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IMPROVING THE EFFECTIVENESS OF MULTILATERAL TRADE NEGOTIATIONS: A MULTIDISCIPLINARY PROGRAM APPROACH

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1. SUMMARY

The purpose of the program is to contribute new knowledge about how multilateral trade negotiations, primarily within the World Trade Organization (WTO), can become more effective. Its departure point is that the challenges involved today are such that multidisciplinary expertise and approaches are required. To date research on multilateral trade has typically been carried out separately by economists, lawyers and political scientists/negotiation experts. Such work needs to be better integrated to generate truly new insights about the effectiveness problem, and how it may be tackled. Research is carried out within projects (currently seven), which are at once distinct and closely connected. The central unifying feature is that every project, using its own disciplinary expertise and perspective, addresses the same overarching program question: How can the effectiveness of multilateral trade negotiations be improved?

2. PURPOSES AND RATIONALE

Multilateral trade negotiations are at the heart of efforts to manage the global economy, promote stability in the world economic system and adapt it to changing conditions. Their main institution and venue, the WTO, serves, as pointed out in the 2004 Sutherland Commission Report on the institutional challenges facing the organization, to a large extent as “a negotiating machine...designed to seek negotiated solutions to the challenges of global trade...negotiations and the pursuit of multilateral consensus ...are the WTO’s only means of fulfilling its mandate.” The untidy process of negotiation thus determines much of what the WTO does and produces, and not -- from what is included on the agenda and how the terms of multilateral trade agreements are formulated, to matters of implementing commitments made under agreements.

The importance of multilateral trade talks has grown tremendously in the last few years, in several respects. These include the number and significance of the issue areas being negotiated (no longer limited strictly to matters of trade liberalization and market access), the sheer number of parties involved, and the growing recognition of trade as a key engine of economic growth in developing countries. Paradoxically, as progress and success in these negotiations have become ever important for sustaining the global trade regime and promoting the many causes it is meant to serve, they have increasingly slowed down and faced repeated stalemates and breakdowns. Bilateral and regional preferential agreements, by contrast, have multiplied rapidly since the early 1990s. At present it is very uncertain how and when the Doha Development Round will conclude, in which significant differences exist particularly between developed and developing countries (LDCs). The Warwick Commission Report (‘The Multilateral Trade Regime: Which Way Forward?’ by R. Higgott, C. Albin et al., presented at the WTO in December 2007) addressed several issues which deserve more in-depth research.

The program’s overarching purpose is to contribute new knowledge about how multilateral trade negotiations, primarily within the WTO, can become more effective. “Effectiveness” is broadly defined as capacity to arrive at a timely negotiated agreement, which resolves (settles) important issues and which is actually implemented (by enough parties to achieve its goals). Another related purpose is to help strengthen Sweden’s knowledge base on trade negotiations:

Senior and junior researchers from different Swedish institutions will collaborate within the same program, and in contact with scholars and practitioners abroad.

3. RESEARCH PROJECTS

Research is currently carried out within seven projects, as follows:

Understanding Negotiation Dynamics and Progress in International Trade:

A Turning Points Analysis of TRIPS

(L. Crump and D. Druckman)

Detailed chronologies of events that transpired during the discussion of intellectual property issues (TRIPS) in the GATT Uruguay Round and prior to and during the WTO Doha Ministerial are used to trace the unfolding negotiation processes through time. Of particular interest are departures from earlier trends in the chronologies: A departure is defined as a clear and self-evident change from earlier events or patterns in the form of an impactful decision taken by one or more parties. By coding the causes (precipitants) and effects (consequences) of the departures, we perform a turning points analysis: These three-part sequences reveal the triggers and impacts of departures during the extended TRIPS negotiation process. The analyses will allow a comparison of the patterns that unfolded during the two phases of TRIPS negotiations. This comparison will highlight the breakthroughs that occurred during the Uruguay Round and the crises that emerged later, prior to and during the Doha Ministerial. It will also have implications more generally for the way that comparative analyses of international negotiation are performed.

NGOs and Negotiation Effectiveness in the WTO

(G. Sjöstedt)

This study assesses if, and how, the comparatively new participation of non-governmental organisations (NGOs) in the WTO affects the effectiveness of the global trade negotiation, which seems to be deteriorating. One motive for the study is that NGO participation in the multilateral trade talks is a relatively new phenomenon since this kind of non-state actors did not have access to them before the creation of the WTO. The project will review what NGOs have taken part in the principal rounds of negotiation that have taken place since GATT was transformed to WTO in 1994/1995. Principal questions addressed are: what types of NGOs do participate in the WTO talks? How are participating NGOs distributed across WTO member states? How do they perform in the negotiation? What do they want to achieve? Ultimately the analysis of NGO participation will try to clarify to what extent it facilitates and improves the outcome of the WTO negotiation and to what extent it obstructs the negotiations and makes them more costly in terms of time and work input. If there is a trade-off between participation/democracy and negotiation effectiveness, how can this dilemma be resolved?

Setting the Table for Success – or Failure? Agenda Management in the WTO

(C. Albin)

How does the agenda management process influence the effectiveness of multilateral trade talks in the World Trade Organization (WTO)? How can the all-important agenda be shaped so as to enhance the prospects of an agreement being reached? How the agenda is managed directly affects the negotiation process which follows and the eventual outcome; yet research has paid very little attention to this activity and actual practice points to several weaknesses. This paper proposes that the complexity of the agenda in multilateral talks needs to be managed and reduced in procedurally just ways if a successful outcome (agreement) is to result. It develops an analytical framework of agenda management in multilateral negotiations, and does a structured focused comparison to seek to explain the difference in outcomes for two rounds of WTO negotiations: the failure of the 2003 Cancún Ministerial Conference and the success of

the 2004 Geneva negotiations in reaching an agreement. While the 2001 Doha meeting is commonly regarded as the agenda-setting occasion for the subsequent Doha Round of talks, these two latter negotiations were in fact those concerned the formation of an operational (workable) agenda.

The negotiations for and proliferation of free trade agreements – the ambiguous role of the WTO

(L. Lindberg and C. Alvstam)

The study explores what the trend to conclude various forms of bilateral and regional free trade agreements means to the WTO, and what role the organisation currently takes in this context. The main questions to be addressed are, first, what role should the WTO play in times of growing regionalism and stalled multilateral trade negotiations? Second, how can free trade agreements best serve the multilateral framework? The key issue concerns how bilateral and regional agreements can be improved. Asian FTAs are taken as an empirical starting point. How the organisation has dealt with FTAs over time and its review process since the early days of the multilateral system is reviewed. Some suggestions are discussed as to what the organisation could do to extend its potential impact on these agreements, in particular how to improve its effectiveness to use them as a tool in the negotiation process through the multilateralisation of regional approaches.

Strategies and Success in Litigation and Negotiation at the WTO

(M. Agius)

The study surveys the participation in the WTO Dispute Settlement Body (DSB) by least developing countries and small island developing states, and analyses its impact on their bargaining position. Empirical knowledge about this may help to perfect trading system strategies for poor states. While not on par with influential developing states that have improved their position through active engagement in the DSB, there are examples of simultaneous efforts by poorer states in third party participation in litigation and in negotiations. It is argued that WTO rule-creation takes place also in the DSB and not only in negotiation rounds. Conscious tactics of combining negotiation and litigation could make more visible strategically chosen singular issues, highlighting areas in need of resolve in order to move on in negotiations. Further, absence from the DSB diminishes the influence of poor states, and hence the sense of utility of the system.

Developing countries in the WTO: Domestic-level sources of negotiation (in-)flexibility

(J. Lilja)

Fault lines of WTO's perceived failures often lie in failures at the domestic level. Enhanced engagement of actors within member states might, therefore, improve WTO efficiency and effectiveness. WTO related negotiations take place at the multilateral level, within coalitions of member states, and domestically – within member states. To make progress in WTO talks, negotiation flexibility is needed at all three levels. Yet, systematic knowledge about the relationship between domestic factors, and flexibility in the multilateral negotiations is still lacking. The aim is to examine domestic-level sources of flexibility (or inflexibility) in multilateral trade negotiations with a specific focus on developing countries in the WTO. The question asked is: What explains the flexibility (and inflexibility) in multilateral trade negotiations? The study investigates whether variations in domestic actor participation and process could help explain differences in flexibility outcomes at the multilateral level. More specifically, the study explores the proposition that a country demonstrating domestic structures and processes marked by continuous information exchange, consultation, and coordination between core domestic actors, is more likely to show negotiation flexibility in the multilateral talks. A method of structured focused case comparison is used to assess the proposition. The tentative findings speak in favor of the proposition but also suggest some important caveats.

Who Needs Efficient WTO Negotiations?

(E. Andersson)

The growth of world trade and the deepening of international interdependence indicate that the original aim of the GATT agreement is largely fulfilled. In the light of this success the need for a Doha round agreement, becomes less clear for the parties involved. From a starting point in the debate on how much poor countries really need the Doha agreement, this study makes a analysis of how countries construct and understand their need for this new WTO agreement, based on the reactions of the parties involved in the Geneva 2008 negotiations. Whereas all involved use the economic needs of the South as an argument for an agreement, the needs of the actors themselves differ. For industrializing Southern countries the political need of the negotiations as such, seems sometimes to outweigh the economic need of a final agreement. For rich Northern actors, affirming the global institutional architecture in a conclusion of the Doha round seems to be equally important as the economic gains from it. This difference in actors' needs will most likely lower the effectiveness of the Doha negotiations.

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