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Increasing the Openness of the Trade Policy Process: Challenges and Implications

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Trade policy – once a subset of foreign policy far removed from domestic concern, focused squarely on border issues and subject to the rules of international diplomacy – is now a central concern on the public policy agenda as trade issues have become increasingly entwined with traditionally domestic policy issues. Consequently, demands have been made for more openness in trade policy formation and, in response, many governments have undertaken openness initiatives. Despite these developments there has been only a little research into the increased openness of trade policy processes in general and no research aimed at developing a consistent framework for categorizing various openness initiatives and permitting a meaningful comparison of initiatives between trading partners. In this paper, the general issue of increasing the openness of trade policy is examined, an openness framework is proposed and the implications for trade policy are assessed.

Keywords: openness, openness framework, trade policy, transparency

Introduction

As trade policy moves from the traditional concerns about border measures such as tariffs and quotas to concerns about non-tariff barriers such as regulatory standards, it inevitably takes a more central position on the domestic policy agenda. Unlike typical domestic policy issues, however, the development, negotiation and implementation of trade policy have not been particularly open to citizen engagement. Therefore, demands for greater *openness*¹ of the policy processes related to trade have arisen.

In response to these demands many governments have undertaken initiatives to permit increased openness in trade policy processes (Shamsie, 2000; Scholte et al., 1998; Simmons, 1998). Greater openness may increase public understanding of how trade policy decisions are taken in the public interest. For instance, Johnson (2000) argued that trade policy makers need to remind the general public that trade liberalization sustains economic growth and development; reinforcing this message may increase public confidence in the credibility and legitimacy of trade policy.

Yet, while demands for increased openness have been made and, in response, some openness mechanisms have been initiated, there has been only a little research into the increased openness of trade policy processes in general (Hay, 2000; Wolfe, 2000; Enders, 1997) and no research aimed at developing a consistent framework for characterizing various openness initiatives. Such a framework may be useful in both determining when and how openness is actually permitted and in comparing trading partners according to their openness mechanisms. This paper examines the general issue of increasing the openness of trade policy formation, proposes an openness framework and analyzes the related challenges and the implications of increased openness for trade policy.

Openness in Trade Policy Formation

The increased attention surrounding the openness of the trade policy process may be attributed to two dynamic forces: first, the increasing complexity of *all* policy issues (domestic and foreign); and second, the increasing domestication of trade policy issues.

With respect to the former, as policy issues become more complicated they necessarily become more closed (the issues are no longer easily accessed and assessed by the general public but rather require the consideration of experts) and this, in turn, raises public concern about openness (Anderson, 1998; Beck, 1992; Giddens, 1990).

Consider, for instance, policy issues associated with biotechnology. As a *transformative* technology, biotechnology has been identified as a crucial cornerstone to the knowledge-based Canadian economy of the 21st century (Isaac and Hobbs, 2002). Yet biotechnology simultaneously expands the information gap that exists between the producers and consumers of innovation. In this sense, regardless of how open the biotechnology policy process really is, the complication of the policy issues decreases public accessibility and increases public concern about openness in the process. There is an important lesson implied by this argument: as policy issues become more complicated, the traditional methods of openness no longer suffice and an increase in policy complication must be met with an increase in policy openness just to maintain the traditional level of public understanding.

Within this context of increasing demands for greater openness due to policy complexity, trade policy – a subset of foreign policy – faces an additional layer of demands for greater openness due to an increasing "domestication" of foreign policy (Johnson, 2000; Stairs, 2000; McCormick, 1998; Milner, 1998; Scherlen, 1998; Jensen and Phillips, 1996; Salamon, 1995 and 1994). Stairs (2000) argues that in most western, developed countries, public interest in foreign policy has followed a predictable path, first focusing on human rights, then on environmental protection and now on trade policy as these issues have overlapped domestic policy domains traditionally the sovereign jurisdiction of national governments – the so-called domestication of trade policy (see also McCormick, 1998). Consider the focus on nontariff barriers (NTBs), such as commercial and social regulations. Commercial regulations, including laws on intellectual property rights, have come under the scope of trade policy as a result of the World Trade Organization's Agreement on Traderelated Aspects of Intellectual Property Rights (TRIPS Agreement). Controversies associated with commercial regulations in trade policy are illustrated by the ill-fated attempt to establish a Multilateral Agreement on Investment (MAI) by the OECD in 1998 (Kobrin, 1998). NAFTA's Chapter 11 provisions on investment have also drawn considerable criticism and concern. Social regulations - including policy issues associated with food safety and environmental protection as well as cultural issues (Isaac, 2002; Spriggs and Isaac, 2001) – have made a controversial appearance on the trade agenda as the Canada-U.S. challenge to the WTO regarding the EU ban on hormone-treated beef illustrates. In fact, the EU response to ignore the WTO decision against its ban clearly indicates that when trade concerns and social regulatory issues conflict, the "winner" is not the international trading regime, as the EU enjoys considerable public support in its defiance of the WTO decision (Spriggs and Isaac,

2001). Looking ahead, transatlantic differences in social regulations applied to products of biotechnology (e.g., genetically modified crops) have led to market access difficulties for North American products that appear to contravene the rights and obligations outlined in the WTO Agreements (Isaac, 2002). Trade policy issues are no longer just border measures; instead, the vastly complex issues of divergent social regulations are now part of the trade policy agenda.²

If the domestication of complex trade policy issues was predictable, what has not been predictable is the enthusiasm with which the demands for greater openness in trade policy development have been made, exemplified by the protests at the World Trade Organization's 1999 Ministerial Meeting in Seattle and the April 2001 Summit negotiations of the Free Trade Area of the Americas in Quebec City. If other policy areas are also facing demands for greater openness why has trade policy been targeted especially vehemently?

The short answer is that trade policy development processes have not traditionally been open and therefore have tended to lack any codified channels for access. There was a dual purpose for this: (1) to allow for the requisite trade-offs necessary to reach agreement; and (2) as a governance function to prevent "protectionist" interests from capturing trade policy in a way that maximizes the gains for a few at the expense of many. Considerable effort was made to keep trade policy development – and especially negotiation and decision making – independent of such protectionist interests. The remedy was closed-door economic diplomacy where policy analysis calculations measured "social welfare" (i.e., consumer surplus) and other metrics of the economy-wide impacts of trade liberalization instead of sector-specific calculations (Stairs, 2000; McCormick, 1998). Chairs at the negotiating table were reserved for high-ranking national officials and market access negotiations involved tariff-swapping forms of reciprocity, while subsequent implementation of the agreed market liberalization policies was left as a bureaucratic function. This closed-door nature of trade policy - practised by all trading nations - is often credited with facilitating trade liberalization (Hay, 2000; Wolfe, 2000; Stairs, 2000; McCormick, 1998).

Yet ironically, it is this closed-door nature that reinforces a simple but particularly incisive criticism of trade policy: that the "domestication" of increasingly complex trade issues means that trade policy now reaches deep into policy areas traditionally under national competence, constraining domestic policy options, while remaining unaccountable to the affected constituents – the so-called democratic deficit of trade policy. Leading the openness demands – on behalf of citizens – have been various

non-governmental organizations (NGOs) or civil society organizations (CSOs) such as consumer, environmental and social development interest groups (including labour unions as well as religious groups like Christian Aid).³ What sets these groups apart from traditional trade policy actors such as industry associations⁴ is that when these groups feel that not enough has been done to incorporate their belief structures they are willing to take action to actually subvert the trade policy system (while industry associations typically still try to lobby within the trade policy system).

Openness Framework

While the "domestication" of increasingly complicated trade issues presents compelling reasons for the increased openness of trade policy development in general, there is very little guidance on how to specifically operationalize openness (i.e., what exactly is openness?; at what stage of the trade policy development process should there be greater openness?; which non-state actors should be permitted to participate?). Establishing an openness framework allows for not only an identification of the range of debates associated with increasing trade policy openness and, consequently the range of decisions that a jurisdiction must make, but also a meaningful characterization of jurisdictions according to the openness initiatives undertaken.

In order to better understand trade policy openness and its operationalization, a framework – composed of four openness comparators: *depth*, *structure*, *timing*, and *accreditation* – is presented in table 1). Each of these openness comparators is discussed below.

 Table 1
 Openness Framework

Comparators	Dimensions	Description
Depth		
	Transparency	- one-way flow of information
	Participation	- two-way flow of information
Structure		
	A. Institutional	- formalized openness procedures
	Discretionary	- ad hoc, flexible openness procedures
	B. Political service	- elected officials
Timing	Public service	- bureaucracy
	Policy development	- legislative stage
	Negotiation issues formulation policy position debriefing	- administrative stage
	3. Implementation/transposition	- administrative stage
	4. Policy review mechanisms	- legislative stage
Accreditation		
	A. National	- organization must have national orientation
	International	- organization must have international orientation
	B. Representivity	- organization must be representative of public interest
	Policy expertise	- organization must have demonstrable expertise
	Broad input	- any organization

Depth of Openness

There are two aspects of the term *openness* when applied to public policy – *transparency* and *participation* (Enders, 1997; International Institute for Sustainable Development, 1994; Advisory Committee on Intergovernmental Relations, 1980). The former refers to the one-way flow of information from the competent policy authority to the general public including, for instance, distribution of official policy papers and debriefings of relevant policy positions. The latter refers to the degree to which citizens may be involved in the trade policy advisory system not only through direct consultation (Hay, 2000) but also through involvement in decision-making functions (Simmons, 1998; Enders, 1997; Najam, 1996). Essentially, *participation* deepens the meaning of openness to include a two-way flow of information between the competent policy authorities and citizens.

Structure of Openness

There are two dimensions of openness structure to consider. First, should it be an institutional structure formalized in regulations and statutory obligations or should it be an informal, discretionary structure providing transparency and/or participation on an ad hoc basis in response to public controversy? Second, should openness in trade policy development be accomplished through the political service or the public service? These two dimensions are examined below.

Institutional v. Discretionary Structure of Openness

There are important trade-offs to consider between an institutional structure and a discretionary structure of openness. A formal institutional structure may build credibility and legitimacy in its permanence and certainty in its operation and, in the long-term, institutional openness is supportive of democratic principles (Stairs, 2000). Yet the U.S. experience with securing fast-track negotiating authority reveals how crippling an institutional structure can be for trade policy when the structure becomes highly politicized (Scherlen, 1998). Also, it has been argued that institutional openness requires a formal overarching policy for a strategic openness framework to facilitate essentially equal openness across all trade policy issues (Hay, 2000). On the other hand, a discretionary structure may be very flexible and allow policy makers to deal with issues on a case-by-case basis. That is, *discretionary* openness can be responsive to public concern (when there is public concern, greater openness is provided; otherwise it is business as usual) although Hay (2000 at 7) argues that

discretionary structure should not be thought of simply as "reactive exercises in risk avoidance and damage control". Supporters of a discretionary structure tend to argue that the *process* of openness is secondary to the *product or outcome* of openness; as long as the lasting relationships of policy influence are established it really does not matter what mechanisms or processes have been used to achieve this outcome (Hay, 2000). Yet the lack of formal, institutional obligations may not build policy credibility and legitimacy if concerns remain that there is no real mechanism for addressing the demand for increased openness and that a "behind-the-scenes" structure of openness may, in fact, be more susceptible to capture. Moreover, it has been asserted that support for hot issues dealt with in an informal, discretionary way is "insidiously corrosive of the democratic principle" (Stairs, 2000 at 38).

Not all agree that the choice between the two types of structure is a discrete one; instead it is argued that a middle ground is needed between institutional and discretionary structures, where the goal must be to develop "formal but flexible systems...to foster dynamism and self-adjustment" (Simmons, 1998 at 92). In addition, it has been asserted that a causal relationship exists between the two where informal structures emerge, giving rise to formal structures if required⁵. Of course, a concern remains that as formal structures emerge over time they grant privileged access to the trade policy advisory system to those non-state actors involved since the beginning, and the same level of access is not provided to new actors (Stairs, 2000).

Political v. Public Structure of Openness

The second dimension of structure is associated with the branch of government where the openness is provided: among either the political service (elected officials) or the public service (bureaucracy) (Stairs, 2000). In the former, openness represents access for non-state actors to legislators charged with establishing the fundamental policy frameworks. This can be through, for instance, hearings and other public consultation mechanisms. In the latter, openness represents access for non-state actors to the bureaucrats charged with initiating policies in the first instance or adding the detail to the broad policy framework established by the political service. This can be through high-level meetings with public officials.

It has been argued that there is an intuitive consistency between the choices of discretionary versus institutional and political versus public service structures of openness, where the preferred structure, from the perspective of the preservation of the democratic principle, is institutional openness emerging from the political service

as a result of public advisory mechanisms rather than discretionary openness targeting the public sector "behind the scenes" (Stairs, 2000).

Timing of Openness

Another complex issue to deal with is the *timing* of the openness relative to the trade policy development process; at which stage in the process should there be increased citizen engagement?⁶

There are four stages in the trade policy advisory system where greater openness may be granted. The first stage, a legislative stage (Stairs, 2000), is where the broadframework trade policy is established, for instance a national commitment to the liberalization of international trade through the WTO. The second stage is the administrative negotiation stage undertaken within the context of the framework policy and composed of three sub-stages: 1) issues formulation, where the negotiating parameters are established; 2) the development of a trade policy position, where the national position is iteratively developed through the process of consultation and negotiation; and 3) the debriefing, where the results of negotiations are made public. The third stage is the administrative policy implementation or transposition stage, where the negotiated positions are ratified and incorporated in domestic policies and legislation. Finally, the fourth stage is the policy review stage, which returns the trade policy advisory system back to a legislative stage. Here the various trade policies are reviewed through public consultations, and necessary changes to the framework principles are made.

There is significant disagreement as to where greater openness or citizen engagement should occur. One perspective holds that this is a linear process that evolves through the legislative and administrative stages sequentially. At the legislative stage routine public consultation and citizen engagement with the political service must occur (Hay, 2000). Once the framework policy has been established there is no room for further discussion about the framework; attention must now be paid to the policy detail developed by the public service within this broad policy framework (Wolfe, 2000). According to this view, the feedback mechanisms between the legislative (political service) and the administrative (public service) functions of the system occur linearly and there should be little opportunity for deviation from this path. Of course, an alternative view is that this should not be a linear process. It has been argued, instead, that citizens have the right to consult on framework principles at any stage of the trade policy advisory system and not just during the initial legislative stages (Shamsie, 2000). Similarly, it has been noted that framework policies are never

solid enough to assume away any further development before the next legislative opportunity for policy review (Hay, 2000). In fact, it has been noted that the failure of the Multilateral Agreement on Investment essentially proved that citizen engagement can bend the system back onto itself: "the wave of protest elevated the question of the MAI from the 'level of civil servants' [administrative stage] to the 'ministerial level' [legislative stage]" (Kobrin, 1998 at 99). Certainly, when efforts to change overarching framework policies regarding societal norms are aimed at the legislative stage there is sure to be difficulty (Simmons, 1998).

While all jurisdictions eventually draw the line (there comes a point in the intergovernmental negotiation procedure when only state-actors are "at the table") a problem arises when the line is drawn at different locations by different jurisdictions. The traditional perspective holds that because international trade negotiations are intergovernmental activities, they require some degree of international diplomacy, and adding more complexity through greater openness will only serve to hinder, not help, agreement. Indeed, because agreements made at this point are simply agreements in principle within the policy framework previously established and will still require domestic ratification and transposition, it is argued that openness is unnecessary (Wolfe, 2000).

Of course, there is disagreement with this view (Shamsie, 2000). A 1999 recommendation by the Canadian Standing Committee on Foreign Affairs and International Trade specifically insisted on greater openness during the actual negotiation process. From this perspective, there is concern that while input into the trade policy framework is good, the real problem lies at the negotiating table where trade-offs have to be made; implying that openness only before and after but not during negotiations is unacceptable.

Accreditation

Undoubtedly the most controversial comparator deals with the *accreditation* of non-governmental organizations (NGOs) to participate in the trade policy advisory system (Simmons, 1998; Najam, 1996)¹⁰. The basis for the demands made by various NGOs for greater openness of the trade policy advisory system is that they represent the interests of "citizens". This belief has given rise to what has been termed an *associational revolution* (Salamon, 1994). For instance, commercial NGOs – such as industry associations – often claim to represent the public interest in the trade policy advisory system by supporting trade liberalization that increases economic development and growth, increasing incomes and allowing for higher levels of

income-elastic social regulations; a regulatory race to the top. Inversely, many civil society NGOs – such as environmental or consumer organizations – often claim to represent the public interest in the trade policy advisory system by trying to constrain trade liberalization, albeit to achieve different outcomes.¹¹

The claim that NGOs represent "citizens" is subject to the *problem of aggregation* – is openness in the trade policy advisory system for NGOs necessarily the same thing as openness in the system for all interested/concerned citizens? There exists widespread agreement that the solution to the problem of aggregation is that only NGOs with requisite legitimacy and accountability deserve *accreditation* (Shamsie, 2000; Simmons, 1998; Najam, 1996; Clark, 1991). Several characteristics have been identified. One important characteristic that makes NGOs well suited to effectively represent citizens is their "institutional memory" providing continuity to the policy advisory system (Hay, 2000). Also, the well-organized enthusiastic members of these organizations share a *belief system*, such as the environmental movement's belief in the holistic beneficence of organic agricultural production or a social development organization's particular religious perspective, giving the NGOs tremendous strength of purpose (Najam, 1996).

Conversely, there are many arguments that caution against an increased role of non-state organizations on behalf of citizens. It has been argued that NGOs are often unstable in their mission, which is easily swaved in the pursuit of attention (Tendler, 1982). In fact, it has been argued that the rise of "campaignism" by these groups illustrates this (Najam, 1996). Others have argued that most NGOs are neither democratic (legitimate) nor accountable to the people they claim to represent (Simmons, 1998). International NGOs have been blamed for practising the very same "globalization" that multinational corporations have been accused of: international forces unaccountable to the domestic constituents, reaching deep into national policy competence and constraining the available policy options. For instance, it has been warned that the policy control of international NGOs risks a new wave of "neocolonialism" (Najam, 1996). Others have argued that in many cases national NGOs are simply branch plants of international NGOs, raising serious concerns about the degree to which they represent domestic citizens (Stairs, 2000). Similarly, Kobrin (1998 at 99) has argued that international NGOs compromise "the concept of national sovereignty and local control" over policies and concluded that "an electronically integrated global civil society and a global economy are two sides of the same coin". Further, it has been argued that belief systems and policy development are not often congruent, because the former are not open to compromise or concession (Akerlof and Dickens, 1982) while compromise and concession are two important and necessary aspects of any policy development.

In short, the issue of *accrediting* NGOs is both controversial and far from resolved. There are two dimensions to consider. First, the questions of national versus international accreditation involves the concern that national governments negotiating in their own economic interests and national NGOs focused only on domestic issues may collectively fail to deal with real international externalities; hence accreditation must also go to those international NGOs focused on international externalities to ensure that the various national policy positions do not neglect these issues.

The second accreditation dimension to consider is which groups might be granted access according to the three identified goals of accreditation: representativeness; policy expertise; and broad input. Accreditation for representativeness would be awarded to those NGOs with a membership that can be demonstrated to represent a significant portion of the public interest. Of course, this type of accreditation would be biased in favour of large membership groups and criteria for representativeness would have to be established. Policy-expertise accreditation would be awarded to those NGOs that can demonstrate that they possess a significant degree of expertise about a particular policy issue or issues through, for instance, past publications, advocacy work and participation on various boards and advisory committees. While it may be assumed that large membership groups would have a budget sufficient enough to dedicate personnel to particular files and thus would be awarded accreditation, there would not be a large-group bias because small, expert-based groups focused on a single file would also have access. Finally, broad-input accreditation would be awarded to any NGO, as the goal is to identify the complete range of policy perspectives regardless of, say, representativeness and/or policy expertise. Certainly, while this approach seems the most democratic, there would likely be large time and cost commitments which would then raise the need for more streamlined criteria such as those that define representativeness and/or policy expertise.

Implications for Trade Policy

While in general it is hard to argue against increased openness of the trade policy development process, operationalizing openness is a complex and challenging undertaking. The ambiguity of how and when openness is actually permitted can be removed and the openness initiatives of various jurisdictions can be characterized by referring to the openness framework, its comparators and their dimensions.

The central implication the openness framework has for trade policy is captured in the concept of openness sovereignty; that is, the mechanisms for openness are a "bottom-up" function of domestic factors such that there is no universal model of openness. Instead, different jurisdictions will undertake openness initiatives with varying depth, structure, timing and accreditation comparators. It can be expected that, so long as jurisdictions differ in the openness they provide, actual openness at the international level (i.e., at the WTO or the FTAA) will be subject to the lowest-common-denominator phenomenon; actual openness will match the openness of the least open jurisdiction.

Finally, while it may seem obvious that openness is sovereign rather than universal, this concept challenges the efforts of some international NGOs who prescribe *openness globalization* – particular openness mechanisms for all jurisdictions despite domestic factors.

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Endnotes

1. The term openness will be fully specified in the section "Openness Framework" below

- 2. This is not to imply that trade policy should not deal with such issues when they are the basis for market access difficulties. Indeed, it must be remembered that these issues are now on the trade agenda because trade policy has been extremely successful in bridging international differences in market access rules for border measures. As most border measures have been eliminated, to acquire further benefits from trade liberalization will require the "deepening" of international economic relations that is entailed in the removal of non-border impediments to commercial transactions. Given the proven record of economic benefits that have followed past liberalization efforts, it is easy to conclude that trade policy should press ahead and deal with new emerging market access issues.
- 3. Salamon (1995 at 243) refers to this phenomenon as an "associational revolution" at the international policy stage and argues that this associational revolution is perhaps as important in social and political terms as the rise of the nation-state was in the latter 19th century. See also Simmons (1998), who argued that such organizations have increasingly been involved in setting policy agendas and negotiating policy positions, and their involvement confers legitimacy on the policy outcomes.
- 4. Industry associations include horizontal and vertical associations of manufacturers and service providers as well as groups representing various sectors, such as farmers' unions.
- 5. See Stairs (2000), who suggests that Canadian efforts at increasing citizen engagement in foreign policy in the 1970s were based first on an ad hoc or discretionary approach.
- 6. Recent anti-trade protests such as Seattle (November 1999) and Quebec City (April 2001) have targeted the actual negotiation stage, but is this the optimal stage at which to seek to influence trade policy?
- 7. Hay (2000) argues that such measures dispel rumours about the negotiated positions and build trust among those briefed.
- 8. See also Hart, Dymond and Robertson (1994) who argued that the legislative debates on framework policy prior to the negotiation stage revealed the policy framework that had "won" and subsequent negotiations should be an administrative task within this framework.
- 9. Consider two countries, A and B. If non-state actors in A are privy to information regarding the negotiations between A and B that non-state actors in B are not privy to (for domestic institutional reasons in B), how can the non-state actors in A be prevented from informing the non-state actors in B and thus circumventing the openness model in B? Similar difficulties of coordination can be identified and all result in the situation that the governmental negotiations become captured by concerns that are secondary to the actual negotiation task at hand.

- 10. In fact, Simmons (1998) argues that the issue of accreditation is at the "limits of democracy".
- 11. Consumer, environmental and social development organizations are not a homogeneous group sharing the same concerns about trade policy. For instance, consumer organizations have long supported efforts at liberalizing trade because of the consumer benefits. Recently, however, their support has been qualified; they support trade liberalization but not at the expense of high standards for social regulations. In other words, consumer organizations tend to support trade liberalization efforts provided that domestic regulations are not forced downward; the so-called regulatory race to the bottom (Drache, 1996). These groups demand more openness in the form of transparency – to ensure that domestic regulations are not traded-off against foreign market access – and in the form of participation - to ensure a consultative role in the development of trade policy and in the implementation of negotiated market access rules. Often, however, these organizations do not demand involvement in the actual process of negotiation. Yet, unlike consumer organizations, environmental and social development organizations do not face the challenge of balancing commercial and social interests. Environmental groups' concern with the international trading system is that this system does not account for environmental protection objectives. Of course, they are right. The WTO's Committee on Trade and the Environment recently noted that indeed it does not account for environmental protection objectives because it should not; increasing market access for traded products is its only mandate (WTO, 1999a). Yet, unsatisfied with this explanation, environmental organizations demand openness in the form of transparency – to ensure that environmental objectives are not subordinated to market access concerns in the development of trade policy and during negotiations (which of course they are) – and participation in the form of involvement in the trade policy development and negotiation process in order to ensure that environmental externalities are not forgotten when countries negotiate market access rules in their own best interests.

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