

# U.S. Negotiation Tactics Alienate Asia

By Kwan Weng Kin • The Straits Times, Singapore

Japan and the United States are currently taking a respite from their so-called "framework" negotiations and trying to decide how best to proceed next. Given the present lull, it seems hard to believe that just over half a year ago, the world's two largest trading nations were fiercely gnashing their teeth at each other over their unbalanced trade in cars and car parts. So heated were the Japan-U.S. car negotiations that many countries in Asia and the rest of the world were seriously concerned that the two economic superpowers would really engage in an all-out trade war against each other if the negotiations should fail. To the relief of many Asians, a settlement was reached in Geneva at the eleventh hour in late June 1995, averting a trade war across the Pacific that would have hurt not only Japanese and Americans but also the rest of the Asia-Pacific region.

What was worrying to the countries in East Asia in particular—which depend on the U.S. to absorb much of their exports—was the way the negotiations were conducted and the "no holds barred" approach of the U.S. Was not the U.S. supposed to be Japan's closet ally? But looking at the talks at the time, one could not help but conclude that with a friend like the U.S., one did not need an enemy! Having seen the way the car talks were handled by the U.S. side, the smaller trading nations in Asia would surely hesitate to take on the Americans for fear of being trampled under.

Incidentally, both parties in the Japan-U.S. talks were inclined to exploit statistics to prove their own case. Having heard both sides of the argument and seen the figures they released, I must say I found the Japanese a little more convincing.

That the Japan-U.S. car talks took place not long after the setting up of the Geneva-based World Trade Organization (WTO) was even more disturbing. It was a reminder to all countries of the unhealthy negotiating practices that were supposed to have been eliminated or

minimized with the establishment of the WTO. The U.S. behavior was also a sobering reminder that, notwithstanding the existence of the WTO, Washington was still willing and determined to use its own domestic laws and regulations to get its own way against its trading partners. The discomfiting message was that the U.S. did not feel obliged to submit to arbitration by an independent international body unless it thought it had a good chance of winning.

In any case, the man in the street here probably remembers little of the Japan-U.S. car talks, if at all. Were it not for the dramatic television pictures of then Japanese Trade Minister Hashimoto Ryutaro and his American counterpart, U.S. Trade Representative Mickey Kantor, public memories of the talks would probably be even dimmer. Hashimoto's performance—a far cry from those of his predecessors—undoubtedly helped to raise his profile in Asia. Now that he has become Prime Minister of Japan, perhaps memories of the car talks would stay around in people's minds a little longer.

To his immense credit, Hashimoto showed the world that the Japanese need not be pushed around as in the past. Hashimoto in effect demonstrated that one could be tough with the Americans provided one's arguments could be backed up. To hear how the Americans these days are praising Mr. Hashimoto as a "tough negotiator," one is inclined to conclude that the Americans also respected Hashimoto the man as well, and that this respect for one's opponent was one of the key ingredients that brought about the successful outcome of the talks for both sides.

However, it was not just the pattern of the Japan-U.S. car negotiations that was distressing. The apparent failure of U.S. trade negotiators to see beyond narrowly defined trade ties with Japan and to take into full account the importance of the Japan-U.S. relationship in terms of the security of the Asia-Pacific region was

perhaps more even more worrisome to Asians. Failure to make progress in their bilateral economic negotiations also meant that whenever Japan and U.S. leaders met each other, they were obliged to spend much of their time sorting out trade problems rather than discussing more pressing regional and global issues.

The need to have the U.S. maintain not only an economic but also a military presence in the Asia-Pacific region has been repeated time and time again by government leaders and academics in this region. But are Americans fully convinced? The kind of threats and counter threats that made headlines at the height of the Japan-U.S. car talks last year generated a whole lot of unfavorable publicity in the U.S. against Japan and could not have contributed to convincing the American public that their nation was welcome in Asia.

Doubtless, there is a need to persuade Americans that their involvement in the Asia-Pacific is vital. The clashes between the U.S. and Japan on trade issues further lends weight to the importance of a regional organization such as the Asia-Pacific Economic Cooperation forum. It is only by participating in such a forum and hearing directly the voices of other Asia-Pacific countries can U.S. leaders see their country's relations with Asia with a truly Asia-Pacific perspective.

To deal with trade disputes among APEC member nations, the so-called APEC wisemen's group last year suggested the establishment of an APEC dispute settlement mechanism that would adopt a uniquely APEC approach to finding solutions. Unfortunately, the idea has not yet been seriously taken up by APEC member economies. So, even though the legalistic, hard-bargaining style that characterizes traditional trade talks is hardly ideal, until someone comes up with a better idea, the old ways will unfortunately have to continue. ■