR Charlene Barshefsky, who decided to exercise her right
to set up ‘green room’ meetings (Das, 2000). Participation in these meetings is restricted to only a few delegations. The idea behind these ‘green room’ meetings was that informal meetings could result in an agreement between the major trade powers as had occurred during previous trade rounds.

During this first stage of negotiations, WTO members’ positions diverged considerably. The EU asked for a broader negotiating agenda that included investment and competition policy and incorporated the principle of multifunctionality for agriculture. This refers to the non-trade objectives of agriculture, such as environmental protection, food security, and rural development. In addition, the EU wanted negotiations to be conducted using the single undertaking approach that links progress in one issue to progress in another (European Commission, 1999).

By contrast, the US wanted services, labour standards and environmental protection included in the negotiating agenda; it rejected the inclusion of the concept of multifunctionality and the use of the single undertaking approach (Bayne, 2000). The USTR even proposed the establishment of a standing working group on international labour standards (Sek, 1999). This demand to address workers’ rights when negotiating trade agreements had been a crucial issue for Democrats during the discussions in the US Congress to renew fast track negotiating authority. The leading organization of small farmers, the NFU and the key labour union, the AFL-CIO, which through PACs support Democratic Party representatives, had asked for the inclusion of labour standards and environmental protection in the negotiating agenda. However, with the exception of the EU and Japan, all other WTO members opposed this demand (The Economist, 9 December 1999).

In the area of agricultural trade liberalization, the USTR had asked for a total elimination of export subsidies and for a substantial reduction in trade-distorting domestic support subsidies. The EU and the G-10 immediately rejected the elimination of export subsidies and instead demanded the inclusion of the concept of multifunctionality in negotiations over agriculture (World Trade Organization, 1999a). This demand was opposed by Australia, which considered this concept to be a ruse that would allow the EU to circumvent WTO rules on domestic support (Kunkel, 2002).

Australia sought a narrow negotiating agenda focusing upon trade liberalization in agriculture, manufacturing, and services (The Australian, 1 December 1999). When presenting its opening negotiating position, similar to the approach taken by the US, Australia adopted a maximalist position by demanding the total elimination of export subsidies, a substantial reduction in trade-distorting domestic support, as well as better market access through a deep cut in all tariffs (Cairns Group, 1999). The demands voiced by the leading Australian farmer federation, the NFF, which had requested the complete elimination of export subsidies and improved market access, corresponded exactly with the position adopted by the Australian government in Seattle.