

# Research on the differences and Countermeasures of Sino U.S. economic and trade negotiations

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**Abstract.** In the modern business environment of the highly globalized economy, the frequency of Chinese and American businessmen meeting in bargaining of various scales has greatly increased. There are huge differences between China and the United States in business negotiations alone. These differences are partly due to cultural factors left over by history and partly based on their respective development history. We can not simply divide differences into good or bad, but can only be called whether they fit with another negotiation style. Our main focus is to find the most consistent point between the two countries in business negotiations and expand it. However, it is extremely difficult for an individual or a country to change its inherent habits. Therefore, as an objective analyst, the outsiders cannot criticize excessively, finding the most effective way to conclude the negotiation peacefully. The win-win situation for the two influential powers means that the two countries can jointly create more opportunities in the political and economic fields in the future. Consistently, no matter what means are used, they must be carried out on the premise of equality.

**Keywords:** U.S., China, Differences, Trade negotiation, Countermeasures.

## 1. Introduction

Paper statement: Cultural background have led to the different negotiation styles between China and the United States.

### 1.1 Research background

With the development of the global economy and China's entry into the World Trade Organization, China and the United States have more frequent exchanges in business negotiations at various levels than in the past. However, the differences between the two cultural value systems have deepened the shortage of resources and negotiations between the two sides—conflicts on issues such as goals and procedures to reach a win-win situation in the end and avoid as many arguments as possible. In cross-cultural business exchanges, negotiators who understand cultural differences and can use the principles of conflict resolution could have a decisive advantage in negotiations. Simultaneously, both Chinese and American negotiation pattern is the symbol among orientals and occidentals.

Consequently, once these two influential powers' negotiation characteristics and habits are understood, the conflicts in other surrounding areas can also be resolved using similar methods and finally effectively resolved.

### 1.2 Literature review

Reviewing the articles of previous scholars, considerable authors pointed out that several factors influence the negotiation process. From Person perception in the heat of conflict: Negative trait attributions affect procedural preferences and account for situational and cultural differences [1] by Morris, Leung and Lyengar explained to the readers that the gaps in conflict handling styles in business negotiations and pointed out that conflict-handling styles are not static; flexible choice of methods according to the situation can solve the issue. Furthermore, Tony Fang proposed that Chinese are more likely euphemistic compared with occidental negotiators in his article: Negotiation: the Chinese style [2]. This style of leaving room for both parties originated from ancient China's traditional Confucian culture. It has continued to profoundly affected the evolution of China's negotiation style in the next thousands of years. However, compared with the American negotiation parties, Nigel Quinney proved that American-style negotiations are often highly oppressive,

according to his essay U.S. Negotiation Behavior [3]. Contrary to the gentle Chinese style, American negotiators are not overly concerned about where they are (Party A or Party B); they will focus their attention on whether they can control the pace of the negotiations and end the negotiations as soon as possible.

Overall, the main negotiating difference between China and the U.S. is the degree of importance attached to their own interests. Traditional Chinese thinking has led to the pursuit of a long-term mutually beneficial cooperative relationship in Chinese-style negotiations. On the contrary, American-style negotiations are more concerned about whether the side can obtain as many benefits as possible. No more extended mind whether the relationship established in the negotiation process can be continued. It does not pay much attention to whether cooperation can occur in the future.

### 1.3 Research gap

In consulting relevant materials, it can be easily found that most scholars regard the evolution of business negotiation as the focus of cultural factors. However, little attention has been paid to the impact of geospatial on the way of negotiation. Technically, The transfer of space either influences the change of the negotiator's status. For instance, When two countries negotiate, they usually choose the third neutral country. According to Soccernomics [4] by Stefan Szymanski and Simon Kuper, home advantage is equivalent to two-thirds of goals. This benefit is mainly reflected in the players' psychology and it also plays the same role during business bargaining.

Therefore, combining the two decisive factors of space and time, we can reasonably judge the similarities and differences between China and the United States in negotiations.

First of all, China and the United States must strengthen their understanding at the economic level in today's social context. Subsequently, find the representative negotiation cases of the two countries in chronological order; From it, the causes and characteristics of its formation are combed out. Finally, combined with other small factors, it summarizes the methods they use and differences between China and the United States.

## 2. Method

We studied the differences in negotiation styles between China and the United States using case analysis and literature research to obtain data and summarize their characteristics. We will analyze the classic examples of negotiations between the two countries and find out the root cause of the differences in face-to-face meetings. We will also find out how these two countries reached a final win-win situation under the controversial situation.

We first summarize China's negotiation style through some cases. The cases we referred to are as follows.

Examples of China's negotiation (From the ancient period to the modern period)

During the Warring States Period, Bai Gui theorizes negotiation tactics for the first time [5].

Gu Weijun wins territorial sovereignty at the Paris Peace Conference [6]. (Achieve goals through wisdom when the national power is not dominant.)

Back to the World Trade Organization in 2001[7].

In the analysis process, we selected classic cases under different conditions and times to make the analysis results more three-dimensional and comprehensive. Through these cases, we systematically summarized China's negotiation style to obtain a generally persuasive result.

Similarly, we have found some representative cases in American negotiations.

By searching the literature, we learned about the American negotiation spirit and some practical methods of American negotiation.

Examples of American negotiation (From ancient period to modern period):

Roger Dawson mentioned the strength of negotiation and useful skills during the bargaining period. We have looked for representative cases and methods of American negotiation to find the mode and American bargaining attitude.

After understanding the specific styles and characteristics of negotiations between China and the United States, we focused on the negotiation itself. Based on the problems that may be encountered in the negotiation, either get some enlightenment by searching the literature.

It is not difficult to find that if we can clearly understand the different negotiation methods between China and the United States and apply the medicine to the case in the negotiation, we can create a win-win situation in the negotiation.

It can be seen from these literates that the different historical spans and cultural differences between China and the United States make them have different emphases and attitudes towards negotiations. Therefore, we discuss and sort out their differences and their different attitudes in negotiations. To better solve the problems in the negotiation, we found some factors that can play a certain role in the negotiation by collecting group opinions and consulting literature. We found that many people often turn cultural factors into the focus of discussion in the negotiation. Still, few people pay much attention to the impact of geographical space on the negotiation. In this regard, we can know that if we can make effective use of the factors of time and space, we can judge the differences between China and the United States in the negotiations with the participation of China and the United States, so as to seek common ground while reserving differences and obtain satisfactory results for both sides.

### **3. Result**

#### **3.1 Analysis and summary of negotiation styles between China and the United States**

With the development of the global economy and China's accession to the world trade organization, China and the United States have more frequent exchanges in business negotiations at all levels than ever before. With the close exchanges between the two countries and the increasing influence in the world

These two countries have different negotiation methods, which greatly relates to their different historical span and cultural background. This situation makes it possible for China and the United States to misunderstand business negotiations and lead to the failure of negotiations. We focus on analyzing the characteristics of the negotiation mode of the two countries, finding an appropriate response strategy, seeking common ground while reserving differences, and realizing a win-win situation.

##### **3.1.1 Negotiation characteristics and analysis of China**

Due to Chinese civilization's long history and special cultural background, Chinese-style negotiation has its distinctive style and charm.

(1) The first characteristic: euphemistic.

Chinese people tend to be more euphemistic in negotiations, which is closely related to traditional Chinese Confucianism. Confucianism (Rujia) is a fundamental philosophical tradition that has shaped Chinese culture for 2500 years. Confucianism is a form of moral ethic and practical philosophy of human relationships and conduct. It includes six basic values Moral cultivation, the importance of interpersonal relationships (concepts of trust, guanxi, renqing, and li), family orientation, respect for age and hierarchy, avoidance of conflict, and need for harmony, and concept of face. This introversion and modesty have influenced the way Chinese conduct themselves and, of course, the way Chinese negotiate for thousands of years. The influence of this thought on China's negotiation mode is not instantaneous. Still, it continues to guide and standardize the formation of its mode along with the evolution of China's negotiation mode. Or that China's negotiating model evolves, but its core remains the same. Therefore, under the influence of Confucianism, Chinese businessmen tend to be euphemistic in negotiations. Instead of directly presenting their demands, they gradually present their demands more softly to show respect to the other party and avoid conflicts.

(2) The second characteristic: strategic

Due to China's strategic culture, resourceful has always been for the Chinese state; therefore, Chinese businessmen tend to use circuitous strategy in the negotiation, its embodiment performance in negotiations in some businessmen in China are not in the conversation turned to the problem, sometimes tend to avoid problems first principal contradiction, even talks some irrelevant questions, to close to the negotiations both sides relations. Finally, the focus is transferred to the theme to achieve their goals. From this, we can see that China's ideas bloom in a thousand flowers, and China's negotiation approach is a complex mix influenced by many different ideas. As summarized in Fang's article, the Chinese negotiator is a blend of Maoist bureaucrat in learning, Confucian gentleman, and Sun Tzu-like strategist. We want to emphasize that this “three-in-one” Chinese style makes Chinese business negotiating style unique.

### **3.1.2 Negotiation characteristics and analysis of the United States**

As a superpower, the United States has great economic power and great influence. In this context, American businessmen have the characteristics of self-confidence and sharpness when negotiating.

The characteristic: direct. As wrote above Chinese businessmen euphemistic, strategic way of negotiation, American businessmen often pay attention to the time, they want to get a result within short time, for their purposes, so they are always at the beginning of the talks will focus directly to the problem, presents the results of they want to achieve, for their interests. Because of the confidence they displayed in the negotiations

### **3.1.3 Summary**

Combined with their characteristics, we can find that they have obvious differences in time concept and attitude towards the problem itself. For example, for China, full discussion and exchange will help to shorten the distance between them, while for the United States, some irrelevant discussions may touch their minefields. Nigel Quinney once proved this view in his paper U.S. negotiation behavior [3], that is, American negotiations are usually highly oppressive. Contrary to the mild Chinese style, American negotiators don't care where they are (Party A or Party B); They will focus on whether they can control the pace of the negotiations and conclude the negotiations as soon as possible. Generally speaking, the main negotiation differences between China and the United States lie in their importance to their interests. Chinese traditional thinking leads to the pursuit of long-term mutually beneficial cooperative relations in Chinese negotiations. Even when the negotiations fail, they have to reach a business off while friendship is on the state. On the contrary, American negotiations are more concerned about the problem itself and do not care about other factors. They are eager to express their demands and strive for as many interests as possible.

## **3.2 Discussion on win-win methods of business negotiation**

Since we have analyzed the cultural differences between China and the United States and the possible problems in business negotiations at each level, how to find a strategy that can achieve a win-win situation based on this information is a problem we should study

### **3.2.1 Problem analysis**

Although the negotiation methods between China and the United States are very different, the problems in the negotiation are not irremovable. It can be found that the main conflict between the two is mainly reflected in cultural differences. The different cultural differences between the East and the West often cause difficulties in cross-cultural exchanges. However, as an excellent negotiator, a full understanding of each other's culture is the premise for the success of the negotiation. Of course, while understanding, we should also bring ourselves into each other's culture and experience each other's culture. Generally speaking, understanding and trust are often important.

Most scholars often study the cultural differences between the two, while we pay attention to other factors other than culture that affect the success of negotiation. For example, the role of geographical factors in negotiations is also very important. Space often impacts the status of negotiators, and the home effect may determine the direction of the problem. According to Soccernomics by Stefan

Szymanski and Simon Kuper, home advantage is equivalent to two-thirds of goals. This benefit is mainly reflected in the players' psychology and plays the same role during the business bargaining. Therefore, we can find that in the negotiations between the two countries, sometimes the way of negotiation in a third country is adopted to achieve fairness. This proves that the choice of space is also a necessary consideration for successful negotiators. Finally, we focus on the impact of their cultural background and geographical factors on the negotiation. It is not difficult to see that as long as we organically combine the two factors of time and space and fully consider the impact of other small factors on the negotiation according to the actual situation, we can be in a favorable position in the negotiation, strive for the expected interests and achieve a win-win situation.

## **4. Discussion**

### **4.1 Implement effective policies**

Since we have learned that China and the United States have different characteristics in negotiation styles, and we have come to the conclusion that understanding each other and seeking common ground while reserving differences is the way to solve the cultural differences in negotiation, how to effectively use the negotiation culture of the other party we know in negotiation is a matter of concern. As Sun Tzu said in the art of war in ancient China, knowing yourself and the enemy is invincible in a hundred battles. While knowing each other, how to implement effective policies is a very important link.

### **4.2 Strategies when negotiating with Chinese entrepreneurs**

In previous studies, we know that Chinese businessmen are euphemistic and strategic in negotiations. Generally speaking, Chinese entrepreneurs like to advance the process step by step during negotiations. Therefore, when we negotiate with Chinese entrepreneurs, forming a good relationship often promotes and even determines the success or failure of the negotiation. In this negotiation mode, making friends, discussing feelings, and expressing sincerity are sometimes even more important than the negotiation itself. This shows that we need to shift our attention to establishing a good relationship with the other party in the negotiation process, rather than eager to get results. Meanwhile, Maris Martinsons and Robert Westwood pointed out that The use of MIS in Chinese business culture has been and will continue to be influenced by factors such as paternalism, individualism, and high context communication [8].

Additionally, we can find that if the pace moves too quickly, Chinese entrepreneurs will even think it is a rude performance. And when you have established a good relationship and put forward your needs step by step, you can even get better results than expected in this good atmosphere. More importantly, win long-term friendship, which is conducive to long-term development. Cooperation and this emphasis on friendship also confirm the Chinese entrepreneurs' pursuit of long-term cooperation and benevolence.

### **4.3 Strategies when negotiating with American businessman**

In our research, we showed the self-confidence and keenness of American businessmen. Generally speaking, contrary to the gradual negotiation method of Chinese businessmen, American businessmen are more eager to raise their demands directly and achieve results in a short period. At this point, we can notice that when negotiating with American businessmen, the focus should be on the conditions themselves, not on other irrelevant topics. For instance, they often add the trust typically placed in the terms and conditions of the subsequent contract instead of in the relationships but not during the conversation [9]. Some extra greetings or too much care will arouse the resentment and even vigilance of American businessmen. It can be seen that there is a certain difference in the concept of time between the two. Unlike Chinese businessmen who spend a lot of time managing and arranging long-term partnerships, the direct negotiation method of American businessmen is more suitable for current negotiations. This simple and direct negotiation mode is a good strategy to list

and organize your own needs and realize your real needs, rather than one-sided ones. This helps both parties integrate and compare their respective needs, gather the strength of both parties, and then effectively achieve a win-win situation of solving the problems of both parties. In this kind of negotiation where the two sides actively strive for rights and interests, the scene sometimes becomes very intense. At this time, humor is an effective solution. This is why American businessmen are often willing to make jokes in negotiations. Humorous jokes can calm both parties in a fierce scene, avoid conflicts, and improve negotiation efficiency.

#### **4.4 A compromise solution that combines the characteristics of the two**

After understanding the characteristics of the other party, thinking more often is to find an effective way to find a compromise. This means that we must recognize the differences between the two parties and not judge the other party's behavior in our culture. Different cultures create To account for people's different behavior styles, a behavior will show different interpretations under different cultural backgrounds. For example, when a Chinese businessman was negotiating with an American businessman, the Chinese businessman greeted the American businessman's family situation. In the above research, we know that this is rude behavior in the American negotiating culture. When an American businessman has mastered the negotiating culture of the other party, he can think about one more step. When he puts this behavior into the Chinese negotiating culture, he can understand that this behavior is an expression of goodwill, not a contempt of negotiation. The situation can be eased at this time, which proves the importance of understanding. Under this premise of understanding the other party, it conforms to the rigorous and euphemistic characteristics of Chinese businessmen, improves the efficiency of negotiation, and meets the needs of American businessmen to finalize agreements efficiently.

#### **4.5 Promotion of negotiation by other factors**

Through our research mentioned above, we can know that spatial factors can often affect the direction of negotiation and cultural factors. We can further explore ways in which spatial factors can promote mutual understanding between the two parties and promote a compromise model in terms of using spatial factors to fight for their interests. It is a good way to find a third country to negotiate to eliminate the influence of home and away games. It can effectively reflect the sincerity of both sides. In addition, because we want both parties to understand each other, a neutral environment can calm the minds of both parties, which shows that we combine spatial factors with cultural factors to find a space that does not have the cultural style of both parties to eliminate the home and away hearts of both parties, Starting from zero, understanding each other [10].

### **5. Conclusion**

Many reasons cause the differences between China and the United States in business negotiation. However, the most significant feature is the historical legacy.

Even though different cultural backgrounds lead to endless disputes at many major international conferences, seeking common ground while reserving differences also better promotes cultural penetration; Avoiding a dull atmosphere.

Therefore, the similarities and differences between Chinese and American negotiation styles are the epitome of exchanges between countries with different social forms. There is no need for total negation or total affirmation.

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