

Introduction to Trade Negotiation

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Trade Negotiation

- **Art to move the Process**
- **Process to be structured as Science with logic and sequence**
- **Process between the parties to reach consensus on Common concern of Actual or Potential difference**
- **Aim to reach sensible result keeping good relations**
- **Essence mostly to:**
 - *Remove Barriers*
 - *Strengthen Rules for Predictability*
 - *Benefit from Opportunity of changed Market Perception*
- **Different Approach in Negotiation**
 - *Power Based*
 - *Right Based*
 - *Interest Based*
- **Approach leads to Negotiation Position**

Negotiation and Negotiator

- **Success of Negotiation depends largely on Skill of Negotiator (Psychological game)**
- **Human Capability plays critical Role**
- **Negotiation is Part of Daily Life**
- **Issue, Discussion, Objective, Aim, Interest, Trade off, Rationale, Logic, Conflict, Conclusion, Achievement**
- **Ability of Negotiator**
 - *Critical Thinking*
 - *Use of Human organs (Ears, Tongue, Body Posture)*
 - *Analytical Proficiency*
 - *Effective Communication Skill*
- **Personality of Negotiator**
 - *Sharp and Sensitive*
 - *Building Trust*
 - *Informative*
 - *Cooperative, understanding, reliable*
 - *Courage, tolerance, Fair play, Integrity*

Principle of Negotiation

- **Consider representation of State/ People**
- **Present Status a Starting Point**
- **Analyze Facts for Future Trade opportunity**
- **Base on Rules of Trade with reference of Practice**
- **Plan and Develop Strategy**
 - **Set Goal / Anticipate Tactics**
 - **Prepare justification / Rationale**
 - **Assess Balance of Power**
 - **Determine best Venue and Time**
- **Engaging in Negotiation**
 - **Listening**
 - **Proposing with Mutually Beneficial statement**
 - **Adopt Art of Persuasion with Trust and Respect**
 - **Communicate Signals**
 - **Mediation if needed after break up session**
 - **No Rush to Conclude**

Pre-negotiation Steps

▪ Identifying Interests

- *Own Interest (Domestic Consultation)*
- *Others' Interest (Economic Intelligence)*
- *Analyze difference and similarities*

▪ Setting Objectives

- *What you hope to achieve*
- *How you like to achieve*
- *What is the bottom line*
- *Developing Priorities and Alternatives*
- *Balanced request offer sequences*

▪ Creating Favorable Environment

- *Forming Negotiating Team and understanding*
- *Right Atmosphere, competitive vs. collaborative Feeling about negotiating agenda and partner, relative power, level of trust, degree of openness*
- *Choosing Right Time to Negotiate*
- *Selecting Best Place*

Preparing for Negotiation

•Negotiating Briefs

- Agenda and Objectives, Parameters, Information, Data*
- How to open Negotiation*
- How to create others' interest on own agenda*
- Preparing Common ground*
- Prepare your positive statements*
- Prepare questions to be put before setting your offers*

•Authority

- Determine the authority you need*
- Get Mandate with clear flexibility of alternatives*
- Find out the Authority of Negotiating Partners*

•Explore innovativeness in the proposals

- Novelty in the history*
- Refer other development*

•Determine the level of Urgency to Conclude

- How interested the parties are in negotiation*
- Need to reach Agreement for the parties*

•Analyze personal effectiveness of Negotiators

- Strength and Weakness of Negotiating Partners*

Negotiation

▪ Opening Negotiation

- *Rapport, common ground, mutual objectives, joint agenda, getting comfortable, Golden Rule (cool, non-rhetoric, self-control, concern)*

▪ Keen Observation

- *Assess Flexibility of Partners, Listening for Overtones, Watching Signals, and lips while partner is talking, Eye gaze Watch eyes while you talk, Look for reaction on proposals, Reading Body language, Take notes to show concentration, Interruption*

▪ Skillful Communication

- *Balance talking and listening, clarity in speech, Single and clear meaning in choice of phrase, No slang, Medium speed, concentrate on Listening, give credit and praise, care to avoid upsetting*

▪ Making Proposals and counter proposals

- *Use questioning skills (if you agree of course, So what is your bottom line) persuasive argument, consider timing tactics (we are both busy people we could close this deal very quickly) encourage for proposals to build trust, present proposals with conditional approach (if you give duty free access to cereals we will reduce duties on computers), Introduce Trial proposals (If you could find way we might find something)*

▪ Referring other Principles/ Linking

- *Movement in stalled situation*

▪ Summarizing, Closing and Confirming

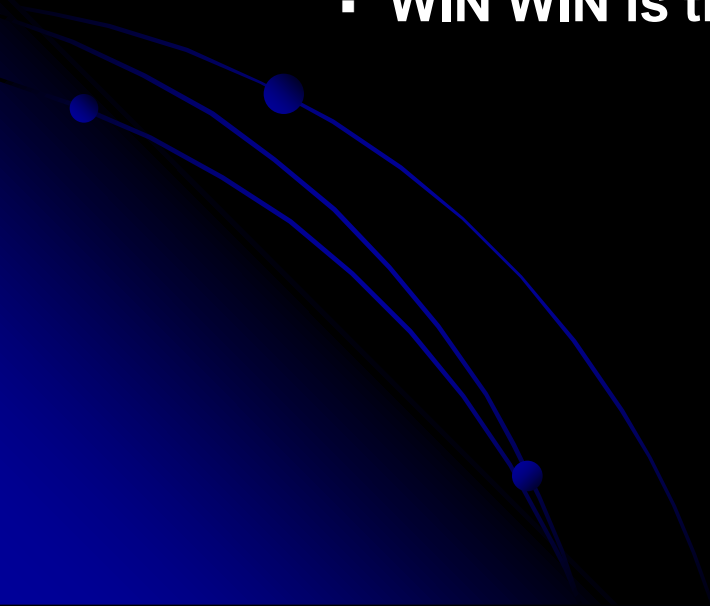
- *Clarify proposals and terms of agreement*

Post Negotiation

- **Review Summary of closing**
- **Confirm on deadline to sign agreement/ ratify/ implement**
- **Formalize the agreed elements of negotiation**
 - *Exchange of notes*
 - *Memorandum of Understanding*
 - *Draft Agreement*
- **Evaluate Strength and Weaknesses of the outcome of Negotiation**
- **Highlight Costs agreed for the benefits to future negotiation**
- **Disseminate outcomes to Stakeholders**
- **Build Consensus at home country on what has been agreed on Negotiation**
- **Proceed for implementation of agreed outcome**

Concluding Note

- **Trade Negotiation is a process of Gains and Pains**
- **All Trade Negotiation outcome is to be looked as single package**
- **Trade Negotiation is a continued process as market is dynamic**
- **Trade Negotiation moves on degree of flexibility to establish certainty**
- **WIN WIN is the Best Negotiation**



THANKS

