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IMPLICATIONS OF ESTABLISHING AN ISLAMIC COMMON MARKET: GRADUAL INTEGRATION AND POSSIBLE CONSEQUENCES

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This paper aims at examining the implications of establishing an Islamic Common Market as an ultimate goal of the economic cooperation activities of the OIC countries. In doing so, the paper draws on the actual experience of these countries in their effort to move towards this objective. After examining the constraints and implications of establishing such an advanced economic integration scheme, the paper attempts to bring out the importance of the role of the gradual economic integration and the step-by-step approach in realising this goal.

1. INTRODUCTION

Setting up an Islamic Common Market, with the participation of all the OIC member countries, is an old idea which was first mooted at the Second Islamic Summit in Lahore in 1974. It was agreed at that time that the idea could at best be a long-term objective requiring careful and comprehensive consideration. While such a conclusion was found to be implicit in all the resolutions adopted in this connection by the subsequent Islamic Summits and the Islamic Conferences of Foreign Ministers (ICFM), the establishment of such a common market remained consistently the ultimate goal. Meanwhile, the OIC countries have realised at an early stage the basic need to enhance their cooperation efforts to move towards this objective through strengthening their economic and trade relations and getting over the weaknesses in the institutional arrangements that are necessary for the expansion of trade and economic cooperation.

Evidently, the most significant progress towards the intra-OIC economic and trade cooperation is the adoption of the Plan of Action to

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Strengthen Economic and Commercial Cooperation Among the OIC Member States (POA 1981) in 1981 and the setting up of the Standing Committee for Economic and Commercial Cooperation (COMCEC) for the implementation of this Plan. The POA has since been revised in the light of changes in the global political and economic environment and a new POA has been adopted in 1994 including a strategy and a mechanism of follow-up and implementation. However, due to the slow progress in its implementation, the POA has remained a continuing concern for the OIC over the years.

The OIC countries have also conceived a number of schemes and projects aimed at strengthening economic and commercial cooperation. These are at present in varying stages of implementation. Their objectives are to enhance trade among the member countries through, inter alia, facilitation of trade and market access. The private sector meetings over the years have also gone a long way in promoting investment and trade in the OIC countries. A set of multilateral agreements concerning economic and commercial cooperation are also at varying stages of signature and ratification by the OIC member countries. These are intended to provide the necessary legal framework to the process of cooperation among the member countries. However, this aspect is also marked by a slow progress which needs to be accelerated.

Taking this into account and considering the heterogeneity of the OIC countries in terms of economic structures and levels of development, the progress towards the goal of setting up an Islamic Common Market remains far from expectations. The OIC countries are still required to exert their collective energy toward this objective. There is much to be desired in the present state of affairs in the domain of economic and trade relations among the OIC countries. Intra-OIC trade, for example, remains stagnated at 10 percent of the total trade of all the OIC countries, affected, among others, by dependence on a few commodities, limited number of trade partners, and lack of adequate trade infrastructure.

On the other hand, the urgency of setting up an Islamic Common Market has now become more pronounced in the context of the current trends of globalisation and regionalisation, which have released the forces of competition causing the process of marginalisation of the developing countries, including the OIC countries. Coupled with these trends are the various protectionist policies adopted by the major economic blocks of the developed countries, which warrant a look-out for alternatives by the developing countries. The establishment of the Islamic Common Market or any other form of economic integration is, thus, an imperative for the OIC countries in order for them to deal, on an equal footing, with the powerful economic blocks of the industrialised countries and avoid further marginalisation.

Given this state of affairs, the present paper aims at examining the implications of establishing an Islamic Common Market as an ultimate goal of the economic cooperation activities of the OIC countries. In doing so, the paper draws on the actual experience of these countries in their effort to move towards this goal. After examining the constraints and implications of establishing such an advanced economic integration scheme, the paper attempts to bring out the importance of the role of gradual economic integration and the step-by-step approach in realising this goal.

2. OIC ECONOMIC CO-OPERATION AND THE ULTIMATE GOAL OF ESTABLISHING AN ISLAMIC COMMON MARKET

Founded in September 1969, the Organisation of the Islamic Conference (OIC) had initially started out as a political forum. Yet, it was soon realised that for joint political action to be effective it had to be based upon and complemented by a wide-ranging joint economic action. In fact, the Charter of the OIC, approved in February 1972, reiterated the necessity of cooperation for community-wide economic progress and the need to help individual member states develop their productive capacities at an accelerated pace. In this way, the OIC member countries set the ground for a serious consideration of the economic and social issues facing them in order to identify potential areas of cooperation and consolidation. The aim was to bring member countries closer together not only in order to pursue their original political objectives but also to pave the way for ultimate economic integration among them.

Against this setting, certain initiatives were rapidly taken to add the major economic issues of the day on to the agenda of the annual

Islamic Conferences of Foreign Ministers (ICFM) and to start community-wide economic and technical cooperation activities. The real spark came, however, with the Second Islamic Summit Conference, when the OIC Heads of States, in the Lahore Declaration of February 1974, made clear and detailed references to world economic developments, the current economic issues facing the developing and OIC 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 establishing, promoting and consolidating 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 subjects and a conscious effort was spent to establish various specialised institutions and agencies, attached to the OIC, to operate in the economic domain.

In fact, during the 28 years since the Lahore Summit of 1974, the OIC has made a serious effort to develop the necessary institutional and multilateral legal framework within which the member countries could co-operate extensively by developing, initiating and implementing joint economic actions. An extensive agenda on economic issues, covering most of the economic sectors and several areas of economic co-operation, has been developed during that period. Within that framework, extensive deliberations on specific issues of concern and proposals for joint action were undertaken and resolutions adopted at the highest levels. The most important developments and achievements in the field of OIC economic cooperation activities could be briefly listed in chronological order as follows:

- In December 1973, the 1st Conference of Finance Ministers of the OIC issued the Declaration of Intent to establish the Islamic Development Bank (IDB) to foster the economic development and social progress of member countries. In August 1974, the 2nd Conference of Finance Ministers approved and adopted the Articles of Agreement of the IDB, which became operational in October 1975.

- In May 1976, the Islamic Commission for Economic, Cultural and Social Affairs was structured as the regular technical committee of member country representatives to seriously examine the OIC economic, social and cultural co-operation activities and make recommendations on them for final decision by the annual ICFM.

- In May 1977, the 8th ICFM approved the General Agreement on Economic, Technical and Commercial Co-operation. 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. So far, 41 OIC member countries have signed this Agreement and 27 members have ratified it.

- The 8th ICFM also approved the establishment of the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) in Ankara, Turkey, with the aim of collecting and disseminating statistical data and information, carrying out research and conducting training programmes for the benefit of the member countries.

- In June 1978, the 9th ICFM approved the establishment of the Islamic Centre for Technical and Vocational Training and Research (ICTVTR) in Dhaka, Bangladesh, which later became the Islamic Institute of Technology (IIT), and recently became the Islamic University of Technology (IUT).

- In May 1979, the 10th ICFM approved the establishment of the Islamic Chamber of Commerce and Industry (ICCI) in Karachi, Pakistan, as an affiliated organ of the OIC.

- In January 1981, the 3rd Islamic Summit approved the ten-sector OIC Plan of Action to Strengthen Economic Co-operation among Member States which include Food and Agriculture, Trade, Industry, Transport, Communication and Tourism, Financial and Monetary Questions, Energy, Science and Technology, Manpower and Social Affairs, Population and Health, Technical Cooperation.

- The 3rd Islamic Summit also approved the establishment of three Standing Committees in the areas of Economic and Trade

Cooperation, Scientific and Technological Co-operation, and Information and Cultural Affairs. The Summit also approved the establishment of the Islamic Centre for the Development of Trade (ICDT) in Casablanca, Morocco, in order to promote trade exchange amongst the member countries.

- In June 1981, the 12th 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. So far, 30 OIC member countries have signed this Agreement and 19 members have ratified it.

- In November 1984, the 1st Session of the Standing Committee for Economic and Commercial Co-operation (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. The third one, the Agreement on the Multilateral Islamic Clearing Union, was prepared by the IDB and approved at the 7th Session of the COMCEC in October 1991. The 8th COMCEC Session invited the OIC member countries to consider working out clearing arrangements among themselves. Yet, the establishment of a comprehensive multilateral Islamic Clearing Union remained as an ultimate objective.

- In October 1990, the 6th 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 23 OIC countries and ratified by 9 of them. It needs to be ratified by 10 member countries in order to be enforced.

- In December 1994, the 7th Islamic Summit endorsed the Strategy and the Plan of Action to Strengthen Economic and Commercial Co-operation among the Member States of the OIC adopted at the 10th Session of the COMCEC.

- In December 1997, the 8th Islamic Summit Conference adopted a resolution on the establishment of an Islamic Common Market as an ultimate objective, emphasising, inter alia, the importance of implementing the Strategy and Plan of Action to Strengthen Economic and Commercial Co-operation and the various agreements concluded within the framework of the OIC.

- The 8th Islamic Summit also invited the Member States to formulate concrete proposals for co-operation and co-ordination in the areas of market access, competition policy, transfer of technology, finance, trade and investment and, eventually, an integrated network of information and physical infrastructure which could facilitate the realisation of an Islamic Common Market among Member States.

It is obvious that in all of these activities, the OIC has made a respectable effort to develop a framework within which the Islamic countries could co-operate extensively and initiate and carry out joint economic action. In fact, one can discern, as a basic theme as well as an overall inclination, a move towards a more economically integrated OIC community. Yet, it remains a fact that, despite the various efforts made during all these years, very little progress in the form of tangible end-results was recorded in actuality. So far, the stage reached in the process of economic and commercial co-operation 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.

Overall, the OIC countries seem to have been caught in an impasse. Given the ever-expanding, yet unfulfilled needs, in contrast to the existing under-utilised endowments and potentials, the member countries of the OIC are convinced of the advisability of enhanced economic co-operation amongst themselves. Thus, they develop ideas, set down objectives for joint action and have even worked out certain implementation modalities. Yet, they are slow in the implementation of specific policy measures to make such joint action a reality, for example, in terms of setting up a formal economic integration scheme such as a free trade area, a customs union or a common market. In fact, the reasons for all that are several and varied. Some reasons emanate from the high level of economic heterogeneity of the group of the OIC member countries and the sub-sequent difficulties relating to implementation and follow-up at the technical, financial and political levels while others are related to the overall character, organisational structure and decision-making mechanism of the OIC.

Yet, the establishment of an Islamic Common Market has recently assumed greater importance on the agenda of the OIC and is quite often mentioned as the ultimate goal of economic co-operation activities of the member countries. Therefore, we will assume in the following sections that this is an agreed goal and, hence, the main focus will be, first, on the impediments and barriers of setting up an Islamic Common Market. Then, the implications of such an advanced economic integration scheme will be evaluated with the assumption that a full-fledged Islamic Common Market is established amongst the member countries of the OIC. In the light of the impediments and implications of establishing an Islamic Common Market, the paper will then highlight the importance of gradual economic integration and the step-by-step approach in realising this goal.

3. IMPEDIMENTS TO ESTABLISHING AN ISLAMIC COMMON MARKET

A common market is well known to be a more advanced and complicated type of regional economic integration schemes, particularly when compared with other schemes such as preferential trade areas, free trade areas or customs unions. Yet, it is still a step before reaching the higher integration schemes of the monetary and economic unions. By definition, a common market allows a free flow of not only the goods and services but also the factors of production such as capital, labour, entrereneurship, technology, etc., across the member countries. It also abolishes all tariffs on the exports of the member countries and establishes a common external tariff policy against third parties (non-member countries). Consequently, such a scheme also necessitates the co-ordination of commercial, industrial, financial and economic policies among the member countries.

Within this understanding, the immediate question which comes to mind when one thinks of an Islamic Common Market is whether the OIC countries qualify for these criteria or not. To answer this question, it would be useful to consider a number of basic facts that affect the OIC countries' attempts of economic integration in a very crucial manner as follows:

- Currently, with its 57 member countries, the OIC is the second largest international organisation after the United Nations. These countries are dispersed over a large area on four continents, extending from Albania (Europe) in the north to Mozambique (Africa) in the south, and from Guyana (Latin America) in the west to Indonesia (Asia) in the east. As such, the OIC countries as a group account for one sixth of the world area and one fifth of its population.
- Yet, the geographical diversity and lack of direct and well-developed transportation, telecommunication, and information network facilities among the OIC countries are significant impediments to the establishment of an Islamic Common Market. Direct railway, sea or air traffic amongst the member countries of the OIC is limited, inadequate and mostly linked through major centres of the developed countries. Similarly, telecommunications services and connections are rather poor and, in most cases, acquired through industrial countries instead of direct links between the OIC members.
- Aside from this vast geographical dispersion, the group of OIC countries is very diversified in terms of its population, socio-economic structures, economic and political systems, level and stage of economic development and resource endowments, international relations, interests, and priorities.
- The group of OIC countries includes highly populated countries like Indonesia with more than 200 million people, and Pakistan,

Bangladesh and Nigeria with more than 100 million each. Meanwhile, the OIC group includes small countries like Maldives with only 300,000 people, Brunei and Suriname with less than half a million people, and Qatar, Comoros, Djibouti and Guyana with less than one million people (Table 1 in the Annex).

- The size of economies in the group of OIC countries is also very heterogeneous, varying, in terms of GDP, from US$ 167 billion in Saudi Arabia and US$ 148 billion in Turkey to only US$ 220 million in Comoros and US$ 245 million in Guinea-Bissau. The combined share of six major countries (Turkey, Saudi Arabia, Indonesia, Egypt, Iran, and Malaysia) is equal to 52 per cent of the total OIC income (Table 1 in the Annex).

- With a few exceptions, production structures of almost all the OIC countries are not diversified where production and exports depend upon a limited variety of primary commodities. In general, agriculture and oil production are the main productive economic activities that contribute the highest shares to the output of almost half of the OIC countries. According to the recent IMF classification of all economies by the main source of export earnings, 15 OIC countries are classified as non-oil primary products exporting countries and other 13 as oil exporting countries (Table 2 in the Annex).

- In terms of production structure, Table 2 in the Annex also shows that the service sector retains the highest share of GDP in 34 countries, while industry takes the lead in 12 countries and agriculture dominate in 8. This picture should, however, be taken with caution since the service sector is of an embryonic nature in most of the countries. The importance of industrial activities in almost all the countries where industry is dominant is associated with oil extraction and processing. Hence, with very few exceptions, the share of manufacturing in the overall industrial production is very modest.

- The diversity in production structure is also reflected in the level of income and standards of living. The OIC countries include 22 least developed countries (see Table 1 in the Annex), almost all of which depend for their growth and development on exports of a few non-oil primary commodities, mostly agricultural. Together with the 13 OIC oil-exporting countries, it is obvious that the OIC group comprises very rich and very poor countries, with the rest lying in a spectrum between the two. In 2001, the per capita GDP ranged from only $ 150 in Sierra Leone to $ 27,918 in Qatar.

- Differences in income levels are reflected in the resource balances of various OIC countries. As shown in Table 3 in the Annex, the majority of 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 foreign debt burden crippling many OIC countries. This situation also has adverse implications and hinders more advanced levels of OIC economic co-operation activities.

- The structure of production and exports of OIC countries, as described above, is also reflected in the low level of intra-OIC trade where they cannot offer each other most of the high technology and various manufactured goods needed. Consequently, as shown in Table 4 in the Annex, the major foreign trade partners of the OIC countries are mostly the developed countries. In 2000, intra-OIC trade remained around 10 per cent for exports and 13.4 per cent for imports, affected, among others, by dependence on few commodities, limited number of trade partners, and lack of adequate trade infrastructure. In contrast, exports of OIC countries to developed countries represent 55.3 per cent of their total exports, and imports from developed countries represent 55.1 per cent of their total imports. Therefore, the current level of trade relations between the OIC countries would hardly facilitate the establishment of an Islamic Common Market unless serious efforts are made to rectify this situation.

- Last, but not least, the group of OIC countries is very mixed in terms of its regional and international relations and commitments. This is especially more pronounced in the economic field where the economies of many OIC countries are very much dependent on those of developed countries.

All the above put together have contributed significantly to creating a very high level of diversity and heterogeneity in the group of OIC countries, and, thus, make it difficult for them to take such substantive steps on the road to more advanced forms of economic integration like the common market. In fact, it is because of this complex and diversified set-up that economic co-operation among the Islamic countries had always lingered, where the heterogeneity of the OIC countries enormously affects the OIC's goal to move collectively in the economic field.

As is theoretically well known and also obvious from the experience of European integration, there are certain economic convergence criteria in the performance of the member countries that need to be satisfied as a prerequisite to an advanced form of economic integration, such as a common market. Yet, the heterogeneous structures of the OIC member countries are a clear indication of the divergence in their economic performance. With such a wide range of economic divergence it would be difficult at this stage, if not impossible, for the group of OIC countries to achieve the required convergence criteria for such an advanced form of economic integration.

Furthermore, with the diverse international relations and commitments of the OIC member countries, such a situation implies certain differences and even contradictions in terms of national priorities, interests and decision-making process. Therefore, it seems to be very difficult for the OIC countries to agree on certain common denominators in policy formulation while trying to initiate and promote a full-fledged economic integration like a common market amongst them.

4. IMPLICATIONS OF ESTABLISHING AN ISLAMIC COMMON MARKET

Creating a larger economic block from smaller national economies and the more economic benefits and advantages that member countries would gain as a group are the main driving force behind any regional economic integration scheme. Regional economic groupings aim at accelerating the economic growth and development of the member countries through removing trade barriers and establishing closer economic and commercial co-ordination and co-operation. As it has been mentioned, the common market is a higher form of regional economic integration. It allows a free flow of goods and services as well as factors of production across the member countries and necessitates the co-ordination of economic policies amongst them.

The Islamic Common Market to be established amongst the OIC member countries is eventually assumed to reach this level of integration and to contain these factors, even if it is to be realised in stages as foreseen in the OIC Strategy and Plan of Action. Otherwise, it cannot be considered a common market. Therefore, its implications should be evaluated with the assumption that it is a full-fledged Islamic Common Market comprising all the OIC member countries as follows:

- The establishment of an Islamic Common Market necessitates the creation of a free trade environment among the OIC member countries. This could be achieved when the OIC countries agree to abolish all types of barriers (tariff, para-tariff and non-tariff) to trade in goods and services amongst themselves, and to apply, at a certain stage, a common external tariff policy against third parties (non-members). In other words, goods and services originating in the member countries will be traded freely while those originating in non-member countries will be subject to a common external tariff policy to protect the domestic industries in the member countries.

- In such a free trade environment, members of the Islamic Common Market will provide each other with a wider margin of preferential trade liberalisation than is available at the international level or to the non-member countries. This, in turn, will affect the direction of trade and change the prices in favour of the exporting member countries (inside-suppliers) and, hence, put non-member suppliers at a competitive disadvantage. However, in doing so, the OIC countries should eventually be a party to the WTO Agreement as this might facilitate progress towards setting up a common market or any other form of economic integration consistent with the WTO requirements.

- Yet, this situation can be described as affecting OIC foreign trade in three somewhat contradictory ways. The first is the trade-creating effect, which will be caused by a possible increase in imports from the rest of the world stimulated by greater OIC income and demand growth. The second is the trade-diverting effect, which is likely to result from the total displacement of imports from suppliers outside the Islamic Common Market to those within it. This might be due to the elimination of intra-OIC trade barriers or by other related cost reduction due to the generated intra-OIC improvement in productivity and competitiveness. The third effect terms of trade is likely to be improved as a result of increased demand in the Islamic Common Market and the reduced cost of OIC exports in non-OIC markets. Yet this will largely depend on the direction of the first two effects.

- In addition to liberalisation of trade activities and free trade in goods and services among member countries, the Islamic Common Market should also facilitate and create conditions for the free flow of all factors of production in the member countries, particularly labour, capital, and entrepreneurship. In other words, people, entrepreneurs, and companies from member countries may freely seek jobs, investments, or business opportunities anywhere within the area of the Islamic Common Market. They should be treated as local persons or companies where there will not be any control, limitation, or discrimination by the host country on foreign investments and immigration originating from members of the Islamic Common Market.

- In such a way, Islamic Common Market will make wider markets available for the better distribution and allocation of resources. Free mobility of the factors of production, particularly capital and labour, amongst the member countries is expected to increase productivity, efficiency and competitiveness in the Islamic Common Market. This, in turn, is expected to provide economies of scale and a larger scope for specialisation, which will tend to reduce the cost of production, investment and technological development of the member countries' producers and reduce their prices in regional and world markets. The resulting competitive power will enable enterprises in the member countries to enjoy an advantage over those in non-member countries that are suppliers to the Islamic Common Market.

- However, in such a highly competitive environment, domestic companies and industries in member countries must prepare themselves for tougher competition conditions that will prevail in the region. It is likely that these conditions will put firms and even industries in some member countries at a competitive disadvantage, particularly in the short and medium terms. Moreover, the free mobility of capital and labour in the member countries will cause changes in the relative prices of production factors, particularly in the early stages of integration. Capital will flow into those members offering higher rates of profit, and labour will immigrate to those members with higher wage levels. Therefore, it is likely that the member countries will experience further differences in economic growth performance in the short and medium terms. But these differences will tend to decline in the long run and relatively disappear at more advanced stages when the huge single market will be created amongst the member countries with relatively equal wages and profit margins.

- Liberalisation of trade activities and the free flow of factors of production in the Islamic Common Market will necessitate the harmonisation and co-ordination of national monetary, fiscal, industrial, trade and competition policies of the member countries. Economic integration schemes such as a common market can only be sustainable and adequately operational when member countries succeed to agree on common rules and principles of trade, investment and production. This will, of course, oblige the national governments of the member countries to co-ordinate and harmonise their national domestic economic policies, which implies gradual surrender of their sovereignty over those policies. The process of coordinating and harmonising the economic policies of 57 member countries will not be an easy task. It will require the implementation of strict, long-term, structural policy reform measures which might create, in the short to medium term, certain socio-economic and political problems in many countries.

- It is very clear that the establishment of an Islamic Common Market will contribute in the long run to the promotion of the stability, solidarity, security, and prosperity of the OIC member countries at the regional level. The creation of a free trade area and the free mobility of the factors of production, particularly labour and capital, will eliminate political differences, tensions and frictions amongst the member countries. Economic co-operation and unification will result in political co-operation and stability which, in turn, brings about economic and political strength to the OIC Community at the international level.

- In general terms, the dynamism of economic integration in the Islamic Common Market, through greater efficiency of economies of scale and the removal of internal barriers to trade, is expected to provide wider scope for investing and higher demand and the production of new commodities as well as attracting more foreign investment in the region. This will bring about increasing trade and production levels and, thus, more income creation in the long run which will certainly enhance the overall welfare of the OIC Community.

5. GRADUAL ECONOMIC INTEGRATION: A STEP-BY-STEP APPROACH

When the conclusions of the above sections are brought together (i.e. the unsatisfactory level of economic co-operation amongst the OIC member countries, the high level of divergence in their economic structures, and the serious impediments of setting up an Islamic Common Market against its far reaching implications), one cannot help admitting that the realisation of such an advanced integration scheme is a difficult, long-term task. 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.

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 economic, technical, and political difficulties of such an ambitious initiative are obviously immense. In fact, when the 1994 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”*, it implies that the issues involved are extremely complicated and that there is a need first to set the stage right and read 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 co-operation 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 the OIC countries overcome the possible negative impacts of the accelerating pace in the formation of regional economic groupings but also support the aspirations of the OIC community for a larger share in world economic activity. In fact, this understanding has early convinced a large number of OIC countries and they have, thus, weighted this objective very carefully by embarking initially upon and participating in a considerable number of formal regional and sub-regional integration schemes.

The OIC countries have attempted two types of co-operation and integration schemes at the regional and sub-regional levels: those comprising only OIC countries and those comprising OIC and other non-OIC countries (see Table 5 in the Annex). With different horizons, these schemes aim at one or another form of economic integration. It is observed that more than two-thirds of the OIC member countries have been associated with regional and sub-regional economic co-operation and integration schemes and interestingly, but understandably, the Least Developed OIC countries figure in many of them. This should be taken as an indication of the willingness and readiness of the majority of the OIC countries to join together, and even with other developing countries, within quite ambitious schemes to achieve advanced forms of regional economic integration. This should be also 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 would, therefore, be useful to draw on the experience of these regional integration schemes in order to discern the gradual and step-by-step approach that need to be followed to achieve the ultimate objective of establishing an Islamic Common Market. Some of these schemes date back to independence in the case of especially the member countries in Africa. Actually, many of them have been operational for some time and the participants have put a lot of effort to keep them active and available. The reason behind the fact that many of these schemes survive today is that the economic justifications for increased co-operation and integration remain sound and the needs for this have become even more pressing than ever despite that the arrangements for establishing such schemes might have changed politically over time.

It is observed that the member countries in the African and Arab groups of the OIC have been participating in many of these schemes, many of which have set for themselves very advanced forms of economic integration as eventual targets. It would, therefore, be natural that the OIC would have not only to learn a lot from such an experience, but also stand ready to benefit immensely and directly from it, as the African and Arab groups of the OIC account for more than half of its membership. The OIC member countries in Asia, especially in the Far East, have also been active participants in various economic co-operation and integration schemes, some of which have recorded significant progress. Their experiences would also prove highly useful to the OIC as a whole. In brief, many OIC member countries have accumulated a considerable amount of experience in regional economic integration over many years which, if put to good use, would definitely contribute to the eventual establishment of a larger and more advanced integration scheme such as the Islamic Common Market.

Yet, it should be noted that there are really very few among the said schemes that have managed to progress as planned and reach the original set targets. 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 and should be avoided. The analysis of the reasons for this state of affairs remains beyond the limits of this paper. But the most serious difficulties, which are closely related to the subject of this section, can be summarised in three areas: the effective co-ordination of investment throughout the region, the need to compensate member countries that may suffer losses in the early stages, and the gradual surrender of national powers over economic and social issues in the region (i.e. the coordination and harmonisation of socio-economic policies at the regional level).

The effective co-ordination of investment is essential for the better allocation of resources and establishing region-wide industries which will provide economies of scale and reduce cost of production. It is also the cornerstone of any planning aiming at an equitable distribution of the fruits of development. Again with the aim of preventing a widening gap between member countries, it is essential that the financial support to the weaker members in the early stages should be made from within the scheme rather than depending on external help. Such an orientation would require that more emphasis be put on development co-operation. Indeed, one of the most useful and practical approaches to such an orientation would be through inter-linking with one another of the already existing OIC sub-regional economic integration groupings.

Considering the directives drawn in the OIC Strategy and Plan of Action, this necessitates a gradual and step-by-step integration approach based, in the early stages, on the already existing sub-regional economic integration schemes which comprise member countries with common geographical and economic backgrounds. Efforts should be made to create formal integration modalities such as free trade zones and customs unions in these economic groupings in order to utilise them in later stages as “building blocks” for establishing an Islamic Common Market through creating linkages with special preferential arrangements among them. In this regard, the implementation of the 1994 OIC Plan of Action and different OIC Agreements/Statutes could play an extremely important role. Therefore, efforts should be made to accelerate the slow progress of signing, ratification and/or implementation of the *Framework Agreement on the Establishment of Trade Preferential System*, *Agreement on Promotion, Protection and Guarantee of Investment*, and *General Agreement on Economic, Technical and Commercial Cooperation*.

In this respect, it is worth mentioning 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 establishing such an advanced economic integration scheme. 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”. While emphasising the need for mapping the trade-off in terms of potential benefits and costs of the various stages of economic integration, the Group observed that "the establishment of an Islamic Common Market is essentially a long term process with multiple dimensions and phases". Another important issue, relating to the steps needed to eventually establish the Islamic Common Market, taken up by the Group concerns the WTO. Noting Article 24 of the WTO Agreement concerning the formation of regional groupings, the Group felt that all the OIC member countries should eventually be a party to the WTO Agreement as this might facilitate progress towards setting up a common market or any other form of economic integration consistent with the WTO requirements.

6. CONCLUSION

It has been years since the debate on establishing an Islamic Common Market started within the OIC and its economic institutions. Yet it seems that the OIC countries still have a long way to go before this goal is materialised. In fact, to date, the OIC economic co-operation arrangements did not establish any formal economic integration modality, such as a free trade area or a customs union, to facilitate the establishment of such an advanced economic integration scheme. The OIC countries did not yet succeed in abolishing the tariffs on each other's exports. A common tariff policy against the imports from the rest of the world is not yet adopted, and the factors of production are still not moving freely in these countries.

To be fair, it might not appear feasible at this stage to co-ordinate and harmonise 57 OIC countries with different economic and political backgrounds. It seems that it would be better for theme to start with more modest objectives than a complete integration, which, nevertheless, should remain as a long-term objective. In fact, the formation of an Islamic Common Market is a long-term process and requires vigorous common determination and a well-planned strategy. As the experience of the most successful regional integration schemes in the world has shown and the economic theory demonstrates, success in this field depends on a gradual integration mechanism. To achieve such an advanced form of economic integration, a set of actions should be designed and organised in a way that the implementation of each action facilitates and paves the way for the realisation of the other actions that would follow, i.e. a step-by-step approach.

It is by following this approach 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 co-operation fields. Once these initiatives and modalities are consolidated and linked together within a wider and more flexible framework, as foreseen in the OIC Plan of Action, a concrete foundation for more extensive economic integration schemes among the member countries, like an Islamic Common Market, would have been established. It appears that the existing sub-regional and regional integration schemes participated in by the OIC countries, and linked to one another with special preferential arrangements, could well serve in this regard.

Yet, to make the objective of establishing an Islamic Common Market gradually approach reality, a number of prerequisites and enabling conditions need to be fulfilled. All efforts should be directed to bring member countries closer together through enhancing and expanding the existing co-operation framework and making a better use of the capabilities and potentials of the OIC countries which, unfortunately, have not yet been utilised efficiently in this direction. The realisation of this objective requires sincere co-operation and co-ordination among OIC countries in different aspects and fields, mainly and most importantly, in investment and trade areas. To facilitate and enhance intra-OIC trade, trade should be integrated with investment, and liberalisation of both is among the immediate priorities that the member countries must address. To this end, the enforcement of the *Agreement on Trade Preferential System among OIC Member States* should be viewed as an indispensable objective. Equally important in this regard is the enhancement of measures through joint ventures based on the *Agreement for the Promotion, Protection and Guarantee of Investments among OIC Member States*. Lastly, it is worth remembering that the Plan of Action to Strengthen Economic and Commercial Cooperation among OIC Member States provides the basic framework for co-operation in this regard, which needs expeditious implementation.

ANNEX

TABLE 1: POPULATION AND GDP IN 2001

	Population (Million)	GDP (Billion $)	Per Capita GDP ($)
Afghanistan (*)	22.69	..	..
Albania	3.41	3.954	1159
Algeria	30.91	54.858	1775
Azerbaijan	7.91	5.693	720
Bahrain	0.71	8.042	11316
Bangladesh (*)	131.75	47.074	357
Benin (*)	6.48	2.409	372
Brunei	0.32	2.254	7044
Burkina Faso (*)	12.65	2.474	196
Cameroon	15.75	8.542	542
Chad (*)	7.66	1.605	209
Comoros (*)	0.58	0.22	378
Djibouti (*)	0.76	0.574	751
Egypt	66.45	96.765	1456
Gabon	1.24	4.624	3743
Gambia (*)	1.35	0.404	300
Guinea (*)	8.51	2.886	339
Guinea-Bissau (*)	1.22	0.245	200
Guyana	0.77	0.631	822
Indonesia	213.22	145.501	682
Iran	68.54	114.141	1665
Iraq	22.97	94.561	4117
Ivory Coast	17.52	10.418	595
Jordan	5.18	8.829	1703
Kazakhistan	14.90	22.372	1502
Kuwait	2.16	35.746	16533
Kyrgyz Rep.	4.96	1.404	283
Lebanon	3.52	16.709	4748
Libya	5.69	28.597	5030
Malaysia	23.79	87.54	3679
Maldives (*)	0.30	0.556	1873
Mali (*)	11.39	2.587	227
Mauritania (*)	2.72	0.966	355
Morocco	29.20	33.492	1147
Mozambique (*)	18.09	3.553	196
Niger (*)	11.11	1.919	173
Nigeria	131.58	41.107	312
Oman	2.62	19.334	7368
Pakistan	140.73	59.796	425
Qatar	0.59	16.553	27918
Saudi Arabia	21.31	166.693	7822
Senegal (*)	9.93	4.636	467
Sierra Leone (*)	4.92	0.736	150
Somalia (*)	9.78	..	..
Sudan (*)	31.90	12.513	392
Surinam	0.42	0.494	1164
Syria	16.80	19.528	1162
Tajikistan	6.18	1.084	175
Togo (*)	4.95	1.259	255
Tunisia	9.70	19.985	2059
Turkey	65.08	147.947	2273
Turkmenistan	4.73	3.879	820
Uganda (*)	22.28	5.643	253
U.A.E	2.58	67.488	26158
Uzbekistan	24.92	11.497	461
Yemen (*)	22.05	8.74	396
OIC Total	**1309.47**	**1461.057**	**1116**
% of World	**21.3**	**4.7**	**-**

Source: SESRTCIC Statistical Database (BASEIND). (*) Least-developed countries.

TABLE 2: STRUCTURE OF OUTPUT
(Value added as % of GDP, average 1996-2000)

	Agriculture	Industry	Manufacture	Services
Albania	52	26	12	22
Algeria (*)	13	49	10	38
Azerbaijan	19	38	7	43
Bahrain (*)	1	46	17	53
Bangladesh	26	22	14	52
Benin (**)	38	14	8	48
Brunei (*)	3	38	9	59
Burkina Faso (**)	34	26	12	40
Cameroon	41	21	11	38
Chad (**)	42	15	12	43
Comoros	39	14	4	47
Djibouti	4	21	4	75
Egypt	17	32	19	51
Gabon (*)	7	54	6	39
Gambia (**)	29	15	6	56
Guinea (**)	24	36	7	40
Guinea-Bissau (**)	58	12	8	30
Guyana (**)	36	24	10	40
Indonesia	18	44	25	38
Iran (*)	22	35	15	43
Iraq (*)	19	39	10	52
Ivory Coast (**)	27	23	19	50
Jordan	4	27	15	69
Kazakhstan	12	32	15	56
Kuwait (*)	1	53	11	46
Kyrgyz Rep.	46	24	14	30
Lebanon	12	26	11	62
Libya (*)	8	52	7	40
Malaysia	12	45	33	43
Maldives	22	16	7	62
Mali (**)	46	17	5	37
Mauritania (**)	25	31	10	44
Morocco	17	31	18	52
Mozambique	33	21	13	46
Niger (**)	39	18	7	43
Nigeria (*)	33	41	5	26
Oman (*)	3	45	5	52
Pakistan	26	25	16	49
Qatar (*)	1	52	11	47
Saudi Arabia (*)	7	48	10	45
Senegal	18	22	16	60
Sierra Leone	44	25	6	31
Somalia (**)				
Sudan (**)	38	18	9	44
Suriname (**)	10	31	9	59
Syria	27	26	24	47
Tajikistan	21	26	22	53
Togo (**)	39	22	10	39
Tunisia	13	28	18	59
Turkey	16	25	16	59
Turkmenistan	27	42	26	31
U.A.E. (*)	3	52	8	45
Uganda	45	18	8	37
Uzbekistan	30	27	10	43
Yemen	17	46	7	37
OIC average	**17**	**38**	**16**	**46**

Source: SESRTCIC Statistical Database (BASEIND).
(*) Oil-exporting countries. (**) Non-oil primary products exporting countries.

TABLE 3: RESOURCE BALANCE: GROSS DOMESTIC INVESTMENT (GDI) AND GROSS DOMESTIC SAVINGS (GDS): % OF GDP

	GDI		GDS		Resource Balance	
	1990	2000	1990	2000	1990	2000
Albania	29	19	21	-3	-8	-22
Algeria	29	24	27	44	-2	20
Azerbaijan	..	26	..	28	..	2
Bangladesh	17	23	10	18	-7	-5
Benin	14	20	2	6	-12	-14
Burkina Faso	21	28	8	9	-13	-19
Cameroon	18	16	21	20	3	4
Chad	16	17	0	1	-16	-16
Djibouti	14	9	-10	-6	-24	-15
Egypt	29	24	16	17	-13	-7
Gabon	22	26	37	28	15	2
Gambia	22	17	11	4	-12	-13
Guinea	18	22	18	17	0	-5
Guinea-Bissau	30	18	3	-9	-27	-27
Indonesia	31	18	32	26	1	8
Iran	29	20	27	34	-2	14
Ivory Coast	7	12	11	19	4	7
Jordan	32	20	1	-6	-31	-26
Kazakhstan	32	14	30	25	-2	11
Kuwait	18	11	4	37	-13	26
Kyrgyz Rep.	24	16	4	4	-20	-12
Lebanon	18	18	-64	-7	-82	-11
Malaysia	32	26	34	47	2	21
Mali	23	23	6	7	-17	-16
Mauritania	20	30	5	15	-15	-15
Morocco	25	24	19	18	-6	-6
Mozambique	16	34	-12	10	-28	-24
Niger	8	11	1	3	-7	-9
Nigeria	15	23	29	34	15	21
Oman	13	14	35	..	22	..
Pakistan	19	16	11	12	-8	-4
Saudi Arabia	20	16	30	40	10	24
Senegal	14	20	9	11	-5	-9
Sierra Leone	9	8	8	-8	-1	-16
Sudan	15	14	..	15	..	1
Syria	17	21	17	24	0	3
Tajikistan	25	20	17	16	-8	-4
Togo	27	21	15	6	-12	-15
Tunisia	32	27	25	24	-7	-3
Turkey	24	24	20	17	-4	-7
Turkmenistan	40	40	28	49	-13	9
U.A.E.	20	30	45	..	25	..
Uganda	13	18	1	3	-12	-15
Uzbekistan	32	11	13	17	-29	6
Yemen	15	19	-9	28	-6	9

Source: World Bank, World Development Indicators 2002.

TABLE 4: INTRA OIC TRADE, 2000 (Million US $)

	EXPORTS				IMPORTS			
	Intra OIC	Developed Countries	Developing Countries	Total Exports	Intra OIC	Developed Countries	Developing Countries	Total Imports
Afghanistan	49	53	80	133	195	118	519	636
Albania	4	247	14	261	78	851	214	1065
Algeria	1374	17068	3399	20468	834	7803	2287	10078
Azerbaijan	177	1141	605	1745	307	435	737	1036
Bahrain	816	959	2341	8090	1366	1637	1926	3580
Bangladesh	237	4228	544	5590	971	2348	5071	8993
Benin	44	75	134	210	212	631	835	1470
Brunei	40	1946	1215	3161	299	480	937	1420
Burkina Faso	25	68	97	167	306	255	251	524
Cameroon	109	1712	665	2386	344	1028	530	1592
Chad	8	58	27	85	45	102	80	181
Comoros	0	12	4	16	8	30	29	60
Djibouti	122	13	131	143	156	220	380	614
Egypt	781	3441	1585	5633	2196	13330	7007	21660
Gabon	51	2869	879	3963	80	1232	165	1403
Gambia	1	29	6	35	39	119	182	300
Guinea	57	538	318	856	107	444	238	683
Guinea-Bissau	0	5	89	94	15	50	32	93
Guyana	5	458	183	650	9	273	237	535
Indonesia	3053	33771	28293	62102	4785	15750	17462	33511
Iran	2671	12374	11800	27551	1676	7135	7130	16176
Iraq	1113	11834	2262	14097	348	1700	1046	2746
Ivory Coast	954	1936	1582	3519	808	1235	1429	2666
Jordan	683	129	1125	1284	1210	1909	2169	3671
Kazakhstan	645	2805	6333	9138	356	1486	3534	5052
Kuwait	2289	9929	7824	17752	738	4143	1542	5685
Kyrgyz Rep.	155	209	293	502	205	147	407	554
Lebanon	322	259	446	714	850	6228	2211	6206
Libya	1185	11190	1486	12688	617	2770	1324	4095
Malaysia	4810	50189	47937	98153	4103	43151	37501	82195

TABLE 4: (*continued*)

	EXPORTS				IMPORTS			
	Intra OIC	Developed Countries	Developing Countries	Total Exports	Intra OIC	Developed Countries	Developing Countries	Total Imports
Maldives	1	181	136	318	128	68	415	484
Mali	17	100	85	190	306	390	840	1310
Mauritania	48	368	103	477	77	412	149	618
Morocco	486	6052	1566	8228	967	8856	2146	12412
Mozambique	3	126	164	364	33	294	555	1158
Niger	84	97	88	187	92	121	141	273
Nigeria	1798	15659	5731	21392	671	5167	3644	8831
Oman	1771	2375	8167	10542	2131	2411	2964	5375
Pakistan	1807	5377	3777	9156	5077	3596	7452	11049
Qatar	839	5881	4520	11527	693	2010	1242	3252
Saudi Arabia	10140	40992	33658	74688	4393	25103	10960	36191
Senegal	227	369	408	841	65	875	677	1553
Sierra Leone	0	27	4	31	31	47	252	336
Somalia	116	2	118	120	131	47	252	336
Sudan	287	445	1322	1768	361	594	846	1440
Suriname	12	438	72	510	10	312	156	471
Syria	1427	3163	1677	4981	764	2179	2169	5345
Tajikistan	186	293	491	784	303	117	558	675
Togo	128	57	308	387	190	374	848	1225
Tunisia	647	4799	956	5986	910	6753	1713	8593
Turkey	3529	18432	7787	27768	6317	33858	18925	54501
Turkmenistan	575	576	1891	2505	600	386	1294	1788
U.A.E.	5740	17241	18369	41068	8114	19149	20432	39584
Uganda	17	241	79	320	30	270	622	892
Uzbekistan	451	539	1587	2126	472	718	1393	2111
Yemen	115	500	3463	4076	193	771	1307	2323
Total OIC Countries	52231	293875	218224	531526	56322	231918	179364	420606
% of total OIC	9.8	55.3	41.1	100	13.4	55.1	42.6	100

Source: SESRTCIC Statistical Database (BASEIND).

TABLE 5: REGIONAL ECONOMIC GROUPINGS OF THE OIC MEMBER COUNTRIES

Major Regional Integration Schemes Comprising Only the OIC Member Countries	
Arab Maghreb Union (AMU)	Algeria, Libya, Mauritania, Morocco, Tunisia.
Council of Arab Economic Unity (CAEU)	Egypt, Iraq, Jordan, Kuwait, Libya, Mauritania, Palestine, Somalia, Sudan, Syria, the United Arab Emirates, Yemen.
Gulf Cooperation Council (GCC)	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates.
Economic Cooperation Organisation (ECO)	Afghanistan, Azerbaijan, Iran, Kazakhstan, the Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan.
Major Regional Integration Schemes Comprising OIC Member Countries with Other Countries	
In Africa	
African Economic Community (AEC)	**Algeria**, Angola, **Benin**, Botswana, **Burkina Faso**, Burundi, **Cameroon**, Cape Verde, Central African Republic, **Chad**, **Comoros**, Congo, **Ivory Coast**, **Djibouti**, **Egypt**, Equatorial Guinea, Eritrea, Ethiopia, **Gabon**, **Gambia**, Ghana, **Guinea**, **Guinea-Bissau**, Kenya, Lesotho, Liberia, **Libya**, Madagascar, Malawi, **Mali**, **Mauritania**, Mauritius**, Mozambique**, Namibia, **Niger**, **Nigeria**, Rwanda, Sao Tome and Principe, **Senegal**, Seychelles, **Sierra Leone**, **Somalia**, South Africa, **Sudan**, Swaziland, **Togo**, **Tunisia**, **Uganda**, Tanzania, Zaire, Zambia, Zimbabwe.
Central African Customs and Economic Union (UDEAC)	**Cameroon**, Central African Republic, **Chad**, Congo, Equatorial Guinea, **Gabon**.
Common Market for Eastern and Southern Africa (COMESA)	Angola, Burundi, **Comoros**, **Djibouti**, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, **Mozambique**, Namibia, Rwanda, **Sudan**, Swaziland, Tanzania, **Uganda**, Zaire, Zambia, Zimbabwe.
Cross-Border Initiative (CBI)	Burundi, **Comoros**, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, **Uganda**, Zambia, Zimbabwe.

TABLE 5: (*continued*)

Major Regional Integration Schemes Comprising OIC Member Countries with Other Countries	
In Africa	
Economic Community of Central African States (ECCAS)	Angola, Burundi, **Cameroon**, Central African Republic, **Chad**, Congo, Equatorial Guinea, **Gabon**, Rwanda, Sao Tome and Principe, Zaire.
Economic Community of West African States (ECOWAS)	**Benin**, **Burkina Faso**, **Gambia**, Ghana, **Guinea**, **Guinea-Bissau**, **Ivory Coast**, Liberia, **Mali**, **Mauritania**, **Niger**, **Nigeria**, **Senegal**, **Sierra Leone**, **Togo**.
Indian Ocean Commission (IOC)	**Comoros**, France, Madagascar, Mauritius, Seychelles.
Mano River Union (MRU)	**Guinea**, Liberia, **Sierra Leone**.
West African Economic and Monetary Union (WAEMU)	**Benin**, **Burkina Faso**, **Ivory Coast**, **Mali**, **Niger**, **Senegal**, **Togo**.
In Euro-Asia	
Association of South East Asian Nations (ASEAN)	**Brunei**, **Indonesia**, **Malaysia**, Philippines, Singapore, Thailand, Vietnam.
Black Sea Economic Cooperation (BSEC)	**Albania**, Armenia, **Azerbaijan**, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, **Turkey**, Ukraine.
Commonwealth of Independent States (CIS)	Armenia, **Azerbaijan**, Belarus, Georgia, **Kazakhstan**, **Kyrgyz Republic**, Moldova, Russian Federation, **Tajikistan**, **Turkmenistan**, Ukraine, **Uzbekistan**.
East Asian Economic Caucus (EAEC)	**Brunei**, China (incl. Hong Kong), Indonesia, Japan, Rep. of Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand.
South Asian Association for Regional Cooperation (SAARC)	**Bangladesh**, Bhutan, India, **Maldives**, Nepal, **Pakistan**, Sri Lanka.

Note: OIC countries are in bold.