

OPENING KEYNOTE ADDRESS BY PRIME MINISTER SHAUKAT AZIZ AT THE
SECOND WORLD ISLAMIC ECONOMIC FORUM

THE WAY FORWARD FOR MUSLIM ECONOMIC RENAINSSANCE
5TH NOVEMBER, 2006

Your Excellency Dato Seri Abdullah Ahmed Badawi
Prime Minister of Malaysia and Chairman of the OIC
Honourable Tun Musa Hitam,
Chairman World Islamic Economic Forum Foundation and former
Deputy Prime Minister of Malaysia

Excellencies,
Distinguished Guests,

Ladies & Gentlemen,

It is a great honour for me to extend a very warm welcome to all of you. We feel greatly privileged to host the 2nd World Islamic Economic Forum in our beautiful and picturesque capital. The Forum brings together eminent personalities, business leaders and opinion makers from around the world and provides a great opportunity for exchange of ideas and experiences.

We are specially privileged to have in our midst Dato Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia and Chairman of the OIC, who will be delivering a special keynote address to this Forum. His kind presence here not only underscores the fraternal ties that exist between Pakistan and Malaysia but also reminds us of his great country as an inspiring and enviable model of economic success in recent history.

Ladies and Gentlemen,

I will now turn to the subject of my presentation today – the way forward for Muslim economic renaissance.

Let me begin by saying that the Muslim world is rich in human capital as well as physical resources and has immense potential for growth, progress and prosperity. We constitute one-fifth of humanity and our people are intelligent, industrious and enterprising. Nature has blessed us with vast natural resources which include 70% of the world's hydrocarbon reserves. The Muslim world is spread over a vast geographical expanse extending from Morocco to Indonesia and has a rich diversity of races, languages, cultures and people.

Counter-pointing the richness and diversity of our resource base is an economic performance which is not commensurate with our true potential. There is no doubt that some of the Muslim countries have made impressive progress. However, a vast majority of Muslims live in poverty and backwardness. Nearly 39% of the world's Muslim population lives below the poverty line. We make up 19% of the world's population but only 6% of its income. Our share in global trade is barely 7 - 8%, while only 13% of our total trade is amongst ourselves. No Muslim nation is among the group of developed industrialized countries.

Instead of breaking into a litany of noble intents and declarations, which is a customary way of starting such a speech, I have deliberately chosen to go straight to facts and figures which bring into sharp relief the true dilemmas and challenges facing us. My sole objective here is to set in motion a train of thought that helps us identify the root-causes of our malaise. We in the Muslim world need to look inwards, get into a mode of self-analysis, identify our strengths and weaknesses and chart a clear and well-defined course of action.

Ladies and Gentlemen,

First of all, we should be very clear about the kind of world that we live in today. The world of today is radically and profoundly different from the world of yesterday. We are living in an age of globalization where no nation can afford to live in isolation. We have, therefore, to begin our quest for economic revival by identifying the challenges and opportunities that the current global environment presents.

The new world order is characterized by economic integration, technological advancement, predominance of knowledge economy, and diffusion of democratic ideas. Broadly speaking, this process has brought about three fundamental changes. Firstly, a new governance paradigm is emerging whereby the private sector is leading the process of economic growth and governments are assuming the role of policy-maker, facilitator, regulator and enabler. Secondly, supra-national institutions are laying the rules of the game and nation-states are called upon to operate within that framework. Lastly, and perhaps most importantly, buoyant expansion of global trade and capital flows as well as freer exchange of ideas and technology across the world provide vast opportunities for growth but at the same time pose serious challenges in terms of achieving better governance, higher efficiency and greater competitiveness.

This is the kind of global environment in which we in the Muslim world have to position ourselves in our pursuit of economic resurgence. The sooner we adjust to the ground realities of the new global order, the brighter our prospects of success would be. The way forward in this highly competitive and inter-dependent world is through improved governance and reform within individual Muslim states on the one hand and by exploring new avenues of mutual cooperation based on commonality of interest on the other. That in my view is the main task before us.

Ladies and Gentlemen,

The second biggest challenge facing the Muslim world is on account of insecurity emanating from disunity and dissensions within our own ranks. Such conflicts and disputes are not only sapping our energies and resources but also undermining our prospects of meaningful cooperation. Within Muslim countries, vertical divisions by way of social inequities are nursing a sense of deprivation, while horizontal cleavages along ethnic, tribal and linguistic lines are a source of unrest. There is a need for unity within and amongst ourselves in order to move forward and harness our economic potential.

The growing divide between the Muslim world and the West, wrongly projected by some as a clash of civilizations, is another important challenge facing us. Public opinion in the western world is gripped by misperceptions about our faith. Meanwhile, Muslims in Iraq, Afghanistan, Palestine, Lebanon and Kashmir continue to face insecurity, death and destruction.

Such is the nature and magnitude of the challenges facing the Muslim world in recent times. The most important response required of us at this critical juncture is to project the true spirit of the Islamic faith and to remove the cobwebs of prejudice and misperceptions which hang around it. Islam as a way of life enshrines the values of moderation, tolerance, justice and interfaith harmony.

Ladies and Gentlemen,

Islam accepts the reality of change and embodies a lucid awareness of the perpetual movement of life. It lays down the principle of Ijtehad as a mechanism of interpreting the basic Islamic principles in terms of the changing realities and requirements of life. The great poet-philosopher Allama Iqbal, in his monumental work 'The Reconstruction of Religious Thought in Islam', brings it out in no uncertain terms: "In the world of Islam, we have a universal polity whose fundamentals are believed to

have been revealed but whose structure stands today in need of renewed power by fresh adjustments”.

The task of reconstructing Muslim societies is indeed stupendous. Such a process has to reflect not only the idiom and thought currents of the modern age but also embody the drive and inner quality of Islam. We are proud of the humane values and principles of Islam but at the same time firmly believe that blind adherence to tradition should be discouraged to make way for creative thinking. This is how Islam as a great faith can perpetuate itself as a living, inspiring force in a world of relentless change.

Before I revert to the specific strategies that we require to ignite the process of economic revival in Muslim countries, let me emphasize that we should not allow ourselves to become a hostage to the actions of a minority within ourselves who have taken to extremism for one reason or the other. We need to seriously explore as to why Islam has not been understood in its true light and spirit and address the perception issues with clarity and force. We should approach the current day realities with open minds and adopt a futuristic vision to resolve our issues and problems. While doing so, we certainly need to highlight the root-causes of extremism which breeds in the smouldering fires of injustice and resentment not only in Muslim societies but in all societies. History is full of such examples. The world community has a responsibility to remove the causes of injustice and frustration so that a lasting solution to the scourge of extremism and terrorism can be found.

Ladies and Gentlemen,

The way forward towards a Muslim economic renaissance must consist of several integrated and calibrated measures:

- We should evolve an effective dispute resolution mechanism to resolve our issues and problems and put in place a sound framework for mutual cooperation. We must promote unity amongst and within our countries. We should broaden and deepen our economic relations. With a growing population and depleting resources in the world, such intra-Islamic cooperation is becoming increasingly important for ensuring our energy security, water security and food security.
- We must undertake necessary political, economic and social reforms to create an enabling environment for harnessing our individual and collective potential. For this, we need to ensure political stability and continuity, good governance, transparency and accountability as well as consistent economic policies and improved delivery of social services, especially in health and education.
- We should focus on education and catch up in the field of science and technology. Skill development through vocational training should receive a high priority to equip our workforce with capabilities which are in demand in national and international markets.
- We must evolve a comprehensive growth model to provide a strategy for balanced development. Moreover, we should provide for sharing of financial and commodity surpluses through institutional mechanisms driven by public-private partnerships.
- The less endowed countries amongst us should develop absorptive capacity to make optimal use of scarce domestic capital and to benefit from cross-border flows.
- Depending upon our individual comparative and competitive advantage, we should try to specialize and carve out niches for ourselves in vital economic sectors such as energy, telecom, IT, banking, mining, agriculture, services and so on. We can thus create complementarities and by sharing best practices help each other to help ourselves. Our eventual goal should be to create an Islamic Economic Union towards which we can begin by entering into multilateral free

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trade agreements as well as promoting the free flow of capital, labour, goods and services. We can also create a world-class capital market to attract international capital, which would enable us to finance our growth and development. *regional*

- OIC and IDB need to be repositioned and reinvigorated.

While proposing this action plan, I am deeply conscious of the need for forward movement by the Muslim world. The bottom line really is to refurbish our intellectual resources, close our ranks by resolving our disputes and work sincerely for a genuine and meaningful cooperation. That is the only way that we can cope with the gruelling challenges of a fiercely competitive international environment. I quite often compare today's world with a treadmill where we should keep moving ahead.

Ladies & Gentlemen,

We in Pakistan have already commenced this journey towards a better future. Over the past seven years our government has been implementing policies to rejuvenate and reposition Pakistan in the world. These involve comprehensive and multi-dimensional reforms in the political, economic and social spheres.

In the political field, we have ensured good governance through accountability and transparency. We have empowered people from the grassroots to the national level. We have a vibrant opposition, an independent judiciary and a free media.

In the economic sector, our reforms based on the principles of deregulation, liberalization and privatization, have ensured an upward growth trajectory and our economy has been amongst the fastest growing economies within Asia. About 14 million people have come out of poverty in just four years. We have now embarked on our second generation reforms for enhancing productivity and competitiveness, institution building and improving governance. *6-810*

In the social realm, we are focusing on improving and enlarging the delivery of health and education in order to develop a healthy and educated workforce that would shore up our knowledge-based economy. *Course of work in Pakistan*

Our government is also determined to leverage Pakistan's strategic location at the crossroads of South, Central and West Asia to promote peace, security and prosperity in the region and especially in the Islamic world. Pakistan provides the shortest access to the sea for landlocked countries of Central Asia as well as Western China. With the creation of energy, trade and transportation linkages across these regions, Pakistan can play a key role towards promoting mutually beneficial regional cooperation. *with*

Ladies and Gentlemen,

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In conclusion, let me say that the Muslim world is faced with serious and multiple challenges. A lot of progress has been made in many areas but a lot more needs to be done. It requires clarity of thought, will to change, and determined and concerted action by all of us individually and collectively. It is a difficult and arduous journey. It is a constant and unrelenting struggle. The Muslim world, with its rich resources, vibrant energies and unflagging determination, will overcome these challenges and open new avenues of progress and prosperity not only for Muslims but for entire humanity. Islam promises universal peace, progress and prosperity and so should our endeavours aim at and contribute to make a better world for all mankind.

Thank you,

*- me present in this
anyone present
There much more to do.*