Managing Negotiation Linkage Dynamics: A Temporal Model Applied to Bilateral Trade Negotiations between Australia, Singapore and the United States

by

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ABSTRACT

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The Singapore–Australia trade negotiation (SAFTA: 2/2001 – 10/2002) and the United States–Singapore trade negotiation (USSFTA: 12/2000 – 1/2003) occurred concurrently in time. In comparison, the Australia–United States trade negotiation (AUSFTA: 3/2003 – 2/2004) was conducted consecutively, after these two negotiations. I use the temporal difference among these three treaty negotiations to investigate the role of time in negotiation and the influence that one negotiation can have on another negotiation (past, present and future are treated as independent variables, and negotiation process and outcome are treated as dependent variables in this study). In exploring concurrently linked negotiations (SAFTA and USSFTA) I examine the role of the link-pin party (Singapore), both linked parties (Australia and the U.S.), and the strategies employed by these parties to manage linkage dynamics. In exploring consecutively linked negotiations, I consider how past events influence current negotiations (e.g., influence of USSFTA and SAFTA on AUSFTA) and how perceived future negotiations influence current negotiations (e.g., precedent building). The temporal framework developed through this study serves to enlarge our understanding of linkage behavior, which will assist in the strategic management of negotiation linkage dynamics. This temporal framework may also enhance the current theoretical paradigm of negotiation by providing a foundation that includes the past, present and future. This study concludes by considering directions for future research in managing negotiation linkage dynamics.

Time is a fundamental element in negotiation. Every negotiation rests on a foundation of arrangements and agreements derived from prior negotiations that shape desires and aspirations into today's negotiation goals. Prior negotiations establish normative parameters that guide negotiators in determining what is possible or acceptable, and shape and frame the reality that negotiators accept as given. How is the past used strategically in a negotiation? How does a negotiator use past events at the negotiation table and away from the table to achieve today's goals? How do negotiations from the past constrain or facilitate current negotiation process and outcome?

And what of the future? Parties are often compelled to negotiate to gain control over some expected state of affairs. If a negotiation produces an agreement then that agreement is the instrument used to remediate the future state that was once anticipated. Beyond this relationship between a solitary negotiation and the future, it is also useful to recognize that current negotiations are often linked to perceived future negotiations not yet begun. How can a negotiation be conducted to gain strategic advantage in a perceived future negotiation? How do parties strategically use a perceived future negotiation in today's negotiation? How might perception of a future negotiation constrain or facilitate negotiation process and outcome?

Then there is the present. Negotiations currently underway are often influenced by other negotiations conducted concurrently. Many negotiations involve a network of actors who are embedded in a common social system (such as a professional association or the global political economy). What actions or techniques can be used to manage a negotiation when it can be influenced by a second negotiation that is being conducted concurrently? How can parties engaged in concurrently linked negotiations gain strategic opportunity through such an arrangement? How can a negotiator guard against others who might engage in opportunistic behavior that is facilitated through such links?

A temporal lens provides a powerful way to view organizational phenomena (Ancona, Goodman, Lawrence, & Tushman, 2001). For example, these questions relating to the past, present and future are significant, even seminal, as they are concerned with managing links across multiple negotiations to build strategic advantage. "Negotiation linkage" refers to the way that one negotiation influences or determines the process or outcome of another negotiation. Yet there is little in the academic literature that considers these questions despite their capacity to deepen strategic understanding conceptually and practically. The paucity of research into how one negotiation influences another is surely curious since almost all negotiations are linked to one or more other negotiations (Sebenius, 1996; Watkins & Passow, 1996).

PREVIOUS RESEARCH

Game theory scholars study linkage through the Prisoners' Dilemma game where the same parties, concerned with a single issue, play the game repetitively over time – the Prisoner's Dilemma supergame. Taylor (1976) and Axelrod (1984) used this supergame to demonstrate the conditions under which cooperation is rational in negotiations where they are linked in a tit-for-tat manner. McGinnis (1986) extended this work by arguing that in a more realistic scenario, multiple games are played concurrently and repetitively, a situation he called the Prisoner's Dilemma multisupergame. McGinnis (1986) demonstrates conditions under which cooperation is rational in negotiations linked in a *quid pro quo* arrangement. As the present study is focused on temporal aspects of negotiation linkage it is useful to distinguish a supergame as a consecutive linkage, from a multisupergame that is linked

simultaneously as well as consecutively. McGinnis' study does not appreciate the significance of this fundamental temporal difference and thus can not distinguish between simultaneous and consecutive linkages as two discrete variables.

Scholarship in the fields of international relations and international political economy also examines linkage theory by focusing on a specific type known as "issue linkage" (also known as *quid pro quo* in game theory or logrolling in the negotiation literature). "Issue linkage" is a negotiating device for making trades (1) among diverse issues within a single negotiation; or (2) between separate but linked negotiations involving the same parties. Odell (2000) observes that issue linkage is found in every negotiation except those that consider only a single issue. Lloyd Jensen (1963, 1988) first documented linkage in nuclear arms talks held between the U.S. and the USSR. For example, in the Strategic Arms Limitation Talks (SALT, 1969 – 1971) the USSR proposed that the U.S. could continue to retain foreign bases if the U.S. offered concessions on the number of USSR missile launchers. Jensen concludes that linkage techniques are used strategically to assure negotiation failure or to reach a more significant agreement, when it is believed the other side will pay a higher price, and as a media relations tool for image management. Tollison and Willett (1979) examined factors that motivate parties to engage in issue linkage and concluded that parties (1) seek to extend their leverage in one area of negotiation to other areas; and (2) seek mutual benefit, as a means of overcoming obstacles in distributing gains among cooperating parties. Keohane and Nye (1989) identify questions for managing linked or potentially linked issues: should issues be considered separately or as a package; and if links are to be drawn, what issues should be linked and on which of the linked issues should concessions be made? The forces that motivate parties to engage in issue linkage and methods for managing linkages focus attention on negotiation processes that have theoretical and practical utility.

The field of negotiation has also investigated linkage dynamics. Lax and Sebenius (1991) and Watkins and Rosegrant (1996) divided the task of building a winning coalition into linked steps, noting that who one approaches first matters a great deal in determining who may later be persuaded to join a coalition. Studies of negotiations between two organizations identify three linked negotiations: external negotiations between the two sides and internal negotiations between each negotiation team and their respective side (Pruitt, 1994; Salacuse, 2003). Putnam (1988) popularized the concept of a two-level game in international relations, identifying a linked relationship between international diplomacy and domestic politics, although studies by Walton and McKersie (1965), Rosenau (1969), and Druckman (1977) established the theoretical groundwork for this common form of linked negotiation.

Watkins and Passow (1996) have developed the most comprehensive theory of negotiation linkage to date by identifying four types of possible links in negotiation regardless of setting: competitive links (agreement in one negotiation precludes agreement in other linked negotiations), reciprocal links (agreement must be reached in all linked negotiations for overall agreement to be possible), synergistic links (enhance negotiators' opportunities to make mutual beneficial trades and/or reach an agreement) and antagonistic links (diminish negotiators' opportunity to make mutual beneficial trades and/or reach an agreement). Wagner's (1972) work provides a foundation for Watkins and Passow (1996) by defining a link-pin party as well as linked parties. The "link-pin party" conducts two or more separate negotiations, while each party that negotiates with the link-pin party is a "linked party" (i.e., parties indirectly linked to each other through their involvement with the link-pin party).

The present study builds on the literature reviewed to extend negotiation linkage theory by examining the relationship between time and negotiation process and outcome. For example, Pruitt and Carnevale (1993: 8) note that the theoretical paradigm that dominates negotiation research lacks a time dimension, failing to deal with events that occur before and after a negotiation. Watkins (2002) was the first to recognize time as an important dimension for understanding negotiation linkage dynamics, although he does not develop this proposal conceptually or empirically. In the current study the past, present and future are treated as independent variables, and negotiation process and outcome are treated as dependent variables. The goal of this study is to build understanding about linkage dynamics through the application of a temporal framework. The specific research questions that frame the paper and guide data analysis and research outcome distinguishing concurrently linked negotiations from consecutive linked negotiations. Concurrently linked data is derived from negotiations that concluded the United States–Singapore free trade agreement of 2003 (USSFTA) and the Singapore–Australia free trade agreement of 2003 (SAFTA). Consecutively linked data is derived from these negotiations and a third trade treaty negotiation, the Australia–United States free trade agreement of 2004 (AUSFTA).

A TEMPORAL FRAMEWORK

A linear conception of time tends to dominate organizational theory (Lawrence, Winn, & Jennings, 2001). Time is "a nonspatial continuum in which events occur in apparently irreversible succession from past through the present to the future" (Ancona, Okhuysen, & Perlow, 2001: 513). The past, present and future are critical structural elements for understanding the fundamental nature of time. This observation serves as the basis for a temporal framework that is then applied to negotiation linkage dynamics (see Table 1). The "present" can be measured more or less precisely. For example, simultaneous linkages take place at the same time (e.g., two negotiations that occur on the same day such as negotiations that led Singapore to announce, in a 24-hour period in November 2000, that it would commence separate trade negotiations with Australia and the U.S.). Concurrent linkages take place during the same time period (e.g., Singapore's separate trade negotiations with Australia and the U.S. were conducted from 2000 to 2003).

Insert Table 1 about here

The "past" and "future" are relational concepts, as neither can be easily understood without also accepting the existence of the present (i.e., try to conceptualize the past or future without a present). We use the present to look to the past (i.e., before or preceding links) and we use the present to look to the future (i.e., after or subsequently links). Furthermore, strategic action occurs only in the present but such action can be based on past activities or may be motivated by perceived future activities. Regardless of the past or future orientation, each type of linkage is structured in a chronological or consecutive order (e.g., continuously, sequentially, or one after another with an interval in between). Structurally – and obviously – past, present and future are consecutively linked.

It is useful to note that a single event can exist in the future, the present and the past but not at the same time (like Ancona, Okhuysen, & Perlow, 2001, I also ignore philosophical questions grounded in the physical sciences), and so we require a model that employs concepts to accommodate this assumption. Data, especially Australia–U.S. negotiations, demonstrate how a single event exists in all three states, while illustrating the strategic opportunities and challenges that accompany each state. Our temporal framework accommodates the multi-dimensional nature of time.

Simultaneous, concurrent, consecutive-past and consecutive-future represent a four-part structural typology of negotiation linkage grounded in temporal logic. A temporal framework may be useful for developing comprehensive understanding of linkage behavior and the strategic management of linkage dynamics. Research goals and research questions, previously stated, and this temporal framework guides the present study. Case analysis begins with a brief overview of the international trade policy negotiation environment to provide a context for three trade negotiation case synopses involving: Singapore–Australia, United States–Singapore, and Australia–United States. Concurrent and consecutive linkage data are extracted from these cases and analyzed as a means to develop descriptive and prescriptive theory to assist in managing linkage dynamics. This paper concludes by considering directions for future research, while proposing that our current negotiation paradigm will be enhanced if it rests on a temporal foundation grounded in linkage theory.

CASE STUDY SYNOPSIS

International Trade Policy: An Overview

Trade negotiations between nations are especially relevant to understanding negotiation linkage dynamics, as this setting is "linkage-rich" although this is a recent development. During the GATT Uruguay round of global trade negotiations in the 1980s and early 1990s, national governments were primarily committed to multilateral processes. But this environment has been transformed (as my interviews with policymakers and political leaders reveal), as discouragement with the length of time needed to negotiate a multilateral trade agreement motivated many political leaders to initiate bilateral and regional trade negotiations. For example, 124 bilateral and regional trade agreements were concluded in the 48 year GATT regime (1947–1994) and 188 bilateral and regional trade agreements have been concluded since (1994–2005) – during the first eleven years of the WTO regime (Crawford & Fiorentino, 2005). Nearly 40 percent of total global trade occurs via bilateral and regional trade agreements (The World Bank, 2005) – a figure that illustrates the increasing importance of bilateral and regional trade policy processes.

This emerging trend makes trade treaty negotiations an ideal laboratory for research into linkage theory, as linkage dynamics appear to flourish in settings where the same parties repeatedly negotiate the same issues over time. At a systems or macro-level, such a phenomenon is relevant to network theory (see Chisholm, 1996; Gnyawali & Madhavan, 2001; Osborn & Hagedoorn, 1997), but I am concerned with such phenomena at a strategic or micro-level. The cases and analysis that follow examine the behavior of discrete actors – nation-states and their representatives embedded in a trade negotiation network – as a means of building negotiation theory that has strategic relevance. Linkage theory offers utility in this regard.

This study employed qualitative research methodology by conducting field interviews complemented by the collection of relevant documents to construct case studies (see Gephart, 2004; Odell, 2001; Yin, 1989) that serve as the foundation for a focused comparison approach to data analysis (see Druckman, 2002; Zartman, 2005). I interviewed 86 trade negotiators and trade policy specialists in Canberra, Geneva, Singapore and Washington D.C. between February – July 2004.[1] Twenty-nine of these trade negotiators were directly involved in the Singapore–Australia Free Trade Agreement (SAFTA, 2003), 28 in the United States–Singapore Free Trade Agreement (USSFTA, 2003), and 35 in the Australia–United States Free Trade Agreement (AUSFTA, 2004). The focus of this research was on negotiations to draft and sign a trade treaty between two nations (what is legally termed a "Free Trade Agreement"). Treaty approval through parliamentary or congressional process involves a separate (consecutively linked) negotiation that is beyond the scope of this study. The following three sections provide a synopsis of SAFTA, USSFTA and AUSFTA.

Singapore – Australia Negotiation (SAFTA)

Singapore and Australia announced their decision to commence negotiating a trade agreement on November 15, 2000 at the APEC Leaders' Summit in Brunei. Singapore's negotiation delegation was led initially by Vanu Gopala Menon of the Ministry of Foreign Affairs (MFA) and many of the staff assigned to the Singaporean SAFTA team came from Directorate B, Trade Division of the Ministry of Trade and Industry (MTI). The Australian delegation was initially led by Donald Kenyon of the Department of Foreign Affairs and Trade (DFAT) and many of the staff assigned to the Australian SAFTA team came from the DFAT Office of Trade Negotiations (OTN). Reports indicate that teams included 25 to 30 negotiators on each side that were then organized into 17 working groups or one SAFTA group per treaty chapter. Most of the negotiations occurred in these 17 working groups although group co-leaders occasionally negotiate one-on-one and the Singaporean and the Australian team leaders (Chief Negotiators) met one-on-one regularly. The two sides held ten negotiation rounds with the first round in February 2001 and the last round in October 2002 (normally a round would last for one week with meeting sites alternating between Singapore and Australia). Halfway through the process (August 2001 to February 2002) the two sides called a hiatus, as key negotiators retired or were assigned to other posts. On resuming negotiations, Stephen Deady of OTN led the Australian team and Goh Aik Guan of the Deputy Prime Minister's office led the Singaporean team.

Many trade issues were challenging for the 17 SAFTA working groups, as negotiators sought to integrate the Singaporean economy and the Australian economy. Often we find two or three accepted formulas or templates for a specific trade policy issues. Agreement on the type of template to apply to a given issue minimizes such challenges. For example, in negotiations over goods and "rules of origin" Singapore sought to persuade Australia to adopt a "change in tariff classification system" but Australia refused and so SAFTA (Chapter 3) uses a "value added system" based on the net cost of a product.[2] Within trade in services the two most common templates are a "positive list for trade in services" or a "negative list for trade in services."[3] Australia insisted that the treaty adopt a negative list and Singapore argued for a positive list but eventually relinquished and so SAFTA uses a negative list for managing trade in services (Chapter 7). Investment, financial services and telecommunications are treated separately within SAFTA (Chapters 8, 9 and 10) but

trade policy in the services chapter establishes a foundation for these other chapters. Reports indicate that negotiations in these chapters were more positional than integrative, as each side sought to protect their own interests. For example, Singapore has an open market in securities and insurance but wished to retain control over retail and wholesale banking, while Australia wished to maintain control over foreign investment. Each side sought to weaken trade restrictions established by the other side. Government procurement (Chapter 6) and intellectual property (Chapter 13) were not major issues, while electronic commerce (Chapter 14) emerged as an afterthought. When working groups or their co-leaders could not resolve significant issues, the two Chief Negotiators eventually negotiated these issues. Many issues could be resolved but some had political qualities that required political deliberations.

On the edge of an APEC Ministerial Meeting in Los Cabos, Mexico, in October 2002, Australian Trade Minister Mark Vaile and Singaporean Trade Minister George Yeo discussed and resolved these remaining issues including financial services, legal services, investment, and rules of origin. The 117-page SAFTA treaty (not including annexes and side letters) was signed by these trade ministers on February 17, 2003 and become effective on July 28, 2003.

United States–Singapore Negotiation (USSFTA)

On November 16, 2000 (a day after the SAFTA announcement), at the APEC Leaders' Summit in Brunei, Singapore and the United States announced that their nations would negotiate a trade agreement. Singapore's delegation was led by Professor Tommy Koh as Chief Negotiator, with Ong Ye Kung as Deputy Chief Negotiator. Many staff assigned to Singapore's USSFTA team were drawn from Directorate B, Trade Division of the Ministry of Trade and Industry (overlap in personnel between Singaporean USSFTA and SAFTA teams was minimal). The U.S. delegation was led by Ralph F. Ives as Chief Negotiator, with Barbara Weisel as Deputy Chief Negotiator. Many staff assigned to the U.S. USSFTA team came from the Office of the United States Trade Representative. Interviews indicate that there were 40 to 50 negotiators on each side during the course of the negotiation. Each team organized their negotiators into 21 working groups or one per treaty chapter. The two sides held 11 rounds of discussions with the first round held in December 2000 and the final round held in November 2002, although the last substantive issue was resolved in January 2003. Most rounds were held in London, for a one-week period.

Among the many issues a number offered real challenges. From the beginning the U.S. insisted that goods be divided into non-textile and textile products. In textile negotiations, the U.S. forced Singapore to adopt the U.S. Yarn Forward Rule (Chapter 5).[4] In goods, Singapore has no tariffs on almost all goods and so the U.S. matched this approach but negotiated over when U.S. tariffs would be removed for defined baskets (categories) of goods (Chapters 2). Singapore sought to eliminate tariffs early and the U.S. sought to delay tariff elimination. Negotiations over goods are not easily separated from negotiations involving rules of origin (Chapter 3). Singapore initially sought to persuade the U.S. to accept a "value added system" but agreed to U.S. demands to adopt a "change in tariff classification system" (see endnote 2).

In services (Chapter 8), the U.S. insisted on a negative list template and Singapore resisted but eventually agreed after extensive inter-agency consultation. In telecommunications (Chapter 9), interviews indicate that Singapore and the U.S. created a state-of-the-art agreement between two open market economies. In electronic commerce (Chapter 14), both sides sought to explore every opportunity to

liberalize trade and succeeded in establishing the first trade treaty ever concluded with electronic commerce provisions. In financial services, Singaporean liberalization was a top U.S. priority (Chapter 10). For example, the U.S. successfully persuaded Singapore to liberalize its retail-banking sector and to phase out its wholesale bank license quota system for U.S. banks. However, Singapore refused to allow U.S. banks to acquire local Singaporean banks.

The U.S. arrived in Singapore with a 21-page initial position on intellectual property rights (IPR). Interviews indicate that Singaporean negotiators thought that the U.S. position was very much focused on IPR enforcement where little capacity for enforcement exists, an approach that was not seen to be especially relevant to Singapore. Nevertheless, much of what the U.S. sought is found in USSFTA (Chapter 16).[5] Underpinning USSFTA negotiations was an understanding that an effective free-market economy is grounded in competition policy, although the U.S. arrived in Singapore to find no formal competition policy. Singapore's new competition policy is not a part of USSFTA, but negotiations in Chapter 12 provided a foundation for actions Singapore later took in adopting a formal competition policy.

USSFTA negotiations moved toward a conclusion when U.S. Trade Representative Robert Zoellick and Singaporean Trade Minister George Yeo met at an APEC Ministerial Meeting in Los Cabos, Mexico in October 2002, followed by meetings between the U.S. and Singaporean Chief Negotiators. These meetings narrowed the list of outstanding issues from 30 to five or six issues – competition policy, financial services, investment, intellectual property and textiles. At the final round, in mid-November 2002, Yeo, Zoellick and ten negotiators from each side resolved all but one issue – investment and technology transfer (Chapter 15) – which was resolved in mid-January 2003. U.S. President Bush notified the U.S. Congress of his intention to sign the USSFTA on January 30 and he and Singaporean Prime Minister Goh signed the 240-page treaty (800 pages when all annexes are included) on May 6, 2003 at the White House. The treaty became effective on January 1, 2004.

Australia–United States Negotiation (AUSFTA)

The United States and Australia announced that they would commence negotiating a trade agreement on November 14, 2002 with the first negotiation round held in Canberra in mid-March 2003. The U.S. delegation was led by Ralph F. Ives as Chief Negotiator and Barbara Weisel as Deputy Chief Negotiator. The Australian delegation was led by Stephen Deady as Chief Negotiator and Philip Sparkes as Deputy Chief Negotiator. Many of the staff assigned to the U.S. AUSFTA team came from the Office of the United States Trade Representative (USTR) and many staff assigned to the Australian AUSFTA team came from the Office of Trade Negotiation (OTN) within the Department of Foreign Affairs and Trade (DFAT).[6] Interviews indicate that there were 60 to 70 negotiators on each side during the course of this negotiation. Each team organized their negotiators into 23 working groups or one per treaty chapter. The two sides held six rounds of discussions between March 2003 – February 2004; two in Canberra, two in Honolulu with the final two in Washington D.C.

The two sides confronted a number of challenges. Negotiations over goods did not present substantial challenges (Chapter 2) – the focus was on tariff reduction – but some of the most contentious issues were contained in sectors involving goods such as textiles, agriculture, and pharmaceuticals. Although Australia had recently rejected Singapore's proposal for a "change in tariff classification system" for rules of

origin (see endnote 2), U.S. negotiators succeeded in persuading Australia to adopt this same system (Chapter 5). The U.S. also convinced Australia to adopt the U.S. Yarn Forwarding Rule to regulate trade in textiles and apparel (see endnote 4) but Australia negotiated a very long phase in period to allow Australian industry to prepare for U.S. competition (Chapter 4).

Agriculture was the major AUSFTA issue for Australia. The U.S. claimed that the Australian Import Risk Assessment system served as a non-tariff barrier to trade, while the two sides eventually agreed on an enhanced science-based risk assessment system with a dispute resolution process (Chapter 7). Initially, Australia reduced tariffs on all U.S. agricultural goods to zero but this is not so meaningful, as U.S. agriculture is not competitive in Australia. In return, Australia hoped that the U.S. would do the same but knew that this was not politically feasible. Australian exports of greatest importance are sugar, beef and dairy products. Australia achieved no allowance for addition sugar exports to the U.S. and its export quota for beef was increased by only 70,000 tons. Australia secured small increases across many dairy product categories resulting in some gains although over a long phase-in period.

Australian negotiators did not think that a national health program such as the Australian pharmaceutical benefits scheme (PBS) should be included in a trade agreement but the U.S. insisted and so it is (as an annex to Chapter 2). The Australian government subsidizes certain prescription medication for the public via the PBS. The U.S. argued that such action is a form of price control (the PBS buys in quantity) that results in lower prices and ultimately hurts everyone, as research funds for the pharmaceutical industry are reduced. The U.S. was unsuccessful in seeking changes that would increase PBS medication prices, although Australia agreed to enhance PBS processes involving transparency, information access, and an independent review of certain decisions. The U.S. was very unsatisfied with this outcome.

The two nations successfully established an agreement to allow companies from each nation to bid on state and federal government contracts via open tender within government procurement processes (Chapter 15). In services, both nations proposed and adopted a negative list for trade in services (see endnote 3). The most contentious services issue involved Australia's right to ensure that local cultural content would be presented on Australia media, while both parties were generally pleased with the outcome they achieved (Chapter 10 including annexes). Within telecommunication (Chapter 12), financial services (Chapter 13), and electronic commerce (Chapter 16), the two sides adopted a cooperative framework that further integrates the two economies. Investment presented two challenges, as the U.S. sought to dismantle the Australian Foreign Investment Review Board (FIRB) – an agency that reviews all foreign investments in Australia over $50,000. Australia would not relinquish FIRB but did increase the threshold to $800,000 for U.S. companies (Chapter 11). The U.S. was also unsuccessful in providing investors with the right to seek international arbitration in disputes with governments (investor–state issues), but can redress disputes in state court (Chapter 11). In intellectual property (Chapter 17), Australia basically agreed to the same deal, with minor adjustment for international cooperation, that the U.S. gave Singapore.

AUSFTA negotiations moved toward conclusion after missing the initial December 2003 deadline. Negotiations were planned for two weeks but went into three weeks in January–February 2004 in Washington D.C. In the first week, each side sought to narrow the areas of disagreement with their full team. In the second and third weeks these negotiations were passed up to political leaders (political appointees or elected politicians) on each side including ministers, secretaries and

ambassadors. AUSFTA team leaders also played an active role in this process and working group leaders were brought in when technical expertise was required, although the focus of talks shifted to a search for political solutions. During the final two weeks, U.S. and Australian political leaders found solutions for agriculture, cultural content in the media, FIRB, investor–state relations, intellectual property and the PBS. The Australian Prime Minister, in Canberra, was regularly briefed and made compromise decisions on several issues. The U.S. President was less involved in the process, as the U.S. side was more focused on delivering a treaty that could gain U.S. Congressional approval. Agreement was reached and negotiations concluded on February 8, 2004. U.S. President Bush notified the U.S. Congress of his intention to sign the AUSFTA on February 13 and USTR Robert Zoellick, representing the United States, and Trade Minister Mark Vaile, representing Australia, signed the 264-page treaty (over 1,000 pages when annexes and side letters are included) on May 18, 2004 at the White House. The treaty became effective on January 1, 2005.

Negotiation Process and Linkage Structure

The three negotiations under review in the present study have great linkage potential, as the same parties repeatedly negotiate over similar issues concurrently and consecutively. Figure 1 offers a timeline for these three negotiations and depicts the structural relationship for concurrently linked and consecutively linked negotiations.

Insert Figure 1 about here

The upper box in Figure 1 portrays negotiation process and linkage structure for SAFTA and USSFTA negotiations, and the lower box portrays negotiation process and linkage structure for AUSFTA negotiations. Temporal logic requires that attention be given to the timing or dates of critical negotiation moments (Mitchell & James, 2001), such as when negotiations actually begin and actually conclude. These critical dates are listed in bold type in Figure 1. For example, the U.S. and Australia began AUSFTA negotiations in March 2003 and substantially concluded these negotiations in February 2004 (Figure 1, lower box). Having identified critical dates we can conclude that SAFTA and USSFTA negotiations were conducted during the same time period, and that the temporal linkage relationship between these two negotiations is concurrent (Figure 1, upper box).

In concurrently linkage, role theory can be used (Wagner, 1972; Watkins & Passow, 1996) to identify linked parties (in this case Australia and the U.S.) and a link-pin party (in this case Singapore) because circumstances often create functional patterns or roles. The relationship between these three parties is depicted as a concurrent linkage structure in Figure 1, upper right-hand corner. Singapore is linked to Australia and to the U.S. with solid lines to demonstrate that two independent negotiations were conducted concurrently. The link between Australia and the U.S. is depicted with a non-solid line because SAFTA (Singapore–Australia) negotiations were relevant and of apparent interest to U.S. negotiators, and USSFTA (U.S.–Singapore) negotiations were relevant and of apparent interest to Australian negotiators. This structural relationship produces negotiation dynamics that can be found only in concurrently linked negotiations.

In consecutively linked negotiations, role theory is less useful. In this case SAFTA was substantially concluded in October 2002 and USSFTA was substantially concluded in January 2003, while AUSFTA negotiations began in March 2003. Temporal logic indicates that SAFTA and USSFTA are consecutively linked to AUSFTA especially since these three negotiations involve similar issues and the same parties with a brief interval between the conclusions of SAFTA and USSFTA and the start of AUSFTA. The relationship depicted in the lower left-hand corner of Figure 1 identifies the consecutive linked structure of these three negotiations.

Essentially, the current study is a convenience sample grounded in a universe or network of trade negotiations that involve Australia, Singapore, the U.S. and many other nations.[7] Now I consider findings from concurrently linked negotiations, followed by findings from consecutively linked negotiations. Concurrent linkage findings are in two sections: strategic opportunities and challenges for (1) linked parties and (2) the link-pin party. I use consecutive linkage findings to examine how past events or perceived future events influence a negotiation, and consider how negotiators use past or perceived future events strategically to influence current negotiations. Consecutive linkage findings are organized in two sections: (1) preceding links, or looking from present to past; and (2) subsequent links, or looking from present to future.

CASE DATA AND ANALYSIS

Concurrent Linkage

In this section we examine negotiations involving SAFTA and USSFTA to illustrate concurrent linkage dynamics. Although conducted during the same time period, the specific temporal process of each individual negotiation (see upper box in Figure 1) appears to have influenced linkage dynamics and linkage management. For example, data indicate that many but not all trade issues were negotiated in USSFTA prior to their consideration in SAFTA. But in the end, there was a rush to conclude SAFTA (SAFTA was substantially concluded two months before USSFTA). "Micro-temporal process" also influence linkage opportunities, challenges and strategic actions.

Behavior of linked parties.

SAFTA and USSFTA linkage often occurred through Singapore, but Australia and the U.S. also established direct links by regularly discussing shared interests and activities in Singapore. Negotiators in all three nations report knowledge of direct communications between the U.S. and Australia regarding their separate negotiations with Singapore. Opportunistic behavior is expected in a mixed-motive situation, while interview data indicate that Singaporean negotiators did not seem particularly bothered by the behavior of their negotiating partners.

The U.S. Embassy in Singapore and the Australian High Commission in Singapore sit side-by-side on Napier Road. Physical proximity does facilitate communication, while interview data indicate that Australian and U.S. staff spoke to their counterparts regularly. The most important link was between the Australia and the U.S. Chief Negotiators. Discussions between Chief Negotiators, regarding their common interests in Singapore, began long before both nations commenced their own bilateral trade talks, although at some point such discussions also set in motion

preparations for AUSFTA (each Chief Negotiator went on to serve their respective country as Chief Negotiator in AUSFTA). The two Chief Negotiators met face-to-face when they could but often communicated via telephone and teleconference.

This strategic opportunity presented a highly complex situation for each Chief Negotiator. Sharing the wrong information could damage the negotiation process and destroy a party's creditability and trustworthiness in the eyes of the Singaporeans. It was thus critical for all involved to clearly understanding what information could be shared and what information had to be withheld between the linked parties. One Chief Negotiator reported that both parties (Australia and the U.S.) were candid with each other about what each was trying to achieve (interests, goals and positions) and the current status of their respective negotiations with Singapore. In these discussions, Australia and the U.S. were prepared to talk about their own positions and to share information about Singapore considered in the public domain. However, both Australia and the U.S. drew the line on exchanging information that Singapore communicated in confidence. For example, neither would tell the other about a specific proposal made by Singapore (e.g., Singapore has offered us the right to place x number of banking ATMs in Singapore), as this would violate confidentiality. It would also not serve the interests of the party sharing such information, as the other linked party would likely ask Singapore for a similar concession and this request could damage the arrangement established with the first linked party.

A set of guiding principles for linked parties is therefore useful given the risks and danger involved in pursuing opportunistic behavior. I can identify three principles for managing opportunistic behavior in concurrently linked negotiations from the case data in this study.

- Generally, it is acceptable to talk about what <u>you</u> are doing (including interests, goals and positions) in a concurrently linked negotiation with others external to this negotiation.

- Generally, it is acceptable to talk about the current status of your negotiation, including information that you consider to be in the public domain.

- Information on the link-pin party's proposals and compromises should be withheld, as should information that the link-pin party has offered in confidence.

In sum, talk about yourself not your negotiating partner in discussions between linked parties. Parties that follow such guidance will be more effective in managing linked negotiations. On the other hand, the link-pin party may wish to block linked party cooperation if it is able, as data from the current study indicate that Singapore gained little through linked party communication. For example, interview data from Australia and the U.S. indicate that simply knowing that both nations were pushing Singapore in a similar direction (e.g., to adopt a negative list for trade in services rather than a positive list and to establish a comprehensive competition policy) bolstered the confidence of both linked parties in holding firm on individual demands. This shared knowledge was therefore strategically valuable and may have contributed to the final outcome (i.e., Singapore did establish a national competition law and after substantial resistance, Singapore also adopted a negative list for trade in services – see SAFTA Chapter 7; USSFTA Chapter 8). This is not to suggest that the two linked parties developed a grand strategy of collusion or even attempted to coordinate strategy, they did not. Rather, knowledge of what the other was doing in Singapore

served a normative function that reinforced the individual actions of each linked party. This form of power has coalitional qualities, although Australia and the U.S. were not acting as a coalition in their separate negotiations with Singapore.

Behavior of the link-pin party.

Linkage presents the potential for influence from one negotiation to another, while the link-pin party is the critical link in this exercise. As such, the value that the link-pin party places on each negotiating partner may contribute to the direction of influence. For example, although SAFTA negotiations were important to Singapore, negotiators in all three nations understood that Singapore valued USSFTA talks over SAFTA talks and all levels of Australian government seemed to accept this. In concurrently linked negotiations the flow of influence between negotiations may be partly determined by the link-pin party and the relative value it attaches to each negotiating partner. For example, for trade in goods (Chapters 2 and 3 in USSFTA and SAFTA) Singapore tried unsuccessfully to convince Australia to adopt a "change in tariff classification system" as the method for determining product origin (rules of origin, see endnote 2) – the method used in USSFTA. Singapore did not attempt to persuade the U.S. to adopt the "value added" method for determining product origin – the method used in SAFTA. Understanding the direction of influence and its consequences in linked negotiations are an important area of investigation.

A second factor contributing to the direction of influence in these two linked negotiations is the "head start" that USSFTA negotiators maintained over SAFTA negotiators until near the end of these negotiations (see Figure 1). For example, the Singaporean telecommunications team reported that they advised the Australian telecommunications team what they were learning about telecommunication regulation from their talks with U.S. negotiators. Interview data indicate that Singaporean negotiators would sometimes reach an agreement with U.S. negotiators and then make this agreement a demand that they would present to Australian negotiators. In some instances innovative agenda items migrated from USSFTA negotiations to SAFTA negotiations via the Singaporean team. For example, before USSFTA no trade treaty had substantially addressed trade via electronic commerce. The U.S. team had spent considerable time researching and thinking about this topic (e.g., is electronic commerce a product or a service?), while the Singaporean team was receptive to a creative dialogue. Initially, SAFTA talks had no plans for a chapter on electronic commerce, but once the Singaporean team introduced the topic, the Australians recognized the relevance of electronic commerce to their trade treaty. Australian negotiators were not sufficiently familiar with electronic commerce to deal with it in a comprehensive manner although the topic is considered (see SAFTA, Chapter 14). Nevertheless, that the topic exists at all in the SAFTA treaty owes to Singapore's concurrent negotiations with the U.S. Understanding solution migration process in linked negotiations provides opportunities for synergy and efficiency.

A link-pin party that knows or suspects that its linked parties are cooperating with each other faces a strategic challenge that it must manage judiciously when forming positions and making concessions with these parties. One Singaporean Team Leader neatly summarized the essence of the situation: "a position or compromise made in one negotiation can become an expectation in another [linked] negotiation." Decisions made about issues, agendas, framing, arguments, positions and concessions in one negotiation can be used as a reference point in any linked negotiation. So how can the link-pin party best manage this challenge? Position management requires

coordination by the link-pin party (note that there was very little overlap in personnel between the Singaporean SAFTA team and USSFTA team). Singaporean Team Leaders report that the critical issue for them was achieving consistency across linked negotiations. They did so through regular communication with their Singaporean counterpart who was responsible for the other linked negotiation. Consciously delaying negotiation process was also a useful technique for position management. For example, the Singapore team explained to the Australian team – the party they valued less – that it was not prepared to take a position on an issue because the U.S. team could use Singapore's position as a benchmark and hence as a first offer in USSFTA negotiations. Singapore assured Australia that the issue would be addressed but not at that time. Singapore's actions offer useful guidance for link-pin parties.

Making a concession is especially problematic if the link-pin party has not thought through a clear negotiation strategy. One Australian diplomat indicated that he recognized that the Singaporean team was pursuing a predetermined strategy by noting the team's preference for concluding sensitive issues with the "Yanks" first since resolving issues with the Australian team first would create difficulties for Singapore in negotiating with the Americans. Some Singaporean trade negotiators referred to this challenge as a *blow-back* – where a concession made to the low-priority partner becomes an expectation or first offer for the high-priority partner. To avoid a "blow-back" dynamic the Singaporeans needed to manage a *cascade of concessions*, where after making concessions to the high priority party the link-pin party could then make concessions to all parties in other linked negotiations. For example, the Singaporean team was unwilling to specify the conditions governing joint law ventures and formal law alliances operating in Singapore until first reaching agreement on this issue in USSFTA. Once these conditions were agreed to it cleared the way to conclude this issue in SAFTA. Again, Singapore's actions offer useful guidance for link-pin parties engaged in concurrently linked negotiations.

Singapore's desire to delay agreement on sensitive trade issues in SAFTA until the issues were concluded in USSFTA generally required little effort given the USSFTA negotiation head start. Around October 2002 the Australians suddenly wanted to bring SAFTA negotiations to a quick conclusion, as this group of negotiators needed to prepare for their own upcoming trade negotiations with the U.S. (here is an example of a consecutive linkage – based on a party's perception of the future – that influences negotiation process today). Suddenly, the Singapore team had to be more strategic in managing its linked negotiations since this change in dynamics heightened the potential for loss or disadvantage to the link-pin party. Here, the most effective way for the link-pin party to gain control over a sensitive issue was to link these issues more tightly to each other by restructuring the linked relationship. Singapore's approach to managing wholesale bank licenses is especially interesting here. The number of foreign banks a national government allows into their nation is a very serious issue. Singapore naturally wanted control over this issue and with Australia pushing to wrap-up SAFTA the Singapore team was primarily concerned about preventing the blow-back that it expected in USSFTA if Singapore first concluded this issue in SAFTA. Singapore found a solution to these competing demands by offering an agreement to lift its numerical quota on wholesale bank licenses with Australia based on how Singapore treated the U.S. on this issue in USSFTA. Australia was pleased to receive as many wholesale bank licenses as the U.S., although the actual amount would be decided in USSFTA negotiations. Singapore's wholesale banking solution did not de-link this sensitive issue but re-structured this issue so that the two negotiations were linked more closely together;

indeed one was made dependent on and determined by the other. Singapore avoided the potential blow-back because it did not disclose its zone of possible agreement to either linked party. In so doing, Singapore gained greater control over negotiation process and minimized its loss or disadvantage. This Singaporean exercise offers a valuable strategic lesson for managing issues in concurrently linked negotiations.

Consecutive Linkage

Consecutive linkages are concerned with the past and the future. This section examines negotiation dynamics and preceding linkage (looking from the present to the past), and negotiation dynamics and subsequent linkage (looking from the present to the future). Above I have already identified a subsequent link between SAFTA and AUSFTA (Australia's perception of a future negotiation with the U.S. resulting in a sudden desire to bring closure to SAFTA negotiations, which appears to have motivated Singapore to seek a creative solution to minimize potential wholesale banking losses in USSFTA negotiations). More often, however, the direction of influence is reversed: SAFTA and USSFTA negotiations influenced AUSFTA talks. The past has much greater influence on the present than the future.

It is important to note that SAFTA and USSFTA are not the only consecutively linked trade negotiations from the past that influenced Australian and U.S. negotiating behavior in AUSFTA. This section will focus primarily on SAFTA and USSFTA negotiations, and their relationship to AUSFTA negotiations, although where data concerning other linked negotiations are relevant and available (see endnote 7) I use them in this examination of consecutive linked negotiations.

Consecutive-past linkage: Present to past.

The link between past and present negotiations is like a dual edged sword – one side sharp and the other side dull. Past negotiations offer lessons and provide a stable foundation for the present but they also act as chains that bind negotiators to solutions tailored to an earlier era. One Chief Negotiator observed, "scratch the surface and you find that a specific position or demand is made because this is the way we always do it – this is what we did in GATT or in some other trade negotiation. But what is the reason or logic for a position and is the logic valid in the current trade negotiation?" More than one Chief Negotiator reported that outcomes in a prior negotiation create comfort and entrenchment in a position, which makes flexibility difficult. For example, Singaporeans reported that their prior experience with New Zealand and Japan (see endnote 7) in negotiating trade in services contributed to their difficulty in responding to U.S. and Australian demands to adopt a negative list for services. These observations remind us to carefully examine the logic of one's own position as well as the logical basis of proposals from the other side.

Fieldwork data support the view that current negotiation process can be influenced by the mere existence of a preceding linked negotiation. If there has been a prior relevant negotiation for one side or the other, it is more likely that the side with this prior experience will present their position all at once. In trade negotiations this is in the form of "preferred text", while this approach can appear as a demand or firm position. If there has been no prior negotiation or preceding linkage to draw upon the preferred text will more likely be put forward in bits and pieces. Text produced over time will likely be informed by dialogue between the parties and so may appear to be developed through collaborative processes. For example, before negotiations with

Singapore and Chile, the U.S. had not negotiated a trade agreement since NAFTA in 1994 (many of those interviewed perceive the 2000 U.S.–Jordan treaty as a political rather than an economic exercise). Interview data indicate that since NAFTA, inter-agency trade debate within the U.S. government had raged on various issues. Data also indicate that Singapore and/or Chile served as the venue that helped the U.S. government to establish inter-agency consensus on issues such as competition policy, electronic commerce, financial services, investment and telecommunications. Generating the text that eventually became the language of the USSFTA treaty was more collaborative since the U.S. team did not present its written position to Singapore all at once. But, by the time the U.S. began negotiating with Australia, they had built their inter-agency consensus, knew what they wanted, and so presented their demands to Australia as a package. For example, one Australian telecommunications negotiator reported that he was surprised when his U.S. counterpart sent him model text, as they had agreed in their first telephone conference to initially conduct a joint review of USSFTA and SAFTA text. When questioned, his U.S. counterpart said that regardless of any analysis of prior treaties the text sent was the preferred U.S. language and the U.S. negotiator thought it better to provide this text up front rather than later. Text used in prior U.S. negotiations did not transfer directly across to the treaty with Australia, but the template for individual chapters could transfer directly across, and then the U.S. made modifications based on Australian circumstances.

USSFTA negotiations and AUSFTA negotiations generally followed different processes. The absence of a relevant preceding linked negotiation in USSFTA talks and the presence of two preceding linked negotiations in AUSFTA talks (Singapore and Chile) help to explain differences in U.S. negotiation behavior with Singapore and Australia. Negotiation strategy and style choices may also explain some differences but data indicate that an important difference is the temporal nature of the negotiation (i.e., whether preceding links are present or absent). These observations invite further study, as advanced knowledge of circumstances that can shape negotiation process can facilitate effective negotiation management, which can influence negotiation outcome.

Patterns of "resistance, learning and acceptance" can appear within two or more linked negotiations. In discussions on the link-pin party above I note that electronic commerce migrated from USSFTA to SAFTA negotiations. Solution migration may be part of the "learning to acceptance" pattern. For example, the Australian team appreciated what it learned about electronic commerce from the Singaporean team and agreed to include a chapter on this in SAFTA but Australia was not sufficiently familiar with this new issue to embrace it fully. For the Australian team, it was a first step toward learning. However, at their next opportunity Australia fully embraced electronic commerce in their trade treaty with the U.S. (compare SAFTA Chapter 14, USSFTA Chapter 14 and AUSFTA Chapter 16). The Australian team even added to the development of this new field by introducing text to regulate digital signatures on legal documents. In a second example, Singapore's efforts to convince Australia to adopt a "change in tariff classification system" as the primary test to determine product origin (rules of origin, see endnote 2) was unsuccessful, but the idea was introduced. When the U.S. proposed the same method, Australia accepted (see AUSFTA, Chapter 5). Subsequent reports indicate that Australia and New Zealand are holding talks on modifying their 1983 treaty to adopt a change in tariff classification method for determining product origin.

How do parties move from resistance to learning to acceptance? Contributors to the field of negotiation have spent considerable time on this question, especially in studies focused on power and persuasion. These examples could be explained via

power relations; that it was possible for Australia to reject a proposal from Singapore but more difficult to reject U.S. proposals however, power relations alone do not provide an adequate explanation. Australia could have easily dismissed Singapore's electronic commerce proposal, or Australia did not have to use what they learned from the U.S. in working with New Zealand to modify a 20-year old method for determining product origin. In some negotiations the temporal quality of preceding linkage may be useful for understanding the resistance–learning–acceptance pattern. This is not the only reason for parties to move from resistance to learning to acceptance, but this study suggests that consecutive linkage serve as the foundation for one pattern.

Understanding how past events influence a negotiation can provide control over the present. It is also useful to consider how a negotiator can purposefully use past events to strategically influence current negotiation process and outcome.

Knowledge of how the other side has negotiated in the past is knowledge that negotiators can use to empower themselves at the negotiation table. Negotiators in Australia, Singapore and the U.S. all identified the importance of studying trade treaties or outcomes already concluded by parties with whom they expect to negotiate. Analyzing specific treaty language can deepen negotiators' understanding of a party's motives and preferences. For example, an Australian telecommunications negotiator indicated that in preparing for USSFTA, his team examined and compared USSFTA and USCFTA (U.S.–Chile) treaties looking for similarities and differences in their text and then sought to understand the logic behind the difference. This helped Australia to understand the motives and strategies driving the initial U.S. positions in AUSFTA and also helped the Australian team in developing their own text. One Singaporean Team Leader advised of the importance of determining if the other side is engaged in "political posturing" or if it actually has a substantive concern. Sometimes motives can be inferred by examining changes in the text of several treaties involving the same party. These observations can be used strategically in a negotiation.

Understanding the outcomes of preceding linked negotiations can also be used to build arguments in seeking to persuade the other side. For example, Australian negotiators studied the USCFTA to determine how this treaty dealt with Chile's agricultural products that were sensitive for the U.S. (grapes, avocados and canned fruit) and then used the logic found in the USCFTA treaty in the Australian proposal for agricultural products sensitive to the U.S. (beef, dairy and sugar). Knowledge of an outcome for a preceding linkage can also assist in building persuasive arguments.

Consecutive-future linkage: Present to future.

Perceptions of the future can be used to influence the present – sometimes strategically. When it was known publicly that Australia and the U.S. would negotiate a trade treaty, in the later stages of SAFTA telecommunications negotiations, a Singaporean negotiator confronted Australian resistance: "You [Australia] are saying that you are not prepared to accept such an outcome now, but you will certainly accept this outcome next year when you negotiate with the U.S. – they will give you a bloody nose on this issue. What is the point? Why not concede to Singapore now rather than after you give in to the U.S. next year?" In another SAFTA example but involving intellectual property, one Chief Negotiator pointed out to the other Chief Negotiator that SAFTA negotiations should not devote too much time to this issue, as Singapore and Australian intellectual property laws would be harmonized when Australia negotiated with the U.S. the following year. The first example demonstrates the strategic use of the future to try to persuade in a current negotiation. The second

example demonstrates how the future can be used to make present negotiations more efficient (i.e., questioning the need to negotiate three intellectual property chapters – SAFTA, USSFTA and AUSFTA – when the same result can be achieved by focusing on the latter two). Both techniques can be usefully applied in other settings.

More often than drawing the future into present negotiations, present negotiations are used to gain control over some perceived future negotiation, or to create the potential to initiate a future negotiation. For example, one Australian diplomat reported that Thailand had weak incentives to conduct trade negotiations with Australia (see endnote 7) but the Thai government did want to negotiate a trade deal with Japan or the U.S. – Thailand's primary trading partners. Thai officials believed they could realize their goal by first demonstrating their capacity to successfully conclude a trade treaty with an OECD nation. Australia became a suitable partner as a result. Some negotiations are conducted to build momentum toward initiation of another negotiation, as well as for their own intrinsic value.

Perhaps the most important way that present negotiations are used to gain control over some perceived future negotiation is through precedent building – a significant but unexplored area of study within the field of negotiation. Precedents negotiated today can be useful in gaining or losing control in some future negotiation. Such is the importance of avoiding what is perceived as a "bad precedent" or building what is perceived as a "good precedent". The Australian Pharmaceutical Benefits Scheme (PBS) – a government program that subsides the cost of medication for its citizens is a useful example to consider. The primary motivation of the U.S. team to dismantle or at least weaken the Australian PBS was not because the Australian market is so valuable to U.S. industry, it is a fairly small market, but is because the U.S. seeks to dismantle similar programs in Europe that are very valuable to U.S. industry. A precedent in the Australian market will support the U.S. government in its planned efforts in Europe, so the precedent AUSFTA set on the PBS carries more weight than the size of the Australian market suggests. However, the Australian government did not cooperate with the U.S. on this issue, which left the U.S. with what U.S. negotiators and industry perceived to be a "bad precedent". The importance of this matter to the U.S. is demonstrated by a Congressional requirement on the Bush Administration to apprise the U.S. Congress on progress in opening Australia's drug pricing system, and by efforts of the U.S. pharmaceutical industry after AUSFTA was signed and implemented to continue to seek modifications to the PBS.

Some negotiators are grand strategists who think several negotiations and years into the future. The U.S. negotiation team presents a clear example in this regard. Singaporean, Australian and American negotiators advised that much text in USSFTA and AUSFTA chapters on intellectual property rights (IPR) has little relevance to the respective Singaporean or Australian situation. An American diplomat reported that Singaporean negotiators would question the reasoning on a particular issue and argue that it lacked relevance to the Singaporean situation. In these instances two issues had to be resolved: (1) text relevant to USSFTA although disagreement may exist and (2) text that was not really a problem between the two parties but was particularly valuable to U.S. negotiators in their desire to achieve other goals. As noted previously, many USSFTA chapters were prepared in bits and pieces but for IPR (USSFTA Chapter 16), U.S. negotiators arrived in Singapore with 21 pages of preferred text. The U.S. IPR lobby (including industries in computer software, movies, music, pharmaceuticals, publishing and television) is well organized and clearly knows what it wants. An American IPR negotiator explained that extensions and delays in granting patent terms are not really issues in Singapore

or Australia but they can be serious problems in developing countries. Concerns about patient terms were included in USSFTA and AUSFTA to establish a standard for future negotiations with developing countries. A Singaporean IPR negotiator reported that some U.S. copyright enforcement proposals seemed extreme and were not relevant to the Singaporean situation. But here to, the U.S. negotiators wanted model text for future negotiations. An Australian IPR negotiator observed in similar spirit that the U.S. focused heavily on enforcement where little enforcement exists and so was not relevant to the Australian situation. One Singaporean negotiator thought the U.S. was building a Trojan horse that it could use to wheel into other countries.

In examining precedents from past negotiations it is useful to distinguish between precedents that serve the essential interests of all parties at the table and precedents that serve the interests of only one party especially if that party is more powerful. The latter outcome may appear hollow, as it may not receive the scrutiny, analysis and debate it would draw if both or all sides were seriously vested in the outcome. Given the easy of precedent building, especially in negotiations with asymmetrical power relations, the effective negotiator should inquire through appropriate channels to establish the validity of a precedent. A precedent that represents the interests of only one party need not be rejected out of hand, but it should be given more careful examination and/or treated as a proposal that lacks the validation that a truly mutual agreement confers.

In addition to the perceived "good precedent" and the perceived "bad precedent", case data identifies a second category of precedent: the "mutually-agreed precedent" and the "self-serving precedent". Both precedent categories and each type of precedent require greater understanding about their fundamental nature and dynamics. In negotiations we use the present in seeking to control the future and we use the perceived future to gain some control over the present.

DISCUSSION

Now we consider the possibility that linkage theory can provide a temporal foundation for the negotiation paradigm. We also consider the similarities and differences between concurrently linked and consecutively linked negotiations, and conclude by examining directions for future research in managing negotiation linkage dynamics.

At a fundamental level this paper has examined the relationship between time and the current theoretical paradigm for negotiation. What role should time play in our understanding of negotiation process and outcome? Pruitt and Carnevale (1993: 8) note that the theoretical paradigm that dominates social and behavioral negotiation research lacks a time dimension, failing to deal with events that occur before and after a negotiation. When time is examined in the negotiation literature it is considered in the context of time pressure and deadlines, strategy, timing and sequential moves, settlement ripeness and other such concepts. Essentially, our negotiation paradigm considers time in the present context. Unfortunately, the negotiation literature does not currently offer a broader conceptual understanding of time, although a temporal model of negotiation linkage provides an analytical structure for establishing the relationship between a single negotiation and the past, present and future (see Figure 2).

Insert Figure 2 about here

During the past 50 years, substantial behavioral and social theory has been developed and tested to establish an understanding of negotiation structure and dynamics. Rarely do we find research even referring to the negotiation paradigm and no one ever questions it. This paper does not question our paradigm either. Rather, I am proposing a paradigm enhancement, not a paradigm shift, by arguing that linkage theory can provide our paradigm with the temporal foundation that is currently lacking. Linkage theory may not be the only analytical framework able to establish a temporal foundation for the current negotiation paradigm, but it is the only analytical framework that has been examined empirically to date. I invite other negotiation and management researchers to consider and evaluate these issues and questions, as it may be that linkage theory has relevance beyond negotiation. It is possible that linkage theory can inject temporal understanding into many managerial and organizational processes.

How does one negotiation influence or determine the process or outcome for another negotiation when time is treated as an independent variable and negotiation process and outcome are treated as dependent variables? In examining this research question this study presented a four-part temporal framework of negotiation linkage. Concurrent linkage, consecutive-past linkage and consecutive-future linkage are discussed with empirical evidence, while simultaneous linkage is identified for future research. The examination of concurrent linkage and consecutive linkage indicates some overlap between these two temporal types. For example, we observed that solution migration occurs in both concurrent linkages (electronic commerce migrated from USSFTA to SAFTA) and consecutive linkages (rules of origin migrated from USSFTA to AUSFTA). Micro-temporal factors explain this overlap. In consecutively linked negotiations, the direction of influence is often from a concluded negotiation to a negotiation in progress. In a concurrently linked negotiation, if one of two negotiations achieve a head start the direction of influence will likely flow from the negotiation begun first to the negotiation that follows (i.e., migration) even though the two negotiations are conducted concurrently. There are also important differences between concurrent and consecutive linkages. Singapore's creative response to Australia's desire to rush SAFTA talks to a conclusion (see discussion on wholesale banking) would be unnecessary in a consecutively linked negotiation, as disclosure of one's resistance point would have already occurred via a consecutive-past negotiation. The potential for cooperation between linked parties, link-pin party management of potential blow-back dynamics, and a cascade of concessions, also involve processes that are found in concurrently linked but not consecutively linked negotiations.

In using linkage dynamics to explain negotiation process and outcome, it is not sufficient to establish the overall temporal nature of the linkage relationship by identifying the start and end dates of linked negotiations. Micro-temporal processes such as a head start, delay, hiatus and rushing to conclusion also impact on specific linkage dynamics in negotiation. Negotiation analysts have not yet begun to consider the many questions raised by examination of linkage dynamics. For example, it would be useful to investigate differences between simultaneous and concurrent linkages. Carefully matched cases could provide some answers, but laboratory research could also be used to investigate this relationship. If data support the assumption that differences exist, then the next step is to examine their nature to enrich our conceptualization of "present linkages" (see Table 1) and the temporal framework.

The direction of influence in concurrently linked negotiations also requires further analysis. In addition to micro-temporal factors such as a head start, case data demonstrate the salience of link-pin party values for each negotiation partner. How do

these two factors interact in shaping the direction of influence? Do other factors contribute to the direction of influence? These questions deserve consideration initially.

In concurrently linked negotiations, solution migration can occur regardless of whether linked parties are cooperating with each other, as solution migration can be brought about through the link-pin party. What factors facilitate or inhibit solution migration? Under what conditions is communication between linked parties a facilitating or inhibiting factor? The greatest single strategic challenge for a link-pin party is position management and concession-making. Singapore demonstrated a range of techniques including the need to maintain position consistency between linked negotiations, delaying negotiation process, concluding issues with the higher priority party first (to avoid blow-back dynamics), managing a cascade of concessions, and agreeing with the lower–priority party first but without disclosing its zone of possible agreement. These techniques are a good start but they are just the beginning. Case study research may be most useful in identifying additional techniques and laboratory studies may be useful in developing protocol for executing such techniques.

The large majority of linked negotiations are consecutive linkages, primarily from the past to the present. How can negotiators best manage the chains that bind them to the past without destroying the foundation that supports current efforts? Case study data indicate that the past offers lessons and tested solution, but it can also blind us to what is possible. Questioning the logic of our motives and goals may be the most effective technique. This area requires further study given its significance.

The presence or absence of a consecutive-past linkage was found to influence negotiation process especially related to the application of integrative or distributive processes (U.S. appearing to build a solution together in Singapore, as compared to presenting a position in the form of prepared text in Australia). More work could be done in this area to confirm if a relationship actually exists, and if so to examine the relationship between process, outcome and party perceptions of success. Additional research could also be conducted on a temporal understanding of linkage dynamics and learning theory. A pattern of resistance, learning and acceptance was observed in consecutively linked negotiations (SAFTA and AUSFTA), which suggests that time may be an important factor. This observation is not surprising since "negotiation and conflict management are learning processes" (Rubin, 1991: 225). The current study identifies a relationship between consecutive-past linkages and resistance, learning, and acceptance. Other studies also examine learning theory and negotiation process (Axelrod, 1984; Deutsch, 1973) although not with a temporal and linkage orientation. The negotiation literature devotes substantial attention to the study of power and persuasion. Perhaps this area of study would benefit by adding a temporal dimension, as learning and acceptance are about change and change often occurs over time.

Perception about the future and its use in a current negotiation is not well understood. Data demonstrate that a perceived future negotiation (AUSFTA) can motivate one party to rush toward a conclusion in a present negotiation (SAFTA). Perception of future negotiations was also used to build arguments to influence current negotiations (perception of future AUSFTA in SAFTA telecommunication negotiations) and to enhance process efficiency (perception of AUSFTA in SAFTA intellectual property negotiations). These observations only scratch the surface. Additional case study research should look for other techniques to demonstrate how negotiators use perceptions of the future to influence present negotiations.

Use of the present to influence a perceived future negotiation is also poorly understood. Data from this study identify momentum building as one method, but precedent building is probably the most significant technique in this domain. What is

a precedent and how does it differ from a proposal or a principle? What is the relationship between these three concepts? This study identified two dimensions that produce four types of precedents: the perceived "good precedent" and the perceived "bad precedent", and the "mutually-agreed precedent" and "self-serving precedent". The mutually-agreed precedent emerges through analysis, debate and discussion. The self-serving precedent often emerges through asymmetrical power relations. More research needs to be conducted on the nature of these four types of precedents and the factors that contribute to their use, success and failure in negotiation. Other types of precedent probably exist, while some may be most useful for specific purposes. We lack knowledge about types of precedents (where is the typology?) and their utility. For example, what techniques are most effective in presenting a precedent? What techniques are most effective in countering a precedent? These questions are also searching for answers. Our lack of knowledge about precedents is surprising, as precedents are used as a source of power in negotiation.

CONCLUSION

Linkage is an underdeveloped area of study within negotiation. This paper examined seminal questions, while proposing and elaborating on a linkage framework with temporal qualities. Along the way, I have demonstrated how a temporal framework may be used for developing a more comprehensive understanding of linkage behavior and the strategic use and management of negotiation linkage dynamics. A temporal model of negotiation is useful for both theory development and practice. Negotiators live in, and are very much a part of, a temporal world. They use the past to understand and shape the present and they use present circumstances to try and interpret past events. Negotiators also use perceptions of the future to gain control over the present and they use the present to gain some control over the perceived future. A negotiation paradigm resting on a temporal foundation of past, present and future enhances the dynamic qualities of our paradigm, while providing greater content validity – an attribute that should please theorists and practitioners.

TABLE 1
Negotiation Linkage Theory: A Temporal Framework

Negotiation Linkage:

The state in which one negotiation influences or determines the process or outcome for another negotiation.

Present Linkages

Simultaneous Linkage: At the same time (on the same day)

Concurrent Linkage: During the same time period

Past Linkage

Consecutive–Past Linkage: Preceding or before (looking from present to past)

Future Linkage

Consecutive–Future Linkage: Subsequent or after (looking from present to future)

FIGURE 1
Negotiation Process and Linkage Structure: SAFTA, USSFTA and AUSFTA

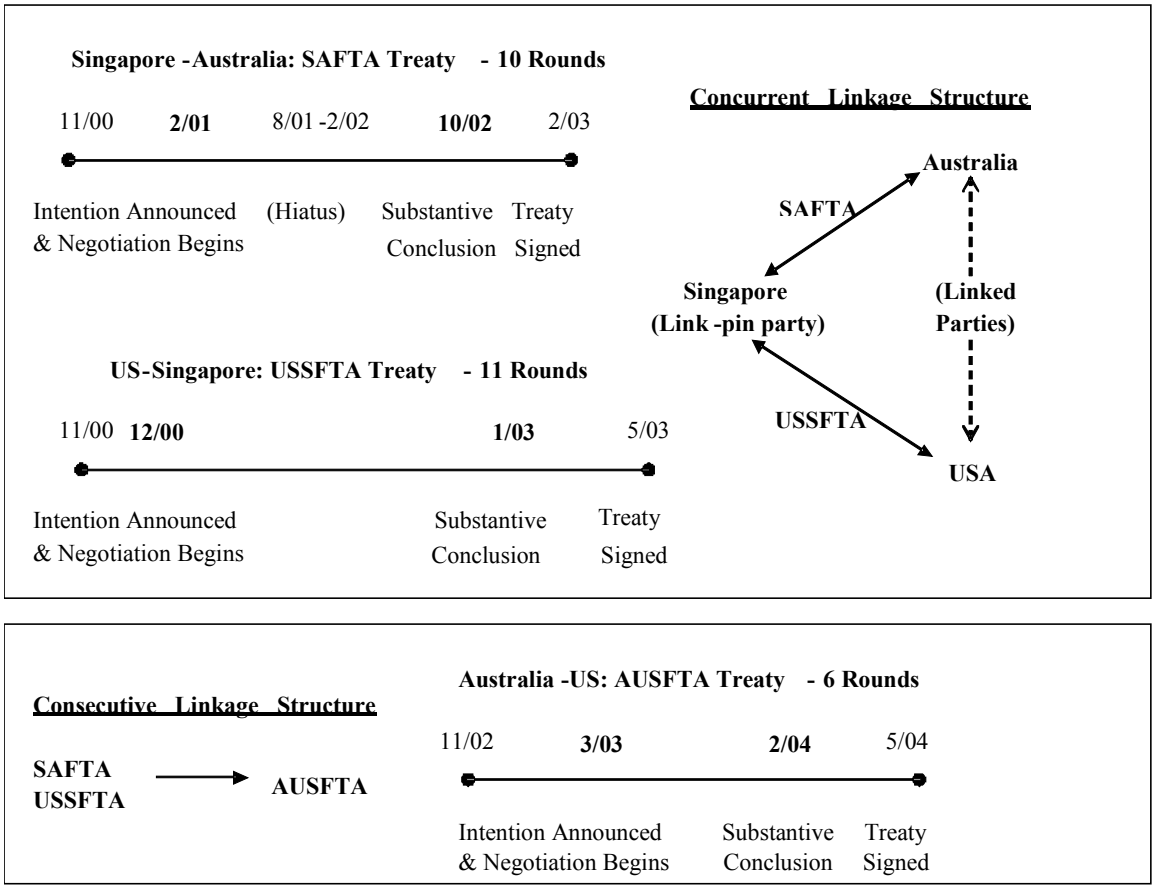
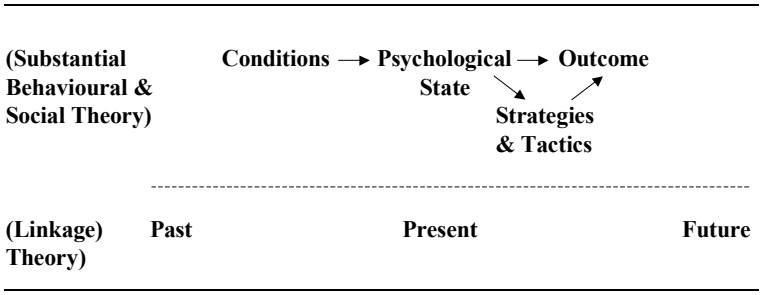


FIGURE 2

A Temporal Enhancement of the Negotiation Paradigm



NOTES*

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[1] Some interviews were tape-recorded – especially those with high-level government officials and political appointees who have experience with this method through frequent media interviews. Written notes were taken in most interviews and then organized and typed within 24 hours after each interview.

Key interview sources include trade negotiators and trade policy specialists in the organizations that follow. CANBERRA: The Australian Department of Foreign Affairs and Trade especially staff in the Office of Trade Negotiations, the Australian High Commission in Singapore, the Australian Embassy in Washington D.C., and the Office of the Prime Minister, among other Australian organizations. SINGAPORE: Directorate B of the Trade Division of the Ministry of Trade and Industry, staff in the Singapore High Commission in Canberra, staff in the Office of the Deputy Prime Minister, staff in the Singapore International Chamber of Commerce and other Singaporean organizations. WASHINGTON DC: Office of the United States Trade Representative in the Executive Office of the U.S. President, staff in the Embassy of the USA in Singapore, staff in the American Chamber of Commerce in Singapore, and staff in the following U.S. Departments: Agriculture, Commerce, Justice, State, Treasury, and the U.S. National Security Council. GENEVA: The Permanent Mission of Singapore to the United Nations and staff in the Trade Policy Review Division of the World Trade Organization.

[2] Rules of origin (ROO) determine if a good qualifies for preferential treatment (e.g., a reduced tariff), as it establishes a method for defining where a good was actually made. There are several ROO methods but the two most common methods are the value added or local content system, and the change in tariff classification or transformation system. In the former system a good must contain inputs (material, labor, etc.) above a certain threshold (such as 50 percent) from the exporting treaty partner to receive a tariff reduction from the importing treaty partner. In the later system the inputs used in making a good are classified under a different tariff classification from the classification of the final product (as defined by the international harmonized system nomenclature) – thus transformation.

[3] A negative list for trade in services allows for trade in any service unless it is specifically *excluded* in the trade treaty. A positive list for trade in services allows for trade only if a service is specifically *included* in the trade treaty. As such, a negative list is considered to be more liberal in encouraging international trade than a positive list. Building a negotiation position for a negative list requires much more governmental planning, as compared to a positive list.

[4] The U.S. Yarn Forwarding Rule allows a treaty partner to secure raw materials from anywhere in the world but the yarn produced from this raw material must come from either treaty partner to gain U.S. tariff benefits. Singapore argued that it is highly inefficient to transport yarn from the U.S. (Singapore does not have a yarn industry) just so Singaporean textile manufacturers can gain tariff benefits when exporting finished products to the U.S. The two Chief Negotiators resolved this issue on the final day of the final round, with Singapore's arguments unsuccessful in persuading the U.S.

[5] One high-level Singaporean official defended the U.S. position on intellectual property rights by stating that Singapore is small and can be bullied by a county like the U.S. At the same time, the U.S. could back all their requests with specific examples. Nevertheless, Singaporeans directly involved in IPR negotiations questioned the relevance of the USSFTA IPR chapter to Singaporean conditions.

[6] Both team leaders had recently led their respective nation in trade negotiations with Singapore. Many members of the Australian AUSFTA team were brought together initially to negotiate SAFTA and many members of the U.S. AUSFTA team were brought together initially to negotiate USSFTA.

[7] SAFTA was not the only relevant external development for USSFTA negotiators and USSFTA was not the only relevant external development for SAFTA negotiators. Similarly, SAFTA and USSFTA were not the only relevant external event for AUSFTA negotiators. All three nations were directly

involved in the GATT Uruguay negotiations that concluded in 1994 and are directly involved in WTO Doha trade negotiations that began in 2001. Regional trade negotiations (e.g., APEC, FTAA) are also relevant and linked to the negotiations under investigation, as are a number of other negotiations.

The Australian government had not negotiated a bilateral trade agreement since 1983 when it concluded its first bilateral trade treaty with New Zealand. After beginning SAFTA negotiations, Australia also began bilateral trade policy negotiations with Thailand (announced in July 2001 with negotiations continuing to July 2004), Japan (announced in May 2002 with economic framework negotiations continuing to July 2003), and the United States (announced in November 2002 with negotiations beginning in March 2003 and a treaty signed in May 2004).

The government of Singapore concluded its first bilateral trade treaty with New Zealand in November 2000 and began bilateral trade negotiations with Japan (announced in October 2000 with an economic partnership agreement signed in January 2002), Mexico (negotiations announced in September 1999 that continue at this writing in 2005) and Canada (negotiations announced in June 2000 that continue at this writing in 2005). Singapore also engaged a four-nation consortium: Iceland, Liechtenstein, Norway and Switzerland (all non-E.U. European nations) in trade policy negotiations (announced in May 2001 with a treaty signed in June 2002). Singapore has ongoing multilateral trade negotiations with the members of ASEAN.

The United States government concluded its first bilateral trade treaty with Israel in 1985, followed by NAFTA (first with Canada and then with Mexico) in 1994 and Jordan in October 2000. The United States concurrently negotiated separate trade treaties with Singapore and Chile (each negotiation began in December 2000 with Singapore signing in May 2003 and Chile signing in June 2003). The United States also began negotiating a multilateral trade treaty with Central America (announced in October 2002 and substantially concluded by December 2003) and a bilateral trade agreement with Morocco (announced in April 2002 with negotiations beginning in January 2003) and Australia (announced in November 2002 with negotiations beginning in March 2003 and a treaty signed in May 2004).

Information in this endnote can be confirmed by visiting Internet sites sponsored by the governments of Australia (Department of Foreign Affairs and Trade), Singapore (Ministry of Trade and Industry), and the United States (United States Trade Representative).

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