



Center for Analysis of
Economic Reforms and Communication of
the Republic of Azerbaijan

**ECONOMIC
POTENTIAL
of ISLAMIC
COUNTRIES**

Edited by Prof. Dr. Vusal Gasimli

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Introduction

The book you currently have in your possession is a dedicated exploration of the diverse opportunities and challenges inherent in the economies of Islamic countries, encompassing four continents and representing approximately a quarter of the world's population and land surface. In an era marked by globalization and interconnectedness, the economic potential of the Islamic countries stands as a significant force in shaping the future of global prosperity.

This book was prepared in the framework of the declaration of Shusha, the cultural capital of Azerbaijan, as the "cultural capital of the Islamic world" for 2024 at the 12th Conference of Ministers of Culture of the Islamic World held in Doha, the capital of the State of Qatar, on September 25, 2023. The genesis of this book emerged during our meeting with H.E. Ms. Zehra Zümürüt Selçuk, Director General of the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), a subsidiary organ of OIC. I recall discussing the concept of ambidexterity, blending routine tasks with innovation, during which she humorously likened it to an "octopus" and elucidated its essence. In terms of the economic potential of Islamic nations, ambidexterity implies the ability to efficiently navigate current conditions while remaining flexible to adapt to evolving needs.

Given SESRIC's involvement in collecting socio-economic data and evaluating progress in member countries to facilitate cooperation, in collaboration with the Center for Analyses of Economic Reforms and Communication, we jointly initiated this book project. The indispensable dedication and support from OIC, SESRIC Islamic Organization for Food Security (IOFS), ICESCO, ISDBI, the Standards and Metrology Institute for Islamic Countries (SMIIC), WB, IMF, Research Institutes from Malaysia, Indonesia, Saudi Arabia, Morocco, Egypt, Pakistan Turkiye and all over Islamic World were instrumental in the realization of this book. Additionally, I extend my gratitude to our esteemed co-authors whose valuable contributions and scholarly input were pivotal in the development of this book.

Recent economic advancements in Islamic nations portray a diverse panorama of economic development. The collective GDP of OIC member countries underwent a gradual rebound, reaching US\$ 8.7 trillion in 2022, representing 8.7% of global GDP according to SESRIC. Although it still lagged behind global averages, the increase in GDP per capita in OIC economies, in other words, economic expansion, averaging 5.6% in 2022, surpassed the global mean and led to convergence. OIC Economic Outlook 2023 shows that the composition of GDP reveals a notable portion attributed to agricultural activities and a growing influence of the services sector. In expenditure terms, final consumption remained predominant, while international trade retained its crucial role, with exports and imports comprising a significant portion of GDP. Labor market dynamics displayed modest enhancements, with a slight increase in the employment-to-

population ratio, though it remained lower than global mean. Regarding trade, both merchandise and services exchanges demonstrated recovery after COVID 19, with Islamic nations witnessing substantial growth in both exports and imports. Intra-OIC trade expanded, albeit at a slower pace compared to global trade.

Based on the findings of the OIC Economic Outlook 2023, it is evident that current account balances showed a surplus in Islamic countries, albeit with significant variations among individual economies. While fiscal balances improved on average, they confront looming challenges, with projections indicating potential deficits ahead. International finance indicators, such as FDI flows and stocks, external debt, and international reserves, highlight diverse trends across Islamic nations, influenced by both global economic conditions and domestic policies.

A book analyzing the socio-economic potential of Islamic countries provides valuable insights into the strengths, challenges, and opportunities within these nations. By delving into various economic and social indicators, such as GDP growth, employment rates, education levels, and infrastructure development, such a book offers a comprehensive understanding of the region's economic landscape. This knowledge can be instrumental in crafting effective policies and strategies aimed at promoting sustainable economic development.

Understanding the socio-economic potential of Islamic countries allows policymakers, investors, and development agencies to identify key areas for intervention and investment. For instance, the analysis reveals a significant gap in infrastructure development, so stakeholders can prioritize infrastructure projects to improve connectivity, enhance productivity, and stimulate economic growth. Similarly, our analysis highlights disparities in education and healthcare access, targeted interventions can be designed to address these issues, thereby fostering human capital development and reducing socio-economic inequalities.

Moreover, by shedding light on the unique challenges faced by Islamic countries, such as structural impediments and climate change vulnerabilities, the book informs the design of tailored solutions that take into account the specific needs and contexts of these nations. This tailored approach is essential for ensuring that development efforts are effective, sustainable, and inclusive.

Overall, a book analyzing the socio-economic potential of Islamic countries serves as a valuable resource for policymakers, researchers, and practitioners seeking to advance sustainable economic development in the region. By providing evidence-based insights and actionable recommendations, the book contributes to the formulation of policies and initiatives that promote economic growth, social progress, and environmental sustainability in Islamic countries.

In conclusion, while Islamic nations have demonstrated resilience and advancement in numerous economic domains, ongoing challenges and disparities underscore the need for continuous policymaking and international collaboration to cultivate inclusive and sustainable development.

Strengthening international cooperation, alongside Islamic world collaboration, is essential for mitigating disparities among Islamic countries regarding economic indicators, thereby unlocking their full potential on the global stage. We hope this book will support Islamic countries in fostering collective action and international cooperation in response to the challenges of the Anthropocene and the digital revolution by the means: Policy coordination and advocacy; Knowledge sharing; Resource mobilization; Cross-border initiatives; Digital inclusion; Global representation. These roles could significantly contribute to a more coordinated and effective response to global challenges, emphasizing the need for increased collaboration and collective action.

Prof.Dr.Vusal Gasimli,

Executive Director of the Center for Analyses of Economic Reforms and Communication of the Republic of Azerbaijan