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**Concurrently Linked
Negotiations and Negotiation
Theory:
An Examination of Bilateral
Trade Negotiations in Australia,
Singapore and the United
States**

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Abstract: Although negotiation theory provides substantial understanding about negotiation process and outcome, it does not adequately consider the *social context* in which a negotiation is embedded. When the element of time is added to social context it appears as if a specific negotiation becomes surrounded by a *flow-of-events*. I argue that this flow-of-events, and hence context, may be more clearly understood through the application of *linkage theory*. This paper reviews the literature on linkage theory and proposes a three-part temporal model of negotiation linkage: simultaneous links, concurrent links and consecutive links. I apply this model and a role-based framework (link-pin party and linked party) in examining case-study data from two discrete negotiations that are concurrently linked in time: Singapore – Australia free-trade negotiations (SAFTA: 11/2000 – 2/2003) and United States – Singapore free-trade negotiations (USSFTA: 11/2000 – 5/2003). Case analysis facilitates development of propositions and guidance that can assist in (1) determining the direction of influence in linked negotiations, (2) managing opportunistic behaviour in linked negotiations, (3) managing negotiation strategy and (4) gaining negotiation efficiency opportunity through linkage. Following an examination of the structural characteristics that appear to determine case-study linkage dynamics, this paper builds a four-part structural framework that identifies choices and consequences that parties confront in concurrently linked negotiations. The paper concludes by outlining a program of research based on a temporal model of negotiation linkage.

Preface

Sabanci University is an English speaking private institution of higher learning that encourages interdisciplinary teaching and research. It offers undergraduate and graduate programs in the Arts and Social Sciences; Engineering and Natural Sciences; and graduate programs in Management Sciences.

The Faculty of Arts and Social Sciences is making a substantial investment to develop a Conflict Analysis and Resolution program, designed to provide graduate level education for Turkish and foreign students, particularly those from Southeastern Europe. Consistent with the philosophy and mission of the University, it aims to take a regional lead in providing support for peacemaking and conflict prevention schemas on the ground.

The master's program in Conflict Analysis and Resolution, initiated in Fall 2000, has the following goals and objectives:

To present students with an analytical perspective that will enable them to define objective parameters as well as perceptual and psychological context of conflicts;

To equip students with theoretical understanding and practical skills in conflict resolution to assist them in managing conflict situations in a creative and constructive way. Various approaches to conflict resolution and conflict management techniques are introduced, such as negotiation, mediation, problem solving techniques, and track two diplomacy;

To encourage students to apply their conflict resolution background to policy issues related to disputes in or among governments, organizations, civil society, or corporations.

The international dimension of the program takes into consideration the changing nature of diplomacy in the post Cold War era. In this context, it treats different frameworks of conflict resolution as a tool to study and generate alternative foreign policy options.

The Faculty of Arts and Social Sciences is determined to pursue these objectives in an effective way by building international institutional networks and strategic alliances with universities and NGOs.

The Occasional Paper series on Conflict Analysis and Resolution reflects Sabanci University's commitment to the study and practice of conflict management.

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Concurrently Linked Negotiations and Negotiation Theory: An Examination of Bilateral Trade Negotiations in Australia, Singapore and the United States*

Often we observe parties who negotiate an agreement that will be adopted only if some other arrangement is also realised. Two national governments may agree to sign a treaty but when some unrelated condition is also secured (e.g., assistance for one party in gaining membership to an international body). Or, often we find that a party rejects a final offer believing it can gain a better outcome elsewhere. Only rarely are negotiations not linked to at least one other negotiation since a viable alternative to a negotiation is a source of power. More broadly, each negotiation is conducted within a social context including historical, cultural, political, economic and organisational forces. During the time period when a negotiation is under way other events can influence negotiation process and outcome via this shared social context. Negotiations are not conducted in a vacuum (Sebenius 1996; Watkins and Passow 1996).

Negotiations are complex, while researchers of negotiation often seek to simplify the complexity of negotiation dynamics by isolating the negotiation – parties, goals, interactions and outcome – from the social context in which the negotiation is embedded (Kramer and Messick 1995; Menkel-Meadow 2001). Yet simplification can inadvertently distort that which we seek to understand. Propositions and conclusions about negotiation process and outcome may be unintentionally flawed if we gather data only about the negotiation under our lens and do not also seek to understand the social context that underpins a negotiation.

Responding to this concern presents a conceptual challenge in the absence of coherent theory that can accommodate a negotiation and its social context. When social context is combined with the element of time it appears as if social context can be observed as a flow-of-events that surrounds a negotiation. Case-study methodology may best enable us to capture the flow-of-events in which a negotiation is embedded (Yin 1989), but data-gathering methodology is not of itself a comprehensive theory of *negotiation in its social context*. I contend that negotiation linkage theory may serve as a proxy for such a theory or at least that part of a theory concerned with the relevant flow-of-events that surrounds a negotiation. This paper

considers this possibility through analysis of two negotiations undertaken in the same social context that are concurrently linked in time.

I begin by briefly reviewing linkage theory and its relevance to the study of negotiation and on this basis I propose a three-part temporal model of negotiation linkage: simultaneously linked, concurrently linked and consecutively linked negotiations.

In this paper I focus on concurrent linkage to examine bilateral trade negotiations conducted by the governments of (1) Singapore and Australia, and (2) the United States and Singapore. These two separate trade negotiations were announced and concluded roughly over the same two-year time period.¹ These two cases enable us to observe how parties manage the flow-of-events that surrounds a negotiation when it is linked concurrently to another negotiation, including (1) factors that determine the direction of influence, (2) managing opportunistic behaviour, (3) managing negotiation strategy and (4) achieving negotiation efficiency opportunities through deliberate linkage. I use this analysis to develop eight propositions for theory development and to offer strategic guidance to negotiators engaged in concurrently linked negotiations. I also examine the structural characteristic that appear to determine the linkage dynamics of the negotiations in these two case studies and build a four-part structural framework that identifies significant choices and consequences that parties confront in concurrently linked negotiations. This paper concludes by outlining a program of research that is based on a temporal model of negotiation linkage theory.

Negotiation Linkage Theory

The practice of linking one negotiation to another has probably occurred as long as parties have been negotiating. The literature of international relations and security studies first documented negotiation linkage in talks between the U.S. and the U.S.S.R. concerning nuclear arms. In negotiations over a Limited Test Ban Treaty (LTBT, 1958 – 1963) each party, at separate times, insisted that an agreement be linked to progress on disarmament negotiations, while the other party rejected this demand. Towards the end of the negotiations the U.S.S.R. demanded that a nuclear test ban be linked to a Warsaw–NATO non-aggression pact (Jensen 1963; Jensen 1988). Jensen (1988) examines these negotiations to identify factors that motivate parties to use linkage. A linkage technique is used (1) as a media-relations tool for image management, (2) as a device to ensure negotiation failure, (3) as a tactic one party uses when it believes that the other side will pay a higher price to obtain its initial goal, and (4) as a strategy to reach a more significant agreement.

Studies of linkage have also been carried out in the fields of economics and international political economy. Generally, these studies focus on a specific type of linkage known as *issue linkage* – a negotiating device for making trade-offs among diverse issues. Tollison and Willett (1979) examined the factors that motivate parties to engage in issue linkage and conclude that parties seek (1) to extend their leverage in one area of negotiation to other areas and (2) mutual benefit, as a way to overcome obstacles in distributing gains among cooperating parties on the same side. Keohane and Nye (1989)

identified three critical questions for managing linked or potentially linked issues: (1) should issues be considered separately or as a package in a negotiation; (2) if links are to be drawn what issues should be linked; and (3) on which of the linked issues should concessions be made? Concerns that motivate parties to engage in issue linkage and methods for managing linkages focus our attention on negotiation processes that have theoretical and practical utility.

Odell (2000) notes that issue linkage is found in every negotiation except those that consider only a single issue, while recognising that multilateral breakthroughs can result from a bilateral negotiation linked directly or indirectly to a multilateral process. Murphy Ives (2003) explores the behaviour of parties engaged concurrently in bilateral and multilateral trade negotiations (Japan–United States bilateral and GATT Uruguay multilateral negotiations) to examine how parties establish and re-establish positions that result in movement toward agreement. She observes a sequential interplay of unilateral action conducted by each party combined with separate but linked bilateral and multilateral processes that can contribute to party position shifts resulting from changes in party perception from uncertain gains towards loss avoidance.

Other negotiation scholars have also examined linkage behaviour. Lax and Sebenius (1991) and Watkins and Rosegrant (1996) have divided the task of building a winning coalition into steps, noting that who one approaches first matters a great deal in determining who might later be persuaded to join a coalition. Studies by Pruitt (1994) and Salacuse (2003) of negotiations between organisations note that when two organisations negotiate there are actually three linked negotiations: the external negotiation between the two sides and internal negotiations between each negotiation team and their respective side. 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).

At this stage in our literature review we can define a key concept: linkage. Negotiation studies in fields such as economics and international political economy generally concentrate on *issue linkage*, a special form of linkage. Issue linkage may be the most prominent form of linkage within the study of negotiation but not the only form. In recent years, negotiation analysts have begun to consider the significance of linkage between factors other than issues, including coalition building, inter-organisational dynamics, bilateral – multilateral links that contribute to position shifts, and competitive, reciprocal, synergistic and antagonistic links that support negotiation strategy.

In this paper I define *negotiation linkage* as the way in which one negotiation influences or determines the process or outcome for another negotiation. Issue linkage is one aspect of negotiation linkage that is embraced by this

definition. This definition will be useful in developing greater understanding of the relevant flow of events that surround a negotiation.

This study extends negotiation theory through analysis of two trade negotiations that are linked concurrently. I distinguish concurrently linked negotiations from simultaneously linked negotiations on the basis that concurrently linked negotiations are conducted during the same time period and simultaneously linked negotiations are conducted at the same time. This study assumes that although there may be similar negotiation dynamics, there are also likely to be some differences between concurrently and simultaneously linked negotiation dynamics. These two linkage types can be distinguished clearly from a third temporal type: the consecutively linked negotiation, where a negotiation that is under way is linked to a prior negotiation or to a perceived future negotiation.

Simultaneously linked, concurrently linked and consecutively linked negotiations represent a three-part model grounded in temporal logic. Given the structural nature of the negotiation-linkage phenomenon it is surprising that no previous published work has sought to develop linkage theory by exploring the element of time. As the case studies in this paper reveal, a temporal model can be particularly useful for extending understanding of negotiation linkage behaviour and the relevant flow of past, present and future events that surround a negotiation. This paper examines concurrently linked negotiations to build negotiation theory grounded in temporal logic.

Singapore–Australia and United States–Singapore Negotiations²

I conducted this field research using standard case-study methodology (see Odell 2001; Yin 1989) including a focused comparison approach to data analysis (Druckman 2002). I interviewed a total of 86 trade negotiators and trade policy specialists in Canberra, Geneva, Singapore and Washington D.C. between February and July 2004. Twenty-nine of the trade negotiators I interviewed were involved directly in the Singapore–Australia bilateral trade negotiation and 28 were involved directly in the United States–Singapore bilateral trade negotiation.³ The focus of this research was on negotiations to draft and sign a trade treaty between two nations. Treaty approval through parliamentary or congressional process is a separate (consecutively linked) negotiation beyond the scope of the current study.

Interviews considered four themes: (1) the influence of one trade negotiation on another – i.e., linkage behaviour, (2) management of the negotiation team, (3) relations between the negotiation team and stakeholders (in these cases, generally the business community) and (4) relations between the negotiation team and national leadership. In this paper I focus on the first research theme with particular attention to concurrent linkage.

Before proceeding further it will be useful to consider briefly how two nations organise to negotiate a bilateral trade treaty or free trade agreement (FTA).⁴ The negotiated outcome – the formal trade agreement resulting from those negotiations – is a good place to begin. Table 1 lists the chapters from the

Singapore–Australia Free Trade Agreement (SAFTA) and the United States–Singapore Free Trade Agreement (USSFTA).⁵

Table 1. Bilateral trade negotiation outcomes

<u>Singapore–Australia (SAFTA)</u>	<u>United States–Singapore (USSFTA)</u>
Treaty Chapters	Treaty Chapters
Preamble	Preamble
1) Objectives and general definitions	1) Establishment of a free trade area and definitions
2) Trade in goods	2) National treatment and market access for goods
3) Rules of origin	3) Rules of origin
4) Customs procedures	4) Customs administration
5) Technical regulations and sanitary and phytosanitary measures	5) Textiles and apparel
6) Government procurement	6) Technical barriers to trade
7) Trade in services	7) Safeguards
8) Investment	8) Cross-border trade in services
9) Financial services	9) Telecommunications
10) Telecommunication services	10) Financial services
11) Movement of business persons	11) Temporary entry of business persons
12) Competition policy	12) Anti-competitive business conduct, designated monopolies, and government enterprises
13) Intellectual property	13) Government procurement
14) Electronic commerce	14) Electronic commerce
15) Education cooperation	15) Investment
16) Dispute settlement	16) Intellectual property rights
17) Final provisions	17) Labor
	18) Environment
	19) Transparency
	20) Administration and dispute settlement
	21) General and final provisions

The SAFTA negotiation produced a 17-Chapter (117 page) treaty and USSFTA negotiation produced a 21 Chapter (240-page) treaty.⁶ Chapter titles listed in Table 1 indicate that although these two negotiations produced treaties with differences, generally there are many more similarities than differences when comparing topics.⁷ Such similarity enhances the potential for linkage dynamics.

Although there was some overlap in personnel, Singapore essentially organised two separate groups for these two negotiations – one for Australia and one for the United States. In the negotiations under investigation a group for a single negotiation would consist of thirty to sixty mid-career government officials and diplomats on each side. Many of these negotiators worked in the government unit responsible for multilateral (GATT/WTO) trade negotiations but just as many worked in other agencies of the government (see Acknowledgments at the end of this article). Intellectual property negotiators, for example, often came from the Attorney Generals

office, telecommunications negotiators came from the government unit responsible for regulating this sector, and financial service negotiators came from the government unit responsible for the treasury.

This entire group was organised and coordinated by a management structure that could include a Chief Negotiator, Deputy Chief Negotiator and/or Group Coordinator. Fifteen to twenty-five negotiation teams were organised within each group, normally one team per chapter. Each team had a Team Leader and an Attorney that drafted agreements and other documents. A typical team included two to five members on each side so that during negotiations there were often four to ten members at the negotiation table for any given chapter. Group members with trade-policy expertise were assigned to more than one team, while group members with content expertise in a single area were assigned to one team only.

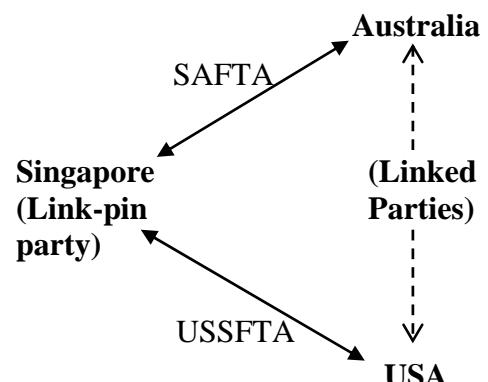
SAFTA and USSFTA negotiations were conducted concurrently during the period November 2000 to May 2003. On 15 November 2000, Singaporean Prime Minister Goh Chok Tong announced that Singapore would negotiate a trade agreement with the Australian government and on the following day announced that Singapore would also negotiate a trade agreement with the government of the United States. See Figure 1.

Singapore-Australia: SAFTA Treaty - 10 Rounds

11/00	2/01	8/01-2/02	11/02	2/03
●			●	

Intention Announced (Hiatus) & Negotiation Begins Substantive Treaty Conclusion Signed

Concurrent Linkage Structure



United States-Singapore: USSFTA Treaty - 11 Rounds

11/00	12/00		1/03	5/03
●			●	

Intention Announced & Negotiation Begins Substantive Treaty Conclusion Signed

Figure 1. Negotiation process and concurrent linkage structure: SAFTA and USSFTA

The key dates that define these negotiations as concurrently linked (within the same time period) are the months that the negotiations began and substantially concluded (see dates in bold type in Figure 1). Negotiations for USSFTA began in December 2000 and for SAFTA they began in February 2001. Negotiations substantially concluded for SAFTA in November 2002

and for USSFTA in January 2003. SAFTA required ten formal negotiation rounds and USSFTA required eleven formal negotiation rounds.

Similarity in social context (including historical, economic, political, etc.) and concurrence in time are important for identifying the flow-of-events that are relevant to a specific negotiation. In this case, SAFTA (Singapore–Australian) negotiations were relevant to United States negotiators and USSFTA (United State – Singapore) negotiations were relevant to Australian negotiators.⁸ As such, Australia and the United States were each linked or *linked parties* via their separate negotiations with Singapore. Singapore served as the *link-pin party* (Wagner 1972; Watkins and Passow 1996) for these two negotiations. The right-hand side of Figure 1 outlines SAFTA and USSFTA concurrent linkage structure and illustrates the nature of this two-part role-based framework.

Let us turn here to analyse case-study data gathered through field research. This analysis considers negotiation linkage in relation to four themes (1) direction of influence; (2) managing opportunistic behaviour; (3) negotiation strategy; and (4) efficiency opportunities.

Linkage and Direction of Influence

Respondents from all three nations clearly expressed a similar view; when influence occurred, the direction of influence was from USSFTA negotiations to SAFTA negotiations, generally but not always through Singapore, and not the reverse. What factors explain the direction of influence from USSFTA to SAFTA?

(1) Process and Outcome: As a preliminary observation, it appears that linkage dynamics based on the two case studies under examination have their greatest influence over negotiation process rather than over negotiation outcome, although the significant relationship between process and outcome is acknowledged. In the terminology of Watkins and Passow (1996), these two negotiations were not linked in a competitive or reciprocal manner and so the outcome of one negotiation was not directly dependent on the outcome of the other negotiation. Rather, the examples that follow demonstrate that process and outcome in USSFTA directly influenced process in SAFTA, which indirectly influenced outcome in SAFTA. USSFTA negotiation process and outcome did not motivate SAFTA parties to revisit and revise established SAFTA outcomes, although some SAFTA negotiators reported that in hindsight they saw merit in such an exercise (e.g., SAFTA Chapter 3: Rules of origin).

(2) Timing: SAFTA was substantially concluded two months prior to the conclusion of USSFTA, but SAFTA negotiations generally lagged behind USSFTA negotiations for most of the two-year period (see Figure 1). Issues were discussed and/or concluded in USSFTA prior to their full consideration in SAFTA. For example, the Singaporean telecommunications team advised the Australian telecommunications team what they were learning about telecommunication regulation from the United States. Interviews indicate that Singaporean negotiators would sometimes arrive at an agreement with the United States and then convert this agreement into a demand and present it to their Australian counterparts.

(3) Relevance of Negotiation Parameters: The Singaporeans also observed that telecommunication negotiations with the United States were fundamentally a creative process that sought to produce a state-of-the-art agreement. However, their telecommunication negotiations with Australia were primarily positional, while the parameters contained within SAFTA negotiations lacked relevance to USSFTA negotiations. In determining the direction of influence it is possible that negotiations that are fundamentally integrative are more likely to serve as the source of influence than negotiations that are fundamentally distributive. This is not to suggest that a distributive negotiation could not serve as a source of influence, but rather that broader negotiation parameters, derived more often from integrative-style negotiation, allow for greater general relevance for any linked negotiations.

(4) Problem and Solution Migration: Prior to the USSFTA, no trade treaty had substantially addressed trade via electronic commerce. The United States team had spent considerable time thinking through the many complex trade issues related to this topic (e.g., is electronic commerce a product or a service?), while the Singapore team was receptive to a creative dialogue on this topic. As the USSFTA teams from Singapore and the United States explored these unique issues, the topic migrated into SAFTA negotiations via the Singapore team. Initially, SAFTA talks had no plans for a chapter on electronic commerce but once the Singapore team introduced this topic, the Australians recognised the relevance of electronic commerce to a trade treaty. The Australian team addressed the topic during negotiations but the Australians were not sufficiently familiar with the issues involved in electronic commerce to deal with it in a substantive manner (see SAFTA, Chapter 14). Nevertheless, that the topic emerged at all in SAFTA is explained by the fact that Singapore was concurrently negotiating a trade treaty with the United States and that the United States had clearly given considerable thought to the many complex issues posed by electronic commerce. We see here how the power that accompanies careful preparation is a force that can contribute to the migration of problem and solution formation from one negotiation to another.

(5) Priority of Link-Pin Party: Perhaps the critical factor determining the direction of influence is the value that Singapore, as the link-pin party, placed in conducting separate negotiations with the United States and with Australia. Although SAFTA negotiations were important to Singapore, respondents in all three nations generally agree that the Singapore team valued the USSFTA negotiations over SAFTA negotiations and the Australians understood and accepted this. This preference resulted in Singapore's greater willingness to accommodate the United States, while it was also in Singapore's interest to seek Australia's cooperation in pursuing one rather than two trading systems (e.g., one or two rules of origin; one or two tariff schedules?). Thus, in concurrently linked negotiations the flow of influence may be determined by which linked party (e.g., United States or Australia) the link-pin party values more. Our case studies demonstrate that power relations between the link-pin party and each linked party (Singapore–United States relations, as compared to Singapore–Australian relations) were an underlying factor in determining the priority that the link-pin party established. Acceptance of this hierarchical arrangement by the lower-priority party may be a facilitating factor in the overall dynamics that determine the direction of influence.

The discussion in this section can be used for building four testable propositions:

(P-1) In a concurrently linked negotiation, the direction of influence is determined by the negotiation that has a *head start*.

(P-2) In a concurrently linked negotiation, the direction of influence is determined by choice of strategy. Negotiations that are generally integrative are more likely to be influential than negotiations that are generally distributive.

(P-3) In a concurrently linked negotiation, a framework or solution perceived to be of high utility in one negotiation is likely to migrate via the link-pin party to a negotiation that lacks such a framework or solution.

(P-4) In a concurrently linked negotiation, the direction of influence is determined by the values of the link-pin party. Influence will flow from the linked party that the link-pin party values more to the other linked party.

Why did linkage not occur when opportunities for linkage were present?

(1) Cost: Singaporean negotiators tried to convince Australia to adopt a “product specific change of tariff classification”, the method used in USSFTA, as the primary test for determining rules of product origin (ROO), but this method requires substantial industry consultation before a negotiation position can be developed. The Australian team was not prepared to devote limited negotiation resources to industry consultation at that time. SAFTA instead adopted the value-added ROO approach (as generally applied under the Australia–New Zealand Closer Economic Relations treaty of 1983). One Australian negotiator directly involved in ROO talks indicated that rejection of the Singaporean ROO proposal was a lost opportunity for Australia and that if negotiations with Singapore were conducted again then the Australian team would accept the Singaporean ROO proposal. A proposal that requires the allocation of substantial negotiation resources in building a position or solution appears to inhibit linkage when such opportunity is present.

(2) Lack of Relevance: Linkage did not flow only through Singapore. United States negotiators report that they had an opportunity to review draft SAFTA text regarding financial services but found nothing that they could adopt, as it was not relevant to United States concerns. Government procurement is another area where a USSFTA – SAFTA linkage is not observed. Both the United States and Singapore have signed the GATT Government Procurement Act (GPA) of 1980 and so USSFTA talks sought to negotiate a government procurement chapter that was GPA-plus. This approach lacked relevance in SAFTA talks because Australia has not signed the GPA and so SAFTA talks on government procurement operated under a

different template. Lack of relevance was also referred to in interviews involving textile, agriculture and intellectual property negotiations. Unwillingness to spend negotiating resources and lack of relevance may be the primary reasons why linkage does not occur when opportunities are present in concurrently linked negotiations.

Linkage and Managing Opportunistic Behaviour

As mentioned above, USSFTA and SAFTA linkage was not always through Singapore, as the two linked parties regularly took the initiative to discuss their shared interests and activities. Parties from all three nations reported knowledge about direct communication between the United States and Australia regarding their separate negotiations with Singapore. Opportunistic behavior is to be expected in a mixed-motive situation, while Singaporean negotiators did not seem particularly bothered by the behavior of their negotiating partners.

The Embassy of the United States in Singapore and the Australian High Commission (Embassy) in Singapore sit side-by-side on Napier Road. Proximity can be a factor in facilitating communication, while reports indicate that staff within each embassy regularly spoke to their counterparts. The most important link, however, was between the Australian and the United States Chief Negotiators. These negotiation administrators began their discussions long before both countries began their own trade negotiations (AUSFTA). Once the United States and Australia announced their intention to negotiate a trade treaty, in November 2002, these discussions shifted from talking about Singapore to also talking about AUSFTA negotiation planning. The Australian and United States Chief Negotiators would meet face-to-face when they could but often communicated via teleconference and telephone. In addition to these discussions, draft SAFTA text was provided to United States negotiators and draft USSFTA text was provided to Australian negotiators.

This strategic opportunity represented a highly complex situation for each Chief Negotiator. How can this opportunity be managed without destroying that which is being sought? Critical in such an exercise is a clear understanding of the information that can be shared and the information that must be withheld between the linked parties. In this case, sharing the wrong information could damage the negotiation process and destroy a party's creditability and trustworthiness in the eyes of the Singaporeans. One Chief Negotiator reported that both sides (Australia and the United States) were candid with each other about what each was trying to achieve (interests, goals and positions) in their negotiations with Singapore and the current status of their respective negotiations. In these discussions the United States and Australia were prepared to talk about their own positions (i.e., here is how we are approaching Singapore) and about information that was considered public. For example, both sides acknowledged Singapore's claim that it very much wanted to adopt a positive-list template for trade in services. Such information was practically public – not considered confidential – and so representatives from Australia and the United States also felt comfortable discussing these larger issues. However, Australia and the United States drew the line on exchanging information about statements by the Singapore team that were communicated in confidence. For example, neither would tell the other about a specific proposal that Singapore had

made (e.g., Singapore has offered us the right to place “x” number of banking ATMs in Singapore), as this would violate confidentiality. This type of communication would also not serve the interests of the party sharing such information, as the other linked party might then ask Singapore for a similar concession and this request could damage the arrangement established with the first linked party.

Reports from the United States and Australian teams indicate that simply knowing that both countries were pushing Singapore in a similar direction (e.g., adopting a negative list rather than a positive list for trade in services) provided both parties with greater confidence in holding firm on their own demands. This is not to suggest that the two sides developed a grand strategy or even attempted to coordinate strategy. They did not. Rather, knowledge of what the other was doing in relation to their emergent trade treaty with Singapore served a normative function that reinforced the individual action of each linked party during the course of the negotiation.

Case data about the management of opportunistic behaviour in concurrently linked negotiations offers some guiding principles for linked parties. The essence of this guidance is quite simple: talk about your own party, not about the other party. Specifically,

- In a concurrently linked negotiation it is generally acceptable to talk with others that are external to your negotiation about what your team is doing in regards to your interests, goals and positions.
- In a concurrently linked negotiation it is generally acceptable to talk with others that are external to your negotiation about the current status of your negotiation including information that is considered to be in the public domain.
- Information on the link-pin party’s proposals and compromises should be withheld.
- Information that the link-pin party has offered in confidence should be withheld.

Linkage and Negotiation Strategy

Setting party positions and managing concessions appear to be critical issues for the link-pin party in negotiations that are concurrently linked when linked parties are in direct communication with each other. One Singaporean Team Leader summarised the essence of this situation: “A position or compromise made in one negotiation can become an expectation in another [linked] negotiation.” At a minimum, decisions about issues, agendas, framing, arguments, positions and concessions made in one negotiation can be used as reference points in a linked negotiation. How should the link-pin party manage this challenge?

(1) Position Management: Some Singaporean negotiators reported that they were very aware that action in one negotiation could inadvertently have

a significant impact on the concurrently linked negotiation. Time and effort were therefore devoted to coordinating the team's position through regular face-to-face communication between Singaporean Team Leaders responsible for the same chapter in linked negotiations. Respondents indicated that in coordinating a specific position for their team the critical issue is consistency across linked negotiations. Communication also took place between Singaporean Chief Negotiators engaged in linked negotiations. These are busy executive-level government officials and diplomats so they would generally communicate to each other via email that was then distributed to all executive-level staff throughout the Singaporean government.

Consciously delaying negotiation process was also considered a useful technique in position management. For example, the Singaporean team would explain to the Australian team that it was not yet prepared to take a specific position on an issue in SAFTA because that position could serve as a benchmark, which the Americans would treat as a first offer in the USSFTA negotiations. The Singaporean team would assure the Australian team that it would address Australian concerns but at a later stage in their negotiations.

(2) Concession Making: Singaporean negotiators reported their view that in linked negotiations there is not an ideal concession-making strategy, as the choices available come with risks. One Singaporean involved in negotiating trade in services observed, "There is a need to calibrate offers to each negotiation partner so that demands or concessions in one negotiation do not adversely influence another negotiation, or if they do adversely influence [a linked negotiation] then try to manage and minimise such influence." An Australian diplomatic understood that the Singaporeans preference to conclude sensitive issues with the "Yanks" first was because if the Singaporeans resolved sensitive issues with Australia first then it could create difficulties for Singapore in their negotiations with the Americans. Some Singaporean trade negotiators refer to this difficulty as a *blow-back* – by making a compromise or offering a concession to the lower-priority partner first, it then becomes a benchmark, expectation or first offer for the higher-priority partner. The Singaporeans developed a strategy to avoid this "blow-back dynamic" but it required that they manage what they called a *cascade of concessions*. Once a link-pin party makes a concession to a higher-priority party on a specific issue, it frees the link-pin party to make concessions with other concurrently linked parties on that same issue resulting in a cascade of concessions. For example, the Singaporean team was unwilling to specify the conditions governing Joint Law Ventures and Formal Law Alliances operating in Singapore until it first reached agreement on this issue with the United States through USSFTA. Once the United States and Singapore agreed on these conditions, it cleared the way for the Singapore team to conclude this issue in SAFTA. Some of the discussion in this section can be used to build two testable propositions:

(P-5) In negotiations that are concurrently linked, a position or compromise made in one negotiation by the link-pin party can become an expectation or reference point in another negotiation, which can makes the link-pin party vulnerable to exploitation.

(P-6) A link-pin party will achieve higher quality outcomes for itself if it delays making compromises on a specific issue with the lower-priority linked party until after compromising on this issue with the higher-priority linked party.

Linkage Re-structuring or De-linking as a Strategy

De-linking or re-structuring the relationship between sensitive issues can be an important strategy for the link-pin party in managing two or more linked negotiations, given the potential for blow-back dynamics and/or the challenge of managing a cascade of concessions. The negotiations in the case studies discussed here illustrate a few techniques that serve this purpose. The first technique may be most relevant to the higher-priority linked party and the second technique appears to be most relevant to the lower-priority linked party.

(1) Restructuring the Link: The Singapore team's approach to managing Wholesale Bank licenses through SAFTA and USSFTA is especially interesting because the team was able to re-structure the linked relationship between SAFTA and USSFTA negotiations on this sensitive issue. The Singaporeans re-structured this link by first offering a solution acceptable to the Australians that could not later be used by the Americans as a benchmark or first offer – thus avoiding the blow-back. Here the Singapore team balanced competing concerns by agreeing to lift its numerical quota on Wholesale Bank licenses with Australia, but the actual increased amount would be based on how Singapore treated the United States (i.e., Australia would receive as many Wholesale Bank licenses as the United States). As such, the actual number of Wholesale Bank licenses was not specified at the time the SAFTA treaty was signed since it remained contingent on the USSFTA negotiations and this issue had not yet been addressed. This solution was acceptable to the Australian team because it had not initially expected to obtain the same number of Wholesale Bank licenses as granted to the United States. Concurrently, the Singapore team was able to reach an agreement in SAFTA without simultaneously damaging Singapore's position with the United States on USSFTA. The Singapore team produced this strategically advantageous solution by re-structuring the way the issue was linked to SAFTA and USSFTA negotiations so that the SAFTA negotiations offered no new information to the Americans about Singapore's zone of possible agreement on this sensitive issue.⁹ Here the Singapore team did not de-link the two negotiations, to the contrary, it deliberately linked the SAFTA and USSFTA more closely together but did it in a way that Singapore maintained a degree of control over USSFTA negotiation process on this issue.

(2) Rebuff: This is another technique used by the Singaporean team to gain control over linkage forces. This approach aims to lower the other party's expectations that can be raised through negotiation linkage. For example, at a SAFTA plenary meeting held at the beginning of a round during the second half of these negotiations, a key Singaporean negotiator advised all Australian trade negotiators, "If Australia expects to receive everything that Singapore is providing to the US then – get real. Australia is not the US. Singapore can not and will not. Every deal must be negotiated on its own merits, based on the unique circumstances existing between the

two parties.” The same basic message was repeated at the table. For example, Singaporean telecommunication trade negotiators advised the Australian team that SAFTA and USSFTA were very much separate deals and that Singapore had no obligation to provide Australia with any concessions that the Singapore team had made to the United States. This de-linking technique may work with some effectiveness in decreasing the expectations of a lower-priority partner but only if the lower-priority partner accepts the link-pin party’s perception of their lower status within the *linkage hierarchy*. This technique may not be effective if used with a higher-priority partner, while there were no reports that Singapore ever used a rebuff with United States trade negotiators.

The rebuff and link re-structuring are two techniques that appeared to provide some leverage to the link-pin party in the SAFTA and USSFTA negotiations. These methods may be relevant in other negotiations that are concurrently linked. Some of the discussion in this section can be used to build two testable propositions:

(P-7) A link-pin party will achieve a more advantageous outcome if agreements reached with the lower-priority linked party are structured so that they do not disclose the link-pin party’s zone of possible agreement to the higher-priority linked party.

(P-8) A link-pin party will achieve a more advantageous outcome if they use a rebuff technique with the lower-priority linked party but not with the higher-priority linked party.

Linkage and Efficiency Opportunities

With proper planning and team management, efficiency opportunities can be realised through linked negotiations. For example, the Australian and the United States teams both demanded that Singapore use a negative list rather than a positive list for trade in services.¹⁰ The Singapore team had no experience with a positive list and so it resisted, which the Australian and United States teams saw as a serious problem. Eventually, the Singapore team agreed to use a negative list for trade in services even through developing a position and proposal on a negative list required substantial government planning including extensive inter-agency consultation and government-business dialogue. The proposal the Singapore team presented to the Australia team was not the same as the proposal it presented to the United States team, as each service economy presents its own distinctive problems and opportunities vis-a-vis the Singaporean economy. In responding to United States and Australian demands, Singapore conducted this massive exercise in planning, consultation and dialogue once rather than twice and adapted what they learned to meet the circumstances of each negotiation. This is an example of an efficiency opportunity available to a link-pin party engaged in two or more linked negotiations. This observation also serves as useful guidance.

Discussion

Here we move beyond case analysis to consider larger issues related to negotiation linkage and theory. By applying the four-part linkage typology (competitive, reciprocal, synergistic and antagonistic) developed by Watkins and Passow (1996) to the linked negotiations in this paper we conclude that these negotiations are not linked to each other in a competitive manner (one negotiation did not preclude the other), or in a reciprocal manner (failure to achieve agreement in one had no impact on the other). Pertinent data demonstrates some synergistic links (enhancing opportunities for parties). For example, the emergence of electronic commerce in SAFTA is clearly a synergistic link gained via the USSFTA. Negotiation dynamics represented by the “blow-back” demonstrate the potential for antagonistic links (diminishing opportunities for parties), while the Singapore team developed techniques to manage this antagonistic link.

Although useful for understanding some type of linked negotiation dynamics these four variables do not appear to be critical overarching elements that characterise the fundamental nature of linkage – at least not in the present case studies. Rather, superordinate variables that appear to determine the fundamental nature of present linkages are (1) non-competitive linkage (one negotiation did not serve as an alternative for the other for the link-pin party) and (2) cooperation between linked parties. These are superordinate variables because each is structural in nature. Zartman (1991) argues that structural analysis forms the basis of causal analysis. Determining the structure provides the ingredients for explaining negotiation outcome.

Non-competitive links with cooperation between linked parties are the most prominent structural characteristics of the SAFTA – USSFTA relationship. Through structural analysis we can generate four variables: competitively linked, non-competitively linked, cooperation between linked parties and no cooperation between linked parties. Placing these variables on a vertical and horizontal axis allows us to infer the fundamental nature of four discrete concurrent linkage types. That is to say, the dynamics in each of four negotiation types will differ substantially, as link-pin party and linked parties are confronted with circumstances and choices require differing strategies and varying consequences. Figure 2 summarises these dynamics from the perspective of the link-pin party.

Non-competitive Linkages

The present study provides data only for the fourth quadrant: non-competitively linked negotiations where there is cooperation between linked parties. The present data suggests that Singapore was only inconvenienced by linked party cooperation. Communication between Australia and the United States required Singapore to plan more carefully especially involving position taking and concession making. However, this fundamental situation could have changed quickly for all parties if the Australian or United States teams had violated the trust of the Singaporean team. An inconvenient situation can become a difficult situation when information communicated in confidence is disclosed. Issues of trust are challenging in any negotiation but may be especially difficult when they involve parties as complex as those who are representing nations.

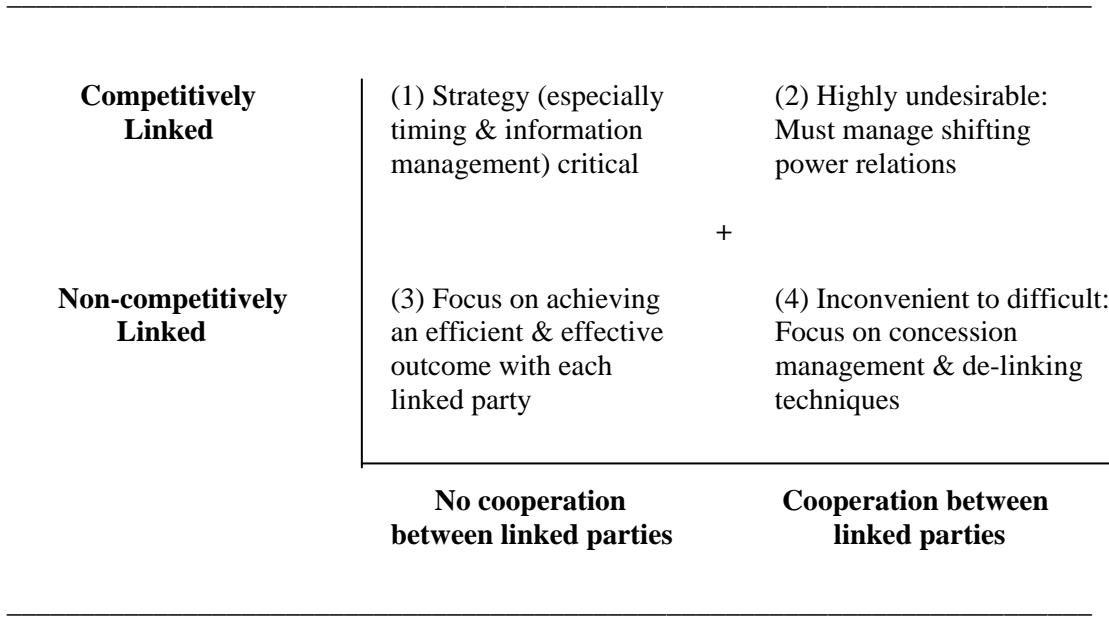


Figure 2. A structural framework for understanding concurrently linked negotiations (from the perspective of the link-pin party)

A non-competitively linked negotiation where the linked parties are not cooperating with each other (third quadrant) may represent a missed strategic opportunity for linked parties that could have great value to either or both parties. For the link-pin party this quadrant represents two separate negotiations that demand less attention to position taking and concession making. But this situation does not preclude efficiency opportunities that may be available to a link-pin party and other synergistic links such as the migration of high-quality ideas from one negotiation to the other. In this case, the potentially linked parties may never know that they are engaged in a linked negotiation unless the link-pin party discloses such information – actions that generally run counter to the interests of the link-pin party.

Competitive Linkages

Competitively linked negotiations are far more complex for all parties to manage, as compared to non-competitively linked negotiations. The first quadrant identifies a competitively linked negotiation where the linked parties are not in direct communication. This type of linked negotiation is well understood in the negotiation literature, as it is a situation where one party (the link-pin party) has a viable alternative or BATNA (see: Fisher and Ury 1981; Lax and Sebenius 1986). A primary consideration for the link-pin party is timing (a viable alternative that is only available next year is useless if your life depends on it today) and a primary task is information management – especially related to advising one or both linked parties that an alternative is available. This information has strong utility for the link-pin party which can use this information to enhance its own bargaining power. There are also concerns in sharing such information, since once it is shared one linked party could make contact with the other linked party, which fundamentally changes negotiation dynamics. Generally, the link-pin party does not want the linked parties to communicate with each other or

even to have information about each other's nature or characteristics. Either linked party can use such information strategically to their own advantage.

For the link-pin party the most undesirable situation identified through this analysis is in the second quadrant: competitively linked negotiations where there is cooperation between the linked parties. This is the most dynamic – even volatile – situation, as cooperation between the linked parties could result in their working against the link-pin party to shift the locus of power. Linkage theory is relevant to this type of situation in the initial stage – shortly after a negotiation has shifted from the first to the second quadrant (see Figure 2). But group and multiparty negotiation theory (Brett 1991; Kramer 1991; Polzer, et al 1995; Crump and Glendon 2003), especially coalition theory (Dupont 1996; Lax and Sebenius 1986, 1991; Watkins and Rosegrant 1996), become relevant very quickly.

Developing a structural framework for understanding concurrently linked negotiations (Figure 2) maps part of the universe in this field, as it provides understand of the relationship between linkage theory and other negotiation theories such as group, multiparty and coalition theory. A structural framework of concurrently linked negotiations also provides the negotiation practitioner, whether link-pin party or linked party, with guidance for managing such circumstances.

Conclusion

The field of negotiation studies has well-developed knowledge of negotiation process and outcome but is still seeking to develop understanding of the social context (including historical, political, economic, etc.) in which negotiations are actually embedded. In this paper I have argued that when the element of time is added to a specific social context negotiations in that context appear to be surrounded by a flow-of-events. I further contend that negotiation-linkage theory may offer one way to understand the relevant flow-of-events that surround a specific negotiation. Concurrently linked trade negotiations considered in this study demonstrate that a focus on time and social context, operationalised through negotiation-linkage theory, can provide enhanced understanding of negotiation process and outcome in areas such as (1) determining the direction of influence in linked negotiations, (2) managing opportunistic behaviour, (3) managing negotiation strategy and (4) achieving negotiation efficiency opportunities through linkage.

The real challenge for negotiation researchers is to develop theory that considers both the negotiation and the flow-of-events that surround this negotiation. Negotiation researchers should consider and debate the arguments presented in this paper to further develop and refine our understanding of negotiation embedded in a social context. Through such efforts we may be able to better understand the multiple influences that social context has upon negotiation process and outcome.

Case studies examined in the present paper deepen our understanding of concurrently linked negotiations where linked parties are in cooperation and

not competing with each other (quadrant four, Figure 2). More research could be conducted productively in this area, while much more needs to be learned about competitively linked negotiations where the linked parties are in cooperation (quadrant two, Figure 2). Research should focus especially on the critical variable or variables that influence negotiation process at that moment when linked parties first make contact, as identification and understanding of these key variables may enhance negotiation management for both the link-pin party and/or the linked parties. Research into quadrants one and three (see Figure 2) has fewer imperatives. Analytical studies that examine the negotiation alternative and BATNA literature within a linkage context may offer useful findings for quadrant one. Questions about efficiency or synergistic opportunities for the link-pin party are the most fruitful to ask in quadrant three (see Figure 2).

This paper proposed a three-part temporal model for understanding negotiation linkage: simultaneous links, concurrent links and consecutive links. Data and analysis in this paper considered concurrently linked negotiations by focusing on the role of linked parties and the link-pin party. Are the role-based framework (Figure 1) and the structural framework (Figure 2) equally relevant to simultaneously linked negotiations? This paper has alerted us to a range of questions that require answers, particularly concerning similarities and differences – if any – between linked negotiations conducted concurrently or simultaneously. More research is required here, while negotiation laboratory studies may make a useful contribution in this area. How do these two temporal types differ from negotiations that are linked consecutively? Is the role-based framework and structural framework developed in the present study relevant to consecutively linked negotiations? Answers to these questions will enrich our understanding of negotiation in its social context, as we use linkage theory to examine the flow-of-events that surround a negotiation.

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Notes

¹ The present paper considers concurrently link negotiations. In a forthcoming paper I examine consecutive linkage by considering the relationship between each of these two trade negotiations (Singapore–Australia and United States–Singapore) to a trade negotiation conducted by Australia and the United States; a negotiation that commenced shortly after these first two negotiations concluded.

² Some readers who are unfamiliar with the study of negotiation and the *negotiation paradigm* have approached this paper because of its focus on international trade. The most prominent negotiation paradigm seeks to build interdisciplinary theory and knowledge of negotiation process and outcome so practitioners are better able to conduct negotiations. A negotiation paradigm, applied to international trade negotiations, seeks to build knowledge to assist trade negotiators to reach agreements that efficiently and effectively meet the core interests of all parties influenced by the outcome. This purpose differs from the major disciplines that study international trade negotiations such as (1) political science, including international relations and international political economy, and (2) economics. These two disciplines operate within their own paradigm. Economics is focused on actor behaviour by considering public choice theory in the international domain (inter-industry structures of protection in individual countries) and strategic trade policy (free trade based on models of perfect competition and monopolistic elements in international markets). Political science tends to be more diverse in its focus by considering a broader range of questions about both actor behaviour and system management. In terms of actor behaviour, the key questions include how best to explain or analyse the foreign economic behaviour of governments and what is it that fundamentally motivates governments in their international economic relations. In terms of system management, the primary focus is how states act collectively to preserve the mutual benefits of their trade relations and other issues related to the governance of international economic structures. For a detailed discussion on trade negotiation research in economics and political science see Cohen (1990).

³ Some interviews were tape-recorded – especially those with high-level officials who have prior experience with this method through frequent interviews with the media. However, written notes were taken in most interviews and then organised and typed within 24 hours after each interview.

⁴ It is interesting to consider the term or concept that various groups apply to the focus of the present study. Some politicians have become frustrated with the WTO multilateral process, while appreciating trade negotiations that are less complex because they fit within three to five year election cycles. Politicians refer to the events under investigation as “free trade negotiations” or “free trade agreements” (FTA), as *free* has positive connotations with the electorate. Economists have disdain such trade negotiations, when compared to multilateral negotiations, because economists claim that these events complicate the international trading system and contribute to its further inefficiency. Economists generally refer to these events as “preferential trade negotiations” or “preferential trade agreements” (PTA), as *preferential* has negative connotations in a free society. The WTO and other multilateralists also define the world on their own terms by referring to anything that is not multilateral as regional (even the United States–Jordan trade agreement, signed in October 2000, is a regional agreement in the eyes of the WTO). The WTO community refers to these events as “regional trade negotiations” or “regional trade agreements” (RTA). The current study prefers the term bilateral trade negotiations or bilateral trade agreements (BTA) because *bilateral* is a descriptive term that makes no value judgement about the inherent worth of the events under consideration. “Global, multilateral, regional and bilateral” is a useful structure for understanding the range of current trade negotiations.

⁵ The Singapore – Australia Free Trade Agreement (SAFTA) can be read in full at:
http://www.mti.gov.sg/public/FTA/frm_FTA_Default.asp?sid=35

The United States – Singapore Free Trade Agreement (USSFTA) can be read in full at:
http://www.mti.gov.sg/public/FTA/frm_FTA_Default.asp?sid=36

⁶ To claim that the SAFTA (Singapore–Australia) treaty has 117 pages and that the USSFTA (United States–Singapore) treaty has 240 pages is not exactly correct. Technically, 117 and 240 are the exact number of pages, respectively, for each treaty, although SAFTA has four annexes attached to the treaty that elaborate on export duties, rules of origin, government procurement, and reservations related to trade in services and investment. These four annexes are not counted in the 117-page SAFTA treaty. USSFTA has many more annexes. Some USSFTA annexes are found at the end of each chapter (included in the actual page count), while other annexes are referred to in the treaty but attached as separate documents.

⁷ That the SAFTA and USSFTA treaties generally consider the same topics does not suggest that each negotiation addressed these issues in the same manner. The template or framework adopted for chapters with apparent similarities could be very different in some respects (e.g., compare SAFTA Chapter 3 and USSFTA Chapter 3 on Rules of origin – the former uses a value-added approach and the latter uses a product specific change in tariff classification approach). Even where the same template is adopted, the degree of detail can differ substantially (e.g., compare SAFTA Chapter 14 with USSFTA Chapter 14 on Electronic commerce).

⁸ SAFTA is not the only relevant external event occurring for USSFTA negotiators and USSFTA is not the only relevant external event occurring for SAFTA negotiators. Other relevant external events were also taking place during the defined time period. For example, all three nations were directly involved in WTO multilateral trade negotiations. The flow-of-events from the WTO, especially the third Ministerial Conference in Seattle in December 1999 and the fourth Ministerial Conference in Doha in November 2001 influenced – perhaps even inspired – these two bilateral trade negotiations.

The Australian government had not negotiated a bilateral trade agreement since concluding its first bilateral trade treaty with New Zealand in 1983. After beginning SAFTA negotiations, Australia also commenced bilateral trade negotiations with Thailand (announced in July 2001 with trade negotiations continuing to July 2004) and Japan (announced in May 2002 with economic framework negotiations continuing to July 2003).

The government of Singapore had just concluded its first bilateral trade treaty with New Zealand in November 2000 and had begun bilateral trade negotiations with Japan (announced in October 2000 with an economic partnership agreement signed in January 2002), Mexico (negotiations announced in September 1999 which continue at this writing in 2005) and Canada (negotiations announced in June 2000 and continue at this writing in 2005). Singapore engaged several non-EU (minor) European nations in a multilateral trade negotiation (announced in May 2001 with a treaty signed in June 2002). Singapore also has ongoing multilateral trade negotiations with the members of ASEAN.

The United States government concluded their first bilateral trade treaty with Israel in 1985, followed by NAFTA (first Canada and then Mexico) in 1994 and then Jordan in October 2000. The United States was concurrently negotiating separate trade treaties with Singapore and Chile (each negotiation began in December 2000, with the Singaporean trade treaty signed in May 2003 and the Chile signing in June 2003). The United States also began negotiating a multilateral trade agreement 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).

Most of the information in this footnote 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), although some specific dates were found in various media reports.

⁹ United States financial services negotiators advised that they were not aware that they were representing both United States and Australian interests when discussing Wholesale Banking licenses with the Singapore financial services negotiators.

¹⁰ 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. A negative list is considered to be much more liberal in encouraging international trade than a positive list. However, building a negotiation position for a negative list requires much more governmental planning, as compared to a positive list. For example, failure to include an economic sector on a *positive list* eliminates some international competition in the home market. Failure to include an economic sector on a *negative list* may result in the collapse of that economic sector in the home market (due to international competition) and the bankruptcy of local businesses. A negative list requires careful government planning.

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