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DEVELOPING COUNTRY IN GLOBAL ECONOMIC GOVERNANCE: LESSONS FOR BANGLADESH

Abstract

Since the end of World War II, Bretton Woods system remains in the midst of Global Economic Governance (GEG). International Monetary Fund (IMF) was created to regulate monetary policy, International Bank for Reconstruction and Development (IBRD), then World Bank (WB) was formed to look into financial aid and lending, and General Agreement on Tariffs and Trade (GATT), then World Trade Organization (WTO) was established to regulate trade. These institutions are yet to provide much space for effective participation of developing states and are dominated by developed world like United States (US), European Union (EU), etc. Hence, a vital target of Goal 16 of Sustainable Development Goals (SDGs) is to broaden and strengthen the participation of developing states in global governance institutions. Global financial crisis and economic rise of China and India have resulted in large-scale participation of developing states in global economic governance. Being a developing country, Bangladesh will be benefitted and able to broaden its participation from exercising practices of China and India in the institutions of global economic governance.

Keywords: Global Economic Governance, Developing Country, World Bank, International Monetary Fund, World Trade Organization

1. Introduction

With the establishment of Bretton Woods system, e.g., International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD) i.e., World Bank (WB) and the General Agreement on Tariffs and Trade (GATT) i.e., World Trade Organization (WTO) since 1995, the institutions of Global Economic Governance (GEG) emerged.¹ These institutions have a direct involvement in the regulation and navigation of global economic activities.² IMF and WB, through the advent

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¹ Martin Westergren, *The Political Legitimacy of Global Governance Institutions: A Justice-Based Account*, Malmö: Stockholm University, 2016, pp. 198-221.

² Ibid.

of conditionality, enforce their stronghold. IMF functions through development financing accompanied by Structural Reform and Adjustment Programmes (SAPs). WB functions through increasing its role in providing loans for balance of payments support to the developing countries, including specific conditions concerning policy reform.³ Together with the expansion of the domains of the IMF and WB, the WTO has been an authority in international trade affairs and it reinforces its function of setting and regulating a code of international trade conduct.⁴ Till the 20th century, these institutions were dominated by developed countries. Since the 21st century, developing countries especially India and China have become powerful players and started to participate in the institutions of GEG due to their rapid economic growth and the ability to deal with the problems of global economic disturbances.⁵

Throughout the last two decades, the change in GEG happened, and it was for two important reasons: the economic rise of China and India and economic recession in 2008-2009. The rise of China and India resulted in large-scale intervention of both countries in GEG arena. According to the estimation of IMF and WB, China's average contribution rate to the global economy from 2013 to 2016 reached 31.6 per cent which outpaced the total contribution rates of the United States (US), the Euro zone and Japan combined.⁶ On the other hand, IMF estimated that India's share in world Gross Domestic Product (GDP) increased from an average of 4.8 per cent during 2001-07 to 6.1 per cent during 2008-13 and further to an average of 7.0 per cent during 2014 to 2015 in terms of Purchasing Power Parity (PPP).⁷ However, for both the countries, the economic crisis in 2008-2009 was a game changer as they proved themselves quite capable of dealing with global economic disturbances. They came out from the crisis and also helped other developed and developing countries to tide over it.⁸ Thus, the importance of India and China within the GEG structure has increased.

Active participation of developing countries is crucial to build a just and fair system of GEG. Some developing countries like China and India have taken new places at the tables of discussion and rule making. They are asking for more representation and voice in GEG arena and also introducing new arrangements to complement the

³ Ariel Buira, *Reforming the Governance of the IMF and the World Bank*, London: Anthem Press, 2005, pp. 45-50.

⁴ Bernard Hoekman and Michel Kosteci, *The Political Economy of the World Trading System: The WTO and Beyond*. Oxford, United Kingdom: Oxford University Press, 2001, pp. 288-290.

⁵ Ann Florini, "Rising Asian Powers and Changing Global Governance", *International Studies Review*, Vol. 13, No. 1, 2011, pp. 24-33.

⁶ Chen Qiqing, "China's Growth Powers World Economy China's development creates opportunities for the world", *Beijing Review*, 22 October 2017, available at http://www.bjreview.com/Business/201710/t20171022_800107939.html, accessed on 19 June 2018.

⁷ Debasish Roy, "India's share in world economy steadily growing", *The Economic Times*, 07 March 2016, available at <https://economictimes.indiatimes.com/blogs/managementmusings/indias-share-in-world-economy-steadily-growing/>, accessed on 19 June 2018.

⁸ John Humphrey and Dirk Messner, "China and India as Emerging Global Governance Actors: Challenges for Developing and Developed Countries", *IDS Bulletin*, Vol. 37, No. 1, 2006, pp. 107-114.

existing institutions. On the other hand, participation of most other developing countries like Bangladesh is very negligible in GEG. Bangladesh's current share in IMF is 0.245 per cent⁹ and in IBRD is 0.30 per cent.¹⁰ Indeed, a country's economic power is key to have a say in these institutions' governance. The size of the economy of Bangladesh is far too small compared to the big economics. However, as Bangladesh is still an insignificant player, it needs to follow someone to move forward. In this respect, the paper argues that the increasing participation of developing countries, e.g., India and China certainly provides valuable lessons for other developing countries like Bangladesh to learn from their best practices in the long run. As Bangladesh is still an Least Developed Country (LDC)¹¹, hopefully it will graduate by 2024 to become a developing country thus, the recommendations on following Indian and Chinese path in the GEG will hold water in the near future for Bangladesh.

Over the last thirty years the number of Global Economic Governance Institution (GEGI) has grown significantly, to include organizations such as the G8, the G20, Brazil, Russia, India, China and South Africa (BRICS), Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB), etc. However, to assess the participation of the developing country in GEG, the paper takes account of IMF, WB and WTO due to several reasons. First, these three are pioneer institutions of GEG, established following the end of the Second World War. Secondly, due to the rising criticism, these institutions have already made different reforms, and continue to find themselves at the forefront of setting multilateral trading rules, global economic crisis management, economic development and poverty reduction. Thirdly, these institutions usually established by intergovernmental agreement and expanding their reach deep into the regulatory structure of almost all United Nations (UN) member states, are considered major players in the field of GEG.

The paper limits its scope to analyze the intervention of India and China in IMF, World Bank and WTO. With increasing significant role in the institutions of GEG, both China and India are Asian neighbours, geographically proximate to Bangladesh, important trade partners and development partners of the country. Lessons from India and China are likely to be practiced through collaborating closely with the two.

The paper is qualitative in nature. It examines existing literatures on GEG, and the participation of India and China in the institutions of GEG. Literatures are taken from different sources, e.g., government and non-government documents, academic

⁹ International Monetary Fund, "IMF Executive Directors and Voting Power", available at <https://www.imf.org/external/np/sec/memdir/eds.aspx>, accessed on 27 September 2018.

¹⁰ The World Bank, "Voting Powers", available at <http://www.worldbank.org/en/about/leadership/votingpowers>, accessed on 27 September 2018.

¹¹ A graduating country must meet eligibility criteria at two consecutive triennial reviews. In March 2018, the Committee for Development Policy (CDP) found that Bangladesh met the graduation criteria for the first time. If Bangladesh meets the graduation criteria for a second time, at the next triennial review in 2021, the CDP will recommend it for graduation from the LDC category in 2024.

journals, books and newspaper articles. It also relies on semi-structured interviews. The interviewees from academic and practitioners backgrounds are purposively selected based on their expertise. For the convenience of discussion, the paper is divided into five sections, including introduction and conclusion. The second section explores definitional debates on GEG. The third section discusses the participation of India and China in IMF, WB and WTO. The fourth section draws some lessons for Bangladesh. The fifth section concludes the paper.

2. Debates on GEG

The use of the term 'global governance' has gained momentum in the mid 20th century. It is being used with different meanings and implications.¹² Global governance is the way of managing global affairs, involving a range of actors including states as well as regional and international organizations. Dirk Messner and John Humphrey define global governance as the "development of a system of institutions and rules as well as of new mechanisms of international cooperation that make it possible to deal on a continuous basis with the problems posed by global challenges and trans-boundary phenomena."¹³ According to James Rosenau, "global governance is a world order for managing interdependence in the absence of a state".¹⁴ Global governance can be used for several contexts, e.g., global economic governance, global environmental governance, global migration governance, global governance of peace, security and conflict resolution.¹⁵

Contemporary GEG is defined in different contexts. Daniel D. Bradlow defines GEG "as a set of institutional actors to oversee the complex and integrated global financial system". Though for GEG no obvious "governing law" is available, it refers to the extent in which actors in GEG uphold economic policies and practices that allow all stakeholders, including the weakest societies and the poorest individuals, to share in the benefits of the global economic system. Daniel argues that till now GEG is an effective and efficient collective action for solving a crisis in global economic domain undertaken by global institutions.¹⁶ Richard Higgott states that GEG is fundamental for macroeconomic management of global economic stability, formulating policies/rules for global and domestic economic exchanges.¹⁷ Jean-Claude Trichet defines GEG as the set of supranational

¹² Jon Pierre and Guy Peters, *Governance, Politics and the State*, Basingstoke: Palgrave Macmillan, 2000, p. 1.

¹³ Ibid.

¹⁴ Sabina Tuca, "Global Governance vs. National Sovereignty in a Globalized World", *CES Working Papers*, Centre for European Studies, Vol. 7, No.1, 2015, pp. 193-201.

¹⁵ United Nations Economic and Social Commission for Asia and the Pacific, "What is Governance?", available at <https://www.unescap.org/sites/default/files/good-governance.pdf>, accessed on 12 February 2018.

¹⁶ Daniel D. Bradlow, "A Framework for Assessing Global Economic Governance", *Boston College Law Review*, Vol. 54, No. 3, 2013, pp. 971-1003.

¹⁷ Richard Higgott, "The Theory and Practice of Global Economic Governance in the Early Twenty-First Century: The Limits of Multilateralism", in Wyn Grant and Graham K. Wilson (eds.), *The Consequences of the Global Financial Crisis: The Rhetoric of Reform and Regulation*, New York: Oxford University Press, 2012, pp. 16-19.

institutions and laws that have an effect on cross-border economic and financial transactions.¹⁸ According to Arno J Van Niekerk, GEG refers to the institutions, norms, practices and decision-making processes from which rules, guidelines, standards and codes arise in order to manage the global economy.¹⁹ It seems that GEG aims at providing governance to economic globalization, operating within a framework of the global system.

The contentious nature of GEG makes debates often triggered by rapid changes in the contemporary world economy. Definitional debates regarding GEG are surrounded by three critical arguments: the role of nation-states in GEG, forms of GEG, and the way to prevent global economic inequality. The debates are mainly divided into two schools of thoughts holding almost diametrically opposed views: the globalists and the sceptics.

Sceptics view that as the world economic order is dominated by nation-states, a greater degree of emphasis by institutions like the IMF, the WB and the WTO are essential for providing support to the government's efforts in order to govern cross-border economic activities efficiently.²⁰ On the contrary, the globalists view that a lesser role for the states and a greater role for the institutions of GEG as the global economic activities are seemingly beyond the control and regulation of government.²¹ On the forms of GEG, sceptics say there is no need for new forms of supranational governance.²² However, the globalists argue that pre-1914 era was structurally different from the contemporary era. It was characterized by *Pax Britannica* system and it was a world of unilateral and discretionary policies. The contemporary world is a world of multilateral and institutionalized policy.²³ The globalists thus perceive the existing world order to be maintained by new forms of economic governance. On preventing global economic inequality, the sceptics view that inequality is a vital ingredient of world order and the basis for effective global governance. An important way to eradicate inequality is to make strong cooperation among stakeholders including governments, multinational corporations, international institutions and the transnational civil society.²⁴ On the other hand, the globalists are critical of the current system of multi-layered GEG. Lack of democratic credentials and legitimacy are the serious flaws of the GEG system. By reforming the existing system, global inequality

¹⁸ Jean-Claude Trichet, "Shaping a New World: The Crisis and Global Economic Governance", speech delivered at Bocconi University, Aula Magna Milano, 09 April 2010.

¹⁹ Arno J van Niekerk, "Globalisation and Global Economic Governance: Contextualising the Interpretations and Debate", *South African Journal of Economic and Management Science*, Vol. 10, No. 4, 2007, pp. 544-555.

²⁰ Ibid.

²¹ Ibid.

²² Arno J van Niekerk, op. cit.

²³ Philippe Legrain, *Open World: The Truth about Globalization*, Ivan R. Dee: Chicago, 2004, p. 113.

²⁴ Ngaire Woods, "Order, Globalization, and Inequality in World Politics", in Andrew Hurrell and Ngaire Woods (eds.), *Inequality, Globalization, and World Politics*, Oxford, United Kingdom: Oxford University Press, 1999, p. 53.

can be minimized. There is a need to make it accountable to the contemporary principles of democratic governance.²⁵

This paper by and large agrees with the assertion of globalists' view. Contemporary global economy differs from the 20th century's economy to a great extent. Moreover, it is evident that there is a democratic deficit as the institutions of GEG are yet to fully represent the voice of the world community. This paper acknowledges that the responsibility relies largely on the shoulders of the developing world to become more proactive in the institutions of GEG. For this paper, a working definition is thus set. GEG refers to a set of institutions by which global economic affairs are managed. Additionally, these institutions purport to be multilateral in form and global in scope. IMF, WB and WTO were created to oversee the course and nature of global economic policy over the years. These institutions have been central parts of GEG. Participation of developing countries in these institutions is essential to play a greater role in the GEG. In this respect, the following section evaluates the participation of India and China in the WB, IMF and WTO.

3. Participation of India and China in GEG

For the last one decade, global economic development has been experiencing new issues and so is the case with GEG. In the passage of time, willingness and ability of both India and China to participate in GEG have increased. Increasing economic development of the two has been a contribution to overall global economic development and will be a vital factor for effective GEG. India and China are striving to become important contributors to GEG in terms of reforms, new complementary arrangements and proposals, decision making etc.

3.1 Participation in WB and IMF

WB and IMF are key players in GEG. Initially, they were established to stabilize fixed exchange rates providing conditional monetary support. Basic idea of IMF, providing global public good of financial stability, remains the same today. Specifically, IMF continues to provide a forum for cooperation on international monetary problems, facilitate global trade growth, promote exchange rate stability and an open system of global payments, and lend countries foreign exchange when looked for. In contrast, WB initially was to provide loans to rebuild states. After that, it began financing socio-economic development of developing countries. WB now provides low-interest loans, zero to low-interest credits and grants to developing countries. It touches nearly every sector that is important in fighting poverty, supporting

²⁵ Fred Halliday, "Global Governance: Prospects and Problems", in David Held and Anthony McGrew (eds.), *The Global Transformations Reader: An Introduction to the Globalization Debate*, Cambridge: Polity Press, 2000, pp. 483-485.

economic growth and ensuring sustainable gains in the quality of people's lives. Both IMF and WB also support developing countries through policy advice, research and technical assistance.

Four-fifths of IMF and WB members are developing countries. India was one of 17 countries that prepared the agenda for the Bretton Woods Conference. It was also one of 44 countries which signed the final agreement for establishing WB. Even, the name IBRD was first suggested by India.²⁶ The People's Republic of China (PRC) did not join the IMF and WB until 1980. The Republic of China (ROC) originally joined the IBRD in 1945 and represented China in the two financial institutions. However, PRC replaced ROC position in 1980 as China. The article identifies three indicators: a) participating in the discussion and mitigation of global financial crisis, b) reforming the financial institutions, and 3) providing new ideas and arrangements to analyze the influence of India and China in the WB and IMF.

India and China, with their strong economic growth, are in a position to contribute notably to the discussion and mitigation of the global financial crisis. During the global financial crisis in 2008, India and China in addition with Brazil were called upon to provide emergency backstop lines of credit to IMF. Economic growth in China and India and other developing economies led global recovery after 2009. China pledged US\$ 43 billion and India pledged US\$ 10 billion in 2012 to support to the response of IMF to the European crisis.²⁷ Besides, India and China added their values in different G20 summits. For example, India joined other rising powers in G20 summit for expanding capitalization of multilateral lenders, while China offered several proposals to respond to the crisis, e.g., advancing reforms of global financial institutions, growing representation of the developing countries, improving the international currency system and steadily promoting diversity of global monetary system.²⁸

Since the financial crisis in 2008, rising economies came up with an idea of reforming institutions of GEG. Voting power in IMF is calculated having 50 per cent weight on Gross Domestic Product (GDP) and 30 per cent weight on the openness. Thus, developed countries are over-represented and developing countries are under-represented. Under the BRICS, India and China demanded existing structure of IMF to be more representative. In 2009 and 2010 BRICS summits, India and China urged for

²⁶ Gadde Omprasad, "India and World Bank Relations: an Evaluation of India's Role in the Evolution of the World Bank", *International Journal of Current Research*, Vol. 7, No. 8, 2015, pp.197-198.

²⁷ Jason A. Kirk, "India and International Financial Institutions", in David M. Malone, C. Raja Mohan and Srinath Raghavan (eds.), *The Oxford Handbook of Indian Foreign Policy*, New Delhi: Oxford University Press, 2015, pp. 609-615.

²⁸ Wang Xiaodong, "China's Status and Influence in the Multilateral Trading System", in Scott Kennedy and Shuaihua Cheng (eds.), *From Rule Takers to Rule Makers: The Growing Role of Chinese in Global Governance*, Shanghai, China: Research Center for Chinese Politics & Business, Indiana University International Centre for Trade & Sustainable Development, 2012. pp. 31-40.

greater voting power and quota for developing countries.²⁹ IMF reforms were agreed upon in 2010. In different meetings and forums, China and India repeatedly called for ratification of the reforms. In 2012 BRICS summit, they called global community to expedite 2010 governance and quota reforms before 2012 IMF Annual Meeting. The long-pending reforms came into effect in 2016. India's voting rights increases to 2.6 per cent from 2.3 per cent, and China's to 6 per cent from 3.8.³⁰

WB reform was discussed in the 2009 G20 meeting, where India and China participated actively. There was a long debate on the creation of voting power. Developed countries led by the US demanded voting power based on weight in the global economy as measured by GDP at market exchange rate. Developing states led by India, China and Brazil demanded voting power to be consisted of a country's share in global GDP in terms of Purchasing Power Parity (PPP). There was a consensus that voting power will be as the GDP weighted 60 per cent at market exchange rate and 40 per cent at PPP exchange rate.³¹

Table 1: Share in Voting Power and Quota of India and China in IMF and WB in 2018				
	India		China	
	IMF (%)	WB (%)	IMF (%)	WB (%)
Share in Voting Power	2.64	2.93	6.09	4.45
Share in Quota	2.76	2.44	6.41	4.00

Source: Compiled by authors.

Besides reforming IMF and WB through increasing voting power and quota, an aspect that China and India have demanded is changing criteria of selection process of leaders of the governing bodies of these two institutions. Since their inception, Managing Director of IMF has always been the American and President of WB has been the European. India and China wish for leaders to be chosen based on merit, not on candidate's nationality.³²

The third indicator India and China is practising to deal with IMF and WB is putting new ideas and arrangements into action. Idea of establishing and now functioning of BRICS New Development Bank (NDB) agreeing to a one country one vote governance structure, selecting location of headquarter and agreeing on the presidency is an arrangement to support infrastructure projects and social

²⁹ Raosaheb G Bawaskar, "BRICS: The Voice of Global South in Multilateral Forums", paper presented in the 2nd Global South (ISA) Conference, ISA Global South Caucus (GSCIS) and Singapore Management University, Singapore, 08-10 January 2015.

³⁰ Varghese K George, "India gets more voting rights in IMF reforms", *The Hindu*, 23 September 2016, available at <https://www.thehindu.com/business/India-gets-more-voting-rights-in-IMF-reforms/article14024758.ece>, accessed on 16 September 2018.

³¹ Ibid.

³² Ibid.

development initiatives in developing countries. With initial subscribed capital of US\$ 50 billion and authorized capital of US\$ 100 billion, NDB has begun its journey.³³ Chinese idea of creating Asian Infrastructure Investment Bank (AIIB) is also an arrangement to support building of infrastructure in the Asia-Pacific region.³⁴ These ideas are thought of as long standing resentment of developing nations about conditionality tied with loans provided by WB and IMF, the lack of movement for reforms in the institutions and lack of capacity to handle the financial crisis aroused in 2008. Both ideas are also thought of as complementing the IMF and WB as they have similar scope.

3.2 Participation in WTO

Three indicators show the level of Indian and Chinese intervention in WTO: 1) participation in Dispute Settlement Mechanism (DSM), 2) participation in negotiation process, and 3) blocking negotiation through building coalition until their interests are met.

Both India and China have participated in DSM as a - defendant, respondent and third party. Until 2006, China was involved in four cases as defendant and just one as respondent. Its strategy is to listen and learn and then use the learning to improve negotiating capacity. From 1995 to 2018, it brought 20 cases as complainant and was respondent in 43 cases and participated in 152 cases as third party.³⁵ China has won 66.7 per cent of cases it has initiated before WTO since 1995. As third party, China has been involved in about half of all WTO cases. Such involvement has mainly been in two categories. One is dispute in which China has substantial trade interest and the result of the case will have direct impact on China. The other is where there is no obvious effect on China but the dispute has significance for WTO regime, so that China's interest will be affected indirectly.³⁶ China wishes to resuscitate WTO as its survival is in jeopardy. And so, it seeks to work on WTO reform. Like China, India has participated in DSM. Until 1994, only one panel report was adopted involving India.³⁷ Since then, it brought 24 cases as complainant and was respondent in 25 cases and participated in 136 cases as third party.³⁸

On WTO reform, DSM in particular, China has demanded changes how it works. Being concerned about delays in panel proceedings, technical and

³³ Jason A. Kirk, op. cit.

³⁴ "China says new bank to complement existing institutions", *The Washington Post*, 21 March 2015.

³⁵ World Trade Organization, "India and the WTO", available at https://www.wto.org/english/thewto_e/countries_e/india_e.htm, accessed on 11 October 2018.

³⁶ Jing Gu, John Humphrey and Dirk Messner, "Global Governance and Developing Countries: The Implications of the Rise of China", *World Development*, Vol. 36, No. 2, 2008, pp. 274-292.

³⁷ Humayun Rasheed Khan, "Participation of India in Dispute Settlement System of World Trade Organization", *International Journal of Law and Policy Review*, Vol. 5, No. 1, 2016, pp. 36-58.

³⁸ "World Trade Organization", op. cit.

administrative difficulties faced by developing members, China has proposed specific amendments: a) developed members will be allowed to bring two cases at best to the body of dispute settlement in a year, however, such restriction will not be placed for developing members; b) if a case is filed against a developing member by a developed country and if the case is not supported by proper authority, all costs of the developing member will be paid by the developed member.³⁹ The case of India, indeed its participation regarding DSM has not been as active as China's. But, Indian support to enhance third party rights, e.g., as proposed by developing member Costa Rica, has been evident.⁴⁰ Third party rights include access to all proceedings, hearings and information provided to a panel, and right to intervene in an appeal process.

The 2nd approach how India and China have been active in WTO is participation in negotiation process. Active participation and submitting proposals are two vital ways of participating in the process. India and China have been regular invitees and active members of WTO meetings, including small-group decision-making meetings. For example, India was an active party to the consultations of Group of Six. It made an effort to address a stalemate on agriculture.⁴¹ It is to note that China joined the group and it was renamed as G7 in 2008. Not only through such active participation but also through submitting several proposals in different meetings of WTO, both China and India have been able to have their mark on WTO governance. Statistics show that by July 2008, China made more than 100 submissions to different trade negotiations⁴², while India, particularly at the 7th session of WTO ministerial conference, submitted a set of five proposals.⁴³ Jointly India and China in 2017 submitted a proposal to eliminate the most trade-distorting form of farm subsidies.⁴⁴ On the whole, the submissions and the proposals wished for betterment of global trade community.

Building coalition until interests are met is another indicator to evaluate participation of developing states in WTO. Trade negotiations in WTO are dominated by developed world and so at times in different negotiations participation and opinions of developing states are minimized.⁴⁵ India and China are building coalition as a key

³⁹ Jing Gu, John Humphrey and Dirk Messner, op. cit.

⁴⁰ Faisal A S A Albashar and A F M Maniruzzaman, "Reforming the WTO Dispute Settlement System: A Rethink of the Third Party Right of Access to Panel and Appeal Processes from Developing Countries' Perspectives", *The Journal of World Investment & Trade*, Vol. 11, No. 3, 2010. pp. 313-316.

⁴¹ Amrita Narlikar, "India and World Trade Organisation", in Kanti P. Bajpai and Harsh V. Pant (eds.), *India's Foreign Policy: A Reader*, New Delhi: Oxford University Press, 2013, pp. 415-435.

⁴² Henry Gao, "From the Periphery to the Centre: China's Participation in WTO Negotiations", *China Perspectives*, Vol. 1, 2012, pp. 63-64.

⁴³ Department of Commerce, Ministry of Commerce and Industry, Government of India, "India & World Trade Organization (WTO)", available at https://www.wto.org/english/thewto_e/countries_e/india_e.htm, accessed on 21 October 2018.

⁴⁴ Press Information Bureau, Ministry of Commerce & Industry, Government of India, "Joint Proposal by India & China in WTO on Aggregate Measurement of Support (AMS)", available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=170392>, accessed on 21 October 2018.

⁴⁵ Amrita Bahri, *Public Private Partnership for WTO Dispute Settlement: Enabling Developing Countries*,

way of improving representation in WTO. For instance, “as a leader of G10 in the run-up to the launch of Uruguay Round and as a leader of Like Minded Group in the run-up to Doha Development Agenda, India took efforts to hold up the negotiations”.⁴⁶ Equally, China being a part of G33, praised Indian claim in mini-ministerial meeting held in 2008 that developing states must be allowed for “a list of special products that needs exemption from tariff cuts and a special mechanism that can deal with a surge in particular agricultural imports”.⁴⁷ Also, China joined G20 after its inception and played a vital role. On the other hand, India at the Cancun ministerial conference led low-income states’ coalition and faced EU and US’s pressure.⁴⁸ Table 2 shows some coalitions involving India and China in WTO.

Table 2: Coalitions of India and China in WTO

Coalitions	Membership	Agenda
Like Minded Group 1996	Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Kenya, Malaysia, Pakistan, Sri Lanka, Tanzania, Uganda and Zimbabwe, with Jamaica and Mauritius as observers	Implementation issues, institutional reform and opposition to Singapore issues
Friends of Geographical Indications (1998)	Dominican Republic, Egypt, Honduras, India, Jamaica, Kenya, Pakistan, Sri Lanka and Thailand	Extension of geographical indications to additional products besides wines and spirits, in TRIPS regulation
Core Group on Singapore Issues (2001)	Bangladesh, Cuba, Egypt, Kenya, India, Indonesia, Malaysia, Nigeria, Pakistan, Rwanda, Venezuela, Zambia and Zimbabwe	Emerged in position to the treatment of the four Singapore issues as a single basket
G20 (Cancun, 2003)	Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe	Opening up of the agricultural markets of developed countries.
RAMs (2003)	Albania, Armenia, China, Croatia, Ecuador, FYR Macedonia, Jordan, Kyrgyz Republic, Moldova, Mongolia, Oman, Panama, Saudi Arabia and Chinese Taipei.	To ensure the differential treatment of Recently-Acceded-Members (RAMs) within the Doha Round

Cheltenham: Edward Elgar Publishing Limited, 2018, pp. 13-33.

⁴⁶ Amrita Narlikar, op. cit., p. 422.

⁴⁷ Wang Xiaodong, op. cit., p. 38.

⁴⁸ Henry Gao, op. cit.

Friends of Anti-Dumping Negotiations (2003)	Brazil, Chile, Israel, Japan, Korea, Norway, Switzerland, Chinese Taipei, Thailand and Hong Kong, China	To tighten rules on the application of anti-dumping measures
G-33 (preparations for Cancun, 2003)	Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Botswana, China, Cote d'Ivoire, Congo, Cuba, Dominica, Dominican Republic, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, the Philippines, Saint Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe	Strategic product and special safeguard mechanism for developing countries
NAMA-11 (preparations for Hong Kong, 2005)	Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia and Venezuela	Supports the maintenance of developing country flexibilities with regard to the application of the formula for NAMA tariff reductions, while curbing tariff peaks and escalation in developed countries
Asian Developing Members (2012)	Bahrain, Bangladesh, Brunei Darussalam, Cambodia, China, Hong Kong, India, Indonesia, Jordan, Korea, Kuwait, Kyrgyz Republic, Laos, Macao, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Sri Lanka, Chinese Taipei, Thailand, Turkey, United Arab Emirates, Viet Nam	Agricultural negotiations

Source: Compiled by Authors.

Table 2 is an example of how India and China by forming and maintaining coalitions have influenced WTO negotiations. This is evident from different results of WTO ministerial conferences and negotiations since Seattle, e.g., breakdown of Cancun ministerial conference, conclusion of Hong Kong ministerial conference, deferral of WTO Doha negotiations, etc.⁴⁹

⁴⁹ "Comparative Assessment of Developing Country Participation in the Governance of Global Economic Institutions", Geneva, Switzerland: South Centre, 2006; Charles Grant, *Russia, China and Global Governance*, London: Centre for European Reform, 2012, pp. 72-80.

4. Lessons for Bangladesh

With existing organizational structure of GEG institutions, developed countries' economic power, capability and influence have offered a privilege to rule the institutions. Changing global financial situation, rapid economic growth of India and China, their active participation and practical intervention have forced the institutions to consider different proposals of the two. Bangladesh can learn from the tactics of India and China to broaden its participation in GEG.

Sustained economic growth, qualitative and quantitative growth of external trade are necessary conditions, while negotiating and mitigating global financial crisis, and thereby, increasing participation of developing world in GEG institutions. Bangladesh, by increasing its subscription, submitting viable lone/joint proposal to promote developing states' interest, has to be pro-active while participating and creating pressures on the agenda of developed countries in several negotiations of IMF and WB. Building politico-economic image and increasing representation in organizational arrangement of IMF and WB are critical. Image can be built through ensuring good governance and generating knowledge. If governance system is questioned, Bangladesh cannot expect respect globally. There is a necessity for reformation. If Bangladesh does that, its reputation, credibility and influence will increase in IMF and WB. These institutions will also pay heed to Bangladesh if it generates knowledge. Scholars need to research and write in international journals for enhancing its global image. For increasing representation, a crucial way is to compete for and grab job opportunities in IMF or WB.

India and China has been increasing their influence in WB and IMF by taking the issue of reforming such financial institutions forefront. The larger the import and export scale of an economy, the greater power and the right to speak. Also GDP growth rate plays a vital role. These are material foundations to assess China and India's status in WB and IMF, and have helped the two to increase their quota and voting power, and the level of intervention in the institutions. Increasing economic growth, trade volume and foreign currency reserves to contribute to global economic growth rates and fund fiscal deficits of developed economies are crucial for Bangladesh to increase its quota and voting power and to have a key role in GEG institutions while pushing for reform, and asking for greater representation and finding herself to core stage of WB and IMF.

Bangladesh can intervene in GEG by providing new arrangements and ideas. In different global arena it has provided new ideas, e.g., Global Compacts on Refugee and Migration, and Global Peace Model. Being partner with South Asian states under South Asian Association for Regional Cooperation (SAARC), Bangladesh can propose activating windows (social, economic and infrastructure) of SAARC Development Fund (SDF). Only social window is active, other windows are yet to be opened due to

small capital base. WB estimates that South Asia needs to invest more than two and half trillion to meet its infrastructure gap.⁵⁰ Opening of economic and infrastructure windows will provide new options. The windows need to be functional and can start providing concessional loans. Besides, several financial mechanisms under different regional cooperation initiatives like Bangladesh-Bhutan-India-Nepal (BBIN), Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), etc., can be on board, which will be complementary to WB and IMF.

Intervention in WTO through participating in DSM is a vital mechanism. From 1995 to 2016, Bangladesh as a complainant participated in one case and as a third party it was involved in one case. With small market size and absolute trading stakes it faces poor economies of scale and high cost of mobilizing resources. It is less likely to participate in DSM repeatedly. With low participation rate, it has little incentive to enhance its in-house dispute settlement capacity. It carries high start-up costs to hire foreign lawyers, consultants, purchase information and evidences. High cost of WTO litigation cuts expected benefits coming from removing a trade barrier. These substantiate negligible participation in DSM. For that, Bangladesh may undertake two strategies. First, participation in various cases as a third party with particular litigation strategy; it will help taking legal advice, acquiring legal skill, gathering information, improving ability to handle and participate as a single party. Second, increasing domestic legal expertise to reduce high litigation cost; for that, necessary steps are: providing WTO-focused education and training, making dedicated laws, institutions and procedures to manage WTO disputes, creating in-house monitoring capacity to identify and monitor foreign trade barriers with the help of voluntary sector and local law firms. Bangladesh can set up National Council leading group on WTO affairs. Moreover, it can provide training on WTO-related issues to relevant officials, arrange particular course on WTO at the universities, establish WTO Research Centre, increase participation in WTO DSM, etc. Developing negotiation capacity and inter-ministerial coordination are also important.

As a third party, Bangladesh can be involved in two categories of disputes: one, in which it has trade interest, and the other, in which its stake will be affected in some way. Participation as a third party will enhance influence in some ways. Participation in trails of cases means participation in rule-making as judges have a role in interpreting law during dispute settlement process. Bangladesh can be involved in making and applying WTO rules. Again, participation as a third party will draw attention of others and exhibit Bangladesh's strength and will. It is costly to participate as a third party. Thus, crucial is participating in other bodies, e.g., Special Trade Concern (STC), besides DSM, because it is free of cost.

⁵⁰ "SAARC Development Fund plans to tap markets; become regional bank", *Business Standard*, 03 July 2018, available at https://www.business-standard.com/article/economy-policy/saarc-development-fund-plans-to-tap-markets-become-regional-bank-118070300731_1.html, accessed on 20 Septembr 2018.

Participation in negotiation process is a tool through which Bangladesh can intervene in WTO. It has played active role in Trade-Related Aspect of Intellectual Property Rights (TRIPS), Doha Declaration and succeeding decisions of council of TRIPS which allowed LDCs to have pharmaceutical patents immune from ambit of patentability till 2016. Later, the patent waiver period was extended up to 2033. Bangladesh has also raised issue of granting Duty Free Quota Free (DFQF) arrangement. With evolving multiparty approach, trade negotiation in a wide variety of areas involving a growing number of committees, special negotiating sessions and working groups is now a very technical matter, needs specialized expertise, effective bargaining in negotiation and coherent negotiable position.⁵¹ For Bangladesh, with limited number of officials and limitation in negotiation, it is difficult to participate in several area-based negotiations that occur simultaneously. At times, it hampers quality participation in WTO.

Engaging in the different arrangements of WTO and growing involvement in various coalitions and building new coalitions seem to be important tools to intervene in WTO affairs. Several arrangements within the WTO like Special and Differential Treatments (S&DT) and flexibilities in all the agreements, Aid for Trade and the Enhanced Integrated Framework (EIF) are designed to accommodate interests of the LDCs and recently graduated LDCs to improve their share in global trade and GDP growth. Bangladesh, a member of EIF, can benefit from EIF of WTO as it is the only multilateral partnership dedicated exclusively to assisting LDCs in their use of trade as an engine for growth, sustainable development and poverty reduction. In Bangladesh, EIF is working with the government and the public and private sector to support the country's trade efforts and to enhance export competitiveness. The EIF partnership offers a platform for local officials and development partners to discuss trade, as well as providing a coordination forum to prioritize trade in policy and practices. Moreover, the ministerial conferences are generally held in every two years for having negotiations and taking decisions on issues having immense importance. Hence, in the various discussion of EIF, Bangladesh should put forward strong arguments in order to get meaningful benefits.

In addition, there are different coalitions: larger coalition e.g., African Group, LDCs Group that addresses broad issues, whereas some, e.g., G-20, G-33, Cotton-4 and G-11 focus on a particular issue, i.e., agriculture, and NAMA-11 is to negotiate on non agricultural market access. Bangladesh is a member of several coalitions, e.g., Group of LDCs, Asian Developing Members, G90, Core Group on Trade Facilitation, etc. The country needs to be engaged in other coalitions on trade and monetary affairs like NAMA-11, G20, G33, G11, G24, etc. Bangladesh can also think of building new coalitions,

⁵¹ Mayur Patel, "New Faces in the Green Room: Developing Country Coalitions and Decision-Making in the WTO", paper presented in the Seminar on WTO reform organized by Global Trade Governance Project, South Centre and the Graduate Institute of International Studies and financial support from the Geneva International Academic Network, 26 April 2007.

issue-based or hybrid, to gain its interests. In issue-based coalitions Bangladesh can select one issue and ally with states interested on that issue. When issue is resolved, such coalition will be abolished. Bangladesh can also build hybrid coalition. It will combine features of two different sets of coalitions of the past, e.g., issue-based and bloc-type. To focus on a particular issue, it will often limit membership to a subset of developing states. Careful selection of membership and coherent agenda are key steps to avoid fragmentation of coalitions.

Capacity building to strengthen Bangladesh's mission in Geneva is essential. It is also necessary to set up a separate mission to attend different meetings at WTO concurrently. Capacity building of a larger number of people is vital, as one team of negotiators is responsible for a particular tenure, meanwhile, another team will remain prepared. Such team cannot participate in actual negotiations but they do negotiations related works from the back.

5. Conclusion

The objective of this article was to analyze developing country's participation in the institutions of GEG, e.g., IMF, WB and WTO. Until the 20th century, the role of developed countries in the institutions remained at the center and developing countries at the periphery. Since 2002, developing countries especially, India and China have been more powerful player in GEG due to their rapid economic growth and ability to deal with the problems of global economic crisis. India and China are intervening in the IMF and WB through: a) participating in discussion and mitigation of global financial crisis; b) suggesting different proposals for reforming financial institutions like IMF and WB; and c) providing new ideas and arrangements. In WTO, their interventions are more visible through: a) participation in DSM, b) participation in the negotiation process, and c) blocking negotiations through building coalitions. Tactics of India and China could be the guiding lessons for Bangladesh.

In order to broaden participation in the WB and IMF, Bangladesh needs to: a) increase its subscription, b) submit viable lone/joint proposal, c) create pressure on the agenda of developed country, d) build politico-economic image through good governance and knowledge generation, and e) increase representation at the administrative structure. It is necessary for Bangladesh to accelerate economic growth, trade volume and foreign currency reserves to increase its quota and voting power while pushing for reform and asking for greater representation in WB and IMF. Besides, by activating windows of SDF and initiating financial arrangements under BBIN, BCIM-EC, BIMSTEC, Bangladesh can provide new ideas complementing IMF and WB.

Intervention in WTO through participating in DSM is a vital mechanism. Bangladesh may undertake two strategies: a) participation in various cases as a third

party with particular litigation strategy, and b) increasing domestic legal expertise to reduce high litigation cost. As a third party, Bangladesh can be involved in two categories of disputes: one, in which it has trade interest, and the other, in which its stake will be affected in some way. Participation as a third party will draw attention of others and exhibit Bangladesh's strength. It is costly to participate as a third party. Crucial is participating in other bodies, e.g., STC. Bangladesh can also intervene in WTO through participation in negotiation process. Limited number of officials and limitation in negotiation hamper quality participation in WTO. This needs to be taken care of. To intervene in different WTO negotiations, Bangladesh can increase its involvement in various coalitions and build new coalitions. In addition, Bangladesh needs to enrich its capacity to participate in a wide range of meetings of WTO.

Bangladesh does not feature in the landscape of GEG institutions prominently. Thus, while following the lessons from India and China, Bangladesh needs to keep in mind that along with economic growth and trade volume influence in the institutions of GEG also depends on non-material capacity of the country. Therefore, Bangladesh can and should improve its negotiating, institutional and ideational capacity for better deals in these GEG institutions.