Dr. Abdel Moneim Said

More than 50 years ago, the world community set about devising the institutional building blocks of an orderly social and economic world, largely in response to crises and problems of the first half of the twentieth century which had witnessed two world wars, the great depression, widespread labour strife, and the rise of fascist movements.

The establishment of the United Nations and the retton ! oods "nstitutions thus set markers for a model of multilateral governance for world order with the triumphant oligarchy of the second world war at the driving seat of the new world order and its institutional vehicles.

#owever, the pace of globali$ation in the past decade has had confounding effects on the world and its governing rules and institutions. The rampant restructuring of businesses, the global networking, the rise of international terrorism, the global environment, and problems facing sustainable developed are all pushing issues that surfaced to the world agenda with the advent of the new global civili$ation.

These phenomena, old and new, spell out the urgent need to develop new fora and frameworks to deal with the challenges and ps tw wave of globali$ation entails change of strategies of individuals, nations, corporations, communities, and global governance institutions in order to come to terms with the emerging global system.

"n this conte%t, the need for

the ! orld ank 6 were sub?ect to much criticism in the course of the 3sian crisis, especially by Malaysia whose governing regime re?ected the "M,-s recipe for reform. :rominent academics and economists have also refuted the retton ! oods diagnosis which focused on domestic aspects of the crisis and ignored the systemic influences, e.g. the ineAuitable terms of trade, the intense and volatile capital flows and short term lending, international capital flows, gyrations in e%change rates, turmoil in financial markets, as well as new protectionism in the industriali$ed countries against e%ports of the developing countries.<

The financial crises of the /000s have therefore demonstrated that the emerging global capital market is vulnerable to systemic failure. 3ccordingly, in the depths of the 3sian crisis (around .eptember /001* there were calls by the leaders of the ' roup of .even (' +* to 8reform the global financial architecture9 signaling the world-s most powerful countries rather than coalitions of developing countries recognition of the need to reform global governance.@

esides these financial crises, the more structural crises of underdevelopment persisted throughout the past decades with the few e%ceptions of the newly or new $s

thus becoming couched in interest conflict. The second, however efficient and having operational mechanisms for decision and implementation, are fraught with hegemony of the western industriali$ed countries and especially the U..., whose voting power at the ! , "M,, and '+ altogether amounts to almost one half of the voting power. #ence, the !"s were deliberately designed to give the economically more powerful members a greater voice and vote in those organi$ations. Moreover, the influence of the economically powerful countries was enhanced through a series of fora that were established outside the !"s in which the world-s leading industrial powers were the e%clusive members for financial and economic decision&making, especially in the '+;'1, which maintains a near monopoly over financial and economic decision&making.

The core members of the closed;Elitist groupings, i.e. the '+ and its predecessors, have always been the United .tates, Fapan and 'ermany, the latter being replaced by the 7U, which came to be termed as the 8'<9.[C] This Elitist nature of the '-s composition and decision&making procedures casts doubt on their representativeness of global problems and crises, and their credibility to work on behalf of the whole world, developing and developed. This apprehension proved to be more than a moral stance with the eruption of the financial crises of the /000s as previously stated, which showed the practical vitality of a relatively more inclusive forum for global governance.

"n spite of the attempts of established frameworks, including the '+, to ad?ust to new international developments through the inclusion of Ssl

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,inally, the regional integration fora fail, in turn, to address most of the global economic and financial problems, the worst scoring regional blocs being those formed of developing and least developed countries. "n this conte%t, the Datin 3merican "ntegration 3ssociation (D3"3* established in /0C0 managed to raise intra&regional trade by merely).5G to reach /0.CG along <0 years of regional integration. >ther regional blocs had failed totally to enhance intra&regional trade and cooperation, e.g. 4ustoms and 7cl 77egrr bl @d@

markets and to issue a 8'lobal ,inancial .tability 2eport9 which focused attention on potential sources of international monetary crises, and areas of vulnerability within markets and international financial institutions. The '+ also established two important institutions= the ,inancial .tability ,orum and the ')0.

These various initiatives, though important, have been sub?ect to a number of criticisms. "n spite of the appeal of the idea of an international financial authority that has the power to intervene in the management of national capital markets, this idea runs counter to the concept of national sovereignty. Malaysia-s position towards the prescriptions of the "M, is a good e%ample of this problem.

3lso problematic is the fact that the 8,inancial .tability ,orum9 is mainly consultative in nature, and has limited representation. Membership to the ,., includes ,inance Ministers, 4entral anks and the main financial regulators from the '+ countries in addition to representatives of the various 8Trade Unions9 of 2egulators such as the asel 4ommittee of anking .upervisors, the "nternational >rgani$ation of .ecurities 4ommissions (">.4>* and the "nternational 3ssociation of "nsurance .upervisors ("3".*. .ingapt .

offer models of development within the constraints created by the international economic and financial system against developing countries. Moreover, even though the state has played an important role in the process of economic development in most of these countries and the process of democrati$ation was thereby postponed, it is important to note two things. ,irst, the private sector played an important role in the process of development in these countries. Their development strategies 6 especially in 3sia 6 were outward oriented. The stability of their development strategies was thus dependent on the stability of their e%port sector and continued access to foreign markets. .ec de3si

The ')0 as a response to conte%tual global governance and crises should be designed taking heed of such challenges and how to best address them. "n other words, the new institution should mirror the intricacies and spirit of the current global order, specially pertaining to globali$ation, the new geo&economic agenda, and the necessity to integrate emerging markets and developing countries- agenda into the global governance order. The main proposed features of the ')0 are=

1. ! (ecti%es and Sco$e of the G2)

.o far, the ')0 has shown a narrow orientation with the central role of finance issues and finance ministers. This was evident even during its first meeting in erlin in Hecember /000, where the inaugural meeting laid the roadmap 0scfin broadening the ')0-s agenda will depend, in part, on which country is nominated to chair the group in particular, non& ' + member&states.

3n e%panded agenda of the group should include as a start=

encourage other parties (members and non&members* to undertake similar initiatives when they observe the positive return of trade liberali$ation.

7%periences of non&discriminatory liberali$ation have generally taken one of several forms.[/)] ,irst= open membership, which refers to fle%ible and broad approach towards membership. This approach is based on a theoretical assumption that broad membership leads to better adaptation to legal multilateral frameworks, as well as screening down the discriminatory effect against non&members. Hespite the merits of such an approach, open membership in the broad sense seems less convenient in the ')0 because of previously discussed inefficiency problems associated with open fora.

.econd= unconditional application of the Most ,avoured Nation condition (M,N*. This approach denotes automatic and unconditional spillover of trade and investment liberali$ation privileges within the group to non&members. This approach agrees with the spirit of article ()@* of the '3TT agreement and eliminates the prospects of trade disputes that are usually associated with perceived discrimination. #owever, this approach denies the group its bargaining power with non&members, creating a free&rider phenomenon where non&members automatically and unconditionally get the collective prerogatives of membership without attached responsibilities.

Third= conditional application of the M,N condition, which seems best suited

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This model is based on the necessity and vitality of the role of market mechanisms, and the private sector as the main engine for economic growth within the ')0. "n other words, the ')0 should be based on 8market integration9 as the governing concept of global market integration, in contrast to government&based integration e%periences of the fifties through the eighties, with its mechanism of governmental contractual agreements. The market driven integration model in this conte%t entails the continuity of the government role but restricting it to agenda setting and devising public policies favorable for trade liberali$ation and investment.

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"t is the contention of the current study that the fle%ible institutional model is the best& suited model for the ')0. "nstitutional fle%ibility in this conte%t refers to two aspects, first, a limited hierarchy based on a small secretariat in the form of small bureaus in member statesB second, a non&binding legal framework in contrast to the traditional contractual and binding legal frameworks of earlier multilateral frameworks for cooperation.

"t is noteworthy that the fle%ible institutionalist philosophy evolved as a backlash against the shortcomings of the regional and multilateral integration e%periences in the fifties through the mid&eighties of the twentieth century. These institutional fora have led to the establishment of large bureaucracies demanding vast resources, which proved to be among their main flaws. Moreover, the binding legal frameworks of these multilateral fora, coupled with their very wide scope of interests and ambitions have led anonymously to their failure in attaining its ob?ectives, or at best to their stagnation. ! ithin this rigid institutional framework, i.e. the legal institutionalism, differences among member&states were reflected in the mandates through e%cessive e%ceptions and precautions, leading the institution to be void or idle.

The fle%ible institutional model moreover shows increased merits in the case of the ')0 in particular because of its composition of countries of differential developmental capacities, in terms of their ' H:, population, etc. "n which case institutional fle%ibility would be best&suited to counter apprehensions of the less developed that the group will be domineered by the most powerful.

"t is noteworthy that e%pected future status and 8voice9 within global and regional integration institutions has been one of the key determinants of the success of integration e%periences. 3ccording to Foseph M. ' rieco, successful e%periences of legal institutionalism have been recorded among countries where increased levels of legal institutionalism are not perceived as retracting from the relative status of member countries and their influence within the integration forum, whereas less successful e%periences where symptomatic to e%periences where more institutionalism meant less relative power or status to one or more of the member&states, in which case institutionalism becomes synonymous to hegemony.[/<]

"n the ')0 conte%t, the issue of differential levels of development and;or the fear of hegemony could be moderated intuitionally through fle%ible institutionalism, and its various modus operandi, e.g. the adoption of the variable speed approach, which entails the formulation of general ob?ectives and guidelines for the economic and financial policies of the member&states, while allowing individual members to implement the general strategy in self&designed mechanisms and paces within an agreed upon time limit.

To this effect, the creation of a businessmen-s council that brings together representatives from the private sectors of the member countries and an academic council that brings together representatives from research institutes and

of the ')0. 3t a later stage, the 3cademic Network can conduct research on ways to improve the international economic and financial system.

1. *em ershi$

The decision to establish the ')0 indeed marked the '+-s intent to broaden participation in discussions on international financial affairs among countries whose si$e or strategic importance gives them a particularly crucial role in the global economy.

This is a significant step forward towards better representative global governance. #owever the ')0 contains no representation of the poorest and smallest developing countries, because the poorest and smallest are unlikely to constitute any systemic threat. ut there is a ma?or systemic impetus to incorporate developing countries problems into the architecture of the ')0 not necessarily through direct membership. This could be achieved through the group-s accountability to the broader international community, and other more inclusive fora especially the United Nations 7conomic and .ocial, as well as increasing the transparency of the group-s activities to enhance its credibility through disclosing its discussion papers, documents, and reports publicly.

Moreover, membership to the group should be decided upon ob?ective criteria for membership, through deliberation of a special committee to be established to this effect within the ')0, the committee would put forward the criteria and indicators that render a country a candidate for the group membership.

.uggested criteria could be, achieving considerable economic growth, a certain degree of global integration according to designated indicators, a minimum level of democrati$ation and political openness, an autonomous private sector, as well as eAuitable geographical representation.

"n line with broadening the membership and scope of the ')0 previously suggested, several formulations or 8levels9 of membership could be applied to integrate candidate members or include non&members into the group deliberations. 3mong these are the 8dialogue partner9, or 8guest country9, in addition to the broadening of the membership of the au%iliary councils, i.e. the usiness 4ouncil and the 3cademic Network.

"t is the contention of the current paper that according to all these criteria, 7gypt is a viable candidate for ')0 membership in terms of fulfilling basic reAuirements as well as its representativeness of the Middle 7ast and the 3rab region, which will be discussed in the following and last section.

E&'$t2 The Position and the *ission

'eography as well as history has defined, to a large e%tent, 7gypt-s position in the Middle 7ast and its regional and global reach. .ituated at the south&east corner of the Mediterranean .ea lanes to 7urope, at the crossroads of the three continents of the old world, at the end point of the 2iver Nile, and at the maritime passage to the "ndian >cean and 3sia through the .ue$ 4anal and the 2ed .ea, 7gyptian geographic position has become in the very center of the region and the world, a position no other country in the Middle 7ast could parallel.

>n the other hand, one of the main features of the 7gyptian history is the unbroken unity of the country. 3s 4harles "ssawi stated= 8,rom the time that Menas unified Upper and Dower 7gypt and founded the first dynasty up to the present day the

land was always 6 e%cept for brief periods during the old and middle empires 6 had a single government9. 7gypt, thus, has known the phenomenon of statehood for over five thousand years. Throughout this very long history, 7gypt interacted with the greatest of civili$ations over the Mediterranean, with the Macedonians, 2omans, the ,rench and the ritishB and over the 3frican&3sian land bridge, with the 3ssyrians, abylonians, :ersians, y$antines, 3rabs, and Turks.

The statehood of 7gypt and the unbroken unity of the country made 7gypt a haven for great civili$ations. The ancient :haraonic civili$ation, the 'reek and 2oman [illegible]ns

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The most evident sector of technological infrastructure progress in 7gypt is the communication infrastructure. "n the year /000, 7gypt had 5./ million fi%ed telephone lines. "n the year)00/, Telecom 7gypt was able to raise the number to +./ with a teledensity of /0 lines per /00 inhabitants, reaching a teledensity of /) lines per /00 inhabitants in the year)00).

"n the year)000, 7gypt had +00,000 computers, C50,000 internet users, and).< million cell phone users. "n)00/, the number of :4s doubled to reach /.@ million. y the year)00<, the number of internet users had increased almost @ fold to reach).@ million accounts with more than three users per account, while the number of cell phones increased almost three fold to reach C million by the year)00@.

3lthough these figures are small by world standards, 7gypt has one of the fastest growth rates in these areas. 3nd all the above are supported by an e%traordinary progress in developing 7gypt-s infrastructure which adds up to the diversity of the 7gyptian productive apparatus to make the 7gyptian economy one of the most balanced and best Aualified for take off and sustained growth in the region.

The 7gyptian financial market has also boomed in the /000s and ma?or MN4s are attracted to the 7gyptian market. 7gypt currently manufactures Auality te%tile fashion products on license for ma?or 7uropean businesses such as :ierre 4ardin, ! rangler, Kan #ausen, .tefanel and Naf Naf, and e%port them to ,rance, 'ermany, 7ngland and the United .tates. 3utomobile assembly and spare&part manufacturing resulting from either licensing or ?oint venture agreements has recently flourished in 7gypt. 7%amples of assembly and licensed production in 7gypt are .u$uki, 'eneral Motors, 4itroen, #yundai, Nissan and :eugeot. "nternational brand&name consumer and electronic products are also assembled, and their components manufactured, in

7gypt. 7gypt has also developed industrial e%perience in furniture, pharmaceuticals and steel production.

7gypt-s industrial and mining sectors account for /1.CG of 'H: and /<.@G of employment. >ver the last five years, 7gypt has drawn multinationals into e%ploration for oil and gas. Moreover, with increased private sector role, key industries are starting to flourish, such as metals, petrochemicals, cement, automobiles, te%tiles, consumer electronics, and pharmaceuticals.

Moreover, 7gypt en?oys a remarkable supply of skilled and ine%pensive manpower. "ts large pool of entrepreneurial, scientific and technical elements Aualifies it for meeting the challenges of high&tech sectors and enterprises.

These changes were accompanied by a steady enhancement of the role of the private sector in the 7gyptian economy. .ince the mid&/0+0s the role of businessmen and private business in the 7gyptian economy has constantly e%panded. 7gyptian usinessmen comprise residuals of the pre /05) 8capitalists9, new entrepreneurs, and former state managers. usinessmen hold assets in agriculture, real estate, tourism, car assembly, electronics, and banking. 7stimates conclude that by the year)000, private sector contributed +0G of the 7gyptian economy.[/0]

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usinessmen have moreover, gained representation in a variety of associations

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business profile has been promoted, through heading 5 parliamentary committees of strategic importance, or almost one fifth of all parliamentary committees, namely The 4ommittee for udgeting and :lanning, The 4ommittee for 7conomic 3ffairs, The 4ommittee for !orkforce, The 4ommittee for #ousing, and the 4ommittee for Louth.)0

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the global market makes it a candidate to be a hub of its own for cargo e%changed between 7ast and !! est. "t could also act as a comple% centre linking 7ast and ! est by means of ports, banks, and stockyards, in order to stimulate multi&national companies- investments.

.ince /0+5, much effort has been undertaken to widen and deepen the 4anal but also in developing its linkages to the 7gyptian hinterland, North 3frica, and the rest of the Middle 7ast via .inai, :alestine and "srael through an e%tensive networks of roads and highways. The new :eace 4anal for the irrigation of .inai, which is currently under impl"

7gypt has also been active in the regional sphere in the field of 4"T, 7gypt-s >rascom is especially working a network of communications through 3frica and some 3sian 3rab countries, e.g. .yria and Fordan, and most recently post war "raA.

3gainst this backdrop, 7gypt has been involved in an e%traordinary range of common endeavors with nations of the region and worldwide, preparing its economy to work as a regional hub, and weaving a series of economic networks, the most important of these are the 4>M7.3 free trade $one agreement with 3frican countries, and the signing of the 7gyptian&7uropean :artnership 3greement, in addition to the attempts at revitali$ing the 3rab common market. 7gypt has demonstrated, in the last few years, a capacity to benefit from important developments in the area of establishing regional and trans&regional liberali$ation pro?ects which have looser membership criteria. These new e%periments have raised economic interests above geo&strategic and cultural considerations and have promoted outward and e%port&oriented economipM`tienHp̃sP

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