

# Ways to forge a powerful Islamic economic bloc

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KUALA LUMPUR, Fri. — Islamic countries can become a powerful economic bloc in the 21st century if the *ummah* can identify areas for co-operation and develop strong economic ties, Pakistani Prime Minister Benazir Bhutto said today.

She said finance, insurance and shipping were areas in which Islamic countries could immediately work together, adding that Malaysia and Pakistan could take the lead.

"For so long, the global economy has been dictated and built around the major powers," she said.

"Islamic countries still have a long way to go but I feel the Muslim *ummah* can become a powerful economic bloc if we co-operate for the common good."

Benazir was responding to a question after delivering a lecture on "Asia — the emerging economic reality" at the Institute of Diplomacy and Foreign Relations (IDFR) at Jalan Elmu here.

The session was chaired by Foreign Minister Datuk Abdullah Ahmad Badawi. About 400 people attended the lecture, including Minister in the Prime Minister's Department Datuk Abang Abu Bakar Mustapha, IDFR director-general Ghazzali S.A.Khalid, senior government officials, the diplomatic corps and foreign dignitaries.

To another question, Benazir said countries in the South should forge close economic ties and adopt a common stand in dealing with the North over matters such as tariff reforms.

In talks with her Malaysian counterpart, Datuk Seri Dr Mahathir Mohamad, Benazir said they agreed that there were areas in which the South should work closely together.

Benazir said Pakistan has liberalised its economy to attract more investors. She noted that Pakistan had attracted US\$20 billion worth of investments, of which 50 per cent was in the energy sector.

She invited Malaysian investors to explore economic opportunities in her country, especially in power transmission and distribution.

Benazir said Pakistan was entering the hi-tech era and experiencing a boom in the field of communications, including fibre optics and satellites. She said Pakistan was also embarking on a railway track dualisation programme, with a Government-guaranteed return of 14 per cent.

"We have privatised 10 per cent of the shares in Pakistan Telecommunications, and are looking for a strategic investor to buy another 26 per cent stake," she said.

Benazir said Pakistan had also established special investment zones, software package incentive, and pro-

vided other attractive packages for foreign investors.

"In the last 22 months, my Government has adopted measures to boost economic growth. Some of these decisions were difficult and unpopular but they were overdue and necessary."

Among the measures were tax reforms and making the State Bank autonomous to safeguard Pakistan's financial institutions from collapse.

"Today, I can say that although problems remain, we are sure of our course — a place of leadership for Pakistan in the new world economic order."

Benazir said the combination of a functioning Government, political stability, responsible foreign policy and practical economic measures such as privatisation, liberalisation and deregulation have boosted investors' confidence.

She said Pakistan's foreign exchange reserves have shot up from US\$300 (RM735) million before she took over the Government in 1990 to a record US\$2.7 billion. The budget deficit of eight per cent has since been reduced to 5.6 per cent of the Gross Domestic Product, and would be further cut by five per cent by the year end.

"This will become the lowest deficit ever recorded in the history of Pakistan," she said.

In her speech, Benazir said the world was on the verge of entering the Asian

century. East Asian countries were spearheading Asia's miraculous economic growth, followed by West Asian nations.

She named Pakistan, Malaysia, India and Indonesia as the emerging economic "tigers" in the Asian century.

Benazir said the World Bank and International Monetary Fund have described Pakistan as one of the five emerging world capital markets. "The new Pakistan is committed to economic development and a free market. It is committed to foreign trade, not foreign aid; MoUs not IOUs and economic partnership not economic dependency."

On politics, Benazir was disappointed that the Kashmir-Jammu dispute with India remain unresolved although the United Nations was celebrating its 50th anniversary.

"India's refusal to settle this dispute has cast a long shadow on our bilateral relations. We have raised this issue in international forums, but India continues to unleash its reign of terror in the disputed regions," she said.

Despite India's decision to place 60,000 troops in the region and the deaths of 40,000 people, Benazir said the people of Kashmir and Jammu would continue to struggle for their freedom.

She urged the Indian Government to include Kashmiri leaders in whatever talks to discuss the dispute.