

2.1.5 Learning in Multilateral Trade Negotiations: Some Results from Simulation for Developing Countries
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The paper concentrates on the subjective plane in the international negotiation process. How information is transmitted and interpreted can have an important influence on the bargaining outcome. Yet there are still many gaps in our understanding of the uses individuals make of information, particularly of changing information in a context of uncertainty, and most especially regarding developing countries. Most experimental research has been limited to individuals in developed countries. For this study, simulation exercises were conducted between December 2002 and June 2003 by the WTO Training Institute for participants from the developing world. Officials were organized into four country delegations negotiating over tariffs and subsidies, and played roles representing those found in actual WTO talks. Two major sets of questions were addressed: 1. What do delegates learn during the negotiation process? Is there any evidence that dealing with partners has changed their initial understanding of the bargaining situation? 2. How are the initial information and knowledge updated and translated into new beliefs and tactics? Do negotiators follow some pre-established cognitive rules of thumb, or do they simply react intuitively to the tactics adopted by other teams? To what extent is learning harmed by a lack of truthfulness or trust on the part of others?

The first major finding is that trade negotiators learn progressively about one another's reservation values and the bounds of a zone of agreement (the range of all outcomes acceptable to the parties) during successive rounds of talks, and their separate

beliefs converge in some respects toward common knowledge. It is also found that the tactics of individuals playing key roles can have a strong effect on beliefs of other delegations about the prospects for agreement and how cooperative each country is likely to be. Yet the study also finds that learning in these hazy situations is difficult and can be derailed by a host of factors. Like subjects from developed countries in earlier experiments, players in these simulations also demonstrate self-serving biases, which can channel learning in particular directions.

Main Lessons

Checks against biases

- The mere transmission of requests and information to other delegations is far from sufficient to achieve effective signaling, persuasion and agreement. In a context marked by bluffing and tactical moves, repeated explanation and argumentation are needed to persuade others to adopt one's interpretation of the situation and raise the degree of "belief" of partners in each one's negotiating position. This is true even in cases where a party is making an objectively important concession, because others tend to question the intent behind such a move.
- *Take steps to counter overconfidence, a common pitfall among negotiators.* In this simulation overconfidence is reflected in a quick belief that a zone of agreement exists. Negotiators' over-estimates of their control over the process often contribute to deadlocks. They should consider different alternative interpretations of the situation to prepare themselves to adapt quickly to surprises.
- Overconfidence is often correlated with cognitive closure, when delegates downplay information that disconfirms their prior beliefs. In a context of uncertainty, such closure may be an easy retreat from the complexity of trying to make sense of the generalized use of bluffing or other tactical positions by negotiating partners. Yet confusion about what the others really want to say or to hide should not lead to despair and ultimately closure. Taking on the job of negotiator means being able to cope with confusion and keeping some firm hope that ultimately information exchange will reveal something useful and help craft an agreement.
- *Take steps to mitigate self-serving biases on one's own team.* It would be difficult to over-estimate their current importance in multilateral trade negotiations, but bias can be mitigated by carefully selecting members of a negotiating team so as to have a variety of personalities of different traits that can either be used in different situations or compensate for each other on one issue. For those countries that are already struggling to have a team with more than one person, however, this may prove to be wishful thinking, at least in the short term.

- *Perceived truthfulness facilitates learning and smoother negotiation processes. Regular encounters between individuals are a good way to establish it.* For this reason it might be easier to negotiate among a small network of professional diplomats, based permanently in Geneva for WTO matters, than among elected politicians meeting only occasionally. On the other hand, there is some risk that Geneva delegates, lacking real political power or instructions, may play a kind of surreal diplomatic game that ultimately becomes more a problem than a cure. But interactions with capitals may limit this risk.