



“十二五”普通高等教育本科国家级规划教材



新编21世纪国际经济与贸易系列教材

国际商务谈判

理论、案例分析与实践

英文版·第四版

International Business Negotiation

白 远 著



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内 容 简 介

本教材分为三大部分。

理论部分：融合了国内外经典的谈判理论，从谈判动因、谈判结构、谈判组内部利益、谈判力、谈判双方的信任、谈判者心理、国际谈判文化模式、博弈论在谈判中的应用、谈判类型等方面，运用模型和实例对影响谈判全过程的主要因素进行了比较全面的分析。

案例部分：结合理论部分的讲解，提供了相应的案例分析，所提供的案例大多是世界著名谈判案例和研究成果，具有典型性和普遍指导意义。有些案例是作者在对著名国际商务谈判长时间的追踪调查的基础上编写的。

模拟谈判：模拟谈判的素材取自真实事例，为了适应课堂练习的需要，对之做了必要的加工。学习者在谈判结束后可以比较实际谈判的结果和自己谈判的结果，以收到更好的效果。此外，每章结束后都有结合该章内容设计的思考题和讨论题。

Preface of the Fourth Edition

In the year of 2014, *International Business Negotiation* is awarded the honor of the National Planned Teaching Materials by the Ministry of Education. This special honor should be attributed to the long time support from the faculties and students nationwide, and meanwhile is a demonstration of the recognition and acceptance by the national experts and specialists of the basic principles and concepts uphold by the author. The author hereby would like to take the opportunity to express great appreciation to everyone.

On the occasion of the revision of the textbook, the author would like to reaffirm the basic concept of compiling the textbook: Abide by the essential law of the science of the business negotiation and development of the knowledge system of business negotiation, and reveal to students the motivations and forces causing negotiations happen, develop and conclude. Moreover, the textbook further stresses the importance of mastering the negotiation knowledge through practices. Abiding by the concept, the fourth edition basically makes revision on the part of practicing exercises, replacing some cases by those with local feature, or adds a few new simulation cases, for example, “Negotiation on the Share of the Equity Adjustment between FAW and Volkswagen”, “Negotiation on Terms of Payment” and cases showing features of Chinese negotiators, like “How Giving Face Can Brew Success”.

For enhancing students’ ability in applying book knowledge into real negotiation situations, the textbook adds requirements before doing simulations like how to program negotiations in details, how to meet targets and how to make adjustments with changing situations.

The textbook is suitable for students majoring in fields of international business activities, such as international trade, international business, international economic cooperation, world economy, MBA, international relation, international finance, international investment, and business English. To meet the expanding of international exchange, the textbook is composed and published in both English and Chinese versions suitable for bilingual teaching purpose in professional education.

By Bai Yuan

Beijing

23 March, 2015

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Negotiation Motives and Key Terminology

Key Issues

- What are the fundamental causes of conflicts?
- What are the basic approaches to the settlements of the conflicts?
- How are negotiation, conflict and stake defined?
- Why do people negotiate?

Human beings live in a finite world, but their appetites are oriented to the infinite. As a result, man's unlimited demand has constantly given rise to conflicts between such demand and limited, scarce natural resources. To find a way out, the science of economics has been developed to study alternative ways to use scarce and limited but productive resources to produce goods and services to satisfy man's unlimited demand. Man's endless need and demand not only produce confrontation against nature but trigger conflicts among themselves. The long lasting negotiations between Israel and Syria on returning of Israeli occupied territory—Golenhigh site an example to the point. On the 11% of the territory Israel agreed to return, there is a lake providing fresh water to Israeli people. Because of serious shortage of fresh water in that area, the lake became vital to the people in both of the countries. Israeli government's target in the negotiation was to make sure that after the returning of the territory, Israel could continuously fetch water from the lake. So the water issue became the focus of the negotiation and increased complexity of the talks.

Water conflict in the Middle East is simply one typical issue among countless disputes of similar nature between countries and nations. Territory in Kashmir, oil in the Middle East and diamond in the South Africa have all provoked and stirred up serious and long lasting military and political confrontations among countries both nearby and far away. There are also other serious confrontations and conflicts induced by social, religious, cultural and political events; however, the majority of the conflicts have direct and indirect economic background. Human beings are living in a world full of contradictions, disputes and confrontations.

How to resolve and tackle these problems has always been the chief concern of all

countries and states. To look throughout human history, generally speaking, two approaches have been applied to conflict settlement: military means and peaceful means. Countless battles and wars, both worldwide wars and regional wars have been fought resulting in loss of millions of lives and ruins of property. As an alternative to military forces, weapons and guns, negotiations have also been employed to manage conflicts and settle disputes, thus negotiations are also referred to as peaceful means or political approach. The two approaches have always backed each other and functioned in an alternative way. However, after the Second World War, the devastating consequence of the war has made people all over the world realize a solid fact that coordination through negotiations is no doubt a better solution for various conflicts and disputes. With the further development of economic globalization and integration, negotiations have been widely implemented in social life of all kinds, particularly in business activities. To adapt to nowadays business world, it is all necessary for business-majored students to have a better understanding of the activities of negotiations, and be able to answer the questions of why negotiation happens and how it happens.

It is misleading to conceive that negotiations are only applied to significant issues. As a matter of fact, negotiations are applied to all situations of conflicts, arguments and bargaining arising in the normal course of business, personal relations and daily life. Everyone has been engaged in negotiations in such daily activities as shopping, arguing with someone else and dealing with people around.

Like it or not, everyone is a negotiator. Negotiation is a fact of life. You may discuss the chance of promotion with your boss. You try to agree with a stranger on a price for his house. Two lawyers try to settle a lawsuit arising from a car accident. A group of oil companies plan a joint venture exploring for offshore oil. A city official meets with union leaders to avert a transit strike. The prime minister of a country sits down with his counterpart to seek an agreement limiting nuclear arms. All these are negotiations. Everyone negotiates something every day. People negotiate even when they don't think of themselves as doing so. You negotiate with your spouse about where to go for dinner and with your child about when the lights go out.

More and more occasions require negotiation; conflict is a growing industry. Everyone wants to participate in decisions that affect them; fewer and fewer people will accept decisions dictated by someone else. People differ, and they use negotiation to handle their differences. In business, government and the family, people reach most decisions through negotiation. Even when they go to court, they almost always negotiate a settlement before trial. Negotiation is such a common phenomenon that it is of great importance to define the meaning of negotiation and generalize activities that can be called negotiations in a more concise way.

Negotiations

A negotiation is a process of communication between parties to manage conflicts in order for them to come to an agreement, solve a problem or make arrangements. Negotiation is a basic means of getting what you want from others. It is back-and-forth communication designed to reach an agreement when you and the other side have some interests that are shared and others that are opposed.

All activities with the above characteristics can be categorized as negotiations. However, not all negotiations can be labeled as successful ones in a strict and rational sense, which means they must satisfy at least the following conditions:

First, the outcome of negotiation is a result of mutual giving and taking. One sided concession or compromise can not be called a negotiation in the real sense.

Second, negotiations happen due to the existence of conflicts; however, no negotiations can proceed smoothly and come to a satisfactory solution without collaboration between the participants.

Third, in spite of inequality in negotiator's strength and power, all negotiators, no matter strong or weak, have the right to say "no" to the conditions put forward by the other party, which is a show of equal right of the negotiators. The unfair result may be forced onto the weaker party if lack of such right. The point is that negotiating parties differ in size, financial strength, production capacity, political and economic supporters, which will create unbalanced negotiating power. The stronger side may take advantage of the situation to reach a favorable agreement for itself. In situation as such, the weaker party should be able to say "no" to the result. A contract not showing the free wills of negotiating parties is not legitimate. Of course, the opposition should be expressed explicitly before signing the final agreement.

Negotiations occur when there are conflicts, which in turn are resulted from disputes over stakes of negotiating parties. Next, the definitions of conflict and stake will be expounded in detail.

Conflicts

Conflicts give rise to negotiations. Therefore a discussion on the nature of conflicts facilitates better understanding of negotiations.

A conflict is a dispute, disagreement or argument between two or more interdependent parties who have different and common interests. A conflict can block each other's ability to satisfy their interests.

The definition of conflicts states three points, which can be specified as:

First, parties in conflict are interdependent, which means there remains a kind of rela-

tionship developed by interrelated interests and concerns. There would be no conflict if two parties were not interrelated and had nothing to do with each other.

Second, both different and common interests coexist, which appears to be illogical. However, if there are only contradictions and no sharing of common interests, negotiations become groundless and unnecessary.

Third, two parties in conflict will naturally fight for each other's own interests and make every effort to gain more from the other side, as a result it will reduce gain of interest expected initially.

People's attitudes toward conflicts differ greatly in certain contexts and are mixed in others. People who think negative of conflicts often cite devastating wars and fighting which caused huge loss of lives and property; those who conceive conflicts as positive often argue that conflicts can lead to innovation and social progress, such as computers created during the Second World War. Still there are some other people who take middle ground. However, concerning relation between conflicts and negotiations, such aspects are taken into consideration: communication, creativity, relationship and outcomes. Let's examine the four aspects in view of good and bad features of conflict (see table 1—1).

Table 1—1 Good and Bad Features of Conflict

	Good Features	Bad Features
Communication		
Interests	disclose	suppress
Issues	clarify	cloud
Creativity		
Learning	help	hinder
Innovation	stimulate	restrain
Relationship		
Tension	optimize	increase
Satisfaction	increase	decrease
Outcomes		
Benefit	high	low
Escalation	control	incite

It can be inferred from the list that conflicts can bring about favorable as well as unfavorable results depending largely on how people manage conflicts so that bad effects may be diminished to the minimum degree. If the positive aspects of conflicts are amplified to the maximum and the negative aspects are brought under effective control, conflicts may

end up in advancing human profits as a whole.

How to manage conflicts is a practical skill which requires advice and suggestions for successfully handling all types of discord and conquering rough terrain and builds, developing conflict resolution skills and negotiation skills to resolve various types of challenges, and developing personal tools and systems for dealing with tensions and pressures.

Stakes^①

If conflicts give rise to negotiations, then conflict itself is caused due to clash of stakes or interests held by each party. Naturally the concept of negotiation will not be fully comprehended without explaining definition of stakes in detail in the first place.

Stakes are the value of benefits that may be gained or lost, and the costs that may be incurred or avoided. Stakes are compared to the status quo, options and alternatives, and are expressed as interests, which can be long term or underlying desire and issues articulated for negotiation.

This definition of stake explains clearly how significant and crucial a negotiation can be for the parties involved. The three points it contains need further clarification:

First, negotiating parties will either gain the interests they expect to win from the negotiation or lose what they hope to attain, which indicates that the talks are pertinent to relevant parties' own affairs and interests. Only when a party has stakes connected with the issues to be talked, can it become actively engaged in the negotiation.

Second, free lunch is not provided at the negotiation table, in another word, to get what is desired, both parties have to pay for the gaining at either high cost or low cost depending on how well negotiators manage the situation.

Third, how many stakes can be gained and whether a particular gain is the one that a party desires for are also gauged in view of the current situation. Negotiators will consider and compare the possible benefit if they choose to keep the present situation or make any changes. They will also have to decide how much they may gain if they choose Option A instead of Option B.

Fourth, negotiators will have to compare and balance the relation between the current interests and long term interest or underlying desires in order to make decision on satisfying long term interests at the cost of current interests or the other way round.

It is expected that negotiation terminology defined previously would pave a way to better comprehension of concept and practice of negotiations further unfolded and developed in the following chapters.

① 利害关系，利益得失。

Questions for Discussion and Consideration

1. What are the relationship between stake, conflict and negotiation?
2. Can you suggest other approaches to the settlement of conflicts besides weapons and negotiations?
3. There are a lot of examples that bad things can be turned into good things. Try to give some cases of your own.
4. Table 1—2 lists negotiation focuses during Sino-US talks on China's accession into WTO. Read the table carefully and analyze the stakes and possible conflicts of both parties.

Table 1—2 Focuses of Sino-US Negotiations on China's Accession into WTO

Sectors	US Offer	China's Counter Offer
Telecom	Remove all limitations on neighborhood tele service and import of mobile phone, and open market of fixed line service in 6 years after joining WTO; allow foreign capital to go into all telecom fields; hold up to 49% of tele company equity and 51% of value-added and neighborhood phone service	In the main area of telecom service ceiling of foreign equity is 25% and 30% for value-added service; forbid foreign capital in China's Internet business
Banking	Allow foreign banks to do RMB business 2 years after China's accession and manage financial retail business in 5 years	Foreign banks are already allowed to do RMB business in Shanghai and Shenzhen and the area is to be extended gradually. It is not yet the proper time to open financial retail market
Security	Allow foreign capital into stock and bond market	Never promise to open stock and bond market to foreign capital
Insurance	Allow foreign business people to have 51% of equity of insurance company; set up sole foreign capital company in 2 years	Have allowed foreign capital to have 50% of equity
High-Tech	Reduce current (before joining WTO) import tariffs on high-tech products from 13.3% to 0; before 2005 remove tariff on computers, telecom products and technological products	Have committed to reduction of industrial tariffs; the present (before joining WTO) obstacle is the US limitation on export of high-tech products
Automobile	Reduce the present (before joining WTO) importing tariff from over 80% to 25% before 2005, reduce tariff on parts to 10% and remove importing quota in the year of 2005	Have committed to removing of auto and auto parts quota
Textile	By 2005, keep quota limitation on China's exporting of textile products into US	Immediate removing of discriminate clause after China's accession

Note: (1) According to final agreement between China and US, foreign banks will enjoy national treatment 5 years after China becomes a member of WTO, which means foreign banks will be allowed to do RMB business with Chinese enterprises 2 years later and with citizens 5 years later. Regional limitation to foreign banks will be eliminated in 5 years.

(2) China has promised to lower tariff on auto and auto parts to 25% 6 years after joining WTO.

5. Group discussion: Read the following passage and try to find out a solution that will satisfy every one's demand. If not, discuss why.

Mr. Zhang's Dilemma

Mr. Zhang and his wife are all teaching in a middle school. They have a son who has just graduated from a university and is hoping to pursue his postgraduate study in a foreign university.

Mr. Zhang is not rich. The whole family lives in an old small two-room house. Mrs. Zhang, like all other wives, is longing to move into a new apartment of their own to enjoy a real city life. For this purpose, the couple has visited a few real estate agents and found out that the price for a two-bedroom apartment is over 300,000 yuan. The family now has a deposit of 120,000 yuan, which is only enough for the down payment. Of course, the family can get a loan from the bank, so before they get retired they can return all the borrowing.

However, Mr. Zhang is much less interested in moving into a new apartment. He is well content with their present house because he is used to the convenience and good neighborhood environment. More importantly, he has his own plan for how to spend the 120,000 yuan. As a traveling lover, he has dreamed of covering every corner of the country even from his childhood time. His dream can come true if he owns a car, which he can now afford with even half of their deposit. He prepares to persuade his wife to give up buying a new apartment although he is not confident of himself.

Before he has found a chance to talk to his wife, his son returns telling him that he has received an entrance admission from a British university, which offers a wonderful one-year courses for master degree, but the curriculum fee and living expenditures are around 200,000 yuan.

Mr. Zhang is now in a real dilemma. He is aware that a family meeting is quite necessary.

6. Read the case study and think about the questions: What are the major reasons that Chrysler misses its opportunity entering China automobile market? What is the opportunity cost of Chrysler?

Case Study

Chrysler Missed the Best Opportunity Entering China Automobile Market

In the middle of 1980s, American Chrysler Corporation could have tapped into China automobile market, one with largest population but lowest car occupation rate. Its mistake in the intensified international competition in car field helped German Volkswagen to march into this profitable market. In the middle of 1980s, Chinese car manufacturing industry was still in its infant stage. International car producing giants did not value much of