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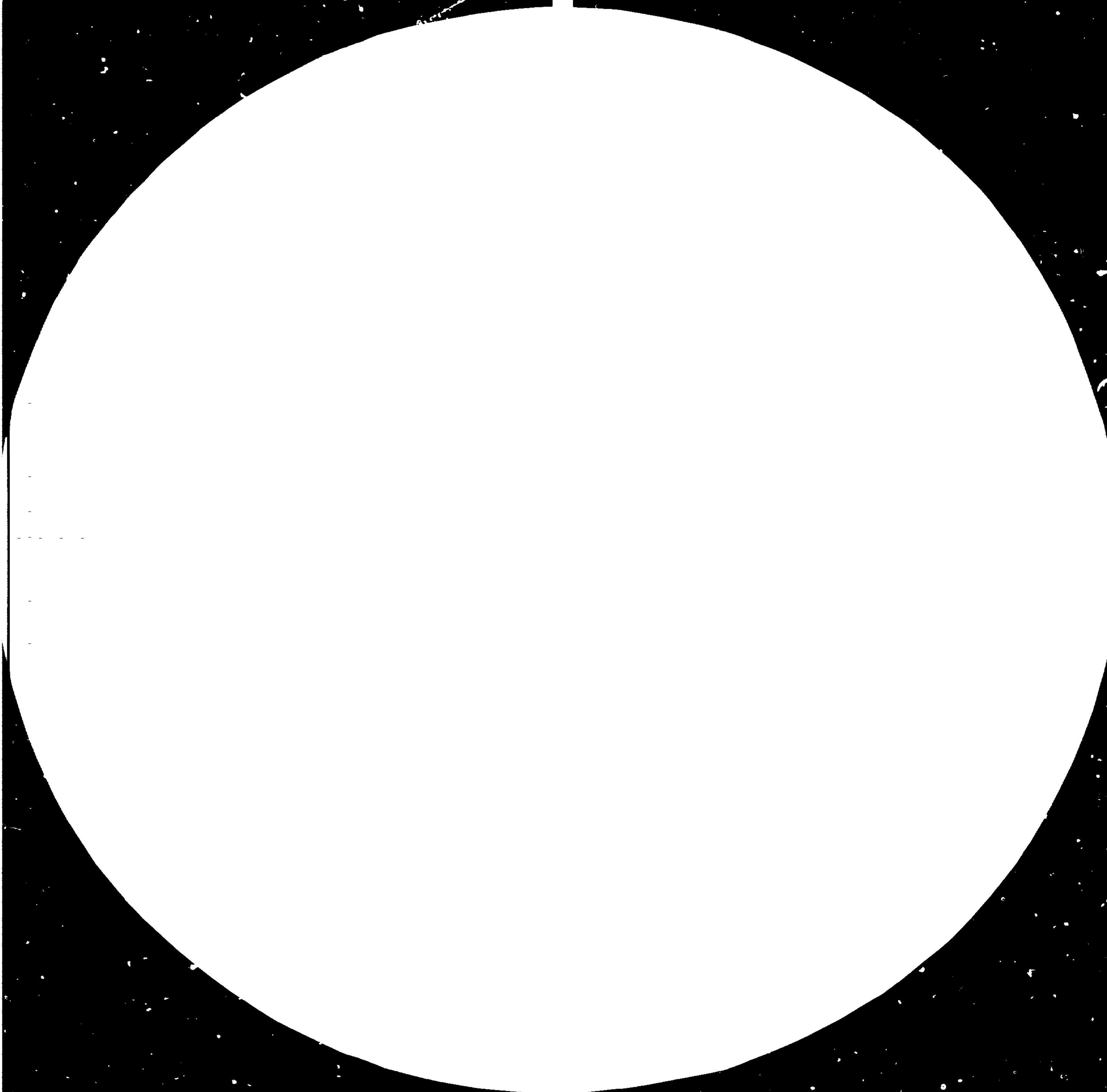

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FINANCIAL CO-OPERATION FOR INDUSTRIAL DEVELOPMENT IN THE ISLAMIC COUNTRIES, WITH SPECIFIC REFERENCE TO THE CAPITAL GOODS AND ENGINEERING SECTORS**

Prepared by

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I. INVESTING THE WEALTH OF ISLAMIC OIL COUNTRIES

Although current events starkly highlight the crevices present in the political geology of the Islamic world, in the long run, the bedrock of geoeconomic realities must prevail. The leap in Islamic oil revenues in the 1970s (see Table 1 below) is one of the most dramatic overnight changes in the history of global finance, and the significance of this instant and ongoing accumulation of vast paper wealth far outweighs any transitory discord.

High absorbers

Eight Islamic oil states - Algeria, Bahrain, Gabon, Iran, Iraq, Indonesia, Libyan Arab Jamahiraya, and Oman - either have large populations and/or direct the bulk of their funds to domestic industrialization programmes. In fact, several of these countries - led by Algeria and Iran - became major borrowers in the Euromarket and with international banks in general over the last few years. Although their group assets markedly outweigh their liabilities, these eight states fall into the category of "high absorbers" with relatively little revenue left over for foreign regional development.

"Surplus" states

The remaining four Islamic oil states - Saudi Arabia, Kuwait, Qatar and the United Arab Emirates - have per capita incomes which are among the highest in the world.
Conservative estimates of total accumulated funds available to these states in 1980 range from \$ 250 to 300 billion (see Table 2 below). It is the investment of these riches that constitutes the truly unique aspect of the Islamic oil phenomenon.

Table 1

Annual revenues of Islamic oil countries

Country	Revenues (Billions of $US) 1974	1977	1978	1979 a)	Increase (Percentage) 1978 - 79
Saudi Arabia	22.6	38.6	34.6	57.7	67
Iraq	5.7	9.8	9.6	23.4	144
Iran	17.5	21.6	20.9	20.8	-
Libya	6.0	8.9	8.6	16.3	90
Kuwait	7.0	7.9	8.0	16.0	100
U.A.E.	5.5	9.0	8.0	12.8	60
Algeria	3.7	4.3	4.6	8.8	91
Indonesia	3.3	4.7	4.8	8.1	69
Qatar	1.6	2.0	2.0	3.8	90
Gabon	-	0.6	0.5	1.4	180
Total	72.9	107.4	101.6	169.1	89.1

Source: Data derived from *Petroleum Economist*, London, June 1980

a) Provisional

Table 2

Foreign investments and capital earnings of the Islamic "surplus" states in US$ billion

	Foreign investments		Capital earnings	
	1978	1979	1978	1979
	(end of period)			
Saudi Arabia	75	85	6.0	7.5
Kuwait	26	38	2.7	3.7
United Arab Emirates	10	15	1.0	1.5
Qatar	3	3.5	0.2	0.3
Total	114	141.5	9.9	13.0

Source: Derived from the Financial Times (on the basis of a study by the Arab Monetary Fund).

The surplus and its investment

The magnitude and diversity of Islamic investments makes an exact accounting practically impossible, but certain general statements can certainly be held valid.

(i) The largest segment of the Islamic portfolio is made up of Eurocurrency deposits (some 75 per cent of which is denominated in US dollars) and US Treasury bills, notes and federal agency obligations.

(ii) Holdings in the Japanese yen and the West German mark are increasing rapidly. The bulk of these holdings is in the form of non-marketable short-term government bonds at an average interest of 10 per cent.

(iii) Although the above investments in the United States, Japan and the Federal Republic of Germany are either constant or expanding, they are essentially transitory in that they largely represent the time-lag between the receipt of oil revenues and their outlay for industrialization and other development projects. On the other hand, sterling investments lost their popularity in 1974-75 and have remained low ever since.

(iv) Over $ 10 billion have been devoted to IMF oil facility loans and World Bank bonds over the last few years.

(v) Direct loans and equity participation in the private sector of OECD countries are also on the rise. For example, the Saudi Arabian Monetary Agency has reportedly extended funds to ATT, Dow Chemical, IBM, and Kimberley Clark, while Kuwait now has a 10 per cent interest in Metallgesellschaft, the Frankfurt-based non-ferrous metal producer, a 14 per cent cent stake in Daimler Benz, a 25 per cent holding in the Korf Stahl concern, and has also purchased 15 per cent of Volkswagen's Brazilian operations. In addition, a group of private Saudi financiers have purchased a Paris office complex for 550 million FFr in what was said to be the largest real estate deal in the history of France.

(vi) Interestingly enough, the Islamic surplus states show little <u>official</u> interest in gold. At end-1979 the gold holdings of Saudi Arabia, Kuwait, and the UAE amounted to less than $ 4 billion, a less than one per cent share of world reserves. <u>Private</u> enthusiasm for gold is, of course, another matter.

(vii) Last but not least, over one-third of the surplus is being devoted to infrastructural investments and project financing both at home and abroad. The surplus countries have launched vast programmes to build up their own economic bases concentrating on the production of petrochemicals and phosphates, and the promotion of light and agro-related industries. However, the planners of the surplus countries know full well that absorptive capacities are far too low to provide adequate markets for their industries' eventual output and that competition in the markets of the already industrialized world will be unrelenting. Consequently, they are increasingly directing their investments to developing the market strengths of their Islamic neighbours as well as their own, so that their industries will have natural outlets for their products when they come on stream.

Obviously, the Arab Islamic oil states are doing all they can to avoid a situation whereby the recycling process becomes what Yusif A. Sayigh of OAPEC calls "a matter of applying a sponge to the pool of oil reserves and then squeezing the sponge out in Western financial markets".

These efforts are multifaceted as illustrated in Table 3 below. The table shows the loan agreements recently concluded within the Islamic Conference countries by six Islamic development institutions:

Abu Dhabi Fund for Arab Economic Development (ADFAED)
Arab Bank for Economic Development in Africa (ABEDA)
Arab Fund for Economic and Social Development (AFESD)
Islamic Development Bank (IDB)
Kuwait Fund for Arab Economic Development (KFAED)
Saudi Fund for Development (SFD)

These types of investments are considered far wiser in the long term than the purchase of real estate and stocks in the industrialized countries, holdings which have already led to an in-built conflict of interests - a dual constraint - whereby OPEC oil revenues can only be raised at the expense of the value of its own dollar investments and to the detriment of the world economy.

Table 3

Some recent development loans to Islamic countries

1 Kuwaiti dinar (KD) = $ 3.64 | 1 Saudi riyal (SR) = $ 0.30
1 Islamic dinar (ID) = 1 SDR = $ 1.30 | 1 UAE dirham (UAE.D) = $ 0.27

Country	Project	Source of finance	Currency	Amount (millions)
Algeria	Jijel port	AFESD IDB	KD $	12.0 7.5
Bahrain	Gas turbine power station for electrification	ADFAED AFESD SFD	UAE.D KD SR	20.0 5.0 150.0
Bangladesh	Acquisition of ocean cargo vessel	IDB	$	6.0
Comoros	Import of refined petroleum products	IDB	$	2.5
Egypt	Suez Canal development	ADFAED	UAE.D	60.0
Gambia	Import of fertilizer from Morocco	IDB	$	4.0
Guinea	* 250,000 tons/year cement plant	ADFAID ABEDA	UAE.D $	16.0 4.85
Guinea Bissau	* Cumere Agro-Industrial Complex	IDB	$	65.0
Indonesia	* 65,000 tons/year cement plant	IDB	$	9.0
Jordan	Thermal power station/ transmission network	AFESD KFAED	KD KD	5.9 5.9
Lebanon	Beirut port Electricity network	ADFAED ADFAED	UAE.D UAE.D	40.7 27.1
Malaysia	Bintulu deep-water port	IDB	ID	8.0
Mali	Sevare-Gas road	IDB	ID	6.3
Mauritania	* 12,000 tons/year electric furnace * Steel mill	ADFAED	UAE.D	16.0
	Expansion of teachers training college	IDB	$	0.76
Morocco	* 3,600 tons/day cement plant	AFESD	KD	9.0
Niger	Design of Niamey-Falingue road	IDB	$	1.0
Oman	Vocational training centre	IDB	$	6.2
Pakistan	* Polyester fibre plant	IDB	$	3.6
Senegal	71 km Siguinchor-Cap Skirring road	IDB	$	6.3

* Industrial project

Table 3 (contd.)

Country	Project	Source of finance	Currency	Amount (millions)
Sierra Leone	Expanded electrification of Freetown	ABEDA	$	5.0
Somalia	Purchase of an oil tanker and a livestock carrier	IDB	$	7.0
Somalia	* 8,000 ha/70,000 tons/year sugar project at Juba	SFD	SR	254.0
Sudan	Railway development	ADFAED	UAE.D	40.0
		AFESD	KD	5.0
	Science-teaching equipment	SFD	SR	12.3
Syria	Banias thermal power sta.	ADFAED	UAE.D	56.0
		AFESD	KD	6.0
	Tandur-Dir El-Zor highway	KFAED	KD	4.0
Tunisia	Water supply projects	KFAED	KD	7.0
		SFD	SR	317.5
	National School for Engineers (Gabes)	SFD	SR	37.0
Turkey	Import of 120,000 tons of diesel oil	IDB	$	9.0
Uganda	Design of Arua-Koboko-Oraba road	IDB	$	0.4
UAE	* 530,000 tons/year cement plant	IDB	$	10.0
Upper Volta	Feasibility study for the installation of petroleum storage tanks	IDB	$	0.097
Yemen AR	* Cement plant feasibility study	IDB	$	0.4
	Ports development	KFAED	KD	2.4
	Wadi Sihan water resources study	KFAED	KD	0.37
Yemen PDR	Institute of Marine Science and Marine Resources	IDB	$	2.0

Source: AFESD, Kuwait

II. TOWARDS AN INTEGRATED ISLAMIC MARKET

The Islamic world can secure lasting benefits from the changing international economic order only by building a base strong enough to sustain it economically in the future when the oil reserves are exhausted. Rather than over-build within their own borders an industrial structure entirely dependent on exports to world markets, it is submitted that the Islamic oil countries would in fact derive greater benefit, were they to integrate their industrial development with that of the other Islamic countries which have no oil.

Present and projected economic position of the Islamic market

A concept of an aggregate Islamic market has been projected by compiling a number of key economic indicators for each country and comparing them with the same indicators for an existing common market, namely, the European Economic Community (EEC), as follows:

(i) The Islamic world numbers some 650 million people, more than twice the population of the EEC;

(ii) The Islamic GDP growth rate stands at 5.1 per cent a year 2.4 times that of the EEC which stands at 2.1 per cent;

(iii) Total Islamic exports are rising at 25.6 per cent per annum as against 16.8 per cent in the EEC, while imports are growing at 38.5 per cent compared with 16.4 per cent in the EEC;

(iv) Electricity production has risen by 11.8 per cent per annum compared with 4.3 per cent for the EEC, while steel consumption is rising at 11.9 per cent per annum as against a drop of -4.2 per cent in the EEC; and

(v) The Islamic countries enjoy a $ 32.4 billion foreign trade surplus, while the EEC has a deficit of $ 1.9 billion.

Although this rapid rate of growth reflects lower base rates whence economic development started, the pace of trade and industrialization in the member-states of the Islamic Conference is unquestionably as fast as, if not faster than, any other global region.

The economic integration of the Islamic world would undoubtedly generate much greater internal and regional momentum, leading to perceptibly higher levels of growth, production, purchasing power, and living standards.

Constraints

The major impediments are a sense of insecurity on the part of potential investors, incertitude with regard to profitability and the management of the enterprises, as well as a lack of confidence regarding future capital appreciation.

However, capabilities for project identification, preparation and implementation are constantly improving. An admirable start in this field has been made by regional Islamic funds, such as the Islamic Development Bank, the Arab Fund for Economic and Social Development, and the Arab Bank for Economic Development of Africa, all of which are actively engaged in improving the means for processing investment opportunities. However, progress can still be made, and one possible form of assistance is outlined below in connexion with national development banks.

Establishment of an integrated Islamic market

The economic integration of developing countries can only be achieved if two strategic requirements are met: effective co-ordination of the member countries' investment policies and the provision of means whereby partners in integration schemes deriving less benefit from individual projects enjoy compensation. At present, regional project financing appears to be the most suitable operational form of co-ordinating investment policies and assuming the integration of the Islamic countries. Co-operation arrangements for partners in integration schemes who may feel "disfavoured" by regional projects, might best be achieved by introducing external capital and technology. The limited success enjoyed by regional programmes hitherto may be ascribable to the fact that they were developed exclusively within one regional group, without outside participation. However, were development efforts to combine external finance and technology with the internal thrust and political desire for regional coherence, an effective integration formula could well be achieved.

III. TRILATERAL CO-OPERATION AND PROJECT FINANCING IN THE CAPITAL GOODS AND ENGINEERING INDUSTRY

The underlying economic compulsion

Bilateral partnership between the Islamic oil countries and the rest of the Islamic world can provide some of the inputs required for industrialization. The oil countries can supply the capital, while the non-oil countries provide the skills and market demands of their populations and whatever raw materials they might have. This notwithstanding, a whole range of other inputs is still required: process technology, plant and equipment, construction and production management, as well as marketing expertise. At present, these inputs have to be sought from the industrialized countries and, only in a few instances, from the more advanced developing countries. Inevitably, therefore, partnership between the oil and non-oil Islamic states will require supplementation for some time to come from a third source supplying the missing inputs, thus leading to a triangular relationship between a capital-surplus country, a technology-surplus country (which could be a developing country) and a developing country which has a surplus in neither capital nor technology.

Proliferation of trilateral projects in the Islamic world signifies an important trend, because it proves that basic economic realities can overcome difficulties inherent in the negotiation of transnational co-operative ventures. The trilateral projects are increasing not only in number, but also in size, intricacy, and ingenuity. The willingness of a number of partners to combine their strengths to surmount costs, distances, and risks, as well as technological and marketing problems results in a symbiotic effect, whereby the simultaneous actions of the separate parties involved achieve a total accomplishment which no single party could have hoped for, had it acted alone. A variety of interlocking interests can make projects profitable - projects that otherwise would never have got off the drawing board. New world economic forces are acting to compel private and public enterprises to act together, and to combine their efforts multinationally since the goals they seek are best achieved in trilateral co-operation with others.

In the emerging forms of trilateral co-operation arrangements, national development finance institutions supplement the project-oriented policy of the Islamic funds by channelling their credit lines to, or administering special trust funds for, specific sectors and important programmes in the country in which they operate. Thus, these national development banks fulfil two strategic functions:

(i) Increasing the absorptive capacity of recipient countries; and

(ii) Offering Islamic regional funds the opportunity to have a her and quicker operational impact, without becoming too deeply involved in development plans of individual countries.

Collaboration of national development finance institutions in trilateral co-operation arrangements also lends credibility to the local project, and renders management support, which in time should increase not only the security of the investment made by outside agencies, but also improve the profitability of the project. In short, co-operation of development finance institutions in trilateral projects strongly reinforces investor confidence.

As such, the operations of the development finance institutions are also assuming a special role within the framework of Islamic development assistance. Although national development finance institutions are often only a part of the financial infrastructure, they provide a highly catalytic effect. In order to continue their development activities in appropriate scope and scale, the more established and experienced development finance intermediaries will have to explore not only the possibility of attracting the surplus funds of the Islamic countries, but also a greater share of the funds of the international financial institutions such as the World Bank and the Asian and African Development Banks. Mobilising international financing in such a way is wholly in line with the concept of "additionality" pursued by Islamic regional funds.

The different forms of trilateral co-operation

Conceptually, there are three different forms:

(i) The first approach is similar to the traditional form of trilateral assistance arrangements: namely, co-financing of development projects of the public sector, with the collaboration of a regional or national Islamic development institution.

(ii) The second form is a more integrated approach to geographic or economic sector development or to intercountry, regional, and sub-regional programmes in the third world with the assistance of Islamic oil-rich countries. This form also covers co-operation between Islamic funds and national development banks operating in specific sectors and areas of the recipient countries.

(iii) The third form, which is only just emerging, may be called the institutionalized and co-ordinated approach, whereby programming and implementing mechanisms are set up within an institutional framework. This form of co-operation has a multiplier effect on the volume and impact of resources, both public and private, available to the developing world, and it also contributes to stabilizing the new balance of interests arising from the structural change in economic relationships.

The advantages of trilateral co-operation

Among the many advantages of trilateral co-operation for all the parties involved, it should be pointed out that:

(i) The host country is guaranteed that the technology-supplying and financing partners have a strong and lasting interest in the success of the project by virtue of their equity involvement.

(ii) Consequently, the financing partner and the host country are assured that they will start with plant and equipment incorporating suitable technology, and that they will also benefit from research and development results.

(iii) Trilateral ventures expand other possible sources of financing. International, regional, and national development banks, as well as commercial lenders, prefer to join in the financing of multinational projects because the transnational guarantees spread, and thereby reduce to an absolute minimum the risks involved.

(iv) All three partners can employ their project as a regional supplier for the entire Islamic market.

(v) The host country can use the venture (as Jordan is doing with its phosphate fertilizer project) to build up other areas of domestic industry through cost concessions to domestic manufacturers, who not only win sales, but also gain valuable know-how through association with leading international industrial suppliers.

(vi) Projects incorporating industrialized partners from both market and centrally-planned economies can also assure a number of benefits to all parties, in particular, in the fulfilment of bilateral governmental clearing agreements.

(vii) The project can function as a built-in training programme for managers and technicians in the host country.

Possible drawbacks

Some recipient developing countries have expressed fears that trilateral co-operation could lead to a division of benefits largely between the industrialized and the financing partners, leaving relatively little for themselves. Whether this is true will depend, of course, on each project and the terms of the arrangement made; however, in principle, it can be argued that a trilateral arrangement may have drawbacks for the recipient country because the partner from the industrialized country might overcharge on plant and equipment, raw materials/components to be supplied on a continuous basis, and/or royalties and fees. Possible underpricing of exports from the plant to the industrialized country partner is another understandable anxiety. However, such misgivings are being increasingly overcome.

Proposed strengthening of trilateral co-operation arrangements

The trilateral concept has by no means been perfected and UNIDO is most interested in improvements and safeguards for recipient developing countries. Some suggestions in this direction would be:

Consequential loss insurance

A developing country acquiring manufacturing facilities at great cost will be anxious to ensure that the undertaking contracted for is completed satisfactorily, within the scheduled dates, within agreed costs and, most importantly, in keeping with the performance guarantees contemplated in the contract. The buyer expects and assumes that the ultimate commercial operation of the plant will fulfil the full-scale performance criteria established in the original contract specifications.

However, an appraisal of several international contracts recently completed shows that, not infrequently, buyers in developing countries have been disappointed with the plant and technology acquired from foreign suppliers. Furthermore, in some instances, the buyer has had to bear the brunt of consequential losses and damages arising, directly or indirectly, from the inadequate performance or even failure of plant operations.

Many international contracts provide for payment by the seller/supplier of penalties in the event of failure in plant performance or equipment breakdown. Notwithstanding these provisions, however, the buyer - particularly in a developing country - is often left unprotected after the plant has achieved technical performance levels during "reliability or acceptance testing", but fails thereafter to achieve the rated capability in terms of output or product quality. Under such circumstances, the scale of penalties provided in the contract hardly compensates for the immense indirect or consequential losses that are suffered directly by the buyer, and indirectly by the developing country as a whole.

Ratings for the calculation of premia and other complicated financial and legal concepts are presently under discussion. Owing to the extensive cause/effect impact of the terms and conditions of contracts on the successful implementation of the scheme, it has been suggested that the administration of the programme be centralized under the control of an inter-governmental organization sponsored by the United Nations. Should the scheme be launched successfully, it would go a long way towards protecting developing countries in the acquisition of new production facilities by transfer of plant, equipment and technology from the industrialized countries. By so doing, it will help greatly to create a sense of security in the minds of development banks and strengthen the concept of trilateral co-operation.

Guarantee systems for inter-Islamic investments

The new capital centres in the Islamic world have stimulated the development of a variety of legal and institutional mechanisms to facilitate the flow of capital between the rich and the poor Islamic countries.

The Islamic Governments have yet to adopt an inter-Islamic investment code. Nevertheless, there exists the "Agreement on the Investment and the Movement of Capital among the Arab States". This legal instrument was approved by the Council of Arab Economic Unity (CAEU) in 1970, and subsequently amended in 1973 and 1975. The agreement defines basic principles governing inter-Arab investments:

(a) Arab Islamic capital shall be distinct from other forms of foreign capital and investment;
(b) Arab Islamic investment shall receive priority treatment;
(c) Arab Islamic investments in Islamic joint ventures shall be encouraged as a means to promote economic integration;
(d) The conditions and rules, as well as sectors open to foreign Arab Islamic investment shall be determined by the member States of the CAEU and deposited with its Secretariat General;
(e) Arab Islamic investments shall be treated as national investments;
(f) Arab Islamic investment shall be treated not less advantageously than any other foreign investment;
(g) Nationalization and confiscation of specific Arab Islamic investments shall be prohibited once they have been approved by the Islamic host countries.

One major bottleneck in the flow of private capital between rich and poor Islamic countries was felt to be the lack of insurance cover against non-commercial risks. A guarantee system for inter-Arab investments was therefore institutionalized. The objectives of the Inter-Arab Investment Guarantee Corporation (IAIGC), established in 1972 in Kuwait, were twofold:

(i) To provide insurance cover for investments with substantial Arab Islamic equity against losses resulting from non-commercial risks;

(ii) To promote the transfer of capital within the Arab Islamic region, particularly for inter-Arab project financing.

The guarantee operations cover three types of non-commercial risk: (i) nationalization and confiscation; (ii) non-transferability of principal and dividends; (iii) losses caused by war or public civil disturbances.

Two basic features in the Arab Islamic guarantee system are of particular interest:

(i) It combines two complementary functions for investments: the passive role of guarantee coverage, and the active role of project promotion, and

(ii) The Charter foresees co-operation with regional and international and national institutions from industrialized countries. Article 17 requires only a substantial Arab Islamic ownership in the projects, and this provision opens the Arab scheme to trilateral arrangements.

As a result, the Arab Islamic guarantee system is already playing an important role in promoting the flow between some Arab Islamic capital-exporting and recipient countries, thus directly enhancing the private and public initiative for development investments and, indirectly, for multi-participant projects. This role can be extended to cover other or the remaining Islamic countries.

Stock exchanges in Islamic countries

At present, the Islamic world disposes of 14 stock exchanges:

Bahrain - Manama	Lebanon - Beirut
Egypt - Alexandria and Cairo	Malaysia - Kuala Lumpur
Indonesia - Djakarta	Morocco - Casablanca
Iran - Teheran	Pakistan - Lahore and Karachi
Jordan - Amman	Tunisia - Tunis
Kuwait - Kuwait City	Turkey - Istanbul

Kuwait's stock market, now 25 years old, is the only exchange functioning in a surplus state. Ranking eighth in the world, Suk al-awarag, "the paper bazaar", as Kuwaitis call their exchange had a 1980 turnover in the neighbourhood of $ 56 billion although only 39 companies are listed.

Progress towards setting up more stock exchanges in Islamic countries would increase liquidity, mobility, and the independence of quasi-public and private resources for direct investment requirements.

IV. JOINT VENTURES IN THE CAPITAL GOODS AND ENGINEERING SECTORS

> "How does it feel to be free to develop an economy without any financial constraints? Well, it helps you identify all the other constraints."
>
> Shiekh Hisham Nazer
> Minister of Planning
> Kingdom of Saudi Arabia

The basic thrust of development in the Islamic oil states is concentrated on capital and energy-intensive projects in the following areas:

Aluminium	Natural gas liquids
Fertilizers	Petrochemicals
Liquefied natural gas	Steel

(See Table 4 below)

Table 4

LARGE PROCESS PLANTS AND HEAVY ENGINEERING INDUSTRIES IN SOME ARAB ISLAMIC COUNTRIES

WITH PRESENT OR PROSPECTIVE FOREIGN PARTNERS AND SHARES WHERE APPLICABLE

A = Starting Production or Already on Stream
B = Under Construction/Subject to Firm Contract
C = Design Engineering/Advanced Negotiations
D = Early Studies

	Estimate Population	Oil reserves billion barrels	Oil revenues $billion	Petrochemicals	Fertilisers	NGL	LNG	Export Refineries	Aluminium	Steel
SAUDI‖ ARABIA	7m	165.7	36.7 (1978)	1-B Mitsubishi + C. Itoh + other 50%/Saudi Arabia Basic Industries Co. (SABIC) 50% 1-C Mitsubishi + other 50%/SABIC 50% 1-C U.S. Shell/SABIC 1-C Mobil/SABIC 1-C Dow Chemical Co./SABIC 1-C Exxon/SABIC 1-D Celanese + Texas Eastern/SABIC (All projects at Jubail except Mobil at Yanbu)	1-A Saudia Arabia Fertiliser Co./(Safco) 1-B †Occidental (Manager) 1-C Taiwan Fertiliser Co./SABIC (TFC 60% output offtake)	1-A ARAMCO (owners) (Ras Tanura) 1-B (Jubail) 1-C (Yanbu)		1-A ARAMCO (owners) (Ras Tanura) 1-C Royal Dutch Shell/Petromin (Jubail) 1-C Caltex/Petromin (Jubail) 1-C Mobil/Petromin (Yanbu) All deals 50-50 share	1-D Southwire/SABIC (Jubail)	1-B *Karl Stahl 20% SABIC 80% (Jubail)
KUWAIT¶	1.2m	66.2	9.5 (1978)	2-D Petrochemical Industries Co.	A KCFC/PIC Kuwait Chemical Fertiliser Co. now part of Petrochemical Industries Co.	2-A		1-A Kuwait Oil Co. (Mina al Ahmadi) 1-A Kuwait National Petroleum Co. (Shuaiba) 1-D †		
BAHRAIN	0.28m	0.25	0.45 (1978)	1-D Bahrain/Kuwait joint venture				1-A Caltex (owners) (Sitra)	Kaiser & Breton, + SABIC 20%/ 1-A Aluminium Bahrain (ALBA)	
QATAR	0.2m	4	2.2 (1978)	1-B C & F Chimie 16%/ 1-D Qatar General Petroleum 84% (Umm Said)	1-A Qatar Fertiliser/ 1-B Norsk Hydro (Umm Said)	2-B ‡	§			1-A Kobe Steel/Qata Govt. * D †(Gasco) (Umm Said)
ABU** DHABI	0.88m	30	8.7 (1978)	§	1-D Abu Dhabi National Oil Co. (ADNOC) 100% (Ruwais)	1-B Shell 15% + Total 15% + Partex 2%/ADNOC 68%/ (Ruwais)	1-A British Petroleum 16% + Total 8% + Mitsui 22% + Bridgestone 2%/ADNOC 51% (Ruwais)	1-B Snamprogetti-ENI (Supervisor)/ADNOC (Ruwais)		
DUBAI**		1.3				1-A Sunningdale 20%/Dubai Natural Gas Co. (Dugai) 80% (Jebel Ali)			1-A Alcan-Southwire 7.5% + Nissho Iwai 7.5%/local 5% + Dubai Aluminium (Dubai) 80% (Jebel Ali)	

* The Saudi steel mill is domestically orientated and exports from Qatar will be to other Gulf countries.
† Expansion projects. ‡ One plant being rebuilt after explosion in 1977.
§ There are very long-term plans for petrochemicals in Abu Dhabi and LNG in Qatar.
¶ It is Kuwaiti policy not to have Western partners.
‖ Saudi Arabia requires at least 20 per cent share from foreign partners; some deals include output off-take commitments by foreign companies.
**Abu Dhabi is the main UAE producer of LNG and NGL (Das Island) and production of NGL at Ruwais is priority development. In Dubai NGL output will be used by the aluminium smelter as well as exported.

Source: Financial Times, January 1980

Other investments in the $ 15 million range include plants for:

Cement blocks and tiles	Battery acid
Bricks	Galvanized aluminium
Meat processing	Glass
Dairy products	Furniture
Steel-pipe	Asbestos cement-pipe
Plastic piping	Soft drink bottling

The performance of established plants is encouraging. Saudi fertilizer plants, for example, are proving to be very profitable and the experience acquired in operating existing factories - the learning curve - suggests that the new generation of projects will be "viable" from their inception.

It should, however, be recalled that large-scale industrial joint ventures combining inputs from the triad formed by Islamic funding institutions, private and public participants from the industrialized countries, and the labour and resources of non-oil Islamic countries have only come into being over the last few years. It should also be pointed out that this trilateral concept of industrial development is still in the early stages of testing. The Egyptian Talkha II complex witnessed the combination of Islamic and IDA funds with United Kingdom and Italian contracting services, while the giant Bangladesh Ashuganj venture brought together Iran, the Federal Republic of Germany, Switzerland, USAID, IDA, ADB, and United Kingdom design and engineering know-how.

Undoubtedly, the members of the teams that put these complicated venturer together have learned considerably from their dealings with one another, and experts at putting multilateral "packages" together have already emerged. However, it must be repeated that trilateral co-operation in heavy industry calls for a heavy dose of empiricism (bilateral co-operation in large projects can prove difficult enough), and no prospective partner should expect a panacea - but participation in a process of great promise, which, however, is still in the early stages of evolution.

For the last ten years, UNIDO has been engaged in activities connected with the identification of feasible industrial project proposals, and the exchange of information of projects in the pipeline or already under active consideration for multilateral financing.

In line with the parameters of the present conference, UNIDO has compiled a list of industrial projects currently being proposed as co-operative ventures in non-oil Islamic countries (see Table 5 below). The data have been supplied by the project sponsors (private and/or government) and they are issued by the UNIDO Investment Co-operative Programme Branch which regularly up-dates the data received.

The thirteen proposals listed provide a general impression of the type of projects that are being planned in the Islamic countries. Industrial projects of this kind entail risks as well as opportunities. Success can only be assured if the projects are approached in a spirit of harmonization of interests. A "winner takes all" philosophy cannot be permitted in the camp of any prospective partner for, if trilateral co-operation is to succeed, every partner must be a winner in his own way or, in the long term, all partners will be losers.

In order that joint ventures in the capital goods and engineering sector can become an effective reality, there is need for adequate information and studies on existing capacities, how these are being utilized, problems faced, potential and markets. This exercise should involve regional Islamic development finance institutions such as IDB, KFAED, etc. as well as national development finance institutions to prepare the latter for the subsequent step of formulating new projects and promoting them. UNIDO has assisted other regional groupings in the formulation and implementation of programmes for the development of the capital goods and engineering industry sector. The establishment of an integrated Islamic market and the strengthening of trilateral and bilateral financial co-operation will further facilitate this process - for example, the IDB, which is already financing Islamic trade, could seek to finance trade in capital goods and engineering industries products.

Table 5

Industrial project proposals in some non-oil Islamic countries *

Country	Project	Total project cost including working capital ($ millions)	Foreign contribution requested
1. Bangladesh	Plant for 325 mtd Portland cement clinker + 400 mtd sulphuric acid	36.2	Supplier credits, technology, equipment and training
2. Cameroon	Cotton textiles complex	28.2	Equity participation, technology, technical and marketing expertise
3. Guinea	Factory to produce dry cell and car batteries	5.2	Supplier credits, across-the-board training and marketing expertise
4. Indonesia	165,000 tpa bleached Kraft pulp plant	185.0	Supplier credits, licensing and expertise
5. Indonesia	15 - 20,000 mty refractory project	20.0	Equity participation, supplier credits, technology and training
6. Malaysia	400,000 m2/year of ceramic floor tiles	5.0	Joint venture, turnkey project
7. Mali	Shoe factory, 375 - 500,000 pairs/year	7.75	Joint venture, management, technical and marketing expertise
8. Mauritius	750 mty of furfural production from local bagasse	2.0	Joint venture, management, technical and marketing expertise
9. Senegal	400 mty of pharmaceutical cotton bandage	3.33	Equity participation, supplier credits, technology and across-the-board expertise
10. Sierra Leone	30,000 mty plant for white raw and refined cane sugar	125.3	Supplier credits, plus management, training and technical expertise
11. Somalia	100,000 mty cement plant	22.25	Supplier credits, plus management, training and technical expertise
12. Sudan	Factory for 23 tpd of particle board from bagasse	5.0	Joint venture, supplier credits, feasibility study, licensing and technical expertise
13. Upper Volta	Factory to produce 40-50,000 car batteries and telephone accumulators per year	1.5	Equity participation, supplier credits, technical expertise and training

* Projects selected from list prepared by Investment Co-operative Programme of UNIDO

V. DEVELOPMENT BANKS IN THE ISLAMIC COUNTRIES

Current structure

To date five regional and twenty-five national development finance institutions have been set up within Islamic countries (See Annex I), in addition to a number of indigenous commercial banks actively engaged in development finance. In the recent past, Islamic development funds have, as a rule, shown a distinct preference for project lending as opposed to general balance of payments support or programme lending. Islamic funds generally believe that project assistance permits a more effective allocation of development funds, and ensures a more direct socio-economic impact through the development process.

While project lending admittedly offers greater scope for optimum investment decision-making in individual cases, it is clear that, if the volume of Islamic assistance is to increase, it will be necessary to introduce programme lending in addition to project assistance. A major objective of such aid is the concept of "additionality", whereby the flows of additional assistance should not merely replace traditional sources, but increase the total volume of capital invested in the Islamic world. Islamic regional funds, therefore, generally contribute to programme loans, only if both the industrialized countries and international financial institutions are substantially involved (in terms of evaluation, finance, technology, management, market outlets, etc.). Islamic countries must do all they can to strengthen their institutional infrastructure, particularly their national development finance institutions, so as to provide for efficient absorption of these additional funds and their allocation to sectors which promise the highest development potential. An integrated approach along these lines offers greater chances of success for common development objectives, through risk-sharing and more wide-spread involvement.

Apart from operating as a vehicle for channelling programme or sector lending from the Islamic funds to the non-oil Islamic countries, national development banks also help in diversifying the resources available for project preparation and implementation. Furthermore, they operate as ideal outlets for financial assistance to medium- and small-scale enterprises, thus developing private entrepreneurship as well as distributing more evenly the social benefits of industrialization.

Among the Arab funds, the Kuwait Fund has been very active in assisting national development banks because it believes that they discharge certain essential development functions, such as:

- Channelling institutional credit to medium and small manufacturers;
- Promoting the private sector for development purposes;
- Redistributing development assistance throughout all strata of society;
- Encouraging entrepreneur and manpower development for industrial ventures;
- Assisting in evolving and upgrading an efficient evaluation mechanism, as well as economic selection criteria;
- Promoting institution building at the national level.

Future development

The regional grouping of national development finance institutions in Latin America, Africa and, more recently, in Asia and the Pacific, could be used as an example by national Islamic development institutions, and the Islamic national development banks could open their equity structure and policy management to participation by Islamic development funds. Such a gesture would go a long way towards fulfilling a basic requirement, that of improving investor confidence in the management, profitability and financial security of industrial projects in non-oil Islamic countries receiving Islamic development funds. Participation of Islamic regional funds in the equity structure and boards of directors of the Islamic national development banks would give these funds a greater sense of belonging, and reinforce their confidence in the future and the security of their investment portfolios. Cross-linking the development banking structure across the breadth of the Islamic world would also automatically encourage regional co-ordination of investment decision-making.

VI. SUMMARY OF POLICY APPROACHES

In an address delivered to the International Metalworkers' Federation in 1978 in Munich, Federal Republic of Germany, Professor W. Leontief, the Nobel Prizewinner, pointed out that:

> "The dramatic rise in the price of oil has brought about a great increase in payments that the less developed oil-exporting countries receive now, and will continue to receive for many years to come, from the advanced industrialized oil-importing countries. While a substantial part of the potential payment surplus is being spent on current imports, permitting the oil-exporting countries to raise rapidly the level of their domestic investment and consumption, a large part of it is being loaned back to the industrialized countries. This permits the latter to maintain a higher level of domestic investment and consumption than they would be able to afford if the costly oil imports had to be paid for by increased exports."

> "Now if the trade surplus earned by the oil-exporting countries (that is now being returned in the form of capital investment and loans to the developed industrialized countries) had instead been loaned to or invested in the poor, less developed countries, they, in turn, could spend it on additional imports from the oil-importing industrialized countries. The level of these additional imports happens to match closely that of the external trade deficits that - according to projections referred to above - the poor, less developed countries should be able to maintain while slowly catching up with the developed countries."

The rise in the price of oil over the last five years has created a new category of "rich-poor" developing countries, twelve of which belong to the Islamic world. Except for Algeria, Iran, Iraq and Indonesia, these oil-rich Islamic countries find it difficult to invest much of their financial surpluses in their own economies because of narrowness of the resource base, absence of large-scale agriculture and scanty populations. Owing to such inherent limitations in absorptive capacities, the bulk of the enormous financial resources available to these countries must be invested outside their borders, so as to support their domestic economies and living standards in the future, when oil reserves are exhausted. It is pointed out, however, that although the financial surpluses may in the short term be invested largely in real estate and giant corporations in the industrialized countries, this could in the long term conceivably create a conflict of interest between the industrialized countries and the Islamic oil countries in the non-oil era.

On the other hand, external investment would undoubtedly lead to future economic and social strength, were the investment directed towards the non-oil Islamic countries, in order to finance agricultural production and complementary industries within the framework of an integrated Islamic common market. If this goal is to be reached, the oil countries must be provided with sufficient incentive to use their funds in creating such an Islamic common market. In the final analysis, this can be done only if the required political will prevails, and if realistic steps are taken to improve investor confidence in: the security of regional investment, the prospect of a good running income, and the chances of capital appreciation in the future to overcome inflation. In practical terms, regional integration may best be achieved by starting on a project-by-project basis, since demonstrable successes may provide the strongest urge towards regional coherence. It is also suggested that the introduction of a partner from an industrialized or developing country to supply technology, plant and equipment, equity finance, management and marketing expertise is not only essential to the procurement of such inputs, but it may, in the initial phase, provide a strong binding force conducive to economic integration. In order to improve the effectiveness of trilateral co-operation, it is suggested that: framework agreements be devised for each third party country; redeployment of industry from the industrialized to the developing countries be integrated into the industrialization of the Islamic world; consequential loss insurance schemes be devised; and the investment guarantee systems for inter-Islamic investments be improved. It is also strongly urged that national development banks be used as financial intermediaries for identifying and preparing bankable projects, for developing entrepreneurship, medium and small enterprises, and for acting as catalysts to attract foreign and Islamic oil funds into Islamic industry. It is also suggested that the Islamic national development banks be internationalized so as to reinforce pan-Islamic investor confidence. Lastly, it is recommended that new stock exchanges be opened in Islamic countries, so as to mobilize public and private funds and to channel such funds into viable industries within an integrated Islamic market.

NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx. no. of staff
AFGHANISTAN Industrial Bank of Afghanistan P. O. Box 14, Jada Maiwand Kabul Tel. 23341-45 Cable/telex: IDBAKABUL	Government of Afghanistan	Afghanis 900 mn	1973	Industrial project financing; financial advice and assistance to small-scale industry. Af 344 million was committed to 12 projects in 1976/77.	50
ALGERIA Algerian Development Bank Immeuble Joly, 38 Ave. Franklin Roosevelt Tel. 601329 Cable/telex: BADEV, Algiers	Government of Algeria	Algerian dinars 100 mn.	1963	The Bank is responsible for contact with other financial institutions of the Arab world, particularly as part of the policy of co-operation with African countries. Some DA 15 bn. in financing was committed internally and externally in 1976.	n.a.
BANGLADESH Bangladesh Shilpa Bank P. O. Box 975 Agrani Bahan 9, Dacca Tel. 282145-49 Cable/telex: PRAKALPA	Government of Bangladesh	Takas 100 mn.	1972	Mobilizes internal and foreign financing to promote industrial development in Bangladesh. Some 70 projects received 97 mn. takas in loans in 1976/77.	640
EGYPT Development Industrial Bank Post Office Bag 110 Galaa Street Cairo Tel. 970105; 938875 Cable/telex: DEVBANK/2643 Dibank UN	Central Bank of Egypt	Egyptian pounds 10 mn.	1975	Financing domestic industrial enterprise and joint ventures with foreign partners. In 1976/77 365 projects received some 23.5 pounds in loans.	280

NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx. no. of staff
GABON Gabonese Development Bank P. O. Box 5, Avenue Ballay Libreville Tel. 721663; 722489 Cable/telex: CREDIGABON LIBREVILLE/ 543060	Government of Gabon	CFA francs 4 bn	1960	Half of BGD's resources are currently applied to domestic industrial projects; 24 of which were financed in 1976.	100
INDONESIA Bank Pembangunan Indonesia P. O. Box 140, Jalan Gondangdia Lama No. 2-4 Djakarta Tel. 349881-3 Cable/telex: BAPINDO/01.44214	Government of Indonesia	Rupiahs 50 bn.	1960	Development finance in industry, transportation, tourism, and small-scale manufacture. In 1976, Bapindo extended Rp. 38 bn. to 79 industrial projects, 55% of which went for cement and paper-mills.	760
IRAN Industrial Credit Bank Ateshkadeh Ave. Tehran Tel. 301434-9 Cable/telex: BANKSANATI/212839 ICB IR	Government of Iran	Rials 8.6 bn.	1956	Nearly RI. 34 bn. was committed to 198 projects in 1976/77. Emphasis is placed on medium-scale enterprises and the geographical decentralisation of industry.	300
JORDAN Industrial Development Bank P.O. Box 1982 Majles Al-Omneh Street Jabal-Amman Tel. 42216-9 Cable/telex: BANKSINAI/1349 IDB JO	Government of Jordan 37%, private banks 63%	Jordan dinars 6 mn.	1965	Loans up to 50% of the cost of projects in industry or tourism. JD 3.5 mn. was loaned to 63 industrial projects in 1976.	60

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NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx. no. of staff
KUWAIT The Industrial Bank of Kuwait P. O. Box 3146 Safat Oman Street, Kuwait Tel. 442000-9 Cable/telex: BANKSENAEY 2469 KT	Government of Kuwait 49%, private 51%	Kuwaiti dinars 10 mn.	1974	Domestic and foreign joint venture financing 22 projects received KD 22.4 mn. in 1976.	75
LEBANON National Bank for the Development of Industry and Tourism P. O. Box 8412 Rue Fouad Chebab Imm, SNA, Tabaris - Beirut Tel. 24 03 70-3 Cable/telex: INMABANK	The Government (51%) and 46 banks (49%)	Lebanese pounds 60 mn.	1971	Promotes industry and tourism through financing medium- and long-term projects within the framework of the States economic policy for development.	30
LIBYA The Industrial and Real Estate Bank of Libya P. O. Box 2297, Shouman Street Fashlun, Tripoli Tel. 46031-3 Cable/telex: SANABAK/20309	Government of Libya	Libyan dinars 45 mn.	1965	Finances domestic industry and construction. 109 projects were extended an overall LP 39 mn. in 1976.	n.a.
MALAYSIA The Development Bank of Malaysia Ltd. P. O. Box 2352 17 Jalan, Melaka [illegible]ala Lumpur Tel. 290632 Cable/telex: BANKMAJU	Government of Malaysia 92.5%, private 7.5%	$ M 100 mn.	1973	Project financing in the industrial and tourist sectors. 47 projects received a total of $ M 15 mn. in 1976.	110

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NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx no. of staff
MOROCCO National Bank for Economic Development P. O. Box 407 12 place des Alaouites, Rabat Tel. 2641-3 Cable/telex: BADMAROC/Rabat 31942	Government of Morocco 48.54%, private 51.46%	Dirhams 70 mn.	1959	Project financing, increasingly of medium-sized projects. A total of DH 858 mn. was extended to 75 projects in 1976.	140
PAKISTAN Industrial Development Bank of Pakistan P. O. Box 5082, Wallace Road Karachi Tel. 228535-9 Cable/telex: INDEBA/23722 IDBP PK	Government of Pakistan	Pakistan rupees 50 mn.	1961	Finances and assists small and medium-sized industrial concerns in the private sector. In 1976/77 PR 102.5 mn. was loaned to a total of 69 projects.	680
SAUDI ARABIA Saudi Industrial Development Fund P. O. Box 4143, Al Washam Riyadh Tel. 33755 Cable/telex: BANKSINAIE/20065 SIDFUND SJ	Government of Saudi Arabia	Saudi riyals 3.5 bn. plus 5.25 bn. for electricity projects	1974	Industrial development in the Saudi private sector with emphasis on further electrification of the country. 143 projects received a total of SR 1.94 bn. in 1976/77.	230
SENEGAL Senegalese Union Bank P. O. Box 56 17 blvd. Pinet Laprade, Dakar Tel. 51188	Government of Senegal 75.5%, private 24.5%	CFA francs 2 bn.	1961	Investments in industrial sectors assigned priority by the public authorities. A total of CFAF 2.4 bn. was committed to 13 industrial projects in 1976.	380
SOMALIA Somali Development Bank P. O. Box 1079, Mogadiscio Tel. 38000, 32028 Cable/telex: BANKHORUMAR/635 SDB MOG SR	Government of Somalia	Somali shillings 200 mn.	1968	From 1969 to 1976 64.5% of SDB loans, or SOSh [illegible] mn., have been applied to 53 industrial projects within the framework of the State Development Programme.	120

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NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx. no. of staff
SUDAN Sudan Development Corporation P. O. Box 710 69 Africa Road, Khartoum Tel. 79536, 79540 Cable/telex: DECORP/427 KM	Government of Sudan	$ US 500 mn.	1974	Provides financial, technical and managerial assistance to revenue-bearing projects in agriculture, industry, and the service sector.	60
SUDAN The Industrial Bank of Sudan P. O. Box 1722 United Nations Square, Khartoum Tel. 71223, 71283 Cable/telex: SANAIE/456	Government of Sudan	Sudanese pounds 5 mn.	1961	Development loans to private industry. Twelve projects received a total of LSd 2.1 mn. in 1976.	60
TUNISIA Economic Development Bank of Tunisia 68 Ave. Habib Bourguiba Tunis Tel. 245600 Cable/telex: SNITUN/12382	Government of Tunisia 29.5%; IFC, Libyan, Kuwait and other banks 70.5%	Dinars 10 mn.	1959	Project financing and assistance to the private sector. BDET extended a total D 22 mn. in loans to 127 projects in 1976.	180
TUNISIA Tunisia Banking Company 1 Ave. Habib Thameur Tunis Tel. 258000 Cable/telex: SOTUBANK/12376	Government of Tunisia 52%, private 48%	Dinars 4 mn. + Fund of D 67 mn.	1958	Project loans largely to the tourism, transport, construction and building materials sectors. Loans totalling D 15.3 mn. were committed to 212 projects in 1976.	1400
TURKEY The State Investment Bank Milli Müdafaa Cad. 20 Bakanliklar, Ankara Tel. 256310 Cable/telex: YATIRIMBANK/42606 DYB	Government of Turkey	Turkish lire 2 bn.	1964	DYB provides project financing for state economic enterprises. LT 11 bn. was committed to a total of 74 projects in 1976.	170

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NATIONAL DEVELOPMENT FINANCIAL INSTITUTIONS IN ISLAMIC COUNTRIES

Institution	Ownership	Authorized capital	Year est.	Operational activities	Approx. no. of staff
UGANDA Uganda Development Bank P. O. Box 7210 14 Parliament Ave. Kampala Tel. 30740	Government of Uganda, Bank of Uganda	Uganda shillings 100 mn.	1972	Project financing for public and private enterprises. Eight industrial projects received a total of USh 40 mn. in 1976.	80
UNITED REPUBLIC OF CAMEROON Cameroon Development Bank P. O. Box 55 Rue du Mfoundi Yaoundé Tel. 220067 Cable/telex: BANCAD/8225 KN	Government of Cameroon 99.33% private 0.67%	CFA francs 1.5 bn.	1960	Finances public and private enterprise projects consistent with the National Plan. CFAF 12 mn. was extended to 14 projects in 1976/77.	190
UPPER VOLTA National Development Bank P. O. Box 148 Ouagadougou Tel. 329-96/97/98 Cable/telex: BANADEVEL OUAGA/5225 UV	Government of Upper Volta 72.73%, and five others holding 22.27%	CFA francs 1.1 bn.	1962	Project loans concentrating on agriculture and agro-industries. Seven projects received a total of CFAF 5.6 mn. in 1975/76.	140

ANNEX II

The market of the Islamic Conference

Total Exports

	1978-79 (millions of dollars)	Compounded annual increase (percentage) 1973 - 78
Afghanistan	322	n.a.
Algeria	5,860	25
Bahrain	1,890	32
Bangladesh	400	n.a.
Cameroon	802	17
Chad	99	21
Egypt	1,740	9
Gabon	393	26
Gambia	58	n.a.
Guinea	330	48
Indonesia	11,600	120
Iran	22,550	29
Iraq	11,010	41
Jordan	300	32
Kuwait	10,460	26
Lebanon	625	0
Libyan Arab Jamahiraya	9,500	22
Malaysia	5,937	45
Mali	94	12
Morocco	1,510	11
Niger	262	33
Oman	1,510	36
Pakistan	2,051	18
Qatar	2,320	30
Saudi Arabia	37,940	37
Senegal	411	14
Sierra Leone	122	1
Somalia	84	14
Sudan	518	4
Syria	1,050	25
Tunisia	1,110	21
Turkey	2,280	12
Uganda	590	16
United Arab Emirates	9,050	38
Upper Volta	55	22
Yemen A.R.	7	14
Yemen P.D.R.	221	20
Total Conference market	145,051	25.6
Total EEC	458,544	16.3

ANNEX III

The market of the Islamic Conference

Total Imports

	1978-79 (millions of dollars)	Compounded annual increase (percentage) 1973 - 78
Afghanistan	681	n.a.
Algeria	7,820	27
Bahrain	2,040	32
Bangladesh	1,294	n.a.
Cameroon	1,050	26
Chad	184	18
Egypt	6,730	49
Gabon	831	44
Gambia	141	n.a.
Guinea	280	31
Indonesia	6,770	22
Iran	19,190	41
Iraq	5,800	45
Jordan	1,500	35
Kuwait	4,610	34
Lebanon	1,700	6
Libyan Arab Jamahiraya	6,140	28
Malaysia	5,265	n.a.
Mali	203	10
Morocco	2,970	21
Niger	270	26
Oman	947	52
Pakistan	4,060	46
Qatar	1,190	44
Saudi Arabia	22,850	63
Senegal	625	17
Sierra Leone	181	9
Somalia	201	22
Sudan	1,190	22
Syria	2,450	32
Tunisia	2,120	25
Turkey	4,548	17
Uganda	241	8
United Arab Emirates	4,890	43
Upper Volta	209	28
Yemen A.R.	1,140	67
Yemen P.D.R.	324	17
Total Conference market	112,635	30.5
Total EEC	460,430	16.4

ANNEX IV

The market of the Islamic Conference

Steel consumption [a)]

	1977 (thousands of metric tons)	Compounded annual increase (percentage) 1972-77
Afghanistan	24	84
Algeria	1,973	22
Bahrain	74	9
Bangladesh	79	-57
Egypt	1,010	- 1
Gabon	129	11
Guinea	179	11
Indonesia	1,210	7
Iran	4,689	21
Iraq	709	9
Jordan	88	20
Kuwait	630	27
Lebanon	242	-11
Libyan Arab Jamahiraya	630	6
Malaysia	636	-25
Morocco	806	18
Pakistan	673	83
Saudi Arabia	1,969	28
Senegal	72	5
Sierra Leone	12	- 6
Sudan	174	16
Syria	591	16
Tunisia	381	4
Turkey	5,124	12.2
Uganda	10	-11
Total Conference market	22,114	11.9
Total EEC	101,018	- 4.2

a) Member states for which no steel consumption data are available are not listed.

ANNEX V

The market of the Islamic Conference

Electricity production and energy consumption

	Electricity production (estimates) (kWh million) 1978	Compounded annual increase (percentage) 1973-78	Energy consumption per capita (coal equivalent in kg) 1976
Afghanistan	n.a.	n.a.	75
Algeria	4,650	15	730
Bahrain	896	27	11,998
Bangladesh	1,470	10	45
Cameroon	1,350	4	98
Chad	61	4	23
Egypt	13,000	10	473
Gabon	456	22	1,279
Guinea	500	1	93
Indonesia	3,500	10	285
Iran	18,000	15	1,490
Iraq	5,000	16	725
Jordan	600	19	527
Kuwait	6,020	13	9,198
Lebanon	1,600	1	533
Libyan Arab Jamahiraya	1,500	21	1,589
Malaysia	70	12	30
Mali	98	7	27
Morocco	3,590	8	273
Niger	70	7	35
Oman	550	33	696
Pakistan	2,000	22	1,402
Qatar	900	20	25,236
Saudi Arabia	2,500	20	2,927
Senegal	455	5	156
Sierra Leone	200	-1	112
Somalia	45	2	47
Sudan	810	15	143
Syria	2,040	11	744
Tunisia	1,790	13	456
Turkey	21,600	13	743
Uganda	725	-3	28
United Arab Emirates	700	22	13,222
Upper Volta	70	14	18
Yemen A.R.	65	18	41
Yemen P.D.R.	180	-1	324
Total Conference market	97,061	11.8	2,106
Total EEC	1,182,900	4.3	4,884

ANNEX VI

QUANTITY OF ISLAMIC COMMUNITY PRODUCTION FOR SELECTED COMMODITIES AND THEIR SHARE IN WORLD PRODUCTION (1976)

QUANTITE DE PRODUCTION DE QUELQUES PRODUITS DE LA COMMUNAUTE ISLAMIQUE ET LEUR PART DANS LA PRODUCTION MONDIALE (1976)

(1000 metric tons except when specified otherwise)

(1000 tonnes métriques quand l'unité n'est pas marquée)

Product and unit	Community production / *Production communautaire*	Share in world production / *Part dans la production mondiale*	*Produit et unité*
Natural rubber	2 505	70.35	*Caoutchouc naturel*
Crude petroleum	1 337 591	46.70	*Pétrole brut*
Tin-bearing ores (m.t.)	85 832	40.53	*Minerais stannifères (t.m.)*
Mutton and lamb meat	1 622	24.93	*Viande de mouton et d'agneau*
Crude olive oil	378	23.42	*Huile d'olive brut*
Live sheep (1000 heads)	215 865	20.84	*Cheptel ovin (1000 têtes)*
Natural phosphates	23 625	19.93	*Phosphates naturels*
Rice	50 384	14.38	*Riz*
Raw cotton	1 610	13.13	*Coton brut*
Coffee beans	466	12.83	*Graines de café*
Manganese-bearing ores	1 180	12.53	*Minerais manganésifères*
Natural gasoline	3 344	12.27	*Essence naturelle*
Cotton yarn, pure	577	11.97	*Filés de coton, naturels*
Chromium-bearing ores	438	11.19	*Minerais chromifères*
Lorries, assembled (number)	48 366	10.92	*Camions, assemblés (nombre)*
Live cattle (1000 heads)	127 777	10.54	*Cheptel bovin (1000 têtes)*
Tobacco	594	10.53	*Tabac*
Wheat	43 395	10.37	*Blé*
Sawnwood (1000 cubic m.)	8 303	8.54	*Sciages (1000 m. cubiques)*
Cocoa	106	7.81	*Cacao*
Butter	379	6.09	*Beurre*
Milk	25 175	5.80	*Lait*
Raw sugar	4 577	5.44	*Sucre brut*
Cement	37 210	5 08	*Ciment*
Refined sugar	2 467	4.79	*Sucre raffiné*
Lead-bearing ores	138	4.09	*Minerais plombifères*

Source: Journal of Economic Co-operation among Islamic countries, Ankara, July 1980

ANNEX VII

AVERAGE ANNUAL RATES OF GROWTH OF MONEY SUPPLY, GNP and CONSUMER PRICES (1973 - 78)

TAUX D'ACCROISSEMENT ANNUELS MOYENS DE LA MASSE MONETAIRE, DU PNB et DES PRIX AUX CONSOMMATEURS (1973 - 78)

(percentages) *(pourcentages)*

	Money supply *Masse monétaire*	GNP (current prices) *PNB (prix courants)*	Consumer prices: *Prix aux Consommateurs*	
Algeria	23.1	26.4	10.2	*Algérie*
Bahrain	27.7	...	19.3	*Bahrein*
Bangladesh	13.6	23.6	16.8	*Bangladesh*
Cameroon	21.5	18.5	13.5	*Cameroun*
Chad	23.9	...	9.8	*Tchad*
Gabon	31.5	40.9	16.8	*Gabon*
Cambia	12.6	23.8	14.5	*Gambie*
Indonesia	30.0	26.4	19.3	*Indonésie*
Iran	31.1	30.3	15.3	*Iran*
Iraq	32.8	44.0	8.1	*Irak*
Jordan	21.6	20.8	12.8	*Jordanie*
Kuwait	29.8	16.2	8.9	*Koweit*
Libyan A. Jam.	29.5	26.4	7.1	*Jam. A. Libyenne*
Malaysia	14.2	14.0	6.7	*Malaisie*
Mauritania	22.6	8.3	11.2	*Mauritanie*
Morocco	19.5	15.8	11.2	*Maroc*
Niger	24.1	...	13.6	*Niger*
Oman	35.5	...	48.2	*Oman*
Pakistan	15.8	20.8	14.0	*Pakistan*
Saudi Arabia	56.2	40.7	18.7	*Arabie Séoudite*
Senegal	23.4	12.2	12.5	*Sénégal*
Somalia	27.8	...	14.4	*Somalie*
Sudan	29.2	25.6	17.3	*Soudan*
Syria	29.6	26.6	41.8	*Syrie*
Tunisia	16.3	16.1	6.4	*Tunisie*
Turkey	32.5	33.9	24.5	*Turquie*
Uganda	27.1	37.7	49.9	*Ouganda*
U.A.E.	42.9	44.9	...	*E.A.U.*
Upper Volta	20.6	...	15.4	*Haute-Volta*
Yemen A.R.	60.3	32.3	22.9	*Yémen, R.A.*
Yemen P.D.R.	29.1	...	10.0	*Yémen, R.D.P.*

Source: Journal of Economic Co-operation among Islamic Countries, Ankara, July 1980

ANNEX VIII

CENTRAL BANK POSITIONS, 1978

BILAN DES BANQUES CENTRALES, 1978

(million $)	Assets - *Avoirs*		Liabilities - *Engagements*			*(millions de $)*
	Foreign	Domestic	Foreign	Reserve money	Government deposits	
	Extérieurs	*Intérieurs*	*Extérieurs*	*Monnaie de réserve*	*Dépôts de l'Etat*	
Algeria	2 305.4	5 971.8	60.2	7 501.6	7 501.6	*Algérie*
Bahrain	507.9	...	97.4	275.9	58.9	*Bahrein*
Bangladesh	316.6	658.0	334.4	571.9	–	*Bangladesh*
Cameroon	55.5	441.0 (c)	67.7	305.0	99.7	*Caméroun*
Chad	13.9	114.4 (c)	27.8	84.4	5.2	*Tchad*
Gabon	25.0	193.9 (c)	...	166.8	19.2	*Gabon*
Gambia	26.1	27.3 (c)	16.5	21.6	4.3	*Gambie*
Indonesia	2 674.9	5 516.6	1 363.5	2 955.4	64.6	*Indonésie*
Iran (1)	12 808.6	10 351.2	...	10 400.7	7 282.2	*Iran (1)*
Iraq (2)	4 594.4	217.4 (c)	13.5	2 460.4	1 647.4	*Irak (2)*
Jordan	976.6	193.2 (a)	...	1 023.6	107.2	*Jordanie*
Kuwait	2 611.5	...	...	1 172.6	1 011.0	*Koweit*
Lebanon	2 223.9	332.1	...	1 791.7	571.0	*Liban*
Libyan A. Jam.	5 041.0	3 823.7 (b)	7.7	4 579.9	1 437.9	*Jam. A. Libyenne*
Malaysia	3 35[illegible].3	174.9 (a)	...	2 155.5	771.9	*Malaisie*
Mali	21.1	387.6 (c)	227.1	153.7	...	*Mali*
Mauritania	79.2	93.8	95.6	47.9	2.8	*Mauritanie*
Morocco	664.9	2 094.2	282.5	2 211.2	24.4	*Maroc*
Niger	128.3	51.8 (c)	11.0	126.7	35.5	*Niger*
Oman	414.9	142.7 (a)	105.4	256.2	164.4	*Oman*
Pakistan	783.0	3 226.2 (c)	688.2	2 675.1	47.6	*Pakistan*
Qatar	222.2	22.9 (d)	...	201.6	32.6	*Qatar*
Saudi Arabia	60 015.1	...	...	13.092.0	34.081.4	*Arabie Séoudite*
Senegal	18.8	379.8 (c)	110.9	267.0	8.9	*Sénégal*
Somalia	130.4	227.7	33.3	187.4	90.9	*Somalie*
Sudan	31.5	2 229.0	659.2	1 254.5	134.8	*Soudan*
Syria	447.1	3 221.8	349.9	2 648.9	508.4	*Syrie*
Tunisia	411.3	542.6 (c)	54.8	680.0	87.7	*Tunisie*
Turkey	1 861.4	11 488.7	996.0	7 945.0	61.4	*Turquie*
Uganda	52.7	760.1	44.4	659.1	–	*Ouganda*
U.A.E.	887.2	678.1	126.9	1 109.7	369.5	*E.A.U.*
Upper Volta	36.3	63.6 (d)	13.4	72.7	25.[illegible]	*Haute-Volta*
Yemen A.R.	1 423.6	80.9	0.9	1 228.1	222.[illegible]	*Yémen, R.A.*
Yemen P.D.R.	189.1	288.4 (a)	60.1	363.7	...	*Yémen, R.D.P.*

Source: Journal of Economic Co-operation among Islamic Countries, Ankara, July 1980