
Case Analysis

Negotiators as Mediators: The Case of 1987–1995 Korea–United States Bilateral Trade Negotiations

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Despite their widely recognized benefits, integrative approaches to negotiation have seldom been effectively used in interorganizational negotiations. This study analyzes the 1987–1995 Korea–United States Trade Negotiations, identifying elements in those talks that could have moved the negotiations in a more integrative direction. The role of building relationships — especially between key negotiators — is examined. Informal negotiations between the key negotiators from both sides were crucial in building such relationships, which helped both sides create solutions for mutual gains. This process was realized, inter alia, by the dual role that the key negotiators took on as negotiators and as mediators.

Key words: negotiation, integrative negotiation, negotiators as mediators, internal negotiation, international trade negotiations, Korea–United States relations.

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Introduction

Integrative approaches to negotiation (e.g., Walton and McKersie 1965; Fisher and Ury 1981; Raiffa 1985; Lax and Sebenius 1987; Susskind and Cruikshank 1987; Follett 2003) focus on the creation of value for all parties rather than conventional value-claiming behaviors, expanding the scope of value sharing through interactive problem solving (Kelman 1996). The integrative approach can free negotiators from an obsession with “winning” and encourage them to explore creative problem-solving options based on reciprocity and cooperation in place of distributive and more competitive bargaining.

In practice, negotiators often resort to win-lose tactics while they talk about win-win. What are the barriers to taking integrative approaches and achieving interest-based outcomes? What causes the discrepancy between theory and practice? In this article, we suggest that the first and foremost obstacle to effective use of integrative negotiation approaches is relational — that negotiators too often fail to develop strong interpersonal relationships with their counterparts. When negotiators fail to develop effective negotiation relationships with their counterparts, it is easier to revert to the die-hard habit of “win-lose” negotiation. A second obstacle to the use of integrative approaches is the built-in rigidity and formality inherent to many negotiations mandates and structures, which constitute an institutional barrier to achieving integrative solutions.

Without developing relationships built on trust, negotiators are less likely to break free from traditional positional bargaining practices. Several scholars have noted the importance of the relationships between negotiators to achieving high-quality outcomes (Pruitt 1994; Rubin 1995), with some scholars giving special attention to the relationship between key leaders (Crump 2005). When a negotiator believes that her opponent seeks only to achieve distributive gains rather than to work together to solve the problem, she may respond in the same way. This dynamic hinders negotiators from building trust and from realizing integrative, value-sharing outcomes. But when the negotiator is able to overcome his suspicions and build trust by showing his counterpart that he has an interest in fulfilling not only his own needs but also the other side’s needs, both negotiators can build a relationship that will enable them to work together to create solutions for mutual gains.

Rigidity and formality in negotiating structures can limit negotiators’ flexibility and creativity. Negotiators often experience “boundary role conflict,” as they work to meet the expectations of their own constituencies as well as of the opponent side (Druckman 1977). Hindered by rigid mandates or “carefully crafted marching orders” (Martinez, Susskind, and Chayes 1996) from their own side, negotiators are often deprived of the flexibility needed to devise and implement interactive bargaining options. Thus, their boundary role conflict intensifies. The safest route is often to adhere to the mandate and thus torpedo the deal.

This dilemma can particularly affect government-to-government negotiations, which are often bound by inflexible mandates obtained through difficult bureaucratic compromises. Rigid mandates and formality in the negotiating room discourage negotiators from sharing information for fear of misinterpretation or misuse, or that they will be blamed should the information be publically leaked. That fear stifles creative discussion and the exploration of ideas.

These obstacles to integrative negotiation are well recognized by practitioners as well as scholars. In practice, however, it seems that negotiators often fail to tackle these obstacles head on to move toward integrative solutions. The case of the bilateral trade negotiations that took place between Korea and the United States between 1987 and 1995 highlights ways in which integrative negotiation and interest-based outcomes in intra-organizational and interorganizational negotiations can be achieved. In this case, the key negotiators from both sides engaged in informal negotiations and acted both as negotiators *and* as mediators simultaneously in order to help realize interest-based outcomes. They were able to foster a genuine comradeship and devise methods to overcome rigid mandates through informal and candid communication. The key negotiators acted as mediators when they looked at the issues from a neutral perspective, considered the opponent's interests from the opponent's perspective, and then exerted their best efforts to reflect these perspectives in internal negotiations with members of their own constituencies. By building a genuine relationship based on trust and engaging in informal discussions that allowed them to explore creative solutions, the "negotiators as mediators" helped steer the negotiations in a more integrative direction.

Overview: Korea–United States Trade Negotiations

Reorganizing the Korea–United States Trade Talks

The 1986 Korea–United States intellectual property rights (IPR) negotiation gave impetus to a restructuring of the Korea–United States trade talks. When the bilateral trade balance slipped sharply in favor of Korea in the early 1980s — which coincided with the beginning of the "twin deficits" period of large budget and trade deficits in the United States — the U.S. administration launched an aggressive trade policy. Thus, in 1985, the Office of the United States Trade Representative launched a Section 301 of the 1984 Trade and Tariff Act investigation into Korea's practices for IPR protection. The ensuing negotiations, characterized by typical distributional bargaining, resulted in a "victory" for the United States that ultimately backfired.

The Korean public reacted angrily to the negotiation outcome, which they deemed treacherous and humiliating. The chief Korean trade delegate, who was authorized to overrule opposition by ministries, had accepted

such poisonous provisions as a retroactive protection of copyrights “applicable exclusively to the U.S.” Forcing such trade concessions triggered serious anti-Americanism and undermined the Korean-American alliance. Given such consequences, the U.S. government was forced to reconsider and weigh the short-term economic gains of the memorandum of understanding against the long-term losses to the country’s political and strategic alliance with Korea.

The structure of the trade talks, characterized by high-level talks held in secrecy, was challenged not just by the public but also by the Korean bureaucracy. Under these circumstances, the American administration agreed to the Korean proposal to overhaul the structure of bilateral trade talks. The restructuring included, *inter alia*, sending representatives from lower down the bureaucratic ladder in order to alleviate the public suspicion that the so-called back-channel negotiators would make political concessions at a heavy economic cost (Wanis-St. John 2006). This signaled a transition from a “top-down” or power-based to a “bottom-up” approach that took into account the interests of various industries represented by corresponding ministries. The authority for trade negotiations was delegated back to the Foreign Ministry (FM) in 1987 with the abolishment of the special high-level agency that carried out the IPR negotiations. The Korea-U.S. Trade Subgroup, a working-level negotiating group, was thus reactivated as the main forum for bilateral trade negotiations.

The examination of the negotiation process that follows derives from the observations of the lead author, who was the director of the Korean FM in charge of trade with the United States during the transition period of the Korea-United States trade relations from the late 1980s to the early 1990s. The data used below are taken from personal observations, notes, meeting minutes, and internal departmental reports made during the negotiations.

The Trade Subgroup and Its Problems

Several factors made it difficult for the Trade Subgroup to achieve integrative negotiation. The group was large and was expected to address multiple issues, which required effective coordination and leadership, but the FM was unable to provide this as it lacked authority and expertise. Excessive formality and bureaucratic rigidity characterized the negotiations under the subgroup, which stifled discussion and led to impasse.

Negotiations under the subgroup were fragmented, reflecting the lack of leadership. In a typical meeting of the subgroup, thirty or more participants struggled over twenty or more different issues. The subgroup thus resembled a flea market where representatives of various agencies negotiated *de facto* individually with U.S. negotiators under one roof set up by the FM. Because the various government ministries represented in the group would not give the FM the authority to coordinate and overrule, the FM only nominally led the group, and its role was limited to peer pressure at

best. Under such a divisive structure, coordination of national interests as well as issue linkages and trade-offs were largely absent.

Excessive formality and bureaucratic rigidity stifled discussion in the subgroup, and each side continued its inflexible positional bargaining. Discussions under the subgroup were often limited to presentations of positions and technical arguments. When discussing such typical issues as market opening, representatives of stakeholder agencies read prepared texts that articulated the official agency position, which usually articulated that “their sector” could not be liberalized for a variety of reasons. The presentations often reflected agency intransigence, which left little room for flexibility and forestalled any further comment on that issue, not to mention any progress in value-creating deal making. The ensuing discussions were often dull and formal, devoid of any lively and imaginative exchange of ideas. Not surprisingly, it was not long before the U.S. side expressed frustrations with the subgroup.

At this juncture, the FM launched an initiative designed to empower itself with the authority and discretion to coordinate and overrule, if necessary, the positions of other government agencies. This initiative, however, was quickly dismissed by an overwhelming majority in the government who voiced concern about the possible repetition of the mistakes made by the special agency that administered the 1986 IPR negotiation. This incident only proved the futility of any attempt to institutionally change the division of authority among government agencies on the pretext of maintaining trade relations with foreign nations. The FM learned through this experience that a restructuring of the subgroup should be made in an informal, subtle, and operational way without disturbing the existing institutional structure of government and without threatening sensitivities over the division of authority among government agencies.

Reforming the Official Negotiations

The FM envisaged two types of negotiating process reforms. One was to improve and streamline the subgroup process through the use of “nonpapers” and the elimination of written mandates. The other was to form a small group for informal negotiations designed to complement the subgroup.

To make the negotiation process more efficient and transparent, the FM began to extensively use “nonpapers.” These informal and nonbinding working papers were designed to stimulate active discussion on substantive issues and facilitate creative negotiation. A number of new issues were usually added to the agenda of each Trade Subgroup meeting, of which the details were not well known to American representatives.

For example, U.S. exporters and trade negotiators complained about a lack of transparency in the Korean regulatory system, which constituted one of the most significant barriers to trade. In view of this, the first group

of nonpapers described Korean regulatory regimes and current practices related to the issues at stake. This improved transparency and saved time haggling over technical details. The second group of nonpapers contained the Korean side's observations and preliminary positions, which trimmed down lengthy and ceremonial presentations and induced negotiators to directly enter into substantive discussions.

Another positive effect of the nonpapers was that they facilitated internal negotiation within the Korean government. The FM held detailed in-depth consultations with representatives of the relevant agencies to prepare the nonpapers and took these opportunities to persuade them, as appropriate, to reconsider their positions. Once approved by the relevant agency, the nonpapers were delivered to the American side in time for the next subgroup meeting.

Another practical measure undertaken by the FM was a virtual elimination of specific mandates in writing. The mandates recommended by agencies to the FM usually contained rather rigid instructions. Once formalized into a mandate, these instructions tended to discourage negotiators from seeking productive and creative alternatives at the meeting. The existence of mandates also encouraged one-sided, positional presentations and discouraged lively and creative discussions. Given the flaws of these rigid mandates, the FM preferred broader mission statements such as "make our best effort to reach a mutually beneficial conclusion."

Finally, the FM's third important initiative was to form a small but powerful group to conduct informal negotiations in order to complement the main negotiation channel. (I will describe this group in greater detail below.)

Garnering Power for Internal Negotiations: The Coalition

A major breakthrough in the FM's pursuit of restructuring the Korea-United States trade negotiations came in 1992 with its forging of an informal but strong alliance with the Economic Planning Board (EPB). The EPB was a powerful agency not only because it was headed by a deputy prime minister, who had the authority to coordinate the nation's overall economic policies, but even more so because it had the authority to coordinate the national budget. The EPB was thus able to exert indirect pressure upon *all* the ministries and agencies. Despite a sense of rivalry that had hampered their relationship in the past, the FM successfully persuaded the EPB to agree to a division of labor under which the EPB would coordinate the policies and positions to be presented at the subgroup while the FM would take care of the negotiations *per se*.

The directors of the EPB and the FM in charge of trade with the United States helped forge rapprochement between the two agencies. They nurtured close comradeship through frequent personal as well as official contacts. They shared a firm commitment to liberal economic policies and to

the need to uphold *overall* national interests over the interests of any particular economic sector. They believed that Korea had reached a stage in which foreign competition would offer domestic industries more advantages (in terms of motivation and strengthened competitiveness) than disadvantages and that the elimination of unwarranted regulatory barriers would benefit domestic industries as well as foreign traders and investors. With such shared beliefs, they gradually forged an informal coalition that worked behind the scenes. They supported each other in interagency meetings hosted by the EPB. In turn, the EPB director participated at every session of the Trade Subgroup and helped the FM in the difficult task of coordinating divisive agencies. The director of the EPB and the director of the FM in charge of trade would later join the chief delegate of the United States to adopt a “negotiators as mediators” framework, thus transforming themselves into an informal three-person alliance.

Negotiators as Mediators

Balancing Official and Unofficial Negotiations

The leading negotiators of both parties recognized the need to establish an informal small-group dialogue to complement the official negotiation at the subgroup. It seemed apparent, however, that Korea’s government agencies would resist any move to discuss “their issues” in their absence. This dilemma was resolved at a casual meeting between the U.S. head delegate and the two members of the Korean “coalition,” the directors of the FM and the EPB. They agreed to “meet at every opportunity available” and informally exchange views on the issues related to the subgroup. This precipitated the formation of a highly informal and personalized, virtually invisible, and “noninstitutional” dialogue. Given the possibility of arousing the suspicion of other agencies, the group engaged in this dialogue remained nameless throughout its existence.

We have named this group “negotiators as mediators” for the mediating role these group members took with their internal constituencies. These people approached the Korea–United States trade issues from a nonpositional, nonconfrontational, and interest-based perspective that took into account the other side’s interests. Like third-party mediators, they were able to help each side develop ideas for an eventual resolution of disputes without being bound by specific mandates or instructions. They played the role of mediators as a group in that they addressed the issues collectively and from neutral perspectives, checking and balancing each other’s excessive proposals in an interactive and integrative discussion. Their shared desire to keep the group intact and viable encouraged their neutrality.

This informal negotiating group was designed to help nudge the official Trade Subgroup from behind the scenes. This combination of “frontstage” and “backstage” negotiations proved successful and mutually beneficial. Formal

and informal negotiations created a peculiar division of labor. The former served as a venue for a competitive and distributional negotiation, while during the informal sessions, negotiators concentrated on more interest-based, integrative problem solving by addressing the underlying causes and the dynamics of the conflict in an interactive process.

The success of the informal group largely depended on three elements. First, the group's sessions remained free from bureaucratic formalities, resembling instead wild seminars that encouraged a free exchange of creative ideas and a formulation of experimental options. The growing strength of their relationships and the empathy among the participating negotiators that enabled them to work together well was also critical. The third important element was their shared values: they shared a belief in liberal trade policies and in the need to maintain healthy bilateral trade relations as well as the conviction that trade policies should not damage the overall relations between the two nations. (We examine these first two elements in greater detail below.)

“Negotiators as Mediators” in Operation

The meetings of the “negotiators as mediators” group were informal and casual. The three-member group had no chairperson, and it did not meet according to a set schedule. The group met “invisibly” whenever time was available; meetings were arranged through informal messages or phone calls, typically with short notice. When serious issues arose, brainstorming sessions were organized. Meetings took place in advance of or in the aftermath of subgroup meetings in a variety of venues depending on the nature and gravity of the issues at stake: meeting rooms, restaurants, or even a bar. Sometimes, members met when they traveled to each other's capital for other business. When there was no opportunity for interpersonal meetings, a member might fax his or her views to which the other members responded. The agenda of the meetings was always open.

The group's freedom from bureaucratic formalities allowed it to explore creative options and stimulated interactive discussion. During their meetings, the participants wasted no time in presenting positions or making lengthy explanations of technical details. They usually made rapid progress because from the very beginning they concentrated on issues of major importance and explored integrative options to resolve those issues, developing bold and inventive options to make a breakthrough in the stalemate generated at the official negotiations.

All suggestions were discussed frankly and critically in a friendly and formality-free atmosphere. When a participant put forward an option, the others offered advice on its merits and demerits, loopholes, or practicality without reservation. They also confessed candidly whatever difficulties they encountered, and the others in turn discussed possible ways to solve or circumvent those difficulties.

Two important tests for problem-solving options were whether they would withstand resistance from the government agency in charge as well as the overall anti-import sentiment of Korea's general public. On these two counts, the two Korean participants were in a position to provide objective and balanced assessments. After heated discussions, the Korean side sometimes suggested what they called "hypothetical solutions," which were actually proposals for which they sought interagency approval and for which they asked the American side to make a comparable effort with U.S. industries. These hypothetical solutions were similar to the deals suggested by a mediator at the conclusion of a mediation.

Once they agreed upon a particular option through exhaustive discussion, the group members further discussed the course of action they would take to "sell" the chosen option to their respective governments. After informal discussion with the relevant government agencies, the option was tabled to an interagency meeting as an initiative of the FM or the EPB and then referred to the formal meeting of the Trade Subgroup to integrate the deliberations of the informal process into the larger negotiation process.

The success and effectiveness of the "negotiators as mediators" group depended to a large extent on the mutual trust and collegial relationships that developed among its members. It thus helped to keep the number of participants small so membership remained confined to only three people (two Koreans, the directors of the FM and the EPB, and one American, the U.S. head delegate) all along. The small number made frequent face-to-face meetings easier to arrange, which also helped facilitate trust and encouraged an extremely high degree of information sharing. The group members dared to disclose inside information without fear that it would be misused, and their trust grew over time. Such a virtuous circle was made possible because no member of the group was "a fighter" or an ideologue who viewed negotiation as something to "win" (Movius et al. 2006). The negotiators agreed to strict confidentiality to ensure that nothing discussed at their meetings would be revealed outside the group.

These informal meetings of the negotiators as mediators group proved to be crucial to the success of the official negotiations. They provided what was missing from the subgroup meetings: the ability to engage in interactive discussion, to share information fully, and to explore creative and integrative options. As a team in hiding, the group helped to resolve numerous issues in the Korea-United States trade relations to the mutual benefits of both nations and also helped reorient Korea's negotiation policy away from a positional and competitive approach toward a more integrative and cooperative one.

Assessment of the Dual Roles of Negotiators as Mediators

It is not unusual for negotiators to take on mediation tasks as part of a negotiation. In some cases, negotiators taking on a mediation role have advantages and disadvantages over third-party mediators: they are often

more knowledgeable about the issue and the mechanism through which positions are formulated. On the other hand, they can be handicapped by their lack of neutrality.

Overall, the experiment in the Korea–United States trade negotiations exemplifies a case in which the advantages of using negotiators as mediators far exceeded the disadvantages. First, as insiders, they were poised to offer practicable advice based on their experiences with the issues as well as with interagency relations. Second, not bound by the strict impartiality of third-party mediators, they had more flexibility to come up with creative options. Third, the group members had the advantage of being able to engage in a frank communication with the bureaucrats of other ministries, which gave them a solid understanding of the concerns of their own constituencies. Furthermore, they gained a greater insight into the other side’s needs and interests via the informal talks. Thus, they built credibility with the respective governments, which was critical in persuading them to accept the mediated deal.

The greatest merit of the negotiators as mediators process was that negotiation and mediation took place simultaneously in an informal setting. Mediated compromises were tested through hypothetical negotiation. When a proposal was tabled, it was subject to instant criticism and relevant comments, such as “the proposal would not be acceptable” or “it would not be practicable unless it is amended in this way.” Through repetition of these exercises, the members could come to a more realistic mediated conclusion than the one hammered out by professional mediators. Moreover, the informality of the exercise enabled both sides to make daring proposals, and they were thus well placed to shift the focus of the negotiation from rights or power to interests (Ury, Brett, and Goldberg 1988). More importantly, these informal meetings provided a last resort from breakdowns in formal negotiations. This was particularly the case when the negotiation at the subgroup was driven to a “take-it-or-leave-it” situation.

Furthermore, hiring third-party mediators was out of the question from the beginning because so many issues were raised and the represented internal interests were too diverse. It was also apparent that problem solving was heavily influenced by personal relationships in the Korean bureaucracy, a difficult sphere for professional mediators to penetrate. It was no wonder then that within the Korean government no suggestion was ever made to hire an outside mediator. An informal system for negotiator-to-negotiator cooperation was thus conceived to take the place of a third-party mediator.

Elements of Integrative Negotiation

Interests versus Positions

In international negotiations, diplomats often forget their real interests and become tied to their positions. The advice to “focus on interests, not

positions" (Fisher and Ury 1981) seeks to remedy this mistake and build a process through which negotiators can construct flexible, interest-based negotiations. Clear definitions of interests, however, are not always available in the literature advancing interest-based negotiations. According to Roger Fisher and William Ury (1981), "interests" are defined as the underlying "desires and concerns" that motivate people to devise creative ideas and alternatives, while positions are the choices that have been previously decided upon.

In reality, however, interests are changeable and can be continuously rediscovered and redefined amid an interactive negotiation process. Real interests are often forgotten when parties become preoccupied with competitive bargaining. This phenomenon may be even more pronounced during representative negotiations in which mandates are chosen through compromises within bureaucracies and the representative simply echoes the prepared position. This is indeed the case with the mandates for nation-to-nation negotiations, which may not represent the underlying interests of the countries concerned. Positions taken to defend or further one's imminent interests may turn out to be far away from the real goal of the negotiations.

Identifying real interests in a complex multi-issue negotiation is especially a challenge (Odell 2003). The more issues, sectors, and agencies involved, the more difficult a negotiation becomes, as each participant may have a different interpretation of national interests according to its own self-interest. This was particularly the case with the decentralized decision-making structure of the Korean delegation to the Korea–United States Trade Talks. For example, the manufacturing sector and the agricultural sector may interpret the national interest in very different ways. Given this contradiction, adherence to a rigid position by a single sector can endanger a balanced stance in the entire negotiations.

Often positions, once taken, are taken for granted and sustained. Given bureaucratic inertia, it is no wonder that negotiators are reluctant to revisit or amend predetermined positions. In the case of the Korea–United States Trade Talks, delegates of line ministries certainly had no incentives to request amended mandates or authorization from higher authority. Such adherence to the status quo was further exacerbated when the mandates were formalized in the official mandates of the FM. The Korean coalition responded to this dilemma in two ways. One was extensive utilization of unofficial nonpapers, which in effect replaced specified and detailed official mandates. The second was to personally persuade line ministry officials by establishing close relationships with them. The rationale common to both approaches was to ensure that the process of decision making was made as informal as possible.

It would be wise to frame the mandates to provide adequate discretion and flexibility to negotiators. In reality, however, such broad-based mandates

are difficult to create given bureaucratic red tape and interagency rivalry. A realistic alternative to this problem may be a virtual no-mandate or generally worded mandates, which enable negotiators to explore options in close consultation with the members of their delegations as well as national authorities in accordance with changing circumstances. Such a no-mandate merely covers basic objectives and principles of the negotiation and leaves other detailed matters to the negotiators, subject to approval by domestic authorities. The discretion and flexibility such “nonmandates” provide may enable the negotiators to unleash their creativity.

In addition, rapid information technology developments render detailed mandates increasingly obsolete. Given the developments in telecommunication, negotiators can report the changing circumstances in negotiation anytime to their bosses and obtain approvals or instructions. This pattern of negotiation minimizes the risk of unauthorized and arbitrary bargaining. Moreover, the risk involving unauthorized mandates appears insignificant in comparison with the benefits to be gained through full and timely exploitation of negotiators’ talent. Given today’s information technology, therefore, mandates in writing should be minimized, and negotiators should be delegated as much discretion and flexibility as possible.

Overall, national interests should be measured in terms of the totality of interests. Any notion of gain or loss is only relative, especially viewed from a long-term perspective. A comprehensive and balanced assessment of national interests, however, is seldom made at trade negotiations. For example, many Koreans estimate the outcome of trade liberalization from a highly protectionist perspective and defend market or trade barriers.

But a minority of Koreans accepted the premise that increased openness would be in the nation’s long-term interest and that any negotiated outcome would be better than the alternative away from the table (Mnookin, Peppet, and Tulumello 2000). They believed that lowering Korea’s trade and regulatory barriers should be considered a gain and that the barriers posed by vested interests and excessive regulations outweighed the benefits of trade protectionism (Crump and Odell 2008). They thought that protectionist arguments for defending trade barriers were nothing more than disguised excuses for perpetuating the status of privileged domestic industries, the power of regulatory authorities, and influence games played between vested interests and government agencies.

Over the long run, the dismantling of regulatory regimes benefited domestic industries in Korea’s case. For example, the deregulation of Korea’s telecommunication industry made phone service available for the majority of citizens and further paved the way for Korea to excel in the industry later on. Thus, it was essential to change, update, and reshuffle the regulatory regimes that were not just hurting foreign trade and investment but also weighing down the domestic business community. Under these

circumstances, the liberals exploited foreign trade pressure to fight against domestic foes to pursue subtler underlying national interests (Putnam 1988; Lax and Sebenius 1995).

Internal Negotiations

Governments are not unitary decision makers. Various ministries and agencies participate in developing negotiating instructions for international negotiations. As far as market-opening negotiations are concerned, persuading the relevant agencies to accept a negotiated settlement is often more complicated and time consuming than actually reaching an external agreement with another nation. But most of the literature tends to focus on external negotiations (Saunders 1995).

The main body for internal negotiations in Korea was called the “inter-agency meeting for external policy coordination.” It was chaired by the deputy minister of the EPB and comprised all relevant economic agencies. The meeting played a particularly active role from 1992 to 1995. Working-level officials participating in the interagency meetings acted under rigid mandates to adhere to the status quo, which made it inevitable that the meetings usually ended with no tangible outcomes. Interagency meetings usually started with stakeholder agencies strongly resisting the EPB’s efforts to make a reasonable compromise. Representatives from other government agencies usually abstained from involvement in other agencies’ debates. Although agency officials were conscious of the anachronistic nature of their regulatory practices, they were generally unwilling to make concessions as long as they conceived that the reduction of trade barriers would diminish their power or curtail their agency’s sphere of influence. Each executive agency viewed the issues in the external negotiation “through the prism of its own institutional interests and preferences” (Tucker 1996: 276). The participants in the meetings had to stick to their agencies’ rigid positions, which prioritized the agencies’ vested interests over national interests. In this situation, a tendency toward positional bargaining can be seen as inevitable.

The FM needed flexibility for the external negotiation, but facing impasse at the internal negotiation found itself in a difficult situation. It could not afford to distance itself from other agencies because it needed their cooperation for the preparation of the external negotiations. Moreover, the EPB was well aware that the FM had no leverage to coerce other agencies. Therefore, the EPB and the FM reached a tacit understanding that the FM should abstain from pushing sensitive issues too strongly and focus on principles and overall bilateral relations. The FM also pointed out that the flexibility available through the interagency meeting was not enough for it to be able to reach an agreement with the United States.

In most cases, confrontations occurred between the agencies and the chair of the interagency meeting, who played the role of bad cop. When no consensus was reached at the closure of the interagency meetings, its interim conclusions were used merely as “references” for the external delegation. Through this process, the FM secured flexibility and bought time to filter the issues through informal negotiations.

A coalition was formed to work together informally outside the negotiating room to find solutions. The real internal negotiation took place in the aftermath of the stalemated formal interagency meeting. All-out, personal, behind-the-scenes negotiations were launched. The chairman of the interagency meeting (the deputy minister of the EPB) informally called his counterparts in the stakeholder agencies. Members of the coalition then contacted working-level officials of stakeholder agencies. Because market-opening moves would affect the power and authority of agency staff members, senior officials were reluctant to yield to the pressure of the EPB unless their subordinates concurred. Hence it was essential to persuade working-level officials of various agencies.

Frequent travels to and from Washington provided opportunities for informal get-togethers and to build rapport. In addition, informal dinners over drinks in Seoul were arranged as frequently as possible. Because the FM officials remained more or less neutral in the EPB-sponsored meetings, fewer indignant feelings were directed at the FM staff, which enabled the use of a “good cop, bad cop” tactic.

Thus, it seems that a key to successful internal negotiation in Korea is fostering strong informal internal working relationships that can help buttress the external deal. In particular, negotiators must persuade the hard-liners, and it is often emotion rather than logic that drives hard-liners to adhere to their hard stances. Therefore, the remedy to intransigence may be found in relationship building. Negotiators must spend a great deal of time working behind the scenes to build and preserve the inter-agency consensus needed for progress in the external negotiation. Some argue that the chief negotiator and her or his team may spend more energy and time arguing with government officials back home, “in order to have the positions of other departments changed or overruled,” than in trying to “change the opponent’s position” (Tucker 1996: 277). An argumentative strategy may be less effective in Asian cultures in which relationships often matter more than the validity of an argument.

The lead author often invited participants from the interagency meeting to informal dinners. At dinner, they rarely discussed agency meeting results, nor did they try to persuade each other. Both indulged in nontask conversation. The invitee occasionally complained about the arrogant and coercive attitude of the EPB’s deputy minister, to which the lead author nodded consent. Other than that, they talked about life, friends, and

philosophy and exchanged gossips and jokes. At the end of dinner, the guest casually mentioned, "I know my issue is causing you problems. I will do whatever I can."

Positions of executive agencies are not automatically focused on their institutional self-interest. In the case of Korea, patriotism, among other factors, can play an important role. Korean negotiators often believe that reducing or dismantling trade barriers is tantamount to a bargaining loss for the liberalizing country (Odell 2003). And emotion is central to all relationships, particularly in Korea. "Koreans may at times seem irrational, becoming adamant over trivial matters while glossing over major ones. One explanation may be that Koreans are emotionally expressive people, influenced by the mood and emotion, at the time of negotiation" (Movius et al. 2006: 427).

Appeals to patriotism are offered as a ready excuse for protectionism. Many domestic officials feel antipathy toward aggressive U.S. intervention policies and think that yielding to foreign pressure constitutes unpatriotic behavior. They deplore saying "yes" to proposals made by Americans and applaud logical countering of U.S. demands as heroic. For similar reasons, government agencies try to avoid signing agreements that will open markets, preferring to pretend that they implement market-opening measures as part of their own initiatives. Therefore, it was rare that the subgroup reached an agreement in writing.

Negotiators of the FM must not to be seen as soft in official negotiations with the United States. Many Koreans perceive that diplomats tend to sacrifice domestic interests in order to accommodate foreign needs. If the FM is seen as following the lead of the United States, its image and credibility as a coordinator of the policies toward the United States would be tainted. With this in mind, FM negotiators should be prepared to ask tough questions and pose logical rebuttals as well as prepare concise nonpapers to demonstrate their expertise in substantive matters. They should learn to mend fences in case a participating representative makes absurd remarks and loses face. In a sense, therefore, FM negotiators are expected to perform, much like an actor or an actress.

It is also important for a Korean trade negotiator to show that she or he is working hard to counter U.S. demands because to do so is considered a patriotic act. An episode in this regard helped the lead author gain credit among the delegation. As usual, all the members of the Korean delegation were on board a flight bound for New York. While flying over the North Pacific, engine trouble forced the plane to turn back to land in Japan. Passengers were panic stricken, while smoke filled the cabin. When some members of the delegation visited the author seated alone in the smoking section, they exclaimed in disbelief, "You crazy nut! You are yet preparing documents when your life is in jeopardy?" This incident helped the author win the hearts of other agencies' representatives.

Information Sharing and Relationship Building

In the Korea–United States Trade Talks, relationship building was central to overcoming hurdles to both internal and external relations. An important premise of the relationship-building approach is the role of information sharing, which requires negotiators “to bring their differences into the open” and to “put all the cards on the table.” But scholars have also noted that information sharing can be inherently risky when adopting integrative tactics (Odell 2003) or addressing more classic negotiation dilemmas (Allred 2000). In reality, many negotiators respond to the possible risks of misuse or deception in a protective or reserved way, selectively holding back information.

The question is whether the risk of disclosure is greater than that of nondisclosure. Keith Allred (2000: 393) wrote, “Full and truthful information sharing increases the chances of discovering an agreement that creates value and tends to enhance the relationship, but that information may also be exploited by the other party to gain a claiming-value advantage.” It is certainly important to be selective about what to disclose and with whom. But if one’s negotiation counterpart is inherently untrustworthy — the kind of person likely to misuse information — it seems more likely that the negotiation would be doomed anyway, and one would have less to lose by disclosing information. Moreover, in this era of open information, nondisclosure of information is likely to become known to the other party sooner or later.

The gravest cost of nondisclosure may be found in its potential damage to the relationship itself. If you hide information from a counterpart who has the potential to become a long-lasting partner, you may risk losing both the deal and the relationship. Therefore, the advantage of sharing the fullest possible information would outweigh the risks involved. This was the mind-set of the group of individuals who functioned as the negotiators as mediators during the Korea–United States trade negotiations, who fully shared information about the detailed proceedings of interagency meetings, the demands of government agencies, and the political background behind an issue. They were all aware that integrative negotiation is made possible when partners have enough trust that they are able to share information without a fear of misuse. Given this shared belief, the group did not feel threatened by “deception or aggression” (Movius et al. 2006: 391) related to information sharing. Their interactions reflected each participant’s effort “to enter into the other’s perspective and take the other’s role, thus gaining an understanding of the other’s concerns, expectations, and intentions” (Kelman 1996: 101).

The informal nature of the negotiators as mediators group helped facilitate information sharing. Informal interactions and dialogues outside the negotiating room enabled this group’s members to exchange views and information in a most open and candid way. At the formal negotiating table participants may fear that they will be held accountable for every word

they say, or they may feel obligated to counter the opponent's points without fully listening and understanding, which is hardly conducive to the open exchange of ideas (Kelman 1996). Moreover, informal dialogues were free from the bureaucratic formalities and rigid mandates that often stifle discussion in the negotiating room. The negotiators as mediators then facilitated information sharing among other participants, as they carried over the spirit and substance of their informal dialogues to the negotiating room.

Conclusion

Truly integrative negotiation is difficult to achieve in interorganizational negotiations, whether domestic or international. Key participants in the Korea-United States trade talks overcame many of the hurdles inherent to interorganizational diplomatic negotiations through various innovative methods to realize interest-based outcomes. This was particularly noteworthy given the protectionist sentiments of most of the Korean players involved, who were not poised to accept integrative negotiation.

Above all, this case has underscored the centrality of relationship building and information sharing in realizing integrative negotiation in international trade talks. For the internal negotiations within Korean government and industry, building relationships outside the negotiating room was key to winning the hearts of domestic officials hesitant to open their industries to foreign competition. For external negotiations, the relationships between the key negotiators of both sides buttressed the weaker links in the official negotiations. Informal interactions, especially between the key negotiators, facilitated relationship building and information sharing. When trust exists between negotiators, they can share information without a fear of misuse. This, in turn, helps negotiators develop a lasting partnership and allows them to explore creative solutions that expand the scope for mutual gains.

Informality was another important aspect of the reforms introduced by the Korea-United States Trade Talks. The reduction of bureaucratic formalities and rigid mandates through the use of nonpapers and the virtual elimination of written mandates was important in that it gave negotiators more flexibility and room to explore mutually beneficial options. Central to the success of the negotiations was the formation of the three-member informal dialogue group, the "negotiators as mediators," which played an important role in putting the various elements together to push the negotiations to a more integrative direction.

The informal negotiations between the key negotiators continued throughout the period of trade friction and became a constant feature in the landscape of the Korea-United States negotiations. Over time, the U.S. side gradually began to appreciate the critical contribution of the "negotiators as mediators" process toward more integrative and effective problem

solving, as disputes were resolved with minimum public outcry. In retrospect, this balancing of official and unofficial negotiations helped both nations pass through the most turbulent years in the Korea-United States trade friction without major crises breaking out, bridging the critical transition from the bilateral regime to the WTO-centered multilateral regime for dispute settlement.

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