Beyond Regionalism?
Regional Cooperation, Regionalism
and Regionalization in the Middle East

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The Organization of the Islamic Conference: From Ceremonial Politics Towards Politicization?

Ishiq Ahmad

Recent years have seen the Organization of the Islamic Conference (OIC) transform from a ceremonial international institution to one willing to reform and assert itself in global economy and politics. In December 2005, the leaders of 57 OIC Muslim member-countries agreed to wide-ranging reforms of the organization at an extraordinary Islamic Summit in Mecca, Saudi Arabia. A number of internal and external factors have necessitated such reforms, including the domestic challenge from Muslim extremism, the US/Western pressure, Muslim ruling elites’ realization about the urgency of reforms, and the assertion of non-Arab Muslim countries in OIC affairs. Some recent practical instances of the OIC’s economic and political assertion at the international stage are additional indicators of change.

No doubt the OIC has a disappointing track-record in realizing its past objectives. It has traditionally preferred rhetorical declarations to realistic action in world affairs. At present, however, owing to the above factors—which emanate essentially from the qualitatively changed global circumstances in the aftermath of the terrorist events of 11 September 2001—the OIC leadership seems willing to opt for a more pragmatic and cooperative path to help revamp the socio-economic situation in the Muslim world, and harmonize its ties with the non-Muslim world, particularly the US/West. The recourse to political pragmatism, and a regionalism based on common Muslim identity, assisted by the forces of globalization, could help the OIC re-chart the political and economic course of the Muslim world.

The OIC in Historical Perspective

The OIC was established in September 1969 at the first summit of Muslim leaders in Rabat, Morocco, which was held to protest the attempted arson of the Al-Aqsa Mosque in occupied Jerusalem by a Jewish zealot. At the Rabat summit, Muslim leaders declared their intention to “liberate Al-Quds Al-Sharif (Jerusalem) and Al-Aqsa Mosque,” the third holiest shrine of Islam, from Israeli occupation. They also agreed on “the need to institutionalize efforts to forge unity among Muslims, defend Muslim causes in world politics and establish a mechanism to resolve internal differences within the Muslim world.” (OIC 2007) In March 1970, the First
Islamic Conference of Foreign Ministers (ICFM) was held in Jeddah, Saudi Arabia. It established a permanent OIC General Secretariat and appointed its first Secretary General. Jeddah was also chosen as a temporary headquarter of the organization, pending the liberation of Jerusalem. In February 1972, the Third Session of the ICFM adopted the OIC Charter, which aimed to “strengthen a) Islamic solidarity among Member States; b) cooperation in the political, economic, social, cultural and scientific fields; and c) the struggle of all Muslim people to safeguard their dignity, independence and national rights” (see Saad 2001; Organization of the Islamic Conference 2007).

The “Conference of Kings and Heads of State and Government” is the supreme authority of the OIC. It is required to meet once every three years to lay down the organization’s policy on Muslim world issues. The ICFM, the second most important OIC authority, meets each year to examine progress on decisions reached at the previous summit conference. The OIC General Secretariat is headed by a Secretary General, who is appointed by the ICFM for a period of four years, renewable only once. The Secretary General is assisted by four Assistant Secretary Generals. The OIC has eight subsidiary organs, four specialized institutions, seven affiliated institutions and seven committees, which are located in various member-states. It maintains two Permanent Missions at the United Nations offices in New York and Geneva (see Organization of the Islamic Conference 2007).

The OIC is one of the largest international organizations after the UN measured by the number of member states. Spread over three continents, its 57 members are regionally situated in the Middle East, North and West Africa, Central Asia, Southeast Asia, and the Indian Subcontinent. 27 OIC countries are located in Asia. Africa has the largest number of OIC states, numbering 29. Europe has only one member-country, namely Albania. The OIC has 11 observers, five of which are states, including Russia. The UN, the Non-Aligned Movement, the League of Arab States, and the Economic Cooperation Organization (ECO) are important OIC observers among international organizations.

Despite having such vast institutional capacity, the OIC has achieved little over the decades. The academic literature on the organization, which itself is quite limited, is mostly critical of its past performance. In popular perception as well, the OIC is best known for inaction, often jokingly referred to as “Oh I See!” However, regarding the reasons for its past inactivity, perspectives vary—the foremost one focusing on its divisive nature.

Geographically apart, OIC members have little in common but Islam. They display deep political, economic, cultural and religious diversity, which has been a major source of division. For instance, the traditional sectarian and political divisions in the Muslim world, such as those between the revolutionary Shiite state of Iran and the Wahhabist kingdom of Saudi Arabia, have often impinged upon OIC’s ability to achieve internal cohesion. According to Souhail Hashmi (1996, 23), the organization has been “stymied by its determination to use Islam as its basis, as this has left it vulnerable to competing claims and the myriad interpretations of what constitutes an ‘Islamic’ approach to justice and international relations.” In the words of Shahram Akbarzadeh and Kylie Connor (2005, 79), the OIC is “effectively constrained by the sanctity of state sovereignty. That principle has been enshrined in
the OIC Charter and has provided the organization with an operational framework that is more restrictive than the ideal of Muslim unity and interests.”

Saad Khan concludes his extensive study on the organization by pointing out five causes for its lacklustre performance in the past (Saad 2001, 182): First, “the conflicting and occasionally diametrically opposite national priorities of the member-states have encumbered the OIC’s capacity to act decisively.” Second, the “spectacular increase” in the OIC membership has made it a large organization, one that is difficult to manage. “These two factors translate into a very strong reaction on part of the OIC on one particular issue and a very limited one, lacking initiative, on the other.” Third, the “organizational weakness is a façade of the same malaise.” Fourth, these problems are “compounded further by ambiguities in the OIC Charter.” Finally, the core problem with the OIC and its affiliated institutions is the “perennial financial stringency.”

Such critical perspectives on the rather disappointing track-record of the OIC are supported by strong evidence. The OIC Charter obliges member-states to refrain “from resorting to force or threatening to resort to the use of force against the unity and territorial integrity or the political independence of any one of them;” (OIC 2007) and to settle “any dispute that might arise among Member States by peaceful means such as negotiations, mediation, conciliation, and arbitration.” Yet the 1980-88 Iran-Iraq war and the 1990 Iraqi invasion of Kuwait point to utter failure on OIC’s part to resolve Muslim world conflicts. The organization has also achieved little in settling its founding issue of Palestine. Iran and Syria do not share the organization’s broadly cooperative approach towards the United States and the West in the aftermath of 11 September 2001. With regards to recent events such the Iraq war, the Lebanese Hezbollah-Israel conflict, the Danish cartoon controversy and anti-Islamic remarks by Pope Benedict XVI, the OIC role has been limited to expressions of Muslim concern, whose relevance to real-politik world is quite marginal.

As Akbarzadeh and Connor (2005, 80) point out, a significant factor in the original founding of the OIC was the “determination” of Saudi Arabia, as the custodian of Islam’s two holiest shrines, to “counter the appeal of pan-Arabism” with that of pan-Islamism. “The 1960s, the glory days of the pan-Arab movement, confirmed the power of Gamal Abdel Nasser’s Egypt. The crushing defeat of the 1967 Six-day War insured that, as a popular movement and vehicle for regional unification, pan-Arabism was defunct.” Under Saudi leadership, the OIC has attempted to overcome the obvious limits posed by nation-states by “invoking a sense of common Islamic history.” This history is constructed on what Mohammed Ayoob (2004, 11) calls the “Muslims’ collective memory of subjugation” and a sense of powerlessness against the West. Consequently, Akbarzadeh and Connor (2005, 90) argue, “in the past, the relationship the OIC forged with other international bodies and states has been reactive, based on familiar grievances.”

However, Akbarzadeh and Connor (2005, 90) admit that “in recent years, the organization has begun to move beyond the comfort zone of reacting to events and measures adopted by other international bodies and states, and to articulate a new, less reactive and more assertive path for the Muslim world.” The diversity factor in the OIC composition also constitutes a potential hedge against extremist forces in the Muslim world. The principle of state sovereignty may have been an important
impediment to realize OIC’s pan-Islamist agenda in the past. However, when the same agenda is now hijacked by extremist, confrontational non-state entities like al-Qaeda, the very principle can help promote progressive pan-Islamism as a counterpoise to regressive pan-Islamism within the framework of the OIC, provided its members are equally committed to the realization of such a goal.

An organization whose role in the past over three and a half decades has been no more than a to be forum of discussion and a platform for passing hollow declarations cannot be expected to turn itself overnight into a proactive international body. The common Muslim identity coupled with the forces of globalization offer the OIC enormous opportunity to act differently than it did in its dismal past. Given that, the question that needs to be addressed is what sort of changes are under way in the Muslim world and its largest representative body? It is the prospect of these changes that will determine whether the initiatives and responses of the OIC will have real practical relevance in future world politics. For this purpose, it is essential to review, however briefly, the factors underpinning recent bids by the Muslim leadership to reform the OIC and assert its role in global politics ad economics.

Recent Indicators of Possible Change

It was at the 2003 Islamic Summit Conference in Malaysia that the first step towards reforming the OIC was taken. The summit created a 16-member Commission of Eminent Persons, whose wide-ranging recommendations were reviewed by a large group of Muslim Scholars prior to the Extraordinary Islamic Summit at Mecca in December 2005. The summit produced three main documents: the Mecca Declaration, the Ten-Year Program of Action, and the Eminent Persons’ Report (see Organization of the Islamic Conference). These documents cover a gamut of challenges facing the Muslim world and recommend a variety of strategies to overcome them. Their contents indicate an obvious change in the priorities of the OIC. There is a welcome shift to concrete problems such as the focus on tackling real issues of trade and poverty, the need to empower the Office of the Secretary General, holding member-states accountable for their non-payment of mandatory contributions, and reforming the OIC Charter, so on and so forth. A number of factors are responsible for the recent push towards OIC reform.

Challenge of Muslim Extremism

First, the urgency to infuse life into the OIC could be due to the rise within the Muslim world of extremist groups. These groups not only challenge the US/West by mounting attacks against US or Western interests but also pose an ideological and armed challenge to many Muslim regimes, whom the extremists accuse of kowtowing to the US/West. Saudi Arabia, Egypt, Jordan, Turkey, Pakistan, Indonesia and several other Muslim countries have been victims of Muslim extremism and terrorism. In their perception, the 9/11 attacks were an extension of the same pattern of militancy by Islamists who were now moving beyond state borders and operating internationally. Unsurprisingly, therefore, the OIC was one of the first multinational
organizations that “strongly condemned the brutal terror acts” on the US (Takeyh 2002, 70).

US/Western Pressure

Secondly, the US/West, while fighting extremism, is making efforts to purge the Muslim world of those factors which, it thinks, help the extremist groups win more adherents. For the purpose, it wants Muslim countries to reject terrorism in all forms and combat it with all possible means; institutionalize wide ranging legal reforms to combat extremism; democratize political systems; liberalize economic structures; modernize educational institutions and curricula; and prioritize real public issues such as poverty, disease and illiteracy—and all this as a counterpoise to transnational Muslim militancy.

Both factors—the reality of extremism in the Muslim world, especially its terrorist manifestations, and the response of the US-led West to it—have brought much pressure on Muslim regimes. Their response to the situation is two-fold: fight extremism at home while trying to turn the OIC into a more effective platform of action. Consequently, the Mecca summit documents are full of expressions of Muslim world’s collective resolve to combat extremism. The challenges facing the Muslim world and strategies for overcoming them, as mentioned in these documents, are also in conformity with current Western demands vis-à-vis the Muslim regimes.

Status quo No More Affordable

Partly due to the above two factors, a third reason behind OIC reformation may be the realization on the part of Muslim ruling elites of the plight of the world of Islam and a growing political inclination to pull it up from its bootstraps. In their individual discourse as well as from the OIC platform, prominent Muslim leaders have increasingly stressed the need for correcting the distorted image of Islam, promoting dialogue with the Western/non-Muslim world, and rectifying the socio-economic plight of Muslims. The realities of the post-11 September 2001 world are such that continued inertia is not a luxury the Muslim world can afford any longer.

For instance, the urgency of restoring the true image of Islam is necessitated by the unprecedented rise of Islamophobia in the West and the projection of a regressive image of Islam by Muslim extremists (Rhanem 2005). Meeting such qualitatively newer challenges requires that the OIC’s Da’wa Department be given the additional task of tackling Islamophobia, and the scope of Islamic Fiqh Academy be broadened to bring Islamic education in conformity with universally practiced norms and values. Besides reaching such decisions, the OIC leadership at the Mecca summit agreed to pursue a strategy of engagement with the Western/non-Muslim world for the resolution of long-standing disputes in the Muslim world (Musharraf 2004). The summit documents also emphasize the need for closer cooperation between the OIC and other international organizations, such as the UN and the European Union (EU). In fact, since 2002, a UN Secretary-General-sponsored “Alliance of Civilization” initiative has been under way between the OIC and the EU, led by Turkey on behalf of the former and Spain on part of the latter (see United Nations 2006).
Beyond Regionalism?

The Muslim leadership’s political discourse has also started to depict a self-critical perspective—unlike its traditional propensity to blame “others,” primarily the US/West, for the plight of the Muslim world. Such a perspective, offered particularly by non-Arab Muslim leaders, underscores the failure of the Muslim world to translate its enormous economic/resource potential into political power on the international stage. Muslims account for 15 per cent of the world population, inhabiting one-fifth of the world’s landmass. The OIC members control roughly 60 per cent of the world’s natural resources. Ten out of eleven members of the Organization of Petroleum Exporting Countries are in the OIC. Saudi Arabia alone has about a quarter of the world’s reserves of crude oil. Yet, the OIC countries have less than five per cent of the world’s annual Gross Domestic Product (GDP), amounting to $1,300 billion, while that of Japan alone is $4,500 billion. Human development indicators of the OIC members are among the lowest in the world (see Islamic Development Bank). Addressing such astonishing dichotomy between OIC states’ demographic strength and resource potential, on the one hand, and the pitiable state of their economic and social life on the other, requires a new strategy—one that focuses more on “low politics” issues of finance and trade, investment and employment, poverty and disease, and less on “high politics” issues such as the ritualistic discourse on the problems of an imaginary “Ummah,” a comity of Muslim nations.

No More an Arab-Centric Affair

That the beginnings of such transformation are evident in the Muslim world constitutes the fourth indicator of change in the affairs of the OIC—being caused essentially by the gradual assertion of non-Arab Muslim states or regions in the OIC affairs as well as the Middle Eastern ruling elites’ proactive pursuit of economic and trade ventures in Asian and Muslim world markets. In the past, the institutionalized leadership role that Saudi Arabia carved out for itself within the governing structure of the OIC, as well as its role as the organization’s financier, ensured that the kingdom exercise a leading voice within the Muslim world. Since the events of 11 September 2001,

the Wahhabi stream of Islam, already viewed with suspicion due to its missionary zeal, has come under great regional and international scrutiny. The radical interpretation of this doctrine by transnational organizations such as al-Qaeda has led to destabilization within the region, a situation that has been a source of friction in Saudi Arabia’s international relations (Akbarzadeh and Connor 2005, 82-83).

Moreover, the Palestinian dialog with Israel, and the pragmatic moves made by several Muslim countries towards the Jewish state have overshadowed the founding issue of Palestine. While the OIC remains committed to the resolution of the Palestinian question, its translation into reality is a task in the pursuit of which extremist Muslim groups like al-Qaeda and Hamas are widely perceived in the Muslim world as doing more. For Africa’s OIC members, alleviating poverty and fighting epidemics like AIDS/HIV have emerged as issues of urgent concern, just as realizing economic growth and fostering regional trade and investment have become more vital areas of interest for South-East Asian Muslim countries like Malaysia and
Indonesia. Consequently, Saudi Arabia is now prepared to share its leadership role in the OIC with other important non-Arab Muslim countries. The Saudi outlook on Palestine has also become more pragmatic and less rhetorical, which is evident in OIC's backing of the US-initiated roadmap for a two-state solution to the dispute. This land-for-peace principle is central to Saudi King Abdullah bin Abdul Aziz's 2002 peace plan for Palestine.

The extraordinary focus that the Mecca summit placed on tacking issues of "low politics" indicates that the OIC leadership is willing to incorporate the interests and aspirations of its non-Arab OIC members from Africa and South-East Asia, especially countries like Malaysia, which is the driving force behind OIC's increasingly economically-driven agenda. According to Malaysian Prime Minister Abdullah Ahmad Badawi, "the best antidote to religious extremism is economic growth" (Gatsiouinis 2005). An important reason why the OIC has not made significant strides in the economic sphere is the enormity of the gap between its rich and poor members. The main problem has been the unwillingness of the oil-rich Gulf countries to assist poorer Muslim countries of Africa and Asia. Quite often, they have even defaulted on mandatory contributions to the organization's Islamic Solidarity Fund. The summit, therefore, decided to impose severe penalties for non-payment of such contributions. The richer members are now also obliged to contribute voluntary funding to meet emergencies such as natural disasters and urgent socio-economic concerns like poverty alleviation in Africa. Likewise, reforms in the OIC Charter are justified on the grounds that "new realities of the world—marked by the growing importance of globalization, free markets, human rights and democracy in international relations, make it an outmoded document whose initial relevance was to tackle challenges of colonialism and the Cold War era." (El-Bahr 2005).

Practical Instances of Assertion

Fifthly, there are some practical indicators that seem to confirm that the OIC members have started to act together as a united bloc in world politics, to help each other in times of utter need, and to undertake serious initiatives to promote trade and economic cooperation.

An important recent event highlighting OIC assertion in global politics was the organization's steadfast stance regarding UN Security Council expansion—which, besides other factors, proved instrumental in delaying decision on the matter at the 60th anniversary session of the UN General Assembly in September 2005. The momentum for Security Council expansion had been building up since the late 1990s, as demands and proposals by various global institutions and regional powers advocated the enlargement in its permanent and non-permanent membership. The designation of 2005 as a critical year for Security Council reform was determined by former UN Secretary General Kofi Annan when, in a major report to the UN in early 2005, he called for a decision before the UN General Assembly session in September 2005. It was perceived by the Muslim leadership as an endorsement of the efforts of Germany, Japan, Brazil and India for a vote at the General Assembly on adding six new permanent seats to the Security Council (Hassan 2005).
It was against this backdrop that the OIC expressed its desire for due representation of the Muslim world in the Security Council. It made the plea that in view of the “significant demographic and political weight” of the Muslim world, the reform of the Security Council bears particular importance not only from the perspective of increased efficiency, but also to ensure the representation of the main forms of civilizations, including the adequate representation of the Muslim world in any category of expanded Security Council. (see Organization of the Islamic Conference 2007)

The OIC also proactively contributed to combating recent natural disasters, including the South-East Asian tsunami of December 2004 and the October 2005 earthquake in Pakistan. Immediately after the tsunami disaster, OIC Secretary General Ekmeleddin Ihsanoglu launched a flash appeal to Muslim states to make urgent donations to the victims. The appeal received a strong response: 33 OIC states pledged donations totaling US$1.3 billion. A project for the support of orphans, called the “OIC Coalition for the Rescue of Child Victims of the Tsunami” was also initiated, which helped bring relief to some 55,000 orphans in the tsunami-hit region (El-Bahr 2005). As for the Pakistani earthquake, the Islamic Development Bank (IDB) pledged $501 million at the November 2005 International Donors Conference in Islamabad, which was about half the World Bank’s pledge of $1 billion. Individual Muslim countries provided additional assistance. Of the roughly 30 countries that offered help, Saudi Arabia pledged $573 million, Turkey $150 million, Iran $200 million, and Kuwait and the United Arab Emirates each $100 million (Ahmad 2005).

Finally, recent years have seen spectacular growth in intra-OIC trade and investment—a matter for which the organization has often come under severe criticism in the past. Saudi Arabia, Turkey and Indonesia are the top three economies of the OIC. During 2000-2003, their combined exports to other OIC countries increased by 57 per cent as compared to an increase of 28 per cent to non-OIC countries; and their total imports from other OIC states increased by 44 per cent, as compared to an increase of 39 per cent from non-OIC countries. During 2000-2002, the value of intra-OIC exports showed an upward trend, increasing to $53.7 billion in 2002, a 10.5 per cent rise; while intra-OIC imports rose from $56.7 billion in 2000 to $60.1 billion in 2002, a 6.1 per cent rise (Shikoh 2005).

Intra-OIC investment has likewise gained momentum, reflected by tremendous activity in the telecom sector. For instance, Egyptian Orascom Telecom has become the most diversified GSM network operator in the OIC countries, with investments and network presence in Algeria, Pakistan, Tunisia, Bangladesh, Jordan and even Iraq. Malaysia’s Multimedia Development Corporation and Pakistan Software Export Board are running joint ventures in the areas of life sciences, biotechnology, smart cards, wireless technology, innovative Information and Communication Technology (ICT) solutions, ICT training, creative content development and telemedicine. Malaysia is also engaged in poverty alleviation programs in three poorer OIC countries, including developing the palm oil industry in Sierra Leone, the resources sector in Mauritania and the fisheries industries in Bangladesh (Shikoh 2005).
The Difficult Road Ahead

Despite recent indicators of change in the OIC, including factors necessitating reforms which the Mecca summit has attempted to institutionalize, as well as practical instances of the OIC world’s economic and political assertion, we can be only cautiously optimistic about the organization’s potential to grow in future. The current marginalization of the Muslim world in global politics is still compounded by glaring proofs of economic depression and social plight, as cited before. Thus, the real challenge facing the Muslim world is to translate its human and material resource potential, which is quite impressive, into actual political and economic power, which is still limited. What is required is a credible follow up process to implement the decisions reached at the Mecca summit, backed by constant inflow of cash from richer OIC members.

The summit decision to create an executive body, comprising Summit and Ministerial Troikas, the OIC host country and the Office of the Secretary General, and the strengthening of the Islamic Solidarity Fund—especially measures to punish those OIC countries which default on mandatory payments—may help meet this essential requirement. All that is needed is the political will on the part of the Muslim world leadership. Recent trends towards reform and assertion are an outcome of the Muslim leadership’s will to change, even though it is being expressed mostly against the backdrop of unaffordable internal and external challenges.

The OIC is not an organization that is starting from scratch, and, therefore, does not have to build institutions anew. In terms of organizational strength, it already has too many branches, which need to be made more efficient—a task that the empowerment of the Secretary General’s Office can help realize. Moreover, the Muslim world is not trying to reform alone; in almost each arena of its intended reformation, be it the fight to combat extremism or the task to alleviate poverty and disease, or to have dialogue with civilizations of the West or the East, it has willing partners among major international organizations, and global and regional states, such as the UN, the EU, the US, Russia, China and Singapore, so on and so forth.

Regionalism Based on Muslim Identity

Obviously, the Muslim world cannot remain aloof from the broader trend in the post-Cold War period towards globalization, of which regionalism or regionalization is either a by-product or a reaction. As Andrew Hurrell and Louise Fawcett (1996) argue, globalization itself can at least lead to, if not exist as, a form of regionalism/regionalization. The Muslim world’s quest for regionalism/regionalization is occurring within a wider context of globalization, whereby it, like the rest of the developing world, feels marginalized in the existing international economic order favoring the Industrialized North, as clear from its reservations about the existing terms and conditions of the World Trade Organization. Consequently, the Muslim leadership’s current approach to tackle the injustices of global economy is marked by attempts to foster economic and trade cooperation among OIC countries on the basis of their common religious identity and relatively similar historical realities and cultural aspirations.
As discussed before, unlike the past, the OIC leadership is not trying to realize common Muslim identity through politics of rhetoric and reaction, but through concerted efforts to promote multi-faceted cooperative processes. The motivating factor behind a religiously rooted spirit of regionalism/regionlization enacted in the Muslim world could be explained within the Constructivist theoretical framework, such as Emmanuel Adler’s concept of ‘cognitive regions’ (Wiberg 2000, 289-98)—which underlines the significance of citizens’ sense of regional awareness and identity as members of that region. Constructivism suggests that states become members of regional organizations in order to illustrate some sense of united identity and to demonstrate shared interests that they have between them within the region. The same identity factor, with its religious connotation, establishes the relevance of the Constructivist paradigm to growing trends towards regionalism/regionlization in the Muslim world.

As for OIC’s ability as a religiously grounded organization to integrate Muslim economies or harmonize Islamic countries’ relationship with the rest of the world, we have to realize that the Caliphate concept is ingrained deeply in the Muslim mindset. Pan-Islamism has been a recurrent feature of Muslim history. Similarly to past centuries, the principal issue facing the Muslim world is whether to institutionalize Islam’s inclusive form—something which the OIC leadership currently aspires to do, by promoting moderation at home and dialogue abroad—or adopt its exclusive form, an approach that Muslim extremists advance to realize their confrontational strategy vis-à-vis the Western world and pro-Western Muslim regimes. Instead of justifying religiously grounded political and socio-economic cooperation among OIC countries on the basis of questionable notions such as “Clash of Civilizations,” as some Muslim scholars (Hassan 1998, 19) do, it would be logical to explain it as an exclusively Muslim phenomenon arising out of the historically rooted Muslim perceptions about “Ummah.” If this collectivist Muslim desire is translated into an ever-flourishing relationship between the world of Islam and the West, then the same process of learning from existing civilizations that brought the Muslims to the apex of modernity in the Medieval Ages could be realized once again. Greater contact between the Muslim world and the West, as the Mecca summit documents envision, could facilitate the path to modernity in the former—an eventuality that essentially goes against the possibility of the so-called Clash of Civilizations.

**Integrating Muslim World Economies**

In an era of globalization, and the corresponding trend of regionalism/regionlization—marked by rapid advancement and growth in information, communication and transportation means—integrative processes in financial, investment, trade and commercial sectors can be realized even among regions which are not linked by geography. Many OIC countries show a lot of similarities in their cultures and socio-economic conditions. Even the diversity factor could considerably fuel economic competitiveness.

The Middle Eastern and South-East Asian members of the OIC have already started to show an increasing trend towards regional trade and investment diversification. The surge in oil-rich Gulf Sheikhdoms’ investment in the Muslim
countries of South- and South-East Asia seems to be part of a broader trend bringing the Middle East closer to Asia. The world’s largest continent is rising, and it needs oil. China is already the second-largest energy consumer after the United States. Michael Vatikiotis (2005) argues that “the oil-rich Middle Eastern states have started to look towards Asia because they find that the post-9/11 suspicion and scrutiny that greets Arabs in the Western world is increasingly an obstacle to doing business. Trade between the Middle East and Asia expanded threefold during 2003-2004.” Vatikiotis (2004) further states that “the recent boom in oil prices in the international market has created a large pool of petrodollars in the oil-producing Gulf countries,” which they are investing in Asian markets... “Even countries outside the world of Islam such as Singapore have sought to plug into the lucrative Islamic banking field.”

A striking feature of the OIC economies is that the volume of intra-regional trade is very low and their dependence on the industrialized countries considerable. However, as is clear from recent trends, the intra-OIC trade and investment has gained considerable momentum. Several OIC members have already signed a framework agreement establishing a preferential trading network within the group. But the agreement has had little impact on reducing the dominance of non-OIC countries as export markets, because most of the group’s members have little to trade other than primary commodities like oil and gas. Consequently, the Mecca summit policy documents aim to increase the level of trade among OIC countries from the present 14 per cent to 20 per cent of their overall trade volume by 2015. But can the ten-year target of 20 per cent intra-OIC trade be realized?

The recent Middle Eastern push towards diversifying their trade and investment from traditionally Western markets to Asian economies, including the OIC members from South- and South-East Asia, augurs well in this regard. Another promising factor is that most OIC countries are already part of two types of regional economic schemes—one comprising only them, and the other including them and non-OIC countries. The first category includes four regional organizations, of which the Gulf Cooperation Council (GCC) and the ECO have been the most active. The second category includes 14 regional organizations in Eurasia and Africa, most important of which is the Association of Southeast Asian Nations (ASEAN) (Hassan 1998, 4-5).

The ECO is a preferential trade arrangement in which member states apply preferential treatment to some of their selected products. Anoushiravan Ehteshami (2005, 38) considers the ECO’s expansion by its founding members (Iran, Pakistan and Turkey) in the early 1990s to incorporate all of the independent Muslim republics of the former Soviet Union plus Afghanistan as part of the “recent geographical expansion of the Muslim world outside the framework of the Arab network of states” that has created “new opportunities for cooperation among the non-Arab Muslim actors of Asia.” Comprising ten members, the ECO boasts over 300 million people within its huge geographical space, and bountiful natural resources, including natural gas and oil. As for the second category, as the economies of the Middle East and Asia get closer, and Malaysia and Indonesia become more proactive in the economic affairs of the OIC, ASEAN’s indirect contribution to the integration of the economies of the Muslim world will grow.

The sum total of economic success achieved by organizations such as the ECO will contribute to raising the level of intra-OIC trade. However, it is the growth in intra-
OIC trade and investment activities, both bilateral and within the OIC framework that will determine whether the organization is able to raise it to 20 per cent of its overall trade volume by 2015. A number of steps have been under consideration for raising the level of trade and investment, both private and public, in the OIC world. For instance, the idea of creating an Islamic Common Market has gained ground at the World Islamic Economic Forum, during its two successive sessions in Kuala Lumpur and Islamabad in October 2005 and November 2006, respectively. The Forum, a successor to the OIC Business Forum, is a potential equivalent of Davos’s World Economic Forum. Each year, it brings together hundreds of prominent leaders of government, politics, business, media, civil society, and so forth from Muslim as well as non-Muslim world. It aims to foster trade and investment activity in the Muslim world and integrate its economies with the global economy (see Economic Affairs Division).

Moreover, Malaysia has proposed the creation of an $11 billion Infrastructure Fund, a master plan for developing financial services in the Muslim world. Financed by richer OIC members, the Fund would help pay for infrastructure projects in its poorer members, creating economic opportunities and reducing unemployment. Malaysia has also called for the adoption of a 10-point Master Plan for promoting the development of an Islamic financial services industry. Islamic finance could be used to improve access to capital in countries that have resisted conventional finance because of Islamic prohibitions against interest and gambling (see Wayne 2005).

The IDB and other banks in the Muslim world have planned to invest $1 billion to create a bank to accelerate the availability of Islamic financial products. Such products already represent a rapidly growing segment of the international financial industry, buoyed by higher oil earnings and the increasing sophistication and return offered to wealthy investors by the products (Wayne 2005). The IDB remains the most influential arm of the OIC. As Islamic banking and finance gains further global recognition, and the Gulf Sheikdoms get richer due to continuing international boom in the price of oil, the IDB will gain more significance in the affairs of OIC, and any economic initiative led by the IDB will have greater chances of success.

In sum, as many of the OIC reforms, especially those pertaining to integrating Muslim world economies are in the process of implementation, a cautiously optimistic future for their incremental realization could be foreseen on the basis of the various indicators of change currently visible in the Muslim world. However, it remains unclear whether the processes of economic liberalization and regional economic integration currently under way in the Muslim world will contribute to liberalizing the regimes of its constituent states, especially the economically richer but politically authoritarian Middle Eastern monarchies. Domestically rulers may continue to pursue economic change while delaying as much as possible the process of democratic transformation. Thus, while a common Muslim identity may be a contributing factor in Muslim world regionalism in an era of globalization, given the collective identity derived by Caliphate-driven Muslim collectivism, its potential for realizing political change in the Muslim world are quite limited.
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