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REGIONAL ECONOMIC GROUPINGS OF THE OIC COUNTRIES

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The present survey starts with a review of various forms of regional economic groupings and discusses the economic and commercial gains that may be made from such integration schemes. It then examines different aspects of regional economic groupings involving the OIC countries, including establishment, objectives, and institutional structure, among others, and evaluates the progress achieved by those groupings in reaching their objectives. Finally, it emphasises the need for new regional arrangements amongst the OIC Member Countries.

1. INTRODUCTION

Economic regionalisation can be viewed as one of the major instruments of promoting international trade activities among countries through removal of barriers to mutual trade in goods and services by means of free trade areas, customs unions and other preferential trade arrangements. Further linkages may be stimulated through freer international exchanges of capital and labour.

When two or more countries come together to form a regional trade grouping, that will have two types of effects. The first is the trade creating effect, which will increase the national income in the participating countries. The second will be the trade diversion effect, meaning a resulting change in the direction of trade activities in favour of the member countries and against the non-members. This actually implies disadvantages and losses on the part of the non-member countries. For this reason, the formation of a trade bloc is a very important issue not only for the signatory countries but also for the non-member countries.

Within the framework of the globalisation efforts conducted under, first, the General Agreement on Tariffs and Trade (GATT), and second, the World Trade Organisation (WTO), the utmost importance was given to the principle of non-discrimination at the international and national levels. The first principle is known as the most-favoured-nation (MFN) clause and requires that any trade concession extended to a country must be automatically and immediately applied to all other GATT/WTO members. The second principle requires all the members to treat imported goods in the same manner as domestic products. Additionally, customs duties must be the only tools to protect domestic goods.

Although these two very basic principles were agreed under the GATT/WTO, there are, indeed, some effective exceptions to these rules. One exemption from the most-favoured-nation clause is the case of free trade areas and customs unions. Only in these economic groupings is 'discrimination' made permissible against the non-member countries.

Another exception to the principle of non-discrimination is the special status of the developing countries. Trade preferences extended to the developing countries are also excluded from the MFN clause. In other words, preferential treatment extended to the developing countries will not be granted compulsorily to the other countries.

Although trade liberalisation efforts at the global level are accelerating even day by day, regional economic groupings (REG) or regional trade blocs are also gaining momentum as indispensable forms of increasing trade amongst the countries, developed or developing, to satisfy their growth and development aspirations.

At the level of the developed countries, the European Union (EU), the North American Free Trade Agreement (NAFTA) and the Asia-Pacific Economic Co-operation (APEC) have created huge economic blocs. These three blocs are very important in terms of both their weights in the world trade and economy and their inherent tendencies towards further enlargement and deepening.

The OIC member countries have also established and/or joined many regional economic co-operation schemes. Some are formed with other OIC countries. Others include non-OIC partners.

The present survey aims to evaluate the regional economic groupings of the OIC countries to shed some light on the level of integration efforts amongst the OIC member states.

1.1. Forms of Regional Economic Groupings

Regional economic groupings aim at creating a larger economic unit from smaller national economies. For this purpose, they aim to remove trade barriers and establish closer co-ordination and co-operation among the countries involved.

Depending upon the level of integration, regional economic groupings may be classified into six major groups as follows:

1. Preferential trade areas;
2. Free trade areas;
3. Customs unions;
4. Common markets;
5. Monetary unions;
6. Economic unions.

A preferential trade area is the weakest form of economic grouping. The member countries reduce customs tariffs in some product categories. They apply a preferential treatment to some groups of goods from the member countries as compared to the rest of the world. Higher tariffs would remain in place for all remaining product categories.

In free trade areas, participants aim mainly to expand trade activities among themselves. For this purpose, they eliminate customs tariffs on the products they produce themselves. However, they maintain their own external tariff on imports from third parties. For this reason, free trade areas are criticised on the ground that import products from third countries may penetrate into the grouping through the customs of the Member State with the lowest tariff and may then be re-exported to the other participants. In order to prevent such trade, free trade areas generally develop very elaborate rules of origin.

A customs union, on the other hand, is a higher form of free trade area, and eliminates the deficiency mentioned above. In a customs union, the participants not only agree to abolish or reduce tariffs between themselves, they also set a common external tariff policy against third parties. In this manner, the member countries, on the one hand, secure the free or privileged flow of tradable goods amongst themselves, and on the other hand, they form a discriminatory trade bloc against the non-member countries. In this case, the main concern becomes the co-ordination of the trade policies amongst the member countries instead of developing elaborate rules of origin.

A common market allows a free flow of not only the goods but also the services and the factors of production such as capital, labour, entrepreneurship, etc., across countries. It also establishes a common external tariff policy against third parties. However, such a scheme necessitates the co-ordination of commercial and industrial policies. Citizens of a common market can work and invest in any member country without any restriction.

A monetary union establishes a central monetary authority, which will determine monetary policy for all the participating countries. That authority issues a common currency to be circulated among the member countries. The EU members have concentrated their efforts on reaching that stage of integration. In this context, they introduced the single European currency (the Euro) on 1st January 1999. At this stage, the Euro is being used as a unit of account in bank operations. The Euro notes and coins will be circulated together with the national currencies starting from 1st January 2002. The Euro will completely replace the national currencies after 1st July 2002.

In an economic union, the participants will maintain free trade in goods and services, set common external tariffs among members, allow the free mobility of capital and labour. Additionally, they also agree to harmonise their national economic policies, and act as a single economic unit. The European Union (EU) is also a very good example of such an integration scheme. In the EU, the integration efforts extended even to the harmonisation of social policies.

1.2. Gains from Regional Economic Groupings

As we have mentioned earlier, when countries form a regional economic grouping, two types of effect may arise: trade diversion and trade creation. Trade diversion is the resulting shift in the direction of trade in favour of the member countries and against third parties. On the other hand, trade creation will induce economic activity in the region and give an impetus to income creation.

Formation of a regional economic grouping will, first of all, enlarge the volume of demand for commodities produced in the region. As a result, when any investment decision is to be taken, entrepreneurs will consider the whole region and invest in large-scale production units. This fact will have two effects. First, it may increase efficiency and competitiveness through economies of scale in production of goods already being produced in the region. Secondly, it may also make possible the production of new commodities within the region. These two results are the direct effects of economic groupings. These will bring about more income creation within the region.

Due to the expansion of the market, trade and income creation will result in increased exports, increased trade exchanges, more investment, more output, higher rate of employment, new business opportunities, new goods produced in the region. Foreign trade structure and production possibilities will change. Expanded exports will improve the balance of payments, and that, in turn, may decrease the debt burden on the economies. A greater market may induce foreign capital from third parties. Structural changes will improve the quality and quantity of the products in the region. Specialisation and better division of labour would increase production, productivity and economic growth. Larger markets for commodities and factors of production will give an impetus to technological changes. The overall benefits will be reflected on the increased output, income and welfare of the people.

2. REGIONAL ECONOMIC GROUPINGS OF THE OIC COUNTRIES

Table 1 shows at a glance the membership of the OIC Countries in these regional economic groupings.

Table 1: Regional Economic Groupings of the OIC Countries

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

Asia and Europe																		
Albania														*				
Afghanistan																	*	
Azerbaijan														*	*		*	
Bangladesh																		*
Brunei													*			*		
Indonesia													*			*		
Iran																	*	
Kazakhstan															*		*	
Kyrghyz Rep.															*		*	
Malaysia													*			*		
Maldives																		*
Pakistan																	*	*
Tajikistan															*		*	
Turkey														*			*	
Turkmenistan															*		*	
Uzbekistan															*		*	

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

2.1. African Economic Community (AEC)

The AEC was established at the end of the 27th Session of the Organisation of African Unity (OAU) held in Abuja, Nigeria, on 3 June 1991, on adoption of the Treaty Establishing the African Economic Community or Abuja Treaty. The Treaty came into force on 12 May 1994 after its ratification by the two-thirds of the OUA members. It is composed of the members of the OAU[1].

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1 **Algeria**, Angola, **Benin**, Botswana, **Burkina Faso**, Burundi, **Cameroon**, Cape Verde, Central Africa Republic, **Chad**, **Comoros**, Congo, Cote d'Ivoire, **Djibouti**, **Egypt**, Equatorial Guinea, Eritrea, Ethiopia, **Gabon**, **Gambia**, Ghana, **Guinea**, **Guinea-Bissau**, Kenya, Lesotho, Liberia, **Libya**,

The objectives of the Community can be summarised as follows:

(a) To promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development.

(b) To establish, on a continental scale, a framework for the development, mobilisation and utilisation of the human and material resources of Africa in order to achieve a self-reliant development.

(c) To promote co-operation in all fields of human endeavour in order to raise the standard of living of African peoples, and maintain and enhance economic stability, foster close and peaceful relations among Member States and contribute to the progress, development and the economic integration of the Continent.

(d) To co-ordinate and harmonise policies among existing and future economic communities in order to foster the gradual establishment of the Community.

The Community shall be established gradually in six stages of variable duration over a transitional period not exceeding thirty-four years. At each stage, specific activities shall be assigned and implemented as follows:

(a) First Stage: Strengthening of existing regional economic communities within a period not exceeding five years.

(b) Second Stage will be completed within a period not exceeding eight years:

(i) Stabilisation of tariffs and other barriers, and internal taxes;

Madagascar, Malawi, **Mali**, **Mauritania**, Mauritius, **Mozambique**, Namibia, **Niger**, **Nigeria**, Rwanda, Sao Tome and Principe, **Senegal**, Seychelles, **Sierra Leone**, **Somalia**, South Africa, **Sudan**, Swaziland, **Togo**, **Tunisia**, **Uganda**, Tanzania, Zaire, Zambia, Zimbabwe (OIC Countries are in bold).

(ii) Strengthening of sectoral integration at the regional and continental levels in all areas of activity particularly in the fields of trade, agriculture, money and finance, transport and communications, industry and energy; and

(iii) Co-ordination and harmonisation of activities among the economic communities.

(c) Third Stage: Establishment of a Free Trade Area within a period not exceeding ten years.

(d) Fourth Stage: Co-ordination and harmonisation of tariff and non-tariff systems among the various regional economic communities with a view to establishing a Customs Union at the continental level by means of adopting a common external tariff within a period not exceeding two years.

(a) Fifth Stage: Establishment of an African Common Market within a period not exceeding four years through:

(i) The adoption of a common policy in several areas such as agriculture, transport and communications, industry, energy and scientific research;

(ii) The harmonisation of monetary, financial and fiscal policies;

(iii) The free movement of persons.

(a) Sixth Stage: Consolidation and strengthening of the African Common Market within a period not exceeding five years through, inter alia:

(i) The free movement of people, goods, capital and services;

(ii) The integration of all the sectors, namely economic, political, social and cultural; establishment of a single domestic market and a Pan-African Economic and Monetary Union;

(iii) The establishment of a single African Central Bank and the creation of a single African Currency; and

(iv) The implementation of the final stage for the setting up of the structure of the Pan-African Parliament and election of its members by continental universal suffrage.

Progress and Development

The Economic and Social Commission (ECOSOC) is the major organ of the Community. Article 7 of the Treaty determines its functions. The Commission held its first ministerial session in November 1996, in Abidjan, Ivory Coast, for the purpose of setting in motion the administrative and technical requirements for launching the effective implementation of the AEC Treaty. Among other things, the first ministerial session of ECOSOC approved the text of the Protocol on Relations between the African Economic Community and the Regional Economic Communities (RECs) and adopted the work programme for the period 1997-2000 for the establishment of the AEC.

On the other hand, the African Economic Community Summit held its inaugural session in Harare, Zimbabwe, on 3 June 1997. The 33rd Assembly of Heads of State and Government of the OAU transformed itself into the Assembly of the AEC. The Assembly received the reports on the implementation of the AEC, by the chairmen of the different regional economic communities, such as COMESA, ECCAS, ECOWAS, etc. One of the major decisions of the Assembly was the approval of the Protocol on Relations between the AEC and the regional economic communities (RECs).

2.2. Central African Customs and Economic Union (UDEAC)

The UDEAC (Union Douanière et Economique de l'Afrique Centrale) was established on signature of Brazzaville Treaty in Brazzaville, Congo, on 8 December 1964. Its members are **Cameroon**, Central African Republic, **Chad**, Congo, Equatorial Guinea and **Gabon**. It entered into force on 1 January 1966. The UDEAC replaced Equatorial Customs Union, set up on 23 June 1959. The Central African Republic, Chad and Congo withdrew in April 1968 to form together the Union of Central African States (UEAC). The Central African Republic subsequently rejoined UDEAC in December 1968. The Brazzaville Treaty was revised and signed by Cameroon, the Central African

Republic, Congo, and Gabon in Yaoundé, Cameroon, on 8 December 1974. Chad also rejoined the Union after the Meeting of the Heads of State in Brazzaville from 17-19 December 1987.

The UDEAC aims to establish a union among the Member States to achieve the goal of gradual and progressive establishment of a Central African Common Market. It also aims to participate in the creation of a single African Common Market and the consolidation of African unity. In order to achieve these objectives, it aims to establish a common customs tariff with respect to third parties, to eliminate impediments to trade amongst the members, to encourage free movement of goods, services, capital and property. It also aims to improve the living standards of the population, harmonise the policies of industrialisation and co-ordinate their development programmes.

Quantitative restrictions amongst the member countries are being eliminated. A common external tariff with four rates (5 per cent, 10 per cent, 20 per cent and 30 per cent) is being implemented. A preferential tariff equal to 20 per cent of the common external tariffs is to be applied to the Member States.

Against the efforts aiming to increase the intra-UDEAC trade exchanges, intra-regional trade is still as low as 3 per cent.

The UDEAC has a common legislation for investment policy. However, the common investment legislation has not attracted more foreign investment to the region as a whole.

The Community's development bank, BDEAC, was created to mobilise internal and external resources for productive investment and regional projects, mainly in agriculture and industry, and to promote a more balanced development. However, its functions are restricted by lack of enough funds.

The members of the UDEAC are also members of the Franc Zone, with the common central bank, BEAC (Banque Centrale des Etats de l'Afrique Centrale). The UDEAC countries signed a treaty establishing the Economic and Monetary Community of Central Africa (CEMAC) in March 1994 in order to promote the process of sub-regional integration within the framework of an Economic and Monetary Union.

2.3. Common Market for Eastern and Southern Africa (COMESA)

It was established on 8 December 1994, on ratification of the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA). The treaty was signed in Kampala, Uganda, on 5 November 1993. This treaty replaced the former Preferential Trade Area for Eastern and Southern African States (PTA) set up in Lusaka, Zambia, on 22 December 1981. The COMESA members are Angola, Burundi, **Comoros**, **Djibouti,** Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, **Mozambique**, Namibia, Rwanda, **Sudan**, Swaziland, Tanzania, **Uganda**, Zaire, Zambia, and Zimbabwe. Seychelles and **Somalia** are in the process of membership. It has also been referred to as African Common Market.

Objectives

The ultimate objective is to set up the African Economic Community through the implementation of the provisions of the Treaty establishing the African Economic Community (Abuja Treaty). This treaty aims to establish the African Economic Community gradually in six stages of variable duration over a transitional period not exceeding thirty-four years (for more information you may see the section on AEC). Under the Abuja Treaty, the COMESA will negotiate, together with other REGs, the formation of the Community.

On the other hand, its basic objectives, as determined by the COMESA Treaty, are:

(a) To attain sustainable growth and development of the Member States by promoting a more balanced and harmonious development of its production and marketing structures;

(b) To promote joint development in all fields of economic activity and the joint adoption of macroeconomic policies and programmes; to raise the standard of living of its peoples, and to foster closer relations among its Member States;

(c) To co-operate in the creation of an enabling environment for foreign, cross-border and domestic investment, including the joint promotion of research and adaptation of science and technology for development;

(d) To co-operate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region;

(e) To co-operate in strengthening the relations between the Common Market and the rest of the world and the adoption of common positions in international fora; and

(f) To contribute towards the establishment, progress and the realisation of the objectives of the African Economic Community.

In order to achieve these goals, the COMESA aims to deepen and broaden the integration process among its Member States through the adoption of more comprehensive trade liberalisation measures like the elimination of tariff and non-tariff barriers. It further aims to secure free movement of capital, labour, and other factors of production through the elimination of controls on the movement of goods and individuals. It also recognises the right of establishment throughout the region without any restriction. It also aims to harmonise tax rates, including value added tax and excise duties, etc., and conditions regarding industrial co-operation, particularly on company laws, intellectual property rights and investment laws in order to create a more favourable investment climate for the entire COMESA region. At the monetary level, the COMESA aims to establish a payments union starting with the COMESA Clearing House. At a later stage, it will develop into a Monetary Union by adoption of a single currency.

Progress and Development

The COMESA has achieved a lot in the areas of trade, customs, transport, economic development, finance and technical co-operation. Impressive progress has also been made in the productive sectors, such as agriculture, industry, etc.

In the COMESA, tariff reform called for an initial set of tariff cuts ranging from 10 to 70 per cent with respect to the product items. These initial cuts were to be followed by 10 per cent tariff reductions every two years between 1988 and 1996. A further 50 per cent would be reduced in two steps: 20 per cent in 1998 and 30 per cent in 2000. NTBs were to be eliminated during that period as well. To ease intra-community flow of merchandise trade, the Road Customs Transit Declaration (RCTD) was introduced to stop the need to buy separate insurance in every country. In 1988, checks denominated in UAPTA (PTA Unit of Account) were issued in order to facilitate intra-regional transactions.

Such trade facilitation and trade liberalisation measures resulted in a sharp increase in intra-community trade from US$ 834 million in 1985 to US$ 1.7 billion in 1994. In nine years, it was more than doubled or in other words, it represents an annual growth rate of 8.2 per cent. It is also indicated that intra-COMESA trade can increase to about US$ 4 billion annually. Such a fruitful development occurred mainly due to the reduced transport costs which is, in turn, obtained as a result of traffic facilitation measures. Studies indicate that transport costs have been reduced by a factor of about 25 per cent.

The COMESA has also reached an agreement to implement a Common External Tariff (CET) by the year 2004. The Common External Tariff will be 0%, 5%, 15% and 30% on capital goods, raw materials, intermediate goods and final products, respectively.

In order to increase the trade exchanges between the participating countries, the COMESA developed a mechanism of “Automated System for Customs Data and Management (ASYCUDA)”. This project basically aims to simplify and harmonise the customs procedures and documents, and to standardise the collection of reliable, accurate and up-to-date trade statistics. It will assist the business community to clear goods faster from customs areas. The project also aims to modernise customs administration.

The ASYCUDA is being implemented in 13 COMESA countries (Burundi, **Comoros**, Eritrea, Ethiopia, Madagascar, Mauritius, Namibia, Rwanda, **Sudan**, Tanzania, **Uganda**, Zaire, and Zimbabwe). Malawi, Swaziland and Zambia also applied for the system.

The COMESA developed a Monetary Harmonisation Programme (MHP). This programme is to be implemented in four phases, from 1991 to 2025. At the final phase, a full monetary union will be established with the introduction of a single currency issued by a common monetary authority. The Programme also envisages full harmonisation of economic, fiscal and monetary policies of Member States, and full integration of the financial structures of Member States.

Within the framework of this Programme, most countries have now fully liberalised their exchange rate systems in which the market determines the cross-rates. Exceptional countries are Eritrea, Ethiopia and the countries that belong to the Common Monetary Area, which peg their exchange rates to the South African Rand.

The COMESA countries followed tight monetary policies and they were relatively successful in maintaining price stability and competitive exchange rates. They also managed to acquire reasonable fiscal balances through reducing public expenditure, restructuring their tax systems, and following privatisation programmes.

The COMESA has established several important institutions, including the Eastern and Southern African Trade and Development Bank, the COMESA Clearing House, the COMESA Re-insurance Company and the COMESA Leather and Leather Products Institute.

The Eastern and Southern African Trade and Development Bank (formerly PTA Bank) provides trade and project financing to public and private investors in the Member States. Current members of the Bank are Burundi, **Comoros**, Djibouti, Ethiopia, Eritrea, Kenya, Malawi, Mauritius, Rwanda, **Sudan**, Tanzania, **Uganda**, Zambia, Zimbabwe and the African Development Bank.

The Bank has, over the years, been very active in promoting investments and providing trade-financing facilities. The Bank’s cumulative trade finance activities between 1992-1996 stood at US$ 345 million and the cumulative project approvals between 1995-1996, totalled around US$ 148 million.

The bank’s trade financing facilities are short-term, ranging from a few days to one year. The minimum facility limit is US$ 250,000 and the maximum limit is US$ 50 million. Financing instruments used by the bank include pre- and post-shipment advances, bill discounting, loan syndication, letters of credit confirmations, the gold loan and the structured pre-shipment finance facility. The Bank finances the projects in the area of agriculture, mining, manufacturing, tourism, transport and energy.

In the Bank's project lending operations, the priority is given to the projects which are export-oriented, depend on local resources for their inputs and comply with environmental protection standards. The priority sectors are manufacturing, agro-industries, tourism, mining and infrastructure. The main financial instruments used for providing project finance are direct loan finance, lines of credit, minority equity participation and loan guarantees.

Recently, decisions have been taken to make the COMESA Clearing House more responsive to the current needs of the Member States, especially the private sector. Among other things, the COMESA Dollar was introduced to replace the UAPTA as the new Unit of Account of the COMESA Clearing House.

The COMESA Re-Insurance Company (ZEP-RE) was established in 1992 with 17 signatory Member States (with 21 shareholders in these Member States). The objectives of ZEP-RE are to assist with the development of the insurance and re-insurance industry in the region.

Since its inception, it has been able to reach to a reasonable share of the regional insurance business. It is now doing business in some nineteen (19) countries. The authorised capital stock of ZEP-RE is US$ 27.28 million which is divided into one half paid in shares and the other half in callable shares. Some Member States have not yet taken up shares allocated for them. Out of the total expected value of paid up shares of US$ 13.64 million, the paid up share capital currently stands at US$ 6.4 million. Two additional Member States acceded to the ZEP-RE Agreement in August 1996.

Transport and communications play a key role in increasing levels of intra-regional trade. Now, being aware of this fact, the COMESA aims to address the regulatory and policy aspects of transport and communications to make the movement of goods, services and people between countries in the region easier and cheaper. With a legal framework and suitable environment in this area, private sector business can operate more effectively within the COMESA region.

The COMESA, recognising the need to promote investment in the region, also tries to facilitate cross-border investments through bilateral agreements, and to identify specific projects that have the potential to induce economic growth and development in two or more Member States.

The COMESA countries have achieved a lot in increasing economic co-operation and co-ordination amongst themselves, in implementing the agreed economic and monetary programmes to maintain economic stability in the region and in preparing themselves for higher stages of economic integration. However, they are still heavily dependent on donor financing through balance of payments support and programme financing, and on revenues from limited export products and/or markets. Their economies are also very vulnerable to economic shocks, both endogenous and/or exogenous, which can cause long-term setbacks.

2.4. Cross-Border Initiative (CBI)

The CBI was established in 1993. Its members are Burundi, **Comoros**, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, **Uganda**, Zambia, and Zimbabwe. It is open to the countries of East and Southern Africa and the Indian Ocean. The members of the other REGs in the region like COMESA, IOC, etc., can participate in the CBI.

It aims to facilitate private investment, trade, payments and factor mobility between the participating countries. In so doing, it hopes to move towards increased economic integration. It also supports the integration objectives of the COMESA and the IOC. It aims to remove intra-regional trade barriers, particularly the non-tariff barriers (NTB), to lower the tariffs on trade of goods and services at least to the level of the member with the lowest tariffs, to liberalise administration and other controls relating to investment activities within the region.

Right from the outset, the focus was on the participation of the private sector in the whole process. The private sector defines the factors hindering cross-border economic activity. This active participation of the private sector keeps the proposed packages practical. Involvement of the local businessmen and public officials to discuss problems and possible solutions in the technical working groups allows the development of consensus at the national level among key economic agents and decision-makers in the participating countries.

At the regional level, CBI has undertaken an intensive dialogue with regional and pan-African organisations. It is noteworthy that the CBI developed intense relations with the OAU in particular. This outcome reflects their close involvement in the process as well as the pressures for realism and pragmatism exerted on the process by the private sector.

A small Steering Committee (SC) administers the whole process and incorporates reactions and inputs from all parties.

2.5. Economic Community of Central African States (ECCAS)

Economic Community of Central African States (ECCAS) was established in Libreville, Gabon in December 1981, during the Conference of the Heads of State of Economic Community of the Great Lakes Countries. Its foundations were based on the recommendations of the Lagos Meeting of the Organisation of African Unity (OAU) in 1981 within the framework of the Lagos Plan of Action in 1980. The treaty establishing the ECCAS was adopted on 18 October 1983, Libreville, Gabon and entered into force on 18 December 1984. Its members are Angola, Burundi, **Cameroon**, Central African Republic, **Chad**, Congo, Equatorial Guinea, **Gabon**, Rwanda, Sao Tome and Principe, and Zaire.

It basically aims to promote and reinforce harmonious co-operation and balanced, self-maintained development in all areas of economic, social, cultural, scientific and technical activity in order to:

- Realise collective autonomy;
- Raise the living standards of the people;
- Increase and maintain economic stability;
- Reinforce close and peaceful relations among member states; and
- Contribute to the development of the African Continent.

On the other hand, the ECCAS specifically aims to eliminate customs duties and similar taxes, and to abolish other non-tariff barriers to trade exchanges amongst the participating countries. It also aims to establish a common commercial policy with respect to third countries. Ultimately, it desires to secure the free movement of persons, goods, services, capital and the right of establishment. Similarly, the ECCAS also aims to harmonise the national policies with respect to the industry, transport and communications, energy, agriculture, natural resources, trade, currency, finance, human resources, tourism, education and culture, and science and technology.

The ECCAS succeeded in prohibiting the use of non-tariff barriers in intra-community trade. In order to ease the payments problems amongst themselves, its Member States set up a clearing house in February 1989. Legislation on road transport is being harmonised. The ECCAS also agreed to interconnect telecommunication networks amongst the participating countries within the framework of the Pan African Telecommunications Network (PANAFTEL). Co-ordinating and expanding efforts are continuing at the regional level in Central Africa. Within the framework of the ECCAS, many projects are being undertaken. Some are related to the implementation of the Sub-Regional Drug Control Master Plan for Central Africa.

2.6. Economic Community of West African States (ECOWAS)

The treaty establishing the ECOWAS, known as Treaty of Lagos, was signed in Lagos, Nigeria, on 28 May 1975. The founding members were **Benin, Burkina Faso**, **Gambia**, Ghana, **Guinea, Guinea-Bissau**, Ivory Coast, Liberia, **Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone**, and **Togo**. Cape Verde joined in 1977. In May 1990, the member countries agreed to rationalise sub-regional institutions in West Africa within the framework of the ECOWAS. In other words, the ECOWAS will become the only economic co-operation organisation in West Africa region.

Basically, the ECOWAS aims to promote economic co-operation and development in the region. It also aims to harmonise fiscal and monetary policies among Member States and to undertake joint development projects. As a result of these processes, it expects to contribute to the progress and development of Africa. It also aims to improve relations amongst its members, to contribute to the economic and political stability in the region and to increase the living standards of the people in the region. These goals are to be achieved through the promotion of co-operation and development in all fields of economic activity, particularly, in intra-regional trade, money and finance, industry, transportation and communications infrastructures, energy, natural resources, agriculture, and regional and rural development projects. The Community pursues the physical integration of its Member States through the development and modernisation of regional highway and telecommunication networks. As an ultimate goal, the ECOWAS intends to create an economic and monetary union.

Within the framework of ECOWAS, the member countries agreed to establish a common market within a period of 15 years ending in 1989. They decided not to increase the customs duties on imports of goods from another Member State from 28 May 1979. The ECOWAS also agreed to eliminate non-tariff barriers by 1995. Furthermore, a protocol on freer labour mobility was signed in 1979, but it has not been implemented yet. They also agreed to harmonise their customs documents and procedures. A free trade area has been in operation for raw agricultural goods since May 1981. In the case of industrial goods, customs duties and similar charges and taxes on imports originating from the member countries are to be reduced in six stages spread over six years in relatively more developed members, such as Ghana, Ivory Coast, Nigeria, and Senegal. In other members, this process was to be completed in eight stages over eight years. Furthermore, Member States will also eliminate all the non-tariff barriers in intra-communal trade.

In 1995, intra-regional trade remained under six per cent of the total trade due to the widespread use of safeguard measures and homogeneous economic structures of the participating countries.

A three-stage programme has almost been completed for establishing the free movement of West Africans in the Community, and the right of residence and establishment.

Member States have committed themselves to the co-ordination and harmonisation of national economic and financial policies in order to enhance the effectiveness of national structural adjustment and economic reform programmes.

Additionally, the Community implements sectoral programmes in the fields of agriculture, industry, energy and health. These programmes include the seed production and cattle breeding centres, agricultural research programme, fishing agreements, co-ordination of desertification control programmes, rural water supply schemes, regional master plan for industrial development, inter-connection of national electric grids, regional pipeline for the distribution of natural gas, co-operation in health matters, establishment of the West African Health Organisation (WAHO), establishment of equivalence for degrees and diplomas, etc.

In the Treaty, particular emphasis was placed on promoting the involvement and participation of the private sector in the development and integration of the economies of the region. The Community encouraged the establishment and functioning of private enterprises and institutions in the region such as a privately-owned regional commercial bank (ECOBANK), the Federation of West African Manufacturers Associations, the Federation of West African Chambers of Commerce, the West African Journalists Association, the West African Youth Union, the West African Women's Association, the West African Road Transporters Union, etc.

One of the principal objectives of the Treaty of Lagos is the creation of an economic and monetary union, to be achieved in stages. The Community's monetary programme has the medium-term objective of achieving regional convertibility of the national currencies and, in the longer term, the creation of a single monetary zone. Following the adoption of "ECOWAS Monetary Co-operation Programme" in July 1997, studies are proceeding on the formation of a single monetary zone. The ECOWAS Exchange Rate System (EERS) will be set up along with a credit guarantee scheme.

2.7. Indian Ocean Commission (IOC)

The Indian Ocean Commission (IOC) was established by the Ministers of Foreign Affairs of Madagascar, Mauritius, and Seychelles in Port Louis, Mauritius, on 21 December 1982.

The founding agreement, General Co-operation Agreement, was signed in Victoria, Seychelles, on 10 January 1984. Then, on 7 January

1986, **Comoros** and France (for Reunion) joined the IOC. An additional Protocol to the General Co-operation Agreement was adopted in Victoria, Seychelles, on 14 April 1989.

The objectives of the IOC are:

- To strengthen links among the people of the South West Indian Ocean;
- To increase their quality of life by promoting co-operation in economic, commercial, and industrial areas.

Successes have been achieved in sectoral co-operation in fishing, transport, communication, and information. In the 1990s, some projects in these fields were undertaken, such as a programme on tuna fishing, a regional tourism development project, a maritime transport project, protection and management of environmental resources, reinforcement of meteorological services, etc. The IOC envisages a reduction in tariffs among the member countries. The IOC also organises an annual trade fair.

2.8. Mano River Union (MRU)

The Mano River Union (MRU) was established as a customs union between the governments of Liberia and **Sierra Leone** with the signing of the Mano River Declaration in Malema on 3 October 1973. The agreement was open to the other states in the West African region. Later, **Guinea** joined the Union in 1980.

The Union aims to expand trade, encourage productive capacity, harmonise tariffs and trade regulations, promote joint development projects, secure a fair distribution of benefits from economic co-operation.

A Common External Tariff was set up between Liberia and Sierra Leone in April 1977. The trade between Liberia and Sierra Leone was liberalised for goods of local origin starting on 1 May 1981, as the initial stage towards a customs union. Guinea has later joined the trade liberalisation scheme.

In addition to the establishment of a customs union, the Union has also promoted economic co-operation and development in various fields.

An industrial development programme has been put into implementation to improve the industrial base and to increase the industrial production. The programme would design, in a more rational manner, the location of industrial projects amongst the Member States.

In the field of agricultural development, a land-resource survey project, covering the Mano River Basin was completed and on the basis of the results of this survey, an integrated agricultural master plan was also prepared comprising agricultural development, irrigation and hydro-electricity schemes. The Union supports co-operation amongst the Member States in the fields of forestry, fisheries, and marketing of agricultural goods. In this respect, policies, rules and regulations are harmonised to facilitate the marketing and to increase the competitiveness of the local agricultural products.

The Union has also improved transport infrastructures amongst the members. The Mano River Bridge between Liberia and Sierra Leone was opened in February 1976. High quality roads are planned to link Freetown (Sierra Leone), Monrovia (Liberia) and Conakry (Guinea).

2.9. West African Economic and Monetary Union (WAEMU)

Following an Agreement signed on 10 January 1994 by the governments of the seven member countries, the West African Economic and Monetary Union (WAEMU) was established on 1 August 1994. It replaced the earlier West African Monetary Union (WAMU) and West African Economic Community (WAEC or CEAO). Its members are **Benin**, **Burkina Faso**, Ivory Coast, **Mali**, **Niger**, **Senegal**, and **Togo.**

The WAEMU's basic objectives are to:

a) Strengthen competition in the economic and financial activities of Member States in the context of an open, competitive market and a streamlined, harmonised legal framework;

b) Ensure the convergence of the economic performance and policies of Member States by instituting multilateral surveillance procedures;

c) Create a common market among Member States based on

i. the free flow of persons, goods, services, and capital;
ii. the right of establishment of persons exercising an independent or wage-earning activity; and
iii. a common external tariff and a common trade policy;

a) Establish the co-ordination of national sectoral policies by implementing joint action and, where possible, establishing common policies, especially in the following areas: human resources, urban and rural development, transportation and telecommunications, environment, agriculture, energy, industry, and mining;

b) Harmonise the laws of Member States to the extent necessary for the proper functioning of the common market, particularly their tax systems.

The WAEMU basically aims to make the economic and financial activities of the Member States more competitive in the context of an open market based on free competition. It also aims to harmonise economic policies including national sectoral policies, tax systems and to create a common market. The member countries have already experienced an existing monetary union through the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO). This experience will be reinforced with a common market. The establishment of a common market necessitates the co-ordination of macroeconomic policy in the Member States, fiscal convergence, harmonisation of budget procedures and related legislation, and business law.

Recently, the WAEMU countries acquired structural reforms, including the devaluation of the CFA franc. As a result of these developments, economic performance strengthened significantly since 1994. In the region, the growth rate moved from an average of 0.5 per cent during the period 1990-93 to 5.5 per cent in 1997, which also represents a positive rate of growth per capita. Budget deficits fell from an average of 6.7 per cent of GDP to 1.8 per cent. Similarly, current account deficits, on average, decreased from 7.8 per cent of GDP to 5.2 per cent during the same period. After the initial devaluation-induced price increases between 1994 and 1995, inflation rates declined considerably, reaching, on average, 4 per cent in 1997.

Despite these positive results, a major problem remains unsolved in these countries. That is, the lack of necessary funds for financing basic development projects that can accelerate the pattern of growth. Financial markets in these countries are not deep enough to provide such funds. Savings are inadequate. Investment activity is far from being satisfactory. Economic growth is not yet high enough to achieve significant reductions in poverty.

Tariffs could not be abolished completely, because the WAEMU countries still remain and, unfortunately, will remain dependent on external trade taxes for budgetary revenue. Since economic activity is low, the tax base is still narrow.

The population of the WAEMU is equal to about two-thirds of Nigeria's population. Additionally, its real GDP is equal to almost 90 per cent of Nigeria's GDP. Nevertheless, a single market will undoubtedly help the countries of the WAEMU to overcome the disadvantages of their small economic size, and help them prepare to compete internationally and to integrate their economies into the world market. Furthermore, it may attract more foreign direct investment to accelerate the economic development of the region.

2.10. Arab Maghreb Union (AMU)

AMU was established at the end of the Summit Conference of five countries in the region, met in Marrakesh, Morocco, on 17 February 1989. Members are **Algeria, Libyan A. J., Mauritania, Morocco and Tunisia**, all of which are also members of the OIC. The Maghreb Region with 76.0 million people and a total income of $123.6 billion in 1998 shows a considerable potential. The region's exports amount to $32.7 billion and the imports to $33.5 billion in 1998. The principal export products are crude petroleum, petroleum products and liquefied petroleum gas (LPG) in the case of Algeria and Libya, food, beverages, crude and manufactured fertilisers and inorganic chemicals in Morocco, Iron ore in Mauritania, and textiles, men and women clothes, leather goods and footwear in Tunisia.

The AMU aims to strengthen economic and cultural relations, to ensure regional stability and to increase trade exchanges amongst the countries in the region. It desires to create a Maghreb Economic Space in which the free movement of citizens, goods, services and energy products within the region is foreseen. It also aims to create a customs union. It puts forward the broad economic strategy to be followed, namely the development of agriculture, industry, commerce, food security, and the setting up of joint projects. The agreement allows bilateral arrangements between the participating countries. The agreement also provides for the possibility for other Arab and African countries to join the Union at a later stage.

Since 1989, the member countries have signed many multilateral agreements covering diverse economic, social, and cultural areas. However, only five of them have been ratified by all members of the union. These include agreements on trade and tariffs (covering all industrial products); trade in agricultural products, investment guarantees; avoidance of double taxation; and phytosanitary standards.

In its 1991 meeting, the AMU agreed on a four-stage economic integration process. The announced deadlines were the end of 1992 for the establishment of a free trade area, the end of 1995 for a customs union and the end of 2000 for a common market. There was no set deadline for the stage of monetary union.

In December 1991, the Governors of the Central Banks of the AMU signed a multilateral agreement to help facilitate inter-bank payments within the region. The agreement sets unified modalities of payments between the central banks, and provides for monthly settlement of balances between the countries without interest. The unit of account is the SDR and the settlement currency is chosen by the creditor country. The Agreement went into effect in April 1992.

The AMU's Secretariat was established in Rabat in 1992. The highest body of the union is the Council of Heads of State. Unanimity is needed for the decisions. A Council of Foreign Affairs Ministers also meets regularly to prepare for the sessions of the Council of Heads of State. The Ministers also examine the proposals formulated by subordinate committees and specialised ministerial commissions. These specialised commissions are working in such areas as economic and financial affairs, basic infrastructure, human resources and food security. Several working groups have also been created to address some technical issues. A Follow-up Committee follows the implementation of resolutions adopted by the Council of Heads of State.

However, since its inception, the Union remained stagnant until recent years. The member countries are now discussing plans to revive the AMU. Especially, the private sector in the region is pushing for its revival. Members of the Union have also close relations with the EU. The EU is the main customer of the region. Morocco and Tunisia have signed association agreements with the EU, aiming to bring them into a free trade area by 2010. Algeria is also negotiating a similar agreement with the EU. The agreements are part of the Euro-Mediterranean initiative, which is also designed to promote economic ties with the Arab countries and to increase the region’s exports to the EU.

2.11. Council of Arab Economic Unity (CAEU)

The Council of Arab Economic Unity (CAEU) was established in Cairo, Egypt, on 3 June 1957. Its members are **Egypt, Iraq, Jordan, Kuwait, Libyan A. J., Mauritania, Palestine, Somalia, Sudan, Syria, the U.A.E.,** and **Yemen.** The CAEU prepared the Agreement on Arab Economic Unity that entered into force on 30 May 1964.

The CAEU aims to provide a flexible framework for achieving closer economic integration in stages among members through free movement of goods, persons and capital.

The Arab Central Bureau of Statistics and Documentation was established in 1975. The Arab Monetary Fund was also established on 27 April 1976. The CAEU has also set up a number of joint ventures, unions and federations in different fields of economic activity. Joint companies, unions and federations encourage closer co-operation in production and marketing of agricultural, fishing, and industrial products, and of natural resources and transport.

The CAEU agreed to establish an **Arab Common Market (ACM)** based on a resolution adopted in August 1964. The Council supervised its implementation. Because the CAEU aimed to provide a flexible framework for economic integration, only some CAEU members participated in the ACM. **Egypt**, **Iraq**, **Jordan**, **Libyan A. J.**, **Mauritania**, **Syria**, and **Yemen** joined the Arab Common Market.

Within the framework of the ACM, customs duties and other taxes on trade between the member countries were to be eliminated in annual stages and the process was to be completed in 1971. The second stage was the establishment of a full customs union. All restrictions on trade between the member countries, including quotas and the restrictions on residence, employment and transport were to be abolished. In practice, however, the trading of products could not be liberated from these restrictions.

Between 1978 and 1989, the Council undertook the following measures to develop the ACM:

a) Flexible membership conditions were introduced for the least developed Arab States.

b) Setting up of a fund was approved to compensate the least developed members for financial losses that may occur as a result of joining the ACM.

c) Legal, technical and administrative preparations were adopted for unification of tariffs levied on products imported from non-member countries.

d) A Committee of Ministerial Deputies was formed to deal with the problems to be faced in the application of market rules and to promote the organisation's activities.

e) A unified customs legislation and an integrated programme that aims to enhance trade exchanges between Member States and to expand members' productive capacity were adopted.

In 1995, the Council also approved a Five-year Work Plan, including, among others, the following measures:

a) The co-ordination of measures leading to a customs union subject to a unified administration, market and community studies;

b) The unification of statistical terminology and methods of data collection;

c) Studies for the formation of new joint Arab companies and federations;

d) The formulation of specific programmes for agricultural and industrial co-ordination and for improving road and railway networks.

2.12. Gulf Co-operation Council (GCC)

Six Gulf States signed the Charter of the Gulf Co-operation Council (GCC) on 25 May 1981: **Bahrain, Kuwait, Oman, Qatar, Saudi Arabia**, and the **United Arab Emirates**. The GCC basically aims to secure stability in the region through economic and political co-operation, and co-ordination of commercial, monetary, financial, and economic policies. It intends to create an economic common market in the region by through the free movement of goods, services and factors of production.

The objectives of the Gulf Co-operation Council are:

a) To maintain co-ordination, integration and interconnection between Member States in all fields in order to achieve unity between them;
b) To deepen and strengthen relations, links and scopes of co-operation prevailing between their peoples in various fields;
c) To formulate similar regulations in various fields including, inter alia, economic and financial affairs, agriculture, industry, commerce, customs and communications, education and culture, social and health affairs, information and tourism, and legislative and administrative affairs;
d) To stimulate scientific and technological progress in various fields, and to establish scientific research centres and implement common projects,
e) To encourage co-operation by the private sector;
f) To consolidate economic activities among member countries in agriculture, commerce, industry, mining, and general investment.

The GCC aims to achieve unified customs policies, rules, regulations, and procedures amongst the members. Especially, in the field of petroleum industry, it aims to co-ordinate the policies in all phases of production, refining, marketing, pricing, etc., and to develop production and use of natural gas and alternative sources of energy. Furthermore, it desires to realise equal treatment and non-discrimination of the nationals of the Member States in employment, right of establishment, property, and capital transfers.

The Unified Economic Agreement (UEA) became operational from 1 March 1983, in accordance with the decision taken at the Third Session of the Supreme Council met in Bahrain in November 1982. The Agreement covers the areas of trade exchange, movement of capital and citizens, exercise of economic activities, co-ordination of development, technical co-operation, transport and communication, financial and monetary co-operation. The agreement also encourages the establishment of joint ventures in agriculture, industry and services areas.

The Agreement exempted agricultural, animal, industrial, and natural resource products of domestic origin from customs duties and other charges having equivalent effect. The Agreement also aims to achieve a common external tariff and trade policy, and co-ordination of development policies. It introduced new regulations allowing the free movement of workers and vehicles between Member States.

In 1982, the GCC Heads of State approved the formation of a Gulf Investment Corporation to be based in Kuwait. The Corporation was set up to finance specific projects within the GCC framework and authorised to participate in, provide loans for, and undertake joint development projects in member and other Arab countries.

In 1986, a schedule of common minimum customs duties between 4 and 20 per cent was levied on foreign imports. In May 1992, the GCC Trade Ministers announced the objective of establishing a GCC Common Market by 2000. At the Meeting of the Supreme Council, held in December 1992, the GCC officials were mandated to formulate a plan for the introduction of common external tariffs, to be presented to the Council in December 1993. The tax on tobacco products was standardised at a rate of 50 per cent effective from March 1993. In April 1994, the Ministers of Finance agreed to pursue a gradual approach to unify customs tariffs, which was to be achieved according to a schedule over two to three years.

In February 1987, the Governors of the Central Banks and Monetary Authorities of the Member States agreed, in principle, to co-ordinate their rates of exchange. The Supreme Council approved this agreement in November 1987. In April 1993, the GCC Governors agreed to establish a Joint Banking Supervisory Committee, in order to set out rules for the GCC banks' operations in other Member States.

Regarding the sectoral developments, in 1982 a Ministerial Committee was formed to co-ordinate trade development in the region. The GCC Commercial Arbitration Centre was created in December 1993 to settle trade disputes between the GCC citizens with each other and between them and foreigners. In 1985, the Supreme Council endorsed a common industrial strategy for the GCC States. And in the same year, the Supreme Council endorsed a Unified Agricultural Policy for GCC countries.

In the energy sector, the Ministers adopted a petroleum security plan to safeguard individual members against a failure in their production and to form stocks of petroleum products. In December 1987, the Supreme Council adopted a plan that allowed a Member State to borrow petroleum from other members, in order to fulfil its export obligations.

In November 1982, the Saudi Arabian Standards and Measures Organisation was transformed into a regional body, namely the Gulf Standards Organisation, serving all the GCC Member Countries.

In December 1992, the Patent Office of the Co-operation Council for the Arab States of the Gulf was created to implement the patent regulations in the GCC region.

The Supreme Council is the GCC's highest authority and is composed of the Heads of Member States. Its presidency is rotated annually on the basis of the alphabetical order. The Supreme Council provides policy direction, reviews reports and recommendations submitted by subsidiary bodies, appoints the Secretary General and approves the budget of the Secretariat General, and approves the Rules of Procedure of the Commission for Settlement of Disputes. Resolutions are passed on the basis of unanimity for substantive matters and majority for procedural matters. The Supreme Council meets annually, and in Extraordinary Session if requested by any member and seconded by another member.

The Commission for Settlement of Disputes is formed separately for every case based on the nature of the dispute. The Commission submits its recommendations to the Supreme Council for consideration.

The Ministerial Council is composed of Foreign Ministers. Its Chairman is rotated every year. The state that hosts the summit assumes the chairmanship for the year. The Ministerial Council proposes policies, prepares recommendations, and projects aimed at developing co-operation between Member States and co-ordinates activities between Member States in all fields. The Ministerial Council meets every three months.

The Secretary General is appointed by the Supreme Council for a three-year term, renewable only once. The General Secretariat is composed of the Office of the Secretary General, Directorates of Political Affairs, Economic Affairs, Military Affairs, Environmental and Human Resources, Legal Affairs, Financial and Administrative Affairs, and an Information Centre.

2.13. Association of South East Asian Nations (ASEAN)

It was established at the meeting of the Foreign Ministers of the five founding Member States, **Indonesia, Malaysia,** Philippines, Singapore, and Thailand, with the signing of the Bangkok Declaration on 8 August 1967. **Brunei Darussalam** joined the ASEAN on 8 January 1984 and Vietnam on 28 July 1995.

The Bangkok Declaration united the ASEAN Member Countries in a joint effort to promote economic co-operation and the welfare of the people in the region. The Bangkok Declaration set out guidelines for ASEAN's activities and defined the aims of the organisation. The main objectives of the Association are the following:

a) To accelerate economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South East Asian Nations;

b) To promote regional peace and stability through abiding respect for justice and the rule of law on the relationship among countries of the region and adherence to the principles of the United Nations Charter;
c) To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
d) To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
e) To collaborate more effectively for the greater utilisation of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples;
f) To promote South East Asian studies; and
g) To maintain close and beneficial co-operation with existing international and regional organisations with similar aims and purposes, and explore all avenues for even closer co-operation among themselves.

The First Summit Meeting was held in Bali, Indonesia, in February 1976, during which, the five Member Countries signed the Treaty of Amity and Co-operation in Southeast Asia and the Declaration of the ASEAN Concord. Both documents signified the ASEAN's aims to ensure regional peace and stability and to foster economic and social growth through improved co-operation. At this meeting, a small permanent secretariat was also established in Jakarta to provide administrative support and to help in co-ordination of the ASEAN activities.

The Second Summit Meeting was held in Kuala Lumpur, Malaysia, in August 1977 to commemorate the Tenth Anniversary of ASEAN and to assess the progress made in the implementation of the decisions taken at the Bali Summit.

The Third Summit Meeting took place in Manila, Philippines, in December 1987. The main concentration of this Summit was on economic co-operation. The Member Countries signed the Manila Declaration and set up the ASEAN Plan of Action. The Protocol

Amending the Treaty of Amity and Co-operation in Southeast Asia was also signed to enable countries outside the ASEAN region to accede to the Association.

The Fourth Summit was held in Singapore in January 1992. The ASEAN Heads of Government signed the Singapore Declaration of 1992, the Framework Agreement on Enhancing ASEAN Economic Co-operation and the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area. One of the major outcomes of this Summit is the decision to set up the ASEAN Free Trade Area (AFTA) within 15 years. The Fourth Summit also enhanced the role of the Secretary General of ASEAN and enlarged the functions of the ASEAN Secretariat to carry out its new mandate.

The Fifth Summit held in Bangkok, Thailand, in December 1995, adopted an Agenda for Greater ASEAN Economic Integration. The Summit decided to accelerate and deepen tariff reductions under AFTA, made greater commitments in trade facilitation and launched new initiatives in services, intellectual property, industrial co-operation and investment. At the Bangkok Summit, the ASEAN Leaders met for the first time with their counterparts from Cambodia, Laos, and Myanmar, neighbouring countries in the region.

In the area of trade, the ASEAN members concluded a trade co-operation agreement amongst themselves in February 1977. The scheme, known as the Preferential Trading Arrangement (PTA), provides for various measures to stimulate and promote the foreign trade of the member countries. Under the scheme, members agreed to provide a fifty-per cent tariff cut for the import products originating from the other member countries. The scheme covers more than 14,000 items.

Furthermore, in line with the decision taken in the Fourth Summit Conference (in January 1992) to establish the AFTA, Member States decided to launch a Common Effective Preferential Tariff (CEPT) scheme on 1 January 1993. However, the starting date for implementation was moved forward from January 1993 to January 1994. The CEPT comprises all manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products as determined in the Agreement.

All these products will be subject to the schedule of tariff reduction, if at least 40 per cent of its content originates from any Member State.

The CEPT scheme is to be achieved by 2009, in 15 years after the start of the phasing down of tariffs. The reduction from current tariff rates to 20 per cent will be done within a period of 5 to 8 years. An average of 25 per cent of the tariffs is covered in the programme of tariff reduction with effect from 1994. According to the present schedule, roughly 88 per cent of these tariff lines will reach the target level of zero to 5 per cent tariff by 2003. The target tariff rates will be reached by the year 2009.

However, if any Member State would like to reduce its tariffs to the target levels of zero to 5 per cent before the deadline, they could easily do so without any restriction. Quantitative restrictions and other non-tariff barriers are to be phased out over five years from the date of initial reductions on an item.

In the area of industry, ASEAN members developed some schemes to promote industrial production. The first one was signed in Kuala Lumpur on 6 March 1980. The Agreement on ASEAN Industrial Projects (AIP) aims to establish large-scale regional industrial projects to meet the region's basic needs and ensure more efficient use of its resources. Projects currently in operation under the scheme are the Urea Fertiliser Projects in Indonesia and Malaysia.

Secondly, the Agreement on ASEAN Industrial Complementation (AIC), adopted on 18 June 1981 provides for privileges for specified industrial products. The AIC intends to enable the manufacture of different products within an industry or industries in the ASEAN countries and their subsequent exchange. A complementation programme is currently being implemented in the automotive industry on a brand-to-brand basis.

Another scheme, known as Basic Agreement on ASEAN Industrial Joint Venture (BAAIJV), was introduced on 7 November 1983. The AIJV Programme aims to promote industrial joint ventures in the region through the effective consolidation of markets by granting AIJV products preferred access to the markets of participating countries.

Furthermore, the ASEAN Economic Ministers signed the ASEAN Industrial Co-operation (AICO) Scheme Agreement in Singapore on 27 April 1996. The Scheme is the latest industrial co-operation programme of the ASEAN to promote the sharing of industrial activities between the ASEAN companies. It is based on the principles and concepts of the CEPT Scheme for AFTA. The Scheme minimises tariff dissimilarities and brings the immediate benefits of the CEPT tariff rates in the range of zero to five per cent to the qualified participating companies.

In the area of banking and finance, in 1987, the heads of government agreed to accelerate regional co-operation in this field and adopted some measures to increase the role of ASEAN currencies in regional trade. They also worked on the avoidance of double taxation and determined measures to improve the efficiency of tax and customs administrations.

An ASEAN Reinsurance Corporation was established in 1988. In order to attract greater financial flows in the region, an ASEAN Plan of Action for the Promotion of Foreign Direct Investment was launched.

On 7 March 1980, the ASEAN signed an economic co-operation agreement with the European Union (European Economic Community at that date), to increase trade and economic links between the two regional groups. The consultations still continue between these two REGs. Another agreement on economic co-operation was also signed with Canada on 25 September 1981. The Agreement provides for industrial and commercial co-operation, and transfer of technology.

Japan played a major role in the economic development of the ASEAN countries. The Japanese development assistance particularly went to the region. In addition to that, the private sector also invested heavily in the ASEAN region. American companies also contributed a lot to the development of the region. These investments transferred new technologies to the region. As a result, productivity and competitiveness increased in the ASEAN countries. Thus, the ASEAN countries were able to realise very strong economic growth and development.

2.14. Black Sea Economic Co-operation (BSEC)

The Black Sea Economic Co-operation (BSEC) is composed of eleven Member States: **Albania**, Armenia, **Azerbaijan**, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, **Turkey**, and Ukraine. On 25 June 1992, their heads of state or government signed in Istanbul the Summit Declaration establishing the BSEC. The BSEC represents a region of some 350 million people with very rich natural resources, particularly crude petroleum and natural gas.

The BSEC is open to other interested states through membership or as observers. This also applies to international organisations and companies wishing to contribute and benefit from this process. In this context, Austria, Egypt, Israel, Italy, Poland, Slovak Republic and Tunisia were granted observer status in the BSEC.

It basically aims to develop a comprehensive multilateral and bilateral economic co-operation in various fields and to enhance the movement of goods, services, labour and capital.

Working groups have been established covering areas such as organisational matters, exchange of statistical data and economic information, banking and finance, trade and industrial co-operation, transport and communications, agriculture and agro-industries, and free travel for businessmen of the participating states.

A permanent International Secretariat was set up in Istanbul, and the Black Sea Trade and Development Bank in Thessaloniki, Greece and the BSEC Co-ordination Centre for the exchange of statistical data and economic information in Ankara, Turkey. In this way, the BSEC created the necessary institutional and financial infrastructure to realise the objectives stated in the Summit Declaration.

The BSEC is mainly based on private initiative. It thus envisages the creation of an environment in which the private sector may play a major role. In this context, the business communities of the BSEC member countries set up the BSEC Council in Istanbul in December 1992. It will be responsible for developing proposals, programmes and projects in various fields of co-operation.

Furthermore, the BSEC Parliamentary Assembly was founded in February 1993 to increase co-operation among the participating countries. It may be helpful for the implementation of the decisions taken in the BSEC. The participating countries also signed the “Convention on Cultural, Scientific and Information Co-operation” to increase co-operation in the areas of culture and science.

The Second Summit Meeting of the Heads of State or Government, held in Bucharest on 30 June 1995, identified some concrete projects for the expansion of industry and trade opportunities in the Black Sea region. In the field of telecommunications, a network was established to connect Azerbaijan, Georgia and Turkey.

Regarding statistical data and economic information, the BSEC established a special unit within the State Institute of Statistics of Turkey. The Unit provides necessary reliable statistical data in accordance with accepted international standards, which may be of great importance for increased co-operation.

The BSEC assigns great importance to environmental issues. The Meeting of the Working Group on Environmental Protection mainly focused on the prevention of further pollution in the Black Sea and worked out the measures that should be taken urgently for protecting this sea from further degradation.

In addition to the Summit Meetings, the Meeting of Foreign Ministers of the participating countries is also a decision-making body of the BSEC. The Foreign Ministers meet, in principle, at least once every six months. The Ministers may set up working groups for topics to be studied. In accordance with the Rules of Procedure, the BSEC takes decisions by consensus or majority vote. As for the financing of the BSEC activities, the Participating States reached at the beginning of 1994 a tentative agreement on the scale of contributions to the budget of the BSEC Permanent International Secretariat.

2.15. Commonwealth of Independent States (CIS)

The Commonwealth of Independent States (CIS) was established in Visculi, Belarus, on 8 December 1991 amongst Belarus, Ukraine, and

Russia. The other countries of the former Soviet Union joined excluding the Baltic States of Estonia, Latvia and Lithuania. Its members are Armenia, **Azerbaijan**, Belarus, Georgia, **Kazakhstan**, **the Kyrgyz Republic**, Moldova, Russian Federation, **Tajikistan**, **Turkmenistan**, Ukraine, and **Uzbekistan.**

The CIS aims to direct joint efforts towards the phased deepening of integration among the participants, in order to create in the long term a community of integrated states. The CIS integration will cover the fields of economy, science, education, culture, the social sphere within the framework of the principles of the parties' sovereignty, equality and mutual advantage, of the inviolability of the existing state borders, and of not interfering in one another's internal affairs.

In the field of economic co-operation the members of the CIS aim to realise the following:

- Implementation of economic reforms, ensuring equally favourable conditions for free economic activity;
- Implementation of a co-ordinated pricing policy, ruling out price discrimination against the parties' economic players and application of free prices prevailing in their internal markets;
- Creation of a single customs territory;
- Co-ordination of structural policies with the intention of creating industrial and agrarian economic complexes and making maximum use of the advantages of the rational division of labour;
- Joint elaboration and implementation of a system of measures for state support for the development of production sharing and for the encouragement of producing capital investment, including the subsidising of targeted programmes and projects;
- Co-ordination of policies in the monetary-credit and currency-finance spheres and creation of an effective payments system.

The CIS aims to realise gradual deepening of economic integration through the establishment of a free trade zone and a customs union. Customs procedures will be harmonised and legal provisions and policies for interstate contracts, investments, and joint ventures will be co-ordinated.

During the initial stage, the parties will try to realise a substantial decrease in inflation, stabilisation of the exchange rates of the national currencies and total convertibility of national currencies. The central banks of the parties shall create an inter-bank union.

The Treaty envisages the coexistence of the countries belonging to the ruble area together with the countries with national currencies. Regarding national currencies, the treaty calls for limiting exchange rate fluctuations between currencies. The treaty also provides for the harmonisation of national monetary and fiscal policies.

During the later stages, the parties shall implement a transition to common standards and practices in regulating banking activity. The parties will consider introducing a single currency depending upon the degree of integration to be achieved.

The implementation deadlines were not specified in the Treaty. Several supplementary agreements are being negotiated. Almost all the CIS members introduced national currencies to be used alongside with the ruble. Belarus, Russia and Ukraine signed a pact to set up a United Trade Zone that is open to the other CIS members.

2.16. East Asian Economic Caucus (EAEC)

Malaysia proposed the formation of an East Asian Economic Caucus (EAEC) in 1990 amongst **Brunei**, China, Hong Kong, **Indonesia**, Japan, Republic of Korea, **Malaysia**, Philippines, Singapore, Taiwan, and Thailand.

Its objectives were to expand regional co-operation, to co-ordinate positions of the Member States on economic issues of interest to the region and to represent members' view in multilateral negotiating forums.

The ASEAN would be at the core of the EAEC together with the other countries in the region. The proposal on the establishment of the EAEC was put on the agenda of the ASEAN Summit Meeting in Singapore in January 1992. However, the ASEAN leaders agreed to suspend it and decided to launch the ASEAN Free Trade Area (AFTA) instead.

2.17. Economic Co-operation Organisation (ECO)

The ECO replaced the earlier organisation of Regional Co-operation for Development (RCD), established by **Iran, Pakistan**, and **Turkey** in Ankara on 21 July 1964. The RCD existed until 1979. Then it was re-established under its present name in January 1985. The basic Charter of the Organisation, known as the Treaty of Izmir, was amended by the Ministerial Conference in Islamabad, Pakistan, in June 1990. The ECO became operational on 11 January 1991. After the collapse of the Soviet Union, **Afghanistan**, **Azerbaijan**, **Kazakhstan**, the **Kyrgyz Republic**, **Tajikistan**, **Turkmenistan**, and **Uzbekistan** joined the Organisation in November 1992. The Treaty of Izmir was revised and signed at the Extraordinary Meeting of the ECO Council of Ministers in Izmir, Turkey, on 14 September 1996.

The objectives of the Organisation are:

a) To expand mutual trade and promote conditions for sustained economic growth in the region;
b) To take measures towards progressive removal of barriers within ECO region and expansion of intra- and inter-regional trade;
c) To pursue increased economic co-operation in order to secure greater role and contribution of ECO region to the growth of world trade and removal of iniquitous trading policies resulting in adverse terms of trade for the developing countries, particularly to the Member States;
d) To provide gradual and smooth integration of the economies of the Member States with the world economy;
e) To promote active regional collaboration and mutual assistance in economic, social, cultural, technical and scientific fields;
f) To accelerate development of transport and communications infrastructures linking the Member States with each other and with the outside world;
g) To promote integration of public and private sector activities with emphasis on economic liberalisation and privatisation towards increased participation of the private sector in the regional economic development through joint ventures and investments;

h) To develop joint programmes for human resource development in ECO region;
i) To intensify mobilisation and utilisation of the ECO region's natural resources, in particular energy resources;
j) To enhance efforts for effective utilisation of the agricultural and industrial potentials of the ECO region;
k) To develop regional co-operation to eradicate drug abuse; and
l) To facilitate co-operation in the fields of ecological and environmental protection within the region.

In 1992, a Protocol on Preferential Tariff Agreements involving a 10 per cent reduction on specific tariff lines was signed amongst the founding members of ECO. It constituted the first step towards eventual elimination of trade barriers in the region. The agreement was initially for four years, but it would be automatically extended for further periods of two years.

The ECO activities are conducted through eight technical committees which consider and evolve projects and programmes in the fields of economic and commercial co-operation; transport and communications; agriculture; energy; infrastructure and public works; narcotics and educational, scientific and cultural matters.

Among other projects, the establishment of a regional trade and development bank and formation of a shipping company and a reinsurance company are still being considered. Particularly, the ECO Trade and Development Bank is an important instrument for promotion of intra-regional trade and financing of the concrete projects in the region.

Other activities of the ECO include an agreement in 1995 on simplification of visa procedures for the businessmen of ECO countries, preparation of an Energy Master Plan which arranges transit facilitation for energy, oil and gas pipelines, and inter-connection of electricity networks of ECO Member States.

The region is very rich in terms of energy resources. Utilisation of the highly rich potential of the region has the utmost importance for the countries of the region. However, the region's energy potential should be carried to the international markets through a network of modern roads, railways, natural gas and oil pipelines. Such a network is particularly important from the point of view of the land-locked Central Asian members of the ECO. When these transportation problems are solved, Central Asian Republics will have an easy access to the international markets and start reaping the benefits. The overall effect will be the expansion of the trade exchanges amongst the ECO members.

2.18. South Asian Association for Regional Co-operation (SAARC)

The South Asian Association for Regional Co-operation (SAARC) was established at the First Meeting of the Heads of State and Government in Dhaka, Bangladesh, on 8 December 1985, amongst **Bangladesh**, Bhutan, **Maldives**, Nepal, **Pakistan**, and Sri Lanka.

The objectives of the SAARC are as follows:

a) To promote the welfare of the peoples of South Asia and to improve their quality of life;
b) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potentials;
c) To promote and strengthen collective self-reliance among the countries of South Asia;
d) To contribute to mutual trust, understanding and appreciation of one another’s problems;
e) To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
f) To strengthen co-operation with other developing countries;
g) To strengthen co-operation among themselves in international forums on matters of common interests; and
h) To co-operate with international and regional organisations with similar aims and purposes.

The SAARC countries are committed to a step-by-step trade liberalisation in such a manner that all countries in the region share the benefits of trade expansion equitably.

The Integrated Programme of Action (IPA) is the key component of the SAARC operations. It involves assessment of the needs of member countries, potential areas of co-operation and identification of programmes, institutional and financing arrangements. The IPA covers 12 agreed areas of co-operation: agriculture, including forestry, communications, education, environment, meteorology, health and population, prevention of drug traffic and drug abuse, rural development, science and technology, tourism, transport, women in development.

In July 1992, a decision was reached to draft an agreement for the South Asian Preferential Trading Arrangement (SAPTA). The draft agreement was submitted to the SAARC Standing Committee in December 1992 and signed by foreign ministers in Dhaka on 11 April 1993. It entered into force on 7 December 1995. The SAPTA aims to remove para-tariff and non-tariff barriers to trade exchanges in the region, to deepen the tariff cuts and to expand the list of products to be included in intra-SAARC preferential trade. Negotiations still continue to finalise schedules of concessions and to expand them further. SAPTA is considered to be a step to create a South Asian Free Trade Area (SAFTA), which is still at the discussion stage.

Poverty alleviation is also one of the major issues addressed within the framework of SAARC. In 1991, the Sixth SAARC Summit held in Colombo decided to establish an Independent South Asian Commission on Poverty Alleviation (ISACPA).

3. CONCLUSION

In the 1990s, many countries have pursued the objective of trade liberalisation. Trade liberalisation efforts were undertaken within the framework of the GATT and its successor, the WTO. GATT and WTO agreements commit all member nations to reduce trade barriers simultaneously. This process is referred to as a multilateral approach to trade liberalisation, or, in other words, globalisation.

However, for a variety of reasons it often makes sense for countries to co-ordinate their economic policies. Co-ordination can generate benefits that are not possible otherwise as we have seen above. If countries co-operate and eliminate tariffs against each other, then they are likely to benefit more than they do when they attempt to secure short-term advantages by setting tariffs. Benefits also accrue to countries that liberalise labour and capital movements across borders and co-ordinate monetary and fiscal policies and resource allocation towards agriculture, industry and other sectors.

Furthermore, rapid technological progress necessitated the enlargement of the domestic markets. Massive production and severe competition changed the nature and extent of economic activity in the world. Market size and specialisation became important determinants of national and international economic and financial performance. In such a setting, national boundaries constitute a limitation on the size of the market and, therefore, on the scope of specialisation.

For this reason, while the global liberalisation efforts were continuing within the framework of the WTO, regionalisation efforts also gained momentum amongst the developed countries and the developing countries as well. Smaller countries came together to form greater economic regions in which they might develop more efficient production structures.

The regional economic formations created amongst the industrial countries have enormous effects on the world economy and on the economies of the developing countries. Because of known historical ties and geographical proximity, the developments in the EU are most important for the majority of the OIC countries.

The EU's membership is expanding rapidly and intra-regional trade is growing more than trade with countries outside the Union. The principle of non-discrimination and open competition under the WTO is being eroded in the EU's preferential arrangements with the third countries.

In the Asian bloc, on the other hand, Japan can control the Asian markets. Japan can manipulate regional investments and specialisation in such a way as to discourage free entry of firms and products from outside.

The US activities in the Western Hemisphere also raise concerns for protectionism. Trade conflicts between the US and the EU, the US and

Japan, and the US and China have become very common events, almost of daily nature.

The polarisation between the EU, Japan and the US poses the question of whether regionalism leads to trade wars and regional protectionism, or whether these trade blocs would facilitate the world trading system under the auspices of the WTO. In either case, the basic fact is that competition in such areas as trade of goods and services will be on a much higher scale.

Additionally, the major economic blocs, the EU, NAFTA and APEC, started to concentrate on not only the issues of trade facilitation and liberalisation but also on comparatively new issues such as trade in services, investment opportunities, intellectual property rights, labour standards, protection of environment, technological standards, co-ordination of monetary, financial, fiscal and economic policies, etc. These resemble the major discussion topics of the multilateral negotiations within the framework of the WTO. However, these blocs are increasingly providing opportunities far beyond the liberalisation process within the context of the WTO. Private-sector interest in enhancing market access and in strengthening investment opportunities has provided a further impetus to the search for new trading arrangements and the enlargement of the old ones.

Liberalisation at the regional level combined with a protectionism against third countries may prepare regional firms and industries eventually to compete beyond the region, at the global level. For this reason, it is not surprising that the recent policy issues within the major economic blocs and the agenda of the multilateral negotiations under the umbrella of the WTO are similar.

The growth of regionalisation and especially the EU raise a number of issues and problems for the OIC countries. The OIC community, no doubt, is and will be affected by the developments relating to the growth of these regional economic blocs. The OIC countries cannot be indifferent to these schemes which cover virtually all their major export markets, including Europe and North America. The main impact of the growth of these schemes will be on the trade of goods and services, investment and technology transfer. The creation of regional schemes implies, by definition, that members receive preferential access to one another's markets. Hence, non-members must suffer a relative erosion in market access. How important such an erosion would be for specific non-members depends upon a number of complex factors.

All of these developments necessitate closer co-operation and collaboration among the OIC Countries, especially that the majority of them strive for greater access to the newly polarised markets as their traditional links. One important modality in this direction has been the establishment (or reactivating) of regional integration schemes.

The new initiatives amongst the OIC countries may, first of all, emphasise co-operation more in terms of project-oriented arrangements rather than focusing on more structured and multi-faceted integration schemes like free trade areas, customs unions, and common markets. Secondly, the partners in these new arrangements will be given more freedom in taking liberalisation measures at their own pace. Thirdly, the arrangements may also allow more opportunities to be negotiated at bilateral levels with the interested partners in line with common interests. Fourthly, these co-operation agreements may assign priority to physical infrastructure, such as transport and communications, as well as support areas like training, research, and technology. Fifthly, the private sector must be encouraged and supported by the necessary measures to facilitate and to promote trade exchanges amongst the OIC member countries. Furthermore, all the barriers to trade may be eliminated gradually on a step-by-step approach.

All of these developments should not undermine the potential contribution that the new Plan of Action to Strengthen Economic and Commercial Co-operation among the OIC Member Countries could make, if implemented thoroughly. This plan both in terms of its scope (10 sectors) and modalities of implementation (concrete projects and co-operation schemes) is well structured to reach the assigned targets. Furthermore, unlike the 1981 Plan, this document places great emphasis on the principle of voluntary participation, and stresses the role that the existing and to-be-established sub-regional integration schemes can play in the eventual formation of community-wide schemes through appropriate linkages among the former. Consequently, provided that the political will of the member countries could be fully secured, the new

OIC Plan of Action would not only serve as an effective instrument for achieving a closely inter-linked Islamic economic community that will evolve as an important grouping in the world economy, but it would also be the principal vehicle for the realisation of the full economic potentials of the member countries.