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China seeks to water down key World Bank report

By Robin Harding in Washington

Global challenge: Jim Kim, president of the World Bank, visits a training initiative on the Ivory Coast

China is leading an effort to water down the World Bank's most popular research report in a test of the development institution's new president, Jim Yong Kim.

According to people close to the matter, China wants to eliminate the ranking of countries in the Doing Business report, which compares business regulations – such as the difficulty of starting a company – in 185 different nations.

The row is an example of China's growing assertiveness at international bodies and its increased willingness to challenge liberal economic prescriptions. In this year's Doing Business report, China ranked 91st out of 185 economies with especially low scores for its construction bureaucracy and tax system.

Pushed by China and other critics – including trade unions, international aid charities and some other developing countries – last year Mr Kim set up an independent review of the report chaired by Trevor Manuel, South Africa's planning minister.

But a number of people involved in the process complain that Mr Manuel has appointed two longstanding critics of the report as advisers to the panel, raising doubts about its impartiality.

Peter Bakvis of the International Trade Union Confederation and Jeffrey Owens, former head of tax at the Organisation for Economic Co-operation and Development, have both attended the panel's meetings.

Critics of the report say it makes no sense if fast-growing economies such as China rank low. They also argue that it has a built-in bias towards deregulation and that the World Bank should not be in the business of ranking its members.

Mr Owens confirmed his role in the review but declined to comment further. Mr Bakvis said his main concern is that the report treats any kind of labour rules as a bad thing. “Basically countries that have no labour regulation whatsoever get the best marks,” he said. “The publication does have a deregulating bias which I don’t think can be got rid of without removing the ranking or even the indicators altogether.”

While Mr Manuel declined to comment, the panel posted a statement on its website saying that it has conducted hearings and received some 150 submissions. “Given the constraints of time and resources, this process of public and private engagements must speak for itself about the non-partisan approach taken by the panel in executing its mandate,” Mr Manuel said in the statement.

China’s executive director at the World Bank, Shaolin Yang, did not respond to requests for comment. Last autumn his deputy, Bin Han, said the report “used wrong methodologies, failed to reflect facts, misled readers and added little value to China’s improvement of the business environment”.

Supporters of the report argue that it is objective, throughly researched and spurs reform as countries try to improve their ranking. “If you don’t have the aggregate ranking then you’re going to lose a lot of the immediate contact you have with policy makers,” said Simeon Djankov, the former finance minister of Bulgaria who helped to found the report. “The moment you start saying that we’re afraid to publish this report in this way then what is next?”

The panel expects to report by the end of May. Mr Kim will then have to decide whether to adopt its recommendations. “We will make decisions about the report after we get the review, not before,” said a spokesman for the bank.

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