



Article

The Emergence of International Non-governmental Economic Organizations

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Abstract: The article is devoted to the study of the features of non-governmental economic organizations. In modern world, international organizations are fully-fledged subjects of international relations and international law, actively participating in the resolution of global political, economic, social problems, and cultural life. It is important to note the increasing role of informal international economic institutions, such as the World Economic Forum, the Paris Club and London Club of creditors, the "Group of Seven," the "Group of Twenty," and other parainstitutions that influence the development of cooperation between states. The results of this work can be used in conducting various studies on non-governmental economic organizations activity in international cooperation.

Keywords: non-governmental organization, parainstitution, paris club, london club, consultative meetings of heads of state

1. Introduction

In the modern world, international organizations are full-fledged subjects of international relations and international law, actively participating in addressing global political, economic, social issues, and cultural life. The growing trend in the number of international organizations that influence the intensity and activity of international relations, the decision-making process, and the development of international rules indicates an increasing convergence of laws from various legal systems, as well as an expansion of the functions of states at both global and regional levels.

However, it is also essential to note the increasing role of informal international economic institutions, such as the World Economic Forum (WEF), the Paris and London Clubs of creditors, the Group of Seven (G-7), the Group of Twenty (G-20), the Financial Stability Board, and others. These institutions have been termed "para-organizations." We will now explore the differences between international intergovernmental organizations and non-governmental organizations.

2. Materials and Methods

Para-organizations (from the Greek "para" meaning similar or related) can be intergovernmental or non-governmental. They resemble genuine international organizations, are close to them, and operate parallel to them. Para-organizations are characterized by permanence and regularity of work, often, but not necessarily, tied to a specific location; they have a stable and usually clearly defined composition of participants. However, they differ from international organizations in that they are not

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legally endowed with legal personality (capacity), function with a specific membership, but typically without founding documents, lack a formalized organizational structure, and do not have the right to make legally binding decisions [1].

International para-organizations do not have a permanent headquarters and lack the right to make legally binding decisions [2]. It is evident that precisely due to the flexibility of the forms of cooperation used and the informality of the decisions made, para-organizations are increasingly spreading in the modern world, and the practical significance of their decisions, though non-obligatory, can be quite substantial. Examples include the Group of Eight (G-8), the activities of GATT during the period from 1948 to 1994, as well as various intergovernmental commissions often established based on long-term trade, economic, and other interstate agreements [3].

Let's consider the World Economic Forum (WEF), which is an international non-governmental organization founded in 1971 in Geneva, where the first meeting of leaders from major European companies took place. Until 1987, this organization was known as the "European Management Forum." It later adopted its current name to reflect its expanded scope and transition from a European to a global organization. Every year, at the end of January and the beginning of February, traditional meetings are held at the ski resort of Davos, Switzerland, which is the main event of the WEF.

In the early meetings of the forum, discussions mainly focused on improving the competitive position of Western Europe. However, over time, the topics of these meetings began to broaden. For example, issues related to the scientific and technological progress, the debts of developing countries, and political and economic matters, including public-private partnerships, were also addressed.

It is important to note that the WEF is a membership organization. It includes around 1,000 of the world's largest corporations, typically global enterprises with revenues exceeding 5 billion USD. The WEF annually reviews the composition of forum participants based on their financial status, management quality, and reputation [4].

3. Results

The main goal of the annual meetings in Davos is to discuss the most important political and economic issues in an informal setting. Since the mid-1970s, influential figures from around the world—politicians, business leaders, government members, and scientists—have been invited to these meetings. By the next decade, the forum began to operate as one of the key political and economic events of the year.

Within the forum, there are groups and clubs, such as the "Club of the Largest Entrepreneurs," the "Group of Heads of National Research Organizations," the "Group of Executives from Various Industry Sectors," the "Group of Distinguished Figures in the Arts," and others. The main forms of work include seminars, round tables, and high-level meetings.

Following the WEF, reports are published that address a wide range of global issues, including those related to the economy, environment, education, specific industries, and technologies. Since 1979, reports on global competitiveness have also been published.

In addition to the meetings, regional WEF summits are held in various parts of the world, including North Africa, Southeast Asia, Central and Eastern Europe, and the Middle East.

The "Paris Club" is considered a "paragovernmental organization" that brings together an informal group of official creditors [5]. Its members can only be states. It was established in 1956 when an agreement was reached in Paris to restructure Argentina's debt. Approximately 10 meetings of the "Paris Club" are held annually in Paris. For example, from 1956 to 2014, the "Paris Club" concluded more than 430 debt agreements with 90 debtor countries, totaling over \$583 billion [2].

Observers at the Club-20 meetings include representatives from international organizations (IMF, World Bank, OECD, UNCTAD, etc.), representatives from permanent members of the "Paris Club" who have no claims against the debtor, and representatives from countries not in the "Paris Club" but with claims against the debtor country, provided that the permanent members and the debtor country agree to their presence. This multilateral approach significantly eases administrative and organizational work: the debtor has the opportunity to negotiate with all creditors simultaneously rather than with each one individually. Such an approach also ensures the efficiency of activities.

Although the "Paris Club" does not have a strictly formalized status, meaning it is an informal organization, its activities are based on specific rules and principles [6]. Decisions of the "Paris Club" are made based on consensus among the participants.

The "Paris Club" makes decisions relevant to the situation of each debtor country and negotiates only on the restructuring of its debt obligations. Together with the leadership of that state, it develops an agreement on the restructuring of that state's debt, provided that the debtor country facing economic difficulties is implementing a recovery program under the auspices of the IMF. As a result, there is a chance to reduce the negative balance of the payment balance without reducing the volume of imports.

The "London Club of Creditors" is an informal association of private creditors. It was established to settle the debts of sovereign debtors. The "London Club" is comparable to the "Paris Club" of creditors in its goals and objectives, but unlike the "Paris Club," it is an association of private investors, most often banks. The "London Club" does not have the status of an international organization.

The procedures and organization of the "London Club" are more flexible than those of the "Paris Club." It also does not have a permanent chairperson or secretariat. Therefore, the rules governing the conduct of meetings of the "London Club" vary depending on the country.

The first meeting of the "London Club" regarding the restructuring of Zaire's debt [7] took place in 1976.

Restructuring agreements by commercial banks under the auspices of the "London Club" are based on three main principles:

1. General access: there shall be no discrimination against any creditor when repaying the debt;
2. Equality: all loans are considered on an equal footing, which provides for equal rights to payment and collateral, depending on the actual volume of risk to the bank;
3. Mandatory subscription: in the case of early payments towards debt repayment, their distribution among creditors is conducted on an equal basis [8].

Within the framework of the "London Club," a banking advisory committee is formed to agree on the settlement of each specific debtor's debt. This advisory committee consists only of those banks that hold the largest portion of the debt of the respective country. "The committee is empowered to act on behalf of all creditor banks" [9].

Once the debtor country and the committee finalize an agreement, it must be supported by banks that account for 90-95% of the debtor's outstanding obligations, and only after this procedure can the agreement be officially signed. The committee ceases to exist only after the restructuring agreement is signed.

The history of the formation of the "Group of Eight" (G-8) is also interesting; it began meeting in the mid-1970s to discuss global issues. Initially, informal meetings of the leaders of seven countries were held. In 1998, the President of the Russian Federation, V.V. Putin, was invited to participate, and since then the group transformed into the "Group of Eight," but since 2014 it has been operating in a "Group of Seven" format again [10].

Over the past few decades, the preparation and conduct of G-7 summits have become associated with a wide array of diverse procedures and rules. The agenda of the meetings and the draft decisions are coordinated by special representatives appointed by the heads of state. Within the framework of the quasi-organization, relevant ministers from the participating countries also meet regularly.

The decisions of the "Big Eight" (despite their advisory nature) are taken into account by the IMF, the World Bank, regional banks, and other economic organizations when making decisions related to economic relations with states (for example, regarding lending, economic assistance, debt relief, etc.).

At the beginning of the global financial and economic crisis of 2008–2010, specifically in 2008, a meeting of the heads of the 20 most influential countries in the world, representing all continents and major civilizational centers, was held based on the "Big Eight." To counter the crisis, it was necessary to adopt measures agreed upon by a broader and more representative group of states. Since then, the "G-20" has been operational. At one of its first meetings, it was decided that the G-20 would focus on oversight measures for the international economic system, while the G-8 would deal with political aspects on a global scale [11]. This led to a sort of division of competences between the two quasi-organizations.

An examination of the activities of the "G-20" has shown that it has become an institutional center for monitoring the global economy and financial system, acting as a sort of global "economic government" or "ministry of the world economy." This indicates that the development of the international economic system is accompanied by the emergence of new institutional links and procedures.

Alongside the development of quasi-organizations representing the interests of developed countries, there arose a need to protect the collective interests of developing countries. Their interests are coordinated within the framework of the so-called "Group of 77" [11]. The name "Group of 77" originated in 1964 at the United Nations Conference on Trade and Development (UNCTAD), when 77 developing countries employed coordinated multilateral diplomacy. The group includes almost all developing countries in the world and has three regional subgroups: Asian, African, and Latin American. Today, the group consists of 133 states, representing over 80 percent of the world's population and approximately two-thirds of the member states of the United Nations [12]. The Group of 77 is the second largest international organization in the world after the UN. Over time, it has been led by many countries, including those with rapidly developing economic systems, least developed nations, and small island developing states. The chairmanship of the Group has been held by countries from various parts of the world, including Africa, the Asia-Pacific region, Latin America, and the Caribbean.

In 1967, the first meeting of the member states of the "Group of 77" took place in Algiers. The Algiers Charter [13] adopted at that meeting established that the group would convene at the ministerial level to develop a common position on international economic issues as needed, but necessarily before each UNCTAD session. At that time, coordination groups were also created within the UN Secretariat and at the headquarters of other UN agencies.

The "Group of 77" develops and coordinates the positions of developing countries on the most important issues of international economic relations and global development, preparing draft resolutions and other documents for consideration by the UN and other organizations [14].

4. Discussion

In the 1970s, the "Group of 77" articulated the ideology of the struggle for the establishment of a New International Economic Order (NIEO). On this basis, in 1974, the UN General Assembly adopted the "Declaration on the Establishment of a New

International Economic Order" (NIEO) [15] and the Program of Action for the establishment of the NIEO [16], as well as called for global negotiations within the UN on the most pressing issues of international economic development (which developed Western countries oppose).

Another example of cooperation among Central Asian countries can be highlighted. In recent years, there has been a qualitative shift towards strengthening regional cooperation in Central Asia. A systematic political dialogue has been established among the leaders of the countries in the region, based on the principles of good neighborliness, mutual respect, and equality. This is evidenced by the introduction of a practice of holding regular Consultative Meetings of the Heads of State of Central Asia since 2018.

Another important achievement was the adoption of a Joint Statement [17] by the leaders of Central Asian states following the second Consultative Meeting in November 2019, which can be seen as a kind of development program for the region. It contains consolidated approaches and a common vision of the heads of state regarding the prospects for strengthening regional cooperation [18].

5. Conclusion

Based on the analysis of the role of informal international economic institutions—paragovernmental organizations—that influence multilateral economic regulation of relations between states, it has been established that paragovernmental organizations:

- a. Can be non-governmental or intergovernmental;
- b. Operate in parallel with genuine international organizations, resembling and being closely related to them;
- c. Function on a regular and ongoing basis, but are primarily tied to a specific location;
- d. Lack legal personality (capacity), meaning they do not have the authority to make legally binding decisions;
- e. Are characterized by a clearly defined and stable composition of participants;
- f. Operate without founding documents, but with a specific membership, meaning they do not have a formalized organizational structure.

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