

**SPEECH BY
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AT THE SECOND WORLD ISLAMIC ECONOMIC FORUM - ENHANCING GLOBAL
COMPETITIVENESS AND TRADE AMONG MUSLIM COUNTRIES
AT ISLAMABAD, PAKISTAN
5 NOVEMBER 2006**

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH.

H.E. MR. SHAUKAT AZIZ,
PRIME MINISTER OF THE ISLAMIC REPUBLIC OF PAKISTAN;

EXCELLENCIES, DISTINGUISHED GUESTS,
LADIES AND GENTLEMEN.

ALHAMDULILLAH, ALL PRAISE BE TO ALLAH, BY WHOSE GRACE AND BLESSINGS WE ARE ABLE TO GATHER FOR THE SECOND TIME IN THIS WORLD ISLAMIC ECONOMIC FORUM, TO FIND SOLUTIONS TO OUR ECONOMIC PROBLEMS AND EXCHANGE VIEWS ON HOW BEST TO ENHANCE OUR ECONOMIC POTENTIALS. WE CAN ALREADY CELEBRATE THE EMERGENCE OF AN ISLAMIC NICHE IN THE GLOBAL ECONOMY AS REPRESENTED BY THE STEADY GROWTH OF TRADE AND INVESTMENT IN HALAL PRODUCTS AND SERVICES, IN PARTICULAR THE EVER INCREASING SIGNIFICANCE AND INTEGRATION OF ISLAMIC FINANCE INTO THE INTERNATIONAL FINANCIAL SYSTEM. THIS IS INDEED AN IMPORTANT DEVELOPMENT IN CONTEMPORARY ISLAMIC HISTORY. NEVERTHELESS, MUCH REMAINS TO BE DONE TO IDENTIFY WAYS ON HOW TRADE AND INVESTMENT AMONG OURSELVES CAN BE INCREASED AND HOW MUSLIM COUNTRIES CAN AND SHOULD BECOME ENTITIES WHICH COUNT IN THE INTERNATIONAL ECONOMIC SYSTEM AS A WHOLE.

2. I AM THEREFORE VERY PLEASED TO SEE BUSINESS LEADERS FROM THE VARIOUS MUSLIM COUNTRIES, EXPERTS AND DECISION-MAKERS, ASSEMBLED HERE TO PLAY A PART IN THIS IMPORTANT MEETING OF MINDS. OUR SHARED MISSION IS CLEAR, WHICH IS TO STRENGTHEN OUR ECONOMIC COOPERATION IN PARTICULAR AND ENHANCE THE WELLBEING OF THE UMMAH IN GENERAL. I DO RECOGNIZE THE PRESENCE OF NON-MUSLIMS AS WELL IN THIS FORUM. WE APPLAUD THEIR CO-OPERATIVE SPIRIT AND WELCOME THEM AS PROGRESSIVE HUMAN BEINGS.

3. HOWEVER, BEFORE I PROCEED ANY FURTHER, LET ME CONGRATULATE AND THANK THE WORLD ISLAMIC ECONOMIC FORUM FOUNDATION FOR ORGANIZING THIS GATHERING WITH THE SUPPORT OF THE OTHER CO-ORGANIZERS. I WOULD LIKE TO THANK ESPECIALLY THE GOVERNMENT OF PAKISTAN FOR HAVING KINDLY ACCEPTED TO HOST THIS SECOND FORUM.

EXCELLENCIES, LADIES AND GENTLEMEN,

4. THE PROCESS OF GLOBALIZATION HAS, IN MANY WAYS, REMOVED BARRIERS TO THE FLOW BETWEEN COUNTRIES OF GOODS AND SERVICES, OF CAPITAL AND LABOUR. THE PROCESS, HOWEVER, HAS NOT PROCEEDED IN THE SAME WAY AND AT THE SAME SPEED EVERYWHERE. NEVERTHELESS, THE OVERALL EFFECT HAS BEEN THE SAME IN BRINGING GREATER OPENNESS AND STRONGER LINKAGES BETWEEN THE ECONOMIES OF THE WORLD. AND THIS SITUATION HAS LEFT

DOMESTIC PRODUCERS WITH NO ALTERNATIVE BUT TO BE COMPETITIVE IN ORDER TO SURVIVE AND PROSPER IN THE INTERNATIONAL ARENA. IT IS THIS COMPETITIVENESS WHICH O.I.C MEMBER COUNTRIES MUST DEVELOP AND SHARPEN IN ORDER TO ATTRACT THE NEEDED CAPITAL AND EXPERTISE, WHICH ARE IN TURN NECESSARY FOR ENHANCING ECONOMIC GROWTH THROUGH INCREASED EFFICIENCY.

5. I THEREFORE SEE A VERY CLEAR ROLE FOR THE WORLD ISLAMIC ECONOMIC FORUM. FIRST, IT SHOULD ASSIST MUSLIM COUNTRIES TO COOPERATE WITH EACH OTHER IN INTERNATIONAL ECONOMIC AND DEVELOPMENT ISSUES. SECOND, IT CAN ASSIST MUSLIM COUNTRIES BECOME COMPETITIVE PLAYERS IN THE WIDER WORLD OF INTERNATIONAL TRADE AND INVESTMENT. MUSLIM COUNTRIES SHOULD EXPLOIT TO THE FULLEST THEIR DUAL CAPACITIES, FIRST AS ISLAMIC ECONOMIC ENTITIES THAT OPERATE IN THE NICHE MARKET OF HALAL PRODUCTS AND SERVICES AND SECOND AS REGULAR UNITS OF THE INTERNATIONAL ECONOMIC SYSTEM THAT COMPETE IN THE GLOBAL MARKET-PLACE. THE W.I.E.F CAN HELP TO POOL IDEAS, INCLUDING FORGING PARTNERSHIPS, AND IT CAN FUNCTION TO SPREAD THE MESSAGE.

6. FOR O.I.C COUNTRIES, HOWEVER, WHETHER IT IS IN THE CONTEXT OF COOPERATING WITH EACH OTHER OR WHETHER IT IS IN THE CONTEXT OF DOING BUSINESS WITH THE REST OF THE WORLD, THE KEYWORD REMAINS THE SAME, AND THAT IS THEY MUST BE COMPETITIVE AND EFFICIENT PRODUCERS OF GOODS AND SERVICES.

7. IN THIS CONNECTION, THE DEVELOPMENT AND ENHANCEMENT OF THE HUMAN CAPITAL - BE THEY IN THE LABOUR FORCE OR IN THE MANAGEMENT RANKS - ARE KEY TO THE QUESTION OF MAINTAINING COMPETITIVENESS IN THE GLOBAL MARKET. THE WORKERS AND MANAGERS MUST CONSTANTLY BE EXPOSED TO NEW KNOWLEDGE, BE CONSTANTLY TRAINED IN NEW PROCESSES AND IN THE OPERATION AND MANAGEMENT OF THE LATEST TECHNOLOGIES. THEY MUST BE CAPABLE OF CREATIVITY AND INNOVATION, WHETHER IN FINDING NEW TECHNOLOGICAL APPLICATIONS OR INTRODUCING NEW MANAGEMENT TECHNIQUES.

8. EDUCATION IS THE KEY TO ENHANCING THE CAPACITY OF HUMANS AS INDIVIDUALS AND AS A RESOURCE FOR NATIONAL DEVELOPMENT AS A WHOLE. HUMAN CAPITAL DEVELOPMENT CAN HELP BREAK THE VICIOUS CYCLE OF POVERTY. THEREFORE THE FULL RANGE OF LEARNING OPPORTUNITIES SHOULD BE PROVIDED TO ENSURE A COMPREHENSIVE DEVELOPMENT OF THE HUMAN CAPITAL WHICH IS CAPABLE OF TAKING ON CHALLENGING TASKS.

9. ANOTHER IMPORTANT DRIVER OF PRODUCTIVITY AND GROWTH POTENTIALS IS THE MODERNIZATION OF THE COUNTRY'S INFRASTRUCTURE. A RELIABLE PUBLIC TRANSPORTATION SYSTEM, PUBLIC UTILITIES AND TELECOMMUNICATION FACILITIES ARE SOME OF THE MOST CRITICAL REQUIREMENTS FOR ECONOMIC DEVELOPMENT. DILAPIDATED ROADS OR INEFFECTIVE PHYSICAL INFRASTRUCTURE CAN INDEED BECOME SUPPLY BOTTLENECKS AND UNDERMINE GROWTH PERFORMANCE. THE LARGE AMOUNTS SPENT ON THE CONSTRUCTION OF MODERN INFRASTRUCTURE MIGHT APPEAR INCONGRUOUS IN THE FACE OF COMPETING DEMANDS FOR SOCIO-ECONOMIC PROJECTS BUT WE NEED TO SPEND ADEQUATELY ON INFRASTRUCTURE. THE SECRET LIES IN STRIKING AN APPROPRIATE BALANCE IN DEVELOPMENT EXPENDITURE FOR THE VARIOUS SECTORS OF THE ECONOMY.

10. TO IMPLEMENT THE DEVELOPMENT AGENDA, THERE MUST ALSO BE PRESENT A COMPETENT CIVIL SERVICE WITH HIGH STANDARDS OF WORK CULTURE. LIKE THE LABOUR FORCE AND THE CORPORATE MANAGERS, THE CIVIL SERVICE TOO MUST CONTINUOUSLY BE GIVEN THE BEST TRAINING AND EDUCATION. AN ECONOMY CANNOT EXPECT TO BE GLOBALLY COMPETITIVE UNLESS IT IS SUPPORTED BY AN EFFICIENT CIVIL SERVICE CAPABLE OF PROVIDING A GOOD PUBLIC DELIVERY SYSTEM. IN MY COUNTRY, MALAYSIA, WE PAY A LOT OF ATTENTION TO THIS ASPECT OF GOOD GOVERNANCE INCLUDING SUCH THINGS AS PROMPT PAYMENT TO CONTRACTORS FOR SERVICES RENDERED.

EXCELLENCIES, LADIES AND GENTLEMEN,

11. THE FACTORS THAT ARE CRITICAL TO DRIVING PRODUCTIVITY AND COMPETITIVENESS ARE MANY AND THEY MAY VARY FROM COUNTRY TO COUNTRY. I DO NOT INTEND TO TAKE TIME LISTING THEM ALL. BUT ONE FEATURE WHICH IS VERY COMMON TO ALL OF US IS THE EXISTENCE OF URBAN AND RURAL DIVIDES WITHIN O.I.C COUNTRIES. OUR RESPECTIVE ECONOMIES MAY HAVE ACHIEVED VARYING DEGREES OF SUCCESS IN TRADE, INVESTMENT AND FINANCE AT THE INTERNATIONAL LEVEL BUT OUR COUNTRIES CANNOT CLAIM TO BE TRULY COMPETITIVE UNLESS THE SOCIO-ECONOMIC GAPS BETWEEN OUR URBAN AND RURAL AREAS ARE BRIDGED AT THE SAME TIME.

12. I BELIEVE WE CAN ACHIEVE A LOT IN THE REALM OF RURAL DEVELOPMENT BY MODERNIZING THE AGRICULTURE SECTOR OF OUR ECONOMIES. AGRICULTURE SHOULD BE MADE TO BECOME A DYNAMIC SECTOR. ONE WAY OF ACHIEVING THIS IS BY INCREASING PRODUCTIVITY AND COMPETITIVENESS THROUGH HIGHER VALUE ADDED ACTIVITIES AND UTILIZATION OF MODERN TECHNOLOGY. FOR EXAMPLE, WE CAN MODERNIZE AND DIVERSIFY FISHERY ACTIVITIES TO INCREASE THE INCOME OF FISHERMEN AND THOSE INVOLVED IN AQUACULTURE. IN MALAYSIA, WE ENCOURAGE THE GOVERNMENT-LINKED COMPANIES, ESPECIALLY THOSE INVOLVED IN THE PLANTATION SECTOR, TO BECOME THE CATALYST IN THE COMMERCIALIZATION OF THE AGRICULTURE SECTOR, INCLUDING SMALLHOLDER ACTIVITIES.

13. CO-OPERATIVES CAN PLAY AN IMPORTANT ROLE IN THE DEVELOPMENT OF SMALL BUSINESSES. IN MALAYSIA, WE HAVE LAUNCHED THE NATIONAL CO-OPERATIVE POLICY TO SPEARHEAD THE DEVELOPMENT OF SMALL BUSINESSES.

EXCELLENCIES, LADIES AND GENTLEMEN,

14. CO-OPERATIVES CAN BECOME EFFECTIVE INSTITUTIONS FOR THE MARKETING OF PRODUCTS. THEY CAN BECOME AVENUES FOR YOUNG PEOPLE TO LEARN THE SECRETS OF DOING BUSINESS AND BECOME ENTREPRENEURS IN THEIR OWN RIGHT. THE CO-OPERATIVE MOVEMENT CAN DEFINITELY CONTRIBUTE TO HUMAN RESOURCES DEVELOPMENT, NOT ONLY IN AGRICULTURE BUT ALSO IN OTHER ECONOMIC ACTIVITIES. CO-OPERATIVE CAN BE ONE OF THE CHANNELS FOR THE DEVELOPMENT OF HUMAN CAPITAL.

15. INDEED, INCREASING THE COMPETITIVENESS OF OUR RESPECTIVE ECONOMIES IS OUR IMMEDIATE TASK. BUT THIS IS NOT THE END OF OUR MISSION. IT IS MERELY THE PREREQUISITE FOR SECURING A MUCH LARGER AGENDA. TO UNDERLINE THE POINT I AM MAKING, LET ME CITE A FEW PERTINENT FIGURES.

16. THE COLLECTIVE GROSS DOMESTIC PRODUCT OF THE 57 O.I.C MEMBER COUNTRIES IS LESS THAN 5% OF THE TOTAL WORLD G.D.P. 31 OF THEM ARE CLASSIFIED BY THE UNITED NATIONS AS LEAST-DEVELOPED LOW-INCOME COUNTRIES. THE VOLUME OF TRADE BETWEEN O.I.C COUNTRIES REPRESENTS ONLY 6 TO 7 PERCENT OF THE TOTAL GLOBAL TRADE.

17. THE O.I.C HAS A MORAL OBLIGATION AND AN ECONOMIC RATIONALE TO ASSIST THE LEAST DEVELOPED OF ITS MEMBER COUNTRIES GET OUT OF THE POVERTY CYCLE. AN ECONOMICALLY WEAK MEMBERSHIP WEAKENS THE ORGANIZATION AS A WHOLE. A LARGE PART OF THIS PROBLEM STEMS FROM OUR OWN WEAKNESSES AND VULNERABILITIES. WE NEED TO BE HONEST WITH OURSELVES AND IDENTIFY THE ROOT CAUSE OF POVERTY IN THE MUSLIM COUNTRIES. WE NEED TO STRENGTHEN THE CONCEPT OF ISLAMIC BROTHERHOOD AND TAKE CONCERTED ACTION TO BRING INTO BEING GREATER COOPERATION AND COLLABORATION AMONG O.I.C MEMBER STATES. ERADICATING POVERTY IN MUSLIM COUNTRIES SHOULD BE THE FIRST ITEM ON OUR LARGER AGENDA.

18. THE SECOND ITEM ON THE LARGER AGENDA SHOULD BE THE FORGING OF GREATER UNITY AMONG MUSLIMS, BOTH AT THE DOMESTIC AND INTER-STATE LEVELS. SECTARIANISM SHOULD NOT BE MADE A SOURCE OF DISCORD WITHIN MUSLIM SOCIETIES AND INTER-SECTARIAN VIOLENCE MUST STOP COMPLETELY. EACH COUNTRY IS UNIQUE. EACH HAS ITS OWN MIX OF ISSUES AND PROBLEMS. BUT ASSIST EACH OTHER TO FIND THE WAY OUT WE MUST. THE PROMOTION OF MUSLIM UNITY AT THE INTERNATIONAL LEVEL WILL BECOME POSSIBLE ONLY AFTER UNITY IS ESTABLISHED AT THE NATIONAL LEVEL.

19. IN THIS CONNECTION, LET ME TELL YOU THAT THE SITUATION IN MY COUNTRY IS EVEN MORE COMPLEX THAN THOSE IN MANY OTHER MUSLIM COUNTRIES. MALAYSIA IS A MULTI-ETHNIC, MULTI-RELIGIOUS, MULTI-CULTURAL COUNTRY IN WHICH ISLAM IS THE OFFICIAL RELIGION. WE HAVE DELIBERATELY EMBARKED UPON A PROGRAM TO COMMUNICATE A PROPER APPRECIATION OF ISLAM AS A FORCE FOR GOOD. WE CALL IT ISLAM HADHARI, AND PRESENT IT TO THE ENTIRE POPULATION AS AN APPROACH FOR ACHIEVING A PROGRESSIVE SOCIETY THAT IS COMPATIBLE WITH MODERNITY YET FIRMLY ROOTED IN THE NOBLE VALUES AND INJUNCTIONS OF ISLAM. THIS UNDERTAKING HAS FOUND ACCEPTANCE AMONG ALL MALAYSIANS BECAUSE UNDERLYING THE WHOLE MESSAGE OF ISLAM HADHARI IS A CALL FOR EQUITABLE DEVELOPMENT AND PROGRESS. IT IS A CALL FOR MODERATION AND TOLERANCE AS WELL AS THE ASSURANCE OF JUSTICE AND FAIRNESS FOR ALL IRRESPECTIVE OF THEIR SEPARATE ETHNIC, RELIGIOUS OR CULTURAL IDENTITIES.

20. THE THIRD ITEM ON OUR LARGER AGENDA IS REMOVAL OF ANTAGONISM WHICH NOW EXISTS BETWEEN THE WEST AND THE ISLAMIC WORLD. THIS IS THE BIGGEST ISSUE IN WORLD AFFAIRS TODAY. THIS IS THE BIGGEST CRISIS FACING MUSLIM COUNTRIES IN MODERN TIMES. MUSLIM NATIONS HAVE BEEN HUMILIATED BY THE HEGEMONIC TENDENCIES OF THE GLOBAL POWERS AS EXEMPLIFIED BY THE SUBJUGATION OF PALESTINE, AFGHANISTAN, IRAQ AND LEBANON. WE MUST REMOVE THE EQUATION OF ISLAM WITH TERRORISM. WE MUST STOP THE DEMONIZATION OF ISLAM BY THE WEST. WE MUST NOT ALLOW THE CLASH BETWEEN CIVILIZATIONS TO BECOME A SELF-FULFILLING PROPHECY. TO PUT THINGS RIGHT, WE CRITICALLY NEED UNITY AND SOLIDARITY AMONG MUSLIM COUNTRIES.

21. TO ACHIEVE OUR OBJECTIVES AND COMPLETE OUR AGENDA, I DO BELIEVE THAT WE MUST SECURE THE ECONOMIC CLOUT. ONLY THEN WOULD WE BE BETTER ABLE TO WIELD THE POLITICAL INFLUENCE. AND IN THIS REGARD, MUSLIM COUNTRIES DO POSSES THE NECESSARY POTENTIALS. THERE ARE ABOUT 1.25 BILLION MUSLIMS THROUGHOUT THE WORLD, MAKING UP CLOSE TO 20% OF THE TOTAL GLOBAL POPULATION. THIS IS A READY MARKET FOR HALAL PRODUCTS AND SERVICES. MUSLIM COUNTRIES SUPPLY SOME 70% OF THE WORLD'S ENERGY REQUIREMENTS. SURELY, THIS IS POWER IN THE HANDS OF MUSLIMS. WE MUST FIND THE POLITICAL WILL TO HARNESS IT IN APPROPRIATE WAYS. MUSLIM COUNTRIES ACCOUNT FOR SOME 40% OF THE GLOBAL RAW MATERIAL EXPORT, MAINLY TO NON MUSLIM COUNTRIES. WE NEED TO FIND WAYS TO SPREAD THE BENEFITS TO HELP OTHER NEEDY COUNTRIES PARTICULARLY THE LEAST DEVELOPED. WE MUST STRENGTHEN OUR ECONOMIC BASE BY STRENGTHENING THE ECONOMIC LINKAGES AMONG MUSLIM COUNTRIES. WE NEED TO REFORM THE ORGANIZATION OF ISLAMIC CONFERENCE TO MAKE IT MORE ECONOMIC AND LESS POLITICALLY ORIENTED THAN IT IS NOW.

EXCELLENCIES, LADIES AND GENTLEMEN,

22. CLEARLY, OUR BATTLE FRONTS ARE NOT ONLY ECONOMIC AND POLITICAL. WE ALSO HAVE A CRUCIAL BATTLE TO TRANSFORM THE MINDSETS OF OUR OWN PEOPLES, TO INSTILL IN THEM THE CORRECT UNDERSTANDING OF ISLAM THAT PLACES A STRONG EMPHASIS ON UPLIFTING THE ECONOMIC STATUS OF MUSLIMS AS A MEANS OF ENHANCING THE FAITH AND EMPOWERING THE UMMAH. WE MUST MAKE OUR PEOPLE REALIZE THAT BECAUSE OF OUR LACK OF CAPACITY - COMPOUNDED BY OUR LACK OF UNITY - MUSLIM NATIONS ARE OFTEN LEFT ON THE PERIPHERY OF THE GLOBAL ORDER. ALTHOUGH WE ARE BIG IN NUMBERS, WE HAVE LITTLE INFLUENCE IN WORLD AFFAIRS AND ACCORDED LITTLE RESPECT IN THE INTERNATIONAL COMMUNITY OF NATIONS.

23. THE CHALLENGE BEFORE THE ISLAMIC WORLD TODAY IS TO CONFRONT THE UGLY REALITIES OF OUR PRESENT SITUATION. WE MUST RESTORE THE IMAGE OF ISLAM AND MUSLIMS. WE MUST STRIVE FOR A RENAISSANCE OF THE ISLAMIC CIVILIZATION. WE MUST RECOVER THE HALLMARKS OF THAT CIVILIZATION, WHICH IS PEACE, PROSPERITY AND DIGNITY. AND THIS QUEST FOR INTERNATIONAL RESPECT AND DIGNITY MUST BEGIN AT HOME. WE MUST CREATE NATIONAL ENVIRONMENTS WHERE PEACE CAN PREVAIL, WHERE ECONOMIES CAN PROSPER AND WHERE PEOPLE CAN FIND THEIR DIGNITY. THE CORPORATE SECTOR AND THE CAPTAINS OF INDUSTRY, SUCH AS ALL OF YOU IN THE AUDIENCE, CAN CONTRIBUTE IDEAS AND EXERT EFFORTS TO HELP MAKE THIS MISSION A SUCCESS.

EXCELLENCIES, LADIES AND GENTLEMEN,

24. I WISH ALL OF YOU A PRODUCTIVE AND FRUITFUL FORUM. I HOPE YOU WILL SUCCEED IN IDENTIFYING IDEAS AND STRATEGIES TO BUILD ECONOMIC PROSPERITY FOR OUR PEOPLES AND FOR FUTURE GENERATIONS. MAY ALLAH GIVE US THE STRENGTH AND WILL-POWER TO SEE IT THROUGH, FOR THE SAKE OF A BETTER WORLD FOR ALL.

THANK YOU.