

**KEYNOTE ADDRESS BY
THE HONOURABLE ABDULLAH AHMAD BADAWI,
AT THE OIC TRADE FORUM & TRADE EXHIBITION AT KUALA LUMPUR
20 JUNE 2005**

EXCELLENCIES, LADIES AND GENTLEMEN,
ASSALAMUALAIKUM WARAHAMATULLAHI WABARAKATUH.

I AM VERY PLEASED TO BE HERE THIS MORNING, TO ADDRESS THIS GATHERING OF LEADING BUSINESS PERSONALITIES AND SENIOR GOVERNMENT OFFICIALS FROM MEMBER COUNTRIES OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE. I WOULD LIKE TO SAY "SELAMAT DATANG", OR WELCOME TO MALAYSIA, TO OUR FOREIGN PARTICIPANTS AND GUESTS. I HOPE THAT IN THE FEW DAYS YOU ARE HERE IN OUR COUNTRY, YOU WILL ALSO HAVE THE OPPORTUNITY TO SEE A LITTLE BIT OF LUMPUR AND PUTRAJAYA, BESIDES ATTENDING TO YOUR DUTIES RELATING TO THE TRADE FORUM AND EXHIBITION. AS CHAIR OF THE O.I.C, I AM VERY HAPPY THAT WE ARE ABLE TO GET TOGETHER TO DISCUSS ISSUES OF ECONOMIC IMPORTANCE BECAUSE IT IS ECONOMIC STRENGTH WHICH CAN GIVE THE O.I.C GREATER CLOUT, AND SECURE FOR ITSELF A MORE INFLUENTIAL VOICE IN INTERNATIONAL AFFAIRS.

2. THIS O.I.C TRADE FORUM AND TRADE EXHIBITION IS AN IMPORTANT MILESTONE TOWARDS GREATER COLLABORATION, AND CLOSER ECONOMIC RELATIONS AMONG MEMBER COUNTRIES. THIS IS BECAUSE, IN MANY RESPECTS, IT IS THE BUSINESS SECTOR WHICH CAN BRING TO FRUITION THE PLANS AND STRATEGIES PUT IN PLACE BY THEIR RESPECTIVE GOVERNMENTS. FURTHERMORE, YOUR DELIBERATIONS OVER THE NEXT TWO DAYS WILL PROVIDE IMPORTANT FEEDBACK AND THEREBY ASSIST GOVERNMENTS OF O.I.C COUNTRIES TO IMPLEMENT INITIATIVES WHICH ARE DESIGNED TO ENHANCE TRADE AND INVESTMENT AMONG O.I.C MEMBERS.

3. SINCE ITS FORMATION IN 1969, THE O.I.C HAS ALREADY CREATED SEVERAL INSTITUTIONS FOR THE PURPOSES OF PROMOTING GREATER INTEGRATION AMONG O.I.C COUNTRIES. THESE INCLUDE THE ISLAMIC DEVELOPMENT BANK (IDB), THE STATISTICAL ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRTCIC), THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT) AND THE ISLAMIC CHAMBER FOR COMMERCE AND INDUSTRY (ICCI). IN RETROSPECT, THE ESTABLISHMENT OF THE ISLAMIC DEVELOPMENT BANK 30 YEARS AGO WAS ONE OF THE MOST FAR-SIGHTED STEPS TAKEN BY THE O.I.C TO FACILITATE THE ECONOMIC DEVELOPMENT AND SOCIAL PROGRESS AMONG MEMBER COUNTRIES. CLEARLY, THE IMPORTANT INFRASTRUCTURE FOR FACILITATING CLOSER INTERACTIONS AMONG MEMBER COUNTRIES HAVE ALREADY BEEN CREATED. THE GOVERNMENTS AND THE BUSINESS COMMUNITY IN ALL O.I.C COUNTRIES MUST THEREFORE TAKE SERIOUS STEPS TO PUT THESE INSTITUTIONS TO GREATER USE IF ECONOMIC INTEGRATION AMONG O.I.C COUNTRIES IS TO BE ENHANCED.

4. IN ADDITION TO SETTING UP THE INSTITUTIONAL INFRASTRUCTURE, WORK IS ALSO BEING UNDERTAKEN AT THE INTER-GOVERNMENTAL LEVEL TO ENHANCE INTRA - O.I.C TRADE. I REFER SPECIFICALLY TO THE NEGOTIATIONS TO ESTABLISH THE TRADE PREFERENTIAL SYSTEM OF THE O.I.C (TPS-OIC). THE PROTOCOL ON THE T.P.S - O.I.C IS EXPECTED TO BE FINALISED BY THE END OF THIS YEAR. THIS IS AN IMPORTANT FIRST STEP TOWARDS THE LARGER GOAL OF GREATER ECONOMIC INTEGRATION AMONG O.I.C COUNTRIES. IT IS VERY MUCH LEFT TO MEMBER COUNTRIES TO ENSURE THAT THIS TRADE PREFERENTIAL SYSTEM IS SUCCESSFULLY IMPLEMENTED, FOR THE BENEFIT OF THE MEMBERS OF O.I.C AS A WHOLE.

EXCELLENCIES, LADIES AND GENTLEMEN,

5. ONE OF THE BIGGEST CHALLENGES CONFRONTING THE O.I.C TODAY IS THE VAST ECONOMIC IMBALANCES THAT EXIST AMONG ITS MEMBERS. THE STATISTICS HAVE AN IMPORTANT MESSAGE TO CONVEY. WHILE THEY SIGNAL A CAUSE FOR CONCERN, THEY ALSO POINT TO THE FACT THAT THERE EXISTS MUCH POTENTIAL FOR SELF-HELP WITHIN THE O.I.C GROUPING.

6. FOR INSTANCE, TAKE THE CASE OF OIL SUPPLY WHICH PLAYS A VERY STRATEGIC PART IN INTERNATIONAL ECONOMIC RELATIONS. TEN OUT OF THE ELEVEN OPEC MEMBERS ARE O.I.C COUNTRIES. SAUDI ARABIA, IRAQ, IRAN, UAE AND KUWAIT - BETWEEN THEM - POSSESS 700 BILLION BARRELS OF PROVEN OIL RESERVES.

7. THE VAST DISPARITY IN THE G.D.P PER CAPITA OF O.I.C MEMBERS COUNTRIES SHOULD BE VIEWED AS AN IMPERATIVE FOR COOPERATION RATHER THAN AS AN OBSTACLE FOR CLOSER INTERACTIONS. FOR INSTANCE, THE G.D.P PER CAPITA OF THE SIX RICHEST MEMBERS EXCEED U. S. DOLLARS 10,000 A YEAR, WHILE 45 O.I.C MEMBERS HAVE PER CAPITA INCOMES OF LESS THAN U.S. DOLLAR 1,000 PER YEAR. IN FACT, 22 OUT OF 57 O.I.C COUNTRIES, OR ALMOST 40 PER CENT OF THE O.I.C MEMBERSHIP, ARE CONSIDERED LEAST DEVELOPED COUNTRIES BY THE CRITERIA OF THE UNITED NATIONS.

8. THE UNEMPLOYMENT STATISTICS ALSO ARE DISCONCERTING. FROM THE DATA AVAILABLE, IT IS OBSERVED THAT THE UNEMPLOYMENT RATE AMONG O.I.C MEMBER STATES RANGES FROM 3 PER CENT TO ABOUT 20 PER CENT.

9. IN TERMS OF FOREIGN DIRECT INVESTMENT, TOTAL F.D.I INFLOWS INTO THE O.I.C MEMBER COUNTRIES STANDS AT ABOUT U.S DOLLAR 24.1 BILLION, AN INCREASE OF 20.8 PER CENT OVER THE U.S DOLLAR 20 BILLION IN 2002. BUT, THE BULK OF F.D.I INFLOWS WENT TO ONLY FIVE O.I.C MEMBERS NAMELY MALAYSIA, AZERBAIJAN, MOROCCO, KAZAKHSTAN, AND BRUNEI DARUSSALAM.

10. THE STATISTICS I JUST PRESENTED SERVE TO ILLUSTRATE THE LEVEL OF IMBALANCE THAT EXISTS AMONG MEMBER COUNTRIES OF THE O.I.C. THIS IS THE REASON I WOULD LIKE TO SEE THE O.I.C GIVING GREATER FOCUS TO ECONOMIC DEVELOPMENT AND INTEGRATION. THIS IS IN LINE WITH THE "PROSPER THY NEIGHBOUR" PHILOSOPHY, WHICH WE IN MALAYSIA STRONGLY BELIEVE IN. WHILE THE TRADE PREFERENTIAL SYSTEM OF THE O.I.C IS ONE WAY FOR MEMBER STATES TO ENHANCE INTRA - O.I.C TRADE, I HOPE THIS SYSTEM CAN BE ADAPTED OR ANOTHER SYSTEM PUT IN PLACE TO PROMOTE GREATER INVOLVEMENT OF THE LESS DEVELOPED MEMBERS IN ECONOMIC DEVELOPMENT AS A WHOLE.

11. I AM REFERRING HERE NOT MERELY TO DISTRIBUTIVE JUSTICE BUT MORE IMPORTANTLY TO WEALTH CREATION, THROUGH TRADE AND INVESTMENT EXPANSION, THROUGH ACCESS TO CREDIT, THROUGH CAPACITY BUILDING PARTICULARLY BY WAY OF IMPROVEMENT IN EDUCATION AND HUMAN RESOURCE DEVELOPMENT. GIVEN THE DIVERSITY AND VARYING LEVELS OF DEVELOPMENT, THERE CAN BE NO "ONE-SIZE-FITS-ALL" ECONOMIC MODEL. THE FEEDBACK AND IDEAS FROM ALL PARTICIPANTS AT THIS FORUM WILL BE EXTREMELY IMPORTANT IN THE EVENTUAL FORMULATION OF ECONOMIC INITIATIVES FOR ADDRESSING THE CHALLENGES THAT OUR GROUP FACES.

EXCELLENCIES, LADIES AND GENTLEMEN,

12. LET US LOOK AT WAYS IN WHICH WE CAN LEVERAGE ON OUR STRENGTHS. CLEARLY THESE MUST BE AREAS WHERE WE NOT ONLY HAVE A NATURAL ADVANTAGE, BUT ALSO THE CRITICAL MASS TO MAKE OUR INITIATIVES SUCCESSFUL. I AM REFERRING, SPECIFICALLY, TO THE PRODUCTION AND SUPPLY OF "HALAL" PRODUCTS AND SERVICES, ISLAMIC BANKING, EDUCATION AND TOURISM.

13. I AM PLEASED TO NOTE THAT THERE WILL BE A SESSION DEDICATED TO THE DISCUSSION ON HOW THE BUSINESS COMMUNITIES OF THE O.I.C CAN COLLABORATE TO ADOPT A "HALAL" STANDARD THAT IS INTERNATIONALLY RECOGNISED. IT IS IMPORTANT THAT WE SHARE IDEAS ON HOW O.I.C COUNTRIES CAN EFFECTIVELY COOPERATE IN THIS PARTICULAR MATTER, TO CREATE AN INTERNATIONAL NETWORK OF PRODUCERS OF "HALAL" PRODUCTS AND SERVICES.

14. MALAYSIA, ON ITS PART, WILL SHARE WITH YOU OUR EXPERIENCE IN DEVELOPING THE MALAYSIAN "HALAL" STANDARD. I AM CONVINCED THAT, IF WE WORK TOGETHER, THE COLLECTIVE VOICE OF 57 ISLAMIC COUNTRIES CAN GIVE CREDENCE TO THE INTERNATIONAL 'HALAL' STANDARD TO BE DEVELOPED.

15. ISLAMIC BANKING IS ANOTHER AREA WHERE MEMBERS OF O.I.C CAN TAKE THE LEAD. IN MALAYSIA, SINCE THE YEAR 2000, THE ISLAMIC BANKING INDUSTRY HAS BEEN GROWING AT AN AVERAGE RATE OF 19 PER CENT PER ANNUM. AT THE END OF 2004, TOTAL ASSETS OF THE ISLAMIC BANKING SECTOR ACCOUNTED FOR 10.5 PER CENT OF THE TOTAL ASSETS IN THE BANKING SYSTEM. AS PART OF THE

PROCESS OF UPGRADING THE PERFORMANCE AND DEVELOPING FURTHER THE ISLAMIC FINANCIAL SYSTEM IN THE COUNTRY, THREE FOREIGN FINANCIAL INSTITUTIONS HAVE BEEN AWARDED OPERATING LICENSES BY THE CENTRAL BANK OF MALAYSIA.

16. IT IS HEARTENING TO NOTE THAT ISLAMIC BANKING HAS MATURED FROM A LITTLE UNDERSTOOD PROCESS, INTO AN IMPORTANT AND WELL-RECEIVED FORM OF GLOBAL FINANCING. INCREASINGLY, MORE LARGE WESTERN BANKS ARE SETTING UP ISLAMIC BANKING UNITS WITHIN THEIR OPERATIONS. FOR EXAMPLE, CITIGROUP INCORPORATED, H.S.B.C GROUP, DEUTSCHE BANK, SOCIETE GENERAL AND STANDARD CHARTERED HAVE ALL ESTABLISHED ISLAMIC BANKING UNITS, NOT ONLY TO CATER TO WEST ASIA'S LARGE POOL OF FUNDS, PARTICULARLY OIL REVENUE, BUT ALSO TO SERVE THE SIGNIFICANT MUSLIM POPULATION IN MANY NON-MUSLIM COUNTRIES.

17. FINANCIAL SERVICES FORM A SIGNIFICANT PORTION OF THE G.D.P OF SOME O.I.C MEMBER COUNTRIES. ISLAMIC FINANCE CAN DOVETAIL INTO CONVENTIONAL FINANCIAL TECHNIQUES, AND SUKUKS CAN BE STRUCTURED IN SUCH WAYS AS TO MAKE THEM ATTRACTIVE INVESTMENTS, TO BOTH MUSLIMS AND NON-MUSLIMS.

18. GIVEN THE EXPERIENCE OF SOME MEMBER COUNTRIES IN THIS RESPECT, AND IN COLLABORATION WITH THE I.D.B BASED ON ITS OWN ITS EXPERIENCE, I AM CONVINCED THAT THAT THERE IS MUCH SCOPE FOR THE DEVELOPMENT AND EXPANSION OF ISLAMIC BANKING. THIS IS NOT JUST AS A FINANCIAL SERVICE BUT ALSO AS AN INTEGRAL PART OF TRADE AND INVESTMENT FACILITATION, PARTICULARLY AMONG MEMBERS OF THE O.I.C. AND I MUST MAKE THE POINT THAT ISLAMIC FINANCING WILL BE AT ITS BEST WHEN IT OFFERS ITSELF AS A COMPETITIVE PRODUCT FOR ALL USERS, NATIONALLY AND INTERNATIONALLY.

19. BESIDES ISLAMIC BANKING AND THE "HALAL" SECTOR, TOURISM IS ALSO A SIGNIFICANT COMPONENT OF G.D.P IN A NUMBER OF O.I.C MEMBER COUNTRIES. ALMOST EVERY MEMBER COUNTRY HAS A WORLD HERITAGE SITE. WE SHOULD POOL OUR RESOURCES, AND EXPAND OPPORTUNITIES FOR WEALTH CREATION THROUGH ENVIRONMENTALLY SUSTAINABLE TOURISM DEVELOPMENT, AND PRESERVATION OF OUR HISTORICAL AND NATURAL HERITAGE. I AM PLEASED TO KNOW THAT IN THE COURSE OF THIS FORUM, YOU WILL HAVE THE OPPORTUNITY TO DISCUSS THIS SUBJECT.

20. ANOTHER AREA, WHERE BOTH THE BUSINESS COMMUNITIES AND GOVERNMENTS CAN COLLABORATE TO BRING ABOUT MORE EQUITABLE DEVELOPMENT, IS IN THE SECTOR OF EDUCATION, AND HUMAN RESOURCE DEVELOPMENT. HISTORY POINTS TO IMMENSE CONTRIBUTIONS MADE BY ISLAMIC SCHOLARS, MATHEMATICIANS AND SCIENTISTS. FOR EXAMPLE, MUSLIM SCHOLARS TRANSLATED AND PRESERVED MUCH OF KEY GREEK MANUSCRIPTS, MAPS, PLAYS AND RECORDS OF SCIENTIFIC EXPERIMENTS. BY THE END OF THE FIRST MILLENNIUM, WHEN THERE WERE NO PUBLIC LIBRARIES THROUGHOUT CHRISTIAN EUROPE, MOORISH SPAIN ALREADY HAD 17 OF THEM. IT IS RECORDED THAT ONE OF THESE LIBRARIES HAD MORE THAN 400,000 BOOKS.

21. YET TODAY, OUT OF THE TOTAL POPULATION OF 1.3 BILLION IN O.I.C MEMBER STATES, LESS THAN 300,000 QUALIFY AS 'SCIENTISTS'. IN COMPARISON, THE UNITED STATES OF AMERICA HAS 1.1 MILLION SCIENTISTS; JAPAN HAS 700,000. O.I.C MEMBERS HAVE AN AVERAGE OF TEN UNIVERSITIES EACH, WITH A TOTAL OF LESS THAN 600 UNIVERSITIES FOR THE ENTIRE 1.3 BILLION MUSLIM PEOPLE. THE UNITED STATES HAS 5,758 UNIVERSITIES.

22. INCREASINGLY, THE ECONOMIC DEVELOPMENT OF A NATION IS NOT SIMPLY DEPENDENT UPON THE AVAILABILITY OF NATURAL COMMODITIES, BUT MORE THE COLLECTIVE VALUE OF ITS HUMAN CAPITAL, AND ITS ABILITY TO ADD VALUE TO ITS NATURAL RESOURCES, THROUGH KNOWLEDGE-BASED APPLICATIONS. LET US THEREFORE WORK TOGETHER TO MOVE FROM BEING MERE PRODUCERS OF COMMODITIES, TO MANUFACTURERS OF HIGHER VALUE-ADDED DOWNSTREAM PRODUCTS. TECHNICAL KNOW-HOW, AND THE EFFECTIVE APPLICATION OF TECHNOLOGIES CAN INCREASE BUSINESS OPPORTUNITIES, LEAD TO JOB CREATION, AND THUS MOVE OUR ECONOMIES UP, ONTO A HIGHER PLANE.

23. I WOULD LIKE TO EMPHASISE HERE THAT IN THE CONTEXT OF ADDRESSING THE EDUCATIONAL NEEDS OF ALL O.I.C MEMBERS, LET US NOT ONLY CONFINE OUR DELIBERATIONS TO HIGHER EDUCATION ALONE. LET US ALSO NOT LOSE SIGHT OF THE FACT THAT EDUCATIONAL DEVELOPMENT CONCERNS PRIMARY AND SECONDARY EDUCATION AS WELL. LET US UTILIZE THE IMMENSE COLLECTIVE EXPERTISE THAT WE HAVE IN THIS FIELD FOR THE OVERALL IMPROVEMENT OF O.I.C MEMBER STATES.

EXCELLENCIES, LADIES AND GENTLEMEN,

24. I AM PLEASED THAT THE O.I.C IS NOW GIVING MORE EMPHASIS TO ECONOMIC DEVELOPMENT. INDEED, THE FUTURE OF THE O.I.C AS AN ORGANIZATION WILL DEPEND VERY MUCH UPON THE ECONOMIC PROSPERITY OF ITS MEMBERS. GIVEN THE INTENSITY OF GLOBAL COMPETITION, IT IS EXTREMELY IMPORTANT THAT MEMBERS MAKE A CONCERTED EFFORT TO SHARE TECHNICAL RESOURCES AND EXPERTISE, WHILE CAPITALISING ON OUR STRENGTHS IN THE FINANCIAL SECTOR, AND CONTINUING TO BE PRODUCERS OF ESSENTIAL COMMODITIES.

25. I WISH ALL OF YOU THE BEST IN YOUR DELIBERATIONS. I AM CERTAIN, GIVEN A HIGH LEVEL OF COMMITMENT TO IMPROVE AND EXCEL, THAT WE WILL BE ABLE TO FURTHER STRENGTHEN THE ROLE OF THE O.I.C AS A MULTILATERAL BODY, RAISE THE STATUS AND VOICE OF ISLAM, FOR THE GLORY AND BENEFIT OF THE UMMAH. IT IS THUS WITH MUCH PLEASURE THAT I NOW DECLARE OPEN BOTH THE O.I.C TRADE FORUM AND THE O.I.C TRADE EXHIBITION.

WASSALAMUALAKUM
WARAHAMATULLAHI WABARAKATUH.