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Organizational and Legal Models of Chambers

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This is a translated excerpt from *Chamber of Commerce and Industry. Part II: Theory and Practice* by Victor I. Fedotov (published originally in 2004). In Chapter 6, "Organizational and Legal Models of Chambers," the author reviews the advantages and disadvantages of different chamber models, applying them to countries around the world. Chamber models reviewed include the public, Anglo-Saxon, Continental, Asian, and Eurasian models. Translation from Russian by Russian Works.

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Contents

Classification of Organizational and Legal Models of Chambers

The classification of organizational and legal models of chambers of commerce is an important component of the study of the chamber institution. This study of chambers is prompted by the need to identify the most efficient organizational and legal forms that enhance the effectiveness of chambers in fulfilling their mission as organizations supporting the interests of the business community.

The formation of chambers' organizational and legal models follows the laws and traditions of the countries in which the chambers are located, but there are also some general features that set them apart from other nonprofit business associations:

1. Chambers are multisector organizations that accept members without sectoral restrictions.
2. Chambers serve one specific geographic area.
3. Chambers of commerce, chambers of commerce and industry, and other combinations with the word "chamber" are, as a rule, protected by national laws or traditions.
4. Chambers do not pursue political goals (i.e., they do not participate in elections or nominate candidates for political positions), although they do act as a voice for the business community (i.e., they advocate for business and promote legislation that is advantageous to business).
5. Chambers perform public functions in many countries (for example, they register enterprises, provide members with opportunities for business training, validate country of origin certificates, and so on).
6. The chamber system is hierarchical, with local, regional, national, and international branches. Each level of the chamber system corresponds to a level of government.
7. Depending on the presence and content of national legislation on chambers of commerce, their organizational and legal forms vary, providing for mandatory or voluntary membership, or for membership of individual enterprise categories. Chambers' charters may contain restrictions on member admission on the basis of gender, religion, and nationality.

At the same time, there is a broad diversity of administrative and legal models in the world system of chambers, mainly due to the nature and evolution of national legal and political systems, and also due to traditions and cultures.

Model Classification according to H. Rehker

Chambers of Commerce under Public and Private Law,[225] by Helmut Rehker, former general director of the German Regional Chamber of Commerce and Industry (the Cologne Chamber of Commerce and Industry), may be regarded as one of the first publications on the subject. In his opinion, all elements of organizational and legal models fit into the criteria of private and public law. He writes, "The main difference emerges in applying private or public law to the formation and activities of the chamber. Public law prevails in most countries of Continental Europe, where chambers of commerce are public organizations regulated by national law and membership is mandatory for all enterprises of the region. Private law is applied in Great Britain and in other countries influenced by the British tradition as well as in Scandinavian ones. In those countries, the most important factor for establishing a chamber is the willingness and need of the business community to cooperate on a regional level. There are many other differences in the organizational structures and objectives of chambers in each of these key groups."[226]

Chamber performance depends on the quality of the organizational structure, close cooperation among its members and staff, and the business leaders' capacity to provide leadership within the framework of existing government agencies. Rehker believes that the key criterion in determining chambers' performance is staff competence.

Criteria of chambers' organizational and legal system based on private law are the following:

- lack of government normative or legal acts regulating chambers' activities in the country, or the status of nonprofit organizations or associations with voluntary membership;
- representation of entrepreneurs – permanent members of the chamber – from all economic sectors;
- presence of one or more chambers in a single territory; and
- membership fees paid voluntarily.

Criteria of chambers based on public law, according to H. Rehker, include the following:

- the presence of national legislation regulating chambers' activities;
- a procedure of electing governing bodies;
- mandatory membership;
- membership fees established by the authorities;
- delegated public functions; and
- government supervision over the activities of chambers.[227]

As an example, H. Rehker lists the 12 countries where chambers are regulated by private law: Australia, Belgium, Canada, Denmark, Finland, Great Britain, Northern Ireland, New Zealand, Norway, Sweden, Switzerland, and the United States.[228] The six countries where chambers are regulated by public law are Austria, France, Germany, Italy, Luxemburg, and the Netherlands.

Model Classification according to M. Pilgrim and R. Meier

The German authors Markus Pilgrim and Ralf Meier undertook a detailed study of organizational and legal models of chambers.[229] Using the chambers of commerce and industry of France, Germany, Japan, the Philippines, Thailand, and the United States as models, they did a careful analysis of the chambers' organizational and legal structures, identifying their advantages and disadvantages. A key specific feature of the study was the introduction of criteria and definitions of chambers' organizational and legal models.

In the authors' opinion, chambers using private law should be called the Anglo-Saxon model, and those using public law should be called the Continental model, while all others combining elements of both public and private law should be in the mixed model category.[230] The authors state in the commentary that an additional model should be included in the study: "Prior to the economic and political reforms, there was a fourth, public model of chambers in Communist countries, for example, in the form of divisions within Ministries of Foreign Trade, which focused on promoting exports from government-run enterprises. Moreover, chambers of commerce in China and Vietnam are government agencies."[231] Thus, M. Pilgrim and R. Meier note the existence of four organizational and legal models of chambers of commerce and industry. They propose the following characteristics as criteria for classifying organizational and legal models:

For the Anglo-Saxon model

- private law status;
- voluntary membership;
- freedom of association;
- no delegated functions.

For the Continental model

- public law status;
- mandatory membership;
- advisory status vis-à-vis the government;
- regulation of chamber jurisdiction;
- delegation of public functions;
- government supervision over the activities of chambers.[232]

It was noted that the mixed model of chambers does not have any characteristics in addition to those mentioned above. The criteria for evaluating the public model of chambers were not listed except for the fact that they can play the role of government agencies.

The following countries were listed as examples of those using the Anglo-Saxon organizational and legal structure: Argentina, Australia, Canada, the Czech Republic, Chile, Denmark, Estonia, Ghana, Great Britain, India, Northern Ireland, Jamaica, Lithuania, Mozambique, Namibia, Nepal, New Zealand, Norway, Peru, the Philippines, Poland, Sierra Leone, Singapore, South Africa, Sri Lanka , Sweden, Switzerland, the United States, and Venezuela.

Countries using the Continental organizational and legal structure include Algeria, Austria, Côte d'Ivoire, Djibouti, Egypt, Eritrea, France, Germany, Hungary, Italy, Morocco, the Netherlands, Senegal, Slovakia, Slovenia, Spain, and Tunisia.

Those falling into the mixed model category are Brazil, Japan, Mexico, and Thailand. Countries with the public model are China and Vietnam.[233] However, the latest studies indicate that the chambers of Canada, the Philippines, Poland, and Sweden should be reclassified in the Eurasian model, those of Singapore should fall under the Asian model, while Italy's chambers are best explained by the public model.[234]

Maria H. Price, assistant editor of *Economic Reform Today*, wrote (in an article titled "The High Stakes in Choosing a Chamber Model") that the most significant differences between the Anglo-Saxon and the Continental models are to be found in four core elements:

- terms of membership;
- sources of funding;
- volume of services; and
- relations with the government.[235]

Similar to Price, other authors note in subsequent publications the existence of three models of the organizational and legal structure of chambers: the Anglo-Saxon, Continental, and mixed models, which shows that this classification system is firmly established. Meanwhile, later studies demonstrate that the range of organizational and legal models is much broader, their diversity providing an insight into the logic of their evolution over more than 400 years, and even pointing to possible directions of further development.

Additional Classification Parameters

Using the features of public and private law identified above as well as those proposed by Rehker, Price, Pilgrim, and Meier, let us list the characteristics by which chambers' organizational and legal models may be classified. We will also add elements that, in our opinion, are missing.

1. Public or private law status

Public law status is recognized if a regulatory act (a law, a decree, an order, and so on) regulating chamber activity is adopted in the country. In such regulatory acts, the country's legislation on public, commercial, or nonprofit organizations is not taken into account. This legal status enables the government to delegate some public functions to chambers. These functions include registration of enterprises, providing expert advice, overseeing the business education administration, and so on. The government can also encourage entrepreneurs to become chamber members, restrict the right to use the word "chamber," or limit the jurisdiction of chambers to restrict their activities to certain areas.

In some countries, legislation on chambers regulates only local branches, leaving national chambers subject to private law. In these cases, the chamber system of any given country is classified according to the governance of local chambers.

Private law status does not place any restrictions on the organizational structure of chambers and does not add any additional requirements on business owners, which relieves chambers from the obligation to perform public functions. All mandates that regulate the activities of chambers under private law are voluntarily followed by members.

2. The nature of membership in chambers

Membership in chambers governed by private law is voluntary, while membership in those governed by public law is voluntary, mandatory, or mixed. "Mixed" implies that there are provisions in the legislation mandating that certain types of entrepreneurs, in addition to registering with the state, also become members of or register with the chamber, pay established entrance and membership fees, and take part in general meetings.

In analyzing national systems of chambers, it is also important to review the nature of local chambers' membership in regional chambers, as well as of local and regional branches of the national chamber, because various forms of voluntary and mandatory membership are possible.

3. Protection of chambers' names

Protection of chambers' names is an important issue. As a rule, the word "chamber" in the combinations chamber of commerce, chamber of industry, and chamber of commerce and industry is used only by permission of an authorized body. If such protection were provided in all countries, this characteristic could be omitted as a model criterion, but since some countries do not provide for legal protection of the name, we will apply it in assessing different models.

4. Regulation of chambers' jurisdiction

Every chamber needs a clearly defined jurisdiction; this is a common characteristic of chambers in all four models. However, this principle is not fully implemented in all countries. For example, under private law, some chambers may concurrently function in a single area, district, province, state, or even country. The issue of jurisdiction is a very important factor, and can lead to competition or no competition among chambers in an individual territory, and can have an impact on chambers' abilities to represent business interests vis-à-vis the authorities.

5. Public administration and self-governance

A requisite criterion in identifying chamber models is self-governance, which comprises freedom of founding chambers, the right of chamber members to elect governing bodies, and independent decision-making. Obviously, all chambers—as nonprofit organizations—should be self-governed, which is the case in practically all chamber models. However, practical experience shows that government interference in chambers' decision making and the process of electing governing bodies is the norm in some countries. Self-governance is an important indicator that is primarily used to distinguish between the public and the Continental models.

Under the Continental model, governing bodies are elected and decisions are made by chamber' members, while under the public model these issues are resolved with government participation. We demonstrate below that the primary distinction between the public and the Continental models is the existence of government influence over appointing chamber management, or the lack thereof.

6. Delegation of public functions

The delegation of public functions to chambers influences the scope of their activities. Chambers performing public functions are better funded, they have greater reason to maintain daily contact with enterprises, they have higher-level professional staff, and they command greater authority over enterprises. Those not performing such functions must conduct marketing campaigns and provide the services that businesses need.

7. Advisory status

Advisory status is an important criterion in determining an organizational and legal model because it influences entrepreneurs' access to the government. Some chambers enjoy an advisory status, which obligates government agencies to seek a chamber's opinion on draft laws that will affect entrepreneurs or their interests. Others enjoy this right on equal footing with other nonprofit organizations.

8. Sources of funding

All chambers are nonprofit organizations, but many of them are actively engaged in commercial activity, thus enhancing their financial independence. Sustainable funding is a prerequisite for successful work and for hiring top-notch experts. Practical experience shows that different models of chambers are financed in different ways, with some of them using public funds, some being subsidized for performing delegated functions, and others relying solely on membership fees and service-generated revenues. Sources of financing are an important criterion in determining which model best fits a chamber.

9. Hierarchy of chambers

A hierarchal governance structure is one with a prevalence of vertical ties, where the upper levels possess the authority to make chamber-wide decisions, and the lower levels must abide by them. All chambers are, to a varying degree, a part of some hierarchy that provides for interaction at every level. Such a hierarchy may be dependence based, with every local chamber required to be a member of a higher chamber, or it may be independent, with every chamber acting as an autonomous organization. Some countries have just one chamber with branches across an entire territory, and other countries have several national chambers with local and regional chambers joining them voluntarily. Thus, a national system of chambers may be single tiered, two tiered, or three tiered. If there is no national chamber of commerce in the country, those functions are performed by the chamber in the capital city. The presence or absence of subordination or interdependency of chambers in a national system is one of the many criteria in the chamber's organizational system.

10. Government supervision over chamber activity

Government supervision over the activities of all nonprofit organizations means that there are generally accepted norms requiring organizations to notify the government agency tasked with registration of all changes in their charters, the names of newly elected managers, changes of location, as well as financial statements. Chambers in some countries are under total government control, and provide to the government not only financial statements, but also reports on the events that they organize. The degree of a chamber's independence from government supervision is an important factor used to determine its model.

We analyzed these features in chambers of different countries, and identified two distinct groups within the mixed model. They can be differentiated by their membership policies: one group in the mixed system also has mixed membership, i.e., mandatory membership for some enterprise categories and, at the same time, voluntary membership for other categories. The second group has membership that is strictly voluntary for all types of businesses and entrepreneurs. To make a distinction among chambers in the mixed model, two subcategories, based on geographic location, were introduced: the Asian model and the Eurasian model.

The name "Eurasian" was selected for mixed model chambers with voluntary membership because of their prevalence on the Eurasian continent. This model could just as well have been named "Latin American," since many chambers in the Spanish-speaking Latin American countries have characteristics similar to the Eurasian chambers. However, many Latin American chambers have sector specialization—a feature, unacceptable in our view, that positions them closer to sector-specific associations. A group of chambers with mixed membership (voluntary for some enterprise categories and mandatory for others) was named "Asian" due to a wide prevalence of the model in that region.

Thus, five organizational and legal models of chambers will be reviewed: public, Anglo-Saxon, Continental, Asian, and Eurasian.

The names of the organizational and legal models of chambers are proposed within the framework of the traditional terminology, which is based on the terminology applied to the political systems of society, models of local administration, places of models' origins, and their qualification characteristics.

Model analysis should take into account the specifics of national political systems. We believe that Maria Price was correct in writing that the independence of chambers is an important criterion in choosing an optimal legal and organizational model.

In looking at countries with Socialist orientation and predominantly public ownership, it is necessary to take into account the chambers' primary function: to protect the government's interests. In these cases, Pilgrim and Meier were right in noting the existence of a public model. In addition, a national political system may be totalitarian or oligarchic, requiring the chamber to submit to oversight by a representative appointed by the government. In that situation, is it possible to discuss chambers' independence even if independence is declared in their founding documents or appropriate laws of the country? It seems that in such cases we are dealing with some elements of the public model.

The Public Model

A chamber founded on the basis of the public organizational and legal model is a nonprofit organization (or an organization of public administration) acting on the basis of public law for protection of economic interests of the state and supporting commercial organizations.

The public model is one form of organizing the public administration of the economy. In a public model, the government has the prerogative to appoint chamber management, determine budgetary financing of its activities, delegate public functions, and compensate the staff as civil servants. In addition, public model chambers report to and are supervised by the authorities. Moreover, the public model was created primarily to protect public economic interest, not to protect business interests.

Western scholars do not view the public model as an independent organizational and legal system. The only reference to a possible existence of a public model is found in the work of Pilgrim and Meier, who regard such chambers as government agencies.[236] Meanwhile, there are reasons to believe that the public model laid the foundation for the entire institution of chambers of commerce and industry around the world.

It should be also noted that the public model fits into all political systems except for the "liberal democracy based on liberalism in public decision-making" (according to the classification by J. Blondel) with all other political systems using this model. The reason is that many governments want to see chambers of commerce and industry as subordinate and regulated organizations.

Origin

The public organizational and legal model originated in Marseilles, France in 1599. Four merchants were tasked with regulating port trade with a budget of 1,200 écus allocated from the city treasury and amplified by the proceeds from a tax on the cargo processed by the port. The minutes of a 1599 Marseilles City Council meeting read that trade deputies should be "worthy, well-to-do, dignified, and solvent."[237] The term "chambre de commerce" was officially recognized in the entire territory of France in 1650. Chambers were abolished in 1791, after the French Revolution. It was not until Napoleon's rule that chambers were reinstated and were given the legal status as components of government agencies. The public model proliferated in the countries of Continental Europe, the colonies in Africa, the Middle East, and Asia. In fact, the public model existed in France until the end of the nineteenth century (1898), when legislative norms were introduced that allowed chamber members to elect governing bodies and make independent decisions.

The German lands seized by France during the Napoleonic Wars saw the creation of public model chambers as well, but in 1820 chambers enjoying more liberal rights in electing management bodies and decision making started to emerge. Germany became the birthplace of the Continental model. Since 1908, the French chambers have operated under the Continental model as well. Following the example of Germany and France, many countries that had been using the public model converted to the Continental model in the late nineteenth and early twentieth centuries.

Development of the public model of chambers was promoted in the twentieth century by the totalitarian regimes of some countries where obedience to all decisions by the authorities was required (in both oligarchies and communist countries that banned private ownership).

The number of chambers following the public model has diminished since the disintegration of the Soviet Union and the Socialist countries' transition to democracy, as well as due to the political changes that have occurred within totalitarian regimes. In the future, taking into account the process of globalization and the consistent liberalization of the political systems in many formerly totalitarian countries, this model should become obsolete.

Public model chambers currently operate in: Albania (1994), Algeria (2000), Belarus (2003), Cambodia (1995), China (1993), Cuba (1963), Djibouti (2002), Egypt (2000), Iran (1994), Iraq,[238] Italy (1993), the Democratic People's Republic of Korea (2000), Lao People's Democratic Republic (1989), Lebanon (1967), Libya (1997), Mauritania (1969), San Marino (2001), Saudi Arabia (1970), Syria (1959), Vietnam (1997), and Western Sahara (1997).[239]

Characteristics

The public organizational and legal model of chambers has the following characteristics:

- public law status;
- membership nature established by the authorities;
- protection of chambers' names;
- regulated chambers' jurisdiction;
- public administration;
- delegation of public functions;
- advisory status;
- public financing;
- hierarchy of chambers;
- government supervision.

Public law status

Under the public model, public law status may be conferred not only by special legislation on chambers, but also by the political system. When the authorities set up chambers as units of government agencies, they regulate their activities on the basis of general legislative acts on civil service.

In the former Soviet Union, chambers of commerce and industry were created as public organizations with voluntary membership. Taking into account full public financing, voluntary membership provided for in the Charters of Soviet Chambers disguised the totalitarian nature of the political system.[240] The Chamber of Commerce and Industry of Belarus has retained an organizational character closely resembling that of the Soviet chambers. The key factor is that though the chamber is formally a nonprofit organization with voluntary membership, the chamber president is appointed and removed upon approval by the country's Ministry of Foreign Affairs.[241] Thus, all features of public law are demonstrated within the public model.

Membership nature established by the authorities

The nature of membership in public model chambers is not a determining factor. It has a limited impact on chambers' performance, primarily because their mission is to support the economic interests of the government and not those of their members. Since the government fully finances chamber activities, membership under the public model may be voluntary (as, for example, in Belarus, China, the Democratic People's Republic of Korea, and Vietnam), mandatory (as in Cambodia, Egypt, Lebanon, Syria, and Western Sahara, for example), or mixed (where the government recommends certain categories of enterprises become members of the chamber, for example, in Iran and Iraq). At the same time, membership is not required in some countries (for example, Italy) where enterprises do not apply for membership or formalize their relations with the chamber, but simply pay an additional tax that benefits the chamber.

Mandatory membership imposed on entrepreneurs translates into low electoral participation by members. Thus, only 1,500 (3 percent) of 50,000 members of the Cairo Chamber of Commerce (Egypt) vote in elections.[242]

Within the public model, regional and local chambers are required to be full members of the national chamber. The composition of chambers' governing bodies is regulated by the authorities with the participation of the national chamber where other nonprofit and government organizations may be represented.

Protection of chambers' names

Within the public model, protection of chambers' names is not needed in order to secure independence and a monopoly on some types of activities, for the authorities regulate them in keeping with defined objectives. In addition, no one except the government is empowered to set up chambers.

Regulated chambers' jurisdiction

The jurisdiction of a chamber generally coincides with the administrative and territorial division of the country or is divided into administrative districts comprising several towns or cities. National systems of chambers echo the structure of administrative and territorial division.

Public administration

Public administration seems to be the only and most important criterion distinguishing the public organizational and legal model from the Continental model.

Apart from total control, the government has instruments of varying legitimacy to influence formation of the governing bodies practically in all the abovementioned chambers in the public model.

The chambers in China, Cuba, and Vietnam act under the guidance of their respective Communist parties. In Italy, the Minister of Industry, Commerce, and Handicraft is authorized to appoint the chamber president and disband the management board (juna). The Cambodian Ministry of Commerce determines the procedure of board elections, and identifies a list of organizations and associations authorized to offer candidates.

In Lebanon, one-third of the management board (the administrative council) is appointed by the Minister of the National Economy, while the Minister of Commerce appoints one-third of the members of the board of directors of the Federation of Syrian Chambers of Commerce and Trade. The president of the Belarusian Chamber of Commerce and Industry is appointed to and discharged from his or her post on recommendation by the Ministry of Foreign Affairs.[243] There is no need to continue the list, especially considering the nature of the socialist system of chamber management (in China, Cuba, the Democratic People's Republic of Korea, and Vietnam) or in countries with dictatorships (for example, in Iraq under Saddam Hussein). Thus, in determining a chamber's organizational and legal model, the key factor is public interference in the formation of its governing bodies. One may say that even in the countries where this norm is not declared officially but is implemented in practice, chambers operate under the public model.

The practices of public model chambers show that the chair of the management board and the president (general director) of the chamber is the same person. Combining the legislative and executive branches of power in one person contradicts the democratic principle of separation of power. For this reason, one can hardly make references to democratic governance procedures in chambers with the public model.

Delegation of public functions

Performing delegated public functions is the basis of public model chambers' activities. Nearly all such chambers are authorized by their respective governments to organize international trade and support export-import operations. For example, the Chamber of Commerce of Cuba arranges missions to other countries, hosts foreign delegations, runs fairs and exhibitions, and implements support programs designed to promote exports and identify new markets.[244] The laws of Iran require chambers to secure contacts with their counterparts in other countries, run commercial exhibitions in and outside the country (with authorization from the Ministry of Trade), promote Iranian goods in foreign markets, and issue and validate documents of external economic activity in coordination with the Ministry of Trade.[245]

The Government of Vietnam "delegated to the Chamber of Commerce and Industry performance of some public functions designed to develop economic and trade relations with non-government organizations in other countries and those with which Vietnam has no diplomatic relations."[246]

Chambers of commerce and industry register trademarks, industrial samples, and act as experts in validating certificates of origin and other documents of external economic activity. They provide information to enterprises, host foreign business missions, and form delegations going abroad. Some of them are tasked with registering enterprises and maintaining trade registries.[247]

The chambers of Lebanon issue certificates of origin for goods intended for export, authenticate signatures and documents of commercial and industrial enterprises, issue certificates of commercial goodwill to member trade and industrial enterprises, provide information on prices of key goods in the local market, disseminate legal requirements on setting up foreign enterprises in Lebanon, arbitrate commercial disputes, and so on.[248]

Advisory status

This characteristic does not raise any doubts either. It is logical that chambers being, in fact, components of government agencies, do requisite studies and draft proposals on issues related to government interests in the national economy.

Public financing

The key source of financing public model chambers is the government budget. The forms of financing may vary from imposition of a mandatory tax to the benefit of chambers to participation in special government programs. Sources of financing of public model chambers are the following:

- membership dues: 1–5 percent;
- taxes, financing of the delegated public functions, or subsidies: 50–60 percent;
- special programs: 20–30 percent;
- service provision and participation in commercial activity: 5–10 percent.

Chambers with declared voluntary or mandatory membership generate additional revenues by providing member services and collecting membership dues.

Funds coming from government sources and membership dues are tax exempt. Financing public model chambers is a public concern. For example, Paragraph 3, Article 4, of the Law on Chambers of Commerce, Industry, Agriculture, and Handicraft of Italy reads, "The Minister of Industry, Commerce, and Handicraft, jointly with the Minister of Finance, shall establish by decree the norms determining the management of the property and finances of chambers of commerce."

Hierarchy of chambers

An important component of the public model is a hierarchy of relations between national, regional, and local chambers: local chambers are subordinate to the regional chambers, while the latter are subordinate to the national chamber. There is only one national chamber, as a rule.

Depending on the administrative and territorial division of the country, one-, two-, or three-tiered chamber systems are found. The national system of chambers in Italy may serve as an example of a three-tiered chamber. It comprises 103 chambers at the provincial level, 19 regional, and the national chamber—the Union of Chambers of Commerce, Industry, Handicraft, and Agriculture of Italy (Unioncamere). In addition, there are 16 centers abroad and numerous specialized national bureaus.[249] The three-tiered system that existed in the former Soviet Union is still in place in China. For example, the "system of China's General Chamber of Commerce (CGCC) boasts 3,059 chambers at the county level and above, 358 of which are located in the country's major cities covering 95 percent of the administrative regions. About 18,481 chambers function below the county level, i.e., in villages and rural areas, with 461 of them founded in 2001."[250] A two-tiered system is in place in Iran, Iraq, Libya, and Lao PDR, while a one-tiered system is found in Belarus and Cuba.[251]

Government supervision

Reporting to and supervision by the government over chamber activity is an integral part of the public model. This feature is present in both the public and Continental models. In some countries, it is implemented within the framework of the Asian and the Eurasian models (discussed below). At the same time, government supervision of chambers within the public model covers both the selection and appointment of chamber leaders. This is the most significant feature distinguishing the public model from the other models.

Transparency and interagency cooperation are necessary to ensure fair and objective use of government funds. For example, the Government of Iran instituted a special body for managing the national chamber. The Supreme Supervisory Council comprises the Ministers of Commerce, Finance, Industry, Agriculture, and Mines as well as the president (and two vice presidents) of the chamber. The council's status being higher than that of a general member meeting, it defines policy and the strategic direction of the chamber's activity, makes decisions on setting up chambers, and writes regulations governing their activities and closure.[252]

The Chamber of Lebanon is under the supervision of the Ministry of the National Economy,[253] while the Chamber of Belarus is under the supervision of the Ministry of Foreign Affairs.[254] Article 14 of the Law on Chambers of Commerce of Cambodia reads, "Each year, chambers of commerce shall submit a general report on their activities to the Ministry of Trade, which maintains the right to freely disseminate such reports." Article 20 of said law contains an additional requirement: "Within the first six months of each year, chambers of commerce shall submit for approval to the Ministry of Trade a report on the income earned during the preceding year and a draft budget for the next year with the financial statements attached."[255]

Regular reporting to the authorities and supervision over chambers' activities are features of the public model. As such, supervision most often means directly managing chambers of commerce and industry since the authorities view them as a part of the government.

Prevalence

The presence of the public organizational and legal model diminishes with economic liberalization and democratization. Although national chambers depart from the public model as the economy liberalizes and the polity democratizes, sometimes regional and local chambers retain the characteristics of that model.

Asia	Africa	Europe	Americas
Afghanistan	Algeria	Albania	Cuba
Cambodia	Djibouti	Belarus	
China	Egypt	Italy	
Iran	Libya	San Marino	
Iraq	Mauritania		
North Korea	W. Sahara		
Laos			
Lebanon			
Saudi Arabia			
Syria			
Vietnam			

Table 11. Prevalence of the Public Model

The methodology proposed by Pilgrim and Meier attributed public model chambers solely to countries with Socialist orientation. It is true that in Socialist countries (China, Cuba, the Democratic People's Republic of Korea, Lao PDR, Lebanon, Libya, Syria, and Vietnam) continue to adhere to the public organizational and legal model. We should also add the conservative authoritarian countries seeking to propagate a system of social and economic inequality (Afghanistan, Algeria, Djibouti, Iran, and Iraq), countries with emerging political systems, and developing countries with authoritarian regimes (Albania, Belarus, Cambodia, Mauritania, and Western Sahara).

Western scholars maintain that the chambers of Italy should be categorized under the Continental model, noting that the national chamber and the regional chambers operate under private law. But contrary to such arguments, all of Italy's chambers, without exception, are set up pursuant to special legislation providing that chambers play a regulatory role in the country's economy. Describing the specifics of the new version of the Chamber's charter, the document's authors—members of a special commission appointed by the Board of the National Chamber on March 23, 1999—noted, "The chamber's charter is not just an in-house organizational document; rather, it should function as a basic charter for the economic system of the spheres in which the chamber plays a regulatory role."[256]

Also on the borderline between the public and Continental models are the Austrian chambers of commerce, which have practically nonexistent direct membership. An additional tax is levied on all entrepreneurs to support chambers, which perform many public functions (the characteristics of both Continental and public models) but also enjoy relative independence because they elect their own [chamber] leaders and make decisions on their own. Regionally, the public model is most widespread in Africa and Asia (Table 11).

Advantages and Disadvantages

The main conclusion in analyzing the public model of chambers is that it may exist under any political system. The Continental model has inherited many disadvantages of the public model; it differs from the latter only in that chambers' members are free to elect the governing bodies and make independent decisions.

The main advantage of the public model is that the government shows a formal interest in getting a competent opinion on the direction of the country's economic development. Given that few entrepreneurs, as a rule, are inclined to be particularly active in public politics, the public model of chambers may play a positive role in that it makes entrepreneurs analyze public matters and think about public good as it relates to their businesses. A third positive factor may be the potential for timely access to government information, which might enable entrepreneurs to avoid certain risks and force majeure circumstances.

The disadvantages of the public model are obvious (Table 12). A patriarchal system of total surveillance and all-pervasive control over all strata of society—entrepreneurs, in this case—degrades human dignity and decreases one's motivation to do good works for the benefit of government and society. The public model of chambers increases dependence on government officials. A lack of freedom in decision-making, including formation of chambers' governing bodies, turns the entrepreneur into a 'guest in his own house.'

Characteristics	Advantages	Disadvantages
Public law status	Clearly defined rights and obligations vis-à-vis the government and society	Sphere of chamber activity limited by legislation
Membership nature established by the authorities		Reduced incentives for entrepreneurs to engage in active social work
Protection of chambers' names	Prevention of potential abuses of chamber status	
Regulation of chamber jurisdiction	Enhanced responsibility for the status of the assigned territory	
Public administration	Regular contacts with the authorities	Dependence on government, Distortion of a separation-of-powers principle in chamber management
Delegated public functions	Chamber engaged in daily interaction with its members, Providing services	Limited freedom in selecting a mission and which services to provide
Official advisory status	Guaranteed access to the authorities	
Government financing	Sustainable funding	Dependence on the government
Chamber hierarchy or subordination	Vertical distribution of chambers' functions to organize interaction with various government levels	Enhanced role of chambers' hired management Hierarchy: subordination of a lower chamber to a higher chamber
Government supervision		Government interference in chamber affairs

Table 12. Advantages and Disadvantages of the Public Model

The Anglo-Saxon Model

The opposite of the public model and the second model to appear, the Anglo-Saxon model is described in detail in the works by Helmut Rehker (1982), Marcus Pilgrim and Robert Meier (1995), Maria H. Price (1995), Robert Bennett (1996), Ronald Strohmeyer (2000), and others.[257] Differing from ordinary entrepreneur associations and unions by multisector representation and defined territories of activity, this unique and widespread model has excellent prospects for the future.

The Anglo-Saxon model is based on voluntary membership and absence of legislation on chambers of commerce and industry. Chambers do not perform public functions and there are no legal provisions for mandatory payments to support them. There are no statutory provisions related to chambers' names or territories of their activity. All resolutions, including the size of membership fees, are taken on a voluntary basis. Chambers are registered as legal entities on equal grounds with all other societies, unions, and associations.

Thus, we can define a chamber functioning under this model as follows: A chamber created under the Anglo-Saxon organizational and legal model is a nonprofit organization acting under private law, seeking to protect the interests of entrepreneurs and based on voluntary membership.

Origin

The United Kingdom and the United States are the two homelands of the Anglo-Saxon model. England has centuries-old traditions of public movement for free entrepreneurship dating back to Magna Carta of 1215[258] (with some of its provisions still in effect) and the Merchants' Charter of 1303.[259] The spirit of the Anglo-Saxon model was formed by the first entrepreneur colonists in North America. Facing permanent danger and lack of true protection by the authorities, they were forced to seek common ways of defending their interests. The colonists founded the first American chamber in New York in 1768. The first British chamber was founded at the same time. The Americans justly claim that they pioneered the Anglo-Saxon model, especially since the first chamber in Great Britain was based on the public (French) model. The United States is still the leader in this category, with more than 7,000 chambers of the Anglo-Saxon model.

The first British chamber of commerce was founded on the Island of Jersey in the English Channel in 1768. Because of its proximity to France, it initially adopted the French (public) model. It was followed by chambers in Glasgow, Dublin, and Belfast (1783); Edinburgh and Leeds (1785); and Manchester (1794).[260] The General Combination Act,[261] adopted in 1799 allowed entrepreneurs to form unions and associations solely on a voluntary basis.

This tradition was firmly sealed by the free-traders[262] movement that originated in Manchester and became popular in the first half of the nineteenth century after the end of the protracted war with France and the lifting of the economic blockade. By the end of the nineteenth century, Great Britain boasted 86 chambers of commerce, with additional chambers in the colonies. Anglo-Saxon model chambers currently operate in 72 countries.

The Anglo-Saxon model was used in many countries to create commercial, industrial, and sectoral associations, as well as chamber associations and international and bilateral chambers.

Characteristics

The key features of the Anglo-Saxon model are:

- private law status;
- voluntary membership;
- lack of statutory protection of chambers' names;
- freedom to choose the territory of activity;
- self-governance;
- absence of a chamber hierarchy;
- lack of delegated public functions;
- lack of advisory status with the government;
- financial independence of chambers;
- lack of government supervision.

Private law status

Under the Anglo-Saxon model, chambers function on the basis of generally accepted provisions for nonprofit organizations. Moreover, their work should not contradict regional and local legislation. At the same time, entrepreneurs have no obligations with respect to the authorities except for timely payment of taxes. Undoubtedly, the authorities have a vested interest in gauging entrepreneurs' position on individual economic issues, but they are under no obligation to take it into account. This approach fits into the private law status, which grants chambers the right to "seek satisfaction of private and corporate interests and freely express their will in exercising their rights."[263]

Voluntary membership

One of the key system-forming factors of the Anglo-Saxon model is voluntary membership in chambers. This popular norm promotes creation of chambers in different parts of the world. National governments grant tax exemptions on membership fee revenues because they are interested in creating voluntary nonprofit organizations. It is especially important for the Anglo-Saxon model chambers, since they do not get any additional revenues generated by performing delegated public functions.

Taking into account low social activity of private entrepreneurs, voluntary membership leads to the existence of "mini" (in terms of membership) chambers. According to Pilgrim and Meier, small-membership chambers may face three challenges: First, insufficient membership fee revenues will be a major impediment to good performance. Second, they may become dependent on large and powerful members. Third, they will exert limited influence by virtue of representing only a part of the business community.[264]

Small memberships and, consequently, small membership fees revenues necessitate marketing of fee-paying services to cover chambers' financial needs. For this reason, the Anglo-Saxon model chambers typically provide a wide range of services (for a fee) to entrepreneurs with the traditional services offered in the following areas:

- office premises and telecommunications;
- counseling;
- training workshops;
- delegation exchanges;
- promotion of meetings and cooperation with foreign chambers and entrepreneurs;
- administration of fairs and exhibitions;
- publishing, and so on.

They may include health and property insurance, arranging sporting events and travel, car hire, e-commerce, and others, sometimes competing with the chambers' members in the services market.

Voluntary membership gives rise to the issue of the so-called free riders. The staff of voluntary-membership chambers repeatedly asks, "Why can non-member entrepreneurs who have not made any intellectual or financial contribution toward a certain goal, benefit from the chamber's achievements?" Imagine that the municipal authorities decide to build a bridge. The city inhabitants pay for it through taxes paid to the local budget. Both the city inhabitants and tourists use it, although the latter did not contribute to the construction of the bridge.

One more example: The chamber managed to cause reduction of the taxes levied on the city's land use for commercial purposes. Why do nonmember entrepreneurs enjoy this right on an equal footing with chamber's members? In general, is it possible to discuss public issues in terms of private law? This is a rather complicated question that, as yet, has not been resolved, even from the theoretical viewpoint.

Lack of statutory protection of chambers' names

Private law allows everyone to create various associations and chambers of commerce or to participate in the work of the associations or chambers. This may cause many misunderstandings; in some cases, it leads to the erosion of chambers' functions, distortion of their social mission, or confusion of their functions with those of other voluntary entrepreneurial formations. Let us suppose that a group of enterprises registered a chamber of commerce selecting sporting leisure as its mission. The founders, who invested funds in a tennis court construction, spend all their leisure time at the sporting club that is officially called a "chamber of commerce."

Another example: The sole founder jointly with its subsidiaries set up a nonprofit organization called a "chamber of commerce." He transfers a part of his income there, bypassing the tax authorities. Finally, in some situations individuals may use the name "chamber of commerce" to start their own businesses, which is illegal.

Such situations may be prevented only by relevant regulatory acts. The International Chamber of Commerce urged national governments to introduce necessary amendments into legislation and government instructions on registration of legal entities, prohibiting unjustified use of the word "chamber" and combinations with it, for example, "chamber of commerce," "chamber of industry," "chamber of commerce and industry," chamber of economics," "chamber of business," and so on.

Government agencies should assign the right to authorize the use of "chamber" and related word combinations in organizations' names to respective national chambers or cause government registration agencies to consult with them in every individual case on the application of such names.

Freedom to choose the territory of activity creates another problem, because several regional and municipal chambers with identical names may function in one city. In such circumstances, there should be legal restrictions on the use of combinations containing the word "chamber" in the names of such entities and the geographical names identifying their location.

Protection of chambers' names in countries using the Anglo-Saxon model is a major issue still awaiting a legal solution. It is important to prevent various fraudulent or intrigue-prone individuals from cashing in on the institution of chambers. Broad representation of different (preferably all) business sectors in the existing and emerging chambers would have a beneficial effect: They should become true and trusted representatives of the entire business communities of the geographical regions they represent.

Freedom to choose the territory of activity

Founders of an Anglo-Saxon model chamber may choose any region of activity without consulting with the other chambers or the government registration agencies. In doing so, they may disregard the existence of a chamber or a group of chambers in the region, so several chambers may function concurrently in a single city, province, state or an entire country.

For example, several national chambers act on the federal level in India:

- The Federation of Indian Chambers of Commerce and Industry (FCCI) comprises more than 500 regional and local chambers as well as commercial and industrial associations.[265]
- The Associated Chambers of Commerce and Industry of India unites 19 regional chambers of commerce and industry, two associations of commerce, and about 200 large- and medium-sized industrial and commercial companies. It directly and indirectly represents about 5,000 Indian companies and firms.[266]

- The Confederation of Indian Industry comprises 4,150 registered members. It has 23 branches across India and 10 representative offices abroad. There are also others.[267]

Other Asian countries boasting more than one national chamber are Malaysia (with five national chambers), Sri Lanka (with three), and Nepal (with two).

In the Americas, Panama is a case in point, with the Panama Chamber of Commerce, Industry and Agriculture (Cámara de Comercio, Industrias y Agricultura de Panama) and the Federation of Chambers of Commerce and Industry of Panama (Federacion de Camaras de Comercio e Industria de Panama).[268]

In the United States and other countries using the Anglo-Saxon model, local, regional, and national chambers may compete for new members. For example, Atlanta (Georgia) boasts a city chamber, a county chamber, and a regional chamber, as well as an office of the national chamber: All these chambers attract new members.

Undoubtedly, each chamber offers its unique package of services to entrepreneurs. This may be viewed as an advantage assuming that members of their management boards (boards of directors) and the staff are competent in various fields facilitating implementation of chambers' various objectives. In short, it is a matter of competency, but not of competition.

Some scholars believe that freedom to choose the territory is a democratic achievement, since it creates a competitive environment in providing protection and services. It is a disputable point that may be countered by a proposal to have several competing municipal authorities or several governments in a single country. Or imagine an entrepreneur who, due to his high authority, is elected to the management boards (boards of directors) of several chambers in a single territory. With whom should he compete? With himself?

It is not entrepreneurs, but rather the chambers' hired staff that need such competition. The mission of all chambers in the world is to represent interests of entrepreneurs in their respective regions and to promote their economic development. Everybody should join forces to achieve this: entrepreneurs, chambers, and government organizations.

To substantiate these arguments, I should like to refer the reader to the session of February 12, 2001 at the Standing Legislative Commission of the Parliament of Scotland, where these issues were debated and competition among chambers criticized.[269]

As mentioned above, the world is witnessing a convergence of legal norms and principles as well as interweaving of public and private law. Maybe it is time for countries with the Anglo-Saxon model to adopt legal norms (such as in Scotland) that prevent artificial competition among chambers of commerce.

Self-governance

An important advantage of the Anglo-Saxon model chambers is their independence from the authorities. Under private law, entrepreneurs may create their representative organizations, formulate and adopt all charter provisions, elect governing bodies, establish membership fees, develop and implement their internal programs and events, and make decisions regarding the chamber's closure. Resolutions are made at general member meetings according to the one member/one vote principle, with all responsibility for adopted decisions borne by the chamber as a legal entity.

Elected bodies normally include a president, a management board (board of directors), a treasurer, and an audit commission. Chambers that can afford hired personnel set up an executive directorate headed by the president or a general (executive) director appointed by the board of directors.

A separation of powers principle is a characteristic feature of the Anglo-Saxon model with the chair of the management board (the board of directors) and the president (General director) being two different people. The separation of powers principle is widely used by joint stock companies.

Absence of a chamber hierarchy

An entrepreneur—a local chamber's member—is not a member of the regional or the national chamber; in order to join those larger chambers, he needs to apply, which is inconvenient. An advantage and a reason for the longevity of many chambers of commerce and industry in the world is their optimal organizational hierarchy matching the hierarchy within the political system. This match has always helped to manage effectively the relations between entrepreneurs and the authorities: By joining a local chamber, the entrepreneur becomes a member of the regional and the national chambers. This enabled him to quickly resolve issues at all levels of authorities without complicating his life by additional procedures of joining new chambers.

The Anglo-Saxon chamber system does not have a strict internal hierarchy with a lower chamber acting on recommendations and resolutions of a higher chamber. Because each chamber is autonomous and independent, a local chamber, on an equal footing with its members, may voluntarily join a regional or a national chamber on a one legal entity/one vote basis. It may act on recommendations of the regional chamber if its governing bodies endorse those recommendations.

Lack of a hierarchy in the national chamber system aggravates a search for optimal ways to resolve legal disputes. If a municipal chamber is not a member of the regional or the national chamber, bringing a dispute to the attention of higher-level chambers will be more challenging. A lack of due hierarchy leads to "creativity" in drafting charters and internal regulatory and legal documents, eroding the methodological base, preventing a uniform document turnover and, eventually, diffusing the specifics of chambers' work.

All industrial countries using the Anglo-Saxon model have only one national chamber (for example, Australia, Belgium, Denmark, Norway, Switzerland, the United Kingdom, and the United States) with the status of an umbrella (uniting) organization. Several national chambers are a characteristic of developing countries (for example, India, Malaysia, Nepal, Panama, and Sri Lanka).

Freedom to create associations and choose territory of activity may lead to an unpredictable growth of small-sized chambers in one region and a complete lack of such chambers in another region. A growing number of small-sized chambers will not result in better services to entrepreneurs because of their insufficient funds and low qualifications of salaried personnel. A lack of chambers in certain regions may mean that there are not enough socially active entrepreneurs, but there may nevertheless be no lack of topical issues to be resolved by corporate community efforts.

We have mentioned countries that have several national chambers due to private law and the Anglo-Saxon chamber model. We believe that a multisectoral membership in chambers is an advantage, allowing such chambers to communicate to the authorities a decision found through a compromise by chambers' members representing all economic sectors. Nevertheless, is it easy for several national chambers to arrive at a compromise before they come up with a proposal to the government?

Lack of delegated public functions

The fact that chambers in the Anglo-Saxon model do not have public functions is a disadvantage rather than an advantage. They lose an important source of revenue that could enable them to replenish the budget, hire top-notch professionals, expand the range of their activities, gain better insight into the everyday problems facing their members, and, most importantly, get in closer touch with members through performing delegated functions

Meanwhile, analysis shows that chambers in many countries using the Anglo-Saxon model have de facto assumed some public functions. Thus, the chambers in India, Northern Ireland, Kenya, Panama, Papua New Guinea, Switzerland, Tanzania, the United Kingdom, Uruguay, and other countries have for many years validated certificates of origin of goods, which is a job traditionally done by chambers of commerce and industry. Many of them issue a document for temporary duty free import of commodity samples and equipment (ATA Carnet). Some have launched a new service—validation of e-signature.

Chambers in Indian ports (for example, the Indian Chamber of Commerce and Industry, Cochin) certify cargo measurements and check the quality of tea, coffee, nuts, and other commodities, with such work generating substantial revenues for the chamber.[270] The mere fact of delegating performance of public functions to chambers demonstrates incorporation of some public law elements into the Anglo-Saxon chamber model.

Lack of advisory status with the government

The key mission of chambers with respect to powerful organizations is to provide advice to the local, regional, and national governments on topical issues of economic development in which civil servants are not highly competent, as a rule. This was the root cause for creating the first chambers in the world. The French chambers of commerce and industry are still called consular organizations (*corps consulaires*).[271] All national governments need competent advice. So, it is was not by chance that "the President of the United States proposed in 1912 to create a national chamber of commerce which was later called the United States Chamber of Commerce.[272]

The Anglo-Saxon model chambers do not have such commitments to the authorities, though they are not barred from providing counseling. On the contrary, provision of advisory services to the powerful organizations is proliferating among the Anglo-Saxon model chambers, driven by the need to advocate for their members' interests and establish closer contacts with government entities. Chambers will not be prevented from submitting their proposals on economic development, but will such proposals be accepted? Moreover, with legal obligations lacking, the authorities solicit chamber opinion on their own initiative.

Advisory status enjoyed by the Continental model chambers does not confer any special advantages. M. Price maintains "that the United States Chamber of Commerce, for example, does much more defending its members' interests with the executive and representative bodies."[273]

Financial independence of chambers

Sources of financing of Anglo-Saxon model chambers are primarily membership fees and enterprise sponsorship. This model offering the broadest economic freedom compared with the other models enables chambers to promote their members' policies and publicly criticize all violations of entrepreneurial rights.

Financial independence has drawbacks, one of which is modest revenues generated by membership fees, due to small membership. Voluntary membership does not promote creation of thousand-strong organizations; local and regional chambers boast from 50 to 300 members, representing mainly small businesses employing no more than 50 persons. Small membership is, perhaps, one of the model's key deficiencies. Chambers identify new services of potential interest to their members by searching for new sources of financing.

Subnational chambers in the United Kingdom, the United States, and other countries derive revenues from three main sources: voluntary membership fees, services provided to their members, and by members participating in different chamber programs, with the latter being the main revenue source, in some cases. For example, membership fees account for up to 40 percent of total revenues of most U.S. chambers. Funds received as membership fees and donations are tax exempt, while businesses do not pay taxes on their membership fees.

The Anglo-Saxon model chambers do not receive any government subsidies as a rule, though some are financed by government foundations, mainly through partnership programs implementing various economic development initiatives as well as travel, conference administration, and educational projects.

The breakdown of funding sources of the Anglo-Saxon model chambers is the following:

- membership fees: 10–40 percent
- special programs:—40–50 percent
- service provision and commercial activity: 5–10 percent
- charity: 5–10 percent

Chambers in some countries using the Anglo-Saxon model perform delegated public functions, thus strengthening their financial position. For example, revenues of Uruguay chambers can be broken down in the following fashion:

- membership fees: 56 percent
- validation of certificates of origin: 30 percent
- business education: 6 percent
- information services: 4 percent
- publications: 2 percent
- licensing: 2 percent[274]

Fulfillment of delegated public functions by Anglo-Saxon model chambers exemplifies convergence of the best features of the public and Continental models.

Lack of government supervision

Lack of legislation on chambers and delegated functions (in many cases) relieve the chambers' management and executive personnel from the need to report to the government. Government supervision and reporting are done only in the framework of generally accepted procedures applied to nonprofit organizations.

Prevalence

The Anglo-Saxon model proliferated in the former colonial territories governed by Great Britain at different periods (i.e., in North America, Africa, India, the Middle East, and Southeast Asia) as well as in some countries of Latin America, Europe, and Asia. The Anglo-Saxon model chambers' most active development occurred in the period of national self-determination of the former colonies and emergence of independent nations.

Seventy two countries use this model today. After the disintegration of the Socialist system, some former Soviet republics (Azerbaijan, Estonia, Kazakhstan, Latvia, and Uzbekistan) as well as Bulgaria created chambers under the Anglo-Saxon model. Table 13 provides detailed information on the model's prevalence by the beginning of the twenty-first century.

Oceana	Asia	Africa	Europe	Americas
Australia	Azerbaijan	Botswana	Belgium	Argentina
Fiji	Brunei	Burundi	Bulgaria	Antigua *and* Barbuda
Guam	India	Eq. Guinea	Denmark	Bahamas
Kiribati	Israel	Gabon	Estonia	Barbados
Marshall Isl.	Kazakhstan	Gambia	Great Britain	Belize
Micronesia	Malaysia	Guinea	N. Ireland	Chile
New Zealand	Maldives	Guinea-Bissau	Iceland	Dominica
Palau	Sri Lanka	Lesotho	Latvia	Grenada
Papua New Guinea	Uzbekistan	Liberia	Liechtenstein	Guyana
Solomon Isl.		Mauritius	Malta	Jamaica
Tonga		Malawi	Monaco	St. Kitts *and* Nevis
Tuvalu		Mozambique	Norway	St. Lucia
W. Samoa		Nigeria	Switzerland	St. Vincent *and the* Grenadines
		Rwanda		Trinidad *and* Tobago
		Saõ Tomé *and* Principe		United States
		Seychelles		Venezuela
		Swaziland		
		Somalia		
		Sierra Leone		
		South Africa		
		Tanzania		
		Zambia		
		Zimbabwe		

Table 13. Prevalence of the Anglo-Saxon Model

Advantages and Disadvantages

The Anglo-Saxon model, which appeared second, after the public model, is its exact opposite. It is customary to draw a distinction between private and public law, and similar distinctions exist between the Anglo-Saxon and the public chamber models that can be identified in their respective missions: Anglo-Saxon model chambers are set up to protect private, corporate interests, while public model chambers are set up more to pursue economic interests of the government.

The Anglo-Saxon model chambers are in many ways similar to various associations and unions, differing only in three aspects: the name, a multisectoral nature of entrepreneurial presentation, and the fact that it acts in a defined territory. In addition, chambers' activities are generally geared toward promoting international trade and developing economic relations with other countries. In all other aspects, their activities are similar.

Local and regional chambers focus on initiatives designed to protect business. Small membership is a key challenge facing the Anglo-Saxon model chambers with entrepreneurs unwilling to pay for a collective product. Mancur Olson mentioned this in his book, The Logic of Collective Action: Public Goods and the Theory of Groups. He wrote, "Latent groups [large groups including chambers—author's note] lack adequate motivation to act towards securing a collective benefit, since none of the individuals comprising it is willing to bear a part of costs of collective securing of this benefit. Many people want to live in peace but there is no lobby to promote their interests and counter the 'special interests' of those who will benefit from war."[275]

Lack of advisory status vis-à-vis the government is an impediment to chambers' performances, putting them in a position of conventional nonprofit organizations. The most typical advantages and disadvantages of the Anglo-Saxon model chambers are presented in Table 14.

Characteristics	Advantages	Disadvantages
Private law status	Independence Freedom to set up chambers	Targeting only private and corporate interests without taking into account the interests of entire society
Voluntary membership	Freedom of business in selecting ways to protect its interests	Small membership, Free riders
No legal protection of chamber names		Weaker role of chambers in society
Freedom to choose territory of activity		Artificial competition in representing entrepreneur interests
Self-governance and free elections of management	Enhanced role of elected bodies, Freedom in selecting a mission and services to provide	
Separation of representative and executive functions	Democratic principles of power separation	
No delegated public functions	No government interference	No steady revenues generated by delegated functions
No advisory status		Weaker role of chambers in politics and lower authority among entrepreneurs
Financial independence	Performance of services solely in the interests of its members	Limited membership fee revenues, the need to search for services to be provided to improve financial position
No hierarchy or a single national chamber		No hierarchy in distribution of chambers' functions by levels of government, Inconvenience for enterprises due to need to be members of several chambers simultaneously
No government supervision	No government interference	

Table 14. Advantages and Disadvantages of the Anglo-Saxon Model

The Continental Model

A chamber of commerce and industry formed on the basis of the Continental model is a nonprofit entrepreneurial organization under public law created on the basis of national legislation, and providing for mandatory membership of all economic subjects, protection of the name and territory of activity, and designed to protect economic interests of the government and support of entrepreneurs.

Origin

Germany may be considered the birthplace of the Continental model. As soon as the German lands were freed from Napoleonic influence, chambers based on self-governance started to emerge. There were chambers with voluntary and mandatory membership in the nineteenth century. The first document regulating chambers' organization in Prussia was the 1848 King's Order providing that all firms on the Trade Register were entitled to elect members of the chamber of commerce.

The merchants and industrialists in the German lands were brought up on the medieval traditions of the freedom-loving German Hansa. The German cities of Bremen, Hamburg, Lubeck, and others retained these traditions, so already in the first half of the nineteenth century, when they were creating chambers of commerce, they stood up for voluntary membership and the right to self-governance. Thus, the Lubeck Chamber of Commerce, established in 1855, had introduced a provision on voluntary membership in its charter by 1868. In those days, the chamber was self-financed, it did not receive any subsidies from the authorities, and covered all its by entrance membership fees and the revenues generated by the enterprises it owned. There were no annual membership fees.

A corporation of marine traders (Der Ehrbara Kaufmann) operating in Hamburg since 1665, was renamed the chambre de commerce for the period of the Napoleonic invasion, and was eventually called a chamber of commerce in 1863. It even had some political rights, with 40 of its members being deputies to the city parliament.

A voluntary Federation of Prussian Chamber of Commerce was founded in 1860 at the initiative of the Baden Chambers of Commerce. Appointing chambers' management was an exception rather than a rule, and never became a tradition or a norm in German chambers. This is why one can claim that the prototype of chambers using the Continental model was born in Germany.[276]

Many authors believe that France is the birthplace of the Continental model, but it is not the case, for this country is the birthplace of the public model. Here are some facts: Election right of French chambers' members was for the first time proclaimed in 1872, but it never became a general rule. This is borne out by Pierre Puaux's studies: "Decree of January 22, 1872 extends the Law of December 21, 1871 on Commercial Courts to apply to chambers of commerce. Thus, it is not the prefect who is tasked with compiling an electoral roll, but a decentralized commission comprising individuals representing the commercial court, the chamber of commerce, the general council and the municipality… One might think that a decisive step has been taken, but in fact this applies only to a list of honorary chamber members representing, according to the texts, no more than one tenth of all those paying the commercial-industrial tax."[277]

Article 4 of the Law on Organizing Chambers of Commerce enacted in France in 1898 reads, "Along with elected members, chambers of commerce and industry will include associated ones who will participate in discussions with a decisive vote. They may not outnumber the elected members and they are appointed in each new chamber."[278] Appointed members managed chambers until the reform introduced by the law of February 19, 1908, providing for a true general right to elect managers. The first paragraph of the law on chambers' management introducing prefects, expressly provided for the management of chambers by groups of privileged individuals: "Since a system of "Honorary Merchants [This is a reference to the Decree of January 22, 1872—author's note] could bring substantial benefits, it is fair to admit that it is no longer related to our political principles, but a concept increasingly allowing that legitimate representation of commerce and industry, in order to enjoy full powers, shall not be done by a group of privileged individuals, but an entirety of all interested parties."[279]

Thus, it is precisely the 1908 reform that launched the period of France's transition to the Continental model. Today, 49 countries follow that model.

Characteristics

The features of the Continental model chambers are to a great extent similar to those of the public model. The major differences lie in the election or appointing of the chamber's governing bodies. In the public model, the appointment or election of governing bodies is conducted with the participation of the government officials. However, in the Continental model, the chamber members elect the governing bodies directly. The key features of the Continental model are the following:

- public law status;
- mandatory membership;
- protection of chambers' names;
- regulation of the activity territory;
- limited self-governance;
- delegated public functions;
- advisory status with the government;
- guaranteed financing;
- hierarchy of chambers;
- government supervision.

Public law status

The Continental model chambers function according to a special law detailing their rights and obligations, composition and categories of members, the ways to organize elections of the governing bodies, and systems of chambers' management. The French chambers enjoy the rights of legal entities and have a certain administrative independence; they own public property, and their rights to the property cannot be violated or alienated (unless there is a special government resolution); court judgments cannot be forcibly executed against them (the sale of property to cover debts or seizure of property); their funds are of a public nature; and elected chamber deputies are endowed with the powers of public servants.

Mandatory membership

Mandatory membership in the Continental model grants a voter status and the right to be elected as a chamber member. Thus, individuals (company representatives) elected for a certain term by all voters (i.e., enterprises on the register) in the territory of the chamber's activity are considered to be its members.

The voter status obligates all enterprises to vote in elections and gives them the right to be chosen as chamber members, thus engaging all business sectors in elaborating a corporate position with respect to the government's economic policy.

For example, in France the number of members in each chamber is approved by a ministerial resolution and varies from 24 to 64 persons, depending on the number of voters (from 24 to 36 for fewer than 30,000 voters, and from 38 to 64 for larger

Category	1973–82	1985	1988	1991	1994
Industry	2,019 (46.97%)	2,019 (46.24%)	2,013 (45.38%)	2,000 (44.56%)	1,982 (43.60%)
Commerce	1,555 (36.18%)	1,572 (36.01%)	1,580 (35.62%)	1,589 (35.41%)	1,559 (34.29%)
Services	724 (16.85%)	775 (17.75%)	843 (19.00%)	899 (20.03%)	1,005 (22.11%)
Total	*4,298 (100%)*	*4,366 (100%)*	*4,436 (100%)*	*4,488 (100%)*	*4,546 (100%)*

Table 15. Breakdown of Members of French Chambers of Commerce by Vocational Categories

numbers of voters). So, the total is 4,546 seats (the 1994 elections)[280] allocated among three vocational categories: commerce, industry, and services.

The number of consular (nonvoting) delegates varies from 60 to 600 delegates per district, totaling 20,000. Businesswomen were given voting rights as early as 1908, and gained the right to run for office in 1923. Inclusion in the voter lists has been based, since 1924, on entries in the trade register, but not the commercial and industrial tax.

Table 15 gives a breakdown by vocational categories in the French chambers of commerce and industry from 1973 to 1994.[281]

Mandatory membership guarantees chambers' independence. First, there is no need to maintain a unit attracting new members to replenish the budget. Second, they can make challenging decisions infringing upon the rights of individual enterprises without fearing to lose member enterprises objecting to such resolutions. Third, a tax or a statutory membership fee guaranteed by law enhances their independence from the government. Adequate financing enables chambers to hire highly professional staff and provide needed information and counseling.

There is a general trend toward liberalizing the organizational and legal models in favor of voluntary membership, although some countries retain or introduce mandatory membership. Thus, as a result of transition to a mandatory membership in 1978, the number of members in the Asmara Chamber of Commerce (Eritrea) had shot up from 500 to about 7,200 by 1989.[282]

After the collapse of the Soviet Union, Albania, Bosnia and Herzegovina, Croatia, (East) Germany, Slovenia, Slovakia, and Serbia and Montenegro changed to the Continental model. Hungary, drawing on its experience of mandatory membership in 1850–1948, made an attempt to reinstate it in 1993. However, the business owners blocked the process by refusing to register, and the Ministry of Finance failed to provide chambers with requisite property and funding as envisaged by law.[283] All this led to the reversal of mandatory membership on November 1, 2000.[284] Attempts to change to mandatory membership in Poland have also failed, primarily due to the resistance from business.[285]

Regional and local chambers in the Continental model are, as a rule, required to be full members of the national chamber, which may comprise representatives of other nonprofit and public organizations.

A distinguishing feature of the Continental model is the sectoral nature of membership with many countries having sector-specific chambers: commerce and industry, agriculture, and handicrafts. Enterprises of all economic sectors are members of a single chamber in each country in the Middle East.

Protection of chambers' names

No one is permitted to use the word or combinations containing "chamber." Examples are "chamber of commerce," "chamber of industry," "chamber of commerce and industry," and so on, in the names of other organizations.

Regulation of the activity territory

Laws on chambers establish the territory of the chamber's activity to be changed only with authorization of the ministry in charge of chamber work and formalized as a government resolution.

Limited self-governance

Unlike the public model, Continental model chambers enjoy relative independence and the rights of self-governed organizations to elect governing bodies, and to make decisions on current activities and internal organization. At the same time, government influence on chambers' activity is a determining factor. There were protracted debates in France, for example, on the status of chambers of commerce and industry in terms of their self-governance that resulted in the conclusion of June 6, 1992, disseminated by the senate, confirming that they should be deemed organizations "attached to the Government."[286]

Continental model chambers typically have elected governing bodies, therefore they may be considered public institutions managed by chambers' members not appointed unilaterally by government bodies but elected by their colleagues through general voting. Since members are also elected by general voting, the chamber's internal bodies (the board of directors, bureaus, and commissions) are set up on the basis of elections to allow the entire organizational pyramid to be based on an election system.

However, the government normally reserves the right to delegate its nonvoting representatives, who can significantly influence election results, to the chambers' governing bodies. These regulations are part of legislation on chambers.

National legislation may provide for an opportunity to set up sectoral chambers, for example, those of commerce and industry, agriculture, or handicrafts. However, there is no such differentiation in the countries of the Middle East, where all sectors are united in a single chamber.

Delegated public functions

Delegated public functions form a large part of Continental model chambers' efforts. Free from the need to attract new members, they focus on creating a service infrastructure to meet everyday needs of the region's enterprises. Chambers' functions, varying from country to country, are contingent on resource availability, while the scope of their activities is strictly regulated and includes the following:

- advisory services;
- technical assistance;
- promotion and dissemination of advanced technologies;
- education (mainly vocational);
- economic information;
- expert evaluation (sometimes commercial arbitration);
- formalization of documents related to international trade; and
- validation of e-signature.

Vocational training is an important component of chambers' efforts. The German Government, which delegated this function, subsidizes construction and equipment purchase for training centers, paying 30 percent of the training costs per trainee. Over 50 percent of the costs are borne by the private sector. More than 300,000 students are annually trained at some 13,000 courses available.[287]

The French chambers—second in significance and scale—have more than 300 basic training centers and 400 vocational centers, with a faculty of 31,000 that trains 500,000 apprentices and students every year. The chambers also hire about 2,000 consultants for technical management and addressing organizational matters.

Moreover, some chambers are directly engaged in industry, commerce, transport, and services. Those in Burkina Faso, France, and some other countries are tasked with managing ports, airports, railway stations, transit warehouses, and installations; they also manage various enterprises providing specialized services to their members.

The French chambers, for example, have at their disposal 120 airports, 160 ports (trading, passenger, and recreational; and ports related to fishing industry), air carrier service areas, warehouses, exhibition facilities, meeting facilities, and so on.[288]

The infrastructure managed by the national chamber of Burkina Faso (Burkina Faso Chamber of Commerce, Industry and Handicrafts) includes the following:

- the Ouagadougou air terminal (comprising indoor warehouses with the space of 15,000 square meters, office premises of 1,300 square meters; an immigration center of personnel and drivers, parking and repair lots, a production zone (103 hectares) for new industrial projects, and commercial and handicraft activities directly or indirectly related to air transport);
- the Ouagadougou railway station (two indoor warehouses with 8,000 square meters and 7,000 square meters of space, respectively, as well as an outdoor area of 5,000 square meters that is used for storing exported and imported goods);
- the Ouagadougou airport (an indoor warehouse with the space of 1,400 square meters, training centers, a commercial vocational school, training centers for hotel and rehabilitation businesses, a drivers' training center, trading companies, and warehouses in other regions of the country);
- four ports.[289]

Only large commercial and industrial corporations can handle such economic activity

Advisory status with the government

Governments are required to hold consultations with chambers on all actions that may affect business. Such consultations take place at all government levels, but they are especially relevant for regional policies. Chambers primarily deal with the economic problems of the territories where they are located, and cooperate with local authorities in such areas as municipal construction, creation of industrial zones and transport lines, port construction, and management.

Chambers in many countries hold consultations with regional authorities on economic development planning and other issues. Thus, in countries with the Continental model chambers, governments are often mandated to consult with chambers prior to adopting some economy-related decisions. "There is such an obligation in France and Luxemburg; and in Germany this rule is incorporated in numerous German laws and instructions. Where such obligations are absent, there are traditions of governments soliciting chamber opinion."[290]

The national, regional, and local authorities in Germany have a statutory duty to consult with appropriate chambers of commerce and industry, and chambers of handicrafts on all draft laws and instructions that affect business. "Not only various ministries and local authorities, but the Parliamentary Committees as well conduct such hearings are as part of the legislative process."[291]

Guaranteed financing

Guaranteed financing is achieved through government regulation of membership fees or an additional tax levied on entrepreneurs to the benefit of chambers of commerce and industry. In Germany, the membership fee is established at a plenary session of the chamber later to be approved by the government bodies. Entrepreneurs pay a fixed fee depending on the company size, and a fluctuating fee based on the taxes levied on trade. For example, "a small-sized enterprise with 10 employees pays about $350 a year, while a large business with 1,000 employees pays approximately $60,000 a year."[292]

Entrepreneurs in Austria, France, Spain, and some other countries do not pay membership fees, as generally meant, but instead transfer a tax to the chambers.

Membership fees or taxes account for up to 30 percent of the chambers' revenues, and up to 80 percent in some countries (for example, in Albania).

Company registration generates 79.3 percent of the Oman Chamber's budget; in fact, these are revenues from compulsory membership fees.

Membership fees account for 98 percent of the budget of the Luxemburg Chamber of Commerce and Industry.[293] Delegated functions generate about 20–30 percent of chambers' budgets. Government subsidies for special programs may reach up to 10 percent of chambers' budgets in some countries.

Chambers may be financed from the bottom up, with local chambers transferring a certain percentage of their budget to the regional or national chamber, or from top down with the national chamber financing the local chambers. When the national chamber is organized as an association of chambers, membership fees move from the bottom up. Under a unitary arrangement, financing is provided from the top down. An exception is the Federation of Yemen Chambers of Commerce and Industry, which has special taxes for maintaining chambers coming to the national chamber. The national chamber, in its turn, regulates funding of the local chambers.[294] This circumstance became the subject of longstanding conflicts in the federation's management.[295]

Thus, financing of chambers of commerce and industry in the Continental model is basically regulated by the government. Mandatory and, consequently, constant taxes give chambers some freedom, at least theoretically, but since the amounts are established by the government bodies, they can directly or indirectly control chambers' current activities.

The funding sources of Continental model chambers are the following:

- membership fees: 30–80 percent;
- taxes, funding of delegated public functions, or subsidies: 20–30 percent;
- special programs: 10–20 percent;
- participation in commercial activities: 5–10 percent.

Hierarchy of chambers

In reviewing the territorial classification of chambers, we noted that a national chamber system replicates, as a rule, the administrative and territorial structure of the country, corresponding to the levels of government with delegated responsibility for economic development. For example, the French chambers' pyramid fully replicates the government pyramid, with a matching delegation of powers.

Oceana	Asia	Africa	Europe	Americas
Vanuatu	Bahrain	Benin	Andorra	Bolivia
	(Israel)	Burkina Faso	Austria	Ecuador
	Jordan	Cape Verde	Bosnia *and* Herzegovina	Guadalupe
	Oman	Cameroon	Croatia	Peru
	Palestinian Territories	CAR	France	Suriname
	Qatar	Chad	Germany	
	S. Korea	Comoros	Greece	
	Turkey	Congo	Luxemburg	
	UAE	Côte d'Ivoire	Netherlands	
	Yemen	Eritrea	Portugal	
		Ethiopia	Serbia *and* Montenegro	
		Ghana	Slovenia	
		Madagascar	Spain	
		Mali		
		Morocco		
		Namibia		
		Niger		
		Senegal		
		Sudan		
		Togo		
		Tunisia		

Table 16. Prevalence of the Continental Model

Assuming that key economic laws are adopted at the national level, national chambers, doubtless, undertake responsibility to resolve all main issues facing entrepreneurs related to the "rules of the game." Regional and local chambers are assigned to regulate the relations between governments and chambers at the local level.

There is a certain hierarchy in the external economic activity area. For example, the national chamber in Austria has jurisdiction over external economic activity and maintaining trade representations.

Government supervision

Activities of practically all Continental model chambers are under supervision and care of several ministries simultaneously. First, the ministry that supervises the technical aspects, that is, the ministry for trade and industry; second, the ministry of finance monitoring that is responsible for correct setting of membership fees or additional taxes levied on entrepreneurs. For example, the Burkina Faso Chamber of Commerce, Industry and Handicrafts, functioning in compliance with Decree 2001-464 of September 18, 2001, is supervised by an executive of the ministry for trade, industry and handicrafts.[296] Spanish chambers are supervised by the ministry of industry, commerce, and tourism.[297]

Prevalence

As noted above, we owe the birth of the Continental chamber model to Germany; however, it proliferated in the world primarily due to the French, who imposed the public model during the Napoleonic wars and colonization of new lands. Like France, these countries later liberalized the public model by introducing independent elections of chambers' governing bodies. Africa, Asia, Europe, Latin America, and the Middle East replicated Germany's experience, with 49 countries around the world using it today (Table 16 on the previous page).

Advantages and Disadvantages

The Continental model is more liberal than the public model, in that business owners can be elected to the chamber as "electors," and that some of these individuals are elected to chambers' governing bodies. The elected individuals are authorized to make independent decisions.

Continental model chambers have guaranteed sources of revenue; this is their key advantage. The government that is represented by such chambers' agencies is required to show formal interest in obtaining the chambers' competent opinion on possible ways and means of territories' economic development, and is required submit draft laws for the chambers to reconcile. The authorities may disregard chambers' opinions, but such this right per se is regarded as a major advantage.

Characteristics	Advantages	Disadvantages
Public law status	Clearly defined rights and obligations with respect to government and society	Limited area of chambers' activities provided for by legislation
Mandatory membership in chambers		Weak incentives for entrepreneurs' participation in public life
Protection of chambers' names	Prevention of potential abuses of chamber status	
Regulation of activity territory	Enhanced responsibility for the status of the designated region	
Limited self-governance, Combining posts of management board chair and executive director	Potential regular contacts with authorities	Dependence on government, Sectoral splitting of business among individual chambers, Violation of a separation-of-powers principle
Delegated public functions	Chamber engagement in everyday efforts of servicing its members	Limited freedom in choosing a mission and services provided
Official advisory status vis-à-vis government	Guaranteed access to the authorities	
Public financing	Sustainable funding	Dependence on government
Chamber hierarchy or subordination	Vertical distribution of chambers' functions to organize interaction with different government levels	Distribution of entrepreneurs among sectoral and vocational chambers Enhanced role of chambers' hired administrations
Government supervision		Government interference in chambers' affairs

Table 17. Advantages and Disadvantages of the Continental Model

Like public model chambers, Continental model chambers can play a positive role by reaching the entire business sector and by urging entrepreneurs to carefully consider public matters and bring their activities into correlation with the public good. The free rider issue is also addressed from a formal point of view.

Continental model chambers have prompt access to government information, which helps them to avoid some business risks and force majeure circumstances; this model permits the creation of one of the world's best systems of vocational and business education.

The model's disadvantages are also evident: compulsory payment of membership fees or an additional tax to the chambers' benefit, compulsory registration with chambers, lack of motivation to participate in indirect elections of the governing bodies—i.e., elections of electors. Chambers enjoy only limited self-governance since the government may reverse decisions it is unwilling to endorse, and the chamber's governing bodies may be disbanded pending subsequent elections.

Practice shows that 75–80 percent of entrepreneurs regularly fail to participate in electing electors publicly, which demonstrates no confidence in this model. The model's critics blame chambers' management of uncontrolled money spending to the benefit of some individuals and lobbying their own interests or those of business groups close to them.

The law ties entrepreneurs to sectoral and vocational chambers, creating multichannel interaction with powerful organizations, thus reducing their lobbying potential and splitting a unified business voice into several voices (Table 17 on the previous page).

The Asian Model

The Asian organizational and legal model includes chambers created under public law as non-profit nongovernmental organizations that are designed to promote economic development of the region covered by the chambers' activity; to protect entrepreneurs' interests; and to envisage mandatory membership for some enterprise groups.

This is a mixed model combining some features of the Anglo-Saxon and the Continental models. The Continental model is more liberal than the public model, while the Asian model may be considered more liberal than the Continental model. Convergence of the best features of the two polar chamber models produces a new sustainable model that has been adopted by chambers in some countries. It was called Asian because it appeared and to a great extent proliferated in Southeast Asia.

The key objective in creating this type of chamber was to unite the efforts of the authorities and large capital in developing international trade and in promoting small business.

Origin

Japan was the first country where chambers introduced both voluntary and mandatory membership, which are features of the Anglo-Saxon and Continental models, respectively. The country's postwar economy warranted the unification of business and government efforts.

In 1953, Japan approved the first law providing for voluntary and mandatory membership in one chamber of commerce and industry.[298] Commercial and industrial companies carrying a lot of weight with the region's economy were to register with the local chamber of commerce and industry, pay membership fees, and participate in its sessions. In other countries (for example, Pakistan), mandatory membership applies to companies declaring in their constitutions their intent to participate in external economic activity. In Singapore, companies are required to join after their capital reaches a certain level.

Asian model chambers today function in: Bangladesh (1998), Bhutan (1980), Indonesia (1987), Japan (1953), Kuwait (1959), Macedonia (1990), Moldova (1999), Nepal (1965), Pakistan (1984), Singapore (2001), and Thailand (1966).[299]

Characteristics

Characteristics of the Asian model are the following:

- public law status;
- mixed membership;

- protection of chambers' names;
- regulation of activity territory;
- limited self-governance;
- delegated public functions;
- advisory status with the government;
- partial guaranteed financing;
- hierarchy of chambers;
- government supervision.

Public law status

Chambers under the Asian model function on the basis of a law regulating the rights and obligations of entrepreneurs, including the form of the organization, the criteria for membership, electoral rules, and the rules of chamber management. The word "chamber" and related word combinations enjoy statutory protection. Only one chamber may operate in each country, and only one national chamber is permitted. Local chambers are required to be members of the national chamber.

Mixed membership

A unique feature of the Asian model chambers is a differentiated approach to different enterprise categories with respect to voluntary or mandatory membership. For example, membership may be voluntary for small and medium enterprises and mandatory for large companies; or mandatory for companies engaged in import-export operations and voluntary for all others. The mandatory membership requirement sometimes also applies to companies participating in the implementation of government development programs in individual economic areas. Mandatory membership of large companies is a guarantee of chambers' independence. The laws of Japan confer a special status on large trading and industrial companies, under which they are required to register with the chambers functioning in the territories of their legal addresses, pay established membership fees, participate in general member meetings, vote, and adopt decisions as chamber members.[300]

The Singapore government adopted a resolution in 1998 introducing mandatory membership for large companies and uniting all chambers and business associations in a single organization—the Singapore Business Federation (SBF).[301] All companies with paid capital of more than $0.5 million are required to become members of the chamber and to pay membership fees depending on the company's capital:

- $10 million and over: S$800 (Singapore dollars);
- from $5 million to $10 million: S$600;
- from $1 million to $5 million: S$400;
- from $0.5 million to $1 million: S$300.[302]

According to the government's estimates, this resolution will apply to only 15 percent of companies. Here, it is exceptional that small and medium enterprises and companies with charter capital below $0.5 million are not invited to join, but instead are given the opportunity to join some other association or chamber.

Any company in Pakistan intending to engage in export and import operations in international markets must have a certificate of registration issued by the chamber's appropriate unit, but to obtain one the company must join the chamber of commerce and industry.[303] There is a similar provision in Bangladesh.[304]

In Bhutan, license holders who pay 30 percent of the license value plus membership fees are obligated to be members of the national chamber of commerce and industry. Unlicensed businessmen voluntarily join the chamber.[305] Regional and local chambers, if any, are obligated to be full members of the national chamber, which may include representatives of other nonprofit organizations.

Protection of chambers' names

No one may use the word "chamber" or combinations containing it, for example chamber of commerce, chamber of industry, chamber of commerce and industry, chamber of economics, and so on, in the names of other organizations. A decision on the right to use the word "chamber" is usually taken by a national chamber. Protection of chambers' names is a feature borrowed from the Continental model.

Regulation of activity territory

A law on chambers establishes the territory of each chamber's activity that can be changed only on consent of the ministry monitoring its work. Such changes are formalized by a special government resolution, whereas a procedure of territory regulation is established by law.

Limited self-governance

The Asian model chambers enjoy more independence and rights of self-governing organizations than the Continental models, including election of governing bodies, adoption of decisions on current activities and internal organization. The highest governing body is a general member meeting that elects a president, members of the management board, and an audit commission.

Delegates from all local chambers convene at a general meeting of the national chamber at least once in three years to elect governing bodies. Annual meetings may approve amendments to the charter, the budget, and other current matters and an executive committee is formed to implement the chamber's programs and events with its executive director appointed by the president of the chamber of commerce and industry.

Although democratic procedures are in place, the government continues to exert extensive influence on chambers' decisions. Chambers cultivate a single-person-management principle with the chamber's president governing the work of the management board (board of directors) and the executive apparatus, so one can hardly claim that there is full self-governance and democratic management in the Asian model chambers.

Delegated public functions

Legislation delegates to chambers some public functions that generate substantial revenue. The most important function delegated by the government of Japan is maintenance of the legal register for recording not only data on enterprises, but also volumes of commodity turnover and output for the previous year. Entrepreneurs cannot decline to provide information for the register. In addition, Japanese chambers provide other services such as

- validation of certificates of origin (more than 1 million per year);
- consultations to small businesses on financing, taxes, employment, accounting, and bankruptcy prevention.[306]

They are also authorized to give recommendations to banks on issues of extending unsecured loans.

Many national governments delegate promotion of foreign trade and coordination of exhibition activity. Another important area is vocational training. Japanese chambers are tasked with examining business knowledge and qualifications across the country with such tests covering the following areas: accounting, retail trade, typing, rules of formalizing business documents, and so on. Up to 2.2 million people take such examinations at the chambers every year.

Advisory status with the government

Under the law, governments are obligated to consult with chambers on all economic development issues with their representatives participating in the work of all government commissions and working groups on a permanent basis.

Partial guaranteed financing

The Asian model to a great extent absorbed the Continental model's feature of government supervision over private business as well as guaranteed financing of the institution of chambers.

Only one-fifth of chambers' revenues is generated by membership fees in most countries using the Asian model, with the balance coming from maintaining various registers, validating certificates of origin, holding capacity-building courses, running exhibitions, organizing business missions, and other programs. Revenues generated by commercial activities are taxed, but membership fees and subsidies are not.

Sources of financing in the Asian model are the following:

- membership dues: 20 percent;
- financing of delegated public functions or subsidies: 20–30 percent;
- special programs: 10–20 percent;
- services and participation in commercial activities: 30–40 percent;
- charity: 1–2 percent.

The Bhutan Chamber of Commerce and Industry receives membership fees, and also receives 30 percent of the fees that businesses pay for license renewals. The Japanese Chamber of Commerce and Industry, apart from membership fees generated by compulsory membership of large companies, is paid for providing advice to and examining business qualifications of small businesses, validating certificates of origin, and helping establish external economic contacts.

According to Presidential Decree 18 of 2000, all Indonesian companies and associations are to be accredited by the Indonesian Chamber of Commerce and Industry.[307] The above-mentioned financial support provided to the chamber translated into indirect registration of membership.

Hierarchy of chambers

The Asian model implies mandatory membership of regional chambers in the national chamber, with the chamber systems consisting, as a rule, of two tiers. This norm is found in all legislative acts on chambers of commerce and industry.

Government supervision

Company registration or accreditation with chambers; participation in government programs promoting external economic activity and small businesses; and performance of other delegated functions form the basis of and the need for supervision of such efforts by appropriate ministries. Activities of every Asian model chamber are from time to time subject to such supervision. For example, the Japanese Chamber of Commerce and Industry is supervised by the Ministry for International Trade and Industry (MITI), with chambers required to submit annual financial statements.

Prevalence

Japan's influence on the neighboring countries also became manifest, in that the Asian model was primarily supported in Asia. Macedonia and Moldova also sought their own post-Socialist way in trying to combine the Continental and Asian models (Table 18).

Note that Iran's chamber has the Asian model's characteristics, but we have included it in the public model because of government participation in appointing governing bodies and managing the chamber.

Asia	Europe
Bangladesh	Macedonia
Bhutan	Moldova
Indonesia	
Japan	
Kuwait	
Nepal	
Pakistan	
Singapore	
Thailand	

Table 18. Prevalence of the Asian Model

Advantages and Disadvantages

The Asian model is undoubtedly a modification of the Continental model, with most of the latter's features implemented in it. A new characteristic of the Asian model is voluntary membership for small businesses. True, their charter capitals are not large, and they do not have large staffs, adequate experience, or long-standing traditions; and they are not very active in public life, as a rule, lacking adequate capabilities to initiate large-scale economic projects. Nevertheless, the Asian model can account for 90 percent of all businesspeople. This large group of people needs constant support, including financial assistance. It is well known that large companies have less need for chambers' services, since they have sufficient staff of their own, so it is a humane goal to relieve small businesses from financing chambers of commerce and industry, shifting part of chambers' expenses to large companies (Table 19).

Characteristics	Advantages	Disadvantages
Public law status	Clearly defined rights and responsibilities with respect to government and society	Areas of activity limited by legislation
Mixed membership: compulsory for small businesses and mandatory for large businesses	Guaranteed source of financing	
Protection of chamber names	Prevention of potential abuses of chamber status	
Regulation of activity territory	Enhanced responsibility for status of the region of operation	
Limited self-governance		Dependence on government, Single-person-management principle
Delegated public functions	Chamber engaged in everyday servicing of its members	Limited freedom in selecting a mission and services to provide
Official advisory status with the government	Guaranteed access to government agencies	
Guaranteed financing	Sustainable funding	Dependence on government
Hierarchy or subordination of chambers	Vertical distribution of chambers' functions to organize interaction with different government levels	Assignment of entrepreneurs among sectoral and vocational chambers
Government supervision		Government interference in chambers' affairs

Table 19. Advantages and Disadvantages of the Asian Model

The Eurasian Model

A Eurasian model chamber is a nonprofit nongovernmental organization with voluntary membership of enterprises and entrepreneurs, acting under public law, designed to protect the interests of its members and to promote the economic development of the region where it operates.

The Eurasian model is the closest to the Anglo-Saxon model. Membership is voluntary, unlike the Asian model where membership for some company categories is mandatory. At the same time, it has some features of the Continental model: It functions under public law; protects chambers' names, territories, and activities; and performs functions delegated by the government. The Eurasian model is the latest in the history of chambers' evolution.

Origin

The first signs of the Eurasian model were found in North America, specifically in Canada. The history of the Canadian Chamber of Commerce dates back to the times of the first colonists on the continent's territory. Legal provisions for the first chambers of commerce or boards of trade were in place already in the early nineteenth century. For example, the first legislative acts of 1841 on chambers of commerce of the province of Quebec reflected the influence of the French legislation on chambers.[308] Already, at that time, the laws provided for chambers' rights and obligations, protection of their names and territories, as well as voluntary membership. In this, the Canadian chambers differed significantly from their counterparts in the United States. The chambers' activities in Canada are currently regulated by the 1985 Act on Chambers of Commerce of Canada, with amendments incorporated in 1992 and 1995.[309] The Canadian legislation on chambers influenced the formation of the institution of chambers in Latin American countries. Mexico abolished mandatory membership in chambers in 1997, retaining all other features of the Continental model; 14 chambers currently function under the Eurasian model in the Americas.

Finland and Sweden were the founders of the Eurasian model in Europe. Finnish chambers of commerce and industry were created in 1917–8 in accordance with the Law on Chambers of Commerce and Industry, which was issued by Russia's interim government in 1917. It provided for mandatory membership of all economic subjects; however, it was precisely in 1918 that Finland broke away from the Russian Empire, which enabled the country to regulate chambers through its own legislation.

Sweden introduced a special law on chambers of commerce as late as 1990, providing for the protection of the territories of chambers' activity and delegation of some public functions traditionally performed by chambers in other countries. In 1917, the government of Sweden drafted the king's order, providing that the activity of chambers would be regulated by the king. In 1990, the first special law on chambers of commerce passed (with the latest amendments incorporated in 1994), providing for protection of the territory of the chambers' activity, mandatory supervision over their activities by the government, delegation of some public functions, and voluntary membership. On this basis, the Swedish government issued a resolution regulating the rights of chambers to issue certificates of origin and other international documents.[310]

The chamber of commerce and industry of the Philippines was created in 1978 as a result of a merger of the chamber of commerce and the chamber of industry. In compliance with Instruction 780 signed by the President,[311] the Government of the Philippines recognized it as the sole voice of private business.

The disintegration of the Soviet Union, followed by the creation of the newly independent states, gave a fresh impetus to the development of the Eurasian model. The following countries have changed from the public (Soviet version) model to the Eurasian model, with the dates of change indicated in parentheses: Armenia (2001), Czech Republic (1992), Georgia (1995), Kyrgyzstan (1994), Lithuania (1995), Mongolia (1995), Poland (1989), Romania (1990), Russia (1993), Tajikistan (1998), Turkmenistan (1993), and Ukraine (1997). Hungary first adopted the Continental model in 1994, and then opted for the Eurasian model in 2000. Thirty-seven countries currently function under the Eurasian model.

Characteristics

Eurasian model chambers are a unique version of a further evolution of chambers and converging characteristics of the Anglo-Saxon and the public models. They have the following characteristics:

- public law status;
- voluntary membership;
- protection of chambers' names;
- regulation of activity territory;
- self-governance;
- delegated public functions;
- no advisory status with the government;
- financial independence;
- hierarchy of chambers; and
- no government supervision.

Public law status

All chambers under the Eurasian model are regulated by the country's special legislation on chambers of commerce and industry. Such laws set forth the rights and obligations of chambers, establish their right to perform certain functions delegated by the government, define activity zones of territorial and local chambers, and determine the nature of interaction with the national chamber. Regional and local chambers are, as a rule, obligated to be members of the national chamber.

Voluntary membership

The nature of membership in the Eurasian model coincides with that in the Anglo-Saxon model. Enterprises and entrepreneurs, regardless of their organizational and legal model, may join chambers only voluntarily. Laws do not provide for any discrimination of enterprises and entrepreneurs by types and sectors of activity, and enterprises from all sectors of the economy are entitled to chamber membership. The eligibility requirements for chamber membership are limited, as a rule, by a certificate of enterprise (or an individual entrepreneur) registration and the commitment to pay entrance and annual membership fees. Regional and local chambers are required to be members of the national chamber, and businesses and business associations may join voluntarily.

Within the Eurasian model, one may single out the chambers in Latin American countries such as Brazil, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Uruguay. They are distinguished in that legislation of these countries provides for membership in sector-specific chambers unlike the Eurasian-model chambers in Canada (North America), Europe, and Asia where membership is generally multisectoral. The sectoral nature of membership in chambers of Latin American countries is a serious obstacle to developing a coordinated position on economic development. The former president and vice president of numerous Brazilian business associations, including the Rio de Janeiro Chamber of Commerce and the Confederation of Brazilian Chambers of Commerce, Amaury Temporal, analyzing sectoral associations and chambers of commerce in Brazil, came to the conclusion that the "country is obviously lagging behind in modernizing business organizations with the sectoral chambers and associations capable of lobbying only narrow sectoral interests thus having an adverse effect on the economic development of the country."[312]

Protection of chambers' names

With legislation of chambers providing for protection of the names "chamber of commerce," "chamber of industry" and related word combinations, we only found this requirement in the Swedish legislation. Compliance with the above norm is monitored by the government bodies and the national chambers.[313] Under Canadian legislation, illegal use of the name "chamber" carries a fine up to $500, compensation of damages for a minimal amount of $100, or a prison term up to six months.

Regulation of activity territory

Legislation of practically all countries using the Eurasian chamber model provides for regulating the activity territory of each regional or local chamber. There may be only one chamber in the territory of the country's subject or municipal district. The activity territory of a regional or a local chamber coincides, as a rule, with the administrative and territorial division of the country. When entrepreneurs in economically weak regions (municipalities) unite to create a local chamber of commerce and trade, they must obtain an approval of such a decision from the authorities and the national chamber. The boundaries of the activity territory of a local chamber in Canada may be revised with authorization by the governor.

Self-governance

An important advantage of the Eurasian-model chambers is their independence from the authorities in decision making and electing their governing bodies. This matches the characteristics of the Anglo-Saxon model, where the government cannot interfere into chamber's affairs.

The chamber's highest body at the regional and local level is a general member meeting that elects the governing and supervisory bodies and approves an action plan for the report period. In between the meetings, chambers are run by the elected management board and the president, who concurrently hold the position of the management board's chair, as a rule. A vice president or the general director, recommended by the president and approved by the management board, runs the executive apparatus. At the same time, there is no formal separation of powers, with the president combining the representative and the executive branches.

A similar organizational structure exists at the national level, however delegates from each regional and local chamber are invited to the general meeting of the national chamber with quotas for such representation being approved by the latter's management board. In addition, direct members of the national chamber and entrepreneur associations participate in the general meetings of the national chamber.

Delegated public functions

A key common feature of the Eurasian and the Continental model chambers are public functions delegated by law that include, as a rule, traditional functions recommended by the International Chamber of Commerce: validation of the international certificate of origin of goods, force majeure circumstances, commercial arbitration, and dispute settlement by tribunals.

In addition, chambers in some countries perform functions designed to meet various needs of the national or local authorities. Thus, the chambers in Finland not only appoint financial auditors and arbitrators but also supervise their work.[314]

No advisory status with the government

Legislation on chambers of commerce and industry grants them the right to protect the interests of their members, and communicate their opinions on the economic situation and the need to amend legislation related to business interests. Governments, however, are under no obligation to take into account such opinions. There are no statutory provisions requiring authorities to get approvals of draft laws and other regulatory acts from chambers of commerce and industry.

Financial independence

Voluntary membership in Anglo-Saxon model chambers is an impediment to improving their financial position due to small membership revenues. The same applies to the chambers under the Eurasian model, with membership fees accounting for 5–10 percent of total revenues. The Eurasian model chambers do not have stable sources of revenue due to the voluntary nature of membership.

At the same time, delegated functions are a significant source of financing with a large part of budgetary revenues generated by the issuance of certificates of origin and expert verification of products' quality. In addition, chambers participate in various programs and commercial activities, enabling them to cap budgetary shortfalls. To this end, chambers' commercial departments provide fee-paying services, and set up commercial companies where they remain sole founders, as a rule.

It is noteworthy that the membership fees enterprises pay in some countries may be taxed. Thus, enterprises in many countries in East Europe and Asia pay taxes on the membership fees, while chambers' members in Canada, Finland, Mexico, and Sweden do not. Membership fees and donations the Eurasian model chambers receive are exempt from an income tax.

The Eurasian model chambers have the following sources of funding:

- membership fees: 5–10 percent;
- taxes, funding of delegated public functions or subsidies: 20–40 percent;
- special programs: 10–20 percent;
- services and participation in commercial activity: 20–50 percent; and
- donations: 1–2 percent.

Revenues generated by membership fees and services may significantly vary depending on the regions of activity and the country's economic development. Thus, the breakdown of chambers' revenues in Sweden is the following:

- membership fees: 10–50 percent;
- certificates of origin of goods: 1–10 percent;
- issuance of an ATA Carnet:[315] 0–10 percent;
- business education: 0–10 percent;
- business conferences: 0–5 percent;
- partner search: 0–5 percent;
- publications: 0–3 percent;
- legal advice: 0–1 percent;
- advertising: 0–2 percent;
- commercial activity: 10–30 percent.[316]

The findings on the Swedish chambers highly correlate with those of a survey of the Anglo-Saxon model chambers. At the same time, membership fees in the Eurasian model chambers in Armenia, Russia, Ukraine, and other East European countries do not account for more than 5 percent of the budget.

Hierarchy of chambers

Unlike the Continental model chambers, the Eurasian model chambers do not have a three-tiered hierarchy. Regional and local chambers enjoy equal rights vis-à-vis the national chamber with all of them forming a two-tiered organizational system. Each regional and local chamber has the right, as a legal entity, to make any decision that complies with effective legislations, so resolutions the national chamber are viewed as just recommendations. A local chamber may independently make a decision to join the regional chamber, but it is required to be a member of the national chamber.

No government supervision

As a rule, the Eurasian model chambers are free—similar to the Anglo-Saxon model chambers—from government supervision over their activities. However, many national governments continue their attempts to supervise chambers. For example, the Minister of Commerce and Industry in Finland is empowered to appoint two members of the audit commission and their deputies for financial supervision of the central chamber.[317] Under Swedish law, the chambers send annual reports on their activities to the authorized government agency.

The Law on Chambers of Commerce of Canada provides that the president and the vice presidents of the chamber, before taking office, are "to take an oath and sign it in the presence of the Mayor of the district capital or a justice of the peace [but not in the presence of the chambers' members—author's note]: 'I hereby pledge to duly and faithfully perform my duties… and in the fulfillment of my duties I shall do solely what I deem right and true for furthering the objectives for which this Chamber is created pursuant to its true objective and mission. So help me God.'"[318]

There is unofficial supervision over and interference in chambers' activity in the former Socialist block countries. As is well known, the totalitarian regime in Turkmenistan does not leave any hope for free self-governance of chambers. The following conflict occurred in a Ukrainian regional chamber: The local business owners elected a person to the position of the chamber's president, but regional authorities found him to be unacceptable. As a result, he was barred from his work by the police.[319] Unfortunately, such cases are not uncommon in other countries.

Prevalence

The Eurasian model chambers were formed in the late twentieth century during the period of liberalization of the political regimes in the countries of Eastern Europe, Latin America, and Asia. By that time, the world institution of chambers of commerce and industry had accumulated centuries-old traditions of the Continental and the Anglo-Saxon models, so it was possible to make a choice by comparing the advantages and disadvantages of the existing models. Thus, one can say that the Eurasian model embodies the latest stage in the evolution of the chambers' organizational models. Table 20 lists the countries that use the Eurasian model.

Advantages and Disadvantages

The Eurasian model is the latest in the evolution of chambers. Having incorporated the best features of the Continental and the Anglo-Saxon models, the Eurasian model can, to the greatest extent possible, take into account the interests of the

Asia	Africa	Europe	Americas
Armenia	Angola	Czech Rep.	Brazil
Cyprus	Kenya	Finland	Canada
Georgia	Congo, *Democratic Republic of*	Hungary	Colombia
Kyrgyz Rep.	Uganda	Lithuania	Costa Rica
Myanmar		Poland	Dominican Rep.
Mongolia		Romania	El Salvador
Philippines		Russia	Guatemala
Tajikistan		Slovak Rep.	Haiti
Turkmenistan		Sweden	Honduras
		Ukraine	Mexico
			Nicaragua
			Panama
			Paraguay
			Uruguay

Table 20. Prevalence of the Eurasian Model

government and business, provided that chambers enjoy autonomy and independence.

Special legislation on chambers of commerce and trade allows for the limitation of chambers' jurisdiction and area of activity without tying it to participation in resolving political, social, environmental, or other issues focusing entrepreneurs' efforts on the economic development of society. Doubtless, entrepreneurs are not free from resolving other problems, but they do not enjoy high priority in chambers' functions. The presence of legislation on chambers allows for the specification of the hierarchy of competencies for every level: local, regional, and national. Under a system of unified membership in the national chamber, entrepreneurs can delegate specific issues to individual chamber levels in keeping with their jurisdiction. Due to the functions delegated by the government, i.e., services in support of external economic activity, chambers maintain ongoing contacts with entrepreneurs, thus strengthening their financial basis and promoting membership.

Voluntary and multisector membership is a distinct advantage of the Eurasian model, and helps gauge an aggregate opinion on the entire range of economic issues of the socially active entrepreneurs united in a chamber. Conflicts of interest within the entrepreneur community are resolved by identifying and discussing salient issues with an agreed position communicated to the authorities, which is exactly the approach acceptable for the latter. Another positive ramification of voluntary membership in the Eurasian model is independence from the authorities. This is manifested in democratic governance within chambers, exemplified by the freedom to hold elections, spend funds at their own discretion, and make decisions. This is an important asset of the Eurasian model borrowed from the Anglo-Saxon model.

However, the Eurasian model is not free from disadvantages either, one of which is the modest member base. Similar to the Anglo-Saxon model, the issues of free riders and increasing membership are key in the Eurasian model. Practice shows that under voluntary membership many entrepreneurs are not interested in joining the chamber on the premise that effective legislation affords adequate protection, while partners may be secured via modern IT searches.

Increasing chambers' membership is a special challenge in developing and transition economies lacking centuries-old chamber-related traditions. This encourages chambers' executive bodies to seek new sources of revenue through launching services in various fields, which leads to competition with individual commercial companies offering similar services. Such competition may result in conflicts of interest between entrepreneurs operating in the same services market and the chamber of commerce and trade that may have an adverse effect on its image.

Eurasian model chambers, like their Anglo-Saxon model counterparts, are not empowered to represent the interests of unidentified groups of legal and physical persons in commercial arbitration courts or initiate law making. There are no statutory requirements mandating authorities to reconcile draft laws with chambers of commerce and industry (which enjoy only advisory status). All this significantly reduces the efficiency of legal protection of entrepreneur community interests fails to prevent adoption of “unsuitable” draft laws and complicate legislative lobbying.

Governance issues. Eurasian model chambers enjoy statutory right to approve their charters and management organizational structures at general member meetings, which enables them to use various options in forming their representative and executive bodies. The representative and executive branches of power are separated in the Anglo-Saxon model: the management board (the board of directors) elects its chair while the executive director (president, general secretary) is elected by either a general member meeting or the management board, on recommendation by its chair.

In the Continental model, the chamber president combines the representative and executive branches of management, and nominates a candidate for the position of a general secretary responsible for the secretariat's work at the management board's (board of directors) meetings. The one-man management principle of the Continental and Asian models has so far been in demand in Eurasian model with the chamber's president combining, as a rule, the duties of the management board's chair and those of the chamber president. The single-man management principle is inefficient for large chambers because it reduces the level of requirements vis-à-vis the highest management level assigning, as a rule, a secondary role to the elected management board. So the executive branch becomes more powerful.

Some transition economies have so far failed to settle the issue of hierarchy between local and regional chambers, which provokes competition between them for new members and provision of services. In our view, such competition among chambers of commerce and trade in one country is not beneficial (Table 21).

Characteristics	Advantages	Disadvantages
Public law status	Clearly defined rights and obligations vis-à-vis the government and society	
Voluntary membership	Entrepreneurs are free to choose ways to protect their interests	Need to search for additional sources of revenue, Existence of sectoral chambers in Latin America curbs opportunities for elaborating an agreed economic policy
Protection of chamber names	Prevention of possible abuses of chambers' status	
Regulation of chambers' activity territory	Higher responsibility for the status of the respective region	
Self-governance	Higher role of elected government agencies; freedom in choosing the mission and nature of services to be provided	Chambers in some countries: the single-person-management principle in chambers' management
Delegated public functions	Incentives for direct contacts with entrepreneurs	
No official advisory status with the government		Reduced chamber capability in legal protection of business interests
Financial independence	Chamber engaged in everyday servicing of its members	
Chamber hierarchy	A vertical distribution of functions to interact with various government levels	
No government supervision	No government interference	

Table 21. Advantages and Disadvantages of the Eurasian Model

Small memberships and a lack of advisory status prevent the chambers from providing efficient assistance to business. It would be expedient to strengthen capabilities of the Eurasian model chambers by introducing statutory provisions envisaging their approval, prior to submission to the representative power bodies, of draft laws related to entrepreneur interests. Chambers' material base may be enhanced not by introducing a statutory provision on mandatory membership, but by delegating the right to register enterprises; organize and administer handicrafts, vocational, and technical training; and certification of electronic signatures. Such steps could help increase chambers' capabilities and potential contacts with entrepreneurs.

Findings of the Study of Organizational and Legal Models of Chambers

This study analyzed activities of chambers in 194 nations (191 members of the United Nations, and three nonmembers: the Vatican, Western Sahara, and the Palestine territories). We did not take into account some territories under the jurisdiction of other countries (of France, the Netherlands, Portugal, Spain, the United Kingdom, the United States, and so on). Chambers of dependent territories retain, as a rule, the organizational and legal model of the parent country. Such coverage allowed for the presentation of a true picture of chambers' organization as of the beginning of the twenty-first century.

The study is based on the findings of chambers' surveys in various countries done in 2000–3; information available on the websites of national and local chambers, publications and correspondence, but unfortunately, most materials are unofficial. The fact that we have not studied various sectoral business associations and employer unions may have led to some inaccuracies, which, however, should not have a significant impact on the objectivity of conclusions. The materials were analyzed by the methodologies proposed by Rehker, Pilgrim, and Meier.

Among the 194 states under review, we have failed to identify chambers of commerce in only three of them: the Vatican, Timor-Leste, and Nauru.

According to H. Rehker

Rehker divided chambers into two categories by is their application of public or private law. The chambers under public law include those operating within mixed models, since their activities are regulated by legislation. The study revealed that the ratio of chambers using the public and private law principles, according to the characteristics contained in Rehker methodology, is 37.1 to 61.3 (Table 22).

It is obvious that almost two-thirds of all chambers use public law, which testifies to a continued strong influence of the authorities on the formation of chamber institution as well as economic regulation.

Chamber status	Private law	Public law	No chambers	Total
Country count	72	119	3	**194**
Percent	37.1	61.3	1.5	**100**

Table 22. Public and Private Law in Chamber Models

Based on the Characteristics Proposed by M. Pilgrim and R. Meier

The ratio remained the same in accordance with the characteristics of chambers' organizational and legal models proposed by Pilgrim and Meier and generally accepted in the West (the public, Anglo-Saxon, Continental, and mixed models).

Table 23 gives a good idea of the organizational and legal model ratio according to the methodology accepted among Western scholars. Many public model chambers have been attributed to the Continental model, while the mixed model fails to provide a complete picture of the chambers' organization.

As mentioned above, the public model, however, includes not only chambers in countries with Socialist orientation, but also those where authorities continue actually to govern chambers directly or through appointing chambers' top managers or budgetary financing.

Model	Public	Anglo-Saxon	Continental	Mixed	No chambers	Total
Country count	8	72	64	47	3	**194**
Percent	4.1	37.1	33.0	24.2	1.5	**100**

Table 23. The Ratio of the Public, Anglo-Saxon, Continental, and Mixed Models

Based on the Characteristics Proposed in this Study

Chambers' organizational and legal models were classified according to the principles proposed in this chapter because it was necessary to break down the mixed model into two independent models along a mandatory versus voluntary membership line. It was also necessary to incorporate into the public model a group of chambers whose activities are supervised by the government or whose decisions on appointing individual top managers members are made by a government body.

Since chamber data analysis introducing new organizational and legal models is given for the first time, quantitative indicators are broken down by continents, thus giving a better idea of the models' distribution (Table 24).

The materials presented show that the Anglo-Saxon and the Continental models are found in all continents, while the new models (the Asian and the Eurasian models), born in the twentieth century, are more widespread in Europe, the Americas, and the developing countries of Asia.

	Public	Anglo-Saxon	Continental	Asian	Eurasian	Total
	countries, %	countries, %	countries, %	countries, %	countries, %	**countries, %**
Africa	6, 11.1	23, 42.6	21, 38.9	0, 0	4, 7.4	**54, 100**
Americas	1, 2.9	15, 42.9	5, 14.3	0, 0	14, 40.0	**35, 100**
Asia	11, 22.9	9, 18.8	9, 18.8	9, 18.8	9, 18.8	**48, 100**
Europe	4, 9.3	13, 30.2	13, 30.2	2, 4.7	10, 23.3	**43, 100**
Oceania	0, 0	12, 85.7	1, 7.1	0, 0	0, 0	**14, 100**
Total	**22, 11.3**	**72, 37.1**	**49, 25.3**	**11, 5.7**	**37, 19.1**	**194, 100**

Table 24. Distribution of Chamber Organizational and Legal Models by Regions*

* Legal systems of local chambers were taken as the basis of analyzing the organizational models due to the fact that in some countries they are regulated by public law, while the regional and the national chambers function under private law.

Population coverage. As noted above, retention of an organization model is related not only to national political or legal systems, but also to traditions. Individuals in all countries are aware of the norms under which their chambers operate. This circumstance allows to state that major changes in the chambers' organizational and legal models occur rarely, for they are interwoven with the need to change the grassroots mentality.

For example, in Italy where liberal views are strong, the government approach still prevails with respect to chambers. One can assume that the country's traditions are an additional stabilizing factor in retaining the chambers' organizational and legal models. In this connection, we propose to review a population breakdown by chambers' organizational and legal models (Table 25). To give a better idea, the population is also broken down by regions.

	Public	Anglo-Saxon	Continental	Asian	Eurasian	Total
	pop., %	pop., %	pop., %	pop., %	pop., %	**population**
Africa	121.9, 14.9	305.3, 37.4	282.3, 34.6	-	107.4, 13.1	**816.9**
Americas	11.3, 1.4	368.1, 45.7	48.4, 6.0	-	378.1, 46.9	**805.9**
Asia	1551.541.2	1130.2, 30.0	148.6, 3.9	782.1, 20.8	154.3, 4.1	**3766.7**
Europe	71.2, 9.8	103.9, 14.3	247.5, 34.0	6.3, 0.9	298.0, 41.0	**726.9**
Oceania	-	30.2, 99.3	0.2, 0.7	-	-	**30.4**
Total	**1,755.9, 28.6**	**1,937.7, 31.5**	**727.0, 11.8**	**788.4, 12.8**	**937.8, 15.3**	**6,146.8**

Table 25. Breakdown of Population by Chamber Organizational and Legal Models*

* The population figures as of 2001. Since they come from different sources, there may be a 3 percent margin of error. These inaccuracies will not affect the table quality.

And now the final observation: A broad variety of numerous business associations proliferate in many countries alongside chambers of commerce and industry. Many associations function within the Anglo-Saxon organizational and legal model, except, possibly, for some chambers in the capitals of Latin American countries. Associations that are not chamber members act independently, creating a competitive environment that enhances chambers' performance, but has an adverse effect on business representation vis-à-vis the authorities. If a number of organizations representing business interests, with their positions uncoordinated, turn to the authorities, this significantly reduces the efficiency of such contacts.

Notes

[225] H. Rehker, *Chambers of Commerce under Public and Private Law* (Geneva: 1982).
[226] Ibid., 5.
[227] see Rehker, 13–19.
[228] Latest studies show that the chambers of Canada, Finland, and Sweden should be included in the Eurasian model of chambers, whereas Italy's chamber should be in the public model category.
[229] see M. Pilgrim and R. Meier, *National Chambers of Commerce. A Primer on the Organization and Role of Chamber System* (Washington, Bonn: 1995).
[230] Ibid., 4–5.
[231] Ibid., 5.
[232] Ibid., 10–12.
[233] see Pilgrim and Meier, 6.
[234] Please note that the Asian and Eurasian models of chambers fall within the mixed model category. The distinctions are discussed later in this chapter.
[235] see Maria Price, "The High Stakes of Choosing a Chamber Model," *Economic Reform Today*, 2 (1995), http://www.cipe.org/publications/fs/ert/e16/model.htm.
[236] see Pilgrim and Meier, 6.
[237] see P. Puaux, Les Chambres de Commerce et d'Industrie, 35.
[238] We have been unable to find the latest data on chamber models in Iraq.
[239] The year in brackets indicates the date of publication of the latest laws on chambers.
[240] *The Charter of the Chamber of Commerce and Industry of the USSR*. (Moscow: 1988).
[241] see Law of the Republic of Belarus of 06.16. 2003 #208-Z on the Chamber of Commerce and Industry (reg. #2/957 of 06.25.2003).
[242] see Mona El Fiqi, "Chamber Puts the House in Order," http://weeklyahram.org.eg/2000/484/ec3.htm.
[243] Article 21 of Law of the Republic of Belarus on the Chamber of Commerce and Industry of June 16, 2003, #208-Z.
[244] see Chamber of Commerce of Cuba, http://www.camaracuba.cubaweb.cu.
[245] see The Law of Islamic Republic on the Iranian Chamber of Trade, Industries and Mines (Approved on March 6, 1991, with Amendments from December 6, 1994). http://www.irtp.com/howto/law/mb141.asp.
[246] Resolution of the Prime Minister of the Government of Vietnam on Relations of Administrative Organs with the Chamber of Commerce and Industry of Vietnam #203-TTG of April 27, 1993.
[247] By Law #580 issued in January 1993, the Italian parliament expanded the role of chambers of commerce, making them responsible for collection and storage of all information that companies must submit to the government. All this information forms the so-called *Registro Dell Imprese* (Register of Companies) which became an official database of such documents of all organizations engaged in business activities in Italy (approximately 4.5 million business subjects).
[248] see http://www.ccias.org.lb/chamber.htm.
[249] Article 1, Paragraph 2, Articles 6 and 7 of the latest version on Law on Chambers in Italy #80 of March 31, 1998.

[250] "China: The Development of Private Enterprise Studies," March 2003, Publication Stock #030403. Asian Development Bank: Manila, Philippines, http://www.adb.org/Documents/Studies/RC_Private_Enterprise_development/section04.pdf.
[251] The law recently adopted in the republic of Belarus on the Chamber of Commerce and Industry provides for creation of independent Chamber of Commerce and Industry: (Article 19 of Law of the Republic of Belarus on the Chamber of Commerce and Industry of June 16, 2003 208-Z).
[252] The Law of Islamic Republic of Iran, the Iranian Chamber of Trade, Industries, and Mines (approved on March 6, 1991, with Amendments from December 6, 1994) http://www.urtp,com/howto/law/mb141.asp.
[253] Presentation of the Lebanon Chamber of Commerce and Industry http://ccias.org.lb/chamber.htm.
[254] Article 19 of Law of the Republic of Belarus on the Chamber of Commerce and Industry of June 16, 2003, 208-Z.
[255] This law was enacted by the National Assembly of the Kingdom of Cambodia on May 16, 1995, during the Fourth Session of the First Legislature, http://www.moc.gov.kh/laws_regulation/default.htm.
[256] The report of the commission of the board of the Union of Chambers of Commerce, Industry, Agriculture and Handicrafts of Italy on the new version of the chamber's charter, http://www.ms.camcom.it.
[257] see Rehker; Pilgrim and Meier; Price; R. J. Bennett, "Can Transaction Cost Economics Explain Voluntary Chambers of Commerce?" *Journal of Institutional and Theoretical Economics* 1996, Vol. 152, 654–677; R. Strohmeyer "Public-Private Partnership in SSI Promotion: An Assessment of the Roles of Chambers and Trade Associations in Different Countries," ZDH-Partnership Program,University of Göettingen, 2000; ZDH-Technet Asia, *The Role of Chambers and Associations in Small Business Promotion. Arguments for Private Sector Representatives* (Singapore: 1992), Vol. 1.
[258] see *Istoriia Gosudarstva i Prava Zarubezhnykh Stran*, v. 1 (1998) 263.
[259] see "Kupercheskie Khartii v Anglii XIV veka i Ikh Predystoriia," *Srednie Veka*, issue 55 (1992) 234–247.
[260] see *The New Encyclopedia Britannica* (1994), Vol. 3, 488.
[261] Pilgrim and Meier.
[262] *Populiarnyi Entsiklopedicheskii Slovar'* (Moscow: 1999) 1428.
[263] *Obshchaia Teoriia Gosudarstva i Prava: Akademicheskii Kurs v 2 Toma*, M. N. Marchenko, ed. (1998) 258–9.
[264] Pilgrim and Meier, 51.
[265] The Federation of Indian Chambers of Commerce and Industry, http://www.ficci.com.
[266] The Associated Chambers of Commerce and Industry of India (ASSOCHAM).
[267] The Confederation of Indian Industry (CII), http://www.careermosaicindia.com/CII.
[268] Camara de Comercio, Industrias, y Argicultura de Panama, http:///www/panamacamara.com.
[269] Minutes of the session of the Standing Legislative Commission of the Parliament of Scotland of February 12, 2001, on introducing amendments into legislation on registration of chambers of commerce and industry. http://www.opsi.gov.uk/.
[270] Strohmeyer, 23, http://www.sfh.wiso.uni-goettingen.de/pdf/ISBS26.pdf.
[271] Rehker, 9.
[272] Pilgrim and Meier, 41.
[273] Price.
[274] Ec Roberto Villamil Gerente, General Camara de Industrias del Uruguay (2001).
[275] Mancur Olson, The Logic of Collective Action: Public Good and the Theory of Groups (Cambridge: Harvard University Press, 1971) 155 [in Russian version, pub. 1995].
[276] For more detail, see V. I. Fedotov, *Torgovo-promyshlennye Palaty: Istoriia*, v.1, S. A. Smirnova, ed. (Saratov: Saratov Regional CCI, 2000) 66–82.
[277] Puaux, 36.
[278] Loi du 9 avril, 1898, relative aux chambres de commerce et d'industrie, para. 4, htth://droit.org/jo/L9-4-1898.html.
[279] Piaux, 36.
[280] Ibid., 43.
[281] Ibid., 44.

[282] Asmara Chamber of Commerce, htth://sunsite.icm.edu.pl/untpdc/incubator/africahp/eri/er.htm.
[283] B. R. Gyarmatini, "Debate on the Law on Economic Chambers." Hungarian Center for Democracy Studies Foundation Department of Political Studies, Budapest (1994), hppt://www.mek.iif.hu.
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[286] Puaux, 64.
[287] Strohmeyer, 13.
[288] Ibid., 43
[289] Burkina Faso Chamber of Commerce, Industry and Handicrafts, http://www.ccia.bf.
[290] Rehker, 9–10.
[291] Strohmeyer, 134.
[292] Pilgrim and Meier, 34.
[293] Findings of the surveys undertaken by the author 2001–2.
[294] M. H. Zubeiri, "Struggle in Limits FYCCI Has Weakened It Much," http://www.yementimes.com.
[295] The Policy of TAFREEKH Prevails in Yemen. Civil Society's Struggle Against Domination Politicians. By Mohammed Bin Sallam, Yemen Times, http://www.yementimes.com/99/iss09/l&d.htm.
[296] Burkina Faso Chamber of Commerce, Industry and Handicrafts, http://www.ccia.bf.
[297] Ley de Camaras, http://camaraferrol.org/ley.asp#/.
[298] Pilgrim and Meier.
[299] In brackets is the publication date of the latest law on chambers.
[300] Pilgrim and Meier.
[301] Singapore Business Federation, http://www.sbf.org.sg, http://www.gov.sg.
[302] "Role of SBF and its Impact on the Business Community," http://www.mti.gov.sg/public/FAQ/frm_Default.asp&sid=2&cid=114.
[303] Federation Chamber of Commerce and Industry of Pakistan, "Procedure of Registration," http://www.smeda.org.pk.
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[305] Bhutan Chamber of Commerce and Industry, http://www.saarcnet.org.
[306] Pilgrim and Meier.
[307] Decree of the Republic of Indonesia, No. 18, 2000. "Bulletin KADIN No. 8," November 28, 2000.
[308] Quebec Board of Trade, http://laws.justice.gc.ca/en/privlaw/78963/483.html.
[309] The 1985 Law (Act) on Chambers of Commerce of Canada, with amendments (1992 and 1995).
[310] The Association of Swedish Chambers of Commerce and Industry, "Summary of the Swedish Chamber of Commerce Law of June 18, 1990," amended December 15, 1994, httrp://www.cci.se.
[311] Pilgrim and Meier, 17.
[312] Amaury Temporal, "Brazil: Statist Traditions Delay Modernization of Business Groups," *Economic Reform Today*, 2 (1995), http://www.cipe.org/publications/ert/old/ert03.pdf.
[313] The Association of Swedish Chambers of Commerce and Industry, "Summary of the Swedish Chamber of Commerce Law of June 18, 1990," amended December 15, 1994, httrp://www.cci.se.
[314] The Central Chamber of Commerce, http://www.kauppakamari.fi/keskuskauppakamari/index.cfm?language=english.
[315] The ATA Carnet is an international customs document that a traveler may use temporarily to import certain goods into a country without having to engage in the customs formalities usually required for the importation of goods, and without having to pay duty or value-added taxes on the goods. "ATA" stands for the combined French and English words "Admission Temporaire-Temporary Admission."
[316] Findings of the chamber survey conducted by the author in 2001.
[317] Paragraph 20 of the Charter of the Central Chamber of Commerce and Industry of Finland, approved by the minister of commerce and industry on April 15, 1988.
[318] Article 14, 1985, act on the chambers of commerce of Canada.
[319] V. Fomenko, "Kto Zaplatit za Bazar?," *Zerkalo Nedeli* (11 Nov. 2000) 6.

This excerpt is Chapter 6, "Organizational and Legal Models of Chambers," of the book by Victor I. Fedotov, Chamber of Commerce and Industry. Part II: Theory and Practice*, (Sarotov: Publishing House Sarotov Regional CCI, 2004).*

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