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ANNUAL ECONOMIC REPORT ON THE OIC COUNTRIES 1999

SESRTCIC

This report analyses the economic situation in the OIC countries during the last five-year period in the light of the global, interregional, regional and national developments, using current data on OIC member countries, especially compiled from various international and national sources, in addition to the Centre's databases. It also examines the recent developments in the OIC countries and the interlinkages of these developments with those in the developing as well as the developed countries. Special attention has been given to the repercussions and spillovers of the financial crises of the last two years, particularly in the developing countries and the OIC countries.

1. OVERVIEW

The world economy has entered a period of adverse developments since the financial crisis in the newly industrialising countries of Asia in mid-1997. The international financial and economic environment deteriorated significantly and, consequently, the improvement in the world economy, which took place at the beginning of the current decade and continued until 1997, is now over. World output growth slowed down to 2.5 per cent in 1998 from 4.2 per cent in 1997. Despite preliminary indications of some pickup in early 1999, world growth seems likely to be slightly weaker than last year's, and to remain significantly weaker than during 1994-97. Furthermore, according to the World Trade Organisation (WTO), the rate of growth in the world trade volume, particularly the export side, slowed to 3.5 per cent in 1998, from the strong growth rate of 10.5 per cent in 1997, due largely to continuing economic contraction in many of the Asian countries. Although trade growth still exceeded output growth in 1998, it was by a smaller margin than the average for the 1990s (6.0 per cent in the period 1990-95).

The recent adverse developments in the world economy began with the sharp declines in domestic demand and economic activity in Thailand, Indonesia, Korea, and Malaysia--economies that have felt the brunt of the Asian financial crisis since the second half of the year 1997. Japan's deepening recession in 1998 was, at the same time, a factor contributing to the difficulties elsewhere in Asia and a reflection of those difficulties. When the crisis first broke out in the Asian countries, it was thought that it might be of a local type that would be limited to that geographical area like the 1994-95 crisis in Mexico or the 1994 crisis in Turkey. However, within a year, the repercussions and spillovers of the crisis deepened and spread over almost all the regions. Especially when it hit the Russian Federation leading to the collapse of the financial sector on August 17th, 1998, everybody realised that the global economy is now passing through one of the sharpest crises ever lived. In addition, the financial crisis in Brazil in mid-January 1999, although limited, was another dramatic episode in the recurrent bouts of instability that have marked the global financial markets since mid-1997.

These adverse developments in the world economy and the global repercussions of the crisis will be examined in more detail in the next two sub-sections. However, before that, we will try in the following part to summarise the most recent developments relating to the efforts of the industrial countries to establish bigger economic markets and trading blocs.

The formal establishment of the European Union as a social, economic and political union was realised on 1 November 1993, when the Maastricht Treaty aiming to establish monetary union by 1999 went into effect. Another step was also taken to create the European Economic Area (EEA) on 1 January 1994, which forms a free trade area between the EU and the European Free Trade Association (EFTA). On the other hand, some EFTA countries also applied directly to become members of the EU, and some of them have been accepted as members. Austria, Finland and Sweden became members of the EU on 1 January 1995, raising the number of member countries to 15. The European Union has recently determined its main objectives for the coming years as follows:

(1) The implementation of the Treaty of Amsterdam which contains new rights for citizens, freedom of movement, employment, stronger Union monetary and financial institutions, etc. In this context, in May 1998, the European Central Bank (ECB), as an independent institution free from any national economic considerations and policies, replaced the European Monetary Institute (EMI).

(2) The enlargement of the EU. In this context, the Union aims to conclude membership negotiations with the applying countries from central and eastern Europe and extend the Union's borders as far as the Ukraine and Belarus. Accession negotiations have already started with the first group of applying countries in 1998. The first accessions could be as soon as the year 2001. Meanwhile, the second group of applicants was invited into partnerships with

the EU to help speed up their preparations for the membership. These developments show that the EU aims to form a huge continental economic bloc.

(3) The launching of the Euro. The Euro as the single currency in the Euro area was launched on 1 January 1999. The parity of the Euro has also been determined and fixed on that date. It will be exchanged against the other currencies in European interbank foreign exchange markets. However, its actual circulation will start on 1 January 2002 and the national currencies of the participating countries will be withdrawn from circulation on June 30th, 2002.

The formation of the North American Free Trade Area (NAFTA), embracing the USA, Canada and Mexico, is another attempt of the industrial countries to establish bigger economic markets and trading blocs, which further aggravated the fears of the developing countries. NAFTA was initiated on 7 October 1992 in San Antonio, the USA, and the agreement entered into force on 1 January 1994. The agreement envisages abolishing almost all the tariffs and other impediments to trade between the three member countries over a 15-year period. However, there is some criticism that NAFTA is functioning against the US economy: for example, a US surplus with Mexico of $1.7 billion in 1993 became a deficit of $16.2 billion in 1996. The US' overall deficit with the NAFTA countries hit $39 billion in 1996, an increase of 332% from 1993. Furthermore, mainly due to the 1994-95 crisis in Mexico, the peso had to be devalued to restore the competitiveness of the Mexican economy. In general, economic growth is expected to increase in the participating countries in the NAFTA region. However, the other countries will be adversely affected by this formation depending on the quality and quantity of their bilateral trade with the NAFTA members.

Another huge economic bloc is being formed in the Asia-Pacific Region, namely Asia Pacific Economic Co-operation (APEC), with the inclusion of the USA, Japan, China, Canada, Australia, New Zealand, Mexico, and the newly industrialising countries of the region. The leaders of these countries met in Seattle, Washington on 19-20 November 1993 to declare their intention to increase co-operation amongst them. Since then, APEC has become the primary regional instrument for promoting free trade, investment and economic co-operation. The Asia-Pacific region accounts for around half of world production and trade, and over one third of the world's population. The leaders of APEC's member countries decided in their meeting in Bogor, Indonesia, on 15 November 1994 to create a free and open area for trade and investment for the developed member countries by 2010 and for the developing member countries by 2020. In the Fourth APEC Economic Leaders' Meeting in Subic, Philippines, on 25 November 1996, six priority areas were determined for strengthening economic and technical co-operation. These were human resources, efficient capital markets, economic infrastructure, technologies of the future, sustainable development, and small and medium-size enterprises. Furthermore, in the Fifth APEC Economic Leaders' Meeting held in Vancouver, Canada, on 24-25 November 1997, it was agreed to admit Peru, the Russian Federation and Vietnam as new members in 1998.

While the industrial countries were concentrating their efforts on increasing economic co-operation and forming or expanding economic integration schemes amongst themselves, they also worked hard to attain a freer trade in goods and services on the world scale. Within this framework, the Uruguay Round of multilateral trade negotiations was concluded successfully in December 1993. A new international institution to draw up and administer the basic rules of international trade was formed with the announcement of the Marrakesh Declaration at the end of the Ministerial Meeting in Marrakesh, Morocco, on 15 April 1994. The new organisation, the World Trade Organisation (WTO), was established on 1 January 1995, replacing the institutional structure of the old GATT Secretariat. The earlier GATT 1947 agreement, which served as the basic document governing the international trade in goods, was discontinued since 1995. The WTO Agreement, together with its annexes, establishes a more comprehensive, binding, permanent and disciplined international trade environment as compared to the earlier GATT system. The earlier GATT was only a multilateral agreement without an institutional framework, except for a small associated secretariat known as the GATT Secretariat.

WTO has 134 member countries as of 10 February 1999. They account for more than 90 per cent of the world trade. 37 other countries are observer governments in the WTO, 32 of them have also applied for membership. With the recent accession of the Kyrgyz Republic on 17 July 1998 to become the WTO's 133rd member, out of the current 56 OIC member countries, 35 countries have already become members in the WTO, while 11 others are in the process of accession. The fact that a large number of countries became members of the WTO and parties to the agreement shows that the new era is endorsed by the vast majority of countries. Due to the large scope and size of the new trading system, even non-member countries will be obliged to act in conformity with the system because the international prices of goods and services will be determined competitively according to its standards. The cost of staying completely out of the new world trading system, or even the choice of full autarky, will be higher than before because greater margins will have to be paid to keep uncompetitive industries alive in the face of falling international prices of goods and services.

The First Ministerial Meeting after the conclusion of the Uruguay Round in Marrakesh was held in Singapore from 9 to 13 December 1996. Its agenda included both general discussion and specific business items. While general agreement has been reached on many issues in Marrakesh, issues like labour standards, trade investment relationship, rules of competition, government procurements, etc., have been left to the Ministerial Conference in Singapore. During this conference, the Ministers adopted a 'Comprehensive and Integrated WTO Plan of Action for the Least Developed Countries' and the Singapore Ministerial Declaration which is an action plan for the WTO to be implemented in the near future. After the First Ministerial Meeting in Singapore, three major agreements were concluded successfully in the fields of basic telecommunications services, information technology products (ITA), and financial services under the WTO system.

The Second Session of the WTO Ministerial Conference was convened in Geneva from 18 to 20 May 1998. It aimed to review the implementation of the WTO Agreement, the decisions taken in Singapore, and to discuss the future agenda of the WTO. At the end of the Conference, the Ministers adopted a Ministerial Declaration and a Declaration on Global Electronic Commerce. The Ministers also accepted the US' proposal to hold the Third Session in the United States in 1999. They further elected the USA, Pakistan, Burkina Faso, and Colombia as the Office Members of the next session. The Third Session of the WTO Ministerial Conference will be held in Seattle, Washington, from 30 November to 3 December 1999. This meeting will launch global negotiations to further open markets in goods, services, and agricultural trade. It is expected that this meeting will be the largest trade event held since the Uruguay Round of multilateral trade negotiations in Marrakesh in 1993. It will inaugurate global negotiations that will shape world trade system as we proceed towards the next century.

On the other hand, the world economy has reached the threshold of a high-technology age. The discovery of new products and processes in microelectronics brought about enormous transformations in global telecommunications and in patterns of production, organisation and management. Newly industrialising developing countries seem to be keeping pace with this environment and making better deals to increase their share in the world economy by rapidly adapting to these technological developments. The rest of the developing countries, on the other hand, may not be able to close the gap with the developed countries if they fail to adjust their economies to these new developments. In such a global economy, competitiveness, productivity, skilled labour, knowledge-based employment and management capacities are now increasingly important elements of economic growth. People, equipped with specialised education and training, and supported by the new technological facilities, will be the engines of future growth.

1.1. Developments in the World Economy

The world economy experienced a prolonged period of prosperity since the beginning of the present decade until the end of 1997. The world output growth started to accelerate, especially after 1993, first up from 2.7 per cent in 1993 then to 4.0 per cent in 1994. After a slight deceleration to 3.7 per cent in 1995, it again climbed up to 4.3 per cent in 1996 and 4.2 per cent in 1997. Similarly, the volume of world trade, particularly the export side, grew by an outstanding rate of 10.5 per cent in 1997, compared with an average growth rate of 6.0 per cent in the period 1990-95. In the period 1990-97, only the countries in transition as a group lived under difficult economic conditions and suffered negative growth rates although, by the end of 1997, they managed to achieve a positive growth rate of 2.2 per cent. Meanwhile, with the exception of a few countries, the developed countries as well as the developing countries enjoyed the benefits of this prosperous period. The developing countries acquired output growth rates of more than 6.0 per cent per annum in these years (Table 1). Especially the Asian developing countries reached very high growth rates, almost 9.0 per cent, between 1992 and 1996, and increased their production, particularly in the manufacturing industry. The developed countries also followed almost the same trend of output growth in the same period, although their rates of growth were much lower than those attained in the developing countries.

Amongst the developed countries, the United States may be considered to have achieved a fully satisfactory economic performance in the 1990s. It was strong and much better than that of the Japanese and the European Union economies. In 1997, the output growth rate in the US was 3.9 per cent, against 2.7 per cent in the European Union and only 1.4 per cent in Japan (Table 1). The same trend also continued in 1998 and maintained strong momentum in the opening months of 1999. The remarkable strength of the US economy has shown no signs of abating despite the slowdown in most of the US' overseas markets. Indeed, with a growth rate in domestic demand of 5.0 per cent in 1998 (up from 4.2 per cent in 1997), the US economy accounted for almost half of the growth in world demand (and output) last year. With unemployment at a 29-year low of 4.2 per cent and low annual inflation rate at 1.6 per cent in 1998 together with a prolonged economic growth, the US economy is operating at a very close state to full employment. However, the current account deficit began to widen mainly because of the strength of the US dollar against the major international currencies.

In the EU, economic performance in the 1990s has been mixed. Part of the decade was devoted to achieving economic convergence in preparation for the European Monetary Union (EMU). In May 1998, the European Central Bank (ECB), which will operate to keep price stability in the participating countries, replaced the European Monetary Institute (EMI). The Euro was launched on 1 January 1999, as the single currency in the Euro area. It will be exchanged against the other currencies in European interbank foreign exchange markets. However, the achievements in reducing fiscal imbalances, inflation, and nominal interest rates contrast sharply with the generally poor growth performance and the persistently high unemployment in much of continental Europe. The EU's output growth has realised a continuous slowing down from 3.0 per cent in 1994 to 1.8 per cent in 1996. However, in 1997, the growth rate in the EU increased to 2.7 per cent and slightly more to 2.8 per cent in 1998 (Table 1). In general, economic activity in most of the Euro area has been quite weak, with unemployment rates in the double digits since 1993 (10.2 per cent in 1998). Although the growth in the Euro area strengthened somewhat in 1998, it has recently shown signs of weakening anew as the external environment has deteriorated in the wake of the financial crisis in Asian countries.

For Japan, on the other hand, the 1990s stand out as a period of unsatisfactory economic performance especially by comparison with Japan's growth record in the 1980s. Although the Japanese economy began the decade quite strongly, the four-year period of 1992-95 showed a sluggish rate of growth which reached a peak in 1996 with a 5.0 per cent growth rate. However, in the following two years, the Japanese economy slowed down sharply to 1.4 per cent in 1997 and then to a negative growth rate of -2.8 per cent in 1998. The deepening of Japan's recession in 1998 stemmed primarily from weakness in domestic private demand, which in turn accounted for the declining confidence and weaknesses in the financial sector, but also from the weakening demand in the economies of East Asian countries in the wake of the financial crisis in mid-1997. In response, and to overcome the slump in the domestic economy, the authorities undertook additional fiscal measures and also eased monetary policy further. To address the persistent weakness in the financial sector, legislation was approved in October 1998 that put in place a comprehensive framework for dealing with banking problems. Moreover, efforts were made to lower the basic interest rate virtually to zero by March 1999. Although these measures helped boost domestic demand and improve the financial market in early 1999, projections assume that economic activity will again weaken before moderate recovery begins in 2000. Growth rate is projected to decline further by about 1.5 per cent in 1999.

It is clear that the recent deterioration in the international financial and economic environment, and the consequent adverse effects on the world economy began with and stemmed primarily from the sharp declines in domestic demand and economic activity in East Asian economies that have felt the brunt of the Asian financial crisis since the second half of the year 1997. World output and trade growth slowed sharply in 1998 as the crisis deepened and its repercussions were felt increasingly outside Asia. The following section summarises the global repercussions of the financial crisis in East Asian countries and the spillovers in many other countries and regions outside Asia, as well as other associated adverse developments in the world economy since the crisis broke out in these countries in the second half of the year 1997.

1.2. Global Crisis

The first attack of the Asian financial crisis in Thailand in July 1997 and its spread to Indonesia, Korea, Malaysia, and to other countries of the South-East Asia region was really a big surprise and shock for the world. These countries were amongst the fastest growing economies and their outstanding growth performance continued for so many years; they were referred to generally as the Newly Industrialising Countries or Asian Tigers in international development publications. The crisis began suddenly when the stock markets in these countries went down considerably and the local currencies were consequently devalued. During the six-month period from July 1997 to December 1997, prices in the stock markets fell by 49 per cent in South Korea, 48.6 per cent in Indonesia, 41.0 per cent in Thailand, and 32.7 per cent in the Philippines. Further drops were also recorded during the period from December 1997 until the end of September 1998: in dollar terms, 64.7 per cent in Indonesia, 38.6 per cent in Singapore, 38.5 per cent in the Philippines, 37.7 per cent in Malaysia, 17.0 per cent in Thailand (*The Economist*, October 3rd-9th, 1998, p.136). The enormous drops in the stock markets of these countries pushed up the risk of capital, and strongly affected the investors in these markets. Consequently, they caused an outflow of capital from these countries, which in turn created a strong pressure against the local currencies through increased demand for international currencies, particularly for the US dollar. As a result, the national currencies of these countries had to be devalued. Within one year, between July 1997 and July 1998, the Indonesian rupiah was devalued by 81.2 per cent against the US dollar, the Malaysian ringgit by 39.1 per cent, the Philippine peso by 37.2 per cent, the Thai baht by 36.8 per cent, and the Korean won by 28.1 per cent.

Currency devaluation means that the export products of these countries become cheaper in international markets as compared to similar products of other countries. Actually, devaluation may have a positive effect on promoting exports and increasing the competitiveness of a country, unless it accelerates price hikes in the domestic economy. In 1998, inflation was slightly accelerated in some of these countries. For example, it increased by 6.4 per cent in South Korea, 3.0 per cent in Philippines, 2.6 per cent in Malaysia, and only 2.5 per cent in Thailand. In 1998, the consumer price index increased by only 1 per cent in the Newly Industrialised Asian economies as a group. However, in the case of Indonesia, it increased significantly by 54.1 per cent in the same year. As a result, during the one-year period ending at the end of July 1998, competitiveness increased by only 5.3 per cent in Indonesia while it was augmented by 31.5 per cent in Malaysia, 27.1 per cent in Thailand, 24.1 per cent in Philippines, and 19.8 per cent in South Korea *(The Economist*, October 3rd-9th, 1998, p.136). On the other hand, the increased competitiveness in some of these countries is expected to bring about some adverse effects on the countries that produce and export products similar to those of the economies in crisis. Devaluation of local currencies also adds to the burden on the indebted companies in the region. Because of the excessive devaluation of the local currencies, these companies will not be able to pay back their debts. Governments could borrow from the IMF: for example, South Korea made an arrangement for $57 billion, Indonesia for $10 billion, Thailand for $3.9 billion, etc. However, private companies may not find new fresh loans since country risks increased significantly.

The crisis affected not only the financial sector, but also the real economy itself in these countries. Economic growth, domestic demand, and international trade of the crisis-stricken countries in East Asia slowed down considerably in 1998. Despite preliminary indications of some pickup in early 1999, economic activity seems likely to be slightly weaker than it was last year, and appears to remain significantly weaker than that of the pre-crisis period. As a group, the Newly Industrialised Asian economies recorded a negative output growth rate of 1.5 per cent in 1998 after a positive growth rate of 6.0 per cent in 1997 and 7.6 per cent in 1994. The growth rate was negative in almost all the countries in this group compared with their outstanding growth performance in the pre-crisis period. For example, it was -13.7 per cent in Indonesia, -8.0 per cent in Thailand, -6.8 per cent in Malaysia, -5.5 per cent in Korea, and -0.5 per cent in Philippines. In these countries as a group, the growth in real total domestic demand also recorded a negative rate of -10.4 per cent in 1998 after a positive rate of 3.2 per cent in 1997 and an outstanding growth rate of 8.6 per cent in 1994 (IMF, *World Economic Outlook*, May 1999, p.140). Consequently, trade performance in these countries shrank considerably in 1998. In fact, trade performance contraction in Asian countries has been the biggest factor in the global trade slowdown in 1998, particularly on the import side. The value of imports fell by an unprecedented 17 per cent in the Asian region and by as much as 31 per cent in the five most-affected Asian countries. In volume terms, the fall amounted to 22 per cent for those five countries, compared to 10 per cent for the Asian region as a whole. On the export side, export earnings fell in the most affected Asian economies in 1998; only the Philippines registered a sharp increase of 16.9 per cent. With the exception of the strong increases in Korea and Philippines, the export volume declined in the other countries (UNCTAD, *Trade and Development Report 1999*, p. 25).

Furthermore, since mid-1997, the financial crisis in the above-mentioned five Asian countries spread over other Newly Industrialised economies in the Southeast Asian region and Japan, as well as some other distant regions such as the Russian Federation in Europe and Brazil in Latin America. The Japanese economy, the biggest in East Asia, was the first and worst amongst the developed countries' economies to be influenced by the crisis. In fact, Japan has significant interests and runs serious risks in these neighbouring countries in the form of foreign direct investment, bank credits, and portfolio investment. During the year from July 1997 to July 1998, the Japanese yen lost 20.4 per cent of its value and the Tokyo stock exchange fell by about 39.1 per cent, and the Japanese economy contracted by -1.8 per cent. This downward trend of the Japanese economy is still going on. In 1998, it contracted by -2.8 per cent, but in early 1999, output recovered to a level slightly above that of early 1998, though still below the 1997 levels. The deepening of Japan's recession in 1998 stemmed primarily from weakness in private demand accounted for by the declining confidence in the financial sector, but also from the weakening demand in the crisis-stricken countries in East Asia. Thus, the ongoing recession in the Japanese economy is at the same time a factor contributing to the crisis in Asian countries and a reflection of it.

In the one-year period since the Asian financial crisis broke out in July 1997, the Russian Federation's economy plunged into a deep crisis following the devaluation of the ruble and the unilateral restructuring of its foreign and domestic debt in August 17th, 1998, and the subsequent meltdown in its foreign exchange and financial markets. Russia's economic performance deteriorated sharply. Over the last five months of 1998, consumer prices rose by more than 75 per cent and the ruble depreciated by more than 70 per cent against the US dollar. Reflecting the severe financial pressure and the worsening of the overall economic situation, in 1998 as a whole, real GDP fell by about 5 per cent and real investment declined by close to 10 per cent, with foreign direct investment down to a trickle of $1.2 billion from $6.2 billion in 1997 (IMF, *World Economic Outlook*, May 1999, p. 31). The Russian crisis had a strong adverse impact on economic activity and near-term growth prospects and balance of payments positions in a number of neighbouring countries in transition. The crisis contributed significantly to currency depreciations in Belarus, Georgia, the Kyrgyz Republic, Ukraine, and Moldova in late 1998, and in Kazakhstan in April 1999, and thus, to a worsening of near-term inflation prospects for these countries. In response to the spillovers from the Russian crisis, neighbouring countries in the region will need to maintain tight macroeconomic policies to limit the widening of external imbalances and contain price pressures associated with exchange rate weakness.

Russia's financial crisis in August 1998 was rooted in persistent fiscal imbalances and structural weaknesses in the enterprise and banking sectors. Russia's economic difficulties reflect the serious and persistent shortcomings in its structural reforms and fiscal adjustment efforts and the excessive build-up of short-term government debt, including those to foreign investors. But these difficulties have also been exacerbated by the financial crisis in Asian countries and its spillover effects, especially on oil and other commodity prices. Russia's near-term economic outlook is subject to considerable uncertainty; a tightening of fiscal policy and a reinvigoration of structural reform, including the early implementation of a plan for bank restructuring, are key elements for any programme to achieve a primary recovery in the near future. Yet, on the assumption of such policies, IMF staff tentatively projected an output contraction of some 7 per cent in 1999.

The financial crisis in Brazil, the eighth largest economy in the world, in mid-January 1999, although limited, was another dramatic episode in the recurrent bouts of instability that have marked the global financial markets since mid-1997. Brazil came under particularly heavy pressure because of concerns about its large fiscal deficit and the sustainability of its exchange rate peg. In response, the government raised official interest rates and, in late October 1998, announced a set of fiscal measures aimed at producing substantial primary surpluses. In mid-January 1999, the central bank abandoned its crawling exchange rate band and allowed the real rate to float. The currency initially depreciated by more than 40 per cent against the US dollar. In addition to its impact on inflation, depreciation has increased the cost of Brazilian foreign debt services as well as the domestic currency value of the stock of public debt because part of it was linked to the US dollar. The Brazilian devaluation had relatively limited and mostly temporary effects on financial markets in other Latin American countries, but is having more significant trade-related spillover effects on Brazil's partners in the MERCOSUR trade agreement (Argentina, Paraguay, and Uruguay). In fact, in

Latin America, most countries cope well with the financial pressures emanating from the Asian crisis, owing in part to tight macroeconomic policies. However, growth in the region had already slowed sharply in the second half of 1998. This slowdown reflected partly the less favourable external financing environment that developed in the aftermath of the Russian crisis, but also significantly lower commodity prices. In any event, the Brazilian crisis has imparted a new contractionary impulse to the global economy.

As a result of this series of financial crises since mid-1997, the world economy is now experiencing a sharp drop in private capital inflows to developing countries as well as a sharp fall in commodity prices. Commodity prices fell across the board by amounts not experienced since the mid-1980s. Following some sharp declines in early 1998, oil prices lost further ground toward the end of the year, resulting in a decline of more than 30 per cent in 1998 as a whole. Prices of non-fuel commodities weakened steadily over the financial year 1998, and by March 1999, they were more than 15 per cent below their level in the previous year. This downward movement in commodity prices, while contributing to lower global inflation, also reduced real incomes and domestic demand in many commodity-exporting developing countries.

Because of falling commodity prices, reflecting partly low-cost imports from Asian crisis-countries, the import demand in industrial countries for the goods and services originating from the developing countries declined. The economies of the exporters of oil and raw material products may be influenced negatively. On the other hand, in the wake of the Russian crisis, most developing countries borrowers temporarily lost access to private financing as interest rate spreads reached levels not observed since the Mexican crisis of 1995, with Latin American countries most affected. Net private capital flows to developing countries fell to about $65 billion in 1998, less than one-third the peak reached in 1996 and the lowest annual level of the decade (IMF, *World Economic Outlook 1998/1999*, p.14). The general flight of capital and quality also prompted a severe tightening of credit conditions. The Brazilian crisis postponed the return of interest rate spreads and capital flows to levels observed before the Russian crisis, but by March and April 1999, developing countries borrowers began to return to the market.

As we have mentioned in last year’s report (SESRTCIC, “Annual Economic Report”, October 1998), efforts have been concentrated on finding a solution to these financial crises, especially the meeting of the Finance

Ministers and Central Bank Governors in Washington in October 1998. Since then, a set of policy measures and actions were taken at both national and international levels to curb the spread and intensity of contagion of the current crises and their major role in driving other financial crises in an increasingly globalised world economy. In a one-year period ending in mid-October 1999, it was observed that a measure of calm started to return to financial markets. This was attributable largely to helpful policy actions, such as: (a) the easing of interest rates by the US Federal Reserve, which was followed by other industrial country central banks, including those of the future Euro area; (b) strengthened policies in Japan to simulate demand; (c) commitments by Brazil to address its fiscal imbalances and the subsequent agreement on a support package by the international community; (d) continued progress with stabilisation and structural reform in Asia; and (e) progress toward increasing the IMF's financial resources and, thereby, strengthening the international community's ability to assist countries in financial crisis.

With the mitigation of financial markets turbulence after mid-October 1999, and the growing indications that activity in the Asian crisis economies is now picking up again, the earlier fears of a global recession in 1999 have diminished, although the economic slowdown is likely to continue this year. Overall, world growth in 1999 seems likely to be slightly weaker than last year's rate of 2.5 per cent, while the expansion of world trade is expected to remain well below the long-term trend growth rate. A moderate pickup in world growth is projected for 2000. Notwithstanding these developments, it is premature to conclude that the danger has passed because conditions in financial markets remained volatile and fragile and the supply of funds to most developing countries is still sharply reduced. The balance of the risks to the projections remained predominantly on the downside, especially if private capital flows to developing countries fell further and if weaker commodity prices sustained. These uncertainties are still calling for further adjustments in many developing countries, particularly for further trade adjustments through demand compression and exchange rate adjustment.

Against this background, the following section will deal with the developments in the OIC countries' economies and their interlinkages with both developing and developed countries. Then, dimensions of the foreign debt problem in the OIC countries will be examined in detail in section three. Lastly, section four will cover the basic findings and future prospects of the OIC countries.

2. MAJOR DEVELOPMENTS IN THE OIC COUNTRIES

Before examining the recent developments in the OIC countries, the following must be pointed out:

First of all, since the OIC countries, unlike the industrial countries, are not made up of an economically homogeneous group, overall group analysis is rather difficult and may conceal some underlying factors and somewhat conflicting developments. The very same economic causes may easily produce a set of completely different results in different countries due to the heterogeneity in economic structures. For this reason, an attempt will be made to divide the OIC countries into 4 sub-groups, which presumably would better reflect the overall OIC performance.

Secondly, it was not possible to obtain actual and up-to-date data for various variables for the whole group of the OIC countries for the period under consideration, particularly for the most recent years. For this reason, and in order to provide as much information as possible to the reader, it was, in some cases, necessary to utilise the data available in various international statistical sources at times even in the form of estimates and forecasts.

2.1. Economic Growth

In this section, the OIC countries will be examined in 4 sub-groups in order to illustrate the developments within the OIC better. The first group is classified as the Least Developed Members of the OIC, which will be named, hereafter, as the LDC group of OIC. This group is made up of those members of the OIC which are designated as least developed by the United Nations, namely Afghanistan, Bangladesh, Benin, Burkina Faso, Chad, Comoros, Djibouti, Gambia, Guinea, Guinea-Bissau, Maldives, Mali, Mauritania, Mozambique, Niger, Sierra Leone, Somalia, Sudan, Togo, Uganda and Yemen. The second group includes, generally, the middle-income OIC countries, which will be named, hereafter, as the middle-income (MI) group of OIC. These are Bahrain, Cameroon, Egypt, Guyana, Jordan, Lebanon, Malaysia, Morocco, Pakistan, Senegal, Surinam, Syria, Tunisia, and Turkey. The third group comprises the oil-exporting (OE) members of the OIC, namely Algeria, Brunei, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (U.A.E.). The last group comprises the countries in transition, which will be named hereafter as the TC group of OIC. These are Albania, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Table 1 is derived from the data supplied in Table A.1 in the Annex. The table displays average growth rates for different sub-groups of OIC countries and the overall OIC group. The averages were calculated on the basis of individual country growth rates weighted by the US dollar value of 1995 GDPs. Data for the developing and industrial countries were also included in the same table for comparison.

TABLE 1: REAL GDP GROWTH RATES IN OIC COUNTRIES
(Average annual, in per cent)

	1994	1995	1996	1997	1998
LDC average (1)	2.6	8.8	5.4	5.3	4.5
MI average (1)	2.3	5.7	6.4	4.9	2.3
OE average (1)	2.6	2.7	5.0	4.0	-1.6
TC average (1)	-10.0	-5.2	1.1	0.1	1.3
OIC countries (1)	2.7	3.7	5.8	4.6	-1.4
Developing countries	6.8	6.1	6.5	5.7	3.3
Developed countries	3.2	2.6	3.2	3.2	2.2
United states	3.5	2.3	3.4	3.9	3.9
European Union	3.0	2.4	1.8	2.7	2.8
Japan	0.6	1.5	5.0	1.4	-2.8
World	4.0	3.7	4.3	4.2	2.5

Note (1): Averages were computed on the basis of percentage changes for individual countries weighted by 1995 GDP values in terms of the US Dollar.

Sources: Table A.1 in the Annex and IMF, *World Economic Outlook*, May 1999, p.139.

The present report includes the growth rate data of 55 OIC countries including Guyana, a new member. Out of 55 OIC countries, the LDC group consists of 21 countries, the MI group of 14, the OE group of 13 and the TC group of 7 countries. According to the 1995 GDP values in terms of the US Dollar, the combined income of the LDC group of the OIC amounted to $89.7 billion, which makes up only 6.4 per cent of the $1,400.8 billion total OIC income. The MI group of the OIC stood at $517.6 billion or 37.0 per cent of the total OIC income. The OE group's total income reached $757.4 billion or 54.1 per cent of the OIC total. Lastly, countries in transition generated $36.0 billion or 2.6 per cent of the total OIC income (calculated from Table S.1).

As it may be observed, the shares of the LDC group and the TC group in the total OIC income are very low, even less than the national income of some individual OIC member countries, such as Indonesia, Turkey, Saudi Arabia, Iran, etc. On the other hand, the shares of the oil-exporting and middle-income groups are quite high. The 27 countries in these two groups generate 91.1 per cent of the overall OIC output. Indonesia from the OE group produces about 14.4 per cent of the OIC income and Turkey from the MI group about 12.3 per cent of the OIC total. Four countries, Indonesia, Turkey, Saudi Arabia and

Iran, contribute 43.0 per cent to the overall OIC income. Due to this fact, the growth figure for the whole OIC group is affected significantly by the developments in the oil-exporting and the middle-income OIC countries, and in a similar manner, the developments in these groups are also influenced by the growth performance of the countries mentioned above, simply because average growth rates are computed on the basis of the GDP values in dollar terms. For this reason, the following arguments relating to the groups of OIC countries must be considered cautiously within this framework.

The LDC group of OIC countries has, in general, grown at moderate rates before 1995. They realised a very high rate of growth of 8.8 per cent (Table 1) in 1995 when their exports increased by 29.5 per cent. A remarkable increase in exports of the LDCs pushed their growth performance upward. Although in the following three years the average growth rate of this group slowed down to 5.4, 5.3 and 4.5 per cent, respectively, their growth performance was still above the OIC average. In addition to the improvement observed in the average growth rate of the LDC group, a decline was also observed in the number of countries that experienced negative growth rates; for example, the number of such countries diminished from four in 1995 to only one in 1997. Although in terms of the group average, 1995 may be regarded as a better year compared to 1996, 1997 and 1998, regarding individual countries' performances, these years were comparatively better than 1995, since almost all the OIC LDCs grew moderately. During the period between 1996 and 1998, Mozambique, Maldives and Uganda within the LDC group attained considerably high rates of growth. On the other hand, growth performances of Guinea and Mauritania were relatively stable during the period under consideration although the rates of growth were not very high (Table A.1).

After experiencing moderate rates of growth of around 5 per cent between 1991 and 1993, the MI group's rate of growth dropped to 2.3 per cent in 1994--lower than the OIC average in that year. The group then managed to accelerate its growth rate significantly up to about 5.7 and 6.4 per cent in 1995 and 1996. However, in 1997, the MI group's average decreased to 5.1 per cent, and then decreased further in 1998 to reach the same level of 1994. Nevertheless, the growth of the MI group was much better than the overall OIC average since 1995 (Table 1). Regarding the performances of the individual countries in the middle income group, Cameroon, Turkey, and Surinam recorded negative growth rates in 1994, and only Morocco did so in 1995. 1996 was a relatively better year for all the middle-income OIC countries. Morocco and Pakistan recorded negative growth rates in 1997 and so did Guyana and Malaysia in 1998. Although Malaysia and Turkey in this group realised the highest rates of growth during the last four years from 1995 to 1998, a slowing down was observed in the growth rates of both countries. Malaysia experienced a decline from 9.4 per cent in 1995 to 8.6 and 7.7 per cent in 1996 and 1997, respectively, and a negative growth rate of 6.8 per cent in 1998. In the case of Turkey, the fall was from 8.1 per cent in 1995 to 6.9 per cent in 1996 and from 7.6 per cent in 1997 to 2.8 per cent in 1998.

The oil-exporting countries of the OIC, on the other hand, realised lower rates of growth than the OIC averages throughout the whole period (Table 1), although their growth performance was above the OIC average before 1994 (SESRTCIC, "Annual Economic Report", March 1998). The average rate of growth in the OE group increased slightly from 2.6 per cent in 1994 to 2.7 per cent in 1995 and then it almost doubled in 1996. However, it declined again in 1997 to reach 4.0 per cent, and in 1998, the group realised a negative growth rate of 1.6 per cent. The average crude oil price increased from $15.95 per barrel in 1994 to $17.2 and $20.37 per barrel in 1995 and 1996, respectively. Then it dropped to $19.27 per barrel in 1997 and $13.07 in 1998 (IMF, *World Economic Outlook*, May 1999, p.169). When these two series are compared, there is an apparent relationship between the oil price and the growth performance of these countries. Generally, a low level of petroleum price does not provide enough impetus to an active growth performance in these countries. In general, as compared to the last decade and the beginning of the 1990s, the performance of the OE group has not been bright in recent years.

The countries in transition, on the other hand, experienced very unfavourable developments during the period under consideration. Their economies recorded negative growth rates between 1991 and 1995. In 1996, they were able to reverse the ongoing trend with a 1.1 per cent average growth. This recovery did not continue and the performance slowed down to almost no growth in 1997 (Table 1). However, in 1998, they were able once again to realise an average growth rate of 1.3 per cent. The revival of the economies in this group was not realised as expected in 1997. These countries, with their rich natural resources and educated labour force, may play quite active roles in the global economy.

When the OIC countries are considered individually, 49 countries, out of 53, realised positive rates of growth in 1996, while 4 countries experienced negative rates in the same year. In 1997, 5 countries realised drops in their national income while the remaining 48 countries had positive growth rates.

However, the number of countries experiencing negative rates in 1998 increased to 8 (out of 54). On the other hand, the OIC countries as a group grew by 16.2 per cent in the five-year period from 1994 to 1998. Amongst the sub-groups of the OIC, the LDC group grew by 29.5 per cent, the MI group by 23.5 per cent, and the OE group by 13.2 per cent during the same period, while the TC group realised a 12.6 per cent fall in their total income. During the same period, the developing countries grew by 31.8 per cent, whereas the industrial countries' growth was only 15.2 per cent, and the world average was about 20.1 per cent. These figures show that the OIC countries performed slightly better than the industrial countries, but they could not attain the growth rate of the developing countries and the world average during the five-year period. None of the sub-groups of the OIC countries could reach the average growth performance of the developing countries.

On the other hand, economic growth in the industrial countries declined from 3.2 per cent in 1994 to 2.6 per cent in 1995. Then it increased again to reach the same level of 1994 in both 1996 and 1997. However, in 1998, it declined to 2.2 per cent, a rate lower than that realised in 1995. The world average also followed a similar path to that of the industrial countries. The slowing down in the economies of developing countries was the main cause of this development in the world average.

The analysis based on the overall economic growth does not bring out the actual developments in the individual economies. With an ever-growing population at a rate of about 2.5 per cent a year in the OIC countries, a typical economy must be able to generate at least that much growth a year to maintain the same level of per capita income. In 1995, per capita income varied from $87 in the case of Mozambique to well above $17,000 in the case of Brunei and the United Arab Emirates (UAE). In terms of group averages, per capita income reached $1,684 in the OE group of the OIC in 1995, whereas it was $1,465 in the MI group, $557 in the TC group, and only $310 in the LDC group. Roughly, only two-thirds of the OIC population generate more than 90 per cent of the OIC income (Tables S.1 and S.2 in the Annex). As a result, while per capita income in the former groups, on average, amounts to $1,587, it hardly reaches $355 in the latter groups, approximately one fifth of the former. This diversity may constitute one of the basic factors that hinder intra-OIC economic co-operation.

Table 2 enables the reader to observe the changes in the per capita income growth of the OIC countries, and compare them with those of the developing and industrial countries. It was derived from the data on the real GDP growth rates provided in Table A.1 and Table S.2 in the Annex.

During the period under consideration, the OIC countries' total population grew at nearly 2.5 per cent per annum. When the effect of such a high rate of population growth on economic growth is taken into account, the OIC's average rate of per capita income growth turns out to be 1.0 per cent in 1994. In 1995, it increased by 1.6 per cent, then, in 1996, it further increased by 3.0 per cent. In 1997, it declined by 2.1 per cent, then dropped sharply at the end of the period under consideration to be even negative (-0.6 per cent in 1998 (Table 2)). When these per capita GDP growth rates for the OIC countries are compared with those realised in the developing countries, a significant gap is observed against the OIC group. The volume of this gap becomes as wide as 3.9 percentage points in 1994. The growth difference with the industrial countries is also against the OIC countries. In general, it is agreed that the developing countries must realise higher per capita income growth rates to close the development gap with the industrial countries. However, from that perspective, the per capita GDP growth performance of the OIC countries does not seem to be promising.

TABLE 2: REAL PER CAPITA GDP GROWTH RATES IN OIC COUNTRIES
(Average annual, in per cent)

	1994	1995	1996	1997	1998
Total OIC countries	1.0	1.6	3.0	2.1	-0.6
Developing countries	4.9	4.3	4.8	4.1	1.6
Developed countries	2.5	1.9	2.5	2.6	1.7

Notes: OIC average was computed on the basis of percentage changes for individual countries weighted by 1995 GDP values in terms of US Dollars.

Source: Table A.1 and S.2 in the Annex and IMF, *World Economic Outlook*, May 1999, p.139.

2.2. Sectoral Distribution of the Output

After having evaluated the developments in the economic growth of the OIC countries, the sectoral breakdown of their economies will be examined for a much better understanding of the changes occurring in their economic structures. The figures related to the composition of the economic activity are based on data contained in the World Bank's World Development Reports, 1993 through 1998/99 and World Development Indicators, 1997 through 1999. The averages of sectoral shares from 1993 to 1997 have been computed in order to avoid the missing data problems in the case of some countries, and the effects of year-to-year cyclical fluctuations in the case of others. The analysis in this section will be based on these five-yearly averages.

Agriculture, known as the primary economic activity, is generally assumed to play a major role in developing countries. However, this assumption does not hold at least for some of the OIC countries, particularly the oil exporters. The share of agriculture in the OIC countries varies from 0.5 per cent in Kuwait to 65 per cent in the case of Somalia. It is equal to or greater than 33 per cent in 18 countries (out of 53), almost all of which are LDCs, excluding five countries, namely Cameroon, Albania, Kyrgyzstan, Tajikistan and Nigeria. In addition, it is less than 5 per cent of the GDP in oil-exporting countries like Kuwait, Oman, Qatar, Saudi Arabia, U.A.E., as well as Bahrain and Djibouti (Table A.2 in the Annex). Regarding the group averages, agriculture has the highest share in the LDC countries with 32.8 per cent of the GDP and the lowest share in the OE group with 16.5 per cent. In the TC group, its share amounts to 25.3 per cent, and in the MI group to 18.2 per cent.

TABLE 3: SECTORAL DISTRIBUTION OF THE OUTPUT
(In per cent)

	Agriculture	Industry	Manufacturing	Services
LDC average (1)	32.8	19.3	8.9	47.5
MI average (1)	18.2	23.7	15.6	51.3
OE average (1)	16.5	43.1	12.9	40.2
TC average (1)	25.3	28.3	8.7	43.4
OIC average (1)	18.3	34.2	15.1	44.8

Note (1): Averages were computed on the basis of percentage shares for individual countries weighted by 1995 GDP values in terms of US Dollars.
Source: Table A.2 in the Annex.

Agriculture, known as the primary economic activity, is generally assumed to play a major role in developing countries. However, this assumption does not hold at least for some of the OIC countries, particularly the oil exporters. The share of agriculture in the OIC countries varies from 0.5 per cent in Kuwait to 65 per cent in the case of Somalia. It is equal to or greater than 33 per cent in 18 countries (out of 53), almost all of which are LDCs, excluding five countries, namely Cameroon, Albania, Kyrgyzstan, Tajikistan and Nigeria. In addition, it is less than 5 per cent of the GDP in oil-exporting countries like Kuwait, Oman, Qatar, Saudi Arabia, U.A.E., as well as Bahrain and Djibouti (Table A.2 in the Annex). Regarding the group averages, agriculture has the highest share in the LDC countries with 32.8 per cent of the GDP and the lowest share in the OE group with 16.5 per cent. In the TC group, its share amounts to 25.3 per cent, and in the MI group to 18.2 per cent.

The share of industry in the GDP varies from 8.5 per cent in Somalia to 52.6 per cent in Oman, 54.0 per cent in Saudi Arabia, 56.4 per cent in U.A.E., and 81.0 per cent in Brunei. It exceeds 33 per cent in 16 OIC countries, of which 12 are oil-exporting countries. Opposite tendencies are observed with respect to the shares of industry and agriculture: Oil-exporting countries have the lowest shares and the LDCs the highest in agriculture, whereas in industry, the situation is just the reverse: the LDCs have the lowest share with 19.3 per cent of the GDP, and the oil-exporting countries the highest with 43.1 per cent. In the MI group, the share of industrial activity amounts to 23.7 per cent and in the TC countries it is equal to 28.3 per cent of the GDP. Such a high role for industry in the economies of the oil-exporting countries is to be expected, because oil production is classified under industrial activities. Yet, the share of industry in an economy, per se, does not provide enough information about that country's level of industrialisation. For this reason, the role of the manufacturing sector must also be considered.

The share of the manufacturing sector in the OIC countries varies from 4.0 per cent in Oman and 4.3 per cent in Comoros to 33.2 per cent in Malaysia. The top ranks are taken up mostly by the middle-income group of countries: Indonesia (23.8), Egypt (20.2), Turkey (19.4 per cent), Tunisia (18.0 per cent), Morocco and Pakistan (17.0 per cent) etc., and by only Burkina Faso from the LDC and Azerbaijan from the TC group (18.0 per cent each). Indonesia (23.8 per cent) from the OE group takes the second place on the list. In fact, regarding group averages, the share of manufacturing is highest in the MI group with 15.6 per cent, and lowest in the TC group with only 8.7 per cent. The share of manufacturing amounts to 12.9 per cent in the OE group and 8.9 per cent in the LDC group.

Regarding the share of services, the main observation is that its role in the economy seems to be quite high for almost all the OIC countries. It exceeds one third in 50 countries out of 55, and falls below that level only in 5 countries. The shares vary from 14.0 per cent in Brunei to 76.5 per cent in Djibouti. The share of services amounts to 51.3 per cent of the GDP in the MI group, 47.5 per cent in the LDC group, 43.4 per cent in the TC group, and 40.2 per cent in the OE group.

Before concluding this sub-section, the main observations may be summarised as follows: First of all, the services sector is an important source of income in almost all the OIC countries, irrespective of their levels of income and development. Secondly, agriculture is observed to be an important activity mostly in the LDC group and industry in the oil-exporting group. However, the significance of industry in the oil-exporting group comes from oil production. Thirdly, the manufacturing sector does not play a significant role in most of the OIC economies. Yet, in some OIC countries, particularly in the middle-income group, it is gaining importance.

2.3. Inflation

Inflation is one of the most important indicators of an economy's health. Price movements show whether there exists any excess demand or excess supply. A low level of inflation rate is regarded as an indication of the stability of an economy and it is a must for a stable growth in the economy. Meanwhile, some specialists argue the benefits of zero-rate inflation. In fact, governments, especially in the industrial countries and in some developing countries, paid maximum attention to the controlling of inflation and maintenance of price stability in the economy in recent years. As a result of these efforts, the average rates of inflation have fallen significantly in developed as well as developing countries. Inflation in industrial countries decreased gradually from nearly ten per cent in the early 1980s to 5.2 per cent in 1990 and further down to 1.6 per cent in 1998 (Table 4). Inflation in developing countries reached its peak values in the late 1980s (68.1 per cent in 1990), then it declined down to 14.3 per cent in 1996, and further decreased to 9.4 per cent in 1997. Even the countries in transition, which experienced hyperinflation in the early 1990s, started recently to bring it under control. Inflation in these countries fell from more than 600 per cent levels between 1992 and 1993, down to 126.9 per cent in 1995 and further down to 20.8 per cent in 1998 (IMF, *World Economic Outlook,* May 1999, p.150).

TABLE 4: AVERAGE INFLATION RATES IN OIC COUNTRIES (In per cent)

	1994	1995	1996	1997	1998
LDC average (1)	30.9	22.6	22.0	10.4	9.1
MI average (1)	41.3	36.6	31.6	31.8	31.1
OE average (1)	20.9	41.0	13.8	10.2	25.4
TC average (1)	1552.5	272.1	108.1	38.2	15.1
OIC countries (1)	68.5	44.2	23.3	18.9	26.2
Developing countries	51.8	22.2	14.3	9.4	10.4
Developed countries	2.6	2.5	2.4	2.1	1.6

Note (1): OIC averages were computed on the basis of percentage changes for individual countries weighted by 1995 GDP values in terms of the US Dollar.

Sources: Table A.3 in the Annex and IMF, *World Economic Outlook,* May 1999, p.150.

The inflation figures for the OIC countries are summarised in Table 4, relying upon the figures given in Table A.3 in the Annex, together with those of the other groups of countries, to allow for a quick comparison. Inflation in the OIC countries accelerated during the first half of the 1990s, from 22.7 per cent in 1991 to 46.4, 63.9 and 84.5 in 1992, 1993, and 1994, respectively (SESRTCIC, "Annual Economic Report", March 1998 and Table 4). Then, it fell sharply to 44.2 per cent in 1995 and 23.3 per cent in 1996 and further decelerated to 18.9 per cent in 1997. However, it climbed up again to 26.2 per cent in 1998. On the other hand, when the rates of inflation are examined by groups of OIC countries, the trends did not change much: inflation had a tendency to increase between 1991 and 1994, and then it commenced to decline in 1996 and 1997. The peak in inflation was realised in 1994 in all the sub-groups of the OIC (except for the OE group which was in 1995 and reached 41.0 per cent) as follows: 30.9 per cent in the LDC group, 41.3 in the MI, and 1552.5 per cent in the TC group (Table 4).

The group average of the TC countries was higher than the OIC average throughout the period under consideration, excluding only last year, 1998. However, the TC countries managed to curb inflation starting from 1995 onwards, after living under hyperinflation conditions during the first half of the 1990s. They were quite successful in decreasing inflation by 86 percentage points from 108.1 per cent in 1996 to only 15.1 per cent in 1998--a rate which was interestingly below the OIC average in that year. In addition to the TC group, the LDC and the OE averages were also below the OIC average in 1998. The MI group's inflation rate was computed as 31.1 per cent in 1998. However, if the rates of inflation realised in that year by the individual countries in this group are considered, almost all the countries in this group had 1-digit level inflation rates, excepting Surinam with 20.8 per cent and Turkey with 84.6 per cent. Turkey, in particular, with its very high rate of inflation and considerable weight in this sub-group and amongst the OIC countries, accounts for the high inflation rate in this group. In the LDC group, Sierra Leone with 37.4 per cent and Sudan with 17.0 per cent are high inflation countries in 1998. Amongst the OE group of OIC countries, inflation is estimated to be 60.7 per cent in Indonesia and 45.0 per cent in Iraq.

Nevertheless, a decline is also observed in the number of high-inflation OIC countries through the period under consideration. Towards the end of the period under consideration, there is a trend amongst the OIC countries towards more moderate rates of inflation. However, inflation figures for the OIC countries are very high when compared with the low figures realised in the case of the industrial countries which were quite successful in curbing the high inflation they encountered in the early 1980s. They have continuously reduced inflation from 4.7 per cent in 1991 to 3.0 per cent in 1993 and 1.6 per cent in 1998. When it is recalled how careful the authorities in developed countries are about inflation, it can be predicted that the rates will not be much higher than the current ones in the near future.

Furthermore, as compared to the developing countries, the OIC rate of inflation remained considerably higher during the period under consideration. The OIC rate of inflation was almost twice as high than the developing countries' average. The developing countries were also quite successful in lowering the average rate of inflation from 68.1 per cent in 1990 to 35.9 per cent in 1991. Yet, they were not that successful in further reducing it or at least keeping it at the same levels. Thus, the figure first went up to 38.8 per cent in 1992 (SESRTCIC, "Annual Economic Report", March 1998), then it climbed up to 46.8 per cent in 1993 and further up to 51.8 per cent in 1994. Then, in 1995 a sudden and sharp drop in the inflation rate was observed when it reached 22.2 per cent. This declining trend of inflation in developing countries continued also in 1996 and 1997 when it reached 9.4 per cent (Table 4). This trend is expected to continue in the coming years although there was a slight increase by one per cent in 1998.

High inflation figures are enough to overheat any economy, which, in turn, means deepening instability. Instability causes further fluctuations in the growth of an economy which reduces the possible impacts of policy measures to curb inflation. In an inflationary environment, people develop expectations that inflation will continue into the future, and, as a result, inflation becomes, in addition to its characteristic as a chronic economic problem, a psychological problem as well. Being aware of all its adverse effects, the OIC countries may intensify their efforts to curb inflation.

Having examined the main economic indicators, we shall now take up the developments in the foreign sector of the OIC countries.

2.4. Foreign Trade and Payments Balances

Tables 5 and 6 were composed to display the average rates of change in merchandise exports and imports in the OIC countries based upon Tables A.4 and A.5 in the Annex, respectively. Comparative figures for the developing and industrial countries were also added to the table for comparison.

The OIC countries' exports amounting to $256.9 billion represented 7.6 per cent of the world exports in 1990 (SESRTCIC, "Annual Economic

Report", March 1998). That amount first increased to $279.9 billion in 1993, and towards the end of the period it reached up to $420.5 billion in 1997. In the meantime, the share of the OIC countries in world exports has fluctuated between 6.9 and 7.6 per cent during the 1990s. This share increased from 6.9 per cent in 1995 to 7.6 per cent in 1997. However, in 1998, the share of the OIC group as a whole fell, once again, to 6.9 per cent.

TABLE 5: MERCHANDISE EXPORTS IN OIC COUNTRIES
(Average annual change, in per cent)

	1994	1995	1996	1997	1998
LDC group	16.9	29.5	7.8	12.7	-9.7
MI group	18.9	21.0	7.5	4.1	-0.7
OE group	1.2	12.1	17.4	7.7	-14.5
TC group	107.6	48.0	5.3	11.5	-10.3
OIC countries	9.1	16.9	12.9	6.6	-9.2
Developing countries	17.5	21.1	7.9	7.5	-0.9
Developed countries	12.8	18.6	2.5	3.0	1.3
World	14.2	19.4	4.2	4.5	0.5
Share of the country groups in the world total (in per cent)					
OIC countries	7.0	6.9	7.5	7.6	6.9
Developing countries	32.0	32.4	33.6	34.5	34.0
Developed countries	68.0	67.5	66.4	65.4	67.0

Sources: Tables A.4 and S.3 in the Annex.

On the other hand, the developing countries were able to increase their share continuously from 27.7 per cent in 1990 (SESRTCIC, "Annual Economic Report", March 1998) to 31.1 per cent in 1993 and further up to 34.5 per cent in 1997. Meanwhile, the share of the industrial countries in world exports declined continuously from 72.3 per cent in 1990 first down to 68.8 per cent in 1993 and then to 65.4 per cent in 1997 (Table 5). The rates of increase in the developing countries' exports were always realised at levels above those in the OIC countries during the period 1994-98, excluding 1996. Even the developed countries managed to increase their exports at rates higher than those realised in the OIC countries, excepting 1996 and 1997. This picture indicates that the OIC countries were not able to benefit enough from the enlargement of the world trade in these years. As a result, the OIC countries, unlike the developing countries, were unable to increase their share in world exports during the period 1994-98.

During the period under consideration, the highest rates of increase in exports of all the groups were recorded in 1995; OIC countries realised a 16.9 per cent increase, developing countries 21.1 per cent, and the developed countries 18.6 per cent in that year. As a result, the world average was equal to 19.4 per cent. Then, in the following years, the annual rates of increase started to diminish; in the case of the OIC countries, it fell first to 12.9 in 1996 and to 6.6 in 1997, and then sharply to a negative rate of 9.2 per cent in 1998. The annual rate of increase in exports of the developing countries declined drastically from 21.1 per cent in 1995 to 7.9 per cent in 1996 and further down to 7.5 per cent in 1997, and then to a negative rate of 0.9 per cent in 1998. The developed countries' exports also followed the same pattern; their annual rate of increase fell sharply from 18.6 per cent in 1995 to 2.5 per cent in 1996. However, in 1997, the rate of increase of exports accelerated slightly, but in 1998, it fell once again to 1.3 per cent. The overall outcome of these tendencies encountered in the different groups of countries was reflected as a severe drop in the world's average rate of export increase from 19.4 per cent in 1995 to 4.2 and 4.5 per cent in 1996 and 1997, respectively, and sharply to 0.5 in 1998 (Table 5).

Regarding the performances of the OIC sub-groups, all of them managed to accelerate their rates of export increase until 1995. After reaching peak levels in 1995, they could not preserve these high figures, and all of them suffered deceleration in their exports. Finally, at the end of the period under consideration, they realised negative rates of increase between 0.7 and 14.5 per cent. The highest annual rate of increase in 1995 was observed in the TC group amounting to 48.0 per cent, followed by a 29.5 per cent annual increase in the LDC group, 21.0 per cent increase in the MI group, and a 12.1 per cent increase in the OE group.

In 1998, the sub-groups were listed, in descending order with negative rates of increase, as the MI group with a 0.7 per cent, the LDC group with 9.7 per cent, the TC group with 10.3 per cent and, lastly, the OE group with 14.5 per cent. The negative rates of increase in export revenues in this year are explained by the sharp fall in commodity prices, especially the oil prices. Commodity prices fell across the board by amounts not experienced since the mid-1980s. Following some sharp declines in early 1998, oil prices lost further ground toward the end of the year, resulting in a decline of more than 30 per cent in 1998 as a whole. Prices of non-fuel commodities weakened steadily over the financial year 1998, and by March 1999, they were more than 15 per cent below the level of the previous year.

The greatest part of the OIC exports belongs to a few countries. For instance, in 1998, Malaysia, with $82.3 billion worth of exports was at the top of the list, representing about 21.5 per cent of the OIC exports. Indonesia was second with $55.1 billion, and Saudi Arabia third with $49.5 billion. The combined share of these three countries amounts to $186.9 billion, close to half the OIC total in that year.

On the other hand, the OIC imports increased from $282.8 billion in 1994 to $416.1 billion in 1998. The OIC share in world imports followed the same trend. It increased from 6.6 per cent in 1994 to 7.2 per cent in 1998.

Table 6 compares the import growth in the OIC countries with the growth in each of the other groups. Similar to the developments in the export side of the picture, the OIC countries' imports, in general, accelerated until 1995 and then started to slow down after that year. The same trend is also observed in other groups of countries. 1995 appears to be a very active year for world exports and imports. But a sharp slowing down is observed in world trade since then.

TABLE 6: MERCHANDISE IMPORTS IN OIC COUNTRIES
(Average annual change, in per cent)

	1994	1995	1996	1997	1998
LDC group	-1.5	22.0	21.2	-9.9	3.3
MI group	8.0	28.6	7.9	4.9	8.8
OE group	-9.1	15.4	6.1	14.5	-4.8
TC group	82.5	20.1	28.7	-5.0	22.0
OIC countries	0.6	22.3	8.5	7.5	3.1
Developing countries	13.9	22.5	7.2	6.4	-1.0
Developed countries	14.0	17.7	3.4	3.3	5.7
World	14.0	19.3	4.7	4.4	3.3
Share of the country groups in the world total (in per cent)					
OIC countries	6.6	6.7	7.0	7.1	7.2
Developing countries	33.2	34.1	34.9	35.6	34.1
Developed countries	66.8	65.9	65.0	64.4	65.8

Source: Table A.5 and S.4 in the Annex.

The rate of increase realised in the OIC countries' imports climbed from 0.6 per cent in 1994 to 22.3 per cent in 1995 and then decelerated to 8.5 per cent in 1996, 7.5 per cent in 1997 and 3.1 per cent in 1998. The general trend in the developing countries was similar to that in the OIC countries. In the developing countries, the rate of increase of imports reached 22.5 per cent in 1995 and declined to 7.2 per cent in 1996 and even became negative (-1.0 per cent) in 1998. In industrial countries, the rate of increase of imports also slowed down to 3.3 per cent in 1997 after recording the very high rate of 17.7 per cent in 1995, but went up to 5.7 per cent in 1998.

As a result of these annual changes, the share of the OIC countries in world imports fluctuated between 6.6 per cent in 1994 and 7.2 per cent in 1998. A significant trend was not observed in the share of the OIC countries in world exports. However, Table 6 explicitly shows the increasing trend of the share of the developing countries in world imports from 33.2 per cent to 35.6 per cent, and the declining trend of the developed countries' share from 66.8 per cent to 64.4 per cent during the period under consideration.

Regarding the sub-groups of the OIC countries and during the period 1994-98, three of them, namely the LDC, MI and OE groups, recorded the highest rates of increase in 1995. Then their imports decelerated severely. In 1997, the rate of increase in imports was negative (-9.9 per cent) in the LDC group; in 1998, it was negative (-4.8 per cent) in the OE group; and in 1997, it was only 4.9 per cent in the MI group. Even in the case of the TC group, imports effectively decreased by a negative rate of -5.0 per cent in 1997. The trend in the TC group was different from the other groups; the rate of increase in their imports fluctuated more sharply over the period under consideration than the rates realised in the other sub-groups mainly due to the effect of deferred import demand in these countries.

Like OIC exports, imports were also concentrated heavily in several countries. In 1998, Malaysia came at the top of the list with $85.3 billion, representing about 20.5 per cent of the OIC imports. Turkey was second with $51.7 billion worth of imports and Saudi Arabia was third with $42.7 billion.

As a result of the developments in exports and imports summarised above, the trade balance of the OIC countries fluctuated widely in recent years and recorded surpluses of $16.2 billion, $3.6 billion, $21.1 billion, and $17.1 billion in 1994, 1995, 1996 and 1997, respectively. However, it recorded a deficit of $34.4 billion in 1998. Amongst the sub-groups of the OIC, almost all of them, excluding the OE group and the TC group (in 1995 and 1997) experienced deficits throughout the period under consideration.

Table 7 summarises the current account balance and the international reserve position of the OIC countries according to the number of deficit or surplus countries and to the number of deteriorating and improving countries, respectively. The term 'deterioration' indicates a decrease in or depletion of international foreign exchange reserves excluding gold, the reserves having been used to partially finance the deficit in the current account balance. The term 'improvement' indicates an addition to the reserves. This could occur even when a country's current account was in deficit, provided that it managed to finance its deficit by attracting more foreign capital through borrowing or other means.

TABLE 7: CURRENT ACCOUNT AND RESERVE POSITIONS

	Number of countries				
	1994	1995	1996	1997	1998
Current account balance					
Deficit countries	38	40	32	38	31
Surplus countries	14	12	18	11	6
Total OIC countries	52	52	50	49	37
Current account balance (In bln of US Dollars)					
OIC countries	-24.9	-35.7	-8.4	-12.8	-29.4
Developing countries	-87.5	-95.1	-73.0	-69.1	-92.5
Developed countries	31.3	50.1	32.6	69.9	14.3
Change in reserve positions					
Deteriorating countries	18	11	16	16	20
Improving countries	29	36	31	29	20
Total OIC countries	47	47	47	45	40

Source: Table A.6 and Table A.7 in the Annex, and IMF, *World Economic Outlook*, May 1999, p. 175.

As may be observed in Table 7, more than two thirds of the OIC countries had a deficit in their current account balance during the period under consideration. The OIC countries' current account had a surplus of $3.3 billion in 1990 (SESRTCIC, "Annual Economic Report", March 1998). However, they could not keep that surplus in the following years. Their current account balance severely dropped to a deficit of $-72.7 billion in 1991 and further to $-88.5 billion in 1993. It remained in the deficit position with some fluctuations till the end of the period under consideration. Nevertheless, a relative improvement is observed in the volume of the OIC deficit, especially in the last three years. In 1996, the total deficit was reduced to $-15.0 billion and further to $-2.5 billion in 1998 (Table A.6).

Although two thirds of the OIC countries had to cope with deficits in their current account balances, and a deterioration is, in general, expected in their reserve positions, the actual picture does not conform to this expectation. Due possibly to compensating developments in their capital accounts, less than half the OIC countries experienced deterioration in their reserves. About two thirds of the OIC countries were able to improve their foreign exchange reserves during the first four years of the period under consideration. Only in 1998, the number of improving countries declined, while the number of deteriorating countries increased (Table 7). Towards the end of the period under consideration, erosion was observed in the overall foreign exchange reserves of the OIC countries.

The present section, which is devoted to the developments occurring in the foreign sector, will be completed after the examination of the exchange rate variations in the OIC countries. In Table 8, which is derived from Tables A.8 and A.9 in the Annex, the exchange rate variations against the US dollar were displayed according to the frequency distributions of the countries in terms of depreciating, stable and appreciating national currencies. *Depreciation* indicates a loss in the value of a national currency vis-à-vis the US dollar; that is, more national currency is needed to buy one dollar. *Appreciation* means an increase in the value of a national currency against the US dollar, that is, less national currency buys one dollar. The term *stable* stands for no change in the value of a national currency against the US dollar.

As of the end of March 1998, the national currencies of 21 OIC countries are pegged to different exchange rate systems. Four currencies are pegged to the US dollar, eleven to the French frank (FF), one to the Singapore dollar, two to the Special Drawing Rights (SDR) of the International Monetary Fund (IMF), three to a basket of various currencies. The currencies of the other four OIC members have shown limited flexibility in terms of the US dollar. 16 countries managed floating rates adjusted according to a set of indicators. Another 13 countries' currencies are floating independently (IMF, *IFS*, September 1998, p.18). There are also some cases where more than one rate is officially recognised. Furthermore, there are black markets in some countries, which is mainly due to the fact that some currencies are pegged and/or have fixed exchange rates that do not reflect the real value of the national currency against the main hard currencies.

Table 8 gives the reaction of national currencies of the OIC countries to the international trends in the US dollar. In 1994, although the US dollar was depreciating against the major internationally convertible currencies, only the currencies of seven (out of 53) countries could appreciate against the dollar. Parallel to the sliding dollar, most currencies of the OIC countries, 36 of them, also depreciated, that is, they were also devalued against the other major international currencies. In 1995, the position of the OIC currencies was almost balanced: 23 currencies appreciated against the dollar, while 21 were depreciating, and ten remained stable. On the other hand, in 1996 when the US dollar was slightly appreciating against the major currencies, 36 currencies lost ground against it, six currencies gained, and twelve currencies remained stable. In 1997, 36 OIC currencies depreciated, 13 remained stable and only 3 currencies could appreciate against the appreciating dollar. In 1998, the situation was almost the same, with 28 OIC currencies (out of 46) depreciated, 15 stable and only 3 currencies could appreciate against the appreciating dollar.

TABLE 8: EXCHANGE RATE VARIATIONS IN OIC COUNTRIES

	Number of countries				
	1994	1995	1996	1997	1998
National currencies					
Depreciation	36	21	36	36	28
Stable	10	10	12	13	15
Appreciation	7	23	6	3	3
Total OIC countries	53	54	54	52	46
Trend of US dollar:					
(D)epreciation					
(A)ppreciation	D	D	A	A	A

Source: Table A.8 and Table A.9 in the Annex.

In summary, it is evident that the OIC countries' currencies could not appreciate while the US dollar was losing its value worldwide. Moreover, they were devalued further while the US dollar was appreciating. They were, in general, losing ground irrespective of the fact that the US dollar appreciated or depreciated. If the reader recalls that, generally, the OIC countries as a group had deficits in their current accounts, the continuous devaluation of their national currencies is not surprising. It rather reflects the reaction of the national economies to the ongoing adverse conditions.

3. FOREIGN DEBT

Foreign debt continues to be one of the most troublesome problems facing a number of OIC countries. In Table 9, derived from Tables A.10 and A.11 in the Annex, the data on the outstanding external debt of the OIC countries are summarised. Figures in parentheses indicate the number of countries about which data were available in a particular year.

The total outstanding external debt of the OIC countries increased continuously from $419.4 billion in 1991 (SESRTCIC, “Annual Economic Report”, March 1998) to $660.6 billion in 1994 and $712.0 billion in 1997. On the other hand, the total outstanding debt of the developing countries reached $2,316.6 billion in 1997 by increasing continuously from the level of $1,993.6 billion in 1994, representing a 16.2 per cent increase in four years. The rate of increase in the case of the OIC countries was only 7.8 per cent in the same period. The developing countries’ external debts accumulated faster than those of the OIC countries'. As a result of these developments, the share of the OIC countries’ debt in the total debt of the developing countries declined continuously from 33.1 per cent in 1994 to 30.7 per cent in 1997. In other words, the debt burden of the OIC countries diminished as compared to that of the other developing countries.

TABLE 9: TOTAL OUTSTANDING EXTERNAL DEBT
(In billions of US dollars)

	1994	1995	1996	1997
OIC countries	660.6 (51)	692.0 (51)	708.6 (51)	712.0 (49)
Developing countries	1993.6	2162.6	2238.4	2316.6
Share of OIC in developing countries (%)	33.1	32.0	31.7	30.7
Debt to GNP ratio (%):				
LDC group of OIC	115.8	112.4	97.4	80.6
MI group of OIC	65.3	101.7	79.4	58.2
OE group of OIC	75.9	70.1	56.5	53.6
TC group of OIC	13.2	15.4	15.2	21.5
OIC countries	71.5 (44)	86.2 (44)	68.8 (43)	56.5 (43)
Developing countries	40.0	38.2	34.9	37.3

Note: Figures in parenthesis indicate the number of countries.
Source: Table A.10 and A.11 in the Annex.

Regarding the ratio of total external debt to GNP, it stood at around 68.8 to 86.2 per cent in the OIC countries between 1994 and 1996, whereas it was ranging only between 34.9 and 40.0 per cent in the case of the developing countries during the same years. The figures actually reflect the heavier burden of the external debts in the case of the OIC countries even as compared to the developing countries. However, in 1997, the debt to GNP ratio was reduced to 56.5 per cent while it increased to 37.3 per cent in the case of the developing countries. Debt is still a heavy problem for the economies of the OIC countries. Amongst the OIC groups, the debt to GNP ratio is highest in the case of the LDC group, and lowest in the TC group (Table 9). For a more complete view of the debt problem, it is necessary to review the developments in the external debt service during the period under consideration.

The debt service in the OIC countries amounted to $56.4 billion in 1994, representing 28.3 per cent of the developing countries' total in that year. In 1996, it reached $70.5 billion, and then declined to $67.2 billion in the following year. However, against the fluctuations in the actual amount of debt servicing, the share of the OIC countries in the total debt service of the developing countries decreased during the period under consideration. In fact, that trend started in 1992 from its peak ratio of 34.0 per cent (SESRTCIC, "Annual Economic Report", March 1998) and declined continuously since then until it approached 22.0 per cent of the developing countries' debt service in 1997.

TABLE 10: TOTAL DEBT SERVICE
(In billions of US dollars)

	1994	1995	1996	1997
OIC countries	56.4 (44)	62.1 (44)	70.5 (44)	67.2 (44)
Developing countries	199.2	241.9	279.4	305.2
Share of OIC in developing countries (%)	28.3	25.7	25.2	22.0
Debt service to exports ratio (%):				
LDC group of OIC	14.5	13.7	11.5	10.9
MI group of OIC	22.4	19.0	17.0	16.9
OE group of OIC	25.7	26.3	28.1	24.9
TC group of OIC	2.8	4.7	5.5	10.2
OIC countries (%)	22.6 (44)	21.3 (44)	21.0 (44)	19.7 (44)
Developing countries (%)	16.1	16.0	16.6	17.0

Note: Figures in parenthesis indicate the number of countries.
Source: Table A.12 and A.13 in the Annex.

However, regarding the debt service ratio, that is the ratio of debt service to exports of goods and services, the OIC economies are, in relative terms, under a heavy burden of debt servicing as compared to the developing countries. This ratio shows the capacity of a country to service its debt repayment obligations and the extent to which its resources are, in a sense, mortgaged to foreign creditors.

The ratio of debt service to exports in the OIC countries was 23.5 per cent in 1992. It declined continuously since then and approached 19.7 in 1997. However, in the case of the developing countries, the debt service ratio went up again to 17.0 per cent in 1997 after declining continuously from 18.3 per cent in 1991 to 17.5 per cent in 1993, and 16.0 per cent in 1995. The debt service to export ratio in the OIC countries was much higher than that in the developing countries between 1994 and 1996. But in 1997, when the debt service ratio decreased significantly in the OIC countries, the OIC's ratio figure approached the average of the developing countries. But it was still higher than that in the developing countries. Although the developing countries allocated only 17.0 per cent of their foreign exchange earnings for debt repayments, the OIC countries had to spare, on average, 19.7 per cent of them for debt servicing in 1997.

Regarding the groups of countries in the OIC, the debt service to exports ratio was highest in the OE group with 24.9 per cent in 1997, followed by the MI group with 16.9 per cent, then by the LDC group with 10.9 per cent and, lastly, by the TC group with 10.2 per cent. The high debt service to exports ratios, especially in the OE group, are explained by the fall in export revenues caused by the sharp fall in commodity prices, especially the oil prices as we mentioned above.

All the figures related to the foreign debt and debt servicing show that the debt positions of the OIC countries are, on average, worse than those of the developing countries as a whole. Foreign debt is a difficult problem for the developing countries, but it becomes much more problematic in the case of the OIC countries.

Regarding the individual country performances, the OIC debt is highly concentrated in a small number of countries. In 1997, Indonesia came at the top of the list with a debt of $136.2 billion and 22.9 per cent in the total OIC debt, followed by Iraq with $119.0 billion or 16.7 per cent, Turkey with $91.2 billion or 12.8 per cent, and Malaysia with $47.2 billion or 6.6 per cent. The cumulative share of the first two countries amounted to 39.6 per cent of the OIC total debt, the share of the first three reached 52.4 per cent, and that of the first four countries reached 59.0 per cent or more than half of the OIC debt, according to 1997 figures (Table A.10 in the Annex).

On the other hand, the ratio of foreign debt to GNP is 65.3 per cent in Indonesia and 47.1 per cent in Turkey in 1997. In other words, although these countries are amongst the most indebted ones, their ratios of debt to GNP are not very high. That ratio exceeds 100 per cent in 12 countries (most of them being LDCs) in 1997 (Table A.11 in the Annex). Moreover, that ratio exceeds 200 per cent in four countries (Guinea-Bissau, Mauritania, Mozambique and Guyana) in the same year. These figures display explicitly the dimensions of the foreign debt problem in the OIC countries.

The high concentration of debts should not suggest that only a few OIC countries are facing serious debt problems. The least-developed, low-income OIC countries' debt problems should not be underestimated, especially because of the fact that not only their external debt burden is high compared to their national income, but they are classified as high-risk countries, facing a lot of difficulties in accessing fresh loans.

All in all, the debt problem remains one of the most serious problems facing a number of OIC countries. The most affected and the most vulnerable to future hardships are the least-developed ones.

4. CONCLUSION

While the world economy was enjoying one of the long-lasting upturns of a business cycle in the present decade, it entered into a period of monetary and financial crises affecting wide regions from Asia to the Americas, since the second half of 1997. The crashes influencing international currency and financial markets have a tendency to act also upon the real economy. The real economic output growth rates of a wide range of countries and regions, including the newly industrialising countries of Asia, countries in Latin America, the industrial countries and even the countries in transition, sharply dropped in 1998. As a result, the real economic output growth rate of the world economy decreased from 4.3 per cent in 1996 to 4.2 per cent in 1997 and reached only 2.5 per cent in 1998. Despite preliminary indications of some pickup in early 1999, world growth seems likely to be slightly below last year’s rate, and appears to remain significantly lower than it was during 1994-97.

The economies of developing countries recorded the highest drop in their real economic output growth rate, from a level of 6.5 per cent in 1996 and 5.7 per cent in 1997 to only 3.3 per cent in 1998. Even the countries in transition, which succeeded for the first time in this decade to reach a positive real economic growth rate of 2.2 per cent in 1997, recorded a negative rate of (-0.2 per cent) in 1998. The impact of the prevailing crisis was lower in industrial countries with a drop in their real economic growth rate from 3.2 per cent in 1996 and 1997 to 2.2 per cent in 1998. Predictions show that the slowdown in the economies of all these groups of countries is also expected to continue, albeit with lower rates, in 1999. At the same time, these predictions show that a restoration in the economies of all these groups will start to take place in the year 2000, although with real economic growth rates lower than those achieved in 1997.

On the other hand, although the OIC member countries as a group constitute a substantial sub-set of the developing countries, their situation was not as bright as that of the developing countries. They could not, on average, reach the average growth rate of the developing countries in the period under consideration. When the effect of a notably high rate of population growth, about 2.5 per cent a year, is taken into consideration, the growth gap between the developing countries and the OIC countries becomes more significant. The volume of this gap amounted to 3.9 percentage points in 1994. Furthermore, although, in general, the output growth recorded in the OIC countries was higher than that in the industrial countries, when the effect of the population increase was included, per capita income growth in the OIC countries fell even below that rate in the industrial countries in some years. Therefore, per capita income growth rates in the OIC countries need to be raised to close the development gap with the industrial countries and keep up with the fast-growing developing countries.

At the level of the OIC sub-groups, economic growth was much higher in the case of the MI group and the LDC group than the OIC average between 1995 and 1998, whereas it was lower in the case of the OE group during the period under consideration. The countries in transition (TC group) were still facing severe economic conditions in 1994 and 1995 in which they recorded negative growth rates. As the term implies, they are in the process of restructuring their economies. However, it seems that they started to manage it, and consequently they succeeded in realising better growth performances since 1996 when they recorded a positive growth rate of 1.3 per cent in 1998. Together, the MI and the OE groups produce about 91.0 per cent of the total OIC income, although they constitute only 69.0 per cent of the OIC population. On the other hand, the LDC and the TC groups produce together the remaining 9.0 per cent of the OIC income, although they make up 31.0 per cent of the OIC population. Roughly, only two-thirds of the OIC population generate more than 90 per cent of the OIC income. As a result, while per capita income in the former two groups, on average, amounts to $1,587, it hardly reaches $355 in the latter two groups, approximately one fifth of the former. This diversity may constitute one of the basic factors that hinder intra-OIC economic co-operation.

Agriculture is, in general, expected to play a major role in the economies of both the developing and the OIC countries as well. However, this statement does not hold for the OIC oil-exporting countries. The share of agriculture is quite low in this group, whereas it is quite high in the case of the OIC-LDCs group. While industry plays an important role in generating income in the OIC oil-exporting countries, its significance comes from oil production, not from the manufacturing sector in these countries. The manufacturing sector does not play a significant role in most of the OIC economies. Yet, in some OIC countries, particularly in the middle-income group, it is gaining importance.

The declining trend of inflation has become well pronounced since 1994 in the OIC as well as the developing countries. Even the TC group of the OIC, which experienced very high rates of inflation after their independence, managed to curb inflation and decrease its rate from a four-digit level in 1994 to only a two-digit level in 1998. Yet, the rates of inflation are significantly higher in the OIC countries than those in the industrial countries and the developing countries. Although the volume of the OIC foreign debt was higher in the most recent years against its level in 1994, the share of the OIC debt in the developing countries' total decreased from 33.1 per cent in 1994 to 30.7 per cent in 1998. However, the debt to GNP ratio was considerably worse in the OIC countries as compared to the developing countries.

The financial crisis, which broke out in the five East Asian countries of Thailand, Indonesia, the Republic of Korea, Philippines and Malaysia in mid-1997, affected not only the financial sector, but also the real economy itself in these countries. Furthermore, in less than two years, the crisis spread over other Newly Industrialised economies in Southeast Asia and Japan, as well as some other distant regions such as the Russian Federation in Europe and Brazil in Latin America. The crisis had a strong adverse impact on economic activity and near-term growth prospects and balance of payments positions in all these countries and regions. The crisis contributed significantly to the deterioration of the international financial and economic environment in the past two years. Consequently, the improvement in the world economy, which took place at the beginning of the current decade and continued until 1997, is now over.

Undoubtedly, the prevailing financial crises have had adverse effects on the economies of the developing countries, and the OIC countries as well, especially when we recall that these crises were associated with a sharp drop in private capital inflows to developing countries as well as a sharp fall in commodity prices. Because of falling commodity prices, reflecting partly low-cost imports from Asian crisis-countries, the import demand in industrial countries for the goods and services originating from the developing as well as the OIC countries declined. The economies of the exporters of oil and raw materials products may have been influenced negatively. On the other hand, in the wake of the Russian crisis, most developing countries borrowers temporarily lost access to private financing as interest rate spreads reached levels not observed since the Mexican crisis of 1995. Net private capital flows to developing countries fell to about $65 billion in 1998, less than one third the peak reached in 1996 and the lowest annual level of the decade. A general flight to quality and liquidity also prompted a severe tightening of credit conditions. The Brazilian crisis postponed the return of interest rate spreads and capital flows to levels observed before the Russian crisis. So, it can easily be predicted that in the near future, the developing countries will face more difficulties in obtaining credits from the international markets. Although the central banks in the developed countries tend to lower interest rates to revive their economies against the recession risk, the developing countries will have to pay increasing interest on their borrowings.

Experience of the Asian, Russian, and Brazilian crises has shown how the severity of contagion depends not only on the importance of economic and financial linkages with the original crisis country, but also on the origins and nature of the initiating crisis, including the degree to which it was anticipated and the strength of economic fundamentals and policies in the countries potentially subject to attack. Experience at both national and international levels helps to show how policymakers can prevent further proliferation of the financial crises suffered since mid-1997. Fiscal and monetary discipline and the avoidance of large external imbalances and overvalued exchange rates are important means of fending off the contagion of financial crises. But from an international viewpoint, it is also essential to avoid defensive measures such as excessive depreciations, trade protection, and distortionary exchange restrictions that may in the short run ease foreign exchange and financial market pressures in the country taking them, but hurt both its trading partners and its own long-term welfare.

Broader experience of the recent financial crises has particularly highlighted the risks that can be associated with pegged exchange rate arrangements. It is striking that most of the financial crises of the past two years have occurred in countries with pegged exchange rates. It is clear that the greatly increased- and still increasing- mobility of international capital has made considerably more demanding the macroeconomic and structural policy requirements that countries must meet to maintain a pegged exchange rate. It is therefore not surprising that there has been a trend toward greater exchange rate flexibility among developing countries in recent decades. In this context, it is worth mentioning that the national currencies of 21 OIC countries are pegged to different exchange rate systems as of the end of March 1998. However, flexible exchange rate arrangements do not remove the need for policy discipline and for an efficient and robust financial system. In this regard, it is also striking that a number of countries with pegged exchange rates have successfully resisted currency market pressures during the recent financial crises. The best arrangement for any country will depend ultimately on its circumstances and its economic policies.

On the other hand, while the developed countries are working hard to attain a freer trade in goods and services on the world scale through the World

Trade Organisation (WTO), they are also concentrating their efforts on increasing and strengthening their regional economic and trade groupings. Such efforts continue under the umbrella of the European Union, the North American Free Trade Area, and the Asia Pacific Economic Co-operation. The integrity of the EU is being strengthened by the continuous efforts of its members: for one thing, the new currency, the Euro was introduced at the beginning of this year, 1999; for another, the Union is being enlarged by initiating accession negotiations with new members, particularly from central and eastern European countries. Even in its present form, about two thirds of the EU's foreign trade are already made within the Union. Reinforcement of these economic groupings may hamper the liberalisation efforts of world trade and economy. If members of these economic integration schemes adopt inward-looking policies, as is the case with the EU, the developing countries and the OIC countries will be influenced adversely and may face greater obstacles. For this reason, the OIC countries should also come together in a more concerted, co-ordinated and coherent manner to avoid the undesired effects of the present tendency to divide the global economy amongst the economic interest blocs of the industrial countries.

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TABLE A.1: REAL GDP GROWTH RATES IN OIC COUNTRIES (In per cent)

	1994	1995	1996	1997	1998
Afghanistan	-3.0	26.2	6.0	6.0	6.0
Bangladesh	4.7	5.3	5.4	5.7	4.2
Benin	4.4	4.6	5.6	5.6	4.4
Burkina Faso	1.2	4.0	6.0	5.5	6.3
Chad	5.7	0.9	3.7	4.1	7.0
Comoros	-5.3	-3.9	-0.4		1.0
Djibouti	-2.9	-4.0	-5.2	2.4	1.7
Gambia	3.8	-3.4	5.3	0.8	7.8
Guinea	4.0	4.4	4.6	4.8	4.6
Guinea-Bissau	3.2	4.4	4.6	5.2	-21.0
Maldives	6.6	7.2	6.5	6.2	6.0
Mali	2.3	6.4	4.0	6.7	4.6
Mauritania	4.6	4.6	4.6	4.5	4.2
Mozambique	7.5	4.3	7.1	11.3	11.6
Niger	4.0	2.6	3.4	3.3	8.4
Sierra Leone	3.5	-10.0	5.0	-20.2	0.7
Somalia	5.2	5.4			
Sudan	1.5	3.5	4.7	6.6	5.2
Togo	16.8	6.8	9.7	4.3	-1.0
Uganda	5.3	10.5	8.1	5.2	5.5
Yemen	-0.5	8.6	5.6	5.2	2.7
LDC average	**2.6**	**8.8**	**5.4**	**5.3**	**4.5**
Bahrain	2.4	2.1	3.1	3.1	2.1
Cameroon	-2.5	3.3	5.0	5.1	5.0
Egypt	2.9	3.0	4.3	5.0	5.3
Guyana	8.5	5.0	7.9	6.2	-1.5
Jordan	8.5	5.9	0.8	2.2	0.5
Lebanon	8.0	6.5	4.0	4.0	5.0
Malaysia	9.3	9.4	8.6	7.7	-6.8
Morocco	10.4	-6.6	12.1	-2.0	6.3
Pakistan	3.9	5.2	4.7	-0.4	5.4
Senegal	2.9	4.8	5.7	5.2	5.7
Surinam	-5.4	7.1	6.7	5.6	1.9
Syria	4.9	4.6	3.6	1.9	4.3
Tunisia	3.3	2.4	7.0	5.4	5.1
Turkey	-4.7	8.1	6.9	7.6	2.8
MI average	**2.3**	**5.7**	**6.4**	**4.9**	**2.3**
Algeria	-1.1	3.9	3.8	1.1	3.4
Brunei	1.8	3.0	3.6	4.1	1.0
Gabon	3.4	7.0	3.8	4.1	2.0
Indonesia	7.5	8.2	8.0	4.6	-13.7
Iran	0.9	2.9	5.5	3.0	1.7
Iraq		-6.7		10.0	12.0
Kuwait	8.4	1.0	2.1	2.5	2.2
Libya	-0.9	-1.1	2.0	2.6	2.6
Nigeria	-0.6	2.6	6.4	3.9	2.3
Oman	3.8	4.8	3.5	3.6	3.6
Qatar	2.3	-1.1	10.0	15.5	11.5
Saudi Arabia	0.5	0.5	1.4	1.9	1.2
U.A.E.	2.2	6.1	10.1	2.1	-5.6
OE average	**2.6**	**2.7**	**5.0**	**4.0**	**-1.6**
Albania	9.4	8.9	9.1	-7.0	8.0
Azerbaijan	-19.7	-11.8	1.3	5.8	10.0
Kazakhstan	-12.6	-8.2	0.5	1.7	-2.5
Kyrgyzstan	-20.1	-5.4	7.1	9.9	2.0
Tajikistan	-21.4	-12.5	-4.4	1.7	5.3
Turkmenistan	-18.8	-8.2	-7.7	-25.9	4.5
Uzbekistan	-4.2	-0.9	1.6	2.4	2.8
TC average	-10.0	-5.2	1.1	0.1	1.3
OIC Average	**2.7**	**3.7**	**5.8**	**4.6**	**-1.4**

Source: IMF, *World Economic Outlook*, May 1999.

TABLE A.2: COMPOSITION OF GDP IN OIC COUNTRIES AS AVERAGE OF 1993-97

(In per cent)

	Agriculture	Industry	Manufacture	Services
Bangladesh	30.2	17.8	9.5	52.2
Benin	36.0	13.0	8.0	50.8
Burkina Faso	34.4	26.0	18.0	39.5
Chad	43.4	19.4	13.5	37.8
Comoros(1)	38.6	12.8	4.3	48.5
Djibouti(1)	2.9	20.6	4.5	76.5
Gambia	28.4	15.0	7.0	58.0
Guinea	24.8	33.0	5.0	42.4
Guinea-Bissau	48.8	16.6	6.3	34.6
Maldives(1)	22.0	16.0	6.0	61.6
Mali	45.4	16.2	7.0	38.0
Mauritania	26.4	30.2	11.0	43.6
Mozambique	35.2	16.6		48.2
Niger	38.8	18.0	6.5	43.7
Sierra Leone	43.0	21.8	5.5	35.2
Somalia(1)	65.0	8.5	5.0	26.0
Sudan(1)	37.0	16.2	9.2	46.2
Togo	40.0	21.0	9.8	39.0
Uganda	48.4	14.6	6.0	36.8
Yemen	19.6	25.5	11.0	52.4
LDC average	**32.8**	**19.3**	**8.9**	**47.5**
Bahrain(1)	0.6	41.7	16.6	57.7
Cameroon	36.2	23.6	9.5	40.8
Egypt	18.2	25.6	20.2	56.4
Jordan	6.8	28.0	14.5	65.0
Lebanon	10.3	26.0	17.0	63.6
Malaysia	13.8	45.0	33.2	42.0
Morocco	15.0	31.4	17.0	50.6
Pakistan	25.6	24.8	17.0	50.0
Senegal	18.6	18.4	11.5	62.8
Syria(1)	30.0	22.0	5.0	48.0
Tunisia	14.8	29.6	18.0	55.8
Turkey	16.0	9.6	19.4	54.0
MI average	**18.2**	**23.7**	**15.6**	**51.3**
Algeria	12.6	46.6	8.5	40.6
Brunei(2)	5.0	81.0	8.0	14.0
Gabon	7.4	50.6	5.0	42.0
Indonesia	17.0	41.4	23.8	41.4
Iran(1)	23.4	33.9	14.3	42.6
Iraq(2)	19.5	37.0	7.5	43.5
Kuwait	0.5	53.5	10.5	46.0
Libya(2)	8.0	50.0	8.0	42.0
Nigeria	41.6	30.2	8.0	28.6
Oman(1)	3.4	52.6	4.0	44.0
Qatar(1)	1.0	50.0	11.0	48.8
Saudi Arabia(1)	4.6	54.0	7.0	41.0
U.A.E.(1)	2.0	56.4	7.9	40.6
OE average	**16.5**	**43.1**	**12.9**	**40.2**
Albania	52.2	19.6		27.8
Azerbaijan	24.2	30.6	18.0	45.2
Kazakhstan	16.7	26.4	6.0	50.2
Kyrgyzstan	45.6	25.4	8.0	29.0
Tajikistan(3)	33.0	35.0		32.0
Turkmenistan(3)	32.0	31.0		37.0
Uzbekistan	28.2	32.4	15.5	39.8
TC average	**25.3**	**28.3**	**8.7**	**43.4**
OIC Average	**18.3**	**34.2**	**15.1**	**44.8**

(1): 1991-95; (2): 1990; (3): 1993-96

Source: World Bank, *World Development Report* 1993 through 1998/99.

TABLE A.3: RATES OF INFLATION IN OIC COUNTRIES (In per cent)

	1994	1995	1996	1997	1998
Afghanistan	20.0	14.0	14.0	14.0	14.0
Bangladesh	6.3	7.7	4.5	4.8	7.9
Benin	38.6	14.9	4.7	3.8	5.8
Burkina Faso	24.7	7.8	6.1	2.3	2.5
Chad	41.3	9.5	11.3	5.6	4.5
Comoros	25.3	7.1	1.4	1.0	1.0
Djibouti	6.5	4.9	4.2	2.6	2.0
Gambia	4.0	4.0	4.8	2.1	3.8
Guinea	4.5	5.6	2.9	1.9	5.1
Guinea-Bissau	15.2	45.4	50.7	49.1	3.1
Maldives	3.4	5.5	6.2	7.2	5.0
Mali	24.8	12.4	6.4	-0.6	4.2
Mauritania	4.1	6.0	5.2	4.5	8.0
Mozambique	63.1	54.4	44.6	6.4	0.6
Niger	35.6	10.9	5.3	2.9	4.5
Sierra Leone	18.4	29.8	23.1	14.9	37.4
Somalia	18.9	16.3			
Sudan	115.5	68.4	132.8	46.7	17.0
Togo	35.3	13.9	4.6	7.1	1.0
Uganda	6.5	6.1	7.5	7.8	5.8
Yemen	71.8	62.5	27.3	6.3	9.0
LDC average	**30.9**	**22.6**	**22.0**	**10.4**	**9.1**
Bahrain	0.4	3.1	-0.2	1.0	0.1
Cameroon	12.7	25.8	6.6	5.2	2.8
Egypt	9.0	9.4	7.0	6.2	3.8
Guyana	12.4	12.2	7.1	3.6	4.6
Jordan	3.5	2.4	6.5	3.0	5.0
Lebanon	8.0	10.6	8.9	8.5	8.0
Malaysia	3.7	3.4	3.5	2.7	5.3
Morocco	5.1	6.1	3.0	1.0	2.7
Pakistan	11.3	12.4	10.3	12.5	7.8
Senegal	32.1	8.5	2.8	1.8	1.5
Surinam	368.5	235.5	-0.8	7.2	20.8
Syria	15.3	7.7	8.9	1.9	1.0
Tunisia	4.6	6.3	3.8	3.7	3.6
Turkey	106.3	93.7	82.3	85.7	84.6
MI average	**41.3**	**36.6**	**31.6**	**31.8**	**31.1**
Algeria	29.0	29.8	18.7	6.8	6.2
Brunei	2.4	6.0	2.0	1.7	
Gabon	36.1	10.0	4.5	2.5	2.0
Indonesia	8.5	9.4	7.9	6.6	60.7
Iran	35.2	49.4	23.1	17.3	22.0
Iraq	44.7	208.4	34.5	45.0	45.0
Kuwait	2.5	2.7	3.6	0.7	0.5
Libya	17.0	10.0	7.0	6.0	5.0
Nigeria	57.0	72.8	29.3	8.5	10.2
Oman	-0.7	-1.1	0.3	-0.2	1.5
Qatar	1.3	3.0	2.5	2.6	2.6
Saudi Arabia	0.6	5.0	0.9	-0.4	-0.2
U.A.E.	3.9	4.4	3.6	4.4	3.1
OE average	**20.9**	**41.0**	**13.8**	**10.2**	**25.4**
Albania	22.6	7.8	12.7	33.2	20.7
Azerbaijan	1664.4	411.7	19.8	3.7	-0.8
Kazakhstan	1879.9	176.3	39.1	17.4	7.3
Kyrgyzstan	228.7	52.5	30.4	25.5	12.0
Tajikistan	350.4	610.0	418.0	88.0	43.2
Turkmenistan	1748.3	1005.3	992.4	83.7	16.8
Uzbekistan	1568.3	304.6	54.0	70.9	29.0
TC average	**1552.5**	**272.1**	**108.1**	**38.2**	**15.1**
OIC average	**68.5**	**44.2**	**23.3**	**18.9**	**26.2**

Source: IMF, *World Economic Outlook*, May 1999.

TABLE A.4: EXPORTS OF OIC COUNTRIES
(Annual changes in US $ terms, in per cent)

	1994	1995	1996	1997	1998
Afghanistan	-84.7	58.1	-24.1	18.3	-3.4
Bangladesh	16.4	18.1	5.4	23.6	-6.2
Benin	30.1	22.6	19.4	17.8	-13.1
Burkina Faso	69.8	53.3	15.2	0.0	6.9
Chad	23.9	49.4	0.8	7.2	-23.1
Comoros	-18.2	-38.9	27.3	-21.4	
Djibouti	8.3	-9.3	26.2	5.9	
Gambia	-63.9	-20.0	-21.4	600.0	-7.8
Guinea	29.1	0.3	12.9	20.3	-10.6
Guinea-Bissau	125.8	34.3	-39.4	24.6	1.4
Maldives	37.1	4.2	110.0	-11.4	
Mali	-20.2	35.1	20.0	-1.4	-4.3
Mauritania	4.3	27.8	-1.1	-2.0	-8.7
Mozambique	11.2	7.8	-3.4	18.5	-7.4
Niger	-51.1	51.4	-53.0	62.0	59.4
Sierra Leone	127.1	-27.2	8.2	1.9	-33.5
Somalia	18.2	18.2	11.2	-6.4	6.3
Sudan	30.1	16.7	-8.1	5.1	7.0
Togo	42.9	31.4	-3.5	15.2	0.5
Uganda	180.7	40.6	6.2	-6.4	-20.8
Yemen	149.2	108.4	24.3	2.7	-13.3
LDC average	**16.9**	**29.5**	**7.8**	**12.7**	**-9.7**
Bahrain	15.7	20.9	16.8	6.4	-72.4
Cameroon	0.4	48.5	8.4	6.8	-4.5
Egypt	10.9	-0.2	2.7	10.6	20.3
Guyana	11.5	3.5	15.4	1.6	-3.9
Jordan	10.7	25.3	2.0	0.5	7.9
Lebanon	1.3	7.0	67.6	-38.3	22.9
Malaysia	24.7	25.5	6.1	0.6	4.5
Morocco	4.4	2.5	16.5	48.8	5.9
Pakistan	9.4	9.0	16.4	-7.2	-2.3
Senegal	-27.9	9.5	0.2	-25.8	72.1
Surinam	-0.7	32.8	4.3	1.8	13.2
Syria	12.7	11.8	-0.8	2.8	-8.2
Tunisia	21.8	24.6	-4.6	-2.8	8.6
Turkey	18.3	19.2	6.8	13.5	8.9
MI average	**18.9**	**21.0**	**7.5**	**4.1**	**-0.7**
Algeria	-14.9	21.3	20.9	10.5	-17.0
Brunei	-10.5	-0.3	12.6	0.0	-17.8
Gabon	7.5	4.7	17.5	10.7	-28.7
Indonesia	3.9	15.0	13.5	4.5	5.6
Iran	7.5	-5.5	22.0	11.7	-19.3
Iraq	-18.9	11.0	18.6	359.0	42.9
Kuwait	5.0	20.9	19.0	3.3	-58.3
Libya	4.2	8.1	19.0	-2.8	-19.1
Nigeria	-2.8	4.1	32.5	2.4	-20.7
Oman	3.1	8.2	21.8	4.6	-16.0
Qatar	-3.9	24.8	21.8	25.2	-4.6
Saudi Arabia	0.5	17.4	14.7	7.2	-19.5
U.A.E.	0.9	11.8	15.2	11.1	-13.0
OE average	**1.2**	**12.1**	**17.4**	**7.7**	**-14.5**
Albania	25.9	45.4	19.0	-34.8	21.4
Azerbaijan	-35.9	-14.6	16.0	23.8	15.7
Kazakhstan	250.7	56.4	13.0	7.3	-6.4
Kyrgyzstan	13.8	71.9	4.8	9.7	36.6
Tajikistan	40.6	52.2	2.8	-23.9	23.5
Turkmenistan	108.5	63.1	-10.0	50.7	-75.5
Uzbekistan	203.3	40.4	-1.2	7.7	14.1

TC average	**107.6**	**48.0**	**5.3**	**11.5**	**-10.3**
OIC average	**9.1**	**16.9**	**12.9**	**6.6**	**-9.2**

TABLE A.5: IMPORTS OF OIC COUNTRIES (Annual changes in US $ terms, in per cent)

	1994	1995	1996	1997	1998
Afghanistan	-13.4	-1.4	71.1	-15.5	-7.0
Bangladesh	14.2	41.7	6.2	-0.6	7.1
Benin	56.5	55.9	3.8	9.4	9.5
Burkina Faso	-19.0	37.8	22.7	-13.2	13.9
Chad	-4.4	47.7	7.5	-20.2	8.7
Comoros	6.6	38.9	4.5	0.0	
Djibouti	-13.8	12.0	-4.8	-3.0	
Gambia	-44.1	-33.0	1851.4	-88.1	5.5
Guinea	-10.5	14.8	6.0	-0.2	3.0
Guinea-Bissau	18.3	-9.7	-20.0	6.3	-39.5
Maldives	15.0	60.8	32.5	-8.5	
Mali	-2.7	41.8	13.4	1.6	8.0
Mauritania	-2.1	14.4	-0.6	-3.9	-2.1
Mozambique	4.1	19.2	-3.3	5.4	0.9
Niger	-3.4	21.3	4.0	5.1	3.2
Sierra Leone	2.4	-2.4	19.5	-19.0	-0.4
Somalia	11.6	-9.7	18.3	11.8	-11.4
Sudan	-2.6	12.6	4.7	11.9	26.6
Togo	10.5	43.7	-3.2	9.8	9.1
Uganda	18.2	38.0	-3.0	4.7	16.6
Yemen	-26.8	-24.6	17.4	-0.8	19.1
LDC average	**-1.5**	**22.0**	**21.2**	**-9.9**	**3.3**
Bahrain	-2.2	-3.7	7.9	12.4	7.2
Cameroon	-18.6	62.5	5.4	10.9	30.7
Egypt	15.4	24.2	10.9	1.1	55.4
Guyana	-34.9	27.4	31.4	2.4	5.7
Jordan	-6.4	7.9	17.8	-10.3	4.5
Lebanon	20.5	21.2	15.1	-1.4	-4.0
Malaysia	30.6	30.3	1.0	2.3	6.3
Morocco	4.5	7.5	7.2	21.4	9.4
Pakistan	-6.4	29.0	6.0	-4.6	-19.7
Senegal	-16.0	38.3	7.0	-7.8	34.3
Surinam	-56.0	14.2	16.6	-3.9	6.2
Syria	32.1	-13.9	35.1	-5.2	16.2
Tunisia	5.7	22.2	-3.5	2.2	14.8
Turkey	-20.7	53.6	18.7	14.6	6.3
MI average	**8.0**	**28.6**	**7.9**	**4.9**	**8.8**
Algeria	9.2	5.8	-17.7	6.7	7.8
Brunei	20.5	12.1	33.8	-16.1	-28.5
Gabon	-17.3	20.3	5.1	19.3	1.9
Indonesia	6.8	33.0	6.8	0.1	-24.7
Iran	-41.1	4.4	22.8	-3.3	-2.9
Iraq	-6.4	23.4	-20.1	55.7	33.7
Kuwait	-4.2	14.2	6.3	-15.3	-14.5
Libya	-22.4	17.0	6.3	5.6	-5.4
Nigeria	-29.1	3.5	15.5	4.7	6.0
Oman	-4.8	8.5	7.8	8.0	3.0
Qatar	10.2	47.3	-5.2	50.3	-12.9
Saudi Arabia	-17.2	17.6	1.1	45.0	6.1
U.A.E.	7.7	-0.2	7.9	36.7	6.0
OE average	**-9.1**	**15.4**	**6.1**	**14.5**	**-4.8**
Albania	-0.2	13.1	35.6	-24.7	13.0
Azerbaijan	22.5	-14.4	44.3	-17.4	60.5
Kazakhstan	127.7	6.9	12.4	-0.1	30.4
Kyrgyzstan	23.0	59.3	102.8	-10.3	33.2
Tajikistan	2.8	48.1	-17.5	-5.2	17.9
Turkmenistan	60.5	52.6	-3.7	-8.5	33.7
Uzbekistan	185.5	30.5	61.7	-1.3	5.7

TC average	**82.5**	**20.1**	**28.7**	**-5.0**	**22.0**
OIC average	**0.6**	**22.3**	**8.5**	**7.5**	**3.1**

TABLE A.6: CURRENT ACCOUNT BALANCE IN OIC COUNTRIES
(In millions of US dollars)

	1994	1995	1996	1997	1998
Albania	-157.3	-11.5	-107.6	-272.2	-350.0
Algeria	-1790	-2310	1350	-280	-1960.0
Azerbaijan	-121.0	-400.7	-931.2	-915.8	-1364.5
Bahrain	198.2	557.0	753.0	727.0	94.0
Bangladesh	199.6	-823.9	-991.4	-327.3	-904.0
Benin	36.4	-10	-43	-40	-30.0
Burkina Faso	14.9	15	-103		
Cameroon	-56.1	89.9	-94.0	-261.0	
Chad	-37.7	-34.0	-126.3	-97.0	
Comoros	-7.2	-19.0	-16.0	-16.0	
Djibouti	-64.1	-23.0			
Egypt	31.0	-254.0	-192.0	-711.0	-3400.0
Gabon	317.4	99.8	438.0	431.0	-310.0
Gambia	8.2	-8.2	-47.7	-23.6	
Guinea	-248.0	-216.5	-177.3	-91.1	-120.0
Guinea-Bissau	-50.6	-41.5	13.0	-26.0	
Guyana	-124.9	-134.8	-53.8	-83.1	-100.0
Indonesia	-2792.0	-6431.0	-7663.0	-4890.0	4000.0
Iran	4956.0	3358.0	5232.0	1900.0	-2270.0
Iraq	-229.0	-438.0	-336.0	-538.0	-512.0
Jordan	-398.0	-258.6	-221.9	29.3	-56.0
Kazakhstan	-722.0	-518.2	-750.0	-908.5	
Kuwait	3227.0	5016.0	7107.0	7935.0	2940.0
Kyrgyzstan	-84.0	-234.7	-424.8	-138.5	320.0
Lebanon	-3701.0	-5092.0	-5675.0	-5537.0	2122.0
Libya	-580.0	-1162.0	1080	-235.0	
Malaysia	-4520.0	-8469.0	-4596.0	-4792.0	-4090.0
Maldives	-11.2	-18.1	9.6	-15.9	
Mali	-162.3	-283.2	-272.6	-178.0	-125.0
Mauritania	-69.9	22.1	20.0	29.0	
Morocco	-723.0	-1186.0	35.0	-87.0	-636.0
Mozambique	-467.2	-444.7	-358.9	-711.0	-778.0
Niger	-126.1	-151.7			
Nigeria	-2128.0	-2578.0	3507.0	552.0	-3070.0
Oman	-805.0	-801.0	180.0	-57.0	-2.4
Pakistan	-1806.0	-3338.0	-4422.0	-1754.0	-1870.0
Qatar	-1238.0	-370.0	-2533.0	-2758.0	-3421.0
Saudi Arabia	-10487.0	-5325.0	681.0	257.0	-13100.0
Senegal	-187.5	-244.5	-199.5	-180	-110.0
Sierra Leone	-89.1	-126.5	-181.0	-34.5	-78.9
Somalia					
Sudan	-601.7	-499.9	-826.8	-828.1	
Surinam	58.6	72.9	0.2	-44.4	-100.0
Syria	-791.0	367.0	165.0	564.0	-23.0
Tajikistan	-170.0	-70.0	-84.0	-60.0	-190.0
Togo	-63.3	-54.0	-58.0	-35.0	-64.0
Tunisia	-564.0	-754.0	-513.0	-640.0	-479.0
Turkey	2631.0	-2338.0	-2437.0	-2679.0	-1500.0
Turkmenistan	84.0	23.0	43.0	-576.0	
U.A.E.	-720.0	360.0	6660.0	6750.0	3080.0
Uganda	-207.5	-338.9	-252.3	-387.8	-413.2
Uzbekistan	119.0	-49.0	-1075.0	-906.0	
Yemen	365.9	182.7	106.3	158.9	-504.0
OIC total	**-24853.5**	**-35697.7**	**-14989.2**	**-18643.0**	**-2514.5**

Source: IMF, *International Financial Statistics*, June 1999.

TABLE A.7: TOTAL RESERVES EXCLUDING GOLD
(In millions of US dollars)

	1994	1995	1996	1997	1998
Albania	204.8	241.1	280.9	308.9	348.5
Algeria	2674.0	2005.0	4235.0	8047.0	6846.0
Azerbaijan	2.0	120.9	211.3	466.1	447.3
Bahrain	1169.7	1279.9	1320.0	1290.0	1079.2
Bangladesh	3138.7	2339.7	1835.0	1581.5	1905.4
Benin	258.2	197.9	261.8	253.1	261.5
Burkina Faso	237.2	347.4	338.6	344.8	373.3
Cameroon	2.3	3.8	2.8	0.9	1.3
Chad	76.0	142.5	164.5	135.8	120.1
Comoros	44.0	44.5	50.6	40.5	39.1
Djibouti	73.8	72.2	77.0	66.6	66.5
Egypt	13481.0	16181.0	17398.0	18665.0	18124.0
Gabon	157.2	148.1	248.7	282.6	15.4
Gambia	98.0	106.2	102.1	96.0	106.4
Guinea	87.9	86.8	87.3	121.6	
Guinea-Bissau	18.4	20.3	11.5		
Guyana	247.1	268.9	329.7	315.5	276.6
Indonesia	12133.0	13708.0	18251.0	16587.0	22713.0
Jordan	1692.6	1972.9	1759.3	2200.3	1750.4
Kazakhstan	837.5	1135.6	1294.7	1697.1	1264.2
Kuwait	3500.5	3560.8	3515.1	3451.8	3947.1
Kyrghyzstan	26.2	81.0	94.6	169.8	163.8
Lebanon	3884.2	4533.3	5932.0	5976.4	6556.4
Libya	4100.0	4300.0	4600.0	4100.0	
Malaysia	25423.0	23774.0	27009.0	20788.0	25559.0
Maldives	31.2	48.0	76.2	98.3	118.5
Mali	218.8	319.1	426.3	409.8	398.0
Mauritania	39.7	85.5	141.2	200.8	202.9
Morocco	4352.0	3601.0	3794.0	3993.0	4435.0
Mozambique	177.5	195.3	344.1	517.4	608.5
Niger	110.3	94.7	78.5	53.3	53.1
Nigeria	1386.0	1443.0	4075.0	7700.0	
Oman	979.4	1138.3	1389.4	1548.8	1064.1
Pakistan	2929.0	1733.0	548.0	1195.0	1028.0
Qatar	657.7	694.0	710.0	1391.0	
Saudi Arabia	7378.0	8622.0	6794.0	7353.0	7520.0
Senegal	179.6	271.8	288.3	386.2	430.8
Sierra Leone	40.6	34.6	26.6	38.5	44.1
Sudan	78.2	163.4	106.8	81.6	90.6
Surinam	39.7	132.9	96.3	109.1	
Togo	94.4	130.4	88.5	118.6	117.7
Tunisia	1461.5	1605.3	1897.6	1978.0	1850.1
Turkey	7169.0	12442.0	16436.0	18658.0	19489.0
U.A.E.	6658.8	7470.9	8055.5	8372.3	9077.1
Uganda	321.4	458.9	528.4	633.5	725.4
Uzbekistan	676.0	645.0	430.0		
Yemen	254.8	619.0	1017.2	1203.1	995.5

Source: IMF, *International Financial Statistics*, June 1999.

TABLE A.8: EXCHANGE RATES, PERIOD AVERAGE
(National Currency per US dollar)

	1994	1995	1996	1997	1998
Afghanistan	50.6	50.6	3000.00	3000.00	3000.00
Albania	94.62	92.70	104.50	148.93	150.63
Algeria	35.06	44.66	54.75	57.70	58.74
Azerbaijan	1570.23	4413.54	4301.26	3985.38	
Bahrain	0.38	0.38	0.38	0.38	0.38
Bangladesh	40.21	40.28	41.79	43.89	46.91
Benin	555.20	499.15	511.55	583.67	589.95
Brunei	1.53	1.42	1.41	1.48	
Burkina Faso	555.20	499.15	511.55	583.67	589.95
Cameroon	555.20	499.15	511.55	583.67	589.95
Chad	555.20	499.15	511.55	583.67	589.95
Comoros	416.40	374.36	383.66	437.75	442.46
Djibouti	177.72	177.72	177.72	177.72	177.72
Egypt	3.39	3.39	3.39	3.39	3.39
Gabon	555.20	499.15	511.55	583.67	589.95
Gambia	9.57	9.55	9.79	10.20	10.64
Guinea	976.60	991.40	1004.00	1095.30	
Guinea-Bissau	198.34	278.04	405.75	583.67	589.95
Guyana	138.30	142.00	140.40	142.40	150.50
Indonesia	2160.80	2248.60	2342.30	2909.40	10013.60
Iran	1748.75	1747.93	1750.76	1752.92	1751.86
Iraq	0.31	0.31	0.31	0.31	0.31
Jordan	0.70	0.71	0.71	0.71	0.71
Kazakhstan	35.54	60.95	67.30	75.44	78.30
Kuwait	0.30	0.30	0.30	0.30	0.30
Kyrgyzstan	10.84	10.82	12.81	17.36	20.84
Lebanon	1680.10	1621.40	1571.40	1539.50	1516.10
Libya	0.31	0.35	0.37	0.39	
Malaysia	2.65	2.50	2.52	2.81	3.92
Maldives	11.58	11.77	11.77	11.77	11.77
Mali	556.39	500.21	512.64	584.91	591.21
Mauritania	123.56	129.77	137.22	151.85	
Morocco	9.18	8.54	8.72	9.53	9.60
Mozambique	6038.60	9024.30	11293.80	11543.60	11874.60
Niger	555.20	499.15	511.55	583.67	589.95
Nigeria	22.00	21.90	21.88	21.89	21.89
Oman	0.38	0.38	0.38	0.38	0.38
Pakistan	30.52	31.59	36.02	41.05	45.01
Qatar	3.64	3.64	3.64	3.64	3.64
Saudi Arabia	3.75	3.75	3.75	3.75	3.75
Senegal	555.20	499.15	511.55	583.67	589.95
Sierra Leone	586.74	755.22	920.73	981.48	1563.62
Sudan	289.61	580.87	1250.79	1575.74	1949.69
Surinam	134.13	442.23	401.26	401.00	401.00
Syria	11.22	11.22	11.22	11.22	11.22
Tajikistan	2191.00	135.00	298.00	564.00	775.00
Togo	555.20	499.15	511.55	583.67	589.95
Tunisia	1.01	0.95	0.97	1.11	1.14
Turkey	29608.70	45845.10	81405.00	151865.00	260724.00
Turkmenistan	60.00	449.00	4016.00	4165.00	
U.A.E.	3.67	3.67	3.67	3.67	3.67
Uganda	979.40	968.90	1046.00	1083.00	1240.30
Uzbekistan	11.60	30.00	40.20		
Yemen	12.01	40.84	94.16	129.28	135.88

Source: IMF, *International Financial Statistics*, June 1999.

TABLE A.9: RATES OF CHANGE IN EXCHANGE RATES

(In per cent)

	1994	1995	1996	1997	1998
Afghanistan	0.00	0.00	-98.31	0.00	0.00
Albania	7.86	2.07	-11.29	-29.83	-1.13
Algeria	-33.41	-21.50	-18.43	-5.11	-1.77
Azerbaijan	-93.63	-64.42	2.61	7.93	
Bahrain	-1.05	0.00	0.00	0.00	0.00
Bangladesh	-1.60	-0.17	-3.61	-4.78	-6.44
Benin	-49.00	11.23	-2.42	-12.36	-1.06
Brunei	6.54	7.75	0.71	-4.73	
Burkina Faso	-49.00	11.23	-2.42	-12.36	-1.06
Cameroon	-49.00	11.23	-2.42	-12.36	-1.06
Chad	-49.00	11.23	-2.42	-12.36	-1.06
Comoros	-32.00	11.23	-2.42	-12.36	-1.06
Djibouti	0.00	0.00	0.00	0.00	0.00
Egypt	-0.53	0.00	0.00	0.00	0.00
Gabon	-49.00	11.23	-2.42	-12.36	-1.06
Gambia	-4.61	0.21	-2.45	-4.02	-4.14
Guinea	-2.16	-1.49	-1.25	-8.34	
Guinea-Bissau	-21.80	-28.66	-31.48	-30.48	-1.06
Guyana	-8.39	-2.61	1.14	-1.40	-5.38
Indonesia	-3.41	-3.90	-4.00	-19.49	-70.95
Iran	-27.50	0.05	-0.16	-0.12	0.06
Iraq	0.32	0.00	0.00	0.00	0.00
Jordan	-1.00	-1.41	0.00	0.00	0.00
Kazakhstan	-82.25	-41.69	-9.44	-10.79	-3.65
Kuwait	0.67	0.00	0.00	0.00	0.00
Kyrgyzstan	-64.94	0.18	-15.53	-26.21	-16.70
Lebanon	3.65	3.62	3.18	2.07	1.54
Libya	4.84	-11.43	-5.41	-5.13	
Malaysia	-2.87	6.00	-0.79	-10.32	-28.32
Maldives	-5.38	-1.61	0.00	0.00	0.00
Mali	-49.00	11.23	-2.42	-12.36	-1.07
Mauritania	-2.23	-4.79	-5.43	-9.63	
Morocco	1.30	7.49	-2.06	-8.50	-0.73
Mozambique	-35.84	-33.09	-20.10	-2.16	-2.79
Niger	-49.00	11.23	-2.42	-12.36	-1.06
Nigeria	0.30	0.46	0.09	-0.05	0.00
Oman	1.32	0.00	0.00	0.00	0.00
Pakistan	-8.06	-3.39	-12.30	-12.25	-8.80
Qatar	0.00	0.00	0.00	0.00	0.00
Saudi Arabia	-0.13	0.00	0.00	0.00	0.00
Senegal	-49.00	11.23	-2.42	-12.36	-1.06
Sierra Leone	-3.29	-22.31	-17.98	-6.19	-37.23
Sudan	-44.99	-50.14	-53.56	-20.62	-19.18
Surinam	-98.67	-69.67	10.21	0.06	0.00
Syria	0.04	0.00	0.00	0.00	0.00
Tajikistan	-54.54	1522.96	-54.70	-47.16	-27.23
Togo	-49.00	11.23	-2.42	-12.36	-1.06
Tunisia	-0.59	6.32	-2.06	-12.61	-2.63
Turkey	-62.90	-35.42	-43.68	-46.40	-41.75
Turkmenistan	-96.67	-86.64	-88.82	-3.58	
U.A.E.	0.03	0.00	0.00	0.00	0.00
Uganda	22.01	1.08	-7.37	-3.42	-12.68
Uzbekistan	-100.00	-61.33	-25.37		
Yemen	0.00	-70.59	-56.63	-27.17	-4.86

TABLE A.10: TOTAL EXTERNAL DEBT OF THE OIC COUNTRIES
(In millions of US dollars)

	1994	1995	1996	1997
Albania	851	643.6	672.1	706
Algeria	29973	32810	33428	30921
Azerbaijan	112.8	321	435.3	503.7
Bahrain	2575	2809	2534	2393
Bangladesh	16258	16325	16007	15125
Benin	1589	1614	1594	1624
Burkina Faso	1129	1267	1294	1297
Cameroon	8326	9364	9542	9293
Chad	828	902	997	1027
Comoros	192.3	203.7	205.6	197.4
Djibouti	263.1	281.8	295.8	283.6
Egypt	32314	33266	31299	29849
Gabon	4171	4360	4310	4285
Gambia	424.7	424.9	455.6	430.1
Guinea	3110	3242	3240	3520
Guinea-Bissau	852.2	896.9	936.8	921.3
Guyana	2038	2105	1631	1611
Indonesia	107824	124398	128941	136174
Iran	22634	21880	16706	11816
Iraq	101000	107000	113000	119000
Jordan	7708	8111	8070	8234
Kazakhstan	2790	3750	3122	4278
Kuwait	10060	7910	6210	7040
Kyrgyzstan	446.1	608.3	764.4	928.2
Lebanon	2118	2966	3996	5036
Libya		3900	4200	
Malaysia	30336	34343	39673	47228
Maldives	123.5	154.9	167.7	160.3
Mali	2694	2957	3006	2945
Mauritania	2223	2350	2412	2453
Morocco	22158	22669	21667	19321
Mozambique	5622	5726	5782	5991
Niger	1525	1586	1536	1579
Nigeria	33092	34093	31407	28455
Oman	3087	3181	3415	3602
Pakistan	27359	30169	29802	29665
Qatar	4260	6490	9600	12640
Saudi Arabia	1800			
Senegal	3658	3841	3664	3671
Sierra Leone	1493	1178	1181	1149
Somalia	21616	2678	2643	2561
Sudan	16918	17603	16972	16326
Syria	20558	21318	21420	20865
Tajikistan	580.3	633.6	699.4	901.1
Togo	1444	1464	1479	1339
Tunisia	9609	10914	11465	11323
Turkey	66255	73779	81822	91205
Turkmenistan	431	402	751	1771
U.A.E.	13430	11560	11720	
Uganda	3372	3573	3674	3708
Uzbekistan	1244	1787	2363	2761
Yemen	6125	6217	6362	3856
OIC Countries	**660600**	**692026**	**708570**	**711969**
Developing Countries	**1993606**	**2162559**	**2238353**	**2316601**
OIC share in Developing Countries	**33.1**	**32.0**	**31.7**	**30.7**

Source: The World Bank, *Global Development Finance 1999*.

TABLE A.11: RATIO OF TOTAL EXTERNAL DEBT TO GNP

(In per cent)

	1994	1995	1996	1997
Bangladesh	46.9	41.9	38.3	35.1
Benin	108.7	82.1	73.2	76.9
Burkina Faso	61.3	54.2	51.2	54.3
Chad	71.9	64.0	62.1	65.2
Comoros	103.3	94.5	96.2	101.9
Djibouti	54.4	57.8	61.4	57.1
Gambia	118.7	112.7	118.2	107.6
Guinea	93.6	92.6	87.5	95.3
Guinea-Bissau	384.7	380.1	371.9	366.5
Maldives	56.0	61.6	59.1	51.7
Mali	149.2	123.2	115.7	119.2
Mauritania	228.2	231.4	232.4	234.5
Mozambique	344.2	326.7	270.9	232.9
Niger	99.5	86.7	78.4	86.3
Sierra Leone	183.6	145.4	129.9	141.5
Sudan	233.1	280.3	235.2	182.4
Togo	155.1	115.7	117.6	92.7
Uganda	85.6	62.8	60.5	56.5
Yemen	186.0	178.1	137.6	76.7
LDC average	**115.8**	**112.4**	**97.4**	**80.6**
Cameroon	114.0	125.7	112.0	109.3
Egypt	63.6	56.7	46.1	39.0
Guyana	443.1	394.0	251.7	236.0
Jordan	132.4	126.2	121.7	117.1
Lebanon	22.4	25.7	30.1	32.8
Malaysia	44.0	41.3	42.0	50.5
Morocco	75.9	71.6	60.9	59.5
Pakistan	52.2	49.4	45.7	47.5
Senegal	104.5	88.5	78.3	82.9
Syria	146.6	134.5	138.6	126.4
Tunisia	65.1	63.8	61.8	62.8
Turkey	50.5	43.1	44.5	47.1
MI average	**65.3**	**101.7**	**79.4**	**58.2**
Algeria	74.3	84.0	76.5	69.0
Gabon	113.0	102.8	89.8	95.7
Indonesia	63.3	64.6	58.3	65.3
Iran	35.3	24.6	16.3	9.6
Nigeria	155.3	131.7	95.0	75.6
Oman	33.0	30.2		
OE average	**75.9**	**70.1**	**56.5**	**53.6**
Albania	42.8	25.9	24.8	28.1
Azerbaijan	3.1	9.2	12.1	11.7
Kazakhstan	14.4	19.4	15.2	19.5
Kyrgyzstan	17.8	18.5	28.5	42.8
Tajikistan	28.6	32.2	35.2	44.6
Turkmenistan	9.9	9.4	18.7	63.4
Uzbekistan	5.9	8.0	10.0	11.2
TC average	**13.2**	**15.4**	**15.2**	**21.5**
OIC average	**71.5**	**86.2**	**68.8**	**56.5**
Developing countries	**40.0**	**38.2**	**34.9**	**37.3**

Source: The World Bank, *Global Development Finance 1999*.

TABLE A.12: TOTAL DEBT SERVICE OF OIC COUNTRIES
(In millions of US dollars)

	1994	1995	1996	1997
Albania	18.3	10.4	28.7	39.3
Algeria	5107	4201	4161	4420
Azerbaijan	0.3	10.1	9.8	77.9
Bangladesh	603	812	698	705
Benin	41	50	46	55
Burkina Faso	44	49	49	52
Cameroon	385	431	510	513
Chad	18	16	30	35
Comoros	2.8	1	1.4	2.3
Djibouti	11.8	11.6	12	7.3
Egypt	2240	2379	2283	1928
Gabon	268	456	384	433
Gambia	31.1	26.6	28	26.9
Guinea	97	178	114	161
Guinea-Bissau	7.4	15.4	11.2	9.7
Guyana	97	109	105	133
Indonesia	14267	16416	21539	19736
Iran	3293	5824	6533	6274
Jordan	564	614	656	621
Kazakhstan	68	235	322	502
Kyrgyzstan	16.4	59.9	50.6	43.3
Lebanon	185	224	301	734
Malaysia	6121	6041	8427	7109
Maldives	9.5	10.8	11.7	28.5
Mali	88	86	116	78
Mauritania	106	117	116	114
Morocco	3639	3765	3219	3082
Mozambique	123	162	141	104
Niger	66	56	56	61
Nigeria	1872	1833	2509	1416
Oman	550	486	751	474
Pakistan	3468	3183	3289	4059
Senegal	234	281	290	247
Sierra Leone	160	79	59	20
Somalia	0	1	3	0
Sudan	3	69	48	58
Syria	398	293	254	563
Tajikistan	0.4	0	1.1	37
Togo	23	29	58	55
Tunisia	1457	1480	1466	1413
Turkey	10255	11448	11095	10716
Turkmenistan	100	104	193	263
Uganda	150	137	150	191
Uzbekistan	138	243	292	516
Yemen	106	102	87	98
OIC Countries	**56432**	**62134.8**	**70504.5**	**67211.2**
Developing Countries	**199166**	**241932**	**279371**	**305236**
OIC share in Developing Countries	**28.3**	**25.7**	**25.2**	**22.0**

Source: The World Bank, *Global Development Finance 1999.*

TABLE A.13: RATIO OF TOTAL DEBT SERVICE TO EXPORT

(In per cent)

	1994	1995	1996	1997
Bangladesh	14.1	14.8	11.8	10.6
Benin	8.6	8.2	7.3	9.1
Burkina Faso	12.1	11.4	11.3	11.8
Chad	9.2	5.0	11.1	12.5
Comoros	4.8	1.6	2.3	3.9
Djibouti	5.1	5.5	5.4	3.1
Gambia	14.1	14.7	12.4	11.6
Guinea	14.3	25.0	14.6	21.5
Guinea-Bissau	22.3	64.2	39.9	17.3
Maldives	3.4	3.4	3.0	6.7
Mali	17.0	13.2	18.1	10.5
Mauritania	24.4	22.9	22.2	25.6
Mozambique	31.2	34.5	26.0	18.6
Niger	23.8	16.7	16.3	19.5
Sierra Leone	73.4	61.5	45.7	21.1
Sudan	0.4	6.2	4.9	5.1
Togo	5.3	4.5	8.4	8.1
Uganda	43.7	20.0	20.0	22.1
Yemen	3.5	3.1	2.4	2.6
LDC average	**14.5**	**13.7**	**11.5**	**10.9**
Cameroon	21.8	20.6	22.3	20.4
Egypt	14.1	12.3	11.5	9.0
Guyana	16.4	17.0	15.1	17.6
Jordan	13.6	12.7	12.3	11.1
Lebanon	5.3	5.0	6.4	14.4
Malaysia	8.9	7.0	9.0	7.5
Morocco	37.9	33.4	26.9	26.6
Pakistan	35.0	26.6	27.6	36.1
Senegal	17.1	16.7	16.7	15.3
Syria	6.8	4.7	3.9	9.3
Tunisia	19.3	17.0	16.5	16.0
Turkey	31.4	27.7	21.9	18.4
MI average	**22.4**	**19.0**	**17.0**	**16.9**
Algeria	47.2	34.0	27.3	27.2
Gabon	10.3	15.6	11.4	13.1
Indonesia	30.7	29.9	36.6	30.0
Iran	16.5	30.2	27.5	32.2
Nigeria	17.9	13.8	14.0	7.8
Oman	9.4	7.5	9.9	5.9
OE average	**25.7**	**26.3**	**28.1**	**24.9**
Albania	3.4	1.4	3.0	7.1
Azerbaijan	0.0	1.3	1.3	6.7
Kazakhstan	1.6	4.1	4.6	6.5
Kyrgyzstan	4.4	13.2	8.9	6.3
Tajikistan	0.1	0.0	0.1	4.6
Turkmenistan	4.6	5.0	11.4	34.7
Uzbekistan	4.6	6.2	7.0	13.0
TC average	**2.8**	**4.7**	**5.5**	**10.2**
OIC average	**22.6**	**21.3**	**21.0**	**19.7**
Developing Countries	**16.1**	**16.0**	**16.6**	**17.0**

Source: The World Bank, *Global Development Finance 1999*.

TABLE S.1: GDP AT CURRENT PRICES (In millions of US dollars)

	1994	**1995**	**1996**	**1997**	**1998 (*)**
Afghanistan	11244	14190	15041	15041	15041
Albania	1949	2479	2689	2264	2445
Algeria	41968	43925	45563	47077	48677
Azerbaijan	1193	2417	3193	3852	4237
Bahrain	5316	5472	5747	6032	6159
Bangladesh	25623	29053	31143	31966	33309
Benin	1479	2009	2208	2141	2235
Brunei	4370	4986	5125	5304	5357
Burkina Faso	1716	2182	2362	2201	2340
Cameroon	6153	8315	8904	8596	9026
Chad	830	1012	1110	1143	1223
Comoros	186	214	213	193	195
Djibouti	458	445	444	451	459
Egypt	51592	60472	67345	75590	82710
Gabon	4191	5108	5663	5138	5241
Gambia	302	388	401	409	441
Guinea	3425	3674	3984	3825	4001
Guinea-Bissau	635	446	343	272	215
Guyana	545	622	705	743	732
Indonesia	176888	202132	227370	214995	185541
Iran	73414	102335	134361	160150	162873
Iraq	77477	72286	73732	81105	90838
Jordan	5914	6541	6715	7051	7086
Kazakhstan	11915	16640	21036	22558	21994
Kuwait	24848	26594	31127	30403	31072
Kyrgyzstan	1109	1492	1754	1753	1788
Lebanon	8030	10380	8282	9923	10419
Libya	21613	22096	22703	22102	22677
Malaysia	71693	87329	99170	97880	91224
Maldives	241	271	289	306	324
Mali	1758	2374	2576	2448	2561
Mauritania	1005	1058	1094	1096	1142
Morocco	30417	32986	36672	33514	36141
Mozambique	1433	1499	1714	1944	2170
Niger	1563	1650	1682	1580	1713
Nigeria	41437	90313	129464	142977	146266
Oman	12901	13916	14903	16345	16933
Pakistan	51545	59572	60116	58582	61306
Qatar	7374	7515	9066	9341	10415
Saudi Arabia	120168	125688	136355	145976	147728
Senegal	3612	4437	4807	4542	4801
Sierra Leone	927	941	942	823	829
Somalia	1404	1563			0
Sudan	5801	8319	8168	10162	10690
Surinam	390	466	529	599	610
Syria	45067	50889	60289	64955	67748
Tajikistan	784	480	1035	1121	1180
Togo	982	1307	1450	1400	1386
Tunisia	15657	18025	19595	18900	20008
Turkey	135974	172123	176218	189122	194417
Turkmenistan	2350	2388	1894	2316	2420
U.A.E.	36676	40044	44632	45177	42647
Uganda	5281	6170	6345	6694	7062
Uzbekistan	5593	10093	13933	14323	14724
Yemen	22380	10964	6959	5729	5884
OIC Total	**1188796**	**1400285**	**1569160**	**1640130**	**1650660**
WORLD total	**25223462**	**27846241**	**28583721**	**28976806**	**29701226**
OIC share in World total (%)	**4.7**	**5.0**	**5.5**	**5.7**	**5.6**

Source: IMF, *International Financial Statistics*, June 1999.
(*) SESRTCIC Data Base.

TABLE S.2: TOTAL POPULATION IN OIC COUNTRIES (In millions)

	1994	1995	1996	1997	1998 (*)
Afghanistan	18.47	19.66	20.88	22.13	22.6
Albania	3.55	3.61	3.67	3.73	3.79
Algeria	27.5	28.06	28.57	29.05	29.8
Azerbaijan	7.43	7.49	7.57	7.63	7.7
Bahrain	0.56	0.58	0.6	0.62	0.63
Bangladesh	116.49	118.23	120.07	122.01	123.7
Benin	5.24	5.41	5.59	5.83	5.94
Brunei	0.28	0.29	0.3	0.31	0.32
Burkina Faso	9.89	10.2	10.78	11.09	11.4
Cameroon	12.83	13.28	13.56	13.94	13.98
Chad	6.21	6.33	6.52	6.7	6.9
Comoros	0.59	0.61	0.63	0.65	0.7
Djibouti	0.58	0.6	0.62	0.63	0.65
Egypt	57.85	59.23	60.6	62.01	63.3
Gabon	1.05	1.08	1.11	1.14	1.4
Gambia	1.08	1.11	1.14	1.17	1.2
Guinea	7.09	7.35	7.52	7.61	7.81
Guinea-Bissau	1.05	1.07	1.09	1.11	1.12
Guyana	0.82	0.83	0.84	0.85	0.87
Indonesia	190.68	194.75	196.75	199.87	203.8
Iran	59.78	63.36	61.13	60.69	62
Iraq	19.65	20.09	20.61	21.18	22.5
Jordan	5.2	5.44	5.58	5.77	5.9
Kazakhstan	16.3	16.07	15.92	16.83	16.9
Kuwait	1.62	1.69	1.75	1.81	1.9
Kyrgyzstan	4.47	4.51	4.58	4.64	4.7
Lebanon	2.91	3.01	3.08	3.14	4.1
Libya	4.9	5.41	5.59	5.78	5.8
Malaysia	20.11	20.69	21.17	21.67	22.2
Maldives	0.25	0.25	0.26	0.27	0.3
Mali	10.46	10.79	11.13	11.48	11.5
Mauritania	2.21	2.28	2.35	2.39	2.4
Morocco	26.07	26.39	26.85	27.31	27.8
Mozambique	16.61	17.42	17.8	18.27	18.7
Niger	8.85	9.15	9.47	9.79	10.1
Nigeria	108.47	111.72	115.02	118.37	118.4
Oman	2.05	2.13	2.21	2.25	2.28
Pakistan	126.47	130.25	134.15	138.16	141.1
Qatar	0.59	0.55	0.56	0.57	0.6
Saudi Arabia	17.76	18.25	18.84	19.49	20.1
Senegal	8.13	8.35	8.57	8.8	9.2
Sierra Leone	4.4	4.51	4.3	4.43	4.6
Somalia	9.08	9.25	9.82	10.22	10.4
Sudan	28.95	26.71	27.29	27.9	28.7
Surinam	0.4	0.41	0.43	0.44	0.5
Syria	13.84	14.19	14.62	14.95	15.6
Tajikistan	5.74	5.84	5.92	6.05	6.1
Togo	3.93	4.08	4.2	4.32	4.4
Tunisia	8.81	8.96	9.09	9.22	9.4
Turkey	60.58	61.64	62.7	63.75	64.7
Turkmenistan	4.41	4.51	4.57	4.24	4.7
U.A.E.	2.16	2.31	2.44	2.58	2.7
Uganda	19.08	19.26	19.85	20.44	23
Uzbekistan	22.19	22.56	23.01	23.44	23.7
Yemen	14.86	15.37	15.92	16.48	17.1
OIC Total	**1130.53**	**1157.17**	**1179.19**	**1205.20**	**1231.69**
WORLD total	**5601.0**	**5673.0**	**5754.0**	**5820.0**	**5849.0**
OIC share in World total (%)	**20.2**	**20.4**	**20.5**	**20.7**	**21.1**

Sources: UN, *Monthly Bulletin of Statistics*, January 1999.
(*) SESRTCIC Data Base.

TABLE S.3: TOTAL MERCHANDISE EXPORTS (FOB, in millions of US dollars)

	1994	1995	1996	1997	1998
Afghanistan	105	166	126	149	144
Bangladesh	2650	3129	3297	4076	3822
Benin	177	217	259	305	265
Burkina Faso	107	164	189	189	202
Chad	83	124	125	134	103
Comoros	18	11	14	11	
Djibouti	118	107	135	143	
Gambia	35	28	22	154	142
Guinea	701	703	794	955	854
Guinea-Bissau	70	94	57	71	72
Maldives	48	50	105	93	
Mali	174	235	282	278	266
Mauritania	436	557	551	540	493
Mozambique	218	235	227	269	249
Niger	111	168	79	128	204
Sierra Leone	268	195	211	215	143
Somalia	143	169	188	176	187
Sudan	454	530	487	512	548
Togo	280	368	355	409	411
Uganda	379	533	566	530	420
Yemen	932	1942	2413	2479	2150
LDC total	**7507**	**9725**	**10482**	**11816**	**10675**
Bahrain	7827	9466	11061	11771	3252
Cameroon	1360	2019	2188	2336	2230
Egypt	3448	3441	3534	3908	4702
Guyana	484	501	578	587	564
Jordan	1151	1442	1471	1479	1596
Lebanon	643	688	1153	711	874
Malaysia	58749	73722	78246	78750	82272
Morocco	3971	4072	4745	7060	7475
Pakistan	7332	7991	9299	8632	8433
Senegal	484	530	531	394	678
Surinam	403	535	558	568	643
Syria	3547	3970	3939	4051	3719
Tunisia	4643	5785	5519	5363	5822
Turkey	18155	21648	23123	26246	28595
MI total	**112197**	**135810**	**145945**	**151856**	**150855**
Algeria	8591	10422	12599	13923	11561
Brunei	2115	2108	2374	2375	1953
Gabon	2298	2407	2829	3132	2234
Indonesia	38241	43982	49914	52179	55082
Iran	19434	18360	22391	25001	20174
Iraq	382	424	503	2309	3299
Kuwait	9433	11408	13580	14023	5849
Libya	7849	8483	10099	9816	7938
Nigeria	11269	11726	15535	15903	12613
Oman	4725	5114	6229	6516	5474
Qatar	2925	3651	4448	5568	5314
Saudi Arabia	42584	50005	57357	61472	49487
U.A.E.	21474	24014	27660	30718	26740
OE total	**171320**	**192104**	**225518**	**242935**	**207718**
Albania	141	205	244	159	193
Azerbaijan	637	544	631	781	904
Kazakhstan	3356	5250	5931	6366	5959
Kyrgyzstan	281	483	506	555	758
Tajikistan	492	749	770	586	724
Turkmenistan	1153	1881	1693	2551	624
Uzbekistan	1929	2708	2675	2881	3287
TC total	**7989**	**11820**	**12450**	**13879**	**12449**
OIC Total	**299013**	**349459**	**394395**	**420486**	**381697**
WORLD total	**4249900**	**5074200**	**5289800**	**5527900**	**5557500**
OIC share in world total (%)		**6.9**	**7.5**	**7.6**	**6.9**
Industrial C.	**2888300**	**3426000**	**3511500**	**3616500**	**3663800**
Developing C.	**1359200**	**1646000**	**1775500**	**1908800**	**1890900**

Source: IMF, *Direction of Trade Statistics Yearbook 1998*, and *Direction of Trade Statistics Quarterly*, June 1999.

TABLE S.4: TOTAL MERCHANDISE IMPORTS (CIF, in millions of US dollars)

	1994	1995	1996	1997	1998
Afghanistan	368	363	621	525	488
Bangladesh	4584	6496	6898	6857	7347
Benin	540	842	874	956	1047
Burkina Faso	349	481	590	512	583
Chad	109	161	173	138	150
Comoros	113	157	164	164	
Djibouti	374	419	399	387	
Gambia	209	140	2732	326	344
Guinea	668	767	813	811	835
Guinea-Bissau	155	140	112	119	72
Maldives	222	357	473	433	
Mali	717	1017	1153	1172	1266
Mauritania	561	642	638	613	600
Mozambique	1053	1255	1214	1280	1292
Niger	450	546	568	597	616
Sierra Leone	252	246	294	238	237
Somalia	309	279	330	369	327
Sudan	1145	1289	1350	1511	1913
Togo	693	996	964	1058	1154
Uganda	540	745	723	757	883
Yemen	2094	1578	1852	1837	2188
LDC total	**15505**	**18916**	**22935**	**20660**	**21342**
Bahrain	4188	4033	4352	4893	5243
Cameroon	717	1165	1228	1362	1780
Egypt	9452	11739	13019	13168	20460
Guyana	325	414	544	557	589
Jordan	3391	3660	4310	3866	4039
Lebanon	5418	6567	7560	7457	7160
Malaysia	59555	77614	78422	80263	85314
Morocco	7168	7705	8257	10021	10958
Pakistan	8884	11460	12150	11595	9307
Senegal	884	1223	1308	1206	1620
Surinam	444	507	591	568	603
Syria	5468	4709	6362	6028	7006
Tunisia	6571	8032	7749	7918	9088
Turkey	23278	35760	42464	48656	51736
MI total	**135743**	**174588**	**188316**	**197558**	**214903**
Algeria	9570	10123	8329	8889	9582
Brunei	3133	3513	4701	3946	2821
Gabon	754	907	953	1137	1159
Indonesia	30253	40225	42964	43016	32383
Iran	11795	12313	15117	14624	14196
Iraq	499	616	492	766	1024
Kuwait	6726	7683	8170	6919	5913
Libya	4169	4879	5187	5477	5179
Nigeria	5383	5569	6430	6732	7136
Oman	3915	4248	4579	4947	5097
Qatar	2083	3069	2909	4373	3807
Saudi Arabia	23343	27449	27764	40262	42706
U.A.E.	21024	20984	22638	30935	32800
OE total	**122647**	**141578**	**150233**	**172023**	**163803**
Albania	601	680	922	694	784
Azerbaijan	778	666	961	794	1274
Kazakhstan	3561	3807	4279	4275	5573
Kyrgyzstan	246	392	795	713	950
Tajikistan	547	810	668	633	746
Turkmenistan	894	1364	1313	1201	1606
Uzbekistan	2321	3030	4901	4839	5115
TC total	**8948**	**10749**	**13839**	**13149**	**16048**
OIC Total	**282843**	**345831**	**375323**	**403390**	**416096**
WORLD total	**4317500**	**5149600**	**5391100**	**5625900**	**5810400**
OIC share in world total (%)	**6.6**	**6.7**	**7.0**	**7.2**	**7.2**
Industrial C.	**2882400**	**3391600**	**3506000**	**3620400**	**3826000**
Developing C.	**1431800**	**1753800**	**1880000**	**2001200**	**1980200**

Source: IMF, *Direction of Trade Statistics Yearbook 1998*, and *Direction of Trade Statistics Quarterly*, June 1999.