

PRACTICAL STEPS AND POSSIBLE CONSEQUENCES OF ESTABLISHING AN ISLAMIC COMMON MARKET

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The formation of an Islamic Common Market (ICM) has quite often been mentioned as the ultimate goal of the economic cooperation activities of the Organisation of the Islamic Conference (OIC). Such a goal was found to be implicit in all the resolutions adopted in this connection by the Islamic Summits and the Islamic Conferences of Foreign Ministers. Assuming that this is an agreed goal and drawing on the actual experience of the OIC countries in their effort to move towards this objective, this paper investigates the practical steps needed to overcome the political and economic barriers for setting up an ICM. It also investigates the possible implications of an ICM, where there is supposed to be a free flow of products and services, capital, entrepreneurship, labour and technology among the members, as well as a common tariff wall against non-members.

1. INTRODUCTION

Despite the apparent orientation of the world economy and markets towards globalisation, it is obvious that this process is dominated by trends of regionalisation and big economic blocs. In today's world, while multilateral trade liberalisation goes on within the WTO framework, regionalisation has also gained momentum as an indispensable form of increasing trade amongst the countries, developed or developing. These are not conflicting or mutually exclusive phenomena. Needless to say, this inclination towards groupings is dictated by the fierce competition on the world scale, both economically and politically. Almost all of these economic blocs are comprised of countries with a lot of similarities in their socio-economic and political structures as well as cultural set-ups, geographical proximity and apparent vested mutual interests.

The success story of the EU and the enlargement of the Union towards central and eastern European countries attracted the interest of

third parties. First, it was a successful example for achieving higher rates of economic growth and higher shares in the world trade and production. Secondly, the establishment of the Single European Market for goods, services, capital and labour particularly caused serious doubts about the intentions of the EU members and worries about the impact of these developments on the world economy, in general, and on the individual economies of the non-member countries, in particular.

Immediate reaction came from the other giant economies, namely the United States (US) and Japan. Although the US was previously against the idea of regionalisation, it has now become a member of two huge regional economic blocs, namely NAFTA and APEC. The US opted for a multiple membership with a view to securing access to these regional markets in order to protect its economic and commercial interests.

It is obvious then that in recent years, the developed countries in particular have further intensified their regionalisation efforts in parallel to their involvement in multilateral trade negotiations. In such a global environment, the Eighth Session of the Islamic Summit Conference (IS), held in Tehran, Islamic Republic of Iran, in December 1997 adopted a resolution (No.33/8-E (IS)) on the Islamic Common Market. Inter alia, it urged “related bodies and institutions in the OIC, concerned regional and national institutions, and public and private sectors in Islamic Countries to study the implications of establishing an Islamic Common Market among Member States”.

Furthermore, in March 1998, the Twenty-fifth Session of the Islamic Conference of Foreign Ministers (ICFM), held in Doha, State of Qatar, in its Resolution No.33/25-E requested “related bodies and institutions of the OIC to prepare studies in their respective areas of competence taking into consideration the Plan of Action within the framework of COMCEC which would serve as Working Paper to facilitate the deliberations of the Expert Group that will be established by the Secretary General as per Resolution of the Eighth Islamic Summit to study the implications of establishing an Islamic Common Market as an ultimate objective”.

Again the Twenty-seventh Session of the Islamic Conference of Foreign Ministers held in Kuala Lumpur, Malaysia, on 27-30 June 2000

reiterated the relevant resolution of the Twenty-fifth ICFM and commended “Qatar for the offer it made to OIC member countries to host the meeting of experts on the establishment of the Islamic Common Market in Doha on 13-14 October 2000”.

Lastly, the Seventeenth Meeting of the Follow-up Committee of the COMCEC, held in Istanbul, Turkey, on 9-10 May 2001, recommended that follow-up measures in pursuance of Resolution 37/9-E(IS) of the Ninth Islamic Summit, as well as the recommendations of the Expert Group Meeting on the Implications of Establishing the Islamic Common Market, held in Doha, Qatar, on 13-14 October 2000, be undertaken under the coordination of COMCEC.

An immediate question which comes to mind when one thinks of the Islamic Common Market (ICM), where there is supposed to be a free flow of products and services, capital, entrepreneurship, labour and technology among the members, as well as a common tariff wall against third parties, is whether the Islamic countries qualify for these criteria or not. The Islamic countries are known to be a diverse group in terms of their economic structures and levels of development, political systems, ethnic backgrounds, as well as a diversified social cultural milieu, although most of it draws on a common source, Islam. This heterogeneity has often been taken as the major argument against the feasibility of an ICM. However, we believe that although this heterogeneity creates many problems, it may also be a source of strength if it is positively thought of in terms of diversity and is carefully capitalised upon.

Since the formation of an ICM has quite often been mentioned as the ultimate goal of the economic cooperation activities of the Organisation of the Islamic Conference (OIC), we are going to assume in this paper that this is an agreed goal. Hence, the main focus of the paper will be on the practical steps and implications of establishing an ICM. In other words, the main investigation concerns the practical steps needed to overcome the political and economic barriers for setting up an ICM. The paper will draw on the actual experience of the OIC countries in their effort to move towards this objective. The first level of investigation is, then, the study of the socio-economic structures of the OIC countries to determine the nature of the factors that impede the creation of an ICM, as well as the objective

economic factors for establishing it. This will constitute the second section of the paper. The third section will be devoted to the economic cooperation activities among OIC member countries and the efforts made so far, within this framework, to initiate an ICM. It is an investigation into the manner in which these socio-economic and political structures have affected this process. In the fourth section, the paper evaluates the possible implications of an Islamic Common Market. It should, however, be noted that even if objective factors that justify the establishment of an ICM are present, these will not constitute, by themselves, the necessary conditions for establishing an ICM. There are certain practical steps that need to be taken towards realising this end. This will constitute the subject of the fifth section. The final section will summarise the findings and present some concluding remarks.

2. SOCIO-ECONOMIC STRUCTURES OF THE OIC MEMBER COUNTRIES AND IMPEDIMENTS TO AN ICM

It would be useful at this juncture to start with a number of very basic points of agreement among the OIC membership and within the Islamic world in general which have, in fact, constituted the motive behind working towards enhanced economic cooperation within the OIC framework in the first place, and trying to carry the idea forward towards some form of integration for more than a quarter of a century:

1. Their lands constitute a contiguous mass that spreads over four continents from the Atlantic Ocean to the Pacific, an area which has historically been the hub of the political and economic life. All of North Africa, the Sahara, substantial portions of the sub-Saharan region, all Arab lands, the Fertile Crescent, Asia Minor, portions of West and Central Asia, South Asia and Southeast Asia and parts of Europe and Latin America figure in this geography.
2. Their combined population, mostly quite young, exceeds one billion. Presently, this represents a huge market and an even larger market in the future for a very diverse set of goods, as the industrialised North well knows and fully recognises.
3. Their potentials as a group are immense in terms of the natural, mineral and human resources they are endowed with. They are the

source of many key commodities that are essential for the World at large, but especially for the developed North.

Despite all this, however, the OIC countries continue to remain among the developing countries as a group, who not only suffer from quite serious economic problems which hamper their overall development nationally, but most of them are experiencing difficulties in operating as full partners on equal footing within the rapidly changing global economic system.

Notwithstanding the driving force of Islam and its being the common denominator that brings the Islamic countries under the umbrella of the OIC, the Organisation is a diversified group in terms of the socio-economic structures, economic and political systems and levels of development and resource endowments of its members. This diversity could be an important asset, but it can also be a constraint. In what follows, we are going to present these structures briefly and try to evaluate the extent to which they affect the cooperation process among the OIC countries.

In terms of production structures, figures available for 54 countries (Table A.1 in the Annex) show that the services sector retains the highest share of GDP in 33 countries, while industry takes the lead in 12 countries and agriculture dominates in 9 countries. This picture should, however, be taken with caution since the service sector is of an embryonic nature in most of the countries. Almost all the countries where industry is dominant are oil producing countries. Hence, the importance of the industrial activities is associated with oil extraction and processing. In fact, with very few exceptions, the share of manufacturing in the overall industrial production is very modest.

This diversity in production structures is also reflected in the level of income and standards of living. Tables A.2 and A.3 in the Annex show the GDP and per capita GDP in the OIC countries for the period 1996-1999. The GDP levels (for 1998) ranged from \$ 368 mln (Maldives) to \$ 198 bln (Turkey), while the per capita GDP ranged from \$ 144 (Sierra Leone) to \$ 20,673 (Qatar). It is obvious that the group comprises both very rich and very poor countries, with the rest lying in a spectrum between the two.

The differences in income levels are reflected in the resource balances of various OIC countries. As would be seen from Table A.4 in the Annex, the majority of the OIC countries have a negative resource balance, indicating that domestic savings fall short of the level that would satisfy investment needs. This explains, to a great extent, the heavy debt burden crippling most of the OIC countries. This situation also has adverse implications for cooperation activities of the OIC. Experience has shown that needs and interests of the poor and rich countries and the angle from which each looks at cooperation do not usually converge. The first group is looking for assistance, while the second seeks mainly secure and profitable outlets for their investments. No doubt that each group has its own logic and reason. Although serious attempts are being made to strike a trade-off between these differing ways of looking at cooperation, this has always been one of the obstacles hindering more advanced levels of OIC cooperation.

The above-mentioned production structure indicates that the majority of the OIC countries are producers of primary products, be they minerals or agricultural products. Because of this structure, their foreign trade is characterised, with a few exceptions, with the export of fuel and raw materials and import of manufactured goods. Hence, the foreign trade partners of the OIC countries are mostly the developed countries. Table A.5 in the Annex shows that intra-OIC trade remains around 10.0% for exports and 11.9% for imports. At the same time exports to developed countries represent 55.7% and imports from them 57.37%. As for the other developing countries, OIC countries' exports to them represent 34.3% of the total OIC exports, while imports from the developing countries represent 30.8% of the total OIC imports.

This low level of intra-OIC trade is a reflection of various factors. Since the majority of OIC countries were former colonies of the West, their trade relations are very much dominated by this legacy. On the other hand, their production structures are more competitive than complementary. Hence, they cannot offer each other most of the high technology goods and various manufactured goods needed. This does not mean that intra-OIC trade cannot be increased, even within the existing constraints. Even with present production structures, trade can be promoted if other factors pertaining to financial arrangements, procedures and promotional activities are tackled in a better way. It

suffices to mention here that the level of trade relations between the OIC countries would hardly facilitate the establishment of an ICM, unless serious efforts are made to rectify this situation.

Last, but not least, the OIC countries have a population of about 1.22 bln inhabitants (Table A.6 in the Annex), with the rural population dominating in 32 countries and the urban one in 24. This constitutes a huge market of consumers. However, the structure of this population raises complex problems in relation to the establishment of integration schemes. It is a known fact that poverty is rampant in the rural areas in almost all of the developing countries, which include the OIC countries as a substantial sub-group. For the latter, in turn, the majority of the populations are living in the rural areas. A study conducted by SESRTCIC on poverty (June 2001) showed that according to the Human Poverty Index (HPI), 38.4% of the people in 24 OIC-LDCs (291 million or 24% of the total OIC population) suffer from human poverty. The HPI is a composite index that brings together the different dimensions of deprivation in three essential elements of human life: longevity, knowledge and decent living standards. If other groups of countries, such as the middle-income countries, are included, it appears that an average of 33.8%, or about 371 millions, of the total OIC population suffer from human poverty. Furthermore, in about 30 OIC countries more than 35% of the labour force is engaged in agriculture. This percentage exceeds 50% in about 17 countries. Consequently, the majority of the above 1.22 bln OIC member country citizens have very low purchasing powers. Furthermore, the priorities of the countries differ from one another as a function of the intensity of poverty experienced in each of them. Thus, these differences in national priorities are sure to make it difficult for the OIC countries to agree on certain common denominators in policy formulation while trying to initiate and promote economic integration amongst them.

In fact, all the above differences in structures affect attempts of integration in a very crucial manner. As is known, and this is an obvious lesson from the European integration, there are certain convergence criteria, such as inflation, interest rates and the budget deficit, that need to be satisfied before an advanced form of integration, such as a common market or an economic union, could be realised. The above heterogeneous structures are a clear indication of the difference in performance of the

various economies. With such a disparity, it would be extremely difficult, if not impossible, to achieve the required convergence criteria. Furthermore, such diverse socio-political structures imply certain differences, even contradictions, in terms of priorities and the decision-making processes in the individual countries. These have far-reaching implications than what is usually contemplated and/or catered for.

Furthermore, the member countries were cognisant of the fact that there were also national, communal and international limitations and constraints for the realisation of such an advanced mode of economic integration. By definition, a common market is a scheme of economic integration where the members agree to abolish all the tariffs on each other's exports, follow a common tariff policy towards their imports from the rest of the world, and allow a free flow of commodities as well as productive factors (capital, labour, entrepreneurship and technology) amongst one another. Yet, even those OIC member states who were party to various formal integration schemes over extended periods of time could not manage to take such substantive steps on the road to more advanced forms of economic integration like common markets. Furthermore, the geographical diversity, lack of transportation and communication facilities, and scarcity of readily available current information about one another are also significant impediments to such integration. Then the questions arise of how far countries can engage willingly in a process that will oblige them to relinquish some sovereign rights in the name of a regional solidarity whose future effects they cannot discern with any certainty but whose constraints they must certainly feel in their day-to-day experience.

But on the other hand, the global economic and political changes have prompted many developing countries to undertake, themselves, a fundamental examination of their place, individually and collectively, in the emerging configuration of international political and economic power structure. They have also heightened the vulnerability of those economies, particularly in the developing world, that are open enough to come under considerable influence from abroad but are not large enough for their own policies to make a significant impact on the others.

One other technical issue relates to the multi-sectoral nature of the process of integration and the need for an overall framework in this

regard. In fact, it would be useful, at this point, to refer to a very basic and fundamental problem with the way the OIC did business until today. Economic cooperation activities of the OIC were being proposed, developed and carried out in a basically *ad hoc* manner and in relative “sectoral vacuums”. Thus, each individual issue or agenda item followed its own course in isolation and at its own pace, as long as it commanded the interest of enough member countries to keep it on the agenda. The issue of greater integration and the eventual establishment of the ICM was one item which definitely suffered from this disconnected approach taken by the OIC while formulating its economic agenda.

Another technical difficulty is that the traditional integration schemes as set out in the textbooks have also been undergoing substantive changes as a result of the global economic transformations. There is substantial evidence that the multinational and trans-national companies of immense financial and economic power have become the major actors of effective regionalisation and globalisation at the level of individual commodities produced and traded. One can cite many examples of huge corporations with production, service and trading components dispersed over several countries, as well as of conglomerates made up of companies operating in a number of different countries and in more sectors than one. This basically means that even if the governments of two nation states find it difficult or even impossible to agree on schemes that will help integrate their economies, parts of the economic activities in those two countries might have already been integrated into one gigantic company or conglomerate wholly or partly situated in either one of those countries or even in a third one. Thus, discussing the feasibility of integration among countries in the classical sense might have even become academic. Nevertheless, a further elaboration of this particular subject would transcend the limits of the present paper.

If one were to sum up, the OIC countries seem to have been caught in an impasse. Given the ever-expanding yet unfulfilled needs in contrast to the existence of under-utilised endowments and potentials, the member countries are convinced of the advisability of enhanced cooperation amongst themselves. Thus, they develop ideas, set down objectives for joint action and even write down certain implementation modalities, yet they are reticent about designing specific policy measures to make such joint action a reality.

In the light of the above background, we shall turn now to the economic cooperation activities among OIC countries

3. ECONOMIC COOPERATION ACTIVITIES AMONG OIC MEMBER COUNTRIES

As a consequence of the state of affairs discussed in the previous section, it would appear quite rational and even natural for the OIC countries to engage in serious cooperation and coordination aiming at more advanced forms of community-wide economic integration. This is why although the OIC had initially started out as a political forum, it was realised very early on that effective joint political action had to be based upon and complemented by wide-ranging joint economic action. In fact, the Charter of the Organisation of the Islamic Conference, approved in February 1972, reiterated the necessity of cooperation for community-wide economic progress and the need to help the individual member states develop their productive capacities at an accelerated pace. In this way, the ground was set for the OIC to start a serious consideration of the economic and social issues facing the OIC member countries in order to discover possible areas of cooperation that would bring them closer and strengthen them, not only in the pursuit of their original and immediate political objectives but also in paving the way for ultimate economic integration.

In this setting, certain initiatives were taken successively by the OIC to add the major economic issues of the day very early on to the agenda of the annual Islamic Conferences of Foreign Ministers (ICFM) and to start community-wide economic and technical cooperation activities. Thus, in a sense, the OIC was among the initiators of the idea of South-South cooperation in the economic area. In fact, the globalisation of this idea came years later, when cooperation amongst the developing countries themselves was found to be both more feasible than before and quite likely to strengthen the position of the latter vis-à-vis the world economic powers at the global front.

During the Second Islamic Summit Conference, the OIC Heads of State, in the Lahore Declaration of February 1974, made clear and detailed references to world economic developments, the current economic issues facing the developing and member countries and the

consequent need for joint economic action within the OIC. This was a clear signal for the OIC to initiate appropriate action with a view to consolidating, promoting and establishing economic cooperation activities amongst the member countries in a relatively short time. Thus, in quick succession, new resolutions followed one another in the annual Foreign Ministers Conferences to cover a diverse set of economic cooperation subjects.

Towards the end of the 1970s, i.e. the conclusion of the Second UN Development Decade, it was proposed that the OIC member countries consider acting in concert during the preparations for the Third Development Decade and trying to consolidate their positions during the international negotiations on that subject. In this connection, it was proposed that a High Level Meeting of Member States be convened in Ankara to look into the matter. This Meeting was held in Ankara on 4-6 November 1980. This was a seminal step for the OIC because the working document prepared on this occasion was eventually transformed into an economic action plan for the OIC, which was later formally adopted by the Third Islamic Summit Conference, held in Makkah Al Mukarramah and Taif in January 1981. Following the adoption of the Declaration of Makkah Al Mukarramah, built around the basic concept of Joint Islamic Action, the Sixth Islamic Summit, held in Dakar, Senegal, on 9-11 December 1991, deliberated at length on the draft action plan document annexed to the Report of the Ankara Meeting, and adopted a revised version of it under the formal title of the "Plan of Action to Strengthen Economic Cooperation Among the Member States".

This unique 10-chapter document represented the culmination of all past OIC work in the various sectors and areas of economic cooperation in terms of initiatives and proposals for joint action at the start of the Third UN Development Decade. It also drew up a number of guidelines for the future work of the OIC for enhanced economic cooperation and integration to benefit all the member countries, jointly and individually.

Finally, again during the same Conference, the Heads of State took the historic decision of establishing the Standing Committee on Economic and Commercial Cooperation (COMCEC), which was later to be headed by the Turkish President. This high-level Committee was empowered with an extensive mandate to oversee the OIC work in the

area of economic cooperation. The COMCEC, through regular annual meetings attended by the economy ministers, not only achieved notable progress in a relatively short time in its original agenda made up of trade issues, but also convened ministerial meetings in the areas of Agriculture, Industry, Transport and Communications, Energy, Technical Cooperation, and Infrastructure and Public Works. Thus, over more than thirty years which elapsed since its inception, the OIC, in addition to the nine Islamic Summit Conferences and twenty-eight Islamic Conferences of Foreign Ministers, was able to convene seventeen COMCEC sessions, four ministerial conferences on Agriculture, three on Industry, two on each of Communications and Tourism, and one on each of Transport, Energy, Technical Cooperation, and Infrastructure and Public Works. Eight meetings of Central Bank Governors and countless others of expert groups on various economic subjects were also held during this period.

Another achievement of the OIC was that it managed to establish the basic institutional structure needed to provide technical and organisational support to the activities aiming to strengthen and develop economic cooperation among its member countries. Thus, throughout the period under consideration, the efforts spent and contributions made by the General Secretariat and the various OIC subsidiary, specialised and affiliated institutions in the realisation of all that had been done were substantial.

Another facet of OIC economic cooperation activities has been the concerted effort made to adopt an overall legal framework to facilitate the realisation of expanded cooperation among the member countries. In this context, it is noteworthy that a general cooperation agreement and an agreement to encourage investments were developed and put into force, while several others were finalised and opened for signature, including the Framework Agreement for the Establishment of a Trade Preferential System for the OIC and statutory agreements on the establishment of various professional unions and associations.

Lastly, membership in the OIC and participation in its various activities helped develop a positive atmosphere and created opportunities conducive to the enhancement of bilateral economic relations among the member countries themselves.

All in all, during the 27 years since the Lahore Summit of 1974, the OIC developed an extensive agenda on economic matters, covering issues in most sectors of the economy and several areas of cooperation that cut across sectors, and created the necessary institutional and multilateral legal framework. Extensive deliberations on specific issues of concern and proposals for joint action were undertaken and resolutions adopted at the highest levels. In all of this, one can discern as a basic theme, as well as an overall inclination, an ultimate move towards a more economically integrated OIC family of nations.

In the following list a summary of the most important developments and achievements in the field of economic cooperation is given in chronological order for easy reference:

- In May 1977, the Eighth Islamic Conference of Foreign Ministers (ICFM) approved the General Agreement on Economic, Technical and Commercial Cooperation. The Agreement aims to encourage capital transfers and investment, exchange of data, experience and technical and technological skills among the member countries. The Agreement came into force in April 1981.
- In January 1981, the Third Islamic Summit approved the ten-sector OIC Plan of Action to Strengthen Economic Cooperation among Member States which included Food and Agriculture, Trade, Industry, Transport, Communication and Tourism, Financial and Monetary Questions, Energy, Science and Technology, Manpower and Social Affairs, Population and Health, and Technical Cooperation.
- In June 1981, the Twelfth ICFM adopted the Agreement for Promotion, Protection and Guarantee of Investments. The Agreement sets the basic principles for the promotion of capital transfers among Member States of the OIC and protects investments against commercial risks while guaranteeing the transfer of capital abroad. The Agreement entered into force in February 1988.
- In November 1984, the First Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC) of the OIC adopted the Implementation of the Short Term Programme for the Promotion of Trade Among OIC Member States.

- The First COMCEC also approved proposals to establish multilateral financial schemes in order to promote intra-OIC trade among the member states. The first of these projects, the Longer Term Trade Financing Scheme, better known as the Export Financing Scheme (EFS), became operational in 1988 under the IDB. It aims to promote intra-OIC trade of non-conventional goods. The second one, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) became operational in October 1991 within the framework of the IDB.
- In October 1990, the Sixth Session of the COMCEC adopted the Framework Agreement for the Establishment of a Trade Preferential System among the Member States of the OIC (TPSOIC), and its Annex on the Rules of Origin. The Framework Agreement, establishing a Trade Preferential System, was signed by twenty-two OIC countries and ratified by seven of them. It needs to be ratified by 10 member countries in order to be enforced.
- In December 1994, the Seventh Islamic Summit endorsed the Strategy and the Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States of the OIC adopted at the Tenth Session of the COMCEC.
- In December 1997, the Eighth Session of the Islamic Summit Conference adopted a resolution on the Islamic Common Market emphasising, inter alia, the importance of implementing the Strategy and Plan of Action to Strengthen Economic and Commercial Cooperation and various agreements concluded within the framework of the OIC.
- The Eighth Islamic Summit also invited the Member States to formulate concrete proposals for cooperation and coordination in setting up centres of excellence in areas where they are able to unfold potentials for expanding trade and investment among themselves to develop cooperation in various necessary areas which could facilitate the realisation of an Islamic Common Market among Member States.

It is possible to observe, therefore, that the OIC has made a respectable effort, despite many difficulties, to develop a framework,

within which the Islamic world could cooperate extensively, initiate and carry out joint economic action in stages in a world that is moving towards globalisation in parallel to regional cooperation and integration. However, the stage reached in the process of economic and commercial cooperation has not yet produced the expected results measured, for example, in terms of intra-OIC trade. In other words, against the basic intention of establishing a more integrated OIC community, the level of intra-OIC trade is still very far from being satisfactory, i.e. around 10 per cent of the total trade of the member countries.

In order to improve this situation, the Eighth Islamic Summit Conference, held in Tehran in December 1997, asked the IDB to formulate and develop qualitative and quantitative objectives as well as the means to increase intra-OIC trade. Presently, the IDB is implementing a project aimed to increase the intra-OIC trade from 10 per cent to 13 per cent of the total OIC trade over three years starting from 1999 (1420H). Actually, this one per cent annual increase is equal to around US\$ 4 billion of additional intra-OIC trade.

4. IMPLICATIONS OF ESTABLISHING AN ISLAMIC COMMON MARKET

Regional economic integration relies on the idea of creating a larger economic unit from smaller national economies. For this purpose, it removes trade barriers and establishes closer commercial, monetary, financial and economic coordination and cooperation amongst the participating countries. In doing so, regional economic groupings aim to accelerate the economic growth and development of the countries in the scheme. A common market is a higher form of regional economic integration scheme as compared to simpler forms such as preferential trade areas, free trade areas or customs union. Still higher integration schemes are monetary and economic unions.

A common market allows a free flow of not only the goods but also the services and the factors of production such as capital, labour, entrepreneurship, etc. across countries. It also establishes a common external tariff policy against third parties and abolishes all the tariffs on each other's exports. However, such a scheme also necessitates the coordination of commercial, industrial, financial and economic policies.

Citizens of a common market can work and invest in any member country without any restriction. In other words, any common market should comprise these elements. Otherwise, it cannot be considered as a common market. The Islamic common market to be established amongst the OIC member countries will also contain these factors even if it is to be realised in stages ('gradually' and 'step-by-step' as foreseen in the *OIC Strategy and Plan of Action*). For this reason, its implications should be evaluated with the assumption that a full-fledged Islamic Common Market will be established amongst the members of the OIC countries. In what follows, a brief summary of the expected implications in various areas is given.

Liberalisation of Trade in Goods and Services Among the OIC Member Countries

The Establishment of an Islamic common market will, first, create a free trade environment. Such an environment will be created when the OIC countries agree to abolish all the barriers (tariff, para-tariff and non-tariff) to trade in goods and services amongst themselves and apply a common external tariff policy against third parties at a certain stage. In other words, there will not be any tariff or quota-type barrier to protect their domestic industries and services sectors against the goods and services originating from other member countries.

The establishment of a free trade environment amongst the members of the Islamic Common Market may have two types of static effects. The first is the trade creating effect, which will induce economic activity in the region and give an impetus to income creation. Trade creation occurs when high-cost domestic production is replaced by imports from other members. The second will be the trade diversion effect, meaning a resulting shift in the direction of trade activities in favour of the member countries and against the non-members. Trade diversion occurs when low-cost imports from third parties are replaced with higher-cost goods from member countries. This actually implies disadvantages and losses on the part of the non-member countries. For this reason, the OIC countries must be prepared for the comments and criticisms of the non-member countries within the framework of the WTO Agreements and the possibility of establishing the Islamic Common Market should be studied in detail from the standpoint of the WTO Agreements.

The formation of the Islamic Common Market will create a broader market. In other words, it will enlarge the volume of demand for commodities produced in the region. As a result, when any investment decision is to be taken, entrepreneurs will consider the whole region and invest in large-scale production units. This fact will have two effects. First, it may increase efficiency and competitiveness through making use of the advantages of economies of scale in production of goods already being produced in the region. This way, it provides an intermediary stage for the regional companies and industries to prepare themselves for tougher competitive conditions prevailing on the global market. Secondly, it may also make possible the production of new commodities within the region. These will bring about more income creation within the region. Member countries will also benefit from regional specialisation and 'learning by doing'. Furthermore, the creation of a larger economic entity or a regional market attracts foreign investment.

On the other hand, a free trade environment will eliminate those firms, even industries and sectors in the member countries, which cannot manage to be competitive at the OIC level, particularly in the short and medium term. However, in the long run, this environment will create more competitive companies and sectors amongst the OIC countries, which may also become competitive on the global scale. Thus, the expected outcome in this regard may be a loss of income in some sectors and in certain member countries in the short and medium terms. At the same time, more competitive industries and countries will benefit from such a climate and levels of trade and production will increase in the long run. This fact will certainly promote the overall welfare of the OIC Community.

Free Flow of Factors of Production

In addition to the liberalisation of trade activities in the goods and services sectors, the Islamic Common Market should also create conditions for the free flow of all the factors of production, particularly capital, labour, and entrepreneurship. In other words, anybody from the Community may look for a job or an investment or a business opportunity anywhere within the area of the Islamic Common Market without any limitation and discrimination. Anybody or any company from a member country will be treated as a local person or a local company in member countries. There

will not be any control and/or flexibility of the host country on foreign investments and immigration originating from participating countries, when such a scheme is created amongst the members of the OIC.

Of course such a system will redistribute factors of production amongst the members of the Islamic Common Market according to economic rules and criteria, that is relative prices of production factors, profit maximisation, rationality, effectiveness, feasibility, etc. Capital will flow into those members offering higher rates of profit, and labour will immigrate to those members with higher wages. Free mobility of capital and labour amongst the member countries will cause changes in relative prices of the production factors at the beginning. But in the long run, relative factor prices will be equalised amongst the member countries. At the end, a huge single market will be created amongst the members of the OIC with equal wages and profit margins.

In such a rapidly changing environment, those member countries with relatively low wage levels will benefit more from the creation of such a scheme because they offer higher profit margins for the capital from other member countries. Therefore, these countries will attain faster rates of growth, higher levels of production and labour productivity through increased inflows of foreign direct investment from abroad. Free mobility of capital will be beneficial for capital surplus countries since they will have more profitable and better opportunities to invest their excess capital. Until the equalisation of relative prices of factors of production, there may occur further differences between the economic growth rates of the member countries. But these differences tend to decline in the long run, and disappear completely at the end. This scheme is expected to increase total production and income and the resulting welfare of the Community.

Coordination of Economic Policies

Another facet of the establishment of the Islamic Common Market is the coordination of commercial, industrial, monetary, financial and economic policies amongst the member countries. Indeed, when trade and production are liberalised amongst the members of the Islamic Common Market, there will certainly be a struggle amongst the companies of the member countries to get the lion's share in the

Common Market. This stimulus will also cause some powerful companies in member countries to influence the member country governments to obtain some more benefits and privileges. They may try to convince their governments to adopt commercial, industrial, financial and economic domestic policies in their favour. The effects of domestic economic policies on foreign trade and foreign investment activities cannot be denied. For this reason, although domestic economic policies are within the domain of the national governments, following the establishment of the Islamic Common Market, the national governments will be obliged to coordinate their domestic economic policies. In other words, the establishment of the Islamic Common Market implies the gradual surrender of the authority of the national governments over their domestic economic policies.

In fact, the establishment of the Islamic Common Market will create a customs union amongst the members and provide free mobility of factors of production. In other words, it will liberalise all trade, investment and production activities amongst the member countries. Such an environment can be operational under commonly accepted rules and principles of trade, investment and production. These rules and principles will exclude any discrimination or differential treatment amongst economic agents such as investors, producers, traders, etc. For this reason, to create a fair and equal environment for all economic agents in the region, participating countries should agree to coordinate their economic policies and adopt the same policies. At the beginning, coordination of economic policies may require implementation of austere measures and domestic policy reforms. In general, implementation of such measures and reforms to streamline the OIC economies may cause social and political unrest and may be problematic. However, when these structural reforms are made within the framework of forming a Common Market or for harmonising the commercial and economic policies, people may tolerate them better.

Promotion of Regional Stability and Solidarity

In addition to the above-mentioned implications of establishing an Islamic Common Market, there will be those resulting from the creation of a group. It is very clear that the creation of an Islamic Common Market will also contribute to the promotion of regional stability,

solidarity and security amongst the member countries. The creation of a free trade, investment and production environment and free mobility of people, workers and businessmen will eliminate political differences, tensions and frictions amongst the OIC countries. In this respect, the best example will be the case of the European Countries. Although they had very serious economic and political divergences resulting from historical enmities, they have established what is perhaps the most solid and powerful economic and political interest group at the international level. As a group, they certainly obtain more benefits and advantages than they could have individually.

In general, economic cooperation and unification result in political cooperation and unification. Furthermore, economic and political unification brings about economic strength and political power. In this way, the OIC countries may reach their initial objectives.

In summary, due to the expansion of the market, trade and income creation will result in increased exports, increased trade exchanges, more investment, more output, higher rates of employment, new business opportunities, and new goods produced in the region. Foreign trade structure and production possibilities will change. Expanded exports will improve the balance of payments, and that, in turn, will decrease the debt burden on the economies. A greater market may induce foreign investment from third parties. Structural changes will improve the quality and quantity of the products in the region. Specialisation and better division of labour would increase production, productivity and economic growth. Larger markets for commodities and factors of production will give an impetus to technological changes. The overall benefits will be reflected as increased output, income and welfare of the people.

5. ISLAMIC COMMON MARKET: SOME PRACTICAL STEPS

As was pointed out above, the establishment of an Islamic Common Market has been referred to as the ultimate manifestation of the economic activities of the OIC on various occasions, ever since economic cooperation among the member states of the OIC has gained momentum in the mid-1970s with the Lahore Summit and the adoption of the General Agreement for Economic, Technical and Commercial Cooperation among Member States of the Islamic Conference.

On the other hand, the outcome of especially the last decade in terms of global economic developments gave rise to the awareness that most of the developing countries are too small to be able to create modern, viable industrial structures within their national frameworks. The high cost of modern industrial establishments cannot be justified where markets are much too small. Furthermore, the argument for the advisability of integration is strengthened all the more in the eyes of the developing countries in the light of the concerted action on the part of the developed countries to form and expand economic groupings. It is, thus, quite apparent that the OIC, as a grouping of developing countries, should endeavour to design and implement joint action that would aim to protect its members from the adverse effects of the rapid changes taking place in the World.

All this should provide a sound basis for the OIC countries not only to make their collective weight felt on the global scene as active participants, but to take long strides in furthering cooperation amongst themselves. However, when one brings together the conclusions of the above sections, i.e. OIC countries structures, the level of their present cooperation and the far-reaching implications of an ICM, one cannot help admitting that the achievement of such integration is a long-term task. It is also subject to the many uncertainties which characterise all types of international coordination. What is more, it cannot produce spectacular results in the short or even medium term. It is essential, therefore, that the difficulties of achieving this regional economic integration be clearly perceived from the outset in any attempt to form countries into groups. Otherwise, the delays and frequent breakdowns in the process will soon lead to disappointment and discouragement.

Hence, the establishment of an Islamic Common Market would require a firm political commitment on the part of the Member States of the OIC, expressing their political will and a common understanding on the coverage, extent, mechanisms and stages of implementation, as well as modalities of realisation, of such an advanced mode of economic integration. To be fair, however, one should point out that it is not at all easy for 57 developing countries, spread over four continents, to embark upon a process of integration of the type that six developed homogeneous European countries had started after the Second World War and are yet to complete to everyone's satisfaction

in Europe. The technical/economic difficulties of such an ambitious initiative are obviously immense. Financial implications would probably prove prohibitive as well. Yet, the idea was never there that the OIC countries should sit in a certain meeting and decide to establish the Islamic Common Market. In fact, when the new OIC Plan of Action sets, as one of its objectives in the area of Trade, to “*encourage and support the establishment of free trade areas at the sub-regional and regional levels, as basic and transitory stages towards fuller OIC integration, including the eventual creation, in a step-by-step manner, of an Islamic Common Market*”, there is an allusion to the complexity of the issues involved and to the need first to set the stage right and to tread carefully after that.

Actually, the Strategy and the New Plan of Action of the OIC clearly put forward the objective of “promoting and expanding economic cooperation among the member countries in such a way as to realise a gradual integration of the economies of the OIC countries with a view to setting up an Islamic Common Market or any other form of economic integration, on a step-by-step and initially regional basis”. This approach would not only help overcome the possible negative impacts on the OIC countries of the accelerating pace in the formation of global economic groupings, but also support the aspirations of the OIC community for a larger share in world economic activity and a more equitable division of labour vis-à-vis the rest of the World.”

The above reasons, complemented by the chronic setbacks experienced in the South in terms of the actual national economic performances and by the disappointments faced in the international economy and global economic policy-making, have convinced a large number of OIC countries to weigh this objective very carefully. They have, thus, embarked initially upon and participated in a considerable number of regional and sub-regional integration schemes. These schemes, within differing horizons, aim at one or another form of economic integration with other developing countries. It would be useful, in our opinion, and taking into account the directives drawn in the OIC Strategy and Plan of Action, to draw on the experience of these regional integration schemes in order to discern the practical steps that need to be followed to achieve the ultimate objective of establishing an ICM.

Some of the said schemes date back to or prior to independence especially in the case of the member countries in Africa. The fact that many of them survive today and are under serious consideration for revival by the partners involved show that, even though the arguments for establishing such schemes might have changed over time politically, the economic justifications for increased cooperation and integration remain sound and the needs for it have become even more pressing than ever.

Actually many of these schemes have been operational for some time and a lot of effort has been put by the participants to keep them active and viable. As a result, a considerable amount of experience has been accumulated by a good many of the countries on this subject, which could be put to good use while revising, consolidating, strengthening and expanding the existing schemes, when establishing operational links among them where feasible, and helping to develop new ones. All of this would definitely contribute to the eventual establishment of an OIC integration scheme which would bring forth larger and more diversified resource endowments and production capacities, help develop more integrated infrastructural set-ups, create larger markets and give a bigger share and say in the global economy to the partners of such a scheme.

Africa seems to be the region where such schemes have reached a certain degree of proliferation, as well as some maturity in the past. It would only be natural, therefore, that the OIC would have not only to learn a lot from such an experience, but would also have to stand ready to benefit immensely and directly from it as it draws almost half of its membership from Africa. The OIC member countries in Asia, the Middle and Near East, and especially the Far East, have also been active participants in various economic cooperation and integration schemes, some of which are quite old while there are others that have recorded significant progress. Their experiences would also prove highly useful to the OIC as a whole.

The OIC countries have attempted two types of cooperation and integration schemes: those comprising OIC countries only and those with other developing countries. The historical experience of the various integration schemes among the OIC countries have shown that the practical difficulties that these countries have faced with regard to the

integration projects are indeed considerable. They arise in fields as diverse as the transport and communications systems (quite unsuitable for intra-regional trade), the competitive structures of the industries and natural resources of countries potentially interested in joining regional groups, the existence of vested interests unwilling to give up the protection they now enjoy, unrealistic exchange rates, and even the shortage of basic statistical data, which often rules out any reliable assessment of the probable repercussions of the integration process.

Hence, it is readily observed from the above selective and cursory review that especially the member countries in the African and Arab groups of the OIC have been participating in such schemes, many of which have set for themselves very advanced forms of integration as eventual targets. In fact, more than two-thirds of the OIC member countries have been associated with regional and sub-regional economic cooperation and integration schemes and interestingly, but understandably, the least-developed OIC countries figure in many of them. This should be construed as an indication of the willingness and readiness of the majority of the OIC countries to join together with other developing countries within quite ambitious schemes to achieve advanced forms of economic integration as soon as possible. This should be considered as a very useful asset for the OIC as a whole as it readies itself to embark upon community-wide action to expand and extend cooperation.

It should also be noted, however, that there are really very few among the said schemes that have managed to progress as planned and reach the original targets set. A detailed evaluation and analysis of the reasons for this state of affairs remains beyond the limits of this paper. It may, however, be pointed out that the most serious difficulties are encountered in three fields: the effective coordination of investment throughout the region, the need to compensate member countries which may suffer losses in the early stages, and the step-by-step surrender by member countries of power to take economic and social decisions at the national level.

The first point is of capital importance. Not only is the coordination of investment essential for establishing region-wide industries, which will make it possible to reduce costs of production, it is also the

cornerstone of any planning that aims at an equitable distribution of the fruits of development. Without such planning and the compensatory measures going with it, poles of development that will appear would aggravate the disequilibria between participating countries. Again with the aim of preventing a widening gap between participating countries, it is essential that financial compensation be made to the weaker members. But in most of the associations of developing countries, this compensation cannot be provided without external help.

In the face of the above-mentioned obstacles and the experiences of the sub-regional schemes, it would be better to be content, at the start, with objectives more modest than the complete integration of the economies, conserving this, nevertheless, as a long-term objective. It is by beginning with cooperation in concrete investment projects, limited in scope, or even with a step-by-step expansion of trade between the OIC countries, from the present 10% to 13% as suggested by the Task Force on Intra-trade, that the climate of mutual trust and solidarity, which is an essential prerequisite for the realisation of ultimate integration, can best be created. Hence, the approaches to OIC cooperation need to be remodelled to attain two goals simultaneously:

(i) To create powerful economic entities capable of facing the challenges emanating from the emergence of huge economic blocs.

(ii) To achieve structural transformation of the OIC countries' economies in order to attain economic efficiency and social welfare.

Such an orientation would require that more emphasis be put on development cooperation. One of the most useful and practical approaches to such an orientation would be through regional economic integration schemes inter-linked with one another at the OIC level.

It is noteworthy that the Expert Group Meeting on the Implications of Setting-Up an Islamic Common Market, held in Doha, Qatar, on 13-14 October 2000, reached similar conclusions with respect to the approach of the issue of an ICM. The Group recommended, inter-alia, the need to "concentrate on the existing institutions and the various regional and sub-regional arrangements which may be considered as the

building blocks to the ultimate objective". The Group further "felt that there was a need to approach this subject in a coherent manner with a view to seeking a comprehensive and phased strategy leading towards the objective". The Group, while emphasising "the need of mapping the trade off in terms of potential benefits and costs of the various stages of economic integration, observed that the establishment of an ICM is essentially a long term process with multiple dimensions and phases". Another important issue relating to the steps needed to eventually establish the ICM, taken up by the Group concerns the WTO. The Group "Noting Article 24 of the WTO Agreement concerning the formation of regional groupings, felt that all the Member States of the OIC should eventually be a party to the WTO Agreement as this might facilitate progress towards setting a common market or any other form of economic integration consistent with the WTO requirements".

It is quite clear, therefore, that an Islamic Common market should be a long-term ideal for the OIC member countries, to be approached carefully and in stages. Though far from reaching an advanced stage, some important initiatives have so far been taken in a multitude of economic cooperation fields comprising trade preferences, joint-ventures, coordination and harmonisation of various sets of economic policies and regional schemes of monetary and financial cooperation. Once these modalities are made to work more thoroughly, the establishment of regional integration schemes, such as the Gulf Cooperation Council or the Economic Cooperation Organisation, linked to one another with special preferential arrangements, could seriously be considered. This could, in turn, constitute the concrete foundation of an overall Islamic Common Market Framework made up of regional components.

6. CONCLUDING REMARKS

Although the Organisation of the Islamic Conference (OIC) had initially started out as a political forum, economic cooperation among the Member States of the OIC has gained momentum with the Second Islamic Summit Conference in 1974 and the adoption of the General Agreement for Economic, Technical and Commercial Cooperation among Member States of the Islamic Conference. On the realisation that effective joint political action had to be based upon and complemented by wide-ranging joint economic action, the establishment of an Islamic

Common Market and/or other forms of integration and advanced economic cooperation schemes have been proposed in various OIC and Islamic fora as a 'natural' or expected manifestation for the OIC.

On the other hand, a common market being one of the most advanced forms of economic integration short of an economic union, the OIC member countries were cognisant of the fact that there were not only objective requirements for its realisation, but there were also national, communal and international limitations and constraints on it. Economically, the member governments would have to agree to abolish all the tariffs on each other's exports, follow a common tariff policy towards their imports from the rest of the World, and allow a free flow of commodities as well as productive factors (capital, labour, entrepreneurship and technology) amongst one another.

Despite the abundance of under-utilised natural and human resource endowments, however, the existing production and trade structures of the member country economies, all of which were placed among the developing countries, are not highly conducive to effective action towards integration. Furthermore, geographical diversity, lack of national and regional transportation and communication facilities, and scarcity of readily available current information in the member countries about one another are also significant impediments to such integration.

Furthermore, there is a complex set of political factors that constrain the OIC countries in their efforts as they try to initiate concrete action in the right direction on this particular subject. In addition to their regional affiliations dating back to and/or emanating from non-OIC concerns, the member countries are weighed down with historically established economic and trading ties with the West, as well as other global economic and political constraints in this regard.

As a result, despite the fact that the OIC economic cooperation activities were being carried on over a wide spectrum, the overall pace of progress fell considerably short of the overall expectations in terms of concrete achievements. Yet, it should also be remembered that even those OIC Member States who were party to various formal integration schemes over extended periods of time could not fully succeed in realising many of the original targets within those groupings.

In the face of these obstacles, therefore, it appears that it would be better to start with objectives more modest than complete integration, which, nevertheless, should remain as a long-term objective. It is by beginning with cooperation in concrete investment projects, limited in scope, or even with a step-by-step expansion of trade between the OIC countries, that the climate of mutual trust and solidarity, which is an essential prerequisite for the realisation of ultimate integration, can best be created. It should also be remembered that, though far from reaching an advanced stage, some important initiatives have already been taken so far within the OIC in a multitude of economic cooperation fields. Once these initiatives and modalities of cooperation are consolidated and linked together within a wider and more flexible framework, as foreseen in the new OIC Plan of Action, a concrete foundation for more extensive economic integration schemes among the member countries, like an Islamic Common Market, would be established. It appears that the existing and to-be-established sub-regional and regional integration schemes participated in by the OIC countries, and linked to one another with special preferential arrangements, could very well serve as the foundation stones of an overall OIC integration scheme with advanced features.

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ANNEX**TABLE A.1: COMPOSITION OF GDP IN OIC COUNTRIES, 1999
(Percentage)**

	Agriculture	Industry	Services
Albania	54	25	21
Algeria	12	47	41
Azerbaijan	20	39	41
Bahrain	1	46	53
Bangladesh	22	28	50
Benin	38.6	13.5	47.9
Brunei	2	32.5	34.1
Burkina Faso	33	27	39
Cameroon	42	22	36
Chad	40	14	46
Comoros	37	14	49
Djibouti	3	12	85
Egypt	13	32	50
Gabon	7	60	32
Gambia	27	14	59
Guinea	22	35	42
Guinea-Bissau	62	13	25
Guyana	37	22	41
Indonesia	20	44.3	35
Iran	25	37	38
Jordan	3	28.9	71
Kazakhstan	8.5	31	60
Kuwait	0.4	47.6	52
Kyrgyzstan	46	24	30
Lebanon	12	27	61
Libya	5	55	40
Malaysia	13.2	43.7	43
Maldives	22	16	63
Mali	49	17	36
Mauritania	25	30	46
Morocco	17	32	51
Mozambique	30.7	21.9	45
Niger	41	17	42
Nigeria	32	41	27
Oman	2.9	44.7	58.6
Pakistan	25.2	26.5	49

TABLE A.1: (continued)

	Agriculture	Industry	Services
Palestine	7	16.8	74.4
Qatar	1	52	48
Saudi Arabia	7	48	45
Senegal	17	24	59
Sierra Leone	44	24	32
Somalia	59	10	31
Sudan	39	18	43
Surinam	9	28	69
Syria	29	22	49
Tajikistan	19.8	18.1	62.1
Togo	42	21	37
Tunisia	13.3	28.5	58.2
Turkey	16.1	21.8	62.1
Turkmenistan	25	42	34
U. A. Emirates	1	52	45
Uganda	45	18	38
Uzbekistan	31	27	42
Yemen	16.7	65.9	17.5

TABLE A.2: GDP AT CURRENT PRICES (Million US\$)

	1996	1997	1998	1999
Albania				
Algeria	37708	48458	48425	
Azerbaijan	3177	3962	4446	4002
Bahrain	6037	6282	6118	6550
Bangladesh	31142	31955	32851	35400
Benin	2208	2141	2305	2360
Brunei		5440	4828	
Burkina Faso	2351	2382	2580	2582
Cameroon	8904	9064	9499	
Chad	1623	1523	1693	1551
Comoros				
Djibouti				
Egypt	67345	75590	82710	88781
Gabon	5631	5341	4666	
Gambia				
Guinea				
Guinea-Bissau	343	272		
Guyana	705	743		
Indonesia	227397	215747	94156	136866
Iran	160348	158496	187423	238554
Jordan	6644	6976	7296	7455
Kazakhstan	20115	21272	21081	
Kuwait	31127	30056	25727	29714
Kyrgyzistan	1754	1768	1640	1250
Lebanon				
Libya	32438	33585		
Malaysia	100851	100199	72489	78735
Maldives	303	342	368	
Mali	2582	2448	2622	
Mauritania	1081	1058		
Morocco	36672	33415	35683	34999
Mozambique	2841	3449	3815	3957
Niger	1269	1524	1682	
Nigeria	129464	142920		
Oman	15458	16026	14253	15789
Pakistan	60305	58766	60897	61601
Palestine				
Qatar	9059	11298	10255	12197

Saudi Arabia	136355	146299	128205	139383
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TABLE A.2: (continued)

	1996	1997	1998	1999
Senegal	4652	4379	4680	
Sierra Leone	950	832	673	680
Somalia				
Sudan	8171	10161		
Surinam	747	903	818	
Syria	61574	66450	70920	
Tajikistan		925	1317	
Togo	1450	1400		
Tunisia	19522	18897	19825	20891
Turkey	175911	189122	198006	184762
Turkmenistan				
U. A. Emirates	44632	49373	46481	
Uganda	6345	6062	6103	5740
Uzbekistan				
Yemen	7457	6597	5870	6744

TABLE A.3: PER CAPITA GDP (US\$)

	1996	1997	1998	1999
Afghanistan				
Albania				
Algeria	1320	1668	1625	
Azerbaijan	408	503	559	502
Bahrain	10061	10132	9560	9776
Bangladesh	258	261	263	279
Benin	395	367	382	381
Brunei		17548	15574	
Burkina Faso	218	215	242	222
Cameroon	657	651	664	
Chad	235	215	233	208
Comoros				
Djibouti				
Egypt	1135	1258	1349	1427
Gabon	5073	4685	3921	
Gambia				
Guinea				
Guinea-Bissau	309	239		
Guyana	840	875		
Indonesia	1155	1079	461	654
Iran	2623	2616	3041	3802
Iraq				
Jordan	1119	1138	1158	1150
Kazakhstan	1291	1388	1399	
Kuwait	16469	15180	12673	14082
Kyrgyzistan	376	374	342	257
Lebanon				
Libya	5803	5811		
Malaysia	4908	4771	3268	3467
Maldives	1167	1316	1364	
Mali	253	234	245	
Mauritania	452	430		
Morocco	1366	1224	1284	1239
Mozambique	176	209	225	229
Niger	134	156	167	
Nigeria	1277	1376		
Oman	6932	7091	6224	6418
Pakistan	450	425	466	458

Palestine				
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TABLE A.3: (continued)

	1996	1997	1998	1999
Qatar	16177	19821	18992	20673
Saudi Arabia	7238	7506	6353	7004
Senegal	529	484	504	
Sierra Leone	221	188	147	144
Somalia				
Sudan	301	367		
Suriname	1821	2150	1995	
Syria	4212	4401	4546	
Tajikistan		157	220	
Togo	348	327		
Tunisia	2148	2050	2125	2208
Turkey	2858	3025	3121	2869
Turkmenistan				
U. A. Emirates	18292	19137	17088	
Uganda	320	297	290	265
Uzbekistan				
Yemen	468	400	344	381

TABLE A.4: GROSS DOMESTIC INVESTMENT (GDI), GROSS DOMESTIC SAVINGS (GDS), AND RESOURCE BALANCE (% of GDP)

	Gross Domestic Investment		Gross Domestic Savings		Resource Balance	
	1990	1999	1990	1999	1990	1999
Albania	29	16	21	-7	-8	-23
Algeria	29	27	27	30	-2	3
Azerbaijan	..	34	..	5	..	-29
Bangladesh	19	20	11	14	-7	-6
Benin	14	18	5	8	-9	-10
Burkina Faso	21	27	8	10	-13	-17
Cameroon	18	19	21	19	3	0
Chad	7	18	-6	0	-15	-18
Egypt	29	23	16	14	-13	-8
Guinea	18	18	18	17	0	-1
Indonesia	31	14	33	24	2	10
Iran	29	16	27	16	-2	0
Jordan	32	27	1	6	-31	-21
Kazakhstan	32	15	30	15	-1	0
Kuwait	18	12	4	22	-13	10
Kyrgyz Rep.	24	10	4	-11	-20	-21
Malaysia	34	32	36	45	2	13
Mali	23	20	6	8	-17	-12
Mauritania	20	22	5	12	-15	-10
Morocco	25	23	16	18	-10	-5
Mozambique	16	35	-12	11	-28	-24
Niger	8	10	1	4	-7	-6
Nigeria	15	11	29	0	15	-11
Pakistan	19	15	11	11	-8	-4
Saudi Arabia	20	21	30	26	10	5
Senegal	14	21	9	14	-5	-7
Sierra Leone	9	5	8	-2	-1	-8
Syria	15	29	16	18	0	-11
Tajikistan	23	..	14	..	-10	..
Togo	27	14	15	6	-12	-8
Tunisia	32	28	25	24	-7	-3
Turkey	24	24	20	21	-4	-3
Turkmenistan	40	..	28	..	-13	..
Uganda	13	17	1	6	-12	-12

TABLE A.4: (continued)

	Gross Domestic Investment		Gross Domestic Savings		Resource Balance	
	1990	1999	1990	1999	1990	1999
Yemen	15	21	9	13	-6	-8
World	24	22	23	23	0	0
LICs ⁽¹⁾	24	20	21	19	-3	-1
MICs ⁽²⁾	26	24	27	26	1	1
LICs and MICs	26	24	26	25	0	1
HICs ⁽³⁾	23	21	23	22	0	1

Source: World Bank, *World Development Report 2000/2001*.

Notes: (1) LICs: Low income countries. (2) MICs: Middle income countries. (3) HICs: High income countries. (..) data are not available.

TABLE A.5: INTRA-OIC TRADE MATRIX, 1999
(Million US\$)

	EXPORTS				IMPORTS			
	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL EXPORTS	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL IMPORTS
Afghanistan	48	36	27	111	154	133	181	468
Albania	2	262	11	275	57	739	103	899
Algeria	831	9913	1520	12264	779	7336	1558	9673
Azerbaijan	143	492	294	929	249	378	409	1036
Bahrain	712	708	5456	6876	488	1887	1213	3588
Bangladesh	173	3418	929	4520	754	2295	5303	8352
Benin	65	44	98	207	121	453	269	843
Brunei	206	1597	749	2552	288	481	559	1328
Burkina Faso	24	74	76	174	48	302	421	771
Cameroon	109	1177	315	1601	287	834	197	1318
Chad	4	67	26	97	58	79	8	145
Comoros	0	8	3	11	6	29	21	56
Djibouti	106	27	7	140	137	245	215	597
Egypt	597	1737	1201	3535	1829	9432	4701	15962
Gabon	35	2307	783	3125	57	1154	158	1369
Gambia	1	6	1	8	14	111	69	194
Guinea	42	521	196	759	40	479	222	741
Guinea-Bissau	1	8	72	81	14	38	30	82
Guyana	4	445	148	597	4	268	280	552
Indonesia	4015	31884	21383	57282	2682	13414	12318	28414
Iran	1098	7523	6565	15186	1268	6175	4510	11953
Iraq	20	7905	813	8738	128	984	401	1513
Libya	816	6807	298	7921	719	2850	725	4294
Jordan	554	262	437	1253	694	2093	1004	3791
Kazakhstan	740	1949	2590	5279	356	1416	2415	4187

TABLE A.5: (continued)

	EXPORTS				IMPORTS			
	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL EXPORTS	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL IMPORTS
Kuwait	1111	5699	3333	10143	1481	4801	1334	7616
Kyrgyzstan	123	203	128	454	183	204	223	610
Lebanon	342	369	72	783	738	3809	1183	5730
Malaysia	4382	44835	35333	84550	3948	35782	25761	65491
Maldives	0	234	72	306	153	443	192	788
Mali	26	102	109	237	65	439	756	1260
Mauritania	26	406	76	508	82	364	143	589
Morocco	383	6183	1502	8068	856	8582	2302	11740
Mozambique	1	98	172	271	44	224	932	1200
Niger	50	116	7	173	62	140	113	315
Nigeria	470	7611	3587	11668	345	4637	2487	7469
Oman	1380	1983	3731	7094	1785	2352	537	4674
Pakistan	1491	5088	1860	8439	3884	4116	2297	10297
Qatar	412	3711	2009	6132	570	1754	457	2781
Saudi Arabia	7566	24412	15356	47334	3407	19308	5316	28031
Senegal	188	377	251	816	179	1030	399	1608
Sierra Leone	0	4	2	6	15	128	149	292
Somalia	113	1	5	119	108	28	149	285
Sudan	232	237	231	700	272	674	531	1477
Surinam	9	454	75	538	4	316	147	467
Syria	1214	2161	265	3640	662	2340	2331	5333
Tajikistan	209	324	156	689	396	112	155	663
Togo	104	96	221	421	66	342	681	1089
Tunisia	598	6037	632	7267	760	8427	1008	10195
Turkey	3462	17492	5633	26587	3864	27134	9689	40687
Turkmenistan	214	253	591	1058	358	283	281	922

TABLE A.5: (continued)

	EXPORTS				IMPORTS			
	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL EXPORTS	INTRA-OIC	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES	TOTAL IMPORTS
U. A. Emirates	4140	11140	13111	28391	5109	18255	9676	33040
Uganda	8	283	76	367	29	279	529	837
Uzbekistan	781	448	954	2183	632	1079	965	2676
Yemen	102	122	1741	1965	833	1153	601	2587
Total	39483	219656	135289	394428	42121	202140	108614	352875
As % of OIC total	10.0	55.7	34.3	100.0	11.9	57.3	30.8	100.0

Source: SESRTCIC Data Base.

TABLE A.6: MIDYEAR POPULATION (Million, 1999)

	Total	Urban	Rural	Share of Labour Force in Agriculture
Afghanistan	21.92	20	80	67.7
Albania	3.11	39	61	49.5
Algeria	30.77	60	40	24.8
Azerbaijan	7.98	57	43	27.5
Bahrain	0.67	91	9	1.2
Bangladesh	126.95	24	76	57.7
Benin	6.19	42	58	56
Brunei	0.32	67	33	0.9
Burkina Faso	11.62	18	82	92.2
Cameroon	14.69	48	52	61.6
Chad	7.46	23	77	77
Comoros	0.66	32	68	74.4
Djibouti	0.63	83	17	
Egypt	62.23	45	55	34.7
Gabon	1.39	80	20	40.5
Gambia	1.27	32	68	79.6
Guinea	7.36	31	69	84.6
Guinea-Bissau	1.19	23	77	83.3
Guyana	0.86	36	64	18.6
Indonesia	209.26	40	60	49.7
Iran	62.75	61	39	27.6
Iraq	22.45	76	24	11.1
Jordan	6.48	74	26	12
Kazakhstan	14.94	56	44	1
Kuwait	2.11	97	3	18.5
Kyrgyzistan	4.87	34	66	26.9
Lebanon	3.24	89	11	4.3
Libya	5.47	87	13	6.7
Malaysia	22.71	57	43	20.2
Maldives	0.28	25	75	24.2
Mali	10.96	29	71	82.1
Mauritania	2.6	56	44	53.3

TABLE A.6: (continued)

	Total	Urban	Rural	Share of Labour Force in Agriculture
Morocco	28.24	55	45	37.7
Mozambique	17.3	39	61	81
Niger	10.4	20	80	88.3
Nigeria	108.95	43	57	35.2
Oman	2.46	82	18	37.6
Pakistan	134.51	36	64	47.9
Palestine	2.9	56	44	12.1
Qatar	0.59	92	8	1.5
Saudi Arabia	19.9	85	15	11.4
Senegal	9.28	47	53	74.4
Sierra Leone	4.72	36	64	63.3
Somalia	9.67	26	74	72
Sudan	28.88	35	65	62.9
Surinam	0.42	50	50	19.4
Syria	16.11	54	46	28.8
Tajikistan	6.1	26.8	73.2	35.1
Togo	4.51	33	67	60.9
Tunisia	9.46	65	35	25.4
Turkey	64.39	65	35	47.7
Turkmenistan	4.38	45	55	34.1
U. A. Emirates	2.4	85	15	5.3
Uganda	21.62	14	86	81.1
Uzbekistan	23.95	37	63	29
Yemen	17.68	24	76	52.6

