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# INTEGRATION INTO THE WORLD ECONOMY: EXPERIENCE OF THE OIC COUNTRIES

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**Abstract**

The degree of trade and capital accounts openness of any country reflects, to a large extent, the level of integration of that country into the world economy. This paper attempts to evaluate the experience of the OIC countries in this respect and comes to the conclusion that, overall, these countries are performing relatively well in the process of opening up their economies in terms of foreign trade indicators. However, they still need to take further bold steps on the financial score. The paper also highlights the need for establishing efficient and effective institutional frameworks in support of the integration process and underlines the role of regional integration efforts as a preliminary step towards a larger integration at the world scale.

## 1. INTRODUCTION

The wave of change which accelerated in the last two decades has put pressures on countries/governments to liberalise their trade, open up their capital accounts and deregulate their markets by removing restrictions on competition. Such steps are also accompanied by the orientation of the economies toward the market structure with the establishment of the necessary institutions. In fact, this tide is reshaping the division of labour among the economies of the world. As this reshaping process is under way, the potential benefits to be derived from it by individual countries depend, to a great extent, on the right sequencing of liberalising trade and capital accounts and designing the necessary institutional framework.

In theory, opening up trade and capital accounts by removing barriers is defendable on the grounds of, *inter alia*, increasing

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productivity, transferring knowledge and technology, and utilising capital inflows as an additional factor contributing to growth and development. However, not all the *a priori* positive outcomes of liberalisation are automatic, and they require a number of prerequisities that lead the domestic authorities to make the right and optimal choices.

The integration of national economies into the world economy through trade and capital account liberalisation brings about new dynamics and interrelations with numerous new agents, many of which have different backgrounds and varying jurisdictions. Thus, the opening up of those economies calls for evolving the traditional structural framework to satisfy the needs and requirements of the interested parties.

Integration into the world economy is not an end in itself but should rather be regarded as a means in the course of development. Thus, an optimisation should be made by the authorities of the domestic economy. In this respect, although some developing countries, particularly in South East Asia, succeeded during the last two decades in realising faster growth rates, a large number of them made slow progress in terms of economic growth, and some others, especially in Africa, even lost ground and were trapped in the process of marginalisation and faced increasing problems of human poverty and deprivation.

Against such a setting, this paper aims at evaluating the OIC countries' integration into the world economy and the physical and institutional infrastructure requirements to this end. In Section 2, a quick literature review on openness and liberalisation is made while in Section 3, the developments and current situation in those countries in terms of the level of their integration into the world economy are analysed. Section 4 concentrates on the physical and institutional infrastructure requirements for attaining better results to accompany the process of liberalisation. The study ends with concluding remarks.

## 2. OPENNESS AND INTEGRATION INTO THE WORLD ECONOMY

The integration of individual economies into the world economic system merely means finding a place for those economies in the global network

of production and various flows with respect to their resource endowments and specialisation capacities and potentials. The degree of openness, which defines the intensity of an economy's integration into the world system, has diverse implications in terms of the expected total benefits and the potential costs of the process and the institutional structure it entails. As opening up introduces new relations, contracts, agents and forms of association and requires additional restructuring, failure to meet the liabilities incurred bears the potential of increasing the system's costs. In this context, free movement of money and capital acts as a factor that supplements domestic firms' investment needs.

On the other hand, with a diverse background of knowledge, business habits and jurisdictions, those newly-formed relations require an objective treatment and approach on the part of the national authorities and create the need to share the available information with other actors on an equal footing. In particular, successful integration into the world economy requires a restructuring in the institutional set-up of the market economy. This section limits itself to a brief review of the benefits and costs of the two forms of liberalisation, i.e. liberalisation of the trade and capital accounts.

Openness in terms of trade and financial flows refers to the free circulation of goods and services together with physical and financial capital. As such, the process of liberalisation is expected to include positive externalities that are likely to give impetus to the development process, such as acquiring new technologies, knowledge and managerial skills, setting up institutions, contributing to total factor productivity and augmenting the developmental financial means.

Of those definitions of openness or integration into the world economy, the basic and traditional one is the opening of the trade account of the balance of payments. This denotes the removal of all barriers – be they tariff or non-tariff – against the free movement of goods and services. The immediate outcome of such liberalisation would be the direct convergence of the domestic prices of internationally tradable goods and services in an economy to the world prices. The prices of non-tradable goods and services are also likely to be affected, though indirectly. Another outcome is related to the welfare of the consumer: as the price-distorting levies are removed from imported goods and services, consumers become free to choose among the

imported and domestically produced goods. In this way, a new array of consumption opportunities is created which adds to the consumer benefits. On similar grounds, such a freedom of substitution between imported and domestically produced inputs is expected to help rationalise the production process by reducing production costs arising from price distortions, given that competitive practices are respected.

Alongside the trade account liberalisation, another channel toward integration into the world economy is capital account liberalisation. This could be summarised as allowing portfolio investments of any time horizon, letting foreign direct investment attracted from abroad, and removing controls on outflows.

In the last two decades, the degree of the financial market's integration into the global system increased as investments sought higher returns and opportunities for diversifying risks internationally. However, as the speed and volume of the funds circulating between the world financial markets are on the increase, the macroeconomic risks to which individual economies are exposed have become a matter of serious concern, especially in case of failure to build the necessary institutional framework and fulfil sound macroeconomic prerequisites. Economic literature abounds with researches on this particular area.

The proposed advantages of financial integration cited in the relevant literature could be summarised under a few headings. Of those, the most important for a developing economy is augmenting the limited domestic financial resources of the recipient country by providing additional room for investments which are to support its long-run economic development. In addition, access to world capital markets is likely to allow a country to engage in consumption smoothing: by allowing the country to borrow during a recession and repay at periods of growth (Agénor, 2001). It also induces countries to follow more disciplined macroeconomic policies. Another expected benefit would be increasing the capacity, performance and efficiency of the domestic financial system through the competition of foreign financial institutions, improving financial supervision and contributing to domestic institutions' capacity (Agénor, 2001).

However, integration into a global financial system may generate significant costs, especially if the prerequisites of opening were not

realised. Foremost among those risks is the high degree of volatility of capital flows, which relates in part to herding and contagion effects (Agénor, 2001). Moreover, flows could undermine the aim of consumption smoothing due to the lack of access to world markets when countries need financial support the most. In addition, depending on the varying levels of the risks attached to the recipient economy by international investors and the high volatility characterising short-term capital, the aim of resource building through the use of foreign funds could work inversely, thus negatively affect the economy in the long run. In other words, the inadequate or inefficient allocation of domestic and foreign resources may lead to a loss of macroeconomic stability. This strengthens the view that capital account liberalisation should be undertaken at a final stage when the institutional background is firmly established and prerequisites for maintaining a sound macroeconomic framework are met.

In the light of the above discussions, some interesting findings are observed. The level of benefits expected from all forms of openness and integration changes in relation to the institutional framework of the economy, the existence of sustainable macroeconomic conditions as well as the microeconomic incentives and the implementation of accompanying developmental policies. Crucial among these is setting the rules to ensure the sound functioning of the market mechanism without loosening the grip on development objectives.

## 3. THE EXPERIENCE OF THE OIC COUNTRIES IN INTEGRATION INTO THE WORLD ECONOMY

This Section aims first to determine the current level of integration of the OIC economies into the global system and then to investigate the performance of the member countries towards this end since the year 1990. While the growing importance of trade in the world economy is an indication of integration into that economy, another is the opening up of financial markets and the increasing flow of private capital to developing countries. The initial year of 1990 was selected since the wave of opening up gained acceleration just before that year for the developing countries and since the 1990s constitute an interesting period with global crises mostly linked to the openness of the economies and contagion effects. In this context, this Section examines the

experience of the OIC countries with respect to trade and financial liberalisation.

### 3.1. Trade Liberalisation

The first indicator through which an insight of trade openness could be gained is the share of the member countries' merchandise exports in their GDP (Table A.1). Based on the available data, it is observed that throughout the period 1990-2002, OIC countries as a whole increased their exports compared to their domestic production. During the period under consideration, the share of merchandise exports in GDP, though fluctuating, increased by 8.4 percentage points from 25.5 to 33.9 per cent.

A similar increasing trend is also observed in the OIC-MDC (Medium- developed OIC Countries) and OIC-LDC (Least-developed OIC Countries) groups, where the share of merchandise exports in GDP increased from 18.3 in 1990 to 32.2 per cent in 2002 in the former group and from 6.7 in 1990 to 14.3 per cent in 2002 in the latter. Although these two groups remarkably increased their exports as a share of GDP, their shares were still behind the OIC-FECs (Fuel Exporting OIC Countries), which recorded 39.8 per cent in 2002. In the case of the OIC-FECs group, the said indicator remained, in general, almost the same at both the beginning and end of the period, though it reached 44.6 per cent in 2000.

Actually, as measured in terms of the share of merchandise exports in GDP, the OIC countries' averages indicate quite open economies compared to the world and developed country averages. The said indicator increased worldwide from 15 per cent in 1990 to 19.9 per cent in 2002, while that of the developed countries increased by 1.5 percentage points from 14 per cent in the former year to 15.5 per cent in the latter.

On the other hand, the developing countries also recorded a considerable rise in their share of exports in GDP, as it increased by 19.6 percentage points from 18.4 per cent in 1990 to 38 per cent in 2002, higher than that of the OIC countries. In other words, the average of the developing countries indicates a higher increase regarding the export

performance compared to the OIC countries. In 2002, 32 OIC countries realised higher percentages in their exports as a share of GDP than the world average of 19.9 per cent, where only 17 of them performed better than the developing country average of 38 per cent. The OIC-FECs generally realised high percentages in terms of the said indicator.

In addition to the merchandise exports as a share of GDP, a similar indicator that could be used for analysing trade openness is the share of foreign trade volume of merchandise exports and imports in GDP (hereafter defined as the share of FTV in GDP). This indicator shows the degree at which a country trades with the outside world, i.e. utilises trade openness in its annual output.

Regarding the share of FTV in GDP, the OIC countries, on average, realised an increasing trend during the period 1990-2002 (Table A.2). The increase amounts to 16.4 percentage points from 47.4 to 63.8 per cent respectively at the beginning and end years of the period. Although such an increase in the said indicator is considered quite a high leap for those countries, it is not actually that strong when compared to that of the developing countries. Indeed, the rise in the share of foreign trade volume in GDP reached 38.2 percentage points in the developing countries, which represents a true success when compared to the 10 percentage points' rise in the world average and the 3.4 percentage points' increase in the developed countries. As in the case of the share of exports in GDP, the developed countries again realised a creeping rise in the share of FTV in GDP. However, as will be discussed below, these figures should be considered cautiously and should not conceal the fact that those countries still dominate the world economy with more than an 80-per cent share in the world's GDP and 63.9-per cent share in its trade volume.

In 2002, while 43 OIC countries were able to realise equal or higher shares of FTV in GDP as compared to the world average of 40.5 per cent, only 19 of them had higher shares than the developing country average of 74.7 per cent. In terms of this measure of trade openness as compared to the previous ratio, the number of OIC countries performing better than the world and developed countries was much higher.

At the level of the sub-groups, the OIC-FECs (67 per cent) and OIC-MDCs (64.9 per cent) realised higher averages than the overall OIC

average of 63.8 per cent, while the OIC-LDCs' average (39.2 per cent) remained below it. On the other hand, the OIC-MDCs, on average, increased their shares of FTV in GDP by 24.2 and the OIC-LDCs by 18.8 percentage points during the period under consideration. The OIC-FEC group increased its average by only 3.9 percentage points. However, of the three OIC sub-groups, this group realised the highest figures in terms of both measures of trade openness: exports as a share of GDP (39.8 per cent) and FTV as a share of GDP (67 per cent) by the end of the period under consideration. In other words, in this group of countries, foreign trade owing to fuel exports is comparatively the most important sector compared to many other OIC countries. Overall, it can be stated that on the basis of the evaluation of the said measures of trade openness, the OIC integration into the world economy through foreign trade is on the increase.

However, though it is a fact that the growing importance of trade in the world economy serves as an indication of increasing integration into the world economy, it should be taken into consideration very cautiously while making a comparison between countries or groups of countries. Actually, the size of an economy matters; in this respect, the comparison should always be made between economies of similar sizes as measured in terms of GDP. Therefore, the increases in terms of the percentage shares of exports in the GDP will be considered as an indicator of the growing importance of foreign trade in individual economies. However, it should not be considered as a proper indicator of the degree of integration into the world economy when countries of different economic sizes are compared. This fact becomes clearer when comparison is made between developed and developing countries, including the OIC members. Even without any reference to such indicators of integration, one can easily state that the developed countries, USA, Japan, the European Union (EU) members, etc. are more integrated into the world economy than the developing countries.

Together with the above-mentioned indicators of openness, the structure and direction of trade in terms of main trading partners also reflect the level of openness of an economy. Practically, if an economy sells most of its export products to only one or two countries and, in turn, buys almost all of its imports from only one or two countries, such an economy is dependent on and becomes vulnerable to the developments likely to take place in its major trading customers and,

accordingly, growth and development aspirations will be adversely affected.

**TABLE 1: TOP THREE MAIN TRADING PARTNERS OF THE OIC COUNTRIES (number of countries)**

| | Exports | Imports |
|---|---|---|
| More than 60 % | 18 | 4 |
| 50-59.9 % | 8 | 14 |
| 40-49.9 % | 19 | 15 |
| Less than 40 % | 11 | 23 |
| Total | 56(*) | 56(*) |

Source: Tables A.3 and A.4 in the Annex.
Note (*): For which data is available.

An evaluation of the OIC countries' experiences in this regard indicates that in 18 out of 56 countries for which data are available, the top three main export customers buy more than 60 per cent of their exports. And in 8 of those countries, between 50 and 59.9 per cent of the exports go to three customers (Table 1). In other words, 26 OIC members sell more than 50 per cent of their exports to only three customers. In fact, such dependence of exports on only three customers may cause serious imbalances in their economies if and when their customers for any reason stop buying their export products. Its direct impact will be seriously felt, to a great extent, in diminishing export earnings and increasing worries and uncertainties about the capacity to import. Both of these factors will increase the pressures on the people's income and consumption, lessen development hopes and aspirations and weaken the struggle against poverty in such developing countries. In such a case, expectations regarding benefiting from integration into the world economy become dubious.

Imports of the OIC countries are relatively better as compared to their exports. More than 60 per cent of the imports of 4 OIC countries are provided by only three major trading partners, whereas between 50 and 59.9 per cent of the imports of 12 OIC countries are provided by only three major partners (Table 1). This means that more than 50 per cent of the imports of 18 OIC members come from only three countries.

As observed, the OIC countries, like many other developing countries, are heavily contingent upon a few customers' markets, mostly

industrialised countries, for most of their export products. However, in addition to the developing countries' growth policies on the basis of export promotion and the asymmetric liberalisation of global trade within the framework of the WTO, this phenomenon has added another vicious circle to the development needs of the developing countries. Some of them, particularly those in Sub-Saharan Africa, were trapped in the process of marginalisation and faced the resulting problems of human poverty and deprivation.

When the weighted mean tariff rates are examined on the basis of the latest data available (Table A.5), it is noticed that only the rates of a few OIC countries are close to those of the selected developed countries. For example, among 34 OIC countries for which the related data are available, those rates are less than 5 per cent in Indonesia, Iran, Malaysia and Uzbekistan for primary products and in Iran, Malaysia, Turkmenistan and Uzbekistan for manufactured goods. Furthermore, in 19 out of the said 34 OIC countries, the tariff rates imposed on primary products are higher than the ones imposed on manufactured goods.

A high degree of integration into the world economy through trade liberalisation, which would also mean abolishing tariffs, constitutes an important revenue loss for many countries, particularly the OIC-LDCs. Therefore, trade liberalisation on the part of such countries should be managed cautiously so as to compensate budget losses from other reliable sources of income. Otherwise, governments may fall into the trap of financing current spending through borrowing which would only add to their debt problem and thus face obstacles in realising their long-run developmental path.

#### *3.1.1. Trade Liberalisation under the WTO*

In addition to the indicators of trade liberalisation discussed above, some developments which took place on the international scene during the last decade are also important steps towards the liberalisation of foreign trade worldwide. In particular, the signing of the *Final Act* concluding the Uruguay Round Negotiations and establishing the World Trade Organisation (WTO), better known as the *'Marrakesh Declaration',* in Marrakesh, Morocco, on 15 April 1994, was a cornerstone towards this end.

When the WTO was established on 1 January 1995, 76 countries became member to it on the first day and 36 others in 1995 after completing various procedures. In 1996, 16 other governments followed suit which brought the total number of member countries to 128 at the end of the first two years. Since then, 19 others have become members, bringing the total number to 147. Additionally, 31 countries have observer status and are in the process of membership.

Regarding the OIC countries, 15 became WTO members on 1 January 1995 and 14 others in 1995. In 1996, 6 OIC countries followed them, bringing the total number to 35 at the end of the first two years. Today, 39 OIC countries are members of the WTO, and 11 others are in the process of membership. The remaining 7 OIC countries have not yet applied for membership (see Annex Table A.6 for the accession dates of the OIC member countries to the WTO).

The WTO has opened up new avenues for its members towards integrating their economies into the world economy through encouraging trade liberalisation worldwide.

The WTO Agreement basically includes *"Multilateral Trade Agreements",* binding all members, and *"Plurilateral Trade Agreements"*, binding only those parties that have accepted them. Multilateral Trade Agreements are obligatory for all members and are listed under the Agreement's Annexes 1, 2 and 3. Annex 1 comprises the agreements on trade in goods, trade in services (GATS), and trade-related aspects of the intellectual property rights (TRIPs). Annexes 2 and 3 involve Rules and Procedures Governing the Settlement of Disputes and Trade Policy Review Mechanism respectively.

On the other hand, Plurilateral Trade Agreements, originally negotiated at the Tokyo Round under the earlier General Agreement on Tariffs and Trade (GATT 1948), are not obligatory, although they are also part of the WTO Agreement. These agreements are as follows: Trade in Civil Aircraft, Government Procurement, Dairy Products, and Bovine Meat. The Bovine Meat and Dairy Products Agreements were terminated in 1997.

The Agreement on Trade in Civil Aircraft, which entered into force on 1 January 1980, now has 30 signatories. It aims to eliminate import

duties on all aircraft, other than military aircraft, as well as on all other products covered by the Agreement.

The Agreement on Government Procurement, which entered into force on 1 January 1981, now has 28 members. Its purpose is to open up government procurement to international competition through stopping political pressures to favour local firms.

The WTO provides the common institutional framework for the conduct of the contractual obligations of the parties to the Agreement. The multilateral trading system becomes more dependent on the rules and procedures already determined and/or to be determined within that framework. The essential functions of the WTO can be summarised as follows:

- "administering and implementing the multilateral and plurilateral trade agreements which together make up the WTO;
- acting as a forum for multilateral trade negotiations;
- seeking to resolve trade disputes;
- overseeing national trade policies; and
- cooperating with other international institutions involved in global economic policy-making." (WTO, WTO: Trading into the Future, Geneva, 1995).

The Organisation's highest decision-making body is the Ministerial Conference, which meets at least once every two years. The latter follows up the implementation of the WTO Agreements, and takes decisions on all matters under any of the multilateral trade agreements in order to enhance global trading opportunities and encourage integration into the multilateral trading system and the world economy.

Since its inception in 1995, the WTO convened five Ministerial Conferences as follows:

1. Singapore, 9-13 December 1996,
2. Geneva, 18-20 May 1998,
3. Seattle, 30 November-3 December 1999,

4. Doha, 9-13 November 2001, and
5. Cancún, 10-14 September 2003.

The next Ministerial Conference is scheduled to be held in Hong Kong in December 2005.

During the implementation process of the WTO Agreements since 1995, developing countries experienced various difficulties due mainly to the opening of their foreign trade accounts. Their optimistic expectations relating to their development aspirations and major promising benefits to be reaped while integrating their economies into the world economy were not materialised. Developed countries were rather slow in opening their economies, particularly in the sectors of export interest to the developing countries such as agriculture, textiles, etc.

Therefore, the developing countries openly criticised the developed countries in the Seattle Conference in 1999 on the grounds that the latter, inter alia, heavily used trade-distorting income subsidies and similar measures, abused anti-dumping measures, substituted high technical standards instead of non-tariff barriers, and very effectively made use of sanitary and phytosanitary measures as trade barriers. The developing countries insisted on a reconsideration of the WTO Agreements so as to establish a more equitable and just multilateral trading system. However, when the developed countries did not respond positively to such concerns and demands, the Seattle Conference failed dramatically.

Later, the Doha Ministerial Conference underlined the developing countries' development concerns and agreed on launching a new round of trade negotiations with development issues at its core. This new round is known as the Doha Development Agenda (DDA) and is expected to end by 1st January 2005.

On the other hand, the Fifth WTO Cancun Conference, held in September 2003, could not be successful due to differences of opinion between the developed and developing countries mainly on the implementation of the WTO agreements, development concerns of the developing countries and the lack of response from the developed countries in properly addressing such issues within the framework of the

WTO. However, the developing countries insist on the conclusion of the trade negotiations with DDA at its core under the auspices of the WTO.

*3.1.2. Regional Trade Agreements (RTAs)*

Regional trade agreements (RTAs), including bilateral ones, aim to create larger economic units through integrating smaller national economies at the regional level. These agreements affect the economies' modes of production, foreign trade and, as a result, the people in all respects through regulating tariffs, removing trade barriers, changing domestic and regional prices, creating a more competitive environment, redirecting trade in favour of the participating countries and creating more trade in the region. Depending upon the level of integration, regional economic groupings may take the form of six major groups as follows: preferential trade areas, free trade areas, customs unions, common markets, monetary unions and economic unions.

Aiming to accelerate the economic growth and development of the participating countries, regional economic and commercial agreements establish closer commercial, monetary, financial and economic coordination and cooperation among the countries involved. In other words, they increase the level of integration among them by opening up their markets and economies while discriminating against third parties.

On the other hand, such a development is against the idea of ***non-discrimination***, the most important principle of multilateral trade liberalisation efforts being conducted within the framework of the WTO. That principle is better known as the most favoured nation (MFN) clause and requires that any trade concession extended to a country be automatically and immediately applied to all other WTO members.

In this regard, the case of the regional trade agreements establishing any form of regional grouping is accepted as an exception to this basic principle. They are considered to be complementing the multilateral trading system, helping to build and strengthen it, since they encourage trade liberalisation and increase the integration of the national economies at the regional level.

Therefore, the GATT contracting parties and later the WTO members were required to report the regional trade agreements (RTAs)

in which they participate. Table 2 shows the increase in the number of RTAs since 1970. Their pace accelerated particularly after the establishment of the WTO in 1995. It appears that almost all of the WTO members have reported participation in one or more RTAs.

**TABLE 2: NUMBER OF REGIONAL TRADE AGREEMENTS (RTAs)**

| | **1970** | **1975** | **1980** | **1985** | **1990** | **1995** | **2000** | **2001** | **2002** |
|---|---|---|---|---|---|---|---|---|---|
| Number of RTAs | 6 | 15 | 21 | 27 | 31 | 80 | 156 | 167 | 181 |

Source: WTO, http://www.wto.org/english/tratop_e/region_e/regfac_e.htm.

The OIC countries are also quite actively involved in establishing regional economic groupings among themselves. Table A.7 in the Annex shows membership of the OIC countries in 18 major regional economic groupings. While 13 of these groupings involve neighbouring countries, 5, namely the Arab Maghreb Union (AMU), the Council of Arab Economic Unity (CAEU), the Gulf Cooperation Council (GCC), the Economic Cooperation Organisation (ECO), and the West African Economic and Monetary Union (WAEMU), consist only of OIC countries. Most of the OIC countries belong to more than one regional scheme. Since the objectives and functions of these regional groupings have been studied in detail in various SESRTCIC reports, they will not be further elaborated here.

The OIC countries have also concentrated their efforts on increasing cooperation and coordination among themselves under the auspices of the Standing Committee for Economic and Commercial Cooperation (COMCEC). They are also aware of the need to take practical steps to realise economic integration among themselves with the ultimate objective of establishing an Islamic Common Market or any other form of economic integration. The establishment of such an integration scheme will be necessary to help them minimise the adverse effects of globalisation and reap the benefits to be provided by it.

In this regard, the implementation of the OIC Strategy and Plan of Action to Strengthen Economic and Commercial Cooperation will help the OIC countries pave the way to move towards forming higher and more integrated schemes of regional economic cooperation. The launching of trade negotiations under the Framework Agreement on

the Trade Preferential System of the Member States of the OIC (TPS-OIC) is an important step towards the realisation of this goal. In this connection, the successful completion, in April and September 2004 in Antalya, of two meetings of the Trade Negotiating Committee under TPS-OIC was a tangible development in establishing such a scheme.

### 3.2. Financial Liberalisation

In addition to trade liberalisation, another channel in the process of integration into the world economy is the liberalisation of the capital account. A similar analysis of the trade openness degree of the OIC economies is carried out below in the light of various indicators. The first of these is the share of gross private capital flows[1] in GDP (Table A.8). A sudden increase in the said ratio can be detected for the OIC total in 2002. While the ratio oscillated between 7.6 and 8.0 per cent, in the data appearing in the table, it showed a jump to 12.4 per cent in 2002 (Table A.8). Against such a leap in the said year, the OIC ratio remained quite below the world average of 20.8 per cent. Indeed, it has always been below the world averages throughout the observed years. This fact is a very clear sign of the unsatisfactory level of gross private capital flows in the OIC countries compared to other parts of the world. Only 3 (Azerbaijan, Bahrain and Kazakhstan) out of 25 OIC countries realised higher shares of gross private capital flows in GDP than that of the world in the same year. When the sub-groups are analysed, it becomes clear that the jump observed in 2002 is attributable to the OIC-FECs group, in which the said ratio increased from 6.8 per cent in 2001 to 19.1 per cent in 2002. The OIC-MDCs group recorded an average of 8.6 per cent whereas the OIC-LDCs group could only realise an average of 2.8 per cent. While in general decreasing in the OIC-LDCs as well as the OIC-FECs except in 2002, only in the case of the OIC-MDCs group does this indicator show an increasing trend throughout the period under consideration. Nevertheless, the ratio in the latter group remains relatively low compared to the world average of 20.8 per cent and the developed country average of 21.2 per cent in 2002.

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[1] It is the sum of the absolute values of direct, portfolio and other investment inflows and outflows recorded in the balance of payments' financial account, excluding changes in the assets and liabilities of monetary authorities and general government (WDI, p. 309).

Another indicator used in the analysis of financial openness is the share of net inflows of foreign direct investment[2] in GDP. The role and impact of this kind of investment in an economy is important not only in financial terms as a source of foreign exchange in the country's balance of payments, but also in the context of its impact on job creation and increasing economic and commercial activity.

Regarding the share of net FDI inflows in GDP, the overall performance of the OIC total was comparatively lower than that of the world average during the period under consideration (Table A.9). However, when the situation is analysed in reference to the sub-groups, an increasing trend is observed in the OIC-LDCs group. While this group's performance witnessed a steady increase, that of other sub-groups could be regarded as comparatively modest. Of the other two sub-groups, in the OIC-MDCs, the share of net foreign direct investment in GDP seems, on average, to be systematically higher than that of the OIC average.

**TABLE 3: RANKS IN THE UNCTAD INWARD FDI PERFORMANCE INDEX, 1999-2001**

| | | | | | |
|---|---|---|---|---|---|
| 10 | Brunei | 76 | Tunisia | 116 | Pakistan |
| 12 | Gambia | 82 | Benin | 117 | Sierra Leone |
| 15 | Kazakhstan | 83 | Nigeria | 119 | Burkina Faso |
| 17 | Guyana | 84 | Uzbekistan | 121 | Niger |
| 24 | Mozambique | 86 | Côte d'Ivoire | 122 | Cameroon |
| 33 | Azerbaijan | 93 | Tajikistan | 125 | Bangladesh |
| 45 | Togo | 94 | Senegal | 129 | Oman |
| 46 | Morocco | 96 | Lebanon | 131 | Iran |
| 54 | Jordan | 98 | Qatar | 132 | Kuwait |
| 56 | Bahrain | 101 | Algeria | 134 | Libya |
| 57 | Sudan | 103 | Syria | 135 | Saudi Arabia |
| 58 | Uganda | 107 | Kyrgyzstan | 136 | U.A.E. |
| 67 | Albania | 110 | Egypt | 137 | Yemen |
| 68 | Mali | 112 | Turkey | 138 | Indonesia |
| 70 | Malaysia | 114 | Guinea | 139 | Gabon |
| | | | | 140 | Suriname |

Source: World Investment Report, 2003.

[2] It is defined as the sum of equity capital, reinvestment of earnings, other long and short-term capital (WDI, p. 329).

An index produced by the UNCTAD (2003) measures the FDI performance with respect to the country's economic potential (Table 3). This index ranks countries according to the size of their economies and is calculated as the ratio of a country's share in global FDI inflows to its share in global GDP. The stated index is available for 140 countries, 46 of which are OIC members. It indicates that most of the OIC countries, for which the data are available, are still far from the level of attracting FDI flows correspondent to their economic sizes. This indicates that although a country may have promising prospects, macroeconomic and institutional prerequisites for attracting FDI flows are important as stated in the previous section.

In the light of the above analysis, the capacity to attract FDI needs to be enhanced. To this end, a range of policies on the part of the domestic authorities is advocated, among which are the improvement of human capital, adherence to sound and predictable macroeconomic policies, building strong institutional and legal frameworks and maintaining a sufficient level of trade openness which balances the recipient economy's developmental needs with the motivation of the foreign investors.

In terms of portfolio investments[3], it is observed that the rise of this means of financing has been rapid in the developed markets during the period under consideration (Table A.10). When the developments in the OIC countries in this regard are analysed, it is noticed that compared to the developed country figures, their level of portfolio investments is both modest and highly volatile. As an important source of development financing, this constitutes the most risky instrument for the long-run growth prospects of individual economies.

Apart from their volatility and relatively low level, it is observed that portfolio investments have become increasingly concentrated in a very few OIC countries, particularly the OIC-MDCs. On the other hand, of the 39 OIC countries for which the data are available, 18 had a flow in portfolio investments in 1990, while in 2002, out of 23 member countries, 19 realised similar flows. At the level of the sub-groups, the

[3] Portfolio investment flows include non-debt-creating portfolio equity flows (the sum of a country's funds, depository receipts and direct purchases of shares by foreign investors) and portfolio debt flows (bond issues purchased by foreign investors) (WDI, p. 329).

OIC-LDCs had the lowest share of portfolio flows. Hence, the overall picture of this indicator reveals that the OIC countries hardly manage the consumption smoothing function of such flows as proposed in various economic studies, rather facing a pro-cyclical pattern and unexpected reversals in this means of financial integration.

**TABLE 4: MARKET CAPITALISATION (shares, in per cent)**

| | 1990 | 1995 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|
| OIC-LDC | 0.2 | 0.3 | 0.3 | 0.6 | 0.6 | 0.5 |
| OIC-MDC | 49.8 | 83.7 | 65.4 | 58.7 | 66.3 | 65.6 |
| OIC-FEC | 50.1 | 16.0 | 34.4 | 40.8 | 33.1 | 33.9 |
| OIC Total (bln$) | 169.7 | 407.9 | 418.3 | 403.1 | 371.9 | 558.8 |
| World (bln$) | 9,399.7 | 17,781.7 | 36,030.8 | 32,189.2 | 27,561.7 | 23,359.5 |
| OIC share in the world total | 1.8 | 2.3 | 1.2 | 1.3 | 1.3 | 2.4 |

Despite the volatile character of portfolio flows, a portion of it, namely the portfolio equity flows, is important both for deepening the domestic financial markets and providing less costly means of financing other than leveraging for firms. Thus, market capitalisation[4] and its development throughout the period under consideration could be a good indicator of the extent to which the OIC countries have benefited from the financial integration into the world economy (Table A.11). According to the available data, the share of the OIC market capitalisation in the world total increased from 1.8 per cent in 1990 to 2.3 per cent in 1995 and to 2.4 per cent in 2003 (Table 4). Although an increase was observed in this ratio especially during the first half of the 1990s, its adequacy in providing sufficient financing for the OIC private sector is very debatable. Hence, developments in this indicator also confirm the findings in terms of the portfolio investments, i.e. the OIC countries as a whole still have room for both furthering and benefiting from financial openness.

At the level of the OIC sub-groups, the OIC-LDCs recorded the lowest share of market capitalisation while the OIC-MDCs recorded the highest. Despite all other considerations, one important point is the

[4] It is defined as the share price times the number of shares outstanding (WDI, p. 269).

steady increase of market capitalisation in all the sub-groups though its pace might differ from one sub-group to another.

Being important instruments in providing less costly financial resources to the firms, stock markets are also important for financial investors as they provide an opportunity for portfolio diversification. Thus, it is an important undertaking to develop the stock markets in the OIC countries by providing their firms with a less costly financing instrument. It is also vital for well utilising the opportunities of financial integration. In this context, a system could be devised that aims to contribute to the member countries' market capitalisation in the equity markets while providing profit opportunities for the OIC investors.

*3.2.1. Liberalisation through the IMF Policies*

Since integration into the world economy implies the opening up of domestic economies, i.e. production and trade of goods and services, through the partial elimination of tariff and non-tariff barriers, the economies of the developing countries have become open and vulnerable to severe and intense competition from the outside world. Because of the highly competitive nature of the international economy, domestic prices of goods and services declined. As a result, firms working with less profit margins and high production costs may not survive and may leave the production scene. In short, they would be wiped out of the market.

In addition, the increased competitive conditions on the world scale necessitated the adjustment of the economies at the macro level. In this regard, the focus of countries had to shift in favour of the implementation of more cost-based economic policies against human and social programmes and policies.

Indeed, human and social services can be financed through taxation. Since tax is a cost item for the private sector, it directly affects the investment decisions of the local and international investors. Therefore, during the process of integration into the world economy, cutting government spending on some human and social services has become inevitable. Countries had to respond to competitive pressures from the outside world by cutting real wages and

expenditures on services such as education, health, etc. for the sake of increasing the competitiveness of their domestic economies in spite of the very costly effects this will have on the society in the long run. In other words, the opening up of the economies of some developing countries with the aim of integrating into the world economy has been painful for them in varying degrees.

On the other hand, the opening up of the capital account and removal of currency exchange controls led to a freer movement of private capital across countries, including the developing ones, and created more integrated money, foreign exchange and capital markets. Such a development appeared to be a positive one from the viewpoint of the developing countries since they were in need of capital, particularly foreign capital, to realise their development aspirations. Furthermore, control over the money supply, interest rates and exchange rates has become increasingly difficult for central banks, monetary authorities and governments. As a result, during the process of integration, the developing countries had to deal with severe fluctuations in the national and international currencies and financial markets, serious balance of payments difficulties and structural imbalances in their economies. This was the environment in which the 1994 Mexican, the 1997 Asian and the 1998 Russian crises erupted.

Under these circumstances, many developing countries had to resort to the International Monetary Fund (IMF) resources to revive their economies. Though the core responsibility of the IMF is to provide loans to countries experiencing balance-of-payments problems5, this is not simply a lending process. As explicitly mentioned in the IMF sources, through this financial assistance, the IMF aims to enable countries to rebuild their international reserves, stabilise their currencies, and continue paying for imports. Moreover, an IMF loan is designed to ease the adjustment policies and reforms that a country must implement to correct its balance of payments problem and restore conditions for strong economic growth (IMF, October 2004a). In other words, the IMF lending reinforces the stabilisation and structural adjustment of an economy with a view to furthering its liberalisation and globalisation, i.e. integration into the world economy. Of course, the IMF conditionality under these

[5] http://www.imf.org/external/np/exr/facts/howlend.htm, as viewed in October 2004.

stabilisation and structural adjustment programmes foresees very tough measures, including the cutting of social and human programmes, liberalisation of domestic prices through the elimination of price subsidies, liberalisation of foreign trade through the removal of quantitative trade restrictions and lowering of tariffs, deregulation of government-controlled economic activities and privatisation of state or public enterprises, including banks.

The developing countries, including the OIC members, experienced various stabilisation and structural adjustment programmes conducted under the IMF and the World Bank (WB). Like those of the IMF, the WB credits also aim to liberalise prices and domestic markets, privatise state and/or public-sector enterprises and liberalise foreign trade. However, this section will focus on the IMF programmes.

Of these, the Standby Arrangement is an IMF decision by which a member country is allowed to make purchases (drawings) from the General Resources Account (GRA) of the IMF in accordance with the terms determined in the arrangement. It specifies the amount of funds, the time period for the arrangement, usually one to two years, and the conditions determined to access those funds. The terms of the standby arrangement are agreed upon after consultations between the Member State and the Fund. The conditions are mostly designed to improve the balance of payments position in a sustainable manner, that is, they involve measures to increase exports and decrease imports. They also include policies to open up foreign trade to international competition and the capital account so as to allow the free movement of capital. The restructuring of the domestic economy is also embodied through austere measures levied on money, banking and the government budget. The implementation of such measures is commonly criticised in terms of their adverse effects on social programmes, human development, income and income distribution, employment and, particularly, poverty.

The Poverty Reduction and Growth Facility (PRGF) aims to support programmes to strengthen balance of payments positions and foster economic growth, leading to higher living standards and a reduction in poverty. Under this facility, low-income countries may borrow on concessional terms. Eighty low-income countries are currently PRGF-eligible. Loans are disbursed in instalments under

three-year arrangements, subject to the observance of performance criteria and the completion of programme reviews. The arrangement includes policy actions aiming at the alleviation of poverty through the restructuring of the economy and increasing the sustainability of growth. As implied in the Poverty Reduction Strategy Papers, the objectives of the Programme include points of convergence to the market economy framework.

This facility was established as the **Structural Adjustment Facility (SAF)** in December 1987 to provide assistance on concessional terms to low-income member countries facing balance of payments problems. In 1994, it was enlarged and extended as the **Enhanced Structural Adjustment Facility (ESAF)**. In 1999, it was further strengthened to make poverty reduction a key and more explicit element and its name changed to the **Poverty Reduction and Growth Facility**.

**Extended Fund Facility (EFF)** is another IMF financing facility established in 1974 to support economic programmes that generally run for three years and are aimed at overcoming balance of payments difficulties resulting from macroeconomic and structural problems. Typically, the member's economic programme states the general objectives for the three-year period and the specific policies for the first year. Policies for subsequent years are also spelled out at the time of programme reviews.

Table A.13 in the Annex shows the number of IMF lending arrangements according to the kind of facility since 1990. In this regard, 24 OIC countries agreed to borrow 43.3 billion SDRs of which 30.9 billion SDRs were drawn within the framework of 46 standby arrangements. Similarly, 10 OIC countries agreed to borrow 13.1 billion SDRs (9.8 billion SDRs drawn) within the framework of 15 Extended Fund Facility (EFF) arrangements, 25 countries 8.2 billion SDRs (5.9 billion SDRs drawn) within the framework of 71 Poverty Reduction and Growth Facility (PRGF) arrangements, and 12 countries only 834 million SDRs (766 million SDRs drawn) within the framework of 12 Structural Adjustment Facility (SAF) arrangements. In total, 38 OIC members agreed to borrow 65.4 billion SDRs of which 47.3 billion SDRs were drawn within the framework of 144 lending arrangements since 1990.

## 4. INTEGRATION AND PHYSICAL AND INSTITUTIONAL INFRASTRUCTURES

The whole set of expected positive outcomes from liberalising trade and capital accounts is not automatic. It is rather contingent upon fulfilling a number of prerequisites and the creation of the necessary physical and institutional frameworks. Regarding the OIC member countries' current state of integration into the world economy, it is observed that the overall opening up process has been relatively rapid since 1990, albeit with fluctuations. Despite this rapid integration process, the OIC countries in general still have more room to derive the benefits of liberalisation while reducing the related risks. In this regard, strengthening the necessary physical and institutional infrastructures to increase the benefits to be gained from integration into the world economy becomes important for those countries.

### 4.1. Information and Communications Technology (ICT)

The world economy has become more integrated and interdependent than ever before. Some factors, such as technological innovations, improvements and developments in transport and telecommunications infrastructure, enormously contributed to this process. Especially information and data exchange among computers through the Internet has become the leading element of this process. It provides an easy access to knowledge and services and has become the engine of global trade in goods and services. It could not be a mere coincidence that the globalisation and integration processes accelerated since the 1990s when the Internet was also brought into service.

At this point, a clarification should be made. It is true that the Internet has become an indispensable component of international trade (e-commerce), providing easy access to knowledge and services. However, when the matter comes to issues such as know-how, technological information, expertise, etc., it becomes almost futile since such technological knowledge is widely and strictly protected by national laws and international agreements, in particular the WTO TRIPs Agreement.

The IC technology has particularly facilitated the globalisation of financial markets and the internationalisation of such services: banks

and banking activities, currency, foreign exchange and capital markets became linked worldwide. On the one hand, these improved facilities in international financial markets increased the benefits of the customers utilising such services and provided more business opportunities for them. Time and transport costs have been reduced considerably compared to the earlier conventional cross-border operations and practices.

On the other hand, such a high technology, together with the liberalisation of the capital account, brought about a more competitive environment in the developing countries. Banks and financial institutions in those countries had to face severe difficulties during the process of opening up financial services to international competition. They had to learn how to deal with this sophisticated technology, restructure their operational modalities and, accordingly, improve their services so as to compete with international banks and financial institutions.

**TABLE 5: BASIC INFORMATION AND COMMUNICATIONS INDICATORS, 2002**

| | OIC | World | Share of OIC in world (%) |
|---|---|---|---|
| Main telephone lines (000) | 78,742.1 | 1,091,575.7 | 7.2 |
| Main telephone lines per 100 inhabitants | 6.3 | 17.9 | |
| Cell phone subscribers (000) | 82,861.4 | 1,162,674.6 | 7.1 |
| Cell phone subscribers per 100 inhabitants | 6.6 | 19.1 | |
| Personal Computers (PC) (000) | 24,877 | 587,518 | 4.2 |
| PCs per 100 inhabitants | 2.1 | 9.9 | |
| Internet hosts | 458,432 | 157,581,802 | 0.3 |
| Hosts per 10000 inhabitants | 3.8 | 258.6 | |
| Users (000) | 36,266 | 623,023 | 5.8 |
| Users per 10000 inhabitants | 288.5 | 1022.0 | |

Source: SESRTCIC, *Role of Transport and Telecommunications in the Establishment of an Islamic Common Market,* November 2004, ERT/ACC20/SM1.

In such an interconnected world of information and communications, the state of information and telecommunications infrastructure is not very promising in the OIC countries compared to the developed countries, let alone the world figures. The OIC countries' share in main telephone lines amounts to only 7.2 per cent of the world total in 2002 (Table 5). In terms of the number of main telephone lines per 100 inhabitants, the OIC figure is only 6.3, almost one third of the world average of 17.9. Regarding the number of cell phone subscribers, the share of the OIC countries amounts to only 7.1 per cent of the world total in the same year. Furthermore, in terms of the number of cell phone subscribers per 100 inhabitants, the OIC figure (6.6) is again equal to almost one third of the world average.

Regarding the indicators relating to computers and the Internet, the capacity in the OIC countries is dramatically low compared to the world averages. The number of personal computers (PC) in the OIC countries accounts for only 4.2 per cent of the world total. The number of PCs per 100 inhabitants is only 2.1 against the world average of 9.9, that is almost one fifth of the world average. As for the number of Internet hosts and users, the share of the OIC countries as a whole is only 0.3 and 5.8 per cent of the world total, respectively[6] (Table 5).

Indeed, Table 5 clearly sheds light on the unsatisfactory position of the OIC countries with respect to the infrastructure, capacity and penetration of information and communications technology products and services. Such a low level of access to new technologies and services would not help the OIC countries in their integration process as well as bridging the development gap that separates them from the developed countries.

An efficient telecommunications infrastructure, supported by reliable high technology products, would have a positive impact particularly on the trade and finance sectors. The establishment of an efficient information and communications network among the OIC countries will contribute to increasing efficiency, productivity and competitiveness in their domestic economies which will, in turn, help them specialise in high value-added sectors.

[6] For a more detailed analysis and appraisal of the state of the telecommunications sector in the OIC countries, see SESRTCIC's report entitled *Role of Transport and Telecommunications in the Establishment of an Islamic Common Market,* November 2004, ERT/ACC20/SM1.

### 4.2. Transport

In addition to a country's level of information and communications capacity, its transport infrastructure is equally important for supporting its trade activities. The impact of this is easily felt through its interindustry linkages over the various sectors of an economy. In addition to goods, people, i.e. economic agents, also need to be carried from one place to another.

The introduction of modern technology to this sector has also given an impetus to its conventional role. The existence of a satisfactory level of transport infrastructure and the smooth and efficient operation of the various transport means will add to the efficiency and productivity of each and every sector in a country as well as its overall international competitiveness.

It will also create positive linkages in a country's international relations and the integration of its economy into the global economy. Of course, without the provision of sufficient levels of various modes of transport networks linking parts of a country to international markets, one cannot talk about economies' integration into the world economy. Therefore, together with the telecommunications sector, transport plays a vital and pivotal role in this connection.

Regarding the state of transport infrastructure in the OIC countries, it is observed that, though changing with respect to the modes of transport, its level as a share of the world figures is relatively better compared to the IC infrastructure. The OIC countries as a whole have a total highway network (paved and unpaved) of about 3 million kilometres which amounts to 10.4 per cent of the world total (Table 6). Regarding the railway network, their 101,304 kilometres-long network constitutes 9.1 per cent of the world total.

In terms of maritime transport, the number of major ports in the OIC countries is 277 and the number of ships 2,716. The OIC total merchant fleets, as measured in terms of gross registered tons, amount to 6.0 per cent of the world total. This share varies from 3.3 per cent in container ships to 7.2 per cent in oil tankers, 7.8 per cent in general cargo vessels and 8.0 per cent in other types.

Regarding air transport, the total number of airports in the OIC countries amounts to 4,485 of which only 1,326 are paved, about 30 per cent of the total number. On the other hand, the OIC countries' position with respect to civil aviation traffic was also not very satisfactory. As measured in terms of the kilometres flown and passengers carried, the OIC community shares only 6.2 and 6.5 per cent of the world totals, respectively.

In sum, compared to their vast sea and land areas, dispersed over four continents and accounting for one sixth of the world land area, the OIC figures on transport infrastructure and services capacity are considerably low and insufficient to meet the needs and demands to facilitate their further integration into the world economy.

**TABLE 6: BASIC TRANSPORT INDICATORS**

| | **OIC** | **World** | **OIC as % of World** |
|---|---|---|---|
| **Highways (total, km.)** | 2,969,967 | 28,510,315 | 10.4 |
| **Railway network (km.)** | 101,304 | 1,115,205 | 9.1 |
| **Number of major ports** | 277 | n.a. | |
| **Number of ships** | 2,716 | n.a. | |
| **Merchant Fleets as at 31 December 2002 (gross registered tons)** | | | |
| Total fleet | 35,483,049 | 591,704,137 | 6.0 |
| Oil tankers | 12,928,367 | 179,819,924 | 7.2 |
| Bulk carriers | 6,924,362 | 171,628,160 | 4.0 |
| General cargo vessels | 6,972,508 | 89,727,245 | 7.8 |
| Container ships | 2,374,899 | 72,206,406 | 3.3 |
| Other | 6,282,912 | 78,322,402 | 8.0 |
| **Number of airports (unpaved)** | 3,159 | n.a. | |
| **Number of airports (paved)** | 1,326 | n.a. | |
| **Number of airports (total)** | 4,485 | n.a. | |
| **Civil aviation traffic, 2000** | | | |
| Kilometres flown (millions) | 1,553 | 25,155 | 6.2 |
| Passengers carried (000s) | 107,675 | 1,655,164 | 6.5 |
| Passenger-km | 207,136 | 3,014,211 | 6.9 |
| Total ton-km | 27,016 | 400,740 | 6.7 |

Source: SESRTCIC, *Role of Transport and Telecommunications in the Establishment of an Islamic Common Market,* November 2004, ERT/ACC20/SM1.

### 4.3. Institutional Capacity Building

Opening up through the removal of trade restrictions and barriers and liberalising capital flows leads a developing economy to deal with new economic agents having different commercial practices, jurisdictions, habits and scales. In this new setting, traditional practices, institutions and legal frameworks are likely to be challenged by the sophistication introduced by these liberalisation processes. Thus, integration into the world economy necessitates the creation of a new environment whereby all the economic agents, be they domestic or foreign, are provided equal treatment, rights and information. This would be most likely met through the establishment of the basic dynamics of the market mechanism. Hence, integration into the world economy necessitates the adoption of the basic institutional structures of the market economy.

Institutional restructuring ranges from eliminating factors distorting the price mechanism, establishing dispute settling and ownership frameworks to preventing non-technical interventions in the market dynamics, ensuring free entry to and exit from the market and adopting transparent processes for policy making and implementation. It is also important to eliminate adverse selection by bringing successful domestic firms to the forefront and helping them become the building blocks of the domestic economy.

In case of the existence of market distortions and the presence of weak institutions, financial integration may work in the opposite direction and result in capital outflows from the capital-scarce to the capital-abundant countries. Furthermore, in such an environment, imperfections and deviations from the market structure are likely to disturb resource allocation and adversely affect economic growth and development. The existence of properly functioning institutional and financial mechanisms is essential both in boosting growth rates and deriving the advantages of financial integration.

As elaborated in this section, integration into the world economy is likely to produce better results if it is complemented by the creation of the necessary physical and institutional environment. This is vital in the course of development since only with the existence and well-functioning of such an environment could firms operate efficiently and

effectively. This, in turn, results in the acceleration of economic growth and development.

## 5. CONCLUDING REMARKS

The openness of an economy in trade and capital accounts or, in other words, its integration into the world economy has a wide set of implications. Theoretically, liberalisation of trade and capital flows is advocated on the grounds of its impetus to economic development. It is supposed, *inter alia*, to achieve the price convergence of goods produced in an economy to the international levels, increase the choice and welfare of the consumer, help the production structure gain a more competitive nature, increase the knowledge and technological base of a country and augment the domestic financial pool, thus allowing for additional means of financing for development and providing incentives to capacity/institution building. In other words, based on the belief that an open market allocates resources efficiently, global economic integration is expected to improve welfare worldwide. It is also believed that for the developing countries, it is almost a ready-made prescription to solve their growth and development problems and rapidly bridge the development gap separating them from the developed countries.

However, empirical studies and real world experiences are not in line with those expectations. They indicate the need on the part of the national authorities to approach the process of opening up and its aftermath cautiously, adeptly and with coherent policies in order to eliminate the attached risks and derive benefits. On the other hand, failure to do so could impose on individual economies certain conditions which could have diverting effects from the long-run developmental path.

As a result, except for a limited number of countries in Asia, many developing countries realised that they could hardly sustain their *good old days* and some others found themselves losing ground, marginalised and struggling with aggravated economic, social and human development problems. Distress and further concerns replaced earlier hopes.

**Deleted:** *old*

The OIC members, like other developing countries, have gone through the processes of trade and financial liberalisation so as to

respond to competitive pressures from the outside world. When different indicators of openness are analysed, it is noticed that in terms of foreign trade, the OIC countries, on average, are in the process of opening up. However, when financial integration is considered, it is noticed that those countries are still far from the point where the elements of this channel of integration could support more strongly their development. In addition, those elements still include factors of volatility which constitute a risk to their growth patterns.

It is also observed that their production and trade structures and markets are still far from the satisfactory and supportive levels to help them derive the expected benefits in terms of sustainable growth and development within the process of integration into the world economy.

A high degree of integration into the world economy through trade liberalisation, i.e. abolishing tariffs, constitutes an important revenue loss for many countries, particularly the OIC-LDCs. Therefore, trade liberalisation on the part of such countries should be managed cautiously so as to compensate budget losses from other reliable sources of income. Otherwise, those countries may fall into the trap of financing current spending through borrowing which would only add to their already heavy debt burden.

While the developing countries increased their pace of integration through the implementation of the WTO Agreements since 1995, they experienced various difficulties due mainly to the opening of their foreign trade accounts. Their optimistic expectations relating to their development aspirations and promising major benefits to be reaped while integrating into the world economy were not materialised.

Developing countries are of the view that developmental issues in multilateral trade negotiations should be given due consideration so as to maintain a just, free and fair trading environment within the framework of the WTO Agreements. The special and differential treatment provisions in favour of the developing countries, in particular the LDCs, should be materialised.

While integrating into the world economy, the developing countries went through structural adjustment processes in order to acquire efficiency in their economies so as to respond to competitive pressures

from the outside world. In this regard, cutting spending on some human and social services has become inevitable in many of them. However, since investing in human capital is considered an indispensable prerequisite for the realisation of the long-run development prospects of those countries, the effects of cutting spending on services such as education, health, etc. will be very costly for the society.

As pointed out in the Centre's paper entitled "Economic and Social Development in the OIC Countries", the *income gap* between developed and developing countries has widened considerably. "While an average person in a developed country earned 11.5 times more than a person in a developing country in 1990, the income gap increased to 21.5 times in 2003. In the case of the OIC countries, the gap grew from about 14 times to 23 times at the end of the period under consideration" (SESRTCIC, 2004, p. 4).

On the other hand, since globalisation and integration are facts of life, the developing countries, including the OIC members, should develop ways and means to survive and improve their conditions so as to derive the utmost benefits from this process. For the creation of such an environment in the OIC countries, the need for establishing a sufficient and efficient physical and institutional infrastructure should be strongly underlined.

In this connection, the process of integration into the world economy needs to be supported and strengthened by the institutions of a market economy on the grounds of efficiency and the reduction of the risks incurred by that process. In failing to establish strong institutions and set the background for a market mechanism, integration, in particular financial integration, could work in the opposite direction causing capital outflows from already capital-scarce economies.

Despite the institutional restructuring steps taken by the OIC countries, newly opening countries are still likely to find themselves vulnerable to external shocks as they produce and export a narrow set of commodities. Hence, their short-term risks due to opening up could increase while they may lose a portion of their budgetary revenues due to the lowering of tariffs.

Capital flows, in particular those in the form of foreign direct investment and buying the shares of companies at the secondary markets, constitute a less costly means of financing for the developing countries. The volume of such flows among the OIC countries will be increased by encouraging cooperation and coordination among the stock exchanges of the OIC members. In this way, firms in the OIC member countries could be provided with a more stable external financing. In this context, the COMCEC agenda item relating to the establishment of a mechanism for cooperation among the stock exchanges of the OIC member countries is expected to provide impetus.

Integration into the world economy is not an end in itself but should always be regarded as a means in the course of development. Therefore, integration should be so designed that it becomes a positive force for the peoples of the entire world, and especially the peoples of the developing countries should also start to benefit from this process. In other words, its currently unevenly distributed benefits should be shared more equally by everybody. International institutions should concentrate their efforts on the realisation of this ultimate goal. The international community should also adopt policies and measures at the global level to suit the needs of developing countries. In so doing, those countries should be allowed to participate effectively in the formulation and implementation of such policies and measures.

The accelerating intensity of the integration process strongly underscores the need for increasing regional economic cooperation among the developing countries, including the OIC members, as an indispensable means of survival in a world of severe competition. In this direction, various forms of regional economic cooperation schemes, such as free trade areas, customs unions or common markets, will be tried. Yet, any such cooperation scheme needs to create productive and efficient economic units so as to benefit from the economies of scale. Otherwise, they will not be sufficient to compete economically with the outside world.

In this respect, it is interesting to note that in the 1990s, regional integration efforts increased among the developed countries. It could not be a mere coincidence that the EU members intensified their economic and monetary integration and decided to enlarge the Union in those years. Other groupings such as the North American Free Trade Area

(NAFTA) and the Asia-Pacific Economic Co-operation (APEC) were also formed and enlarged almost during the same period.

In line with these developments, the OIC countries need to intensify their efforts to strengthen economic and commercial cooperation among themselves so as to form a regional economic cooperation scheme, including the ultimate objective of establishing an Islamic Common Market. In this way, they may better protect their interests against the prevailing adverse effects of a severely competitive global economy and reap the benefits to be provided by integrating into it.

The establishment of such a scheme among the member countries is an extremely tedious and multi-dimensional task. Those countries have spent considerable time and energy in this direction, including the establishment of the Standing Committee for Economic and Commercial Cooperation (COMCEC). Furthermore, they adopted the OIC Strategy and Plan of Action to increase cooperation and coordination amongst themselves in ten sectors ranging from food and agriculture to trade and from industry to tourism. In fact, the implementation of the OIC Strategy and Plan of Action will help those countries move towards forming higher and more integrated schemes of regional economic integration, including the realisation of their ultimate aim of establishing an Islamic Common Market.

To this end, the launching of trade negotiations under the Framework Agreement on the Trade Preferential System of the Member States of the OIC (TPS-OIC) is an important step. The 19$^{th}$ Session of the COMCEC (20-23 October 2003) adopted the Objectives and Principles of the first round of the trade negotiations and the Rules of Procedure of the Trade Negotiating Committee. In this connection, the successful completion, in April and September 2004 in Antalya, Turkey, of two meetings of the Trade Negotiating Committee will promote the OIC Community's hopes of preparing a better future for its peoples through increased cooperation and strengthened ties between its members.

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**TABLE A.1: MERCHANDISE EXPORTS (as percentage of GDP)**

| | 1990 | 1995 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| Afghanistan | | | | | | |
| Bangladesh | 5.5 | 7.9 | 9.7 | 11.9 | 12.2 | 11.0 |
| Benin | 6.6 | 10.7 | 8.7 | 9.2 | 7.9 | 7.4 |
| Burkina Faso | 4.9 | 7.6 | 6.0 | 6.3 | 6.1 | 5.3 |
| Chad | 5.5 | 9.7 | 6.4 | 6.3 | 4.7 | 3.3 |
| Comoros | 9.2 | 4.7 | 5.4 | 7.8 | 16.8 | 11.6 |
| Djibouti | 13.1 | 21.7 | 28.2 | 24.8 | 34.7 | 26.2 |
| Gambia | 59.1 | 17.7 | 1.9 | 8.8 | 6.0 | 7.8 |
| Guinea | 22.7 | 21.7 | 14.2 | 19.8 | 17.9 | 27.1 |
| Guinea-Bissau | 13.0 | 37.4 | 25.4 | 51.6 | 62.0 | 59.1 |
| Maldives | 24.3 | 12.5 | 10.9 | 36.7 | 28.0 | 33.2 |
| Mali | 9.2 | 8.7 | 8.6 | 8.8 | 5.1 | 5.1 |
| Mauritania | 44.2 | 55.3 | 53.2 | 50.2 | 50.9 | 54.7 |
| Mozambique | 14.5 | 10.4 | 6.6 | 10.0 | 20.5 | 18.9 |
| Niger | 11.0 | 8.6 | 8.9 | 10.9 | 8.3 | 7.2 |
| Senegal | 15.1 | 12.9 | 17.2 | 15.8 | 17.0 | 18.8 |
| Sierra Leone | 16.7 | 15.4 | 0.9 | 19.6 | 6.9 | 12.6 |
| Somalia | | | | | | |
| Sudan | 2.1 | 7.1 | 6.5 | 14.0 | 13.7 | 12.4 |
| Togo | 15.5 | 23.3 | 14.8 | 14.3 | 16.6 | 20.5 |
| Uganda | 3.9 | 8.6 | 6.5 | 5.3 | 5.5 | 5.6 |
| Yemen | 0.1 | 0.5 | 32.4 | 42.6 | 35.4 | 32.8 |
| **OIC-LDC** | **6.7** | **9.2** | **11.8** | **15.6** | **15.0** | **14.3** |
| Albania | 5.9 | 7.6 | 8.0 | 7.1 | 7.2 | 6.8 |
| Cameroon | 18.2 | 26.8 | 17.4 | 20.7 | 20.6 | 19.3 |
| Côte d'Ivoire | 26.1 | 41.3 | 33.5 | 35.7 | 33.9 | 42.2 |
| Egypt | 2.8 | 8.9 | 3.9 | 6.4 | 4.3 | 8.2 |
| Guyana | 66.5 | 75.6 | 87.9 | 83.7 | 80.7 | 77.3 |
| Indonesia | 22.4 | 21.4 | 34.8 | 41.3 | 39.3 | 33.0 |
| Jordan | 22.9 | 21.9 | 15.2 | 15.2 | 25.7 | 28.5 |
| Kazakhstan | | 23.4 | 33.0 | 54.0 | 41.0 | 39.6 |
| Kyrgyzstan | 0.0 | 32.3 | 36.4 | 36.7 | 31.2 | 30.1 |
| Lebanon | 16.0 | 6.3 | 4.1 | 4.4 | 5.9 | 5.6 |
| Malaysia | 66.8 | 83.3 | 106.8 | 108.9 | 100.3 | 98.4 |
| Morocco | 17.7 | 12.3 | 23.2 | 24.4 | 21.0 | 22.9 |
| Pakistan | 13.6 | 12.6 | 14.2 | 15.0 | 16.1 | 15.5 |
| Palestine | | | | | | |
| Suriname | 116.4 | 73.8 | 66.3 | 56.4 | 68.1 | 51.6 |
| Syria | 34.3 | 20.6 | 20.6 | 25.1 | 30.9 | 31.7 |
| Tajikistan | | 69.8 | 63.4 | 77.7 | 62.6 | 61.1 |
| Tunisia | 28.9 | 32.1 | 35.0 | 31.0 | 33.1 | 32.3 |
| Turkey | 8.9 | 12.5 | 13.3 | 13.6 | 20.4 | 19.0 |
| Uzbekistan | | 20.5 | 11.5 | 15.5 | 17.4 | 17.8 |
| **OIC-MDC** | **18.3** | **25.2** | **28.6** | **32.1** | **33.1** | **32.2** |
| Algeria | 24.2 | 26.3 | 26.1 | 37.7 | 33.3 | 33.1 |
| Azerbaijan | | 22.5 | 20.3 | 33.1 | 40.5 | 25.7 |
| Bahrain | 84.7 | 201.7 | 99.0 | 96.3 | 102.8 | 100.6 |
| Brunei | 61.6 | 40.8 | 60.5 | 73.2 | 80.3 | 79.8 |
| Gabon | 41.7 | 48.3 | 72.0 | 74.4 | 73.4 | 60.0 |
| Iran | 23.3 | 20.5 | 18.9 | 25.4 | 19.5 | 19.8 |
| Iraq | | | | | | |
| Kuwait | 44.5 | 40.3 | 42.3 | 51.0 | 47.6 | 44.6 |
| Libya | 48.0 | 28.2 | 26.1 | 36.6 | 39.8 | 50.8 |
| Nigeria | 32.1 | 42.0 | 35.4 | 44.3 | 42.1 | 36.7 |
| Oman | 39.2 | 38.1 | 45.2 | 47.7 | 46.1 | 43.1 |
| Qatar | 44.5 | 44.7 | 56.8 | 64.1 | 62.3 | 66.3 |
| Saudi Arabia | 42.4 | 40.0 | 30.0 | 39.1 | 37.2 | 35.8 |
| Turkmenistan | 0.0 | 43.8 | 30.8 | 50.8 | 42.8 | 41.6 |
| U.A.E. | 65.3 | 56.8 | 50.9 | 57.2 | 57.0 | 54.1 |
| **OIC-FEC** | **39.7** | **37.9** | **34.7** | **44.6** | **41.1** | **39.8** |
| **OIC Total** | **25.5** | **28.4** | **29.7** | **36.1** | **35.2** | **33.9** |
| **World** | **15.0** | **17.0** | **18.5** | **20.2** | **19.7** | **19.9** |
| **Developed Countries** | **14.0** | **13.9** | **15.1** | **15.9** | **15.7** | **15.5** |
| **Developing Countries** | **18.4** | **31.4** | **33.4** | **37.8** | **35.6** | **38.0** |

Source: IMF, Direction of Trade Statistics, 1996 and 2003.

**TABLE A.2: VOLUME OF TRADE (as percentage of GDP)**

| | 1990 | 1995 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| Afghanistan | | | | | | |
| Bangladesh | 17.5 | 19.5 | 27.7 | 31.0 | 31.2 | 26.8 |
| Benin | 21.0 | 49.6 | 43.9 | 71.6 | 73.4 | 64.1 |
| Burkina Faso | 22.2 | 37.4 | 26.2 | 25.5 | 25.1 | 25.3 |
| Chad | 15.9 | 22.6 | 15.4 | 17.5 | 27.5 | 25.8 |
| Comoros | 43.6 | 70.7 | 36.8 | 38.7 | 54.1 | 48.5 |
| Djibouti | 60.6 | 108.0 | 143.3 | 136.3 | 146.5 | 139.2 |
| Gambia | 138.5 | 103.5 | 46.8 | 87.2 | 100.0 | 118.4 |
| Guinea | 44.6 | 45.6 | 30.3 | 37.0 | 34.3 | 54.5 |
| Guinea-Bissau | 60.3 | 93.7 | 65.6 | 100.5 | 116.5 | 114.3 |
| Maldives | 88.8 | 102.0 | 79.1 | 110.9 | 93.6 | 93.7 |
| Mali | 35.1 | 48.0 | 51.6 | 56.2 | 50.7 | 48.5 |
| Mauritania | 80.7 | 115.0 | 114.5 | 116.9 | 123.0 | 141.5 |
| Mozambique | 48.9 | 62.7 | 36.0 | 38.9 | 51.4 | 54.2 |
| Niger | 27.5 | 37.3 | 24.4 | 26.5 | 25.0 | 25.3 |
| Senegal | 39.4 | 42.9 | 51.0 | 49.3 | 54.4 | 57.5 |
| Sierra Leone | 38.6 | 47.1 | 30.9 | 71.5 | 64.2 | 75.2 |
| Somalia | | | | | | |
| Sudan | 7.4 | 25.7 | 21.2 | 26.1 | 27.5 | 26.6 |
| Togo | 49.1 | 87.8 | 36.5 | 38.6 | 43.3 | 84.1 |
| Uganda | 16.6 | 21.2 | 20.2 | 20.2 | 21.8 | 22.7 |
| Yemen | 0.9 | 1.6 | 59.1 | 66.9 | 61.2 | 60.6 |
| **OIC-LDC** | **20.4** | **28.4** | **34.3** | **39.4** | **39.8** | **39.2** |
| Albania | 17.0 | 32.6 | 34.2 | 36.5 | 38.3 | 37.8 |
| Cameroon | 32.1 | 41.2 | 31.8 | 37.5 | 42.3 | 41.4 |
| Côte d'Ivoire | 45.5 | 70.5 | 57.7 | 62.5 | 57.6 | 68.1 |
| Egypt | 12.9 | 37.7 | 21.7 | 28.6 | 17.7 | 31.1 |
| Guyana | 146.4 | 160.9 | 179.6 | 174.6 | 177.5 | 156.6 |
| Indonesia | 41.7 | 40.9 | 51.9 | 65.0 | 60.9 | 51.0 |
| Jordan | 87.8 | 76.7 | 60.3 | 69.6 | 80.5 | 84.5 |
| Kazakhstan | | 50.6 | 54.8 | 81.6 | 70.3 | 66.6 |
| Kyrgyzstan | 0.0 | 58.6 | 85.4 | 77.2 | 61.6 | 66.6 |
| Lebanon | 104.7 | 64.0 | 41.6 | 42.3 | 44.1 | 42.0 |
| Malaysia | 133.1 | 170.7 | 189.6 | 200.0 | 183.6 | 182.2 |
| Morocco | 48.3 | 35.7 | 57.1 | 61.9 | 53.4 | 59.9 |
| Pakistan | 31.6 | 30.7 | 31.4 | 33.1 | 33.9 | 33.2 |
| Palestine | | | | | | |
| Suriname | 236.7 | 144.8 | 122.9 | 110.3 | 152.7 | 115.0 |
| Syria | 53.8 | 56.9 | 43.4 | 53.8 | 63.2 | 66.4 |
| Tajikistan | | 139.8 | 124.5 | 154.3 | 128.7 | 120.8 |
| Tunisia | 78.6 | 78.2 | 84.1 | 75.2 | 81.0 | 77.7 |
| Turkey | 24.4 | 33.1 | 33.8 | 40.1 | 47.4 | 46.5 |
| Uzbekistan | | 45.1 | 26.1 | 30.6 | 37.2 | 40.5 |
| **OIC-MDC** | **40.7** | **56.5** | **56.9** | **66.0** | **65.2** | **64.9** |
| Algeria | 45.5 | 51.6 | 44.9 | 54.3 | 51.1 | 54.3 |
| Azerbaijan | | 50.1 | 42.9 | 55.3 | 65.6 | 55.1 |
| Bahrain | 166.6 | 220.4 | 150.8 | 140.8 | 149.1 | 148.4 |
| Brunei | 89.4 | 108.9 | 92.1 | 106.2 | 111.9 | 118.0 |
| Gabon | 55.9 | 69.2 | 105.5 | 101.8 | 104.5 | 82.9 |
| Iran | 42.4 | 34.1 | 30.4 | 42.0 | 33.3 | 37.7 |
| Iraq | | | | | | |
| Kuwait | 66.7 | 64.6 | 67.5 | 70.9 | 70.2 | 69.3 |
| Libya | 67.6 | 44.0 | 40.1 | 48.3 | 55.3 | 78.7 |
| Nigeria | 45.6 | 62.2 | 56.0 | 63.1 | 66.5 | 63.9 |
| Oman | 62.6 | 73.0 | 74.9 | 74.5 | 75.1 | 71.2 |
| Qatar | 67.6 | 80.5 | 77.0 | 82.4 | 84.2 | 89.4 |
| Saudi Arabia | 65.4 | 61.4 | 47.3 | 55.2 | 60.3 | 61.0 |
| Turkmenistan | 0.0 | 67.5 | 69.1 | 87.0 | 79.9 | 69.5 |
| U.A.E. | 99.4 | 119.8 | 115.7 | 93.5 | 99.6 | 96.4 |
| **OIC-FEC** | **63.1** | **63.3** | **58.1** | **65.2** | **65.6** | **67.0** |
| **OIC Total** | **47.4** | **56.8** | **55.7** | **63.8** | **63.5** | **63.8** |
| **World** | **30.5** | **34.6** | **37.5** | **41.2** | **40.2** | **40.5** |
| **Developed Countries** | **28.7** | **28.0** | **31.0** | **33.3** | **32.7** | **32.1** |
| **Developing Countries** | **36.5** | **64.8** | **66.2** | **73.7** | **70.1** | **74.7** |

Source: IMF, Direction of Trade Statistics, 1996 and 2003.

**TABLE A.3: TOP THREE MAIN EXPORT CUSTOMERS OF THE OIC COUNTRIES (in percentage, 2002)**

| Countries | Top Three Export Customers | Per cent |
|---|---|---|
| Afghanistan | Pakistan 28.1%, India 27.8%, US 5.8% | 61.7 |
| Albania | Italy 71.8%, Greece 12.8%, Germany 5.8% | 90.4 |
| Algeria | Italy 20.0%, US 14.2%, France 13.5% | 47.7 |
| Azerbaijan | Italy 29.5%, Czech Republic 9.5%, Germany 18.5% | 57.5 |
| Bahrain | US 4.5%, India 3.2%, Saudi Arabia 2.1% | 9.8 |
| Bangladesh | US 27.6%, Germany 10.4%, UK 9.7% | 47.7 |
| Benin | Italy 12.1%, India 27.1%, Indonesia 8% | 40.0 |
| Brunei | Japan 40%, South Korea 12.2%, Thailand 12.1% | 64.3 |
| Burkina Faso | Italy 11.6%, Singapore 15%, France 7.8% | 34.4 |
| Cameroon | Italy 17.5%, Spain 16.8%, France 13.3% | 47.6 |
| Chad | Portugal 30.3%, Germany 15.2%, US 8% | 53.5 |
| Comoros | France 32.1%, Germany 19.3%, US 17.8% | 69.2 |
| Côte d'Ivoire | Netherlands 12.4%, France 13.9%, US 7.3% | 33.6 |
| Djibouti | Somalia 62.3%, Yemen 21.9%, Pakistan 5% | 89.2 |
| Egypt | US 18.5%, Italy 13.7%, UK 8.5% | 40.7 |
| Gabon | US 51%, France 12.7%, China 7% | 70.7 |
| Gambia | France 21.7%, UK 19.2%, Italy 11.1% | 52.0 |
| Guinea | South Korea 17.0%, Spain 9.6%, Cameroon 9.2% | 35.8 |
| Guinea-Bissau | India 50.4%, Thailand 19.1%, Uruguay 19.2% | 88.7 |
| Guyana | Canada 26.1%, US 22.1%, UK 12.9% | 61.1 |
| Indonesia | Japan 21.1%, US 13.4%, Singapore 9.4% | 43.9 |
| Iran | Japan 19.0%, China 9.4%, Italy 7.2% | 35.6 |
| Iraq | US 37.5%, Taiwan 7.7%, Canada 7.5% | 52.7 |
| Jordan | US 14.8%, Iraq 20.6%, India 8.3% | 43.7 |
| Kazakhstan | Bahamas 20.8%, Russia 15.5%, China 10.6% | 46.9 |
| Kuwait | Japan 24.3%, South Korea 12.9%, US 11.8% | 49.0 |
| Kyrgyzstan | Switzerland 19.8%, Russia 16.5%, UAE 14.2% | 50.5 |
| Lebanon | UAE 11.0%, Switzerland 9.1%, Saudi Arabia 8.2% | 28.3 |
| Libya | Italy 42.8%, Germany 14.2%, Spain 13.6%, | 70.6 |
| Malaysia | US 20.2%, Singapore 17.1%, Japan 11.3% | 48.6 |
| Maldives | US 52.1%, Sri Lanka 13.2%, Thailand 9.5% | 74.8 |
| Mali | Thailand 14.4%, Italy 10.2%, India 7.9% | 32.5 |
| Mauritania | Italy 14.2%, France 13.8%, Spain 11.6% | 39.6 |
| Morocco | France 25.9%, Spain 13.9%, UK 7.8% | 47.6 |
| Mozambique | Belgium 42.3%, South Africa 17.6%, Spain 5.4% | 65.3 |
| Niger | France 39.1%, Nigeria 33.3%, Japan 17.3% | 89.7 |
| Nigeria | US 33.4%, Spain 7.4%, Brazil 6.4% | 47.2 |
| Oman | Japan 22.1%, South Korea 19.9%, China 15.2% | 57.2 |
| Pakistan | US 24.5%, UAE 8.5%, UK 7.2% | 40.2 |
| Qatar | Japan 41.2%, South Korea 17.1%, Singapore 8.4% | 66.7 |
| Saudi Arabia | US 18.7%, Japan 15.7%, South Korea 10.2% | 44.6 |
| Senegal | India 20.8%, France 12.9%, Mali 8.9% | 42.6 |
| Sierra Leone | Belgium 42.1%, Germany 28.2%, UK 3.6% | 73.9 |
| Somalia | UAE 39.2%, Yemen 27.1%, Oman 10.6% | 76.9 |
| Sudan | China 56%, Japan 14.1%, Saudi Arabia 4.9%, | 75.0 |
| Suriname | US 25.9%, Norway 20.6%, France 8.4% | 54.9 |
| Syria | Germany 17.4%, Italy 15.9%, Turkey 7.1% | 40.4 |
| Tajikistan | Netherlands 29.4%, Turkey 16.1%, Russia 11.8% | 57.3 |
| Togo | Ghana 17.8%, Netherlands 13%, Burkina Faso 8.2% | 39.0 |
| Tunisia | France 31.3%, Italy 21.6%, Germany 11.5% | 64.4 |
| Turkey | Germany 16.6%, US 9.2%, UK 8.5% | 34.3 |
| Turkmenistan | Ukraine 49.7%, Italy 17.9%, Iran 13.1% | 80.7 |
| Uganda | Netherlands 18%, Belgium 16.7%, France 7.8% | 42.5 |
| U.A. Emirates | Japan 27.2%, South Korea 9.9%, Singapore 3.7% | 40.8 |
| Uzbekistan | Russia 18.1%, Ukraine 11.3%, Italy 7.8% | 37.2 |
| Yemen | Thailand 18.9%, China 15.4%, Korea 12.4% | 46.7 |

Source: IMF, Direction of Trade Statistics Yearbook, 2003.

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**TABLE A.4: TOP THREE MAIN IMPORT PARTNERS OF THE OIC COUNTRIES (in percentage, 2002)**

| Countries | Top Three Import Partners | Per cent |
|---|---|---|
| Afghanistan | Pakistan 24.5%, South Korea 14.1%, Japan 9.2% | 47.8 |
| Albania | Italy 34.6%, Greece 21.7%, Turkey 6.1% | 62.4 |
| Algeria | France 22.7%, US 9.8%, Italy 9.6% | 42.1 |
| Azerbaijan | Russia 16.3%, Turkey 13.1%, Germany 6.4% | 35.8 |
| Bahrain | Saudi Arabia 29.5%, US 11.5%, Japan 6.9% | 47.9 |
| Bangladesh | India 14.6%, China 11.6%, Singapore 11.5% | 37.7 |
| Benin | China 30.2%, France 15.4%, UK 4.7% | 50.3 |
| Brunei | Singapore 27.4%, Malaysia 18.5%, UK 12.5% | 69.5 |
| Burkina Faso | France 27.6%, Côte d'Ivoire 22.8%, Togo 4.2% | 54.6 |
| Cameroon | France 27.8%, Nigeria 12.6%, US 7.8% | 48.2 |
| Chad | France 31.3%, US 31%, Nigeria 4.7% | 67.0 |
| Comoros | France 33.7%, South Africa 12.4%, Japan 5.9% | 52.0 |
| Côte d'Ivoire | France 22.9%, Nigeria 16.7%, China 7.9% | 47.5 |
| Djibouti | Saudi Arabia 18.1%, Ethiopia 10.5%, US 9.3% | 37.9 |
| Egypt | US 16.1%, Germany 7.5%, France 6.5% | 30.1 |
| Gabon | France 51.2%, US 6.3%, Netherlands 3.6% | 61.1 |
| Gambia | China 22.0%, Brazil 5.9%, UK 6.6% | 34.5 |
| Guinea | France 17.9%, Côte d'Ivoire 10.7%, Italy 8.5% | 37.1 |
| Guinea-Bissau | Senegal 19.6%, Portugal 19.1%, India 15.2% | 53.9 |
| Guyana | US 25.1%, Trinid.&Tobago 16.0%,Netherlands 13.7% | 54.8 |
| Indonesia | Japan 14.1%, Singapore 13.1%, China 7.8% | 35.0 |
| Iran | Germany 17.1%, Switzerland 9.3%, UAE 9.1% | 35.5 |
| Iraq | Jordan 10.4%, France 8.4%, China 7.9% | 26.7 |
| Jordan | Iraq 13.3%, Germany 8.7%, US 7.9% | 29.9 |
| Kazakhstan | Russia 38.7%, Germany 8.9%, US 7.0% | 54.6 |
| Kuwait | US 12.8%, Japan 10.9%, Germany 9.5% | 33.2 |
| Kyrgyzstan | Russia 19.9%, Kazakhstan 21.1%, US 8.0% | 49.0 |
| Lebanon | Italy 11.3%, Germany 10.7%, France 8.31% | 30.3 |
| Libya | Italy 25.5%, Germany 9.7%, Korea 6.5% | 41.7 |
| Malaysia | Japan 17.8%, US 16.5%, Singapore 12.0% | 46.3 |
| Maldives | Singapore 26.6%, UAE 14.9%, Sri Lanka 13.2% | 54.7 |
| Mali | S.Africa 27.5%, Cote d'Ivoire 17.0%, France 13.4% | 57.9 |
| Mauritania | France 17.5%, Belgium 7.5%, Spain 5.7% | 30.7 |
| Morocco | France 21.1%, Spain 12.7%, US 4.6% | 38.4 |
| Mozambique | South Africa 30.3%, Portugal 6.1%, US 5.2% | 41.6 |
| Niger | France 16.8%, Côte d'Ivoire 14.9%, China 9.9% | 41.6 |
| Nigeria | China 9.2%, US 9.2%, France 8.6% | 27.0 |
| Oman | UAE 27.6%, Japan 16.7%, UK 7.4% | 51.7 |
| Pakistan | Saudi Arabia 11.7%, UAE 11.6%, US 6.4% | 29.7 |
| Qatar | France 17.9%, Japan 10.1%, UK 8.3% | 36.3 |
| Saudi Arabia | US 11.1%, Japan 8.7%, Germany 7.5% | 27.3 |
| Senegal | France 25.6%, Nigeria 8.7%, Thailand 6.2% | 40.5 |
| Sierra Leone | Germany 24.9%, UK 11.0%, Netherlands 7.6% | 43.5 |
| Somalia | Djibouti 29.6%, Kenya 13.7%, Brazil 10.5% | 53.8 |
| Sudan | China 19.8%, Germany 5.5%, India 5.5% | 30.8 |
| Suriname | US 22.7%, Netherlands 16.1%, China 12.1% | 50.9 |
| Syria | Italy 8.1%, Germany 7.2%, China 5.6% | 20.9 |
| Tajikistan | Russia 22.7%, Uzbekistan 18.3%, Kazakhstan 9.9% | 50.9 |
| Togo | France 20.3%, China 16.1%, Netherlands 6.2%, | 42.6 |
| Tunisia | France 25.6%, Italy 19.5%, Germany 8.9% | 54.0 |
| Turkey | Germany 13.7%, Italy 8.1%, Russia 7.6% | 29.4 |
| Turkmenistan | Russia 19.8%, Turkey 12.8%, Ukraine 11.7%, | 44.3 |
| Uganda | Kenya 46.3%, South Africa 6.7%, India 5.7% | 58.7 |
| U.A. Emirates | Japan 8.7%, China 8.2%, US 7.7% | 24.6 |
| Uzbekistan | Russia 22.7%, Germany 9.8%, South Korea 9.4% | 41.9 |
| Yemen | UAE 15.9%, Saudi Arabia 12.7%, China 6.2% | 34.8 |

Source: IMF, Direction of Trade Statistics Yearbook, 2003.

**TABLE A.5: TARIFF BARRIERS (weighted mean tariff, %)**

| | **Primary Products 2002** | **Manufactured Products 2002** |
|---|---|---|
| Afghanistan | | |
| Bangladesh (2000) | 20.1 | 21.2 |
| Benin | 12.9 | 12.4 |
| Burkina Faso | 15.2 | 9.2 |
| Chad | 24 | 13.3 |
| Comoros | | |
| Djibouti | | |
| Gambia | | |
| Guinea | | |
| Guinea-Bissau | 15.2 | 10.4 |
| Maldives | | |
| Mali | 12.1 | 9.9 |
| Mauritania (2001) | 6.8 | 10.5 |
| Mozambique | 11 | 8.7 |
| Niger | 12.9 | 12.7 |
| Senegal | 8.2 | 9.9 |
| Sierra Leone | | |
| Somalia | | |
| Sudan | | |
| Togo | 10.5 | 11.2 |
| Uganda | 8.8 | 6.1 |
| Yemen | | |
| **OIC-LDC** | | |
| Albania (2001) | 10.6 | 11.6 |
| Cameroon | 18.1 | 13.9 |
| Côte d'Ivoire | 10.7 | 10.3 |
| Egypt | 6.6 | 16.4 |
| Guyana (2001) | 14.5 | 9.8 |
| Indonesia (2001) | 2.4 | 5.2 |
| Jordan | 11.7 | 13.1 |
| Kazakhstan | | |
| Kyrgyzstan | 6.3 | 7.1 |
| Lebanon | 10.2 | 6.6 |
| Malaysia (2001) | 2.4 | 4.7 |
| Morocco | 27.7 | 26.2 |
| Pakistan | 11.2 | 19.1 |
| Palestine | | |
| Suriname | | |
| Syria | | |
| Tajikistan | | |
| Tunisia | 26.7 | 25.5 |
| Turkey | | |
| Uzbekistan (2001) | 4.6 | 4.3 |
| **OIC-FEC** | | |
| Algeria | 12.8 | 13.1 |
| Azerbaijan | | |
| Bahrain | | |
| Brunei | | |
| Gabon | 20.2 | 13.5 |
| Iran (2000) | 0.9 | 3.8 |
| Iraq | | |
| Kuwait | | |
| Libya | 15.7 | 29 |
| Nigeria | 20.6 | 15.5 |
| Oman | 31.6 | 6.5 |
| Qatar | | |
| Saudi Arabia (2000) | 7.9 | 11.4 |
| Turkmenistan | 13.2 | 1.1 |
| U.A.E. | | |
| **USA** | **1.1** | **2** |
| **EU** | **1.5** | **2.9** |
| **Japan** | **2.5** | **1.7** |

Source: World Development Indicators, various issues.

**TABLE A.6: OIC MEMBERS IN THE WTO IN ORDER OF ACCESSION (as of September 2004)**

| | |
|---|---|
| Bahrain | 1 January 1995 |
| Bangladesh | 1 January 1995 |
| Brunei Darussalam | 1 January 1995 |
| Côte d'Ivoire | 1 January 1995 |
| Gabon | 1 January 1995 |
| Guyana | 1 January 1995 |
| Indonesia | 1 January 1995 |
| Kuwait | 1 January 1995 |
| Malaysia | 1 January 1995 |
| Morocco | 1 January 1995 |
| Nigeria | 1 January 1995 |
| Pakistan | 1 January 1995 |
| Senegal | 1 January 1995 |
| Suriname | 1 January 1995 |
| Uganda | 1 January 1995 |
| Turkey | 26 March 1995 |
| Tunisia | 29 March 1995 |
| Djibouti | 31 May 1995 |
| Guinea Bissau | 31 May 1995 |
| Maldives | 31 May 1995 |
| Mali | 31 May 1995 |
| Mauritania | 31 May 1995 |
| Togo | 31 May 1995 |
| Burkina Faso | 3 June 1995 |
| Egypt | 30 June 1995 |
| Sierra Leone | 23 July 1995 |
| Mozambique | 26 August 1995 |
| Guinea | 25 October 1995 |
| Cameroon | 13 December 1995 |
| Qatar | 13 January 1996 |
| Benin | 22 February 1996 |
| United Arab Emirates | 10 April 1996 |
| Chad | 19 October 1996 |
| The Gambia | 23 October 1996 |
| Niger | 13 December 1996 |
| Kyrgyzstan | 20 December 1998 |
| Jordan | 11 April 2000 |
| Albania | 8 September 2000 |
| Oman | 9 November 2000 |

Source: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.

**TABLE A.7: REGIONAL ECONOMIC GROUPINGS OF THE OIC COUNTRIES**

| | AEC | UDEAC | COMESA | CBI | ECCAS | ECOWAS | IOC | MRU | WAEMU | AMU | CAEU | GCC | ASEAN | BSEC | CIS | EAEC | ECO | SAARC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sub-Saharan Africa** | | | | | | | | | | | | | | | | | | |
| Benin | * | | | | | * | | | * | | | | | | | | | |
| Burkina Faso | * | | | | | * | | | * | | | | | | | | | |
| Cameroon | * | * | | | * | | | | | | | | | | | | | |
| Chad | * | * | | | * | | | | | | | | | | | | | |
| Comoros | * | | * | * | | | * | | | | | | | | | | | |
| Côte d'Ivoire | * | | | | | * | | | * | | | | | | | | | |
| Djibouti | * | | * | | | | | | | | | | | | | | | |
| Gabon | * | * | | | * | | | | | | | | | | | | | |
| Gambia | * | | | | | * | | | | | | | | | | | | |
| Guinea | * | | | | | * | | * | | | | | | | | | | |
| Guinea-Bissau | * | | | | | * | | | * | | | | | | | | | |
| Mali | * | | | | | * | | | * | | | | | | | | | |
| Mauritania | * | | | | | | | | | * | * | | | | | | | |
| Mozambique | * | | | | | | | | | | | | | | | | | |
| Niger | * | | | | | * | | | * | | | | | | | | | |
| Nigeria | * | | | | | * | | | | | | | | | | | | |
| Senegal | * | | | | | * | | | * | | | | | | | | | |
| Sierra Leone | * | | | | | * | | * | | | | | | | | | | |
| Somalia | * | | | | | | | | | | * | | | | | | | |
| Sudan | * | | * | | | | | | | | * | | | | | | | |
| Togo | * | | | | | * | | | * | | | | | | | | | |
| Uganda | * | | * | * | | | | | | | | | | | | | | |
| **Middle East, North Africa** | | | | | | | | | | | | | | | | | | |
| Algeria | * | | | | | | | | | * | | | | | | | | |
| Bahrain | | | | | | | | | | | | * | | | | | | |
| Egypt | * | | * | | | | | | | | * | | | | | | | |
| Iraq | | | | | | | | | | | * | | | | | | | |
| Jordan | | | | | | | | | | | * | | | | | | | |
| Kuwait | | | | | | | | | | | * | * | | | | | | |
| Lebanon | | | | | | | | | | | | | | | | | | |
| Libya | * | | | | | | | | | * | * | | | | | | | |
| Morocco | | | | | | | | | | * | | | | | | | | |
| Oman | | | | | | | | | | | | * | | | | | | |
| Palestine | | | | | | | | | | | * | | | | | | | |
| Qatar | | | | | | | | | | | | * | | | | | | |
| Saudi Arabia | | | | | | | | | | | | * | | | | | | |
| Syria | | | | | | | | | | | * | | | | | | | |
| Tunisia | * | | | | | | | | | * | | | | | | | | |
| U.A.E. | | | | | | | | | | | * | * | | | | | | |
| Yemen | | | | | | | | | | | * | | | | | | | |

**TABLE A.7: REGIONAL ECONOMIC GROUPINGS OF THE OIC COUNTRIES (continued)**

| | AEC | UDEAC | COMESA | CBI | ECCAS | ECOWAS | IOC | MRU | WAEMU | AMU | CAEU | GCC | ASEAN | BSEC | CIS | EAEC | ECO | SAARC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asia and Europe** | | | | | | | | | | | | | | | | | | |
| Albania | | | | | | | | | | | | | | * | | | | |
| Afghanistan | | | | | | | | | | | | | | | | | * | |
| Azerbaijan | | | | | | | | | | | | | | * | * | | * | |
| Bangladesh | | | | | | | | | | | | | | | | | | * |
| Brunei | | | | | | | | | | | | | * | | | * | | |
| Indonesia | | | | | | | | | | | | | * | | | * | | |
| Iran | | | | | | | | | | | | | | | | | * | |
| Kazakhstan | | | | | | | | | | | | | | | * | | * | |
| Kyrgyzstan | | | | | | | | | | | | | | | * | | * | |
| Malaysia | | | | | | | | | | | | | * | | | * | | |
| Maldives | | | | | | | | | | | | | | | | | | * |
| Pakistan | | | | | | | | | | | | | | | | | * | * |
| Tajikistan | | | | | | | | | | | | | | | * | | * | |
| Turkey | | | | | | | | | | | | | | * | | | * | |
| Turkmenistan | | | | | | | | | | | | | | | * | | * | |
| Uzbekistan | | | | | | | | | | | | | | | * | | * | |

Source: SESRTCIC, "Regional Economic Groupings of the OIC Countries", *JEC,* vol. 21, no. 2, April 2000, pp. 72-73.

Notes:
AEC: African Economic Community
UDEAC: Central African Customs and Economic Union
COMESA: Common Market for Eastern and Southern Africa
CBI: Cross-Border Initiative
ECCAS: Economic Community of Central African States
ECOWAS: Economic Community of West African States
IOC: Indian Ocean Commission
MRU: Mano River Union
WAEMU: West African Economic and Monetary Union
AMU: Arab Maghreb Union
CAEU: Council of Arab Economic Unity
GCC: Gulf Cooperation Council
ASEAN: Association of South East Asian Nations
BSEC: Black Sea Economic Co-operation
CIS: Commonwealth of Independent States
EAEC: East Asian Economic Caucus
ECO: Economic Cooperation Organisation
SAARC: South Asian Association for Regional Cooperation

**TABLE A.8: GROSS PRIVATE CAPITAL FLOWS (as percentage of GDP)**

| | 1990 | 1995 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|
| Afghanistan | | | | | |
| Bangladesh | 0.9 | 0.9 | 3.6 | 2.2 | 2.6 |
| Benin | 10.7 | 10.1 | 14.6 | 11.4 | |
| Burkina Faso | 1.0 | | 3.9 | 4.3 | |
| Chad | 5.6 | | | | |
| Comoros | 2.7 | 4.4 | | | |
| Djibouti | | 1.5 | | | |
| Gambia | 0.9 | 3.5 | | | |
| Guinea | 3.9 | 5.1 | 3.1 | 3.2 | 2.1 |
| Guinea-Bissau | 23.0 | 127.4 | | | |
| Maldives | 4.5 | 12.6 | 8.1 | 7.2 | 8.5 |
| Mali | 2.0 | 8.1 | 21.4 | 22.9 | |
| Mauritania | 48.8 | 42.1 | | | |
| Mozambique | 0.4 | 1.9 | 15.9 | 10.0 | |
| Niger | 2.8 | 3.3 | | | |
| Senegal | 4.8 | 4.3 | | | |
| Sierra Leone | 11.0 | 3.9 | | | |
| Somalia | | | | | |
| Sudan | 0.2 | 3.0 | 4.7 | 5.4 | 7.5 |
| Togo | 9.6 | 5.8 | 17.4 | 14.4 | |
| Uganda | 1.1 | 3.0 | 5.0 | 4.2 | 4.5 |
| Yemen | 16.2 | 13.9 | 2.3 | 2.7 | 3.6 |
| **OIC-LDC** | **3.9** | **4.8** | **4.7** | **3.9** | **2.8** |
| Albania | 18.0 | 8.4 | 6.6 | 11.1 | 6.3 |
| Cameroon | 15.5 | 15.3 | | | |
| Côte d'Ivoire | 3.5 | 7.4 | 7.5 | 11.1 | 9.8 |
| Egypt | 6.8 | 4.3 | 6.6 | 6.7 | 6.6 |
| Guyana | | 15.7 | 11.5 | 9.7 | 9.7 |
| Indonesia | 4.1 | 6.4 | 8.6 | 7.4 | 5.4 |
| Jordan | 6.3 | 7.2 | 18.7 | 8.0 | 7.8 |
| Kazakhstan | | 16.4 | 13.3 | 25.9 | 34.2 |
| Kyrgyzstan | | 14.4 | 11.6 | 11.2 | 11.6 |
| Lebanon | | | | | |
| Malaysia | 10.3 | 9.8 | 9.3 | 6.7 | 19.9 |
| Morocco | 5.5 | 2.2 | 3.4 | 10.4 | 3.3 |
| Pakistan | 4.2 | 3.3 | 2.5 | 2.8 | 5.3 |
| Palestine | | | | | |
| Suriname | | 8.9 | 20.0 | 14.0 | 14.8 |
| Syria | 18.0 | 23.7 | 16.8 | | |
| Tajikistan | | | | | 10.6 |
| Tunisia | 9.5 | 8.2 | 9.3 | 6.0 | 10.6 |
| Turkey | 4.3 | 5.9 | 9.2 | 15.6 | 7.7 |
| Uzbekistan | | | | | |
| **OIC-MDC** | **5.9** | **6.7** | **7.8** | **8.8** | **8.6** |
| Algeria | 2.6 | | | | |
| Azerbaijan | | 14.6 | 3.0 | 31.4 | 54.3 |
| Bahrain | 522.9 | 350.5 | 112.6 | 170.5 | 930.7 |
| Brunei | | | | | |
| Gabon | 18.0 | 21.8 | | | |
| Iran | 2.6 | 3.1 | 2.4 | | |
| Iraq | | | | | |
| Kuwait | 19.3 | 20.1 | 45.7 | 36.8 | 18.9 |
| Libya | 7.3 | 1.4 | | | |
| Nigeria | 5.9 | 25.7 | | | |
| Oman | 3.8 | 1.2 | 2.0 | 5.0 | |
| Qatar | | | | | |
| Saudi Arabia | 8.8 | 7.2 | 9.9 | 6.7 | 13.9 |
| Turkmenistan | | | | | |
| U.A.E. | | | | | |
| **OIC-FEC** | **11.6** | **10.9** | **8.0** | **6.8** | **19.1** |
| **OIC** | **7.9** | **8.0** | **7.7** | **7.6** | **12.4** |
| **World** | **10.1** | **12.5** | **28.4** | **21.5** | **20.8** |
| **Developed Countries*** | | | **29.7** | **22.4** | **21.2** |

Source: World Development Indicators, various issues.
Note: * stands for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxemburg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

**TABLE A.9: FOREIGN DIRECT INVESTMENT, NET INFLOWS (as percentage of GDP)**

| | 1990 | 1995 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|
| Afghanistan | | | | | |
| Bangladesh | 0.0 | 0.0 | 0.6 | 0.2 | 0.1 |
| Benin | 3.4 | 0.4 | 2.9 | 1.9 | 1.5 |
| Burkina Faso | 0.0 | 0.4 | 0.9 | 0.3 | 0.3 |
| Chad | 0.5 | 2.3 | 8.3 | 0.0 | 45.0 |
| Comoros | 0.2 | 0.4 | 0.4 | 0.0 | 0.6 |
| Djibouti | 0.0 | 0.6 | 0.6 | 0.6 | 0.6 |
| Gambia | 0.0 | 2.0 | 10.3 | 9.1 | 12.0 |
| Guinea | 0.6 | 0.0 | 0.3 | 0.1 | 0.0 |
| Guinea-Bissau | 0.8 | 0.0 | 0.3 | 0.3 | 0.5 |
| Maldives | 2.6 | 1.8 | 2.1 | 1.9 | 1.9 |
| Mali | 0.2 | 4.5 | 4.1 | 4.8 | 3.0 |
| Mauritania | 0.7 | 0.7 | 1.0 | -0.7 | 1.2 |
| Mozambique | 0.4 | 1.9 | 3.8 | 7.4 | 11.3 |
| Niger | 1.6 | 0.4 | 0.5 | 1.2 | 0.4 |
| Senegal | 1.0 | 0.7 | 1.4 | 0.7 | 1.9 |
| Sierra Leone | 5.0 | -0.2 | 0.8 | 0.4 | 0.6 |
| Somalia | 0.6 | | | | |
| Sudan | 0.0 | 0.0 | 3.5 | 4.7 | 4.7 |
| Togo | 1.1 | 2.0 | 3.4 | 5.1 | 5.4 |
| Uganda | 0.0 | 2.1 | 2.7 | 2.6 | 2.6 |
| Yemen | -2.7 | -5.1 | 0.1 | 1.6 | 1.1 |
| **OIC-LDC** | **0.0** | **-0.2** | **1.5** | **1.6** | **2.5** |
| Albania | | 2.9 | 3.9 | 4.9 | 2.8 |
| Cameroon | -1.0 | 0.1 | 0.4 | 0.8 | 1.0 |
| Côte d'Ivoire | 0.4 | 1.9 | 2.2 | 2.5 | 2.0 |
| Egypt | 1.7 | 1.0 | 1.2 | 0.5 | 0.7 |
| Guyana | 2.0 | 12.0 | 9.4 | 7.9 | 6.1 |
| Indonesia | 1.0 | 2.2 | -3.0 | -2.3 | -0.9 |
| Jordan | 0.9 | 0.2 | 9.3 | 1.1 | 0.6 |
| Kazakhstan | | 4.7 | 7.0 | 12.8 | 10.5 |
| Kyrgyzstan | | 5.8 | -0.2 | 0.3 | 0.3 |
| Lebanon | | | | | |
| Malaysia | 5.3 | 4.7 | 4.2 | 0.6 | 3.4 |
| Morocco | 0.6 | 1.0 | 1.3 | 8.3 | 1.2 |
| Pakistan | 0.6 | 1.2 | 0.5 | 0.7 | 1.4 |
| Palestine | | | | | |
| Suriname | | | | | |
| Syria | 0.6 | 0.9 | 1.5 | 1.1 | 1.1 |
| Tajikistan | | 0.8 | 2.2 | 0.9 | 0.7 |
| Tunisia | 0.6 | 1.5 | 3.9 | 2.3 | 3.8 |
| Turkey | 0.5 | 0.5 | 0.5 | 2.2 | 0.6 |
| Uzbekistan | | -0.2 | 0.9 | 7.5 | 0.8 |
| **OIC-MDC** | **1.2** | **1.8** | **0.8** | **1.4** | **1.2** |
| Algeria | 0.0 | 0.0 | 0.8 | 2.2 | 1.9 |
| Azerbaijan | | 10.8 | 2.5 | 4.0 | 22.9 |
| Bahrain | | | | | |
| Brunei | | | | | |
| Gabon | 1.2 | -6.3 | -0.9 | 3.9 | 2.5 |
| Iran | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Iraq | | | | | |
| Kuwait | 0.0 | 0.0 | 0.0 | -0.4 | 0.0 |
| Libya | 0.2 | 0.3 | 1.8 | 1.5 | 1.5 |
| Nigeria | 2.1 | 3.8 | 2.2 | 2.6 | 2.9 |
| Oman | 1.4 | 0.4 | 0.4 | 0.2 | 0.2 |
| Qatar | | | | | |
| Saudi Arabia | | | | | |
| Turkmenistan | | 9.4 | 3.0 | 2.5 | 1.3 |
| U.A.E. | | | | | |
| **OIC-FEC** | **0.2** | **0.3** | **0.4** | **0.6** | **0.7** |
| **OIC** | **0.7** | **1.1** | **0.7** | **1.0** | **1.1** |
| **World** | **1.0** | **1.1** | **4.9** | **2.6** | **2.0** |
| **Developed Countries*** | **1.0** | **0.9** | **4.2** | **2.0** | |

Source: World Development Indicators, various issues.

Note: * stands for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxemburg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

**TABLE A.10: PORTFOLIO INVESTMENT (million US$)**

| | 1990 | 1995 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| Afghanistan | | | | | | |
| Bangladesh | 0.3 | -15.2 | -1.3 | 1.3 | -3.4 | -3.3 |
| Benin | -4.6 | -63.9 | 13.8 | 3.2 | -1.3 | |
| Burkina Faso | 0.0 | | | 6.4 | 12.1 | |
| Chad | 0.0 | | | | | |
| Comoros | 0.0 | 0.0 | | | | |
| Djibouti | | 0.0 | | | | |
| Gambia | 0.0 | 0.0 | | | | |
| Guinea | | | -20.0 | 8.7 | 4.6 | 5.1 |
| Guinea-Bissau | 0.0 | | | | | |
| Maldives | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Mali | 0.0 | 0.0 | 0.8 | 16.5 | 11.6 | |
| Mauritania | 0.0 | -0.5 | | | | |
| Mozambique | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Niger | | | | | | |
| Senegal | 0.6 | 3.7 | -31.3 | | | |
| Sierra Leone | 0.0 | 0.0 | | | | |
| Somalia | | | | | | |
| Sudan | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | |
| Togo | 2.7 | 5.0 | 7.3 | 6.9 | 11.1 | |
| Uganda | 0.0 | 0.0 | 0.0 | | | |
| Yemen | | | 4.1 | 0.1 | -1.4 | -5.8 |
| **OIC-LDC** | **-1.1** | **-70.9** | **-26.6** | **43.1** | **34.0** | **-4.0** |
| Albania | 0.0 | 0.0 | 0.0 | -25.0 | -23.5 | -36.8 |
| Cameroon | 55.6 | -26.2 | | | | |
| Côte d'Ivoire | 4.4 | 1.6 | -15.3 | -8.0 | -6.1 | -16.8 |
| Egypt | 15.0 | 20.0 | 595.3 | 266.0 | 1461.3 | -677.5 |
| Guyana | | | 7.4 | -4.9 | 6.5 | 26.2 |
| Indonesia | -93.0 | 4100.0 | -1792.0 | -1909.0 | -243.0 | 1221.8 |
| Jordan | 0.0 | 0.0 | 4.1 | -140.9 | -171.7 | -52.2 |
| Kazakhstan | | 7.2 | -45.5 | -54.8 | -1317.5 | -1260.5 |
| Kyrgyzstan | | 1.7 | 0.2 | -1.3 | 1.2 | -12.0 |
| Lebanon | 0.0 | 0.0 | 130.0 | -54.0 | 888.0 | 248.0 |
| Malaysia | -254.7 | -435.6 | -1024.5 | -2532.1 | -411.8 | -1398.9 |
| Morocco | 0.0 | 20.4 | 6.0 | 17.8 | -7.0 | -7.6 |
| Pakistan | 87.4 | 3.7 | | | | |
| Palestine | | | | | | |
| Suriname | 0.9 | 0.0 | | | | 0.0 |
| Syria | 0.0 | 0.0 | 0.0 | | | |
| Tajikistan | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tunisia | 2.3 | 25.4 | 10.1 | -20.4 | -14.6 | 6.3 |
| Turkey | 547.0 | 237.0 | 3429.0 | 1022.0 | -4515.0 | -590.0 |
| Uzbekistan | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **OIC-MDC** | **364.9** | **3955.1** | **1304.8** | **-3444.7** | **-4353.2** | **-2550.0** |
| Algeria | 0.0 | | | | | |
| Azerbaijan | | -1.7 | | | | |
| Bahrain | 697.6 | -113.3 | -1993.1 | 194.1 | -1478.7 | -4697.5 |
| Brunei | | | | | | |
| Gabon | 0.0 | 50.4 | 21.8 | | | |
| Iran | 0.0 | 0.0 | 0.0 | | | |
| Iraq | | | | | | |
| Kuwait | -381.3 | -2064.0 | -2559.0 | -12668.2 | -7444.2 | -3264.1 |
| Libya | -114.8 | | | | | |
| Nigeria | -197.1 | -82.2 | 11.0 | | | |
| Oman | 0.0 | 0.0 | 26.0 | -36.4 | 13.0 | |
| Qatar | | | | | | |
| Saudi Arabia | -3341.8 | 4056.6 | 11711.8 | -9394.3 | -2798.5 | 7558.4 |
| Turkmenistan | | 0.0 | 0.2 | 0.0 | 0.0 | |
| U.A.E. | | | | | | |
| **OIC-FEC** | **-3337.4** | **1845.8** | **7218.7** | **-21904.8** | **-11708.4** | **-403.2** |
| **OIC** | **-5947.3** | **11460.1** | **16994.0** | **-50612.6** | **-32055.0** | **-5914.4** |
| **Developed Countries*** | **65314.1** | **166620.3** | **139441.5** | **218333.3** | **196168.8** | **440035.9** |

Source: World Development Indicators, various issues.

Note: * stands for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxemburg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

**TABLE A.11: MARKET CAPITALISATION (million US$)**

| | 1990 | 1995 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|
| Afghanistan | | | | | | |
| Bangladesh | 321 | 1323 | 1186 | 1145 | 1193 | 1622 |
| Benin | | | | | | |
| Burkina Faso | | | | | | |
| Chad | | | | | | |
| Comoros | | | | | | |
| Djibouti | | | | | | |
| Gambia | | | | | | |
| Guinea | | | | | | |
| Guinea-Bissau | | | | | | |
| Maldives | | | | | | |
| Mali | | | | | | |
| Mauritania | | | | 1091 | 1091 | 1090 |
| Mozambique | | | | | | |
| Niger | | | | | | |
| Senegal | | | | | | |
| Sierra Leone | | | | | | |
| Somalia | | | | | | |
| Sudan | | | | | | |
| Togo | | | | | | |
| Uganda | | | | | | |
| Yemen | | | | | | |
| **OIC-LDC** | **321** | **1323** | **1186** | **2236** | **2284** | **2712** |
| Albania | | | | | | |
| Cameroon | | | | | | |
| Côte d'Ivoire | 549 | 867 | 1185 | 1165 | 1328 | 1650 |
| Egypt | 1760 | 8088 | 28741 | 24335 | 26094 | 27073 |
| Guyana | | | | | | |
| Indonesia | 8080 | 66585 | 26834 | 23006 | 29991 | 54659 |
| Jordan | 2000 | 4670 | 4943 | | 7087 | 10963 |
| Kazakhstan | | | 2260 | 2260 | 1204 | 1200 |
| Kyrgyzstan | | | | | | |
| Lebanon | | | 1583 | 1243 | 1401 | 1497 |
| Malaysia | 48600 | 222729 | 116935 | 120007 | 123872 | 168376 |
| Morocco | 966 | 4376 | 10899 | 9087 | 8591 | 13152 |
| Pakistan | 2850 | 9286 | 6581 | 4944 | 10200 | 16579 |
| Palestine | | | 848 | 848 | 723 | 723 |
| Suriname | | | | | | |
| Syria | | | | | | |
| Tajikistan | | | | | | |
| Tunisia | 533 | 4006 | 2828 | 2303 | 2131 | 2464 |
| Turkey | 19100 | 20772 | 69659 | 47150 | 33958 | 68379 |
| Uzbekistan | | | 119 | 119 | 50 | |
| **OIC-MDC** | **84438** | **341379** | **273415** | **236467** | **246630** | **366715** |
| Algeria | | | | | | |
| Azerbaijan | | | 4 | 4 | | |
| Bahrain | | | | | | |
| Brunei | | | | | | |
| Gabon | | | | | | |
| Iran | 34300 | 6561 | 21830 | 32830 | 9704 | 9700 |
| Iraq | | | | 6316 | | |
| Kuwait | | 13623 | 18814 | 20772 | 20772 | |
| Libya | | | | | | |
| Nigeria | 1370 | 2033 | 4237 | 5404 | 5740 | 9494 |
| Oman | 1060 | 1980 | 3463 | 2606 | 3997 | 5014 |
| Qatar | | | | | | |
| Saudi Arabia | 48200 | 40961 | 67171 | 73199 | 74855 | 157302 |
| Turkmenistan | | | | | | |
| U.A.E. | | | 28211 | 23262 | 7881 | 7881 |
| **OIC-FEC** | **84930** | **65158** | **143730** | **164393** | **122949** | **189391** |
| **OIC Total** | **169689** | **407860** | **418331** | **403096** | **371863** | **558818** |
| **World** | **9399659** | **17781749** | **36030812** | **32189220** | **27561743** | **23359484** |

Source: World Development Indicators, various issues.

**TABLE A.12: IMF LENDING ARRANGEMENTS SINCE 1990[a]**
**As at 31 August 2004 (in thousands of SDRs)**

| | Date of Arrangement | Date of Expiration or Cancellation | Amount Agreed | Amount Drawn | Amount Outstanding |
|---|---|---|---|---|---|
| **Extended Fund Facility[b]** | | | | | |
| Algeria | May 22, 1995 | May 21, 1998 | 1,169,280 | 1,169,280 | 490,321 |
| Azerbaijan | Dec 20, 1996 | Mar 19, 2000 | 58,500 | 53,240 | 33,741 |
| Egypt | Sep 20, 1993 | Sep 19, 1996 | 400,000 | - | - |
| Gabon | Nov 08, 1995 | Mar 07, 1999 | 110,300 | 60,670 | 21,144 |
| Indonesia | Feb 04, 2000 | Dec 31, 2003 | 3,638,000 | 3,638,000 | 3,616,334 |
| | Aug 25, 1998 | Feb 04, 2000 | 5,383,100 | 3,797,700 | 2,871,376 |
| Jordan | Apr 15, 1999 | May 31, 2002 | 127,880 | 127,880 | 125,216 |
| | Feb 09, 1996 | Feb 08, 1999 | 238,040 | 202,520 | 83,775 |
| | May 25, 1994 | Feb 09, 1996 | 189,300 | 130,320 | 14,527 |
| Kazakhstan | Dec 13, 1999 | Mar 19, 2002 | 329,100 | - | - |
| | Jul 17, 1996 | Jul 16, 1999 | 309,400 | 154,700 | - |
| Pakistan | Oct 20, 1997 | Oct 19, 2000 | 454,920 | 113,740 | 80,567 |
| | Feb 22, 1994 | Dec 13, 1995 | 379,100 | 123,200 | 3,555 |
| Tunisia | Jul 25, 1988 | Jul 24, 1992 | 207,300 | 207,300 | - |
| Yemen | Oct 29, 1997 | Oct 28, 2001 | 72,900 | 46,500 | 36,084 |
| **Poverty Reduction and Growth Facility Commitments[c]** | | | | | |
| Albania | Jun 21, 2002 | Jun 20, 2005 | 28,000 | 20,000 | 20,000 |
| | May 13, 1998 | Jul 31, 2001 | 45,040 | 45,040 | 43,275 |
| | Jul 14, 1993 | Jul 13, 1996 | 42,360 | 31,060 | 2,118 |
| Azerbaijan | Jul 06, 2001 | Mar 31, 2005 | 80,450 | 41,840 | 41,840 |
| | Dec 20, 1996 | Mar 19, 2000 | 93,600 | 81,900 | 55,573 |
| Bangladesh | Jun 20, 2003 | Jun 19, 2006 | 400,330 | 148,500 | 148,500 |
| | Aug 10, 1990 | Sep 13, 1993 | 345,000 | 330,000 | - |
| Benin | Jul 17, 2000 | Mar 31, 2004 | 27,000 | 27,000 | 27,000 |
| | Aug 28, 1996 | Jul 16, 2000 | 27,180 | 16,308 | 11,869 |
| | Jan 25, 1993 | May 21, 1996 | 51,890 | 51,890 | 5,436 |
| Burkina Faso | Jun 11, 2003 | Jun 10, 2006 | 24,080 | 6,880 | 6,880 |
| | Sep 10, 1999 | Dec 09, 2002 | 39,120 | 39,120 | 39,120 |
| | Jun 14, 1996 | Sep 09, 1999 | 39,780 | 39,780 | 28,509 |
| | Mar 31, 1993 | May 30, 1996 | 53,040 | 44,200 | 5,304 |
| Cameroon | Dec 21, 2000 | Dec 20, 2004 | 111,420 | 79,590 | 79,590 |
| | Aug 20, 1997 | Dec 20, 2000 | 162,120 | 162,120 | 143,206 |
| Chad | Jan 07, 2000 | Jan 06, 2004 | 47,600 | 42,400 | 37,000 |
| | Sep 01, 1995 | Apr 30, 1999 | 49,560 | 49,560 | 29,736 |

**TABLE A.12: IMF LENDING ARRANGEMENTS SINCE 1990[a]**
**As at 31 August 2004 (in thousands of SDRs) (continued)**

| | Date of Arrangement | Date of Expiration or Cancellation | Amount Agreed | Amount Drawn | Amount Outstanding |
|---|---|---|---|---|---|
| Côte d'Ivoire | Mar 29, 2002 | Mar 28, 2005 | 292,680 | 58,540 | 58,540 |
| | Mar 17, 1998 | Mar 16, 2001 | 285,840 | 123,864 | 103,141 |
| | Mar 11, 1994 | Jun 13, 1997 | 333,480 | 333,480 | 78,606 |
| Djibouti | Oct 18, 1999 | Jan 17, 2003 | 19,082 | 13,630 | 13,630 |
| Gambia | Jul 18, 2002 | Jul 17, 2005 | 20,220 | 2,890 | 2,890 |
| | Jun 29, 1998 | Dec 31, 2001 | 20,610 | 20,610 | 16,488 |
| | Nov 23, 1988 | Nov 25, 1991 | 20,520 | 18,020 | - |
| Guinea | May 02, 2001 | May 01, 2004 | 64,260 | 25,704 | 25,704 |
| | Jan 13, 1997 | Jan 12, 2001 | 70,800 | 62,940 | 49,945 |
| | Nov 06, 1991 | Dec 19, 1996 | 57,900 | 46,320 | 6,080 |
| Guinea-Bissau | Dec 15, 2000 | Dec 14, 2003 | 14,200 | 5,080 | 5,080 |
| | Jan 18, 1995 | Jul 24, 1998 | 10,500 | 10,500 | 5,565 |
| Guyana | Sep 20, 2002 | Mar 19, 2006 | 54,550 | 17,490 | 17,490 |
| | Jul 15, 1998 | Dec 31, 2001 | 53,760 | 24,880 | 23,088 |
| | Jul 20, 1994 | Apr 17, 1998 | 53,760 | 53,760 | 21,504 |
| | Jul 13, 1990 | Dec 20, 1993 | 81,525 | 81,525 | - |
| Kyrgyzstan | Dec 06, 2001 | Dec 05, 2004 | 73,400 | 63,840 | 63,840 |
| | Jun 26, 1998 | Jul 25, 2001 | 73,380 | 44,690 | 42,540 |
| | Jul 20, 1994 | Mar 31, 1998 | 88,150 | 88,150 | 35,088 |
| Mali | Jun 23, 2004 | Jun 22, 2007 | 9,330 | 1,330 | 1,330 |
| | Aug 06, 1999 | Aug 05, 2003 | 51,315 | 51,315 | 51,315 |
| | Apr 10, 1996 | Aug 05, 1999 | 62,010 | 62,010 | 40,307 |
| | Aug 28, 1992 | Apr 09, 1996 | 79,235 | 79,235 | 8,838 |
| Mauritania | Jul 18, 2003 | Jul 17, 2006 | 6,440 | 920 | 920 |
| | Jul 21, 1999 | Dec 20, 2002 | 42,490 | 42,490 | 42,490 |
| | Jan 25, 1995 | Jul 13, 1998 | 42,750 | 42,750 | 17,813 |
| | Dec 09, 1992 | Jan 24, 1995 | 33,900 | 33,900 | - |
| | May 24, 1989 | May 23, 1992 | 50,850 | 16,950 | - |
| Mozambique | Jul 06, 2004 | Jul 05, 2007 | 11,360 | 1,620 | 1,620 |
| | Jun 28, 1999 | Jun 28, 2003 | 87,200 | 78,800 | 78,800 |
| | Jun 21, 1996 | Jun 27, 1999 | 75,600 | 75,600 | 51,660 |
| | Jun 01, 1990 | Dec 31, 1995 | 130,050 | 115,350 | - |
| Niger | Dec 22, 2000 | Jun 30, 2004 | 59,200 | 59,200 | 59,200 |
| | Jun 12, 1996 | Aug 27, 1999 | 57,960 | 48,300 | 30,912 |
| | Dec 12, 1988 | Dec 11, 1991 | 47,180 | 23,590 | - |
| Pakistan | Dec 06, 2001 | Dec 05, 2004 | 1,033,700 | 861,420 | 861,420 |
| | Oct 20, 1997 | Oct 19, 2000 | 682,380 | 265,370 | 204,714 |
| | Feb 22, 1994 | Dec 13, 1995 | 606,600 | 172,200 | 7,110 |

**TABLE A.12: IMF LENDING ARRANGEMENTS SINCE 1990[a]**
**As at 31 August 2004 (in thousands of SDRs) (continued)**

| | Date of Arrangement | Date of Expiration or Cancellation | Amount Agreed | Amount Drawn | Amount Outstanding |
|---|---|---|---|---|---|
| Senegal | Apr 28, 2003 | Apr 27, 2006 | 24,270 | 6,940 | 6,940 |
| | Apr 20, 1998 | Apr 19, 2002 | 107,010 | 96,474 | 91,124 |
| | Aug 29, 1994 | Jan 12, 1998 | 130,790 | 130,790 | 44,112 |
| | Nov 21, 1988 | Jun 02, 1992 | 144,670 | 144,670 | - |
| Sierra Leone | Sep 26, 2001 | Mar 25, 2005 | 130,840 | 102,837 | 102,837 |
| | Mar 28, 1994 | May 04, 1998 | 101,904 | 96,848 | 12,546 |
| Tajikistan | Dec 11, 2002 | Dec 10, 2005 | 65,000 | 35,600 | 35,600 |
| | Jun 24, 1998 | Dec 24, 2001 | 100,300 | 78,280 | 47,130 |
| Togo | Sep 16, 1994 | Jun 29, 1998 | 65,160 | 54,300 | 20,634 |
| | May 31, 1989 | May 19, 1993 | 46,080 | 38,400 | - |
| Uganda | Sep 13, 2002 | Sep 12, 2005 | 13,500 | 7,500 | 7,500 |
| | Nov 10, 1997 | Mar 31, 2001 | 100,425 | 100,425 | 88,709 |
| | Sep 06, 1994 | Nov 09, 1997 | 120,510 | 120,510 | 44,857 |
| | Apr 17, 1989 | Jun 30, 1994 | 219,120 | 219,120 | - |
| Yemen | Oct 29, 1997 | Oct 28, 2001 | 264,750 | 238,750 | 221,150 |
| **Standby Arrangements[d]** | | | | | |
| Albania | Aug 26, 1992 | Jul 14, 1993 | 20,000 | 13,125 | - |
| Algeria | May 27, 1994 | May 22, 1995 | 457,200 | 385,200 | - |
| | Jun 03, 1991 | Mar 31, 1992 | 300,000 | 225,000 | - |
| | May 31, 1989 | May 30, 1990 | 155,700 | 155,700 | - |
| Azerbaijan | Nov 17, 1995 | Nov 16, 1996 | 58,500 | 58,500 | - |
| Cameroon | Sep 27, 1995 | Sep 26, 1996 | 67,600 | 28,200 | - |
| | Mar 14, 1994 | Sep 13, 1995 | 81,060 | 21,910 | - |
| | Dec 20, 1991 | Sep 19, 1992 | 28,000 | 8,000 | - |
| | Sep 19, 1988 | Jun 30, 1990 | 61,800 | 38,625 | - |
| Chad | Mar 23, 1994 | Mar 22, 1995 | 16,520 | 10,325 | - |
| Côte d'Ivoire | Sep 20, 1991 | Sep 19, 1992 | 82,750 | 33,100 | - |
| | Nov 20, 1989 | Apr 19, 1991 | 146,500 | 117,200 | - |
| Djibouti | Apr 15, 1996 | Mar 31, 1999 | 8,250 | 7,272 | - |
| Egypt | Oct 11, 1996 | Sep 30, 1998 | 271,400 | - | - |
| | May 17, 1991 | May 31, 1993 | 234,400 | 147,200 | - |
| Gabon | May 28, 2004 | Jun 30, 2005 | 69,440 | 13,888 | 13,888 |
| | Oct 23, 2000 | Apr 22, 2002 | 92,580 | 13,220 | 8,263 |
| | Mar 30, 1994 | Mar 29, 1995 | 38,600 | 38,600 | - |
| | Sep 30, 1991 | Mar 29, 1993 | 28,000 | 4,000 | - |
| | Sep 15, 1989 | Mar 14, 1991 | 43,000 | 10,500 | - |

**TABLE A.12: IMF LENDING ARRANGEMENTS SINCE 1990[a]**
**As at 31 August 2004 (in thousands of SDRs) (continued)**

| | Date of Arrangement | Date of Expiration or Cancellation | Amount Agreed | Amount Drawn | Amount Outstanding |
|---|---|---|---|---|---|
| Guyana | Jul 13, 1990 | Dec 31, 1991 | 49,500 | 49,500 | - |
| Indonesia | Nov 05, 1997 | Aug 25, 1998 | 8,338,240 | 3,669,120 | - |
| Jordan | Jul 03, 2002<br>Feb 26, 1992<br>Jul 14, 1989 | Jul 02, 2004<br>Feb 25, 1994<br>Jan 13, 1991 | 85,280<br>44,400<br>60,000 | 10,660<br>44,400<br>26,800 | 10,660<br>-<br>- |
| Kazakhstan | Jun 05, 1995<br>Jan 26, 1994<br>May 12, 1993 | Jun 04, 1996<br>May 31, 1995<br>Apr 11, 1994 | 185,600<br>123,750<br>27,090 | 185,600<br>74,250<br>11,610 | -<br>-<br>- |
| Mali | Aug 05, 1988 | Jun 04, 1990 | 12,700 | 12,700 | - |
| Morocco | Jan 31, 1992<br>Jul 20, 1990 | Mar 31, 1993<br>Mar 31, 1991 | 91,980<br>100,000 | 18,396<br>48,000 | -<br>- |
| Niger | Mar 04, 1994 | Mar 03, 1995 | 18,596 | 11,109 | - |
| Nigeria | Aug 04, 2000<br>Jan 09, 1991<br>Feb 03, 1989 | Oct 31, 2001<br>Apr 08, 1992<br>Apr 30, 1990 | 788,940<br>319,000<br>475,000 | -<br>-<br>- | -<br>-<br>- |
| Pakistan | Nov 29, 2000<br>Dec 13, 1995<br>Sep 16, 1993<br>Dec 28, 1988 | Sep 30, 2001<br>Sep 30, 1997<br>Feb 22, 1994<br>Nov 30, 1990 | 465,000<br>562,590<br>265,400<br>273,150 | 465,000<br>294,690<br>88,000<br>194,480 | 176,250<br>-<br>-<br>- |
| Senegal | Mar 02, 1994 | Aug 29, 1994 | 47,560 | 30,914 | - |
| Tajikistan | May 08, 1996 | Dec 07, 1996 | 15,000 | 15,000 | - |
| Turkey | Feb 04, 2002<br>Dec 22, 1999<br>Jul 08, 1994 | Feb 03, 2005<br>Feb 04, 2002<br>Mar 07, 1996 | 12,821,200<br>15,038,400<br>610,500 | 11,914,000<br>11,738,960<br>460,500 | 11,914,000<br>2,989,928<br>- |
| Uzbekistan | Dec 18, 1995 | Mar 17, 1997 | 124,700 | 65,450 | - |
| Yemen | Mar 20, 1996 | Jun 19, 1997 | 132,375 | 132,375 | - |
| **Structural Adjustment Facility Commitment[e]** | | | | | |
| Bangladesh | Feb 06, 1987 | Feb 05, 1990 | 201,250 | 201,250 | - |
| Benin | Jun 16, 1989 | Jun 15, 1992 | 21,910 | 15,650 | - |
| Burkina Faso | Mar 13, 1991 | Mar 12, 1994 | 22,120 | 6,320 | - |
| Chad | Oct 30, 1987 | Oct 29, 1990 | 21,420 | 21,420 | - |

**TABLE A.12: IMF LENDING ARRANGEMENTS SINCE 1990[a]**
**As at 31 August 2004 (in thousands of SDRs) (continued)**

| | Date of Arrangement | Date of Expiration or Cancellation | Amount Agreed | Amount Drawn | Amount Outstanding |
|---|---|---|---|---|---|
| Comoros | Jun 21, 1991 | Jun 20, 1994 | 3,150 | 2,250 | - |
| Guinea | Jul 29, 1987 | Jul 28, 1990 | 40,530 | 28,950 | - |
| Guinea-Bissau | Oct 14, 1987 | Oct 13, 1990 | 5,250 | 3,750 | - |
| Mali | Aug 05, 1988 | Aug 04, 1991 | 35,560 | 25,400 | - |
| Mozambique | Jun 08, 1987 | Jun 07, 1990 | 42,700 | 42,700 | - |
| Pakistan | Dec 28, 1988 | Dec 27, 1991 | 382,410 | 382,410 | - |
| Sierra Leone | Mar 28, 1994 | Mar 27, 1995 | 27,020 | 27,020 | - |
| Somalia | Jun 29, 1987 | Jun 28, 1990 | 30,940 | 8,840 | 8,840 |

Source: IMF Web site, http://www.imf.org/external/np/tre/tad/extarr1.cfm.
Notes:
a. According to the date of expiration or cancellation of the arrangement.
b. **Extended Fund Facility (EFF):** A financing facility (window) under which the IMF supports economic programmes that generally run for three years and are aimed at overcoming balance of payments difficulties resulting from macroeconomic and structural problems. Typically, the member's economic programme states the general objectives for the three-year period and the specific policies for the first year; policies for subsequent years are spelled out at the time of programme reviews.
c. **Poverty Reduction and Growth Facility (PRGF):** Established as the Enhanced Structural Adjustment Facility (ESAF) in 1987, enlarged and extended in 1994, and further strengthened in 1999 to make poverty reduction a key and more explicit element. The purpose of the Facility is to support programmes to strengthen substantially and in a sustainable manner balance of payments positions, and to foster durable growth, leading to higher living standards and a reduction in poverty. Eighty low-income countries are currently PRGF-eligible. Loans are disbursed under three-year arrangements, subject to the observance of performance criteria and completion of programme reviews. Loans carry an annual interest rate of 0.5 per cent, with a 5-1/2 year grace period and a 10-year maturity.
d. **Standby Arrangement:** A decision of the IMF by which a member country is assured that it will be able to make purchases (drawings) from the General Resources Account (GRA) up to a specified amount and during a specified period of time, usually one to two years, provided that it observes the terms set out in the supporting arrangement.
e. **Structural Adjustment Facility (SAF):** A facility established in December 1987 to provide assistance on concessional terms to low-income member countries facing protracted balance of payments problems. (Changed to the Poverty Reduction and Growth Facility in 1999).

**TABLE A.13: NUMBER OF IMF LENDING ARRANGEMENTS ACCORDING TO THE KIND OF FACILITY SINCE 1990 as at 31 August 2004**

| | PRGF[a] | EFF[b] | Standby[c] | SAF[d] |
|---|---|---|---|---|
| Afghanistan | | | | |
| Albania | 3 | | 1 | |
| Algeria | | 1 | 3 | |
| Azerbaijan | 2 | 1 | 1 | |
| Bahrain | | | | |
| Bangladesh | 2 | | | 1 |
| Benin | 3 | | | 1 |
| Brunei | | | | |
| Burkina Faso | 4 | | | 1 |
| Cameroon | 2 | | 4 | |
| Chad | 2 | | 1 | 1 |
| Comoros | | | | 1 |
| Côte d'Ivoire | 3 | | 2 | |
| Djibouti | 1 | | 1 | |
| Egypt | | 1 | 2 | |
| Gabon | | 1 | 5 | |
| Gambia | 3 | | | |
| Guinea | 3 | | | 1 |
| Guinea-Bissau | 2 | | | 1 |
| Guyana | 4 | | 1 | |
| Indonesia | | 2 | 1 | |
| Iran | | | | |
| Iraq | | | | |
| Jordan | | 3 | 3 | |
| Kazakhstan | | 2 | 2 | |
| Kuwait | | | | |
| Kyrgyzstan | 3 | | 1 | |
| Lebanon | | | | |
| Libya | | | | |
| Malaysia | | | | |
| Maldives | | | | |
| Mali | 4 | | 1 | 1 |
| Mauritania | 5 | | | |
| Morocco | | | 2 | |
| Mozambique | 4 | | | 1 |
| Niger | 3 | | 1 | |
| Nigeria | | | 3 | |
| Oman | | | | |
| Pakistan | 3 | 2 | 4 | 1 |
| Palestine | | | | |

**TABLE A.13: NUMBER OF IMF LENDING ARRANGEMENTS ACCORDING TO THE KIND OF FACILITY SINCE 1990 as at 31 August 2004 (continued)**

| | PRGF[a] | EFF[b] | Standby[c] | SAF[d] |
|---|---|---|---|---|
| Qatar | | | | |
| Saudi Arabia | | | | |
| Senegal | 4 | | 1 | |
| Sierra Leone | 2 | | | 1 |
| Somalia | | | | 1 |
| Sudan | | | | |
| Suriname | | | | |
| Syria | | | | |
| Tajikistan | 2 | | 1 | |
| Togo | 2 | | | |
| Tunisia | | 1 | | |
| Turkey | | | 3 | |
| Turkmenistan | | | | |
| U. Arab Emirates | | | | |
| Uganda | 4 | | | |
| Uzbekistan | | | 1 | |
| Yemen | 1 | 1 | 1 | |
| Total | 71 | 15 | 46 | 12 |
| Amount agreed (In thousands SDR) | 8,160,066 | 13,067,120 | 43,337,251 | 834,260 |
| Amount drawn (In thousands SDR) | 5,856,895 | 9,825,050 | 30,891,079 | 765,960 |
| Amount outstanding (In thousands SDR) | 3,475,763 | 7,376,640 | 15,112,989 | 8,840 |

Source: Table A.12 in the Annex.
Notes: See Table A.12 in the Annex for details.
a. Poverty Reduction and Growth Facility (PRGF).
b. Extended Fund Facility (EFF).
c. Standby Arrangement.
d. Structural Adjustment Facility (SAF).