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BOOK-ISLAMIC

MAHATHIR LAUNCHES BOOK ON ISLAMIC RESPONSE TO GLOBALISATION

KUALA LUMPUR, Oct 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today launched a book on "The Economic and Financial Imperatives of Globalisation: An Islamic Response," which among others, discusses the present international trade and finance practices.

One of the contributors to the book is Finance Ministry adviser Datuk Mustapa Mohamed, who called upon Muslim scholars and bankers to provide a useful and pragmatic alternative to the structure of globalisation from the Islamic perspective.

He said this was imperative, since the magnitude of non-trade related financial transactions has greatly surpassed the trade-related financial transactions by leaps and bounds.

Mustapa's article was titled "Globalisation: A Malaysian View."

He said: "What Malaysia has done in its response to the financial crisis, particularly through the exchange control measures is, I believe, fundamentally Islamic. We have prevented the ringgit from being traded as a commodity."

The book, published by the Malaysian Institute of Islamic Understanding (IKIM) also discusses the various Islamic guidelines and policies, response and solutions to the world economic crisis.

It was launched at IKIM's international seminar on "Islamic Law in the Contemporary World here.

Mustapa said that the major difference between Islam's view of globalisation and the present practice is with regards to financial flows, particularly the "hot money."

Islam's focus is on trade and investment in the real sector.

He also said that Islam encourages the positive aspects of globalisation such as cross-border trade and investment.

The religion had paved the way to vast business opportunities and international trade since the early days of Islam to the height of its empire, he said.

Prof Dr Syed Nawab Haider Naqvi, Rector of Kausar University of Science, Islamabad, Pakistan in his article on "Exogenous Shocks and Islamic Economic Response" said Organisation of Islamic Countries (OIC) should commit themselves to a far-reaching programme of economic integration in trade, production and finance.

For this to happen, he said that the OIC should use more the mechanism of the World Trade Organisation (WTO) to explore areas where greater export expansion to the world market is possible.

The real challenge, therefore, is for the region to work through and around the major trading blocs of European Union (EU), North America Free Trade Agreement (NAFTA) and Asia-Pacific Economic Cooperation (APEC), by using the links that already exist.

For instance, he said Turkey, Egypt and Morocco already have important relationships with the EU while Indonesia and Malaysia are linked with Asean and APEC.

Dr Syed Nawab also lamented that trade within the OIC is highly concentrated in about six countries (Saudi Arabia, Malaysia, Indonesia, United Arab Emirates, Iran and Turkey) while the rich countries of the region (Brunei, Gabon, Libya, Kuwait, Qatar) hardly take any part in promoting intra-OIC trade, production and investment relationships.

"This trend must be reversed," he said.

Also, the excessive reliance on the production and export of oil in the oil producing OIC countries should be gradually reduced by a balanced expansion of production and export structures where agriculture, manufacturing and services sectors find a much more prominent place.

He also find it necessary to strengthen the working of the Islamic Banks which have now become an integral part of the financial system throughout the Muslim world.

In improving the working of the Islamic Banks, besides upgrading the information base of the Islamic Banks with the help of modern computer-based technologies, cases of loan default must be dealt with severely as they amount to khiyanat (that is, the misappropriation of depositor's money) which is a great sin in Islam.

Islamic Banks acting as intermediaries between the depositors and the borrowers, he said should be able to reduce the variability of the rates of return on deposits as well as their absolute size by absorbing both the excess profits and the losses on their operations.

Islamic Banks must also improve their real rates of return by employing a series of innovative financial instruments and by overcoming their shyness to offer a viable scheme of deposit insurance.

Meanwhile, Dr Monzer Kahf, a research economist at the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank, Jeddah said Islamic Banks must focus on their competitiveness in local and international markets.

Although Islamic banks and financial institutions could enter some Western markets, their base markets remain in the Muslim countries, many of whose economies are narrow, small and loaded with restrictions and other market distortions.

He said this in his article on "Financing International Trade: An Islamic Alternative." -- BERNAMA

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