Different facets of power
in decision-making in the WTO

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ABSTRACT

The paper attempts to locate the role of power in decision-making in the WTO. Different facets of power dominant in the international relations literature are described and a taxonomy is offered. In addition, the interactions between power instruments and causal links are explored. Empirically, the paper focuses on the current Doha Round, discusses the implications of particular bargaining settings (e.g. coalition building) and tests the influence of the concept of “development” using a focal point perspective.

KEY WORDS


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Introduction

Power is a contested concept. Although, power as a key explanatory factor for policy outcomes is omnipresent, there is a lack of clear understanding as to how power works. This is “puzzling given that the dispute over the function of capabilities and other facets of power enjoys a long and distinguished tradition in the history of international relations theory” (Schneider 2005:667). In international relations (IR) theory the conceptualisation of power has largely been left to writers in the realist tradition (Krasner 1976, 1978). Realist and neo-realist scholars have focused on hard power as the key currency in international politics, a coercive type of power to “compel another to do something it does not want to do” (Barnett and Duvall 2005:40). In contrast, many proponents of the liberal school play down the role of power in international politics. They are furthermore optimistic about international cooperation to occur and reject the claim made by neo-realists that relative gains (not absolute gains) are the driving force behind cooperation (see Powell 1991, Snidal 1991). Negotiations among nations are often pictured as taking place between sovereign, equal states. Therefore, liberal studies concentrate on preference intensity (saliency) as an important power tool in bargaining. The more a party needs an agreement the more it is willing to give in and the less influence it exhibits (Moravcsik 1997, Schneider 2005). Constructivist scholars have worked within a multitude of understandings of power (for an overview, see Guzzini 2005).

Following in the footsteps of Keohane and Nye (1977), proponents ofinstitutionalist variants of liberalism counter neo-realist arguments regarding the role

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1 An earlier version of this paper was presented at the 2006 Annual Meeting of the American Political Science Association, August 30th-September 3, 2006.
2 This definition builds on a Hobbesian understanding of absolute power relying on material resources that cause the other party to do something it would otherwise not do; on different realist conceptions, see Schmidt (2005).
3 Barry (1980a, 1980b) has cautioned us that the overlap of one’s position with the final outcome could be explained simply by a “luck” factor and need not be a result of power.
of power by focusing on the emerging role of institutions. They depict the rise of the rule of law that constrains powerful actors in pushing through their interests and, in the tradition of cooperative game theory, attribute to institutions a supportive role. This role consists of providing a platform that increases information, lowers transaction costs, contributes to decentralised enforcement of contracts and encourages learning.\(^4\) Another strand of research combines IR literature with tools imported from negotiation analysis. Writers offer a shopping list of elements that characterise bargaining power. These include individualist explanations focusing on the negotiators’ strategic behaviour and structural arguments touching on the role of interests, saliency, capacities and outside options (Schelling 1960, Sebenius 1983, 1992, Putnam 1988, Evans et al. 1993, Landau 2000, Odell 2000, Zartman and Rubin 2000). Yet, most negotiation analysis puts more emphasis on the processes than on the structure of the game.\(^5\)

Whereas neo-realist contributions have struggled with the difficulty of applying hard power in different settings (known as the “fungibility of power” caveat, see Baldwin 1979), neo-institutionalists and negotiations analysts have often overrated cooperative outcomes in the direction of the Pareto frontier (Stein 1990). They fail to address convincingly the not-so-voluntary nature of negotiations and play down the existence of asymmetrical power to dictate negotiations (Gruber 2001, Elsig 2006).\(^6\) The neo-realisTs’ monopoly of the power concept and attempts by competing grand and middle-range theories to tone down the role of power has led to a “theoretical tunnel vision that causes scholars to overlook other forms and effects of power” (Barnett and Duvall 2005:40). In this paper I argue that we should further investigate

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\(^4\) Information exchange and coordination can be supportive in finding cooperative solutions, see Dupont et al. (2006) who assess actors’ behaviour in games simulating WTO negotiations.

\(^5\) Putnam (1988) offers a combination of both to solve the “level of analysis” problem; see also Zangl (1999).

\(^6\) For a conceptualization of asymmetrical and symmetrical relations and hierarchical relationships in negotiations, see Pfetsch and Landau (2000); see also Cameron and Tomlin (2000) who focus on the effects of asymmetry and outside options.
the nature of different facets of power and their interaction. What type of power matters under which set of circumstances: saliency, voting power, beliefs or negotiation skills? For instance, we need a better understanding of how structural power (or hierarchy) is received (accepted) by the “other” party in a relational environment (Lake 2004) and how positional strength lends credibility to threats, persuasion or warning. The jury is still out.8

The paper attempts to conceptually locate the role of power in decision-making in the WTO. Different facets of power are described and a taxonomy is offered. In addition, the interactions between power instruments and causal links are explored. The literature on power tools in the world trading system is briefly reviewed. Empirically, the paper focuses on the current Doha Round (also called Doha Development Agenda – DDA), describes the use of particular bargaining tools and engages in a temporal assessment of the “balance of power”.

**Taxonomy of power – hierarchies and interaction**

Rationalist accounts of power usually rely on Weber’s and Dahl’s notions of power, which stipulate a hierarchical influence among actors (see Dahl 1957, Zartman and Rubin 2000, Guzzini 2005, Schmidt 2005).9 Both definitions concentrate on the relational aspect of power by stipulating a causal effect, going beyond earlier attempts to view power solely from a “resource perspective” (Korpi 1985). However, both concepts do not give us guidance as to

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7 This follows Baldwin’s call for orienting research less on general theories and focusing more on the contextual environment from a “power as a type of causation” perspective (1979:162).

8 Few studies on negotiations inside international and regional organisations test the validity of different rationalist explanations across a large number of cases; see Bailer and Schneider (2005).

9 Weber (1922, 1980:22) defines power (Macht) in his magnum opus *Wirtschaft und Gesellschaft* as “jede Chance, innerhalb einer sozialen Beziehung den eigenen Willen auch gegen Widerstreben durchzusetzen, gleichviel, worauf diese Chance beruht”. The English translation states this as: “the probability that an actor in a social relationship will be in a position to carry out his own will despite resistance”. This English definition – by omitting the word “even” (auch) – puts more emphasis on “resistance”. Similarly, Dahl defines power as “A has power over B to the extent that he can get B to do something that B would not otherwise do” (Dahl 1957:202).
how causal mechanisms work. Yet, power can only be understood as an amalgam of the possession and the skilful (efficient) application of resources. We further need to address the effects of the use of power including how power is interpreted at the receiving end and what type of actions unfold to constrain power. This section focuses on different facets of power and advocates a closer look at the relationship between what I dub structural power (capacities and positional strength), procedural power (e.g. bargaining skills) and ideational power (e.g. the role of norms).  

*Structural power* can be described as the possession of capacities (e.g. military might, economic power, voting rights) and positional strength (e.g. saliency, BATNA).  

This definition is based on an understanding of structural power as an amalgam of neorealist and neoliberal notions. There is no doubt that structural power matters! Those actors who enjoy strong capacities and positional strength have more options in shaping negotiations than actors lacking this type of power. Whereas some scholars have alluded to turning structural weakness into strength and have given extensive consideration to how weak negotiators could use weakness as a bargaining tool (the so-called Schelling’s conjecture) (Putnam 1988, see also Lehman and McCoy 1992), there is ample evidence that Schelling’s paradox is more theoretically valid than practically relevant (e.g. Evans et al. 1993). I use structural power as the key explanatory variable. Additional types of power are modelled as intervening variables as they serve to offset some of the structural power asymmetries or prove pivotal if structural power is roughly equal among negotiating parties (e.g. between the US and the EU in trade policy). A special case is ideational power which can serve not only as an intervening factor but also as an explanatory factor. However, let us not be carried away by the importance of non-structural types of power for challenging structural asymmetries as these can also be applied by the powerful actors during negotiations (i.e. the US trade negotiator (USTR) engaging in coalitions with like-minded parties).

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10 The way structural power is defined in this paper is different from the notion used by Robert Cox and Susan Strange in their writings.

11 On the concept of BATNA (best alternative to a negotiated agreement), see Fisher and Ury (1981).

12 I attempt to reconcile these two perspectives, as a dichotomous understanding of either strength of preferences or capabilities masks a certain dependency of these two concepts (e.g. positional strength is often dependent upon economic power or voting power increases with the existence of a credible BATNA).
Agency-oriented research focuses on procedural power which manifests itself mainly in the bargaining skills and resources of negotiators. Procedural power can make a difference if negotiators bargain smartly, form strong and supportive coalitions, use a number of channels by exploiting resources (personnel and knowledge), make strategic use of information asymmetries, and exercise the appropriate negotiation tactic for the outcome to which they aspire. Bargaining skills usually translate into manipulating a negotiator’s own and his opponents’ win-sets (Putnam 1988). Various instruments can be applied, including threats, bluffing, persuasion, discourse, charisma, populism and appeal. Coalitions are an often pursued tactic to create a stronger bargaining position. Coalitions can work tacitly and function on an ad-hoc basis (i.e. if co-complainants or third parties join a complaint in a WTO panel) or they are deliberately created to serve a specific strategic objective in negotiations (e.g. coalitions in WTO negotiations). Information asymmetries mainly make a difference in negotiation environments that are characterized by few interactions and limits of institutionalization (i.e. arms negotiations during the cold war). Information asymmetries tend to decrease with the number of interactions (i.e. standing negotiation groups, international organizations), the existence of reliable data (e.g. from research institutes) and the role of epistemic communities. Another procedural tool is the choice of negotiation tactic to tackle the cooperation problem (i.e. distributive/claiming vs. mixed strategies vs. integrative approaches) (see Fisher and Ury 1981, Odell 2000).

Ideational power is probably the least understood facet of power. The influence of ideas in international politics is undisputed; however, different metatheoretical orientations have led to a multitude of “operationalisations” of the concept. There are at least three (ideal type) views: first, a social constructivist reading argues for “ideas all the way down” (Wendt 1999). From such a perspective, ideas presuppose particular interests and actors’ behaviour is explained through processes of socialization and interaction within a certain type of institution. Second, a realist reading of a Machiavellian tradition is based on an understanding of the use of ideas as a strategic act in which ideas are not endogenously constructed. Decision-makers

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13 Yet, structure and process need to be distinguished. BATNA can be used strategically as a process tool via the application of a threat. While this is a clear procedural bargaining step, its use is only credible if the positional power (structure), on which the threat is based, is real.
cover their true intentions and use ideas as “just hooks (...) to propagate and to legitimize their interests” (Goldstein and Keohane 1993:4). Third, a liberal reading attributes to ideas causal power in cases where interests are of secondary importance (Goldstein and Keohane 1993).14 Notwithstanding positivists’ epistemological concerns over “thick” constructivism, the weakness of the concept of ideational power is its myriad meanings and the lack of empirical investigation into the causal mechanisms at play. Yet, promising attempts have been made to specify the ways ideas influence politics. Two overlapping concepts that draw from the above-mentioned traditions and combine a rationalist and a sociological institutionalist understanding are briefly elaborated below: the effects of focal points and the processes of framing. Let us turn first to focal points. There are two dominant strands of research for interpreting focal points. The concept of “focal point” in the neoliberal tradition is a “road map” that influences outcomes in cases where no clear-cut preferences or multiple equilibriums exist (Goldstein and Keohane 1993:4,13). In other words, the liberal concept argues that ideas matter in the absence of strong preferences or in situations where a balance of guiding principles exists.15 However, a strand of new institutionalism suggests that these focal points may influence actors’ behaviour without their active endorsement (see for example Denzau and North 1994; Pierson 2000). Such a “sociological” or “thin constructivist” focal point – coined a “mental map” – can help actors to incorporate confirmatory information, while simultaneously filtering out non-confirmatory information. Related to the concept of focal points and how ideas can matter is a growing literature on framing (Keck and Sikkink 1998). Frames can be defined as “specific metaphors, symbolic representations and cognitive clues used to render or cast behaviour and events in an evaluative mode and to suggest alternative modes of actions” (Zald 1996:262). Frames help actors to transform information into knowledge. Moreover, actors themselves attempt to construct frames and legitimise them (Joachim 2003). Framing usually provokes counter-framing, therefore it is important if a frame

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14 Nye (2004) has developed another form of ideational power termed “soft power”. However, the concept of soft power must be considered in combination with hard power; see also Korpi who argues that normative power “can be assumed to be ultimately based on resources which provide the capability to apply coercive or remunerative sanctions” (Korpi 1985:34).

15 See also the contribution by McAdams and Nadler (2005). These authors present a focal point theory for legal compliance in a liberal tradition based on a Schelling understanding.
is to prevail that “it ‘resonates’ with the experiences and the empirical context of the targeted audience” (Joachim 2003:251). The outcome derives from competition between frames. Contrary to what most social constructivist approaches suggest, the process of framing and the search for focal points attributes to individuals an active role that frees them from being “oversocialized” (Barnett 1999).

Institutional factors could be perceived as a fourth power facet in the above context (the influence of institutions and the rule of law). Institutional power manifests itself in various ways. A dominant form – rooted in the neo-institutionalist research agenda – tests how institutions (e.g. international organisations) limit state behaviour (Martin and Simmons 1998, Allee 2004, Busch et al. 2005, Zangl 2005) countering neo-realist arguments for absence of constraining effects.16 Another rational strand of research on institutional power looks at the effects of the organisational design on political opportunities (e.g. access to the system, gatekeeping, institutional balance) and thus aggregation of interests at the national and international levels. A power reading suggests that institutions reflect the interests of powerful states (Hurrell 2005) and predetermine which actors can strategically use institutional power to push preferences through. Finally, constructivist variants focus on how emerging norms and interactions with and within institutions influence domestic preferences (Claude 1966, Finnemore 1996, Johnston 2001, Simmons and Elkins 2004). In this paper, institutions come into the picture as actors use them strategically when applying facets of power described above. However, I will treat institutions as fixed as this paper draws on empirical illustrations from the current trade round.

In the messy world of politics, various instruments of power clash. In order to avoid an “anything-goess approach” to explaining the outcome of political processes, we need to address the question of interaction between different tools of power. I argue that structural power represents the baseline for influence (the explanatory factor). Capacities and the relational position structure the game, raise expectations on all sides and largely predetermine

16 Yet, an explanation of institutional power deduced from the compliance record must control for the claim that states enter into obligations they would have complied with anyway (see Downs et al. 1996).
the outcomes (the hidden impacts of power). Landau reminds us that “at the end of the road, the ability to walk away from a deal is the ultimate source of bargaining power” (2000:12). Thus, the strength of a negotiator depends heavily on the possibility of relying on her/his positional strength (e.g. a convincing BATNA). Procedural and ideational power can offset some of the power imbalances directly or indirectly through modifying the positional strength (intervening factors). While the stronger party tries to impose its will upon the weaker party by a “take-it-or-leave” or “take-it-or-suffer” strategy (Landau 2000:23), the weaker party will attempt simultaneously to apply procedural power (e.g. use bargaining skills, employ procedural resources, spearhead coalitions, invite bystanders, use institutionalized channels) or use ideational power (framing, focal points) in order to “borrow power” (Zartman 1997). Thus, under a given set of conditions, the option for a negotiator to walk away from a deal might become constrained. What follows is a discussion on the facets of power found in WTO decision-making.

Power in WTO dispute settlement

Power is not hard to find in the WTO system. Yet, when it comes to operationalising the notion of power, writers largely disagree. In the International Economic Law literature –which dominates the field – the concept of power is often defined in opposition to law. In such a reading power is equated with politics, whereas law is envisaged as non-political. Others suggest a path of development from a power-oriented to a rule-oriented and finally rule-governed system (Hilf 2001). Yet, the construction of law, norms and institutional design and unfolding effects cannot be considered in isolation from underlying interests (including power considerations) (Krasner 1991, Hurrell 2005). Owing to the data available, most systematic

17 Many rational “resource-based” studies focus on the observable part of power when power is applied, yet neglect the less observable or hidden impact of power (Friedrich 1963), the unintentional use of power and the effect of not exercising power (Lukes 1974) or the so-called application costs of power (e.g. the way those affected by the use of power react) (Etzioni 1961).

18 Yet, the perception of outside options can also be actively shaped. Lax and Sebenius note in this respect that “the ability to affect alternatives and perceptions of them lies at the root of many conceptions of bargaining power” (1991:105).

19 Yet, what often gets overlooked is that the larger party can also apply the above-mentioned facets of power.
writings on the rule of power have concentrated on dispute settlement. Below, I provide a brief discussion of the literature on the role of power in dispute settlement, before focusing on power elements in rule-making through the “legislative” arm of the intergovernmental global trade institution.

The best proxy for measuring structural power in relation to the WTO/GATT litigation is the notion of economic power which finds expression in the degree to which countries are able to use the sanctioning mechanism. Whereas structural power is clearly present in dispute settlement, it differs at the various stages of litigation. Some evidence suggests that structural power elements (e.g. economic weight) have not been a pivotal factor in explaining initiation of the disputes. Guzman and Simmons (2005) argue that capacity gaps are primarily responsible for the absence of cases from small parties; political hurdles, however, are not a decisive factor (see also Busch and Reinhardt 2003, Bown and Hoekman 2005). Guzman and Simmons (2005) present statistical evidence that smaller countries, if they launch the litigation process, target larger countries, as potential economic gains through a positive ruling help overcome existing constraints. Structural power is mostly visible in the compliance part of dispute settlement (see Bagwell et al. 2005). Some studies indicate that developing countries are able to “borrow power” throughout the processes of dispute settlement (as part of procedural or ideational power), for instance by joining disputes as a third party (Fehrs 2006), through learning (Davis and Bermeo 2005), by acquiring expertise from other parties (e.g. Advisory Centre on WTO Law (ACWL)), by building upon the pressure to comply that arises from reputation concerns (Maggi 1999) or by appealing to a wider trade community (e.g. framing disputes within a development, north–south-division perspective). The existence of structural power is not only constrained through the use of procedural or ideational power in the early stages of litigation or in compliance bargaining,

20 The inherent problem in testing hypotheses on the factors for initiating a dispute, is the lack of data on the number of cases that could potentially have “escalated” to the first stage of litigation in the WTO (pre-consultation phase).

21 These findings challenge the hypothesis that small vulnerable economies are disinclined to launch a dispute owing to concerns of linkage (e.g. losing a powerful nation’s assistance (“goodwill”) in another issue area (e.g. debt relief)).

22 In the banana dispute, Ecuador has used a number of policy options (mainly procedural power) available to less powerful actors in compliance negotiations (McCall Smith 2006).
but also the institutional design can potentially affect structural power. For instance, decision-making rules influence the balance of power among the institutions, i.e. the requirement for de facto unanimity (called “negative consensus”) to reject an Appellate Body (AB) decision or a two-third majority for “authoritative interpretation” to sanction the AB.\(^{23}\) Additionally, institutional design can offset structural power, including the instrument of accepting third parties to a dispute, through which process weak plaintiffs might gain the support of strong partners (see Davis 2006) or the gradual emergence of a doctrine through judicial rule-interpretation potentially affects structural power in initiating disputes.\(^{24}\) Some empirical studies suggest that increased legalisation of trade politics puts greater constraints on powerful actors to change national regulations as a result of the Geneva litigation processes (Zangl 2005). In sum, the overall empirical record on the extent to which structural power matters in trade disputes is mixed; however it suggests that legalisation processes, changing institutional designs as well as procedural and ideational power have helped weaker parties to the WTO agreements to “borrow power”.

**Power in WTO rule-making**

Structural power is more prominent in rule-making.\(^{25}\) Rule-making in the WTO is characterised by diplomatic, intergovernmental bargaining, where processes are not particularly favourable to the weaker parties to the agreements. A number of case-studies have uncovered power imbalances.\(^{26}\) The WTO works as a system of de facto consensual decision-making (see Ehlermann and Ehring 2005). Larger contracting parties are reluctant to reform decision-making or as Steinberg puts it “sovereign equality decision-making rules persist at the WTO because invisible weighting assures

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\(^{23}\) See Cottier and Takenoshita (2003) who propose the application of weighted voting in selected areas of legislative decision-making in response to legal activity.

\(^{24}\) The development of specific doctrines (including the role of precedence rulings) affects panel and AB rulings (debate on stare decis) (Steinberg 2004:254).

\(^{25}\) When I refer to rule-making in this paper I concentrate on the legislative work in a broader context that also includes agenda-setting, daily work processes in the WTO Committees and accession negotiations (see also Steinberg 2002).

that legislative outcomes reflect underlying power and the rules help generate a valuable information flow to negotiators from powerful states” (2002:342). In the absence of de facto majority or weighted voting systems, this “invisible” voting power is largely reflected by elements of structural power other than voting (Steinberg 2002). What is puzzling is that the more “visible voting” (majority voting is explicitly provided for in the GATT/WTO treaties) has not been deliberately used as a bargaining tool. Thus, the dominant norm is to stick to consensus, or what Steinberg (2002) describes as an “organized hypocrisy in the procedural context.” Anecdotal evidence illustrates the strong impact of customised practice. During the selection process for appointing Mike Moore and Supachai Panitchpakdi as Director-Generals in 1999, two ambassadors from developing countries from Asia asked for a vote (as stipulated in the treaties in cases where consensus cannot be reached). The reaction of most of the delegations was agitated, and included statements such as “we don’t vote here”.

Power capacities (as part of structural power) are usually defined as the degree of market access a country can offer. Thus, the size of the market is the main currency in a system characterised by a mix of mercantilist and liberal incentives for participating actors. Empirical evidence suggests market size to be a good proxy for explaining regulatory outcomes (e.g. Busch and Reinhardt 2003). Positional strength (the other part of structural power) is usually operationalised as the pressure from competing domestic interest groups or outside options (BATNA) that can be actively

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27 The value of information consists of signalling, through the potential use of a veto, the importance contracting parties attach to specific issues. Recourse to veto seems to be important for most developed economies, yet many of the WTO ambassadors of the least developed, other low income and middle income countries who were interviewed consider themselves unable to exercise the veto option in practice.

28 Interview, 12 July 2006 (I).

29 In addition, it could be defined as the degree to which a country’s policies impact on third parties’ markets through existing (export) subsidies and other “unfair” trade tools.
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shaped (e.g. regional agreements, preferential trade agreements (PTAs)).\textsuperscript{30} Some negotiators rely on “time” as a bargaining chip; either the negotiator does not have to deliver quickly or market forces work in favour of a negotiator. Crystal (2003) contrasts different explanations for the outcome of the sectoral WTO agreements on telecommunications and financial services following the Uruguay Round. His case-studies suggest that the combination of a credible threat by the US (e.g. walking out of the negotiations) and creating a link between these negotiations on services and foreign direct investments, led weaker parties (that had an interest in foreign direct investments) to change their negotiation positions. This proved pivotal for achieving an agreement. Put differently, BATNA was actively shaped by the US and some key emerging markets didn’t want to risk being “downgraded” by leading analysts in the global financial centres. Thus, the credible threat prevailed over considerations of Pareto-improving outcomes, as those developing countries that changed their original positions had no reciprocal interests in market access because their services industries lacked competitiveness.

Procedural power has played an important part in the GATT/WTO system for a long time, to the detriment of developing countries. Owing to the high barriers to successfully participating in deliberations (e.g. legal expertise, sufficient staff to follow parallel negotiations) developed countries have successfully applied procedural power on many occasions. While a number of larger developing countries have greatly improved their negotiation capacities since the 1980s, most of low- to middle-income developing countries still lack sufficient expertise and resources inside the WTO. A long-serving WTO ambassador from a middle-income developing country put it as follows: “Due to the consensus principle, we need to know what is going on in all negotiations as they produce binding obligations. As a

\textsuperscript{30} For a comparative study regarding exit options during the negotiations to create the International Trade Organization and World Trade Organization, see Odell and Eichengreen 1998. Some scholars overestimate the importance of the deliberate use of preferential trading agreements as a bargaining chip in the multilateral negotiations (Mansfield and Reinhardt 2003). This applies to few – but important – actors.
consequence, this leaves us less time to work on the issues of great interest for us.”\textsuperscript{31} In the current negotiations, low-income developing countries pool their resources with other contracting parties, coordinate via various intergovernmental institutions (e.g. the Commonwealth Secretariat, South Centre) and work closely with non-governmental organizations (e.g. Oxfam, Third World Network).\textsuperscript{32} Many developing countries have successfully engaged in coalition building, thus ameliorating their structural positions (see Narlikar 2003). These efforts have been bolstered by crisis of cooperation across the Atlantic and within the G8. In terms of bargaining tactics, the WTO poses new challenges not present in the old GATT times. The straitjacket of the “single undertaking” (coupled with the consensus rule) produces a complex web of linkages and hierarchies and hampers progress. In addition, increased prescriptive regulations aimed towards harmonising trade rules affect negotiation tactics in ways that differ from those of the reciprocal tariff negotiations of the GATT times. Coordination to find a single equilibrium among multiple solutions makes the job tricky for negotiators calculating “balance sheets”. In addition, the search for a single equilibrium might revive the classical IR debate on how actors perceive absolute and negative gains through cooperation (see also Mastanduno 1991, Mulford and Berejikian 2002).

There is a lack of understanding on how ideational power affects outcomes in the WTO even though the debate on the optimal design of trade policy has ever been a characterizing element of the trading regime.\textsuperscript{33} The battle for mapping out optimal designs for growth through trading (liberalising markets vs. allowing for policy space) is still very prominent in the system. Overall, liberal ideas have gained ground, not least through trade-related poverty reduction plans advocated by the Bretton Woods Institutions. This is prominently reflected in the changing character of the role of the least developed countries (LDC) in the system. The concept of special and differential treatment (SDT) of LDCs (and developing countries) has transformed from allowing developing countries to abstain from

\textsuperscript{31} Interview, 13 July 2006.

\textsuperscript{32} For instance, in the negotiations on trade facilitation, low-income developing countries have been very active in tabling proposals; many of these are drafted with the help of inter-governmental institutions and non-governmental organisations (e.g. South Centre on behalf of the African Group).

\textsuperscript{33} Ideational power in trade politics has been extensively adressed in the US foreign trade policy literature (Goldstein 1993, Ikenberry et al. 1988).
entering obligations to gradually incorporating them into the system in order to reap benefits from it.\textsuperscript{34} The Uruguay Round experiences have led to increased consensus to offer additional technical assistance and capacity building to help developing countries participate successfully in the international trading regime.\textsuperscript{35} Ideas can take different forms, from abstract concepts to specific rules that influence actors’ behaviour. The system is full of ideas that guide actors and serve as focal points around which actors’ preferences converge (Garrett and Weingast 1993).

In a rational reading, actors themselves, through strategic use of norms (e.g. framing exercise or use of focal points), attempt to influence negotiations. Thus, questions arise as to what degree an idea present in deliberations (e.g. development round, reciprocity and liberalization) affects negotiators. How will actors use such focal points in bargaining? How will focal points be contested through the existence or emergence of other focal points in a dialectic reading? How do these interact? I will take up these questions below.

While institutional power is modelled as constant – the empirical case traces negotiations under the same institutional rules – for the purpose of estimating the “balance of power”, the impact of institutions needs to be factored in. Rules determine access to the system and structure decision-making (e.g. opportunity structure). While technically any contracting party can table a new issue to be taken up by the WTO (e.g. see the successful creation of a sub-Committee on cotton), formal and informal decision-making features of the system shape the outcome of new policy initiatives (e.g. single-undertaking in trade rounds, consensus principle, small-group negotiations, green-room meetings). Whereas institutional design, as described above, is strategically used by actors and could be seen as an intervening variable, institutions also produce constraining effects on actors without their active endorsement. There is a growing literature on the effects of legalisation on actors (e.g.

\textsuperscript{34} However, the group of LDCs enjoys a special position as witnessed in the so-called “Round-for-Free” debate, in which they are promised to receive duty-free and quota-free access without the obligation to open their markets for imports. Yet, it is not clear in many of the negotiation groups, if they are obliged to commit to the same rules or whether special and differential treatment applies only to the transition period and the provision of technical assistance and capacity building.

\textsuperscript{35} This is also reflected in the decision to direct more financial resources for a programme coined “aid for trade” (see Hong Kong Ministerial Declaration WT/MIN/(05)/DEC).
Goldstein and Martin 2000, Zangl 2005). Legalisation, understood as increased bindingness of international obligations, has opposing effects on the negotiators. First, as legalisation goes hand in hand with an increase in public scrutiny of negotiators’ work (Goldstein and Martin 2000, Stasavage 2004); this might lead to increased posturing in negotiations. In addition, this might decrease the enthusiasm of the negotiator to commit to additional obligations that can be challenged through the WTO dispute settlement system. Second, legalisation can be strategically used by actors who accept binding rules to strengthen their positions vis-à-vis their own lobbies (the so-called lock-in-argument) (see Finger and Nogués 2006).

The Doha Development Agenda: the new great bargain

Before providing a case-study of how power affects negotiations in the current Round, key negotiation topics are described below. They concern agriculture, industrial and manufacturing goods, services and development (special and differential treatment, implementation issues).36 These four issues could be termed the “new great bargain”. Yet, a hierarchy of issues has developed because negotiators are reluctant to negotiate all areas at the same pace as the single package approach might suggest.37 Agriculture and non-agricultural market access (NAMA) remain the two key (classical) areas. Since it was agreed at the Ministerial Conference in Hong Kong in 2005 to fix a date for the phasing out of export subsidies, a “triangle” has come to dominate the post-Hong Kong agenda (agricultural domestic support, market access for agricultural products and NAMA). The logic implies that the “big guys” have to strike a broad deal addressing the triangle to unblock the negotiation process. There is a widespread expectation among WTO ambassadors that once there is agreement on the triangle, pressure to come to conclusions in other areas would significantly

36 See Doha Ministerial Declaration – WT/MIN(01)/DEC/1 (20 November 2001).
37 See for illustration “Rules Paper Likely Delayed by Continued Stall in Farm, NAMA Talks” (Inside US Trade, 16 June 2006).
increase.\textsuperscript{38} Other negotiation issues have gradually evolved as proposals by the contracting parties have been tabled (e.g. rules negotiations); some issues have progressed significantly (e.g. trade facilitation), others exhibit rather slow progress (e.g. implementation issues, services).

Whereas the Ministerial Conference in Doha in 2001 set the agenda, the WTO Ministerial Conference in Cancun 2003 was meant to take stock of what had been achieved and to increase momentum in the negotiations. The Ministerial failed. In the run-up to Cancun, the US and the EU worked on a joint proposal on agriculture. While the Cairns group was not in a strong position to block the proposal, the G20, under the leadership of Brazil, India and South Africa, emerged as a new strong player in the negotiations.\textsuperscript{39} The G20 managed to block a joint US–EU proposal on agriculture and lobbied hard to ensure that three of the four Singapore Issues were kept off the negotiating table.\textsuperscript{40} In July 2004, the so-called July Package was agreed.\textsuperscript{41} Under the leadership of EU Trade Commissioner Pascal Lamy and the USTR Robert Zoellick “a technical fix to a political problem was found”.\textsuperscript{42} Modalities of negotiations in agriculture, NAMA and services were defined and the Singapore Issues (with the exception of trade facilitation) were abandoned. Yet, the progress achieved in summer 2004 was elusive as negotiations following the compromise on negotiation modalities did not change the overall negotiation context. None of the key actors had moved significantly prior to the Hong Kong Ministerial in 2005. As negotiators in Geneva estimated low chances to get the key actors tabling greater concessions, they worked towards avoiding another failure. Thus, together with newly appointed Director-General Pascal Lamy, they prepared the wider public for a non-event. By going after the low-hanging fruit in Hong Kong, another failure was to be

\textsuperscript{38} Yet, there would still be many additional items to be negotiated or as USTR Susan Schwab put it “a huge amount of detail” would need to be worked out (Inside US Trade, 14 July 2006). This could keep negotiators busy for years (Interview, 26 July 2006).

\textsuperscript{39} The Cairns Group is offensive in agricultural exports. Important members include Argentina, Australia, Brazil, Canada, Chile, Indonesia, Malaysia, Philippines and South Africa. The G20 represents economically important developing countries in the area of agriculture (with interests in eliminating export subsidies, tackling domestic support and easing market access). Key members include Argentina, Brazil, Chile, China, India, Indonesia, Mexico, Philippines and South Africa. India is less supportive on market access.

\textsuperscript{40} The original Singapore Issues included competition, investment, public procurement and trade facilitation.

\textsuperscript{41} See WT/L/579 (2 August 2004).

\textsuperscript{42} Interview, 12 July 2006 (II).
avoided. The fixing of a date for phasing out export subsidies and the announcement of an “aid for trade” package were the most visible outcomes in an attempt to show the developing world that development was a key issue of the round. At the time of writing, the talks have been suspended (July 2006), as the G6 couldn’t agree on how to address the various formulas related to the “triangle”.43 Below, I discuss certain types of power elements and how they interact by focusing on the DDA and illuminating the power processes at work.44

**Power interaction in the current negotiations**

Steinberg (2002) argues that whereas the initiation of a trade round is characterized by law-based bargaining, the final negotiations are power-based.45 I take up Steinberg’s hypotheses and add more nuances by empirically investigating the way actors use the different facets of power at their disposal. Based on interviews with participating actors, I attempt to describe the mechanisms at play related to power. In particular, in the case of the DDA, I discuss how structural power manifests itself, how the use of coalitions can offset structural power asymmetries and how competing frames (fail to) influence negotiations.

The explanations for the outcome of the WTO Doha Ministerial Conference (the launching of the round) are manifold. The puzzle as to why there was an agreed mandate, when two years earlier the same exercise had failed, has yet to be solved. Steinberg argues that in summer 2001 the Bush Administration had accepted a wider mandate to align more closely with the EC position (Steinberg 2002). Other observers argue that the Bush Administration was trying to signal to the world that unilateral tendencies following 9-11 did not apply to the field of international trade and that the

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43 The G6 includes following parties: US, EU, Brazil, India, Australia and Japan.
44 Empirical illustrations draw on findings from a field study in Geneva.
45 Steinberg defines law-based bargaining in the context of GATT/WTO bargaining in which “states take procedural rules seriously, attempting to build a consensus that is Pareto-improving, yielding market-opening contracts that are roughly symmetrical”. In contrast, in power-based bargaining “states bring to bear instruments of power that are extrinsic to rules (instruments based primarily on market size), invisibly weighting the decision-making process and generating outcomes that are asymmetrical and may not be Pareto-improving” (2002:341).
world economy would not be affected by the terrorist attacks. Many trade diplomats argue that the “shock-effect” of Seattle put pressure on diplomats to improve preparatory work in Geneva which led to an advanced text to be negotiated in Doha. Civil society activists see in the absence of “street protests” an important facilitator for agreement. Narlikar refers to improved procedural issues, such as a more open access to key negotiation groups (e.g. green room), and the preparation of a single text (Harbinson Text) instead of a text full of brackets as witnessed in Seattle (Narlikar 2004).

It is not clear to what degree the launch was a result of law-based negotiations. Inferring from the results, the picture is mixed. Services and agriculture were part of the leftovers of the Uruguay Round and were key elements of the so-called in-built agenda. While law-based bargaining predicts the tabling of many issues and a wide menu to please the participating parties (the so-called Christmas-tree effect) in order to build a consensus that is Pareto-improving, developing countries were able to use gate-keeping power to prevent topics of significant interest for many developed countries from being taken up. The EU with support from like-minded parties was not able to overcome the strong resistance of a number of developing countries to negotiations for so-called Singapore Issues being mandated. The Ministerial Conference in Seattle had already shown that the US interest in tabling labour rights and the EU interest in environmental concerns faced strong resistance

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46 Interview, 12 July 2006 (I).
47 Steinberg differentiates between launching a round and agenda-setting. I question whether this distinction is conceptually useful, as launching often overlaps with agenda-setting. Developing countries have learned and adapted by blocking issues to be taken up at the launch of a round.
48 It was decided during power-based bargaining that negotiations on agriculture and services had to continue. There was an implicit mandate to tackle trade distortions in the field of agriculture and a clear message was sent that a more ambitious engagement in liberalization of services sectors was necessary.
49 It was decided to study the feasibility of negotiating the Singapore Issues, and the decision to start negotiations was postponed to the next Ministerial conference, whereas India made sure that a future decision would need to pass the “explicit consensus” test, which should empower those who were inclined to signal discontent.
from developing countries. Furthermore, developing countries successfully tabled proposals that went against the interest of the dominating actors. They surmounted the strong initial objections of the US and Switzerland for a declaration of TRIPS and public health. In addition, the so-called “friends of anti-dumping negotiations” (FAN), including countries such as Japan and Mexico were able to put anti-dumping on the agenda despite the original reluctance of the US. While some LDCs and low income countries were pressured bilaterally (e.g. bilateral meetings, calls to the capitals) to drop some of their objections, or were at a disadvantage as only ministers were allowed to speak (Narlikar 2004), larger developing countries successfully applied “gate-keeping”. The mandate – in comparison with the original proposals discussed in Seattle – was curtailed and received a “development spin”.

Thus, what has clearly changed in Doha is the “branding” exercise of the round. While former EC Trade Commissioner Sir Leon Brittan marketed the idea of a “Millennium Round” in 1998, the idea of a “Development Round” clearly started to emerge following the “Seattle Debacle”. One Quad ambassador to the WTO put it as follows: “The idea was in the air for a while; nevertheless many participants were shocked as this idea was openly advocated by a member of the developed world in one of the preparatory mini-ministerial meetings leading to Doha”. Finally, Director-General Michael Moore declared towards the closure of the Doha Ministerial Conference that development was the key issue by calling it the DDA. The development spin became visible in the months following Doha, when developing countries tabled 88 proposals on special and differential treatment. As a result of the development spin, the Doha mandate doesn’t imply symmetrical market opening contracts. Finally, agreement was possible only by providing ambiguous wording

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50 See Declaration on the TRIPS Agreement and Public Health - WT/MIN(01)/DEC/2 (20 November 2001).
51 Interview, 22 June 2006.
52 The 10-page Doha Declaration mentions the term development/developmental (meaning issues of concern for developing countries) 36 times.
which has led to the rise of various contradictory expectations among contracting parties (and especially domestic constituencies).

According to Steinberg (2002), power-based bargaining is pivotal for explaining the outcome of trade rounds. Whereas power-based bargaining in the Tokyo Round was constrained by the cold war context and the US State Department’s opposition of applying overly power, the Uruguay Round’s closure was characterised by a USTR-initiated “power play” strategy with backing from the EC. In the absence of the cold war straitjacket to compromise (and thus the absence of the State Department’s veto), the European Community (EC) and the US strengthened their structural power by creating a credible BATNA. They pushed hard for a single undertaking, created stronger mechanisms to bind the parties (DSU) and designed a new institution. By joining the new institution and withdrawing from the original GATT, the pressure for other parties to sign up to the new deal was high. If they refused to sign and ratify the new body of GATT/WTO law and obligations, they ran the risk of losing trade concessions gained from the earlier rounds, which were largely based on a most-favoured nation (MFN) clause (Steinberg 2002:360). Thus, the exit threat was carried out. If other trade rounds are the yardstick for comparison, we should be moving slowly towards the end of the Round and will observe increased bargaining under the “shadow of power play”.53 I attempt to describe variance in the use and influence of power tools by using selected illustrations. 54

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53 Steinberg’s hypothesis on the role of power in closing a round cannot yet be falsified in the DDA, as the talks have been suspended for the time being, but we can see how power has influenced the negotiations since the launch of the Round. As actors learn, they adapt to the “power play”. Discussions with participants in the negotiations on a new Trade Facilitation Agreement confirm the “power play shadow” hypothesis. Parties have an interest in carrying discussions as far forward as possible and in closing information asymmetries regarding another’s position, as once “the big questions” are answered, the pressure to agree on the other chapters under negotiation will be very strong (and then the linkages and political heat will be pivotal).

54 Another way to attempt to measure variance would be by analysing the balance of power tools in the recurrent ministerial meetings. These gatherings can serve as an important tool to drive the negotiations forward, create time pressure and attempt to bring political actors into the process. However, the results from the three major meetings (Doha, Cancun, Hong Kong) are mixed. Doha saw the launch, Cancun was a failure and Hong Kong was a non-event, as prior to the meeting the participants correctly anticipated that results would be minimal. Thus, with the exception of Doha, there are no tangible results from which we can draw conclusions as to which parties were successful and shaped the outcome. Other events have been more important, such as the July Package 2004.
Streamlining decision-making: The emergence of concentric circles

Consensual decision-making in a forum of 149 members is a very cumbersome process. De facto, decision-making is largely played out in informal settings. In addition, owing to an emerging hierarchy of topics, the system has created a number of layers of decision-making. Consensus-searching is conducted bilaterally (confessionals) and in small-group settings in which the key actors are present.\(^55\) Whereas in the past rounds, the G2 (US and the EU) and the Quad were the key platform where decisions were “ precooked”, new market capacities as well as new alliances have led to a redesign of the decision-making process.\(^56\) One could view the current process as one of various concentric circles: since the July Package 2004 the G6 has become the inner circle, followed by the established green room and finally the head of delegations (trade negotiation committee) meetings.

In the current Round, in order to find consensus in the area of agriculture and NAMA, the so-called G6 has been created.\(^57\) Participation in the group is dependent on the market capacities (part of structural power) and the necessity of achieving a “balanced” representation.\(^58\) Therefore, the G6 represents the inner circle of decision-making at the current stage of negotiations.\(^59\) It is not a formal WTO institution. There is no clear rotation principle to determine who invites and who chairs the meetings. No minutes are taken. The Director-General of the WTO is usually invited, but there is no obligation to do so. While the US and the EU represent their positions, the other parties speak for themselves but also on behalf of a coalition: Japan represents the G10, Brazil the G20, India the G20 and G33 and Australia the

\(^55\) One ambassador observed that negotiations and open debates don’t occur in the plenary sessions, which in principle represent the legislative arm of the organization (Interview, 13 July 2006).
\(^56\) Coalitions and informal meetings of small groups are not new (see Croome 1995), but such groups have clearly proliferated (Wolfe 2006).
\(^57\) The July Package was primarily negotiated among the so-called FIPs (five interested parties: US, EU, Brazil, India, Australia); the G6 comprises the FIPs plus Japan.
\(^58\) Interview with a member of G6 (12 July 2006 (II)). This could also explain why Canada, as forth largest exporter of agricultural produce, has not been included while India and Japan have been invited (India is part of G20 and G33, Japan chairs the G10).
\(^59\) These small groups can change slightly in composition if other topics are discussed. The US and the EU will usually be present owing to their systemic interests.
Cairns Group. All other members attempt to gather sufficient information on what is debated in the G6 and will strategically signal their interests prior to key meetings.

The next circle – still informal but under the auspices of the WTO – enlarges the membership from 6 to 25–30 participants. This forum is commonly known as the “green room”. It meets either at Ministerial level or at the level of the ambassadors and can be dedicated to a general session or to the discussion of specific issues (also called Room-F-meetings). The DDA has seen a revival of this negotiation forum. At the Ministerial Conference in Seattle, the green-room process was (internally) criticised as lacking transparency and as shutting out parties from the decision-making. Following Seattle, there were intense discussions on a “code of conduct” to address issues such as internal transparency and effective participation, which has never been formally agreed. Nevertheless, acceptance has grown that smaller negotiations groups are a necessary condition for negotiating trade rules. Or as one negotiator from a developed country puts it “everyone knows that there is a green room next week and that’s ok”.

Parties receive an invitation to attend. Again, market power and overall balance are important proxies for receiving an invitation, but other factors could also be decisive, such as rising voice or the overall standing of negotiators.

In the green room, the big economies, representatives of coalitions and a number of middle-sized economies are represented.

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60 The G10 group represents net importers of agricultural products who defend high levels of domestic support and market access protection for a number of products. Key members include the Republic of Korea, Japan, Norway and Switzerland. The G33 are a group of developing countries asking for differential treatment related to food security, sustainable livelihoods and rural development needs.

61 There can be other layers between the small negotiation group (e.g. G6 or FIPs) and the green room, such as the “FIPs extended” in the in run-up to the July Package or the so-called S-12 process (G6 and Canada, Malaysia, Norway, China, Kenya and Egypt) to exchange information on the effects of certain proposals on agricultural subsidies (Interview, 12 July 2006 (II)).

62 JOB(02)/197/Rev.1 (6 December 2002).

63 Interview, 22 June 2006.

64 One WTO ambassador from a low-income country questioned why the Minister of Ghana was usually invited to the green room in Ministerials although Ghana played no significant role in the WTO system (Interview, 13 July 2006).
The third concentric circle encompasses bodies that are open too all participants (e.g. the trade negotiation committee, heads of delegation meetings).\textsuperscript{65} These bodies have proved too large to act as a practical negotiation forum. However, many of the negotiation committees (e.g. rules, trade facilitation) serve as platforms to engage in tabling proposals, clarify issues and act as sounding boards for finding consensus.\textsuperscript{66} While negotiations on less contentious issues can make progress within the third circle, the “big bargain” issues move from the small circles to the entire membership. In the latter case, negotiations on deals pre-cooked in the dominant circle become more difficult, if not impossible, and the potential to alter significant elements of a deal decreases accordingly.\textsuperscript{67}

Structural power in the DDA – the G2

As argued above, structural power is a critical element in explaining the negotiation position of contracting parties. Market capacities and a “sense of balance” are important for getting invited to the key negotiation table (G6).\textsuperscript{68} Saliency, however, is only important in combination with market power. Many interviewees from low and middle-income developing countries have clearly signalled that they don’t expect a Pareto-improving round (low saliency) and they have to make sure to defend some of the policy tools they had acquired in the past; in the words of a WTO ambassador to “safeguard the little tools we have”.\textsuperscript{69} They adopt a defensive approach as they consider themselves to be in a weak negotiating position.

\textsuperscript{65} The General Council is the official body for accepting the results from the different negotiation bodies.
\textsuperscript{66} On the role of the chair in negotiations, see Odell (2005).
\textsuperscript{67} Exceptions are possible, such as India’s insistence during the Doha Ministerial Conference on obtaining clarification on a decision-making issue related to the Singapore Issues. Another example is Norway’s successful attempt to introduce a sentence into the July Package at a late stage as it credibly argued that it needed a certain wording (Interview, 12 July 2006 (I)).
\textsuperscript{68} For instance, the presence of Australia cannot be explained by market power (market access and effects on third markets), but is due to a general sense of balance achieved by allowing the chair of the Cairns group to participate. It is interesting to note the absence of China, which is often explained as a temporal phenomenon or because China is the “new kid on the block” and has deliberately chosen a low profile.
\textsuperscript{69} Interview, 20 July 2006 (II). Many interviewees articulated the need for substantial flexibility in tariff setting (e.g. large differences between bound tariffs and actual tariff rates) that would allow tariffs to be increased in cases of emergency, without the fear of being taken to the dispute settlement body.
In terms of saliency, both, the US and the EU are in a strong position. In the past, they have actively engaged in creating a credible BATNA. They have enlarged their network of bilateral and regional preferential trade agreements across the globe. Whereas the US openly re-enforced its bilateral approach after the failed Cancun Ministerial and the slow FTAA process, the EU has only recently spearheaded new PTAs in Asia, as slow progress in its interregional approach (e.g. EU-Mercosur) and in the WTO has become more apparent. The other element that defines saliency is based on an appreciation of domestic politics. Both contracting parties negotiate internally with a strong import-competing sector, while the export-competing industries have not been sufficiently counterbalancing protectionist forces. Taking into consideration the solid reluctance of developing countries to opening their services markets, lowering tariffs on agricultural products and moving on NAMA, it has been difficult for the key negotiators to promise their constituencies tangible welfare-promoting results. Thus, paradoxically, the chief negotiators of both the EU and the US appear weak as they have limited room to manoeuvre, but are strong in the sense that they cannot be easily pushed around. While they acknowledge the usefulness of the system, they have willy-nilly accepted that this round cannot act as a driver for further liberalisation of markets.\textsuperscript{70}

The US and the EU have not managed since the beginning of the round (including the launch) to unambiguously dominate the negotiations. They have rarely tabled joint negotiation proposals. On the contrary, they have often faced each other in opposing alliances. Thus, structural power alone, or even when coupled with side payments to the LDCs, has not been sufficient to induce others to give in. As an illustration, EU Trade Commissioner Robert Mandelson signalled to developing countries that their BATNA was not reassuring. In a speech to the Canadian–UK Chamber of Commerce he listed what would be lost if no agreement was reached,\textsuperscript{71} including the possibility of binding the EU’s agricultural reform (and similar reforms in the US), market access in farm goods – the deepest, steepest farm tariff

\textsuperscript{70} An interview with a member of the EU Trade Commissioner’s Cabinet reveals that the EU faces strong protectionist pressures. The interviewee describes the WTO as currently being a “safety belt against the renaissance of protectionism in trade politics” (Interview, 17 May 2006 (III)). In addition, many of the new members of the EU fear competition in manufacturing from Asia and in agricultural products from Latin America (Interview, 17 May 2006 (I)), thus supporting the position of import-competing industries. In the case of the US, especially US farm lobbies have successfully lobbied Congress.

\textsuperscript{71} Canada–UK Chamber of Commerce, 23 June 2006.
cuts ever offered, new trade for manufacturers vital for the growing industrial sectors of developing countries, a deal on services that would increase foreign direct investments, global flow of skills and experience to the developing countries, duty-free, quota-free access for the group of LDCs and a huge new global package of aid for trade.72 A similar observation applies to the USTR which has on several occasions signalled the position of the US Congress on what was perceived as an ambitious agenda and warned that “fast-track” was running out. The current USTR, Susan Schwab attempted to make other parties move by arguing that it might be necessary to “get to the edge of the precipice and look out over the precipice and see that yes, in fact this could fail”.73

Judging from the current stalemate, or what WTO Director-General Lamy announced as a “suspension” of the Round, the signalling of the EU (and US) that developing countries’ opportunity costs were significant has not yet lead to positional changes of those actors that were asked to engage in ambitious reciprocity (e.g. Brazil, India, South Africa).74 In other words, emerging developing countries have not been deterred by the structural power so far.75 Thus, structural power applied by the US and the EU – without forming a coalition (e.g. G2) – has not induced other actors to move in any significant way.

Countering structural power: the role of coalitions

Hurrell questions how developing countries are able to “capture the joint gains stressed by institutionalists, but do so in such a way as to keep the powerful both engaged and, hopefully, constrained” (2005:47). This is a tricky task, yet the strategic engagement in coalitions, which

72 In addition, Mandelson reminded those developing countries reluctant to engage in tariff cuts that would erode their preferential access to certain markets, that the main beneficiaries for agricultural access were the US, Australia and Brazil.
73 In the run-up to the July 2006 negotiations, see “Schwab Expresses Hope for Doha Despite Daunting Challenges” (Inside US Trade, 14 July 2006).
74 One trade diplomat argued that Pascal Lamy intended by suspending the Round to provoke a cultural shock among business and others to get their support to unblock the negotiations. Yet it didn’t happen! (Interview, 18 October 2006/2).
75 Brazil relies on high growth rates in exports (Interview, 20 July 2006 (I)). India has tactically signalled disinterest on various occasions (e.g. the Indian Trade Minister arrived 90 minutes late to an important green-room meeting in July 2006 as he preferred to watch a World Cup football match).
has become an important tool for borrowing power in the system, is a subtle and accepted way to address this trade-off. The literature on coalitions in the WTO highlights a number of scope conditions for the successful launching and functioning of coalitions (Narlikar 2003). Not only developing countries, but also small and medium-sized developed economies, can improve their bargaining position through alliance-building. They gain more diplomatic clout (through the size and importance of a coalition), acquire expertise through knowledge and resource-sharing or simply use coalitions to close the information gap. Low-income developing countries with few staff also work closely with Geneva-based international IGOs (e.g. South Centre, The Commonwealth Secretariat) and NGOs (Oxfam, Third World Network, Action Aid). Countries use coalitions differently, e.g. for Brazil it is a matter of having a large constituency (to gain diplomatic weight), for smaller developing countries a coalition is a way to gather information and to improve the level of technical/legal knowledge. Some countries are member of various groups relevant to the issue or product at stake (e.g. Guatemala is member of export-oriented Cairns and defensive-oriented G33). Many developing countries also use coalitions in order to transmit their message more forcefully as using the power of veto at the end of the negotiations is not a feasible option for most members. Large actors, especially the U.S. and the EU also engage in coalition-building or what an EU official ambiguously termed “outreaching”. While the big players are less dependant on coalitions with others, they do so as it’s part of how the GATT/WTO system has always worked. Yet, there is a certain reluctance visible on part of developing countries to engage in coalitions with the big players as one USTR official described: “While countries can increase political clout by grouping with the U.S, they at times need to overcome some prejudices on working together. It could be sometimes described as a love-hate relationship.

In addition, bilateral arm-twisting (Narlikar 2004:424ff) and divide-and-conquer attempts by other parties can be constrained if coalitions show a certain degree of strength. A

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76 Interview, 18.10.2006/2.
77 Interview, 18.10.2006/1
78 In using a game theory metaphor to describe the situation, the stag hunt assurance game captures well the incentives of some parties in such negotiations. The longer the bargaining process, the more likely the weaker parties (eventually bilaterally lobbied by large members) will be tempted to opt for a quicker closure of the negotiations with something in hand to sell at home (shoot the rabbit). Strong coalitions can help to keep
successful coalition needs to combine significant market power or must be perceived as representing important systemic interests or specific interests. Coalitions based solely on political ideology usually lack the flexibility and fail to gain the acceptance by other parties needed to allow them to engage constructively in the negotiations. Size usually matters too. The more participants there are, the more limited contributions by individual members (beyond blocking) and the less cohesion there is between members. The interests of the participants need to be aligned and sufficiently homogeneous, and to be focused on specific aspects. Strong coalitions have a smoothly-working system of information transfer, efficient debriefing and input gathering, a quasi-legitimised representation, a high level of participation, and a high degree of trust. The African Group, with the exception of a few issues (e.g. cotton and trade facilitation), usually has very divergent views on a multitude of issues in the DDA. Many of the coalitions are used for blocking purposes and are not designed for actively shaping the agenda.

In the current negotiations combining the three pillars of agricultural regulation (market access, domestic support, export subsidies) and non-agricultural market access, the G20 has proved to be a strong actor and has established itself as the third major power. The G20 is able to liaise with the G33 and the G90 if the development aspect needs to be emphasised. It further engages actively by tabling proposals. The G20 has come up with its own views on the formula approaches (e.g. percentage figures or ceilings) to address the triangle (as have the US and the EU). As members of the G20 disagree on the level of tariff cuts required to increase market access for agricultural products (also touching on the preference erosion issue), it has been less demanding than other coalitions, such as the Cairns Group, and has concentrated its effort mainly on domestic and export subsidies. On NAMA (and partly

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79 Interview, 5 July 2006.
80 The G90 is a coalition of the African group, the African, Caribbean and Pacific Countries (ACP) and the LDCs.
services), the G20 has largely blocked attempts to commit to further liberalisation. Yet, an EU official described the useful role of the G20 by serving as a platform “where conflicting interests are aggregated and a middle ground among its most extreme poles is actively search for”. Thus the G20 presents pre-cooked internally negotiated positions.

**Countering structural power: the role of ideas**

The use of ideas can also be a powerful tool to tackle asymmetrical structural power. The competition of ideas in designing the global trading regime has always been an element that can hardly be separated from the negotiations. Thus, questions arise as to what degree an idea present in deliberations (e.g. development round, reciprocity and liberalisation) affects negotiators’ positions. Development as a guiding compass slowly emerged in the run-up to Doha; by coining the Round the DDA this idea was strongly embedded into the negotiation process. Two aspects have had a great impact on the emergence of this focal point and its practical insignificance (whether as a constructivist “mental map”, a liberal “road map” or a realist “hook”). First, the idea of a development round has had to “compete” with the old-established idea of what most trade negotiators in the GATT/WTO system believe to be a fair process: the concept of “reciprocity”. Second, the difficulties in operationalising the concept of “development” and the various meanings of the term have affected its application. Both the above have limited its effective use in the negotiations. Finally, this idea has opened up an expectations–capacity gap.

The constructivist and the liberal arguments on the way ideas matter imply that a focal point “around which actors’ preferences converge” should be dominant. It takes time for focal points to emerge, but once they are established they exhibit – like institutions generally – a high degree of “stickiness”. In the case of the development paradigm, the emergence as a focal point has been hampered by an existing concept that guides international negotiations.

81 Many of the key G20 members also belong to the NAMA 11 group of developing countries that lobby against developed countries’ calls to improve market access for non-agricultural goods. Some important actors (e.g. China and Mexico) are members of G20 but not of NAMA 11.

82 Interview, 18 October 2006/II
The concept of “reciprocity” has been enshrined in the institution for many decades. Trade negotiations are about granting and receiving market access, thus about reciprocity.\(^{83}\) In particular, trade negotiators from developed countries do not seem to have adapted to a new development concept captured by the following statement by a WTO ambassador: “At the end of the negotiations process, we need to answer two questions: what does it bring us and does the result pass the ‘red face test’ on development.”\(^{84}\) Yet, there has often been variance in the application of strict reciprocity when developing countries were involved. In the current negotiations, developed countries have offered the group of LDCs special status by promising them, in Hong Kong, duty-free and quota-free market access.\(^{85}\) From other developing countries a substantial degree of reciprocity has been requested. Most developed countries push developing countries to engage in “ambitious opening of their markets”. Yet, one key problem in engaging in reciprocal negotiations remains, as expressed by a WTO ambassador: “We don’t know the exchange rate. How much for a concession on services is worth a tariff cut in agriculture?”\(^{86}\)

The second aspect clearly noticeable in the negotiations is related to the difficulties with the various meanings of the term. There are numerous interpretations of what development is all about, or in the words of Joachim (2003), the various frames do not resonate well with those that are being targeted. Actors exploit the concept for their own purposes (in a realist narrative) and put their views actively forward in the negotiations. As one ambassador observed, “negotiations are about technical issues, but they are much more about ideas. In negotiations, ideas are constantly used to defend positions and in particular to convince others of the power of their ideas”.\(^{87}\) For developing countries, the meaning of development covers a range of interests from unrestricted safeguards and protection of industries, allowing for policy space, receiving technical assistance, to opening up protected markets (including in the

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\(^{83}\) Reciprocity is based on a domestic politics reading (and is thus derived from preferences).

\(^{84}\) Interview, 22 June 2006.

\(^{85}\) At the beginning, free access would apply to roughly 97% of tariff lines with a view to eliminating the remaining 3% during a phasing-out period. The EU usually exempts arms sales from this offer.

\(^{86}\) Interview, 22 June 2006.

\(^{87}\) Interview, 14 July 2006 (II).
South). There are many issues in the negotiations over which developing countries are divided, including preference erosion, Singapore Issues, the role of the DSB, the use of food aid, and South–South trade. These positions often do not reflect the overall trade policy strategies being pursued to increase growth in the specific countries.\textsuperscript{88} The US and the EU present a different picture of development when it comes to NAMA and services. They strongly argue that the opening of markets will benefit competition, attract foreign direct investments and increase technology transfer, thus leading to lower prices and better quality of goods and services.\textsuperscript{89}

Finally, the DDA has raised expectations that cannot be met.\textsuperscript{90} An emerging expectations–capacity gap will prove detrimental when concessions need to be made by the contracting parties. In such a situation each concession by a developing country will be perceived as contravening the spirit of Doha and fiercely opposed.\textsuperscript{91} This trend has increased the number of parties in the system who expects not to engage in reciprocal negotiations. One official compared the degree of expectations by many developing countries to the metaphor of “children telling parents that they wouldn’t love them any more, if they didn’t get something”.\textsuperscript{92} On top of this, some parties still push for the Round to re-balancing former commitments (e.g. implementation-related issues that are largely a legacy of the Uruguay Round) than committing to new rules.

\textsuperscript{88} Some interviewees from developing countries hint to disconnect between the WTO mission and their governments, which makes defining overall interests difficult (e.g. Interview, 19 July 2006).

\textsuperscript{89} However, a number of interviewees from middle-income developing countries emphasized that market access is key, including market access in developing countries. One WTO ambassador complained vociferously that exports of a tropical product to India were hampered by punitive tariffs. As the Indian market is important owing to the sheer number of customers, a lowering of tariffs would contribute greatly to poverty reduction in his country. India, however, managed to liaise with LDCs to demand a special safeguard mechanism in the name of “development” for certain products (Interview, 26 July 2006).

\textsuperscript{90} Interview, 12 July 2006 (I).

\textsuperscript{91} See for instance G33 Ministerial Press Statement (29 June 2006, point 6) that states that “Ministers expressed deep concern that counter proposals tabled recently by a few Members (…) undermine the letter and spirit of the Doha Declaration”.

\textsuperscript{92} Interview, 18 October 2006 (I)
Conclusions

Focusing on the negotiations among the G6 in the months prior to the suspension of the Doha Round on 24 July 2006, a number of observations can be made. All parties in the G6 are in a rather strong negotiating position from a structural power point of view (with the exception of Australia). The balance of power among the participants has been locked-in. The US and the EU can rely on a wide network of bilateral and regional PTAs. The prospect of new market access in services and NAMA (and for the US on agricultural products) had been limited, while their farm lobbies have not been constrained by export-led interests. Whereas Brazil gains from increased market access, it relies on strong growth rates in the past year and strong support from domestic constituencies to defend the existing levels of access to its domestic markets. India has played different roles as member of the G20 and the G33. While it sees benefits in opening up markets, it is reluctant to give concessions and lower its relatively high tariff rates. Japan protects a number of agricultural products but can gain in services and NAMA; and Australia has a lot to win, but little to lose and therefore little to offer in terms of concessions. Thus, overall no key actor was in a position to make significant concessions (saliency-issue). The signalling of structural power by the EU and the US to induce others and one another to commit to increased offers and concessions has also been unsuccessful. There has not been a large enough coalition (e.g. EU–US at the end of Uruguay Round to engage in “a power play”). G6 members have engaged in PTAs and possess a certain safety belt, whereas for the EU and Brazil the multilateral arena has been the preferred regulatory platform for different political and economic reasons.

The case-study has further highlighted the significance of coalition-building as a procedural tool. Procedural power has helped Brazil, India, Japan and Australia, through the use of coalitions, to borrow sufficient, albeit different, power to credibly negotiate as quasi-
equal partners at the negotiation table. Other actors have also “borrowed power” through coalition-building to gain an ear in the G6 negotiations and actively engage in the green room processes and in other negotiation committees. A system of representation has developed which most actors accept as a way to streamline and shape decisions in the WTO/GATT system. Small countries have also managed to put issues on the agenda although structural power would not have predicted this (e.g. cotton, TRIPS and health). The system of the Uruguay Round which was very much dominated by the EU and the US has transformed into a multidimensional system with changing majorities and loyalties. The decision-making system is dominated by an increasing and efficacious net of coalitions playing in the three concentric circles described above that usually bypass the official bodies used for negotiations. A great challenge lies in the so-called “multilateralization of the results” negotiated in small groups.

The idea of a “development round” has not significantly strengthened bargaining power of developing countries because of the various interpretations of the notion “development” and the unfolding contestations. A development-friendly logic conflicts with a deeply embedded trade negotiation logic based on reciprocity that is generally accepted in the diplomatic trade policy community. Whereas proponents of a liberal theory could argue that, because of strong preferences, ideas do not constrain, a constructivist reading holds that due to counterframing and weak operationalization no strong dominant focal point has emerged. Whereas the direct impact of development as an idea seems marginal, the development notion is important for keeping developing coalitions (such as the G20, G33, G90) together.

So when does power matter? The above discussion on the DDA confirms the liberal view that saliency is an important explanatory factor. Yet, saliency only matters if the party can rely simultaneously on market capacities, as this facilitates the country’s strategic positioning in the WTO decision-making process. Thus, the concept of structural power is helpful in understanding the overall position of a country in the negotiations. It structures the game, raises expectations on all sides and largely predetermines the outcomes (the hidden impacts of power). Yet, this hidden impact of power also faces contradictory positions taken by weaker states. Many developing countries acknowledge that the big guys (especially the US) will need to come home with something to please Congress, while, on the other hand they
want to have their interests reflected in the outcomes. They expect reciprocity and structural power to be very important, while they apply ideational and procedural power to improve their positions in order not to lose out in the negotiations.

In the context of the DDA, coalition-building as part of procedural power has proved important to counter structural weakness. This has further led to developing countries successfully challenging the pressure from the US and the EU. At the same time, it has led to a type of “joint-decision trap” (Scharpf 1988) that will be difficult to overcome in the future. The constructivist and liberal arguments regarding the use of focal-point theory could not be tested, as the alleged focal point turned out to be a rather nebulous concept and has not yet led to a meaningful degree of preference convergence around a clear focal point. Finally, the above discussion questions the optimism of many liberal and institutionalist arguments that cooperation in the GATT/WTO system is Pareto-improving.

**References**


