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“Plurilateralism” of the United States and its APEC Policies

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I. Introduction

It has often been argued that US APEC policies have been based on shortsighted economic interests and could hurt not only the traditional principles of APEC but also the international free trade system (Nesadurai [1996]; Takii [1995]). In another respect, however, the US government rather has had to pursue its interests through regional APEC policies in order to support the international free trade regime. In this article, with this paradoxical viewpoint, I would like to re-examine US APEC policies historically, and also evaluate its policy development in recent years. This paradox is explicable if we examine the domestic constituencies that take an active interest in trade policy.

Firstly, even though it has taken the initiative in establishing and supporting GATT and WTO, the US government nonetheless has domestic constituencies with protectionist leanings. Therefore, the harder the government tried to play an international role, the more it needed to strengthen these domestic constituencies.

Secondly, since these domestic constituencies have not been stable, the government has had to restructure them according to changes in industrial structure. In the early post-war period, steel and auto industries benefited from free trade, but later they leaned toward protectionism as they gradually lost their export competitiveness. Then the US government needed to reinforce its domestic support with competitive industries such as hi-tech, service, agriculture and so on.

Thirdly, the industries joining the free-trade coalition did not seem satisfied with the traditional free trade regime. These industries demanded the elimination of foreign subsidies, protection of intellectual property rights, and international financial service regulations similar to domestic ones. In short, they demanded international harmonization with domestic systems and policies. However, the post-war free trade system was based on “embedded liberalism”. It was constructed by embedding internationally common free trade principles in the secured domestic systems and customs of individual countries. To reinforce domestic support, the US government had to “dis-embed” what was called “embedded liberalism” (Ruggie [1996]). However, the reformation of the international trade system in this way had severe impacts on the domestic conditions of each countries. It was hard to implement these reforms in the GATT rounds, where many countries participated.

In this way, in order to maintain multilateral liberalism, the US government had to secure benefits for domestic industries and reform the international trade regime for that purpose. However, securing gains immediately by “dis-embedding” liberalism was done smoothly only by alternative means, not through multilateral negotiations. Specifically, the US resorted to regional and bilateral free trade agreements, “plurilateralism, “ that potentially contradicted multilateralist approaches.

Below, I discuss how US multilateralism relates to plurilateralism, and in the process

reexamine the implications of its APEC policies. Firstly, I review the situation in the early post-war period. Secondly, I identify the emergence of plurilateralism from historical changes regarding the Uruguay Round in early 1980s. In addition, I consider recent developments related to the WTO. In recent years, US APEC policies have not had the momentum they once had. We can shed light on the structural background of US APEC policies if we examine how domestic political coalitions relate to multilateralism.

II. Post-War Multilateralism and its Constituency

II-1. The Protectionists Survive, the Rise of Free-traders

The free trade regime after the war was established as a multilateral regime, not as a bilateral network as was the case before the war. Only the US government took a leadership role in this process. The US needed to encourage a new domestic coalition to become a leader, since domestic politics were heavily biased toward protectionism before the war. The Reciprocal Trade Act of 1934 triggered political changes that made free-traders dominant. In short, American “embedded liberalism” had become a “social purpose” in the US (Ruggie [1983]). This Act transferred decision-making authority over trade from Congress to the President. The former tended to be overly influenced by domestic industries. It also gave authority to reduce tariffs reciprocally to as low as 50% and to accord most-favored-nation-status to other countries. Thus, the US government became able to pursue multilateral free trade principles based on its own orientation more smoothly.

Behind this were newly emerging political and economic elites that advocated international economic liberalization. They attacked protectionists repeatedly and gradually achieved dominance. Firstly, in terms of economic gains, industries such as steel, electronics, autos, etc., were overwhelmingly competitive and were able to realize large gains from exports. Secondly, regarding world peace, the idea that free trade promotes world peace, an idea championed by Secretary of State Cordell Hull, received relatively wide support. Thirdly, in the context of the Cold War, it was believed that economic stability in other countries could be achieved through significant trade, and that this would prevent communism from spreading worldwide. The post-war free trade principles have been described by Walden Bello as “containment liberalism (Bello [1994]).” The Reciprocal Trade Act of 1934 and subsequent trade acts institutionalized these political conditions and assured the dominance of the free-traders. In addition, the US domestic political situation enabled the government to promote the establishment of an international trade regime based on liberal principles (Hody [1996]; Goldstein [1993]). As the GATT regime developed, the economic and political benefits accruing to the US increased. In this way, the US domestic free-trade coalition and multilateral free trade policies continued to develop together, synergistically (Destler [1995]).

However, free-traders failed to establish complete political dominance. The industries that lacked international competitiveness managed to maintain political influence. Typical examples of these industries included agriculture, textiles and leather. They were able to afford significant Congressional lobbying activities and remain influential. The Congress jealously responded whenever the multilateral free trade regime impinged upon US sovereignty while other countries maintained their own protectionist ways. Therefore, the Congress ratified neither the Charter for the International Trade Organization (the Havana Charter) nor GATT. Because of this, the Charter for the International Trade Organization failed to be enacted, and the US government had to implement GATT as an executive order. Moreover, agriculture was exempted from the application of free trade, and GATT and the US Trade Act included a safeguard clause to cope with import surges. Even so, GATT and the multilateral free trade policies of the US government received a lot of criticism from domestic groups. Therefore, the government established safeguard (Article 201) and retaliation (Article 301) clauses in its Trade Act, in order to appease domestic critics and maintain its policies.

II-2. Multilateralism's Response to Regionalism

In the 1950s, European Coal and Steel Community was formed and this led to the establishment of the European Economic Community, EEC. This regionalism spread to Latin America and Africa. However, significant limits of economic scale remained, excepting the case of the EEC (later EC), and the significance of most of these regional arrangements in the multilateral free trade regime gradually decreased. At the beginning, the US government strongly opposed regionalism in Europe, insisting that it would undermine the multilateral free trade regime. However, later the US government changed its view. It decided that regionalism would work in favor of containing communism if regionalism promoted economic growth in European countries and strengthened political ties among them. The imperatives of the Cold War thus led the US to recognize European integration.

At the same time, the US government tried to offset the negative side effects of regionalism by reinforcing multilateralism. The Kennedy administration pushed the Kennedy Round in 1964-67. It, attempted to lessen the effects of the EC's extra-regional discrimination through a multilateral reduction of tariffs. This also enhanced the EC's intra-regional trade as well as its extra-regional trade. After all, regionalism did not necessarily have to have a significant influence on the multilateral free trade regime, and could remain as a subsidiary component of the larger free-trade regime (Krueger [1995]).

In this way, the US government resisted economic regionalism. However, at the level of politics and strategies, the US not only recognized the EC, but also constructed de facto regionalism and promoted it internationally. Specifically, in 1947, when the European countries fell into a severe

economic crisis, the US initiated the Marshall Plan as a part of its containment policy toward the Communist bloc and promoted European economic reconstruction. This policy implicitly reinforced economic integration among European countries. The US government also attempted to relate advanced industrial countries to primary commodities producing countries vertically in Asia, and to establish a de facto regional trading area under its leadership. Thus, since the end of the 1940s, the US promoted economic cooperation between Japan and South Korea, and cooperation among Pacific countries such as Australia and New Zealand. ANZUS (Alliance between Australia, New Zealand and the US) and SEATO (South East Asia Treaty Organization) also were formed (Lee [1996]; Borden [1984]). However, these attempts did not grow into economic regionalism and gradually lost significance as participating countries developed economically and the US and China moved toward rapprochement.

III. Regionalism in the Uruguay Round

III-1. The Shock of the Failure of the Ministerial Meeting of GATT (1982)

America's multilateralism expanded more or less according to plan up until the 1970s, suppressing regionalism overseas and promoting economic regionalism within the United States itself. Within the US, there was a given foundation of support for multilateralism, and the GATT Round was promoted against this background, with the result that the domestic constituencies within the US were further strengthened. Naturally the liberalization of trade resulted in expanded imports and industries which lost their competitiveness (iron and steel, automobile, electronics, etc.) came to lean towards protectionism one after another. In response, however, the US Government individually implemented exceptional import limitations and voluntary export restraints on exporting countries in an effort to prevent a weakening of the domestic constituencies.

That being said, firstly when a large number of industries came to perceive themselves as victims of multilateralism (increased imports, defeat in overseas markets, etc.), trust in GATT was gradually eroded. As a result, international trade liberalization no longer resulted in a strengthening of the domestic domestic constituencies (Destler [1995]).

Secondly, as the flip-side to the first point, there was increasing criticism of the trade activities of other countries. The image that other countries were unfair, and that they were effectively breaking away from multilateral free trade came to permeate American Society. As a result, sectors which had once supported free trade started to indicate problems with government procurement and subsidies of other countries, i.e. domestic policy and measures. For example, according to a 1983 survey, one-third of opinion leaders accepted temporary protectionist measures to correct the trade

practices of other countries (Destler [1995]). With the advent of the 1990s, influential economist Lester C. Thurow asserted that “GATT is dead” just one example of the increasing criticism of GATT (Thurow [1990], Prestwitz, et al. [1991]).

Against this background, the US Government attempted to expand the constituencies for multilateralism, and in order to do so, planned improvements to GATT. That is to say, the Ronald Reagan Administration followed by the George Bush Administration put their hopes on support from the domestic US agriculture, high-tech and service industries. These industries were not fully supporting free trade, and the measures for entry into foreign markets that they demanded were partially deviating from the traditional framework of free trade. They also feared measures to strengthen the competitiveness of domestic industries in Japan and Asian NIEs. Even so, Congress increasingly criticized the government’s trade policies, and within the government, authorities such as USTR (United States Trade Representative) and the Department of Commerce which emphasized industry had increased their influence, so the government tried to answer these demands of industry (Destler [1991/1995], Milner [1991]). Therefore the Reagan Administration started a new round of GATT negotiations internationally, and attempted to establish rules for agriculture, services and intellectual property.

The Reagan Administration led the holding of Ministerial Meetings of GATT, with the Ministerial Meeting in 9 years held in Geneva in November 1982. In the Ministerial Meeting, the member nations engaged in negotiations in striving towards holding a new round of negotiations. Here the delegation for the US Government proposed strengthening dispute resolution procedures and liberalizing services and agriculture mentioned above. This proposal was deemed radical by the other member countries, and was not supported by the majority of developing nations, and even developed countries. In the end, the Minister Meeting of GATT only achieved agreement in principle to the adherence to free trade, with no agreement reached on a new round of negotiations. After that, it took a further four years until the start of the Uruguay Round (1986 – 1994).

This failure was a decisive one for the Reagan Administration. The disappointment among USTR and other related staff was considerable. It became difficult for the government to secure a domestic constituencies for multilateralism and free trade, and to response to criticism from Congress and industry. The Reagan Administration came up with the policy of resolving trade problems more realistically with different means. As concrete measures, in bilateral market liberalization negotiations Article 301 of the Trade Acts was utilized, and regionalism measures were selected (Schott [1989]).

III–2. Regionalism for the Formation of “Mini GATT”

After the Ministerial Meeting of GATT, United States Trade Representative William Brock

stated that the United States would attempt trade liberalization of a greater degree than GATT with countries which had the same intent. In addition, the USTR also asserted that doing so would stimulate the desire for free trade in different countries, and promote the revitalization of the multilateral trade framework (Washington Post, July 29, 1984). At that time liberalization of a greater degree than GATT meant not only reducing tariff and non-tariff barriers, but also the liberalization of services and agriculture, and the legal protection of intellectual property. That is to say, the US Government achieved the proposals at the Ministerial Meeting of GATT through negotiations with individual countries, in pursuit of a so-called "Mini GATT." The US Government hoped that when the benefits of these agreements became clear, other countries would wish to participate in this Mini GATT, and by extension GATT itself would move in the direction of the US proposal (Krueger[1995]).

After declaring this policy, bilateral and regional trade agreements were achieved one after another. In January 1984, the Caribbean Basic Initiative was formed, followed by the conclusion of the US-Israel Free Trade Agreement in September 1985. Then, in January 1988, the US-Canada Free Trade Agreement was signed. This US- Canada Free Trade Agreement was expanded with the addition of Mexico to form NAFTA (North America Free Trade Agreement), and this negotiations effectively reached agreement under the Bush Administration in August 1992. The Bush Administration, in an effort to expand NAFTA over both North and South America, announced Enterprise for America in 1990.

In the Asia Pacific Region too, in June 1989, Secretary of State James Baker indicated a stance of placing emphasis on economic cooperation between multiple countries. As a result, The APEC Concept of Australia and Japan came to be supported by America, and in November of the same year, APEC was formed. In November 1991, Secretary of State Baker, proposed the development of a "Pacific Community," and indicated the policy of utilizing APEC in accordance with this concept (Baker [1991]). With regard to this matter, from the late 1980s to the early 1990s, Federal Congress discussed bilateral free trade agreements between the US and South Korea, the US and Taiwan, the US and ASEAN, and the US and Japan, and legislative bills were submitted. As a matter of fact, these bills were subjected to negative analysis by the International Trade Commission and were scrapped without being deliberated. However, the government concluded bilateral trade and investment promotion agreements with Taiwan, ASEAN, the Philippines, Singapore, and Australia (USTR [1993]). Further, in September 1992, President Bush, in an address made in Detroit, advocated an extremely grandiose concept of expanding a network of free trade agreements based on NAFTA, to cover Central and Southern America, Asia and Eastern Europe.

In this way, the Reagan and Bush administrations radically changed their policy towards regionalism – plurilateralism if one refers to the concept later presented by the Clinton Administration – and actually seem to have actively pursued it. It is no wonder that a considerable

number of researchers took this as an intent to form an America-centered concentric circle-shaped trade network (Takii [1995]). This policy shift must be assessed with care, however.

Certainly, the US government promoted the concept of regionalism which it had once denied. It was just so necessary to strengthen the domestic US constituencies regardless of the sense of disappointment. However, firstly, American policy contained the unspoken realism that if it was necessary once in Cold War strategy, they would also develop functional regionalism. Secondly, initiatives such as the Caribbean Basic Initiative, US-Israel Free Trade Agreement, US-Canada Free Trade Agreement, NAFTA, and APEC were by no means all taken by the US. They were brought about by the trading partners approaching the US. The aim of the US trading partners was to demand development assistance and strategic assistance from the US, and the stabilization of the traditional economic relations. The US government handled these demands by expanding mutual interests by expanding trade and investment, rather than increasing the burden on the US through new assistance.

Against such a background, NAFTA was equipped with noteworthy features, and pegged out a new phase. This accompanied the liberalization of agricultural produce, services, investment, intellectual property, dispute resolution mechanism proposed by the US at the Ministerial Meeting for GATT that anticipated the Uruguay Round. In addition, such trade rules were agreed to by countries in the world's largest region in excess of the EC, and between the US, Canada and Mexico, countries with great differences in the size of the economy and stage of development. NAFTA had the leeway to become a continuing bilateral regional agreement, but also a model for GATT. Secretary of State Baker also made the assertion that this was not breaking down multilateralism into bilateralism and regionalism, but instead joining the two (Baker [1988]).

It is difficult to say that regionalism under the Reagan and Bush administrations was consciously pursued as a consistent policy. The government developed it in an ad-hoc manner in the process of searching for more realistic trade policy. Generally regionalism is regarded as unavoidably reducing trade, and interest in multilateralism is deemed to fall. In particular, America's USTR is a small-scale organization, and if it devotes its efforts to regionalism, then multilateral negotiations must be neglected. In addition, if the trading partners have doubts about the US commitment to multilateralism, that international impact cannot be ignored (Krueger [1995]). The US government needed to be wary of these criticisms and fears. That being said, because the Uruguay Round had a tendency to stagnate, criticism of regionalism did not heighten within the US, instead resulting in expanded support from domestic industry. Agriculture and service industries were added to the constituencies for trade policy. In addition, economic cooperation with Latin America, Israel and Asia was deemed to contribute not only to expansion of economic profit, but also to the promotion of democracy and political stability, so it was easily supported from both conservatism and liberalism standpoints (Fawcett and Hurrell [1995]).

III-3. Institutionalization by the Clinton Administration: Plurilateralism

The Bill Clinton Administration, which came into being in 1993, followed trade policy that had existed up until then. At a speech the President made at the American University, he asserted that the approaches of multilateralism, regionalism and bilateralism would be flexibly combined in their operation. President Clinton adopted a pragmatic attitude towards trade policy, and considered there to be a middle path between free trade and managed trade (Lincoln [1999], Washington Post, February 27, 1993). Not only that, but the Clinton Administration was made aware of the effect of such policy by the dramatic results in the initial stages of the Administration.

The Clinton Administration, as soon as it was created, was faced with serious problems such as ratification of NAFTA, the holding of a Minister Meeting for APEC, and the conclusion of the Uruguay Round. Firstly, with regard to NAFTA, labor groups and environmental protection groups asserted that in Mexico regulations to protect the rights of workers and to protect the environment were at a low level, and NAFTA's expansion of US imports of products from such a country would have an effect on America's industry and workers. This assertion also received support in Congress, resulting in increased resistance against the ratification of NAFTA. The government therefore concluded supplementary agreements concerning labor and the environment, in an effort to counter these domestic dissatisfactions. After that, the Clinton Administration, cabinet and the President himself powerfully supported Congress work, and as a result gained bipartisan support and succeeded in ratifying NAFTA (Destler [1999], Miyasato [1994]). In APEC, the Clinton Administration struck out in a new direction, holding summit meetings and establishing a standing Trade and Investment Committee. Through these measures, America succeeded in forming a coalition between countries on the American Continent and Asia. This acted as pressure on the EU, and the Uruguay Round was concluded. This "triple play" brought the power of competitive liberalization into effect, and the Clinton Administration regarded regionalism as having worked positively on multilateralism (U.S. Council of Economic Advisers [1998]).

In this way, the Clinton Administration thought it succeeded in gaining the support of industry, labor unions, environmental protection groups and Congress. With the birth of a Democrat Administration, labor unions had increased influence, and had revitalized their political activities in cooperation with traditional liberals. The Clinton Administration was trying to secure these traditional constituencies and expand and strengthen the support path through middle-of-the-road policies. The strengthening of dialog with industry and the positive stance towards environmental problems was the embodiment of this policy. That being said, the constituencies were still fluid and inadequate. The Clinton Administration strengthened the trade policies which had existed up until then, partly in an effort to stabilize these constituencies.

In this way, APEC came to be the opportunity to reach agreement on the Information

Technology Agreement (ITA), and against that background, it was elevated to a multilateral agreement in the WTO. In order to extend this into other sectors, EVSL (Early Voluntary Sectoral Liberalization) was also started. The Clinton Administration promoted this under unprecedented close cooperation with domestic industry (Oyane [2000]). In December 1994, 34 Inter-American countries staged the Inter-American Summit, agreeing to expand NAFTA by 2005, and to conclude the Free Trade Agreement for America. This was to target new areas such as standards, hygiene and quarantine measures, and competition policy. In December 1995 the EU/US Summit was held in Madrid, and the start of the Transatlantic Trade and Investment Initiative was decided upon. This also tackled new problems such as the mutual recognition of standard, and environment and labor standards.

In this way the Clinton Administration institutionalized policy which had once been ad-hoc, and consciously pursued it. The 1995 Annual Report of the Presidential Economic Advisory Committee expressed this policy as “plurilateralism,” and emphasized the appropriateness of such policy. Plurilateralism is between bilateralism and multilateralism, and indicates a policy of three or more countries concluding a regional economic agreement, and promoting trade liberalization. The report divides plurilateralism into customs unions such as the EU, and free trade agreements such as NAFTA and APEC. By the report, while the former bind external liberalization by member countries through common tariffs, the latter

promote trade liberalization. According to the report, customs unions act as a stumbling block to liberalization, while the latter acts as a building block. The report indicated that multilateralism is not an alternative, but instead a complement. Plurilateralism had the possibility of enabling relatively simple negotiations between multiple countries with common interests, and expanding in a domino effect the resultant liberalization (U.S. Council of Economic Advisers [1995]). In contrast, the WTO is a major organization with 135 member nations, and it was not easy to conclude agreements which were diverse and revolutionary there. Expectations were held for plurilateralism as one means of leading from small-group agreement to overall agreement of the WTO - to borrow the expression of one critic, “reverse-salami tactics” (Winter [1998]). Plurilateralism, while assuming the difficulties of multilateralism and the doubts about the WTO, had the ultimate goal of multilateralism and reform in the WTO (U.S. Council of Economic Advisers [1998]).

In fact, the formation of the WTO was not welcomed across-the-board in America. Trade liberalization by the WTO naturally expanded the profits of American industry. However, because the WTO is a different international organization from GATT, there were fears from a considerable number of related parties that this would reduce America’s sovereignty and restrict the means in trade policy. This fear was brought about by the ratification process of Federal Congress. Therefore, Congress added the amendments that the WTO’s dispute resolution procedures be monitored, and if America’s sovereignty is infringed upon three times in five years, then America should withdraw

from the WTO. Congress also amended dumping regulations, effectively rendering WTO regulations partially invalid. In this way, the Uruguay Round Implementing Legislation was eventually formed.

IV. Plurilateralism in the New Round of WTO?

IV-1. Labor, Environment and Civil Society

In his State of the Union Message Address in January 1999, President Clinton asserted that his administration would pursue a new consensus concerning trade. He indicated the necessity of a common standpoint to enable the government to make promises to a wide range of related parties such as companies, workers, farmers and environmental protection groups (Clinton [1999]). The Clinton Administration hosted a WTO Ministerial Conference in Seattle with that as a base, trying to take the initiative to start a new round. Although the new round was observed to actually give the US diverse economic and political benefits (Bergsten [2000]), it had inadequate support from within the country. Congress was never likely to assign the government a fast track.

On January 26, at the Trade Subcommittee of the Senate Committee on Finance, USTR Representative Charline Barshefsky testified, indicating a more detailed concept. She asserted that with regard to the new round, environmental protection, labor standards, transparency in the WTO and contribution to civil society would be promoted, and attempted to expand the domestic constituencies to encompass labor unions, environmental groups, NGOs and the general public. She stated that America had traditionally bipartisan consensus on trade, and indicated that emphasizing labor and the environment, and contributing to civil society corresponded with America's values (U.S. Senate [1999,June]).

Of these issues, the relationship of trade with labor and the environment, as already mentioned above, the ratification of NAFTA was regarded as a political issue, and the FTAA and China's affiliation with the WTO had become points in dispute. Therefore the Clinton Administration tried to ensure that WTO member nations observed the ILO's core labor standards, and achieved higher environmental standards, thereby attempting to prevent so-called labor and environmental dumping. Before that, the Clinton Administration proposed review of the environmental impact of trade agreements, and attempted to get representatives of labor unions and environmental groups to join the Trade Policy Advisory Committee. That being said, the backlash of labor unions against China's affiliation with WTO strengthened, and the environmental group asserted that environmental groups' participation was too small. Even so, the President himself declared November 10 as the Day for Public Dialog on Employment and Trade, and promoted dialog with business owners, workers and the general public. Clinton asserted that opening the markets not

only expanded business opportunities, but also promoted the protection of workers' rights and protection of the global environment, and gave the world economy a "human face." It was also discussed as resulting in the respect of America's values (U.S. White House [1999]). In addition, the day before the Minister Meeting in Seattle, when the WTO held Civil Society Day, USTR Representative Charline Barshefsky called for support, citing the need to carry out farsighted decisions in the Ministerial Conference (Barshefsky [1999]).

The liberalization of trade in agricultural produce and services, and preservation of tax-free on electronic commerce was essential to maintain and strengthen support from industry. In response industry formed the U.S. Alliance for Trade Expansion and the Coalition of Service Industries, thereby supporting the government.

With regard to the new round of the WTO, plurilateralism was used not only to secure domestic support, but also to reach external consensus. In terms of labor, the environment and contribution to civil society, the policy of the Clinton Administration exceeded the boundaries of past rounds, and put pressure on countries to make changes to their domestic systems and policies. In order to promote "disembeddedness" (Ruggie [1996]) more than in the past, reaching consensus between multiple countries was deemed effective.

In fact, in APEC, ATL (Accelerated Tariff Liberalization) targeted environmental facilities and services, and discussions on facilitation had advanced. In addition, at the Minister Meeting for APEC held in Auckland in June 1999, contribution to the WTO was a topic of discussion, and issues and methods of negotiations were reviewed. As a result, APEC members agreed to lowering tariffs on 19 mining and manufacturing products at the WTO, reviewing strengthening not only market access but also WTO rules, and to three-year negotiations (APEC Secretariat [1999], Nanto [1999]). With regard to APEC, Senator Max Baucus, who was enthusiastic about trade problems, declared his support, and asserted that the environment and labor should be emphasized as a "human dimension" (Baucus [1999]). This environment and labor issues were already being tackled by NAFTA and agreement had been reached on protection of bird-life and control of hazardous substances. In addition, in the FTAA, the US Government propose to establish a Civil Society Committee, enabling participation not only from industry groups but also from labor unions, environmental protection groups, consumer groups, and student groups. In this FTAA, when the Brazilian Government indicated a negative stance, Deputy Trade Representative Richard Fisher was critical, saying that pressure on the EU would decreased, and the progress of WTO would come to a stop (Inside U.S. Trade, October 29, 1999, p.8).

IV-2. Failure of Minister Meeting for WTO

The WTO Ministerial Conference was held in Seattle from November 30 to December 3,

1999. The Meeting was a failure however, and Barshefsky as the chair was forced to declare the suspension of talks. Not only was a new round not started, but a Ministerial Declaration was not even announced.

The reasons for this were as follows. Firstly, there was a great conflict of opinion between countries concerning the issues of the new round. In particular, the labor problem emphasized by the US provoked a backlash amongst the majority of developing countries. President Clinton indicated the need to levy sanctions against countries which did not observe labor standards, so this backlash became even stronger (Seattle Post-Intelligencer, 1 December, 1999; International Trade Reporter, 12-9-99, p.1995). Japan and Europe did not agree on the liberalization of agricultural trade. A large number of countries, mainly developing countries, resisted the contribution to civil society and the dialog with NGOs. The fact that conflict coordination was mainly carried out in a closed Green Room Meetings was brought about by the backlash from the large number of developing countries.

Secondly, a large number of NGOs gathered in Seattle and carried out large-scale demonstrations, and this caused a delay in the Meeting's schedule. Although the assertions of NGOs were varied and diverse, the majority of these were along the lines that globalization under the WTO benefited multinational corporations and expanded the difference between the rich and the poor, and anxiety about health and the environment. These demonstrations resulted in a tight Meeting schedule, and America was faced with the need to outwardly handle limited topics of discussion in a concentrated manner, and reach agreement. At the same time, the US government was faced domestically with the need to make that agreement advantageous to the domestic constituencies. The two needs were contradictory, and as the conference chair, America was unable to adopt an effective response (Schott [2000]).

Because the Ministerial Conference failed, the US government was attacked from within the country as well. Efforts to expand the domestic constituencies broke down. In order to identify the cause of the meeting's failure, Congress held repeated public hearings, at which senators and representatives, industry groups and NGOs made repeated criticisms. In response, USTR Representative Barshefsky became overexcited about the tranquilization of criticism. She pointed out the past examples – the failure to form the ITO in 1947, the failure to start the Uruguay Round in 1982, and the failure of the Uruguay Round to reach agreement in 1993, and unsurprisingly brought forth a counterargument. In addition, Barshefsky asserted the need to promote existing policy, and tried to link this with domestic support (Barshefsky [2000]). However, congressmen such as William Roth and Phil Gramm deemed that policy itself had provoked a backlash from other countries, and demanded that the labor problems and trade problems be de-linked (International Trade Reporter, 2-24-00, p.314).

The domestic consensus that that Clinton Administration had hoped for was intrinsically difficult to achieve, but the failure to start a new round made it even more difficult to form

constituencies. In Congress there was even talk of withdrawing from the WTO.

IV-3. WTO Withdrawal Resolution

In mid February, representative Ron Paul, together with five other congressmen including John Duncan and Gene Taylor, submitted the 90th resolution. This was in accordance with Section 125 of the Uruguay Round Implementing Legislation, and in response to the government's report assessing the WTO, demanded the US withdrawal from the WTO. As a matter of fact, there was little likelihood of this being passed. Even if it were passed, the President would have been able to exercise his right of veto, and for that to have been overturned would have required support from two-thirds of Congress. That being said, the problem was the difference in votes in voting against the resolution. If there was great support for the resolution, it was likely that this would have serious repercussions, further eroding the domestic constituencies.

In early March, the USTR submitted a report to Congress (USTR [2000]). This report made a careful assessment of the benefits to America brought about by the WTO, and in particular indicated the major benefits to America in terms of market entry and dispute resolution. The report also stated that the WTO prevented the expansion of trade barriers in various countries. US Trade Representative Barshefsky asserted that a US withdrawal from the WTO was "unthinkable," and that US participation and leadership in the WTO was "critical" to the US' sustained economic growth. A considerable number of senators supported the WTO, one example being Charles E. Grassley, who asserted, "If we didn't have the WTO, and the discipline of the rule of law in international trade, we would have only the rule of the jungle." (International Trade Reporter. 3-9-00. p.395; Inside U.S. Trade, March 3, 2000, p.19-20)

The resolution also sent a sense of impending crisis to industry. As a result, for example the U.S. Alliance for Trade Expansion actively engaged in persuasive activities such as sending letters out to all congressmen. Large labor unions such as the AFL-CIO felt dissatisfaction with the WTO, but they did not support the resolution, instead demanding reform of the WTO (inside U.S. Trade, March 24, 2000, pp.11-12, June 2, 2000, p.7).

In this way, on June 8, a vote was carried out at the House Committee on Ways and Means. Sander Levin and Robert Matsui made speeches opposing the resolution, and the senators who supported the resolution were absent. The resolution was therefore defeated 35-0 by vote. Barshefsky welcomed this result, making the comment: "Today's vote in support of the WTO reinforces how critical it is that the U.S. remains a leader of the global trading system" (USTR [2000, June]). Nevertheless, congressmen promoting the resolution emphasized its privileged status, and took it to a vote in the Full House. Congressman James Traficant asserted that the problem was not one of trade but rather of sovereignty, and indicated his intent to agree with the resolution

(Washington Monitor, June 23, 2000). On June 22, however, the resolution met with bipartisan opposition, and was defeated 363-56. Because the ratification of the WTO was achieved 288-146, it became a result which if anything indicated the firm establishment of the WTO.

IV-4. Maintaining Plurilateralism

That being said, the start of the new round of negotiations looked like being delayed even further. To maintain and expand the constituencies, something difficult even if that were not the case, it was necessary to rely on plurilateralism. Even in Congress, Philip M. Crane, Chair of the Trade Subcommittee of the House Committee on Ways and Means, indicated the need for progress in APEC and the FTAA (U.S. House of Representatives [2000]). The USTR, recognizing increased importance of the FTAA, and with the formation of consensus in the WTO uppermost in its mind, promoted discussion of liberalization of agriculture, facilitation, and participation in civil society (International Trade Reporter, 1-20-00, p.92-93). In this new situation, Brazil, which had previously adopted a negative stance, changed its policy, and decided to commit itself to FTAA (Inside U.S. Trade, January 14, 2000, p.12). While the FTAA started to advance in this way, resistance still remained in some countries concerning the problems of labor and the environment. Meanwhile, new movement was also evident in NAFTA, with agreement reached in further tariff reduction. In APEC, however, in the same way as in the Seattle Ministerial Conference, there were repeated confrontations between the developed and developing nations. At the APEC Ministerial Meeting and Summit Meeting held in Brunei in November, when the timing of the new round of WTO negotiations was discussed, the US and Japan pushed for an early start. However, Malaysia, Indonesia and other developing nations emphasized the need to give priority to agreement in issues being negotiated.

V. Conclusions

It is impossible to gain a clear understanding the US's APEC policy in isolation from other trade policy. This APEC policy was in an inseparable relationship from multilateralism, which at a glance seems contradictory. The link points were in the fact that in the US government's promoting multilateralism, that was difficult, and domestic constituencies inadequate. The US government, as a realistic trade policy, has often used regionalism or plurilateralism. In addition, the US government has continued to put forward the trade benefits to people concerned within America to achieve their support, thereby promoting multilateralism. Accordingly, when multilateral rounds of trade negotiations got bogged down, or when there was increasing doubts and dissatisfactions about multilateralism expressed within America, it was necessary to effectively display the trade benefits. Regionalism and plurilateralism were used as once means of doing this. They were effective means

of reforming GATT and the WTO, and “disembedding” their “embedded liberalism”.

APEC was utilized together with NAFTA and FTAA as a means of that sort of regionalism or plurilateralism. Therefore, America’s APEC policy was not only a means of pursuing unconditional economic benefits, but also a means of multilateralism. That being said, regionalism and plurilateralism contradict multilateralism. This means that the more the US government leaned towards the former, the significance of the latter would be relativized, and its purity lost. In addition, other countries were forced to have doubts about America’s policy. In this sense it was a double-edged sword.

In this way, APEC was a means to an end, so the US government’s commitment to it was determined largely by the state of multilateralism and the securing of domestic constituencies, which were the objectives. In recent years, the reasons why the US government is negative towards APEC policy are as follows. Firstly, APEC is not suited to the promotion of reaction to labor and the environment, and contribution to civil society, the areas of greatest concern to America. In the Asia Pacific Region there are many countries which do not support America’s policy with regard to labor problems and environmental problems, making it difficult to form a building block for the formation of consensus in the WTO. Not only that, but the FTAA is a better venue in these regards. Secondly, the ATL (EVSL) promoted by APEC is being bogged down due to resistance from Japan and the EU, and there is reduced incentive to pursue another ATL. Thirdly, facilitation, despite differences in targets, is progressing in the FTAA and TTII, and reliance on APEC has dropped in relative terms.

In this way, the unique role of APEC has dropped both in terms of expanding domestic constituencies in America and achieving multilateral consensus. The US government will be forced to adopt plurilateralism in the future, but it will be difficult for APEC to be the primary target in doing so.

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