

Quantitative Convergence Analysis: Overcoming Information Asymmetry in International Trade Agreements

Pat Thomas

PhD

Massachusetts Institute of Technology

77 Massachusetts Ave, Cambridge, MA 02139, USA

Lily Wood

Associate Professor

University of Cambridge

The Old Schools, Trinity Ln., Cambridge CB2 1TN, United Kingdom

Ashley Turner

Professor

Ludwig Maximilian University of Munich

Geschwister-Scholl-Platz 1, 80539 München, Germany

Abstract. This study investigates the persistent issue of information asymmetry in international trade agreements, affecting economic stability and growth. Utilizing a blend of game-theoretical models and econometric analysis, we identify key metrics influencing asymmetry and propose a novel framework to enhance transparency. Results suggest significant potential for policy reform, encouraging more equitable global trade practices and fostering economic development.

Keywords: information asymmetry, trade agreements, globalization, econometric analysis, policy reform, game theory, international trade

Introduction

The prevalence of information asymmetry in international trade agreements poses significant challenges to the equitable distribution of economic benefits, affecting both developing and developed nations. In recent years, the acceleration of globalization has exacerbated these imbalances, highlighting the necessity for comprehensive solutions. Information asymmetry hampers effective communication between trade partners, leading to suboptimal agreements and economic inefficiencies. With the rise of digital economies and increased data flows, the complexity of international trade has intensified, underscoring the urgent need for innovative approaches to mitigate asymmetry. Existing literature suggests that traditional models of information exchange in trade negotiations are outdated, often failing to address the nuanced dynamics of modern economies. To tackle these challenges, our research integrates advanced game-theoretical models with rigorous econometric methods to identify and quantify the impact of asymmetry on trade outcomes. This paper is structured as follows: we begin by reviewing current literature on trade

transparency and information asymmetry, followed by an in-depth analysis of theoretical models. Subsequent sections present our empirical findings, discuss their implications for policy, and propose actionable frameworks for reducing asymmetry in future trade agreements. We conclude with a critical evaluation of our methodology and its potential impact on global economic policy reforms.

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