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In the article, How Bargaining Alters Outcomes: Bilateral Trade Negotiations and Bargaining Strategies, Deborah Elms discusses the negotiation strategies used in the 1990s between two automobile and automobile parts trading partners: the United States and Japan and the United States and South Korea. Elms identified the two negotiation strategies utilized by the United States, which were value-claiming and value-creating. With Japan, the United States used the distributive, value-claiming strategy to try to force itself into the Japanese auto and auto part markets. It resulted in limited access to the markets. Oppositely, the United States used the integrative, value-creating strategy to bargain for greater access to the Korean auto and auto part markets, which resulted in more success than the Japanese venture. Elms argued in her article that the value-claiming strategy was much less successful than the value-creating strategy. In addition, the use of threats, such as sanctions and Section 301, ultimately limited the United States' flexibility in negotiating. (Elms, 401) Elms did present the case for using a value-claiming strategy when a negotiator is faced with the very likely outcome of heavy losses. In this situation, the negotiator will not achieve much by using a value-creating strategy. The author documents the history of negotiations between the nations from the beginning of the 1990s through the final years of the decade. The article shows that Japan was very unwilling to open its markets to United States automobiles and auto parts. Korea showed more willingness to open its markets. However, Korea demonstrated that it would agree to more access to its markets, but would later breach its previous agreements. When South Korea was faced with an economic crisis in the late 1990s, very few American cars were sold there even though Korea ultimately agreed to open its markets further. In conclusion, Elms argued that, faced with losses, negotiators are willing try more risky, value-claiming strategies.

My natural reaction in reading about the recent history of trade negotiations between the United States and other nations, such as Japan and South Korea, is to feel frustrated and even angry about the refusal to allow American products into the respective markets. In an ideal world, the markets between the three nations would be completely free so that consumers could buy whatever products they want from any nation. Little negotiation would be necessary between the officials of the United States and Japan and South Korea. In reality, the United States should be able to argue that it is highly unfair for Japan and South Korea to be able to openly sell a large inventory of automobiles while the United States is allowed to sell little to no automobiles in those countries. Of course, the lack of fairness precipitates the necessity to negotiate. The initial frustration makes me want the United States to use hard-line tactics, such as the distributive, value-claiming strategies documented in the article by Deborah Elms. Why shouldn't the United States consult the World Trade Organization and use sanctions to force its way into the Japanese market? After all, America offers a much larger market for Japanese cars than does the Japanese market offer for American cars. Shouldn't consumers in Japan be given the choice to purchase a Japanese car or an American car? It seems as though the United States has, to a degree, given up attempting to enter the Japanese auto and auto part markets. Perhaps, the United States could negotiate to build factories in Japan so that it could get around the issue of imports to Japan. Of course, Japan may balk at the idea of allowing foreign ownership of facilities or land. The idea is for the United States to continue to pressure Japan to allow our products and services into their market. Staying competitive is a much better option than the alternative of giving up. Since South Korea has shown a willingness to open its markets to American products, the goal should be to continue to use integrative negotiation strategies to pry open the South Korean market even further.

References

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