

OFFICE OF THE EXECUTIVE DIRECTOR  
Çırağan Cad. Atikali Paşa Yalısı  
No: 80 Beşiktaş-İstanbul / TURKEY  
Tel:(90) (212) 227 56 10  
Fax: (90) (212) 227 56 13

A GLOBAL ECONOMIC GROUP

SECOND SUMMIT MEETING

Dhaka 1-2 March 1999



## SECOND SUMMIT MEETING

*Dhaka*

*1-2 March 1999*

# SECOND SUMMIT MEETING

*Dhaka*

*1-2 March 1999*

OFFICE OF THE EXECUTIVE DIRECTOR  
Istanbul, May 1999



## CONTENTS

### PART I: STATEMENTS BY THE HEADS OF DELEGATIONS

Statement by H.E. Mr. Süleyman Demirel, President of the Republic of Turkey	1
Statement by H.E. Dato Seri Dr. Mahathir Bin Mohamad, The Prime Minister of Malaysia	11
Statement by H.E. Mr. Mohammad Nawaz Sharif, The Prime Minister of the I.R. of Pakistan	19
Statement by H.E. Dr. Hassan Habibi, The First Vice-President of the I.R. of Iran	27
Statement by the State Coordinating Minister for People's Welfare and Poverty Alleviation of the Republic of Indonesia	39
Statement by H.E. Mr. Amre Moussa, Minister of Foreign Affairs of the Arab Republic of Egypt	47
Statement by the Head of Delegation of Nigeria, Acting High Commissioner to New Delhi	53
Statement by H.E. Madame Sheikh Hasina, Prime Minister of the Government of the People's Republic of Bangladesh	57

### PART II: DOCUMENTS ADOPTED

Dhaka Declaration	65
Structure and Functioning of D-8 (Revised)	73
Statement by the Executive Director to the Summit	79

### PART III: PREPARATORY MEETINGS

Report of the III. Session of the Council of Ministers to the Summit	83
Statement by the Executive Director to the Council of Ministers	87
Report of the Resumed Sixth Session of the Commission to the Council of Ministers	93
Paper on "World Economic Situation and D-8" by the Executive Director	99



**PART I**  
**STATEMENTS**  
**BY THE HEADS OF DELEGATIONS**



**STATEMENT**

**BY**

**H.E. MR. SÜLEYMAN DEMİREL,**

**PRESIDENT OF THE REPUBLIC OF TURKEY**





# **ADDRESS BY H.E. SÜLEYMAN DEMİREL, PRESIDENT OF THE REPUBLIC OF TURKEY AT THE SECOND SUMMIT OF D-8**

**MADAME CHAIRPERSON,  
DISTINGUISHED HEADS OF STATE AND GOVERNMENT,  
DISTINGUISHED DELEGATES,  
LADIES AND GENTLEMEN,**

**IT IS A GREAT PLEASURE FOR ME TO BE HERE WITH YOU IN THE BROTHERLY COUNTRY OF BANGLADESH. IT WAS ONLY TWO YEARS AGO, THAT WE LAYED THE FOUNDATIONS OF THE D-8. I HAD THE HONOUR OF CHAIRING THAT IMPORTANT MEETING IN ISTANBUL. IN THE VERY SHORT TIME THAT HAS ELAPSED SINCE THEN, OUR GROUP HAS MADE SIGNIFICANT PROGRESS IN CONCRETE AREAS OF CO-OPERATION.**

**MADAME CHAIRPERSON,  
DISTINGUISHED DELEGATES,**

**AS WE PREPARE OURSELVES FOR THE DAWN OF A NEW MILLENIUM WE FACE A NEW AND UNDENIABLE REALITY: IT IS CALLED GLOBALIZATION. THE REVOLUTIONARY CHANGES IN TECHNOLOGY AND TELECOMMUNICATIONS, THE ELIMINATION OF TRADE BARRIERS, THE LIBERALISATION AND INTEGRATION OF FINANCIAL MARKETS ARE DRIVING FORCES BEHIND THIS PHENOMENON. THE WORLD IS EXPERIENCING YET ANOTHER HISTORIC TRANSFORMATION. IN OTHER WORDS, THE GLOBAL ECONOMY IS UNDERGOING A FUNDAMENTAL RESTRUCTURING AT THE THRESHOLD A NEW CENTURY.**

**IT IS ONLY NATURAL THAT TRANSFORMATIONS OF SUCH MAGNITUDE BRING EQUALLY BIG CHALLENGES ALONG WITH THEM. THE RECENT FINANCIAL AND ECONOMIC CRISIS HAS REMINDED US OF THE NEED FOR RESTRUCTURING AND READJUSTMENTS BOTH AT NATIONAL AND INTERNATIONAL LEVELS. CLOSE REGIONAL AND GLOBAL CO-OPERATION IS A PREREQUISITE OF OVERCOMING THE CHALLENGES AND UNCERTAINTIES IN THIS EVER INCREASINGLY INTERDEPENDENT WORLD.**

**THE AFFECTS OF THE LAST ECONOMIC AND FINANCIAL CRISIS ARE STILL WITH US. THE WORLD ECONOMIC GROWTH RATE THIS YEAR IS EXPECTED TO DROP TO 2 PERCENT FROM 4 PERCENT. THE DECREASE IN THE GROWTH RATE OF THE DEVELOPING COUNTRIES IS MORE STRIKING. IT IS EXPECTED TO DECREASE TO 2 PERCENT FROM 6 PERCENT. ON TOP OF THIS, HIGH POPULATION GROWTH IN MANY DEVELOPING**

COUNTRIES WILL AGGRAVATE THE ECONOMIC AND SOCIAL PROBLEMS OF THESE COUNTRIES.

THE WORLD TRADE IS ALSO ADVERSELY AFFECTED BY THE CRISIS. ACCORDING TO THE OECD STATISTICS THE WORLD TRADE GROWTH DECREASED TO 4.6 PERCENT IN 1998 FROM 9.8 IN 1997. THE SITUATION LOOKS MORE SERIOUS FOR DEVELOPING COUNTRIES. THEIR TRADE GROWTH RATE DROPPED TO MINUS ONE PERCENT IN 1998 FROM 9.6 PERCENT IN 1997.

MORE TIME AND MUCH MORE EFFORTS WILL BE NEEDED TO OVERCOME THE DIFFICULTIES THAT THE GLOBAL ECONOMY IN GENERAL AND THE DEVELOPING COUNTRIES IN PARTICULAR ARE FACING. IT APPEARS THAT THE PRESENT CHALLENGES MIGHT FORCE SOME COUNTRIES TO ADOPT PROTECTIVE MEASURES. HOWEVER, THE CONCERN IS THAT SUCH MEASURES MIGHT FURTHER AGGRAVATE THE SITUATION INSTEAD OF BRINGING REMEDY. WE HOPE THAT THE NEW ROUND OF WORLD TRADE NEGOTIATIONS WILL GIVE A SPECIAL CONSIDERATION TO THE CHALLENGES THE DEVELOPING COUNTRIES ARE FACED WITH.

WE ARE CONVINCED THAT A HIGHER DEGREE OF INTERNATIONAL CO-OPERATION COUPLED WITH A HIGHER DEGREE OF TRANSPARENCY AND PRUDENCE IN THE MARKETS COULD HAVE WELL PREVENTED THE OUTBREAK AND EXPANSION OF RECENT FINANCIAL CRISIS.

MADAME CHAIRPERSON,

THE GLOBAL FINANCIAL AND ECONOMIC CRISIS HAS CERTAINLY AFFECTED THE ECONOMIES OF THE COUNTRIES REPRESENTED AROUND THIS TABLE AS WELL. ALTHOUGH THE DEGREE OF DAMAGE VARIES FROM ONE COUNTRY TO THE OTHER, THE HARM IS IMMINENT FOR EVERYONE. I BELIEVE THIS MEETING IS PROVIDING US AN IMPORTANT OPPORTUNITY TO EXCHANGE VIEWS AND TO SHARE OUR EXPERIENCES WITH ONE ANOTHER. I PROPOSE THAT WE SHOULD PRACTICE THIS CONSULTATION PROCESS AT EVERY LEVEL. I AM CONFIDENT THAT SUCH CONSULTATIONS AND CO-OPERATION WITHIN THE FRAMEWORK OF D-8 WILL FACILITATE ALSO OUR INDIVIDUAL CONTRIBUTIONS TOWARDS SHAPING INSTITUTIONAL AND FINANCIAL REFORMS IN THE GLOBAL ECONOMY. I BELIEVE THAT D-8 IS A VERY CONVENIENT FORUM FOR SUCH EXCHANGES.

IN THIS INCREASINGLY SHRINKING WORLD NO COUNTRY CAN ASSUME ITSELF SAFE AND PROTECTED FROM THE EFFECTS OF POLITICAL AND ECONOMIC

DEVELOPMENTS ELSEWHERE. THE ASIAN FINANCIAL CRISIS AND ITS WIDE-RANGING EFFECTS ARE STRIKING EXAMPLES IN THIS REGARD. THE CURRENT CRISIS SHOULD NOT DISCOURAGE THE DEVELOPMENT EFFORTS AROUND THE WORLD. WE SHOULD NEVER FORGET THAT EVERY NATION HAS A RIGHT TO DEVELOPMENT. BUT WHAT KIND OF A DEVELOPMENT? THERE IS ONE ANSWER TO IT: IT SHOULD BE PEOPLE-CENTERED. THEREFORE, TO PROTECT THE RIGHT TO DEVELOPMENT REQUIRES A STRONG COMMITMENT TO DEMOCRACY. FOR, DEMOCRACY, DEVELOPMENT AND PEACE ARE INSEPARABLE. AND, ONLY THROUGH INTERNATIONAL COOPERATION AT REGIONAL AND GLOBAL LEVELS CAN WE EMBRACE THIS GOLDEN TRIANGLE. THIS SHOULD BE OUR ROAD MAP TOWARDS THE TWENTYFIRST CENTURY THAT SHOULD BE A CENTURY OF PEACE, FREEDOM AND PROSPERITY. WE, THE PEOPLES OF THE WORLD WILL MAKE THIS HAPPEN.

MADAME CHAIRPERSON,  
DISTINGUISHED DELEGATES,

TURKEY WAS AMONG THE COUNTRIES LEAST AFFECTED BY THE RECENT CRISIS. OUR FOREIGN RESERVES GAVE US NECESSARY LEVERAGE TO MANAGE THE CRISIS ON TIME. THE NEGATIVE EFFECTS OF THE CRISIS ON THE TURKISH ECONOMY IS NOT OVER YET, BUT THE SITUATION IS IMPROVING STEADILY.

THE FACT THAT MORE THAN HALF OF OUR TRADE IS UNDERTAKEN WITH THE EUROPEAN UNION, HAS HELPED US STABILIZE OUR OVERALL TRADE VOLUME WITHOUT ANY LOSS. OUR TRADE WITH EUROPE IS ALMOST NOT AFFECTED BY THE CRISIS IN 1998. THIS IS LARGELY THANKS TO THE EFFECTIVE WORKING OF THE CUSTOMS UNION THAT WE CONCLUDED WITH THE EUROPEAN UNION BACK IN 1995.

DESPITE THE CRISIS ENVIRONMENT THE TURKISH BUSINESS COMMUNITY WAS QUICK ENOUGH TO SUBSTITUTE THE LOST MARKETS WITH NEW ONES IN OTHER COUNTRIES. ONE OF THESE COUNTRIES IS THE UNITED STATES TO WHICH OUR EXPORTS INCREASED BY ABOUT 15 PERCENT IN 1998. THE CRISIS MOSTLY HURT OUR TRADE WITH THE RUSSIAN FEDERATION SINCE THIS COUNTRY IS AMONG TURKEY'S LEADING TRADE PARTNERS WITH A 12 BILLION DOLLAR VOLUME PRE-CRISIS PERIOD. IN THIS CASE, THE TURKISH BUSINESS COMMUNITY FOCUSED ITS EFFORTS ON THE SO-CALLED LUGGAGE TRADE, WHICH TO A CERTAIN DEGREE DECREASED THE LOSS.

AS A RESULT OF MUCH EFFORTS AND CONCERTED ACTION BETWEEN THE GOVERNMENT AND THE BUSINESS COMMUNITY, TURKEY MANAGED TO CONCLUDE THE YEAR OF 1998 WITH A SLIM EXPORTS INCREASE OF HALF A PERCENT. OUR IMPORTS ON

THE OTHER HAND DECREASED BY 2.9 PERCENT THANKS TO LOWER OIL PRICES. THE SECOND POSITIVE RESULT OF OUR EFFORTS IN 1998 WAS TO SCORE AN ECONOMIC GROWTH RATE OF 4.4 PERCENT. IN FACT, THESE FIGURES ARE RELATIVELY LOW FOR THE GENERAL TREND, DYNAMISM AND PERFORMANCE OF THE TURKISH ECONOMY. HOWEVER, GIVEN THE EXTENT OF THE CRISIS AND COMPARED TO NEGATIVE GROWTH RATES SUFFERED BOTH IN TRADE AND PRODUCTION BY MANY COUNTRIES, THE STRENGTH AND FLEXIBILITY OF THE TURKISH ECONOMY BECOMES ALL THE MORE APPARENT.

MS. CHAIRPERSON,  
DISTINGUISHED DELEGATES,

THE STRENGTH OF THE TURKISH ECONOMY IS BASED ON STRUCTURAL CHANGES ACHIEVED SINCE 1980'S. WE HAVE BUILT A ROBUST INDUSTRIAL INFRASTRUCTURE. OUR FINANCIAL SERVICES, STOCK EXCHANGE AND INSURANCE INSTITUTIONS ARE FULLY INTEGRATED WITH THE GLOBAL MARKETS.

ACCORDING TO WORLD BANK REPORTS TURKEY HAS THE 16TH LARGEST ECONOMY IN THE WORLD WITH A GNP OF 400 BILLION DOLLARS. IT IS THE SIXTH LARGEST ECONOMY IN EUROPE, AND BY FAR THE LARGEST ECONOMY IN THE EASTERN EUROPE, BALKANS, THE BLACK SEA BASIN, CASPIAN BASIN AND THE MIDDLE EAST. SEVENTY PERCENT OF OUR POPULATION IS URBANIZED. SERVICES AND MANUFACTURING MAKE UP 83 PERCENT OF OUR ECONOMY.

IN THE BALKANS, THE CAUCASUS AND THE CENTRAL ASIAN COUNTRIES MORE THAN 4 THOUSAND TURKISH FIRMS HAVE UNDERTAKEN PROJECTS WORTH MORE THAN 10 BILLION DOLLARS. 80 PERCENT OF THE CONSTRUCTION WORKS IN THE CENTRAL ASIA ALONE ARE UNDERTAKEN BY THE TURKISH CONTRACTORS. THE INVESTMENT OF TURKISH PRIVATE ENTERPRISES IN THE RUSSIAN FEDERATION AMOUNT TO 8.5 BILLION DOLLARS. FURTHERMORE, TURKISH CONSTRUCTION FIRMS HAVE UNDERTAKEN PROJECTS TOTALING 40 BILLION DOLLARS AND HAVE BEEN EMPLOYING MORE THAN 50 THOUSAND PEOPLE IN 39 COUNTRIES WORLDWIDE.

MADAME CHAIRPERSON,  
DISTINGUISHED DELEGATES,

I WOULD ALSO LIKE TO TOUCH UPON SOME OF THE REGIONAL CO-OPERATION SCHEMES WHERE TURKEY CURRENTLY TAKES PART. APART FROM THE D-8 TURKEY IS A CO-FOUNDER OF THE ECONOMIC CO-OPERATION ORGANISATION ALONG WITH IRAN AND

PAKISTAN. THIS ORGANISATION INCLUDES CENTRAL ASIAN STATES AS WELL AS AZERBAIJAN. WE ARE A FOUNDING MEMBER OF THE BLACK SEA ECONOMIC CO-OPERATION ORGANISATION THE MEMBERSHIP OF WHICH STRETCHES FROM THE BALKANS TO THE CAUCASUS. THIS COOPERATION NETWORK OF INTRA AS WELL AS INTER-REGIONAL ORGANIZATIONS EXTENDS FROM THE BERING SEA AND THE SOUTHEAST ASIA ALL THE WAY TO THE ATLANTIC COVERING TWENTYFOUR COUNTRIES IN THREE CONTINENTS.

WE ARE ALL MEMBERS OF THE ISLAMIC CONFERENCE. OUR FRIENDS FROM MALAYSIA AND INDONESIA ARE MEMBERS OF A VERY IMPORTANT REGIONAL GROUPING, THE ASEAN AND APEC. PAKISTAN AND BANGLADESH ARE A PART OF SAARC. SINCE THE NEW GLOBAL ECONOMY IS INCREASINGLY DEFINED THROUGH THE INTERPLAY OF DIFFERENT ECONOMIC GROUPINGS, IT MIGHT BE USEFUL TO LOOK INTO THE POSSIBILITIES OF CO-OPERATION AMONG THESE ORGANISATIONS AND AVOID ANY DUPLICATIONS.

MADAME CHAIRPERSON,  
DISTINGUISHED DELEGATES,

AS A NEW ECONOMIC COOPERATION SCHEME THE D-8 IS MAKING PROMISING STRIDES. WE ATTACH GREAT IMPORTANCE TO ITS FUNCTIONS. INDEED, I HAVE CAREFULLY EXAMINED THE REPORTS OF THE COMMISSION WHICH ARE BEFORE US.

I WAS PLEASED TO SEE THAT IN LINE WITH OUR INSTRUCTIONS THE COMMISSIONERS HAVE ATTACHED A SPECIAL IMPORTANCE TO CO-OPERATION IN TRADE WITHIN THE D-8. WE NEED TO INCREASE THE TRADE VOLUME AMONG OUR COUNTRIES. I CONSIDER THE PARTICIPATION OF THE PRIVATE SECTOR IN THE ACTIVITIES OF THE D-8 OF CRUCIAL IMPORTANCE. OUR EFFORTS CANNOT BE SUCCESSFUL WITHOUT THE EFFECTIVE SUPPORT OF THE BUSINESS COMMUNITY. THE DYNAMISM OF THE PRIVATE SECTOR WILL SURELY GIVE A NEW MOMENTUM TO THE ACTIVITIES OF THE D-8. IT IS IMPORTANT TO CREATE AN ENVIRONMENT IN WHICH THE PRIVATE SECTORS OF OUR RESPECTIVE COUNTRIES CAN INTERACT AND COOPERATE. WE MUST ASSIST THEM TO ESTABLISH THE NECESSARY CONTACTS AMONG THEMSELVES. I PERSONALLY ATTACH GREAT IMPORTANCE TO THE FORMATION OF A BUSINESS FORUM TO ACT AS AN A KIND OF BUSINESS ADVISORY COUNCIL TO D-8 BRINGING OUR BUSINESSMEN TOGETHER.

FREE MOVEMENT OF MEMBER STATES' BUSINESSMEN WITHIN THE D-8 COUNTRIES IS ANOTHER IMPORTANT ISSUE TO BE SETTLED WITHOUT DELAY. WITHOUT MORE INTERACTION WE SHOULD NOT EXPECT MORE COOPERATION.

I UNDERSTAND FROM THE REPORT OF THE COMMISSION THAT THERE IS SIGNIFICANT PROGRESS IN MOST SECTORS OF CO-OPERATION. IT IS IMPORTANT FOR THE WORKING GROUPS TO CONCLUDE THEIR WORK IN TIME SO THAT OTHER CO-OPERATION PROJECTS CAN BE TAKEN UP SUCCESSIVELY.

TURKEY IS THE CO-ORDINATOR COUNTRY OF THE INDUSTRY WORKING GROUP. THE PRIORITY PROJECT IN THIS FIELD IS THE DEVELOPMENT AND PRODUCTION OF AN AGRICULTURAL AIRCRAFT. THE MAIDEN FLIGHT OF THE FIRST PROTOTYPE WILL TAKE PLACE IN SEPTEMBER 1999. I CONSIDER THIS PROJECT AS AN IMPORTANT STARTING POINT FOR US TO WORK TOWARDS GREATER OBJECTIVES. I CONGRATULATE EVERYONE INVOLVED IN THIS PROJECT.

WE BELIEVE THAT THE D-8 WILL TAKE AN IMPORTANT PLACE AMONG OTHER INTERNATIONAL CO-OPERATION SCHEMES. I HOPE THAT THE D-8 WILL FORM YET ANOTHER CHANNEL OF DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. IT WILL DULY PLAY ITS ROLE IN CONTRIBUTING TO INTERNATIONAL PEACE AND STABILITY AND TO THE PROSPERITY OF OUR PEOPLES THROUGH FOSTERING MORE CO-OPERATION AND BUILDING CLOSER LINKS AMONG ITS MEMBERS.

I BELIEVE THAT A GREAT CREDIT IS IN ORDER TO THE EXECUTIVE SECRETARIAT. THE EXECUTIVE SECRETARIAT, WITH ITS VERY LIMITED RESOURCES HAS SERVED THE D-8 VERY EFFICIENTLY. I WISH TO CONVEY MY APPRECIATION TO AMBASSADOR AYHAN KAMEL AND HIS STAFF FOR THEIR DEDICATION TO OUR WORKS AS WELL AS FOR THE VALUABLE ANALYSIS PREPARED BY AMBASSADOR KAMEL ON THE WORLD ECONOMIC SITUATION AND D-8.

MADAME CHAIRPERSON,  
DISTINGUISHED GUESTS,

AT THE THRESHOLD OF A NEW MILLENIUM WHEN THE GLOBAL ECONOMY IS FAST BECOMING A SINGLE MARKET THANKS TO THE REVOLUTIONARY CHANGES ECONOMIC INTERDEPENDENCE AND COOPERATION ARE THE KEY FACTORS FOR MORE PROSPERITY AND BETTER LIVING CONDITIONS FOR OUR SOCIETIES.

WHEN WE FIRST ESTABLISHED D-8, OUR AIM WAS TO MAKE BEST USE OF THE VAST GEOGRAPHY AND POTENTIALS OF THE MEMBER COUNTRIES, TO DIVERSIFY AND FACILITATE TRADE AND TO UPGRADE THE SOCIAL AND ECONOMIC CONDITIONS OF OUR PEOPLES. WE HAVE MADE A GOOD AND A PROMISING BEGINNING. NOW, WE SHOULD

**FOCUS OUR ENERGIES TO BUILDING OUR COMMON FUTURE TOGETHER ON THIS SOUND BASIS.**

**I AM CONVINCED THAT UNDER THE GUIDANCE OF OUR NEW CHAIRPERSON WE SHALL PROCEED EVEN FURTHER. I WISH TO THANK THE GOVERNMENT AND THE PEOPLE OF BANGLADESH FOR THE VERY WARM-HEARTED WELCOME AND GENEROUS HOSPITALITY ACCORDED TO US AND EXTEND MY BEST WISHES FOR THE WELL BEING AND PROSPERITY OF OUR PEOPLES.**

**THANK YOU.**





**STATEMENT**

**BY**

**H.E. DATO SERI DR. MAHATHIR BIN MOHAMAD,**

**THE PRIME MINISTER OF MALAYSIA**



Please check against delivery

STATEMENT BY  
THE PRIME MINISTER OF MALAYSIA  
THE HONOURABLE DATO SERI DR. MAHATHIR BIN MOHAMAD  
AT THE SECOND SUMMIT LEVEL MEETING OF  
" CO-OPERATION FOR DEVELOPMENT " OR D-8  
IN DHAKA, THE ISLAMIC REPUBLIC OF BANGLADESH  
ON MONDAY, 1 MARCH 1999  
-----

I wish to thank Prime Minister Madame Sheikh Hasina for her kind words of welcome. The gracious Bangladeshi hospitality extended to members of my delegation and I will long be remembered. May I also take this occasion to express my appreciation to His Excellency President Suleyman Demirel for Turkey's invaluable contribution to the D-8 process and its continued support in moving this forum forward.

2. It is fitting that we should meet in Bangladesh for this nation of poets and artists, of great intellectuals reflect the true potentials of the Muslim world. Since its independence Bangladesh has never ceased to struggle to rebuild itself and that struggle has been greatly rewarded. I hope the struggle of Bangladesh would serve as an inspiration and a model for us in the D-8.

3. We the developing Muslim countries of the D-8 meet in Bangladesh today in the 19<sup>th</sup> year of the Fifteenth Century of the Hijrah. It is not a significant year in the history of Islam. It marks no particular turning point. But we cannot work on the basis of a significant date or century or millennium.

4. Being in the 15<sup>th</sup> Century means we are more than 1400 years from the emergence and flowering of our faith, our religion. In that period of time all the great religions which inspired and guided humanity have undergone changes and so have lost their true meaning and their influence on the lives of their adherents. And Islam is no exception. Let us admit that Islam and the Islamic world is now divided against itself, is in disarray, is quite unable to cope with the changes that are revolutionising life in this world, is sliding further and further backwards.

5. There is a great deal of wealth and potentials among the Islamic nations but they have not contributed to the well-being or the progress of most of us. None of us can claim to be a force of consequence in the international arena today. Many of us have been unable to make our nations stable, capable of making progress to match that of the advanced countries of the world, countries none of which are Muslim.

6. While we are in the 15<sup>th</sup> century the rest of the world seems to be in the 20<sup>th</sup> century. They are now approaching the 21<sup>st</sup> century and the third millennium. In many ways they seem to be centuries ahead of us. And now they have introduced new ideas and new technologies which we are not prepared for and we are seemingly unable to handle.

7. Among these are new concepts about Governments and international relations. We find ourselves unable to reject them or to offer our own alternatives. Yet we seem unable to apply these concepts effectively. The concepts of democratic Governments have been largely mishandled by us. We enjoy the rights conferred but we do not seem to recognise that along with the rights come the need for responsibility. As a result our Governments are seldom stable long enough to make governance effective and beneficial to our countries and peoples.

8. While we are still experiencing domestic turmoil due to mishandling these modern concepts of Government and modern ideologies, new ideas about international relations have been introduced. Concepts such as globalisation have broken down the barrier which we had depended upon to protect our countries, culture and religion. Exposed to these assaults we find ourselves quite helpless and unable to adjust or to take advantage of the new ways and ideas.

9. One of the manifestations of globalisation is the free flow of capital across borders. The huge wealth some of us have accumulated through the extraction of our natural resources have not been invested in our own countries. Instead we have taken advantage of the free flow of capital to invest in the developed countries. Effectively we have enriched them. But we do not know how to use this investment in order to influence them.

10. They have instead used our money to invest in our countries and then to suddenly pull out their investments in order to destabilise and impoverish us. Then they take advantage of our poverty in order to gain control over us. Clearly we are not adept in the use of our wealth and the free flows of capital. A lot of our own money is held hostage abroad and actually used against us.

11. In fact we are not even able to use our natural resources to enrich ourselves. Our very resources are the cause of our present impoverishment and weakness. We know that they can provide us with powerful means to assert our influence on the whole world, to strengthen us and to protect us from oppression. All we need is the will to regulate the supply. Yet we cannot do even this.

12. Globalisation is being promoted in every field. Malaysia has experienced one of the effects of globalisation. Malaysia allowed its currency to move in and out of the country freely and to be traded. Malaysia accepted that the value of its own currency should no longer be determined by the Malaysian Government. For a long time nothing untoward happened. Then currency traders emerged who treated currency as a commodity. They devised a trading system which enabled them to fix the exchange rates in order to give them unlimited profits. With this ability they can enrich or impoverish any country at will. They thus become more powerful than national Governments.

13. Malaysia was relatively prosperous when we were attacked. Suddenly we found our wealth diminishing as the currency traders devalued our currency. Our initial inability to counter the attacks of the currency traders clearly showed that we have not understood what is meant by globalisation and the consequences of giving up control over our own currency. Learning the lesson has been very costly to us.

14. Globalisation takes many forms. When we agreed to globalisation we thought that we would be able to share the wealth and the technology of the rich. But the rich are really thinking about how globalisation would enable them to exploit the untapped resources of the poor, using their huge capital and their sophisticated technology. The attack on the currencies of countries

like Malaysia is just one example of how they see globalisation. Even if in exploiting the poor to enrich themselves they cause more poverty and misery, as long as it is globalisation it is considered fair and proper by them. We may not reject globalisation or even modify it even though we are being destroyed by it.

15. Currency speculation and stock market raids are just the beginning. We can be assured that newer interpretations of globalisation will be made which will open up newer ways for the exploitation of the poor by the rich.

16. Islam stresses a balance between materialism and spiritualism, between life in this world and the next. The loss of spiritual values in the West has resulted in unbridled materialism. Money is the most important thing in life. Magazines and newspapers and TV shows focus endlessly on money and how to make yet more money. Spiritual values and religion are regarded as passé. As a result money is literally worshipped. Nothing must get in the way of acquiring more money. If economies have to be devastated, people killed, children starved -- that is perfectly alright because the objective is to make more money, billions and trillions of dollars.

17. Currency trading has destroyed the economies of whole regions, impoverished millions, destabilised Governments. But because money is being made by the currency traders the destruction is acceptable. The free market must not be obstructed. The market knows best. It will regulate itself. It will certainly rein itself in if it sees itself destroying the very source of its profits. Unfortunately by the time the market realises the damage it is doing to itself, massive damage has already been done, damage which will take many years to repair. But that again is alright. The market will learn this with experience.

18. During the present turmoil all that the market has learnt is that there are other markets to be exploited once the present one has been destroyed. Until the whole world has been destroyed, there is no real necessity to rein in. And so those in a position to curb the exploitation will do nothing. After all they are not only not affected, they are actually profiting from the destruction that is wrought.

19. In the meantime the developing Muslim countries are struggling to cope with modern ideologies and systems of Government. We are trying hard to make democracy work. As soon as we succeed the goal-post is moved, democracy is reinterpreted. And we find ourselves unable to cope with the even more liberal interpretations of democracy.

20. Some of us have opted to remain with our old systems. This we are permitted to do if we pose no problems for the developed West. A few of us have tried to be innovative in our own way. We devise our own philosophies and systems but unfortunately it has not helped us to compete with the developed West. We are harassed by them and locked in so that we become paralysed and impotent.

21. Our Group, the D-8 is attempting to cope with a world which has become as threatening as when the Muslim empires were under siege. We are really ill-prepared to cope with the threats that we face. We really have no time for personal ambitions and petty quarrels. We must look at the world from the point of view of the ummah as a whole. There is only one reason for us to be together, to talk to each other -- and that is because we see benefit in working together, in helping each other, in recognising our mutual responsibility.

22. All is not lost yet. We do have assets and intrinsic strength. We need to recognise and audit them. And thus we should work out how we can put them to joint use.

23. There are enough skills and intellect in the Muslim World. They are now applying their gifts elsewhere because we cannot provide them with the facilities they need. We have to bring them back, we have to create an environment that is attractive to them, conducive to their work. They can help us rebuild our nations, catch up with the rest of the world. Insha Allah, God Willing, with their help and our dedication to Islam and the honour of the Muslim ummah, we will triumph eventually.

-----

**Prime Minister's Office  
Kuala Lumpur**





**STATEMENT**

**BY**

**H.E. MR. MOHAMMAD NAWAZ SHARIF,  
PRIME MINISTER OF THE I.R. OF PAKISTAN**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Excellency Sheikh Hasina Wajed,  
Prime Minister of Bangladesh,

Your Excellencies,

Ladies and Gentlemen,

I am delighted to be back in this historic and beautiful city. Each time I have visited Dhaka I have been overwhelmed with joy. My emotions are no different on this occasion.

We are touched by the warm welcome and hospitality extended to us. We also appreciate the excellent arrangements for the Summit.

I congratulate you, Madam Prime Minister, for assuming the chair of this Summit. I am confident that with the benefit of your vision and commitment to our common objectives, our deliberations will yield positive results.

Two years ago we, the members of the D-8, initiated our cooperative endeavour in Istanbul for peace, progress and prosperity. We meet again in pursuance of these objectives.

Broad-ranging cooperation, among our countries under the D-8, is fast acquiring an important dimension.

We are gathered here to reaffirm our determination to forge a strong partnership for development.

Madam Chairperson,

We live in times of unparalleled opportunities and challenges. With the end of the Cold War, the old world order has perished. A new one is gradually emerging. The transformation has been radical. Political and economic liberalism is the defining theme of our times. It is for us to build a better, more prosperous future for our peoples; a future in which progress is fortified by peace.

In the last half-a-century we have witnessed phenomenal growth in some regions. Others have remained trapped in poverty. In recent years, we have also seen how emerging economies are vulnerable to speculative trading in currencies and erratic capital flows. We cannot shut our eyes to these dangers.

Market instability and volatile financial flows have shown the fragility of the global economy and dangers of unchecked and unmanaged globalization.

The worst hit have been the developing countries. They face problems arising not only from global economic slow-down but also a deepening socio-economic crisis due to evident iniquities of the international economic system.

There is a need to monitor, regulate and manage globalization. The international community must act collectively to attain the objective of growth coupled with equity.

The obstacles along the road to progress are many. These must be dismantled. International financial institutions must not impose unnecessary conditionalities for extending credit. Barriers that have been raised to exports from developing societies on flimsy social pretexts, have to be pulled down. Neo-protectionism must be eliminated. Technology has to be shared. These are the challenges that we have to meet.

The industrialized economies must realize that affluence has to be broad-based. An island of prosperity cannot sustain itself in an ocean of poverty.

Progress flows from peace. Without peace and stability, the hope of growth and development will continue to be as illusory as a mirage in the desert. This is the truth that has stared the billion people of South Asia in the face for the last fifty years. Prosperity has not visited our region. It has passed us by.

Madam Chairperson,

If peace is to be permanently established, the cause of conflict and tension must be eliminated. The eye of the South Asian storm has been the unresolved Kashmir dispute. It has to be squarely addressed.

I took the initiative to resume our dialogue with India. Only a few days ago, I had useful discussions with Prime Minister Vajpayee, who visited us in Lahore. We agreed to intensify our efforts to resolve the Kashmir issue and manage the nuclear dimensions of the security problems in South Asia.

We must now transcend symbolism and move on to practical and concrete measures for the removal of all impediments to the establishment of lasting peace.

We are also engaged in an intensive dialogue with the United States on security and nuclear issues. We have made significant progress. There is now a greater understanding of the circumstances that obliged us to establish nuclear deterrence in the interest of security and peace in the region.

The unjustified sanctions imposed on us following the nuclear tests, are being gradually eased. The complete removal of these coercive measures is essential for building a cooperative partnership, that is a pre-requisite for international peace, stability and prosperity.

Madam Chairperson,

The D-8 vision transcends regional imperatives. It seeks to build on affinities and strengths inherent in its composition.

Our countries have been endowed by Almighty Allah with abundant resources.

We have the technological skills, the manpower and economic resource base to undertake mega projects for the common good of our peoples.

I suggest that we accord high priority to the development of infrastructure, industry and agriculture.

Private sector is the flagship of economic

growth. It must be fully associated and involved with our development efforts. This is the centrepiece of my economic agenda.

Let us focus on promoting the active involvement of private enterprise in trade and investment among our countries.

We should also establish cooperation with other organizations, especially the OIC and ECO and benefit from their experiences in the economic, social and technological sectors.

Madam Chairperson,

I am confident that the Dhaka Summit will give an impetus to this process and accelerate our progress towards a more stable, prosperous and secure future.

Our collective assets hold great promise for the success of our common endeavours towards a prosperous future. With faith and firm determination, we shall, Insha Allah, succeed.

Thank you.





**STATEMENT**

**BY**

**H.E. DR. HASSAN HABIBI,**

**THE FIRST VICE-PRESIDENT OF THE I.R. OF IRAN**





*Islamic Republic of Iran*

In the Name of God,  
the Compassionate, the Merciful

Unofficial translation

Her Excellency Begum Sheikh Hassine

Honourable Presidents

Esteemed Colleagues

Ladies and Gentlemen

I am pleased to be in this friendly gathering and I pray to the Almighty that we will be able to take effective steps forward in realizing our shared aspirations. This meeting symbolizes an important endeavour by a part of Muslim Ummah to enhance multi-faceted cooperation in the Islamic world towards rebuilding a civilization rich in Islamic culture and values. On behalf of the government and the people of the Islamic Republic of Iran, I would like to express our sincere thanks to the government and people of Bangladesh, particularly Her Excellency Begum Sheikh Hassine, for their excellent arrangements to make this meeting a success. The untiring efforts of the Honourable president of Turkey during the formative phase of our group also deserve our utmost appreciations.

This Summit is equally important as our first summit during which our group was formally launched, because it coincides with certain significant



*Islamic Republic of Iran*

developments. Undoubtedly we are all expecting to experience a new chapter in human relationships in the years to come, which is hopefully going to mark the beginning of an era without the preponderance of a single power, a world free of atheistic imperialistic and communist thoughts of 20th century.

However, for some years to come we shall more or less grapple with the consequences of the problems which have now arisen across the world. The economic crisis of South East Asian and Latin American States which may also afflict some other regions has led to the suspension of many plans as well as to serious concerns. This crisis should make Developing States including D-8 Member States contemplate and seek certain solutions to prevent serious impacts on Developing States of the ailing economies of the powerful states and of their plots. In fact these states, while maintaining economic and political relations with other states of the world, should regulate their relations with them in a way to avoid the turning of their relations into unilateral dependence or into relations between superiors and inferiors and to also refrain from the spread economically of powerful states' crises to them.

In fact we should look for establishing dynamic relations between our states. It seems that these relations should be based upon historical tested ones. We can find the said relations in Islam and Islamic civilization. In the historical past and today Islam as belief and faith, culture and civilization and as an intellectual and philosophical system has formed our life in various aspects. We,



*Islamic Republic of Iran*

on the basis of this genuine common aspect, can lay the foundation of comprehensive cooperation and develop it.

We should mobilize our resources towards harmonious cooperation. It is our shared responsibility to develop a new thinking for expanded cooperation among ourselves. We should identify possible areas of cooperation ensure sustainable development in our societies.

Undoubtedly, the materialization of this solidarity calls for some patience, perseverance, tolerance and further coordination. But, after a while, we will be able to develop a uniform code of conduct to express our more or less similar aspirations and desires. And this coordination between the aspirations and actions will enable us to play a greater role in the establishment of the future civilization and a real new world order. Of course, the safe way to achieve this goal is first to initiate genuine dialogue and cooperation among Muslims themselves and then embark on a dialogue between Muslims and other civilizations based on good will.

**Distinguished Participants,**

If we want the D-8 to take effective steps forward we should talk to each other frankly like brothers. If we wish to streamline and consolidate our cooperation within the framework of a group consisting of eight larger Muslim states we should naturally further promote the bilateral relations between the



*Islamic Republic of Iran*

member states. Therefore, the first proviso for cooperation in the D-8 is friendship and cooperation between the member states, other wise we would face contradictions in practice and mind. But if this proviso is met we will immediately find out that there are ample grounds for our cooperation within the framework of D-8.

**Ladies and Gentlemen,**

At the time of the foundation of the D-8, the member states set goals which were geared to solve certain common economic problems and matters which virtually concern their development. At that stage it was logically tried to avoid exaggerated goals which would be hard or impossible to achieve. From this aspect the pragmatism of the participants of the first conference is commendable. This trend indicates that member states have abandoned the usual exchange of pleasantries and seek to identify areas of action to start cooperation on issues of mutual interest. With the identification of mutual requirements, potentials and capabilities of member states, we are hoping that aside from what has been implemented in the shape of separate projects, other interlocking economic, industrial and trade projects, can be drafted which will bring member states in closer working proximity.

Comprehensive development and its precursors i.e. scientific, cultural, economic and trade cooperation can only take root if peace and security exist.



*Islamic Republic of Iran*

In my view, member states of this group who desire peace and tranquility -- based on human dignity -- have automatically taken-up the cause of reducing tension. A balanced policy of promotion of relations with neighbors and other states based on respect for independence and equal rights of all states, is the policy of all D-8 member states, including the Islamic Republic of Iran. The result of this policy would be the inexpensive establishment of a durable security in the region and the promotion of relations with countries outside the region. Aside from expelling an expansive and unstable factor from our economies it also provides huge savings which can be diverted to economic and cultural development projects. The policy of tension reduction and prevention, fosters the establishment of friendships and brotherly feelings among states and leads to an increase in their cooperation and an increase travel by the people of those countries. This in turn leads to intellectual and cultural interaction and results in the generation of science, the promotion of research and the foundation of a progressive civilization.

Aside from peace among humans, a comprehensive peace includes peace between man and nature too. Humans must stop destroying nature. To safeguard our long term economic interests, our group must stress further harmony between man and nature. As our common natural heritage, the preservation of the environment must be given priority. This would be another area of cooperation that is open to us and by using green technologies we must rise to





*Islamic Republic of Iran*

this challenge.

The possibility of our future cooperation on economic and commercial matters is enormous. I am sure that in this conference and in future accessions we can draft a general program for economic and trade cooperation and thus lay the foundation for the suitable promotion of our future relations. Efforts to promote economic, industrial and trade cooperation can be materialized at a faster pace and with lower costs. In fact, a feasible timetable could help us to achieve these objectives. The potentials, capacities and experiences of the D-8 are more than what has so far been addressed and used. In other words, we have not yet had any scientific estimate of our whole possibilities. Therefore, we should immediately prepare a list of our potentials, capacities and experiences and, based on that, work out a feasible program in various fields. Under such a program, if the rich natural resources and potential industrial, scientific and cultural capabilities of any member state is used in complement to the resources and capacities of other member states, which is a sound way of utilizing these potentials; then our desirable comprehensive development program will be certain to be successfully carried out.

We shall facilitate access to our markets and encourage export of technology and exchange of technical know-how and services on the basis of our possibilities and talents. We shall pave the way for investments and joint ventures in our countries. We must accelerate the economic development among



*Islamic Republic of Iran*

D-8 member states through concluding collective agreements to protect investments and avoidance of double-taxation as well as extensive banking cooperation and even deposit money in our own banks. We shall also to support exchange of information in all areas and especially, even for short term, we shall provide each other with suitable facilities regarding passage of our industrial and commercial commodities. In the context, a meeting of our Economic and Trade Ministers in due course would prepare the ground for this purpose. We do not need to elaborate the position of the private sector in the

world economy. The position of the private sector, in each of our countries, differs with respect to its evolution and its role in the national economy. Without any doubt it needs to be enforced and supported effectively and reasonably by our governments. It seems that drawing and preparing of new plans for further cooperation among member states in this area maybe or must be included in our agenda. In this regard we support the proposal for the formation of the Association of Businessmen and its first meeting before our third summit. We hope that the practical measures to to be taken by this Association would be formulated and finally concentrated in the form of a confederation of chambers of commerce of the member states. We also hope that this association would promote its intellectual and physical activities. On the other hand we propose to have annual or biennial meetings comprising of economic and scientific officials as well as the people who are working in



*Islamic Republic of Iran*

economic and commercial sectors of our 8 countries. Besides, regarding the importance of the infrastructural affairs and preparation of development structures in all member states, we propose to form a D-8 Consulting Engineers Society. This society would be able to identify other areas of scientific cooperation, and through utilization of the existing technical and engineering capabilities in the member states, to take a long step for activating the private sector and moving toward self sufficiency against the capabilities of the Industrialized countries.

Besides, we shall bring cooperation in these fields which are of paramount importance including advanced agriculture and health and treatment to our more attention. Acquaintance of our peoples with each other due to their common heritage and special manifestation of their common culture and civilization is of great importance too. In this context the establishment of an agency or a coordinating office to boost tourism is one of the programs which with the least cost and effort would lead to very important results regarding creation of better understanding among our peoples. In this regard its economic profit is considered remarkable too.

Another important point is, thinking on resurgence of Islamic civilization on one hand and keeping pace with knowledge and scientific and technical developments on the other hand. There is no doubt that unless our countries produce knowledge as merit to their previous historical positions, we should be



*Islamic Republic of Iran*

consumer of science. It is true that knowledge recognized no boundary but why should not knowledge be exported to other countries by us and why should we always be importers of knowledge? If we want to be successful in production of knowledge, we should pay attention to those researches which generates knowledge. We, with each other's assistance and linking our scientists and research centers, conduct new research and focus our minds on those knowledges which are in preliminary stages. In such fields we can move alongside the world research centers and their scientists. We should have a considerable share in production of such knowledge.

**Distinguished Audience,**

What I said, is not a wishful thinking but it is a ground for cooperation which can be dealt with through determination and enjoy its important results. More or less when our people are being told about Islamic Culture and Civilization, they are asking from themselves and their managers that why we are not in such a position at the moment. May be we can say that Muslim people in the past shared common beliefs, but most of their material and spiritual lives were identical or similar to each other. As a result of acceleration for progress bought about by united, forces, the Islamic culture and civilization preserved its dynamic and continued its flourishing. We should enjoy this experience once more and with regard to new achievements of world science



*Islamic Republic of Iran*

and knowledge, we should pace the same route.

There is no doubt, if D-8 Group consider this aim, it has most of the capabilities through which it can be pioneer in developments in Islamic world and to revive Islamic civilization by the assistance of other muslims.

I pray to Almighty God to make us successful in serving our people, people of D-8 Groups, all muslims and world people. I wish success for this Summit. Once again I thank H.E. Mrs. Shaikh Hassine, distinguished President of the Summit. I wish success for Her Excellency and people of Bangladesh.

**STATEMENT**  
**BY**  
**THE STATE COORDINATING MINISTER FOR PEOPLE'S**  
**WELFARE AND POVERTY ALLEVIATION OF THE REPUBLIC**  
**OF INDONESIA**



Your Excellency Mrs. Sheikh Hasina, Prime Minister of Bangladesh  
Excellencies, Heads of Delegation,  
Excellencies, Ladies and Gentlemen,

It is a great honour for me and the Indonesian delegation to attend the Second Summit Meeting of the Developing Eight in this historic city of Dhaka. The convening of this important Meeting here proves that Bangladesh has much to share by way of experience and insights derived from its valiant endeavours to overcome the challenges of economic development.

President Habibie had intended to personally attend this assembly of D-8 Heads of State and Government. Unfortunately, unavoidable commitments at home have precluded his presence here. He has therefore designated me to represent him and to convey his sincere regrets to Your Excellency and to the Distinguished Heads of State or Government of the D-8 at his inability to attend this meeting.

May I also express, on behalf of my delegation, our sincere gratitude to Your Excellency and to the Government and people of Bangladesh for the warm hospitality extended to us since our arrival and for the excellent arrangements for this Summit Meeting. We extend our deepest appreciation to His Excellency President Suleyman Demirel and the Government of Turkey for the exemplary leadership provided to the D-8 during the period of chairmanship of Turkey. I should also like to avail myself of this opportunity to express our thanks to the Executive Director for his dedication and untiring efforts in ensuring efficient coordination of the work of the D-8.



Excellencies, Ladies and Gentlemen,

The economic and financial crisis that broke out in East and Southeast Asia in the middle of 1997 has turned out to be of a global character and not merely Asian. Persisting up to this day, the crisis has ravaged the economies of Indonesia and other developing countries and wreaked harsh social and political repercussions on their societies.

The situation today is a far cry from what it was two years ago when the world economy had been enjoying significant growth for three years in a row. The East and Southeast Asian economies that had been growing at annual rates of eight to ten percent were looking forward to many more years of continued prosperity. Instead, today they are in the midst of severe economic contraction, which could last a few more years.

Since these economies account for a quarter of world trade, their plight will surely have an adverse impact on the rest of the world. And the fact that they have been liberalizing financial flows and investment for many years should provide a cautionary lesson for all developing countries. For contrary to claims in various circles, the crisis was in fact precipitated by financial liberalization that rendered Asian economies vulnerable to external forces, and not solely by inherent flaws in their fundamentals.

The international community is therefore called upon to understand and to address the root causes of this problem so that it will

not once again devastate the developing world. We should not allow market forces, least of all speculative money traders, to shape and conduct the process of financial liberalisation. It is the function of governments to direct the pace and course of this process. We must therefore vigorously promote the idea of a global management of the world economy through a partnership of the developed and developing worlds. We must work for the creation of a mechanism that can effectively supervise and manage as well as carry out surveillance of international money markets so that they would become more open, transparent and supportive of balanced global economic growth.

We already have such a mechanism in the field of international trade: the World Trade Organization (WTO). There is no reason we cannot have a similar mechanism in the field of international finance. In this endeavour and in the design and building of a new international financial architecture, the D-8 should play an active and constructive role, in coordination with other developing countries.

Excellencies,

With regard to intra-D-8 cooperation, Indonesia would like to emphasize that we should continue to proceed on the basis of the criteria of feasibility, practicability and the benefits to the D-8 community. We should also focus and deepen our cooperative endeavours on the six priority areas of cooperation as agreed in the first

Summit Meeting of our Heads of State/Government in Istanbul in June 1997.

While we have indeed made significant progress in the implementation of the agreed projects, we must never cease to innovate so that the modalities of our cooperation can be optimized. In this regard, my delegation wishes to underline one of the recommendations of the Council of Ministers that a project being coordinated by an assigned member country can, in consultation with the coordinating country, also be carried out by other members with a view to ensuring a more effective and efficient use of their respective capabilities. It is understood, however, that the main responsibility for the implementation of the project remains with the country originally designed to coordinate it.

I should also like to express our deep appreciation to those who have proposed new projects as a way of strengthening and deepening our cooperation in the areas of priority. Such enthusiasm will go a long way towards projecting the D-8 as truly determined to advance the economic development of its members as well as endeavours toward regional and global economic growth.

Within the framework of the six priorities, there are still many forms of cooperation that we can develop to help promote the social and economic growth of the D-8 members. For instance, considering the great potential for expanding trade and promoting investment between and among the D-8 members, we should develop new

modalities for cooperation in trade and investment as a way of dealing with the surge of globalization and interdependence. We also need to enhance our cooperation in rural development, agriculture, industry and finance.

Indonesia deeply appreciates the support of the other members for its proposal to organize a workshop on Social Safety Nets in the framework of "Poverty Alleviation", which is Indonesia's area of coordination. In the midst of financial crisis, Indonesia and other affected members have gained valuable experience in addressing its dire social impact. Hence, we submitted that proposal in the sincere belief that by sharing one another's experiences in dealing with the social impact of crises, the D-8 members will be able to design and implement more effective Social Safety Net Programmes that will shield our vulnerable groups from the ferocity of the crises.

Excellencies,

Financing is crucial to the successful pursuit of the D-8 projects. In view of the financial crisis, we must tap new sources of funds, which makes the tripartite cooperation scheme more important than ever. In this regard we should maximize our cooperation with Islamic financial institutions such as IDB.

Furthermore, having acknowledged the vital role played by the private sector, we should now actively seek its vigorous involvement in

our activities and deliberations. I am convinced that by sharing our vision with our private sector leaders, and enlisting them as partners in the planning and implementation of our projects, we render our vision even more viable.

I am aware that our Organisation still has a long way to go before it can reach the fullness of its capabilities. The resources that we can muster are modest, but so are our goals. At the very inception of the D-8 we made it very clear that we would not engage in grandiose projects that bring no real benefits to our members. By faithfully adhering to the principle of practicability and feasibility, by mobilizing our unique resources and persevering in our solidarity, even at this early stage, we can already accomplish small but significant victories. They are significant because they betoken as well as lead to the splendid difference that we can achieve in dealing with the opportunities and challenges of the coming millennium.

May God Almighty bless the vital work we have set out to do.

Thank You.

**STATEMENT**  
**BY**  
**H.E. MR. AMRE MOUSSA,**  
**MINISTER OF FOREIGN AFFAIRS OF THE**  
**ARAB REPUBLIC OF EGYPT**



*Statement  
by HE Amre Moussa  
Minister of Foreign Affairs of the  
Arab Republic of Egypt  
Before the Second Summit of the D-8,  
Dhaka, 1 -2 March 1999*

*Excellency Sheikh Hasina, Prime Minister of Bangladesh,  
Distinguished Heads of States and Governments,*

Allow me at the outset to convey the greetings of President Hosny Mubarak and his best wishes for the success of the second summit of our D-8 group, a forum to which Egypt attaches great importance. Allow me to congratulate you on the assumption of the chairmanship of the group and thank President Demirel the outgoing chairman.

Ladies and Gentlemen, The D-8 Group is not just another group for economic cooperation. It is more. It draws its strength from the deep-rooted historical affinities and common cultural heritage of our nations. Our peoples are yearning for stronger and more positive productive ties with their Moslem brother countries to overcome the difficulties the Moslem Umma faces. But heritage and feelings of solidarity are not enough. Progress cannot be achieved by feelings alone. Promoting common and mutual interests would do the job.

Mme Prime Minister, Excellencies,

An overview of the world economy at the end of this decade points to the strong will developing countries have shown. They have undertaken to cross the poverty line and to develop more active and dynamic economies. This becomes all the more evident when groups like ours present their considered views and assessment of the current state of the world economy with a view to enticing a viable and full-fledged dialogue with our partners in the North.

Mme Prime Minister,

The performance of the world economy in the second half of the nineties did not live up to the worldwide euphoric optimism that certain political developments have unleashed. An unprecedented severe financial crisis in East Asia, long perceived as the growth engine of the global economy, was echoed in every corner of the globe.

Forces of Globalisation have indeed proved to be double-edged. An increasingly interdependent global market, for instance, is a source of upheaval and concern as much as it is an opportunity for economic growth and development. With interdependence come both vulnerability to external economic shocks, and windows of opportunity. But I would like to stress that so far the world seem to have chosen to deal with one side of the globalisation coin only, namely, the issues of open markets and cross-border investments. Not enough attention has been paid to the other side of the coin -i.e. poverty, illiteracy, illness, underdevelopment, and suchlike problems, with which countries of the South have to live and cope.

Similarly, along with the recent developments in the world economy came the accentuation of uneven development and the broadening of the gap between the North and the South. In 1998, growth in the developing countries was half that of 1997, falling to less than 2.5%. The declining prices of developing countries' exports, and the threat of financial crisis' contagion remain major challenges facing many developing countries at the eve of the 21<sup>st</sup> century.

Ladies and Gentlemen,

It is my belief that our discussions should not be confined to the rhetorical statements for or against globalisation. Like other complex and multi-faceted phenomena, globalisation could be a boon to mankind, diffusing technology and economic growth to developing countries. Inevitable as the forces of globalisation are, the question is not whether we globalise or not, it is how we globalise while avoiding marginalisation of the developing nations. That is the question that needs our attention.



Linked together by the twin process of globalisation and liberalisation, we the countries of the South like those from the North have vested interest in the smooth and well functioning of the world economy. This can best be achieved when all countries, big or small, can reap the benefits of globalisation and liberalisation in a fairer and more balanced manner.

On the other hand, the importance of securing a liberal world trading system cannot be overstated. It is only through better access to the developed countries' markets that developing countries could work out their way to economic recovery and development.

Developing countries have fulfilled their Uruguay Round commitments, substantially opened up their markets, and undertook serious adjustments. Unfortunately, developed countries failed to implement their commitments in several areas of importance to developing countries. It is our belief that addressing such overdue commitments, along with the new forms of disguised trade barriers erected against the developing countries' competitive exports, and the abuse of antidumping measures, should be on the top of the agenda of the coming round of multilateral trade negotiations.

Unemployment is another major challenge to developed and developing countries alike. Developed countries, many of us believe, will not shy away from trying to solve their problems of unemployment again at the expense of our economies. We cannot be unjustly forced on every occasion to face the brunt of the weaknesses and imbalances of the world system. With increased protection of their markets, developed countries will continue to pry open our markets, unconcerned with the disruptive and destroying effect of such policies on third world economies. We are already faced with their attempts to introduce "the social clause" in the WTO, linking employment to trade with a view to nullifying the competitive advantage of our countries in terms of low wages.

Let me emphasise here that our intention is not to go back on our commitments or waive them. On the contrary, our message is clear. We have willingly accepted our share of the burden and we cannot be considered as "free-riders" in the system. Thus, it is only our legitimate right to seek a fair and serious dialogue with our partners in the North, and a more equitable share of the gains of the ongoing processes of globalisation and liberalisation.

Ladies and Gentlemen,

The many pressures and challenges developing countries face today in the world economy should bring us together. Only through joining forces will developing countries be able to voice their opinions and to be heard.

I would like to share with you some of our views on how to raise the profile of our group at the regional and international levels. Together we should establish an agreed course of action to bring the D-8 in line with other groups working in the same field, sending the same message, considering the same issues. In the Istanbul Declaration we expressed our collective resolve to co-operate with both the developing and developed countries to realise our goals.

Furthermore as stipulated in Istanbul Declaration, we should liaise with the Organization of the Islamic Conference (OIC). Our relationship with that Conference should become official and permanent. I believe the best way to proceed at this juncture would be through requesting the Chairman of our group, you Mme. Chairman to enter into formal contact with the current President of the OIC, Iran, to add the activities of the D-8 to the agenda of the next Ministerial. At the same time it is essential to request our Executive Director to explore with the OIC secretariat the possibility of establishing a permanent mechanism between the two groups. The OIC should be seized with our objectives and the spectrum of our activities. On our side, we should always be open and ready for discussion and active inter-action especially on our programs and projects with the OIC Member countries, that is with the Moslem societies.

The second sphere of action should focus on the various developing country groupings, starting with the G-15, and G-77, while not overlooking the important groups of developing countries working in the framework of the multilateral financial institutions. It is

important for us to relate with all these groupings and foremost to acquaint them with our newborn group.

Last but not least, we would also advise that through our President, we ask the Secretary General of the UN to circulate the Dhaka Declaration as an official UN document for the information and consideration of UN membership. In addition, and as we, today, are calling for a viable and full-fledged dialogue with our partners in the North, it would only be natural to provide the President of the G-8 Industrial countries with the Dhaka Declaration as well.

I am firmly convinced that with such steps and perhaps others, we can boost our work and enhance the image of the group and strengthen its international ties.

It is our belief that developing countries, should they join forces, will be able to cope with these new challenges and work out their way to a better future in the 21<sup>st</sup> century and the many decades left in the 15<sup>th</sup> century of the Hijra.

**Ladies and Gentlemen,** Before concluding, I am pleased and honoured to reaffirm the invitation of President Hosny Mubarak and announce that Egypt will be hosting the Third Summit of the group in the year 2001. This, along with the active participation by Egypt in all the activities of the D-8 since its inception, demonstrates, anew, our commitment and support to the Group. I hope that the Third Summit in Egypt will be as successful as the First and the second summits, and will add value to the work of the Group. As agreed in our Declaration, we should take advantage of the synergies emanating from the close co-operation between the government and the private sector. Therefore, we should press for holding parallel meetings of Business Forum to our summits. Every Member country should do its utmost to attract its business community into our work and projects. Meetings of the summit should be multi-purpose, wherein the private sector should be actively engaged.

In conclusion, Ladies and Gentlemen, I want to register my appreciation to the Government of Bangladesh for the thorough preparation and organisation of this Summit, which is rivalled only by the hospitality and warm welcome, we received in Dhaka. We thank them and ask Allah Almighty to bestow His blessings on the people of Bangladesh.



STATEMENT

BY

THE HEAD OF DELEGATION OF NIGERIA  
ACTING HIGH COMMISSIONER TO NEW DELHI



**HEAD OF DELEGATION OF NIGERIA, ACTING HIGH COMMISSIONER  
TO NEW DELHI (\*)**

He expressed his appreciation for the excellent arrangements made by the Government of Bangladesh for the II. D-8 Summit Meeting.

He explained domestic political developments in Nigeria and the steps taken by his government to return to democratic process. Renewing the commitment of his government to the D-8 cooperation, he gave assurance that his country would hence be able to participate more actively in D-8 activities.

In this context, he added that they would be able to soon convene the meeting of the Working Group on Energy.

---

(\*) No written text has been circulated



**STATEMENT**

**BY**

**H.E. MADAME SHEIKH HASINA**

**PRIME MINISTER OF THE GOVERNMENT OF THE PEOPLE'S**

**REPUBLIC OF BANGLADESH**





## Bismillahir Rahmanir Rahim

Your Excellencies the Heads of State or Government of the D-8 countries,  
Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen,

**Assalamu Alaikum.**

It gives me pleasure to welcome you all to the Second Summit of the D-8 member countries. I have been deeply touched by the kind remarks made by Your Excellencies about my country. I thank you all and warmly reciprocate your sentiments.

We are very happy to host the second summit in Dhaka. The summit had been scheduled for November, 1998, but due to devastating floods it had to be postponed.

Today, the world is witnessing the influence of economic blocs, many of which have proved immensely successful. The member states of the D-8 have common bond of Islamic culture and heritage. I call for the unity of the Muslim Ummah so that the member states could achieve economic emancipation of the peoples and face the challenges of the next millennium. We would seek a better destiny for our peoples by harnessing our resources and exploiting our potentials.

We, in Bangladesh, believe that the true emancipation of the people can be achieved only through economic well-being. My Government is firmly committed to achieving this goal. In this context, I would like to say that Father of the Nation Bangabandhu Sheikh Mujibur Rahman was a great champion of the cause of the common people, particularly for their socio-economic welfare. His efforts to build a "Sonar Bangla" (Golden Bengal) was brought to an end with his martyrdom on 15 August 1975. But his vision and ideals have been inspiring us for generations.

### **Excellencies,**

Recent global financial crisis, particularly what happened in some Asian countries cannot be ignored. We should evolve mechanism and structure that would provide safeguard against future crises as and when these might occur.

Now, I would refer to some aspects of globalization that require our concerted action. Sustainable development is an area where both the developed and the developing world must cooperate. We recognize trade as a vital area of economic activity. An equitable global trading regime should benefit both developing and developed countries alike. The emergence of a rule-based trading system has been institutionalized in the WTO. It is a welcome step towards the positive integration of countries into the global trading system.

The promotion of trade among the D-8 countries is a most promising area of cooperation. The private sector must be integrated with D-8 processes as soon as possible. A Business Forum, involving entrepreneurs of D-8 member states, should be convened soon. Simultaneous meetings of a Business Forum with the D-8 Summit could help promote partnership for development and progress between the private sectors and the governments.

**Excellencies,**

During one year and a half of existence of the D-8 the member countries have progressed in several areas. We have already identified the priority areas of cooperation. In some selected areas, projects have been initiated. For instance, Bangladesh as the coordinating country for rural development, is to take up a project on rural industrialization in cooperation with Egypt. I hope this project will mature soon. There are many other projects that are in the making. Now, we need to take measures so that we can implement projects with our own resources.

For some of our countries, issues such as rural development, poverty alleviation, human resources development and agriculture are fundamental to the well-being of our populations. Each of our countries has expertise and resources that may be immensely useful to our common goals. For instance, Bangladesh has been endeavouring to eradicate poverty through accelerated economic growth. This is a major thrust of our current plan. The scheme of micro-credit by various government agencies as well as the NGOs is a ray of hope for the rural people. It has empowered many segments

of the rural population, particularly women, to play an effective role in the development process. Bangladesh has taken initiative to share this experience with interested members of the D-8.

Over the last few years, Bangladesh made remarkable progress in many other areas. Our performance in trade expansion is particularly mentionable. Our progress in family welfare have enabled us to bring down the rate of population growth to 1.73 per cent. The literacy rate has gone up to 56 per cent. Our plan is to eradicate illiteracy from Bangladesh by the year 2006. Three districts have already been made completely illiteracy-free. We have been providing pension to elderly people and the helpless women. We have set up Employment Generation Bank for creating job opportunity for the youth, particularly in the rural areas. Moreover our scheme to provide shelter to all citizens is progressing very fast. Under the Asrayon project we have provided barrack houses with possible means of livelihood to the rural poor. We also have plans for construction of houses for low and medium income group on hire purchase basis. We have been successful in women empowerment. In the local bodies 14 thousand women have directly been elected. We want a durable peace in the world. In this regard I took personal initiative to diffuse tension following nuclear explosions in the subcontinent.

### **Excellencies,**

I would like to pay tributes to the support that Turkey has given to this nascent organization by hosting the first summit and providing secretarial support for the D-8 since then.

I reiterate the commitment of Bangladesh to the concept of economic cooperation under the umbrella of D-8. Our desire to seek cooperation with friendly countries comes from a policy initiated by Father of the Nation Bangabandhu Sheikh Mujibur Rahman 25 years ago. A great leader and visionary, Bangabandhu, while addressing the United Nations General Assembly in September 1974 said, I quote, "to bring about a just international economic order we must not only ensure sovereignty of each state over its natural resources but should also seek to establish a frame-work of international cooperation based upon recognition of the overriding common interests of the countries of this world in a just and stable economic system." unquote.

**Distinguished leaders of the brotherly countries,**

We hope that our combined endeavour will help us reach a new century of economic prosperity.

I wish, our distinguished guests and visitors enjoy their stay in Dhaka and return home with pleasant memories.

I thank you all.

Joi Bangla, Joi Bangabandhu  
May Bangladesh live forever  
Long live the D-8

.....



**PART II**  
**DOCUMENTS ADOPTED**





## DHAKA DECLARATION





2 March 1999

## DHAKA DECLARATION

1. We, the Heads of State and Government of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey met in Dhaka on 2 March 1999 for the Second D-8 Summit.
2. We reaffirmed our commitment to the principles, purposes and objectives of D-8 and pledged to continue to work toward achieving them through the implementation of projects and other programmes of cooperation that are of vital interest to our peoples.
3. We reaffirm that the D-8 forum will be consistent with the relevant resolutions of the UN General Assembly, on Economic and Technical Cooperation among developing countries, and on strengthening of South-South Cooperation. The D-8 is a forum of functional cooperation, which would exploit the elements of comparative advantage, complementarity, economies of scale and a commonality of interest so that real benefits can accrue to our peoples.
4. We reviewed the developments in the world economy since we last met in Istanbul in June 1997. The global financial crisis, in particular the severity of the crisis in Asia, has highlighted weaknesses in the global economic and financial system. It also provided a clear message that for the effective functioning of the market economy, governments must play a positive role in the development and management of the international financial institutions, systems and infrastructure. While recognizing the responses by the international institutions to the crisis, we are concerned over the lack of progress in terms of concrete measures to implement the many proposals that have been made to reform and strengthen the international financial system. There is a compelling need for reforms to guard against possible recurrence of such crisis as well as new threats of instability and protectionism. Such reforms should be a global effort with the participation of developing countries, so that the diverse experiences, problems and circumstances of countries at different stages of development are taken into account.
5. We considered globalization not as an abstract process but a reality that affects the lives of all, and to which all countries must adapt. Globalization, in our view, has great potential as an engine of development and growth and has yielded considerable benefits in the decade of the 1990s. While we acknowledged the benefits of globalization, it is important to recognize its accompanying risks of destabilization and increased inequality between developed and developing countries, particularly the Least Developed ones, and within countries. There is need to address all aspects of globalization, including financial liberalization, and to establish appropriate safeguards to minimize the risks and to ensure that benefits of globalization are shared by all.
6. We decided to consult with relevant international institutions both to minimize the effects of the global financial crisis and also to contribute to efforts aimed at reforms in the international financial system in cooperation with other developing countries, whenever appropriate. We also support the call for greater transparency and disclosure. This should also apply to all those in the public sector as well as the private sector, particularly large market players, such as hedge funds.

7. We agreed on the imperative of sustainable development, which essentially comprises the triad of economic development, social development and environmental protection.
8. We recognize trade as a vital area of international economic activity. An equitable global trading regime, while benefiting both developed and developing countries should take fully into account the conditions of the developing countries through appropriate measures. The emergence of a rule-based trading regime, as institutionalized in the WTO, is a welcome step towards the effective and beneficial integration of countries into the global economy.
9. We welcome the decision of the Second WTO Ministerial Meeting in Geneva last year to work towards improving coherence in international economic policy making. At the same time, we urge that the Third Ministerial Meeting to be held later this year, decide on the work programme to achieve overall balance of interests of all members of the WTO on concrete measures designed to help countries that are particularly disadvantaged in the global marketplace.
10. The special concerns of countries that are constrained by structural weaknesses and also have to contend with tariff and non-tariff barriers when seeking access to markets in developed countries should be meaningfully addressed. We emphasize the need to provide adequate resources to the developing countries for investment and institutional capacity building to enable them to better deal with the challenges of a globalized economy and open trading system. We urge developed countries and WTO to undertake a definitive technical assistance programme to developing countries that have special problems to enable them to meet their commitments. The full implementation by developed countries of the special and differential provisions in all spheres provided for in the Agreements should be pursued. We also underscore the need for developed countries to implement their earlier commitments in accordance with the Uruguay Round Agreements.
11. We are of the view that the respective roles of the government and the private sector are complementary, and that there can be synergy from close cooperation between the two. We recognize the growing importance of the private sector in the development process and the fact that a vigorous, dynamic private sector is indispensable for sustained growth. The governments have a vital role to play in improving social conditions and expanding social opportunities by appropriate measures in key-sectors. The governments must continue to pursue sound and stable macro-economic policies.
12. Recognizing the importance of greater understanding and exchanges between different cultures, we welcomed the idea of designating the year 2001 as the Year for Dialogue among Civilizations which was adopted at the 53<sup>rd</sup> UN General Assembly at the initiative of the President of Iran.
13. We emphasized the importance of access to world markets, greater inflows of foreign investments and larger external assistance and alleviation of foreign debt burden to supplement our own efforts at development in all its aspects.

14. We recognize that trade among the D-8 is a most promising area of cooperation, the potential of which is yet to be fully tapped. In this context, we directed the Commission to further explore the possibilities of promoting trade among the D-8 member countries, among others, through the convening of a meeting of Ministers of Commerce/Trade and Economy at an early date and explore those possibilities.

15. Given the pivotal role of the private sector in the promotion of cooperation among the D-8, we are of the view that simultaneous or parallel meetings of a Business Forum, involving entrepreneurs of D-8 member-states, with D-8 Summits could help develop the much needed partnership for development. We appreciated the initiative of Egypt to convene simultaneously with our next Summit in Cairo, the first D-8 Business Forum. In preparation for the Forum, the participants should be encouraged to come with specific proposals for expanding trade and setting up joint ventures.

16. We also instructed the D-8 commission to study in cooperation with the private sectors, the possibilities of convening a meeting of businessmen before the next summit and the possibility of establishing a federation of D-8 Chambers of Commerce and Industries.

17. We commended all the D-8 Governments for their initiatives in regard to the priority areas of cooperation and the projects assigned to them. We invite member countries to expedite the implementation of the priority projects so that these could be functional by the earliest possible time. In selecting projects in various sectors, we should adopt a pragmatic and flexible approach aimed at the optimum utilization of the available resources and capabilities. In this regard, we underlined the need of applying the new modality for implementing project of cooperation among the D-8 which would allow for their execution by other member countries, in consultation with the coordinating countries. As far as possible, member countries, should also indicate their priorities in relation to each sector to facilitate the selection of suitable projects and programmes for cooperation.

18. We welcomed the ongoing work on Trade, coordinated by Egypt, in the endeavour to set up an International Marketing and Trading Company (IMTC) as well as in developing other trade facilitating measures such as trade financing, customs simplification and mobility of business people aiming at enhancing trade among the D-8 member countries. In this regard, we pledge to direct the competent authorities in our respective countries to take all possible measures to strengthen exchange of information, trade support and shipping, for the promotion of trade within the D-8. In this respect, we welcome the offer by Egypt to host the meetings on trade and trade related matters, the first of which will be held in April 1999. We also welcome the offer of Malaysia to host a Seminar for officials of D-8 countries in the area of trade facilitation in Kuala Lumpur in 1999.

19. We are assured by Turkey that the design and production of the agriculture aircraft prototype should be completed in the last quarter of 1999. Market potential for the aircraft needs to be determined for any changes to be made on the design of the aircraft to make it a multipurpose civilian aircraft in the future. Multifunctional usage concept of the aircraft needs also to be determined in line with the requirements of the member countries. Based on these requirements necessary engineering change studies

should commence on the prototype aircraft. Serial production of the aircraft will start according to the work-sharing principles already agreed upon.

20. We expect the Industrial and Technological Data Bank Network coordinated by the Islamic Republic of Iran to be functional by July 1999. In this respect, we urge member countries to expedite the implementation of their part, so that the project could be operational in time and hope that all countries will utilise this service to enhance cooperation among themselves. We should also encourage member countries to freely use internet and e-mail service for the exchange of information between their respective networks or centers of excellence in each sector.

21. We also expect the national aquaculture information and monitoring centres to start functioning by July 1999 and that the Directory of Scientists, Experts, Institutions and Registered Businesses in the private sector pertaining to aquaculture, being compiled by Pakistan, be completed as soon as possible.

22. We appreciate the initiative of Pakistan to organize a workshop by mid-1999 to identify projects in the agricultural sector with special reference to food security.

23. We directed the Commission to follow-up expeditiously on the implementation of the priority project on Rural Industrialization decided by the Sixth Meeting of the D-8 Commissioners based on the conclusion of the report of the Working Group on Rural Development that was organized by Bangladesh. We expect Bangladesh and Egypt to finalize the arrangements for the project.

24. We welcomed the offer by Indonesia to host a joint meeting of experts and decision makers on social safety nets in the year 1999 as recommended by the Workshop on Poverty Alleviation and Human Resource Development held in Jakarta in 1998 and adopted by the Sixth Meeting of the D-8 Commissioners.

25. We also welcomed the commitments by Nigeria to convene a meeting of the Working Group on Energy in the near future. In this context, we appreciate the readiness of Indonesia to organize, in coordination with Nigeria, training programmes on micro-hydro power plants, solar systems for isolated villages and small scale mining.

26. We instructed the Commission to begin work on result-oriented projects, as proposed by Turkey, in the field of environment. This is an area which involves Governments, the private sector and other interest groups.

27. We also instructed the Commission to study the proposal of D-8 Technical Consulting Association as a result oriented project which was first proposed by the Islamic Republic of Iran before the Sixth Meeting of D-8 Commissioners.

28. We appreciate the measures taken by Turkey, as the coordinating country for the Health Sector, to initiate cooperation among member countries in AIDS Prevention and Control Programmes.

29. We endorsed the proposal to enhance the capacity of an existing re-takaful company to meet the needs of D-8 member countries. In this connection, we welcomed Malaysia's offer to convene a workshop in June this year in Kuala Lumpur to draw up

the modus operandi and formulate the appropriate strategies to promote takaful and re-takaful. In respect of training, we further welcomed Malaysia's offer to conduct courses in conventional insurance and takaful as well as to conduct training programmes, seminar and attachment programmes in Islamic banking and finance, to enhance cooperation amongst the member countries.

30. We agreed on the need to create a permanent unit (coordinating centre) to fulfil conference and secretarial services and instructed the Council of Ministers to finalize this matter before the end of 2000. We expressed deep appreciation for the generous offer of Turkey to continue to provide facilities for the temporary Secretariat of the D-8 in Istanbul. We deeply value the excellent services that have been provided by this small Secretariat and the current Executive Director. We are of the view that this has proven invaluable in following-up on our discussions and decided that the mandate of the Executive Director be extended till the year 2000.

31. We express our deepest appreciation to the President and Government of Turkey for providing able and effective leadership of the D-8 Group during the period of Chairmanship of Turkey.

32. We extend our appreciation to the people and Government of the People's Republic of Bangladesh for their warm hospitality and the excellent arrangements made for the successful holding of the Second D-8 Summit.

33. We welcome with appreciation the generous offer of the Government of Egypt to host the third D-8 Summit in the year 2001 in Cairo.





**STRUCTURE AND FUNCTIONING OF D-8**  
**(REVISED)**



2 March 1999

## STRUCTURE AND FUNCTIONING OF D-8

### 1. Principal Organs

1.1. D8 will be composed of the following principal organs:

The Summit;  
The Council;  
The Commission.

1.1.1. Standing Committees may be established if necessary by the Summit upon the recommendation of the Commission and the Council.

1.1.2. Ad Hoc Groups may be established by the Commission or the Council in order to deal with specific issues.

### 1.2. The Summit

1.2.1. The Summit of the Heads of State/Government is the supreme organ of D-8.

1.2.2. The Summit is composed of the Heads of State/Government of member states of D-8.

1.2.3 The Summit is convened once every two years in one of the member countries, by rotation. The Summit decides, through consultations, the date and venue of the next meeting.

1.3.7 The council meets once a year. Its meetings in the Summit years will precede the Summit Meetings.

### 1.3. The Council

1.3.1. The Council is the political decision-making organ of D-8 .

1.3.2. The Council composed of the Ministers in charge of Foreign Affairs of the member-states.

---

(\*) Revised text of the Document adopted at the First Summit (articles 1.2.3, 1.3.7, 1.4.6 are amended)

- 1.3.3. The Council functions in accordance with the guidelines and policy directives of the Summit. It acts as a forum for thorough and comprehensive consideration of the issues.
- 1.3.4. The Council shall present annual reports on its work to the Summit.
- 1.3.5. The Council shall examine the reports submitted by the Commission and adopt the necessary decisions or make necessary recommendations to the Summit, as appropriate. It will delegate the commission with the tasks it deems necessary.
- 1.3.6. The Council shall review and approve the draft work Programme for each Summit, and prepare all the draft decisions, recommendations and declarations which are to be submitted to the Summit for consideration.
- 1.3.7. The Council meets once a year its meeting in the Summit Years will precede the Summit meetings.

#### 1.4. The Commission

- 1.4.1. The Commission is the executive organ of D-8.
- 1.4.2. The Commission as composed of senior officials appointed by their respective Governments as Commissioners.
- 1.4.3. The Commission is responsible for preparation of the Work Programme and Agenda of the Council as well as the draft decisions to be submitted to the Council for consideration. The Commission shall also draft and submit to the Council the Provisional Agenda, Work Programme, decisions and declarations for the Summit.
- 1.4.4. The Commission shall examine and approve the reports of Standing Committees and Ad Hoc Groups, and supervise their activities.
- 1.4.5. The Commission shall present annual reports on its activities to the Council.
- 1.4.6 The Commission will meet twice a year, once immediately before the Council and once between the Council Meetings. The Commission may have more meetings to consider issues as mandated by the Summit or the Council.
- 1.4.6. The Commission shall adopt its own Work Programme and Agenda on the basis of the decisions and directives of the summit and the Council.

2. Meetings

- 2.1. The presence of a simple majority of member-states (5) constitute the quorum for the meetings of the Summit, Council and Commission.
- 2.2. Extraordinary meetings of any of the principal organs can be held upon the request of a member-state and the consent of the majority of the members of D-8.

3. Decision-making

- 3.1. All D-8 decisions are made by consensus.

4. Co-ordination among member-States

- 4.1. In order to service the D-8 in a co-ordinated and organized manner and maintain regular contacts with member-states, the host of each Summit will act as the Chairman of D-8 until the following Summit, and shall appoint an Executive Director.
- 4.2. Executive Director shall ensure efficient communications between member-states, expedite the flow of information, and supervise the provision of services to the meetings.
- 4.3. Each Commissioner will be responsible for national co-ordination in his/her respective country.
- 4.4. The Government of Turkey, as Chairman of the first Summit, has decided to provide Executive Director with facilities in Istanbul, Turkey and cover the expenses.
- 4.5. The Second D-8 Summit shall review the arrangements for co-ordination in order to adopt a decision on the modalities, including the establishment of a Co-ordinating Center in Istanbul. The modalities shall be reviewed and as necessary adjusted periodically by future Summits.



**STATEMENT BY THE EXECUTIVE DIRECTOR  
TO THE SUMMIT**





2 March 1999

STATEMENT BY THE EXECUTIVE DIRECTOR TO THE SUMMIT MEETING

Madam Chairperson, Honorable Prime Minister of Bangladesh,  
Distinguished Heads of State and Government, Heads of Delegation,  
Excellencies, Ladies and Gentlemen,

The deliberations in this August Forum once again testified the cordiality and brotherhood existing amongst D-8 countries and nations. In fact, D-8 draws its strength from the deep-rooted affinities and common cultural heritage, Islam being an important component of it.

As the Distinguished Heads of State and Government underlined, we are living in an era of revolutionary changes in technology and telecommunications. Thus, in this shrinking world, there is no alternative to globalization and liberalization. Globalization certainly offers opportunities but carries risks too as the world is now witnessing. Globalization has to be a process of give-and-take in which the benefits and risks must be shared in an equitable manner. For this, the developing and industrialized countries must collectively act to manage and monitor its scope and pace since "an island of prosperity cannot sustain itself in an ocean of prosperity" as have eloquently been expressed by their Excellencies.

The Distinguished Heads of State and Government have reviewed and evaluated the progress so far achieved on all the projects mandated by the Istanbul Summit. Their words are a source of encouragement for us. They at the same time put forward most valuable, innovative and inspiring ideas for the future course of action as has been reflected in the draft Declaration. They will certainly guide the Commission and the Secretariat in their work, for which I express my profound gratitude. The practicability, feasibility and benefit to all are the criteria on which we shall continue to base our activities. By further strengthening our solidarity and mobilizing our rich resources, energy and creativity, I am confident that we as D-8 shall be able to achieve more for the good and prosperity of our nations.

Thank you very much.



# **PART III**

## **PREPARATORY MEETINGS**



**REPORT  
OF THE  
III. SESSION OF THE COUNCIL OF MINISTERS  
(PREPARATORY)  
TO THE SUMMIT**



27 February 1999

**REPORT**  
**of the III. Session of the Council of Ministers (Preparatory) to the II. Summit (\*)**

1. After the opening remarks of the Chairman of the Council, the Distinguished Foreign Minister of Bangladesh, Chairman of the Commission gave an oral report to the Council about the work undertaken by the Commission on the draft Dhaka Declaration. Thereafter, the Executive Director informed the Council of the activities of D-8, with particular reference to the ongoing priority projects, since the Istanbul Summit.
2. The Foreign Ministers addressed the global financial crisis and its consequences on the D-8 economies. Some also explained the measures taken by their governments to overcome adverse effects of the crisis. Meanwhile, attention was drawn to the fact that the crisis has been the subject of discussions and consultations in several fora such as G-15, APEC, Group of 22, G-8, Nonaligned Group and now in D-8, and it was added that it might perhaps be useful to link these discussions by bringing them under an umbrella.
3. The Ministers appreciated and welcomed the progress so far achieved on the ongoing projects. Several Ministers underlined the utmost importance of promoting the intra-trade amongst the member countries. Some Ministers briefed the Council of the steps taken by their authorities in connection with the implementation of the projects for which they acted as the coordinators.
4. The Ministers emphasizing the importance of maintaining momentum in D-8 cooperation, agreed on the need to identify new subjects of cooperation which would be of special interest to the member countries. Some Ministers informed the Council of the steps which their governments are contemplating to take in this context. It was also stated that all D-8 projects should be open to OIC members.
5. The Ministers underlined the importance of involving the private sector in D-8 cooperation in view of the growing role of this sector in the member countries. They considered that the best way to associate the businessmen with the D-8 activities would be to bring them together by organizing business fora, parallel with the Summit meetings. Furthermore, it was also stated that the governments should create the necessary legal framework for the promotion of business links between private sectors.
6. The Council expressed its thanks to the Commission and its Chairman for the excellent work done on the draft Dhaka Declaration. The Ministers also expressed their appreciation to the Executive Director for his efficient work and efforts to promote D-8 objectives and follow up the projects.
7. The Ministers having exchanged views on the frequency of the meetings of the principal organs, agreed to propose to the Heads of State or Governments that the Summit take place once every two years and the Council be convened once a year. Subject to the approval of the Summit, the necessary changes have been brought up to the Document “The Structure and Functioning of D-8”

---

(\*) Prepared by the Executive Director under his own responsibility





**STATEMENT**  
**BY THE**  
**EXECUTIVE DIRECTOR TO THE COUNCIL OF MINISTERS**



27 February 1999

**STATEMENT BY THE EXECUTIVE DIRECTOR TO THE III. SESSION OF THE COUNCIL OF  
MINISTERS**

HONORABLE CHAIRMAN, FOREIGN MINISTER OF BANGLADESH  
DISTINGUISHED MINISTERS,  
EXCELLENCIES

SINCE THE ISTANBUL SUMMIT HELD IN JUNE 1997, THE D-8 GOVERNMENTS TOOK THE NECESSARY INITIATIVES TO FULFILL THE MANDATE ENTRUSTED WITH THEM REGARDING THE PRIORITY PROJECTS, BY ORGANISING WORKING GROUP MEETINGS, WORKSHOPS, SEMINARS AND MAKING THE NECESSARY STUDIES. CONSIDERABLE PROGRESS IS ACHIEVED IN VARIOUS FIELDS.

INDEED, AQUACULTURE INFORMATION AND MONITORING CENTER IS EXPECTED TO SOON START FUNCTIONING AND THE DIRECTORY WILL BE COMPILED TO INCLUDE THE NAMES OF EXPERTS, SCIENTISTS, INSTITUTIONS AS WELL AS THE REGISTERED BUSINESS. BY THE SAME TOKEN, INDUSTRIAL AND TECHNOLOGICAL DATA BANK NETWORK IS ALSO EXPECTED TO OPERATE SOME TIME THIS YEAR BY USING AT THIS INITIAL STAGE THE EXISTING CHANNELS TO MINIMIZE THE COST. TESTING FLIGHTS OF THE AGRICULTURAL AIRCRAFT PROJECT ARE TO TAKE PLACE IN THE THIRD QUARTER OF THIS YEAR. THE MEMBER COUNTRIES HAVE ALSO AGREED ON THE WORK SHARING PRINCIPLES FOR SERIAL PRODUCTION. MOREOVER, THE EXISTING PROJECT OF AGRICULTURAL AIRCRAFT WILL BE DEVELOPED IN DUE COURSE INTO A MULTIPURPOSE

VERSION WITH THE PROVISIO THAT INTERESTED COUNTRIES WILL INFORM THEIR REQUIREMENTS OF ENGINEERING CHANGES AND THE NEEDS OF THEIR MARKETS.

WORKSHOP ON POVERTY ALLEVIATION ADOPTED TWO SETS OF DOCUMENTS, NAMELY, A PLAN FOR JOINT ACTION, A SERIES OF RECOMMENDATIONS TO THE GOVERNMENTS.

IN THE FIELD OF FINANCE-BANKING, THE SEMINAR ON TAKAFUL WAS SUCCESSFULLY HELD IN KUALALUMPUR. NOW THERE IS A NEW INITIATIVE BY MALAYSIA TO TRANSFER THE ASEAN RETAKAFUL INTERNATIONAL LIMITED INTO A D-8 COMPANY.

DISTINGUISHED MINISTERS,

IN VIEW OF THE WIDE RANGING REPURCUSSIONS OF THE GLOBAL FINANCIAL CRISIS ON THE ECONOMIES OF ALL THE COUNTRIES, IN PARTICULAR OF DEVELOPING COUNTRIES, THE COMMISSION HELD EXTENSIVE DISCUSSIONS IN ITS MEETING BOTH IN ISTANBUL AND DHAKA ON THE CAUSES OF THE CRISIS, ITS AFTER-EFFECTS AS WELL AS PREVENTIVE AND REMEDIAL MEASURES. THE MEMBERS OF THE COMMISSION FELT THAT THE VIEWS AND CONCERN OF THE MEMBER STATES MUST BE CONVEYED AT THE HIGHEST LEVEL TO THE INDUSTRIALISED COUNTRIES SO THAT THEY WOULD BE TAKEN INTO ACCOUNT BY THE LATTER. IN THIS CONTEXT, THE PROPOSAL MADE BY INDONESIA TO ORGANISE A WORKSHOP ON SOCIAL SAFETY NETS WITH A VIEW TO SHARING EXPERIENCE AND EXPERTISE ON THE MEASURES TAKEN BY THE MEMBER STATES TO ALLEVIATE THE ADVERSE AFFECTS OF THE CRISIS ESPECIALLY ON THE POOR IS APPRECIATED.

AS YOUR EXCELLENCIES ARE FULLY AWARE, ACCORDING TO THE WTO SOURCES, THE FOREIGN TRADE OF THE MEMBER COUNTRIES WITH THE WHOLE WORLD AS WELL AS AMONGST THEMSELVES WAS SEVERELY AFFECTED FROM THE GLOBAL FINANCIAL CRISIS AND INDEED SHRANK IN 1998 IN VARYING DEGREES. THEREFORE, THE COOPERATION IN THE FIELD OF TRADE ACQUIRES EVEN GREATER IMPORTANCE AND URGENCY FOR ALL THE MEMBER STATES. EXTENSIVE PREPARATIONS WERE MADE IN RELATION TO THE PROJECT "ESTABLISHMENT OF AN INTERNATIONAL TRADING AND MARKETING COMPANY". WE WELCOME THE INITIATIVE TAKEN BY EGYPT TO CONVENE IN CAIRO IN EARLY APRIL AN EXPERT GROUP MEETING WITH THE PARTICIPATION OF REPRESENTATIVES BOTH FROM PUBLIC AND PRIVATE SECTORS TO DISCUSS THIS PROJECT AS WELL AS SOME PRACTICAL STEPS RELATED TO THE EXCHANGE OF TRADE INFORMATION, AND TRADE SUPPORT AND FACILITATING MEASURES.

BESIDES THESE ONGOING PRIORITY PROJECTS, THE COMMISSION ALSO DECIDED TO START IN THE FIELD OF RURAL DEVELOPMENT THE IMPLEMENTATION OF THE PROJECT OF RURAL INDUSTRIALISATION BY A COMPREHENSIVE APPROACH. THE COMMISSION ALSO AGREED TO INITIATE COOPERATION IN THE FIELDS OF HEALTH AND ENVIRONMENT.

THE COMMISSION DISCUSSED BOTH IN ITS ISTANBUL AND DHAKA MEETINGS THE MODALITIES OF COOPERATION AND ADOPTED A FLEXIBLE AND PRAGMATIC APPROACH ON THIS MATTER. ACCORDINGLY, THOSE MEMBERS THAT HAVE EXPERTISE IN SOME SECTORS BUT FOR WHICH THEY MAY NOT NECESSARILY ACT AS COORDINATORS WOULD BE ALLOWED TO INITIATE PROJECTS WITH A VIEW TO SHARING THEIR EXPERIENCE WITH THE OTHERS, WITH THE UNDERSTANDING THAT THEY WILL CONSULT WITH THE COORDINATING COUNTRIES IN THEIR IMPLEMENTATION. IN THIS VEIN, THE COMMISSION APPROVED THREE PROJECTS PROPOSED BY INDONESIA IN THE FIELD OF ENERGY.

IN ADDITION TO THESE, INITIATIVES HAVE ALSO BEEN TAKEN TO IDENTIFY PROJECTS IN THE AGRICULTURAL SECTOR, AND TO STUDY THE FEASIBILITY OF ESTABLISHING A D-8 TECHNICAL CONSULTING ASSOCIATION.

THE CRUCIAL ROLE OF THE PRIVATE SECTOR IN THE PROMOTION OF COOPERATION AMONGST THE MEMBER COUNTRIES IS STRONGLY UNDERLINED ON EVERY OCCASION. THEREFORE, IT IS OF GREAT VALUE TO BRING D-8 BUSINESSMEN TOGETHER BY ORGANISING BUSINESS FORA ON THE OCCASION OF SUMMIT MEETINGS.

**REPORT**  
**OF THE**  
**RESUMED SIXTH SESSION OF THE COMMISSION**  
**(PREPARATORY MEETING)**  
**TO THE COUNCIL OF MINISTERS**





**REPORT**  
**of the Resumed Sixth Session of the Commission**  
**(Preparatory Meeting)**  
**to the Council of Ministers (\*)**  
**(25-26 February 1999)**

1. The Sixth Session (Resumed) was held in Dhaka on 25-26 February 1999 to finalise the preparations for the II. Summit. The following countries attended the meeting: Bangladesh, Egypt, Indonesia, I.R. of Iran, Malaysia, Nigeria, Pakistan and Turkey.
2. Since the meeting was the continuation of the Sixth Session held in Istanbul, there was no formal agenda. The Commission addressed both the draft Declaration and pending issues which were left from the Istanbul meeting, with a view to giving guidance to the drafting committee.
3. In the course of the exchange of views on the first part of the draft Declaration, extensive discussions took place on those paragraphs related to international financial crisis. In this context, it was stated that the views and concern of the member countries on the financial crisis should be made known to the industrialised countries since it is the developing countries who were mostly hit by this financial crisis
4. The Commission reaffirmed the understanding reached at the Sixth Session on the modalities of cooperation to give chance to those countries that have expertise and experience in certain specific fields to organise workshops, seminars, training courses, etc. in collaboration with the coordinating country.
5. As regards the references made in the first part to the Meeting of Ministers of Commerce and Economy and establishment of Federation of Chambers of Commerce and Industry, the Commission felt that a suitable language should be formulated to reconcile the views expressed by various delegations.
6. It was also suggested that there should be a paragraph in the text, endorsing the work of the Commission and the resolutions adopted.
7. In the course of the discussions on the second part of the draft Declaration which has reflected the progress on the ongoing projects, the Turkish Delegation briefed the Commission on the recent meeting of the III. Session of the Study Group. Furthermore, in response to various questions, The Turkish expert stated that the member countries agreed with the design specifications of the existing project while at the same time seeking a multi-purpose version of the aircraft. They added that the testing flights of the prototype were expected to be carried out some time in the last quarter of 1999 and that

---

(\*) Prepared by the Executive Director under his own responsibility

the member countries were going to take part in the production on the basis of work-sharing principles. The member countries were requested to provide information on their requirements with the multipurpose usage and the market potential needs of this new version.

8. On the project "Industrial and Technological Data Bank Network", the Commissioners underlined that at the initial stage, the existing facilities i.e., internet link, should be utilised to the maximum extent to minimise the cost.

The Commission welcomed the step taken by the I.R. of Iran to soon convene an expert group meeting to finalise the detailed design of this project and to expedite its implementation so that it could start to function at an early date.

9. The Malaysian Delegation has briefed the Commission on their proposal concerning the transformation of ASEAN Retakaful International Limited into a D-8 Company.

10. The Commissioner of Indonesia referring to their proposal to convene a meeting of experts and decision-makers on social safety nets, underlined the importance of sharing experience and information regarding the measures taken by the member countries to alleviate the affects of the financial crisis on the poor and added that this matter should therefore be reflected in the Declaration.

11. In line with the flexible and pragmatic approach adopted by the Commission on the modalities of cooperation, Indonesia proposed three projects in the field of energy in which they have expertise, namely, micro-hydro power plant, solar system for isolated villages and small scale minimum, all requiring minimum cost.

12. The Commission also heard comments on paragraphs related to health and environment.

13. The Commissioners agreed to expedite the work on trade facilitation measures and practical steps pending the establishment of ITMC in view of the vital importance of this sector for all the member countries.

14. The Commission reaffirmed its belief that organising business forum on the occasion of summit meetings will be extremely useful in order to involve the private sector in D-8 cooperation while some members cautioned against institutionalising it.

15. The Commission also reviewed certain ideas on new topics of cooperation which were left pending in the Istanbul meeting as reflected in paragraphs 17-18-19 of its report. The Distinguished Ministers could reflect on them if they wish to do so.

16. The Commission decided in line with the Istanbul Declaration to expedite the work in order to devise ways and means of establishing liaison with other relevant international organisations, particularly OIC.

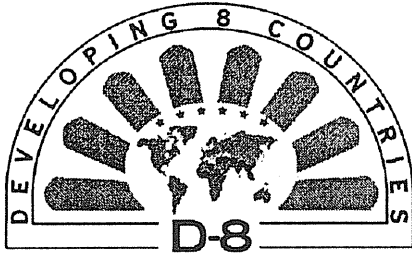
17. The Commission finally adopted the text of the draft Declaration elaborated by the Drafting Committee and decided to transmit it to the Council of Ministers.

18. The members of the Commission expressed their deep appreciation and thanks to the Government of Bangladesh for their hospitality and the excellent organisational arrangements.



**PAPER ON**  
**“WORLD ECONOMIC SITUATION AND D-8”**  
**BY THE EXECUTIVE DIRECTOR**





**Office of the  
Executive Director**

---

Address : Atik Ali Paşa Yalısı  
Çırağan Caddesi, 80  
Beşiktaş – İstanbul/TURKEY  
Tel : +90 (212) 227 56 10  
Fax : +90 (212) 227 56 13

**D-8/II.SUM/ED.Paper**

**Item 3**

17 February 1999

**WORLD ECONOMIC SITUATION AND D-8**

*A Brief Analysis*

The objective of this paper is to analyse the impact of the current international financial crisis on the economies of the member states. Before doing so, the paper first addresses in Chapters I-II the main causes of the crisis, its repercussions on the world economy and global trade as well as certain steps which may be taken by the world community.

**I. WORLD ECONOMIC SITUATION**

According to the IMF estimates, the world GDP growth was % 4.1 in 1997 and is expected to be around %2 in 1998. The present difficulties faced in the world economy since the later part of 1997 have their origin in the existing international financial system and practices.

The strong trend of liberalisation and globalisation in the world economy has in recent years resulted in a massive movement of capital to certain developing



countries where labour costs are quite low, especially to those in the Far-East. What really triggered the crisis was the short-term funds, i.e., hedge funds, at the disposal of social security and insurance systems, which were seeking higher rates of interest in order to meet increasing needs of fast growing number of aged population under social security in the industrialised world, rather than long term direct investment which usually becomes part of the economies of receiving countries.

Certainly, these funds were initially welcomed by receiving countries since they encouraged investments. Nevertheless, these investments could not be matched by a commensurate increase in demand for new and additional production. Indeed, as will be seen here below, the rate of increase in world trade had already slowed down since 1995. Coupled with the deterioration in the terms of trade of their export products at about %3.2 in 1998 due to the steep fall in the prices of oil and non-fuel commodities as well as over-valuation of their currencies which diminished the competitiveness of their export items, the financial crisis severely hit the economies of developing countries.

While industrialised countries which are commanding the world economy have been able to insulate themselves from the crisis to a considerable degree, the insistence of IMF and its patrons on the countries hit by the crisis to strictly comply with the traditional prescriptions to remedy this situation further aggravated the economies of the latter.

In our view, in the present financial crisis and its after-effects, existing international financial institutions, lending countries as well as those borrowing have

joint responsibility. Indeed, it is widely believed that the existing international financial structure which was established half a century ago is not any more adequate to meet the requirements of the present day realities of globalisation and liberalisation. Secondly, investors from industrialised countries should not be left entirely free to withdraw their funds from borrowing countries in a situation of panic. There should be a burden sharing by paying a price for seeking higher profits. And finally, receiving countries where the finance sector is rather weak compared to the general development in economy and technology, should take the necessary measures including transparency in order to strengthen this sector.

The crisis has already been subject to discussions in various fora such as the Group of 22, G-7 and IMF itself. A tripartite dialogue is necessary amongst industrialised/lending countries, developing/receiving countries and international financial institutions to discuss all aspects of the problem and to adopt new operational rules which will monitor capital movements and to define the responsibilities of the lending and receiving countries, be it within the framework of existing international financial structure or in a newly established mechanism.

## **II. WORLD TRADE**

The recent trend in world trade is shown in Table I. As will be seen, after the peak year of 1995, the rate of increase in world trade has gradually slowed down in 1996 and 1997. The foreign trade figures for 1998 are not yet available, and estimates of trade growth for that year remain more than usually tentative. However, one fact is certain that the growth in world trade last year further diminished. More importantly,

due to depressed commodity markets, with oil and non-fuel commodity prices falling about %30 and %15 respectively on annual world average basis, the share of developing countries in the world trade must have shrunk in value.

Indeed, in the first nine months of 1998, Asia's exports are down by about %7 while imports contracted by an even faster rate at %16 due to trade-defence measures taken by some countries although there have been no fundamental reversals in the direction of their foreign trade policies. Latin American countries have also experienced a sharp decline during 1998. Exports, though expanded in 1997, fell however below the level of the preceding year.

Africa and the Middle-East are the two regions where trade flows are mostly affected by the severe decline in commodity prices. Both regions which lagged behind in global trade growth during the period from 1990-1997 are bound to fall further behind in 1998.

In return, in industrialised world, for the United States, data for the first nine months indicate an import value growth rate of %4 while exports declined only marginally. In Western Europe, imports and exports rose by about %2 during the same period.

For the year of 1999, estimates of trade growth are even less certain. Expectations regarding global trade growth have been lowered in recent months. Most analysts predict a moderate acceleration in volume growth compared to 1998. However, the actual value of world trade will depend to a large extent on

developments in international capital markets, the rate of recovery in Asia including Japan, sustainability of growth momentum in the industrialised world and certainly trends in commodity prices.

To sum up, the sharp decline in the share of developing countries in world trade, coupled with the financial crisis, led to an economic recession, even a contraction, in many developing countries, especially in those severely hit by the crisis.

### III. THE SITUATION IN D-8 REGION

The foreign trade figures, both exports and imports, for the period of 1993-1997 and the changes in percentages over the previous year are given in Tables II & III.

As will be seen in these tables, in line with the general trend in world trade, the growth of foreign trade in the member countries has slowed down in 1996 and especially in 1997 after the peak year of 1995. The data for 1998 is not yet available. Nevertheless, one can safely assume that the rate of increase in foreign trade value in the member countries must have diminished to a considerable extent and some members should even experience a fall in their foreign trade. Indeed, according to WTO sources, the exports of Indonesia and Malaysia, the two members which were hit by the crisis mostly, fell %5.3 and %10.2 and imports % 36.3 and %27.3 respectively during nine months from January to September 1998.

As a result, the economies of the member countries are expected to be affected from the world financial crisis in 1998 to a lesser or greater extent. In fact, according to the IMF estimates, the economies of Indonesia and Malaysia are expected to shrink by %15 and %6.4 respectively while the other members seem to sail through the crisis with rather minor impacts. Though the data are not yet available, the intra-D-8 trade must have also suffered from the crisis. Therefore, special efforts must be made in order to give a boost to the D-8 intra-trade. In this context, practical steps contemplated by the Commission acquires even greater importance. Furthermore, the member states may usefully conduct consultations amongst themselves, and with other developing countries, in order to develop joint strategies with a view to minimising the effects of the global financial crisis as well as to contribute to efforts in international instances, which are designed to initiate reforms in the existing international financial system.

**TABLE I.  
WORLD TRADE**

<i>Exports (billion US dollars)</i>				
<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
3.742	4.239	5.071	5.295	5.464
<i>Change in percentage over the previous year</i>				
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
	13,3	19,6	4,4	3,2

<i>Imports (billion US dollars)</i>				
<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
3.850	4.360	5.212	5.467	5.630
<i>Change in percentage over the previous year</i>				
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
	13,2	19,5	4,0	3,0

*Source: World Trade Organisation (WTO) statistics, 1998*

**TABLE II.**  
**FOREIGN TRADE OF THE D-8 MEMBERS**

*Exports*

*(million US dollars)*

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b>Bangladesh</b>	2.272	2.661	3.173	3.297	3.700
<b>Egypt</b>	3.105	3.463	3.435	3.535	3.908
<b>Indonesia</b>	36.823	40.054	45.417	49.814	53.540
<b>I.R. of Iran</b>	15.850	14.790	16.800	18.700	17.670
<b>Malaysia</b>	47.122	58.756	74.037	77.802	78.445
<b>Nigeria</b>	9.916	9.368	10.636	14.400	14.500
<b>Pakistan</b>	6.688	7.365	7.992	9.321	8.717
<b>Turkey</b>	15.343	18.106	21.639	23.075	26.245
<b>TOTAL</b>	<b>137.119</b>	<b>154.563</b>	<b>183.129</b>	<b>199.944</b>	<b>206.725</b>
<i>Change over the previous year (%)</i>					
		<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b>Bangladesh</b>		17,1	19,2	4,0	12,2
<b>Egypt</b>		11,5	-0,8	2,8	10,6
<b>Indonesia</b>		8,0	13,39	8,8	7,0
<b>I.R. of Iran</b>		-6,7	13,6	11,3	-5,5
<b>Malaysia</b>		24,7	26,0	5,1	0,8
<b>Nigeria</b>		-5,5	13,5	35,4	0,7
<b>Pakistan</b>		10,1	8,5	14,2	-6,5
<b>Turkey</b>		18,0	19,5	6,6	12,1
<b>TOTAL EXPORTS</b>		<b>12,72</b>	<b>18,5</b>	<b>9,3</b>	<b>3,4</b>

*Source: World Trade Organisation (WTO) statistics, 1998*

**TABLE III.**  
**FOREIGN TRADE OF THE D-8 MEMBERS**

***Imports***

*(million US dollars)*

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b>Bangladesh</b>	4.001	4.701	6.496	6.617	6.760
<b>Egypt</b>	8.184	10.185	11.739	13.019	13.168
<b>Indonesia</b>	28.328	31.985	40.629	42.929	42.000
<b>I.R. of Iran</b>	15.540	10.900	11.230	12.900	13.800
<b>Malaysia</b>	45.657	59.581	77.751	78.418	79.040
<b>Nigeria</b>	7.509	6.512	9.332	7.996	8.400
<b>Pakistan</b>	9.500	8.889	11.641	12.131	11.596
<b>Turkey</b>	29.174	23.270	35.710	42.931	48.585
<b>TOTAL</b>	<b>147.893</b>	<b>156.023</b>	<b>204.528</b>	<b>216.941</b>	<b>223.349</b>
<i><b>Change over the previous year (%)</b></i>					
		<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b>Bangladesh</b>		17,5	38,2	1,9	2,2
<b>Egypt</b>		24,4	15,3	10,9	1,5
<b>Indonesia</b>		12,9	27,0	5,7	-2,2
<b>I.R. of Iran</b>		-29,9	3,0	14,9	7,0
<b>Malaysia</b>		30,5	30,5	0,9	0,8
<b>Nigeria</b>		-13,3	43,3	-14,3	5,0
<b>Pakistan</b>		-6,4	31,0	4,0	-4,4
<b>Turkey</b>		-20,2	53,5	20,2	13,2
<b>TOTAL IMPORTS</b>		<b>5,5</b>	<b>31,1</b>	<b>6,1</b>	<b>3,0</b>

. Source: World Trade Organisation (WTO) statistics, 1998