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Forward in faith and union

THE idea of forming an economic union of Islamic countries which would allow for a free flow of goods, capital and labour among members is not as hard to implement as it sounds. And it makes very good sense too although Islamic countries may not share common borders like in the case of the members of the European Union and Nafta, or Apec and Asean. All these regional blocs have as the *raison d'etre* the benefits to be derived from the amalgamation of often fragmented economic bases into a single common economic expanse. What the Islamic countries share is a common faith and in the Organisation of Islamic Conference (OIC) they have a ready-made foundation upon which to build on and further the economic cause of not only the members but also that of the developing world as a whole.

In the face of the Western-led globalisation and liberalisation machismo - a situation acknowledged by no less than the World Trade Organisation in the aftermath of the Seattle summit last November - regionalism and even tribalism have ironically emerged as the best possible approach for lesser players to stake a claim in the new world order. As Prof Syed Nawab Haider Naqvi noted, 82 regional blocs were created in the 1990s alone, compared to 69 in the preceding 30 years. The president of Pakistan's Institute for Development Research also told an international conference in Kuala Lumpur on Tuesday that 87 per cent of world trade is currently accounted for by three blocs of 33 countries; namely Nafta, the EU and Apec. Perhaps it is inevitable, in the initial stages of forming an all-inclusive club, that there be a proliferation of highly exclusive alliances, associations and organisations. This is also clearly apparent in the business world where airlines, shipping companies and telecommunications service providers have aggressively sought out partners and entered into various arrangements designed as much to expand their operating bases as to exclude the competition.

A position of relative strength from which to bargain is the short-term objective, and there can be none to speak of for the small countries and business establishments if they do not pool resources, what with even the biggest and most powerful already doing so. For the Islamic countries, trade is an obvious point to start. Here, Syed Nawab is of the view that trade facilitation can be very quickly brought up to speed by the setting up of an OIC Regional Payments Agency. Such a mechanism would reduce the dependence on the world's major currencies. It will be an advantage most developing countries need no convincing in the light of the 1997-98 Asian economic crisis; one precipitated by externally generated foreign exchange pressures on the region's emergent economies. It should also lead to the promotion and further development of financial instruments and systems that are Syariah-compliant. This is an area in which Malaysia has considerable experience and expertise, and together with the stature of Datuk Seri Dr Mahathir Mohamad on the global stage, Syed Nawab must have had the fact in mind when he suggested that Kuala Lumpur take the lead in forging greater political and economic integration of OIC economies.

And the longer-term plan is for OIC to evolve a monetary union. If Washington and its allies were not even sitting up to listen, they would surely be standing on the chair by now. Asia, remember, was not allowed to form precisely such a union on the arrogant reasoning that a regional monetary authority would be incapable of being disciplined enough to pursue policies that are for the common good. Ultimately, this would

subvert the role of the International Monetary Fund, they declared; which is to say the developing countries cannot be trusted to always know what they need, let alone act firmly on it. In addition, the emotional baggage of the West in respect of Islam aside, the evolution of an alternative economic system is not something which the world's big powers will welcome. The OIC should however take heart that the stronger the resistance the stronger will be the affirmation that it is a worthwhile initiative.

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