

## **The Developing Eight: Functions, Challenges and Prospects**

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### **Abstract**

“Developing Eight” is a unique non-regional intergovernmental organization that seeks sustainable economic growth. It aspires to become a dynamic economic group for promoting sustainable development of its member states, and play an effective role in the global economic governance system. The obligations of D-8 do not adversely affect the bilateral and multilateral commitments of the member states. Though its pace of progress has been slow, D-8 has all the ingredients of becoming a role model for regional cooperation entities.

**Key Words:** D-8, Economic Cooperation, Trade, Global Economy

### **Introduction**

The D-8 Organization for Economic Cooperation, commonly known as Developing Eight (D-8), was founded by the former Turkish Prime Minister, late Necmettin Erbakan.<sup>1</sup> The idea of cooperation among major Muslim developing countries was floated by him during a Seminar on “Cooperation in Development,” held in Istanbul in October 1996. Representatives from Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria and Pakistan attended the Seminar. After a series of preparatory meetings, D-8 was officially launched through the “Istanbul Declaration” issued at the end of the “Summit of Heads of State and Government,” held in Istanbul, on June 15, 1997.<sup>2</sup> D-8 is an intergovernmental organization, based on friendship, solidarity and pursuit of sustainable economic growth. Endowed with abundant human and natural resources, it aspires to become a dynamic economic grouping promoting sustainable development of its member states, as well as be a major factor in the global economic governance system, and international economic cooperation. D-8 is a group with unique features. It envisions cooperation among countries stretching from South East Asia to Africa.

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<sup>1</sup> “D-8 Organization for Economic Cooperation,” Developing 8, <http://www.developing8.org/About.aspx> (accessed March 12, 2013).

<sup>2</sup> Ibid.

These countries are characterized by economic strength, abundant geographical endowment for tourism, and close religious, historical and cultural ties. D-8 is a global arrangement rather than a regional one. It is not a monopoly association; all members are at compatible stages of development, and all have large Muslim populations. The combined population of the eight countries is about 60 per cent of all Muslims, close to 13 per cent of the world population.<sup>3</sup>

### **Scope of Cooperation**

The member states cooperate in conformity with the “Istanbul Declaration” and the “Charter.”<sup>4</sup> Cooperation is based on the principles of fraternity, peace, dialogue, justice, equality, rule of law, and democracy. The obligations of the ‘Charter’ do not adversely affect the bilateral and multilateral prerogatives and commitments of the member states. Member states settle all disputes through peaceful means. Ten sectors have been identified for D-8 cooperation. Each sector is assigned to a member country.<sup>5</sup> The scope of cooperation covers trade, industry, telecommunication and information, finance, banking, joint investments, customs, insurance and privatization, agriculture, rural development, energy, mines and minerals, transportation and logistics, migrant workers, micro finance and remittances, science and technology, poverty alleviation, human resource development, environment, health, tourism, humanitarian assistance etc.<sup>6</sup>

### **Membership**

Members of the D-8 are the eight founding countries. Any developing country, which is member of the United Nations, shares common affinities and friendly relations with the founding members, and undertakes to abide by the Charter, may become a member of the Organization. Member states

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<sup>3</sup> “Developing 8 Countries,” Wikipedia, [http://en.wikipedia.org/wiki/Developing\\_8\\_Countries](http://en.wikipedia.org/wiki/Developing_8_Countries) (accessed March 15, 2013).

<sup>4</sup> “Islamabad Declaration,” Ministry of Foreign Affairs, Pakistan, November 22, 2012.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

have equal rights and obligations.<sup>7</sup> Any member state may withdraw from the 'Organization' through official intimation to the D-8 Secretariat.<sup>8</sup>

### **Observer Status**

The Organization may admit and grant observer status to any state, which is a member of the United Nations, and aspires to adhere to the purposes and principles of the Organization. Observer status may also be granted to international organizations and non-governmental organizations from the member states specializing in the priority areas of the work of D-8. If warranted, observer status may be suspended or terminated by the Council of Ministers.<sup>9</sup>

### **Objectives and Purposes**

As stated by the D-8 Facts and Figures Publication: "The objectives of D-8 are to improve developing countries' positions in the world economy, diversify and create new opportunities in trade relations, enhance participation in decision-making at the international level, and provide better standards of living." According to the first Summit Declaration (Istanbul, 1997), the main purpose of D-8 is to emphasize the importance of D-8 in contributing to the economic development of its member countries and ensure that it promotes global trade and socio-economic development in accordance with the following principles:<sup>10</sup> peace instead of conflict; dialogue instead of confrontation; cooperation instead of exploitation; justice instead of double-standards; equality instead of discrimination and democracy instead of oppression. The specific objectives of D-8 are:-<sup>11</sup>

- (a) To promote and enhance joint efforts towards achieving sustainable socio-economic development through effective utilization of economic and social potentials.
- (b) To promote welfare, alleviate poverty, and to improve quality of life of the people.

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<sup>7</sup> "Charter of the Developing-8 Organization for Economic Cooperation," Ministry of Foreign Affairs, November 22, 2012.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> "Developing 8 Countries," Wikipedia.

<sup>11</sup> "Purposes and Objectives, D-8 Organization for Economic Cooperation," Developing 8, <http://www.developing8.org/MissionStatement.aspx> (accessed March 21, 2013).

- (c) To promote private sector activity, through cooperation between chambers of commerce and industry and joint public-private investment.
- (d) To strengthen cooperation with other countries, regional and international organizations, as well as non-governmental organizations, with a view to promoting the concerns and interests of the developing countries.
- (e) To work towards playing an effective role in the global economy, commensurate with collective potential and capacity of D-8.

### **D-8 Global Vision (2012-2030)**

The D-8 Global Vision was approved during the 8<sup>th</sup> Summit at Islamabad on November 22, 2012. Its salient features are summarized below:<sup>12</sup>

- To promote fruitful collaboration and close cooperation between and amongst the members, and enhance mutually beneficial interdependencies.
- To promote liaison with other regional and international organizations and institutions for realization of internationally agreed development goals.
- To work towards broadening the support for the organization at the national level within the member states, and strengthen its weight and voice at regional and international levels.
- To promote and enhance collaborative partnership and engagement between public and private sectors at the national level within and amongst the member states.
- To pursue good governance, rule of law, sound economic policies and political stability as prerequisites for a smooth process of long-term development.
- To strive for improvement in standards of living in the member states.
- To meet the existing and emerging global challenges through innovative collaboration in strategic fields to create a cushion against externally induced economic shocks, climate change, food and energy insecurity, etc.

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<sup>12</sup>“Islamabad Declaration,” Ministry of Foreign Affairs.

- To develop an appropriate model for integration among the member states with a view to promoting the Organization's competitive edge at the international level.
- To contribute to the changing architecture of global economic governance from the perspective of developing countries.

## Organization and Structures

The principal organs of D-8 are: Summit of Heads of State or Government; Council of Ministers; Commission and the Secretariat. An overview of the organization and structures is as follows:-<sup>13</sup>

- **Summit.** It comprises the heads of State or Government and functions as the supreme organ. The Summit deliberates and decides upon the policy guidelines to achieve the objectives. It is convened biennially in the territory of one of the member states, by rotation.<sup>14</sup>
- **Council of Ministers.** It comprises the ministers of foreign affairs. It is the political decision making organ. It meets at least once a year; there is a Council meeting before each Summit.<sup>15</sup>
- **Commission.** It is the executive organ. It is composed of senior officials appointed by respective governments. It functions under the guidance of the Council of Ministers. Each Commissioner functions as the national focal person in his/her respective country. It establishes Standing Committees and Ad-hoc Groups, and supervises their activities. It meets at least twice a year; once immediately before the Council meeting. It may also convene special/extraordinary meetings.<sup>16</sup>
- **Secretariat.** The D-8 Secretariat is based in Istanbul. It initiates, coordinates, and monitors the implementation of all activities and meetings. It is headed by a Secretary General who is the "Chief Administrative Officer" of the Organization. He is appointed for a non-renewable four-year term. The Secretary General coordinates and harmonizes the work of the

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<sup>13</sup> "Organization Structure, D-8 Organization for Economic Cooperation," Developing 8, <http://www.developing8.org/Organization.aspx> (accessed March 21, 2013).

<sup>14</sup> Ibid.

<sup>15</sup> "Charter of the Developing-8," Ministry of Foreign Affairs.

<sup>16</sup> Ibid.

- Organization. He attends all the meetings of the principal organs and represents the D-8 in external relations.<sup>17</sup>
- **Technical Meetings.** Member States host technical meetings such as: sectoral ministerial meetings; working groups; workshops; forums; high level technical officials, roundtables, and task forces to exchange views, discuss, negotiate, and make proposals.<sup>18</sup>
  - **The Chair.** The member state hosting the summit assumes the Chair of D-8. Representative of the next chair may function as co-chair of the meetings.<sup>19</sup>
  - **Conduct of Meetings.** The meetings of the principal organs are governed by the “Rules of Procedure of the Organization.” The presence of a simple majority of member states constitutes the quorum. Extraordinary meetings of the Commission, Council and/or the Summit can be held upon the request of member states. The extraordinary meeting is convened in the territory of the requesting member state with the consent of the Chair. Meetings of the principal organs take place in the territory of member states by rotation.<sup>20</sup>
  - **Decision Making.** All decisions in the Summit, Council, and the Commission are taken by consensus. Decisions in technical meetings may be taken by the simple majority of members present and voting. In case of divergence of views, member state(s) concerned may record their positions or exercise the right of reservation.<sup>21</sup>
  - **External Relation.** D-8 may establish mutually beneficial collaborative relationships with other states, regional or international organizations, institutions, and non-governmental organizations with a view to establishing partnerships and/or initiating joint projects.<sup>22</sup>
  - **Settlement of Disputes.** In case of a dispute between two or more member states concerning the interpretation or application of the Charter, the parties to the dispute consult and, if necessary, bring the dispute to the attention of the Council for consideration

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<sup>17</sup> “Secretary General, D-8 Organization for Economic Cooperation,” Developing 8, <http://www.developing8.org/Secretary.aspx> (accessed on March 21, 2013).

<sup>18</sup> Ibid.

<sup>19</sup> “Charter of the Developing-8,” Ministry of Foreign Affairs.

<sup>20</sup> “Organization Structure,” Developing 8.

<sup>21</sup> Ibid.

<sup>22</sup> “Charter of the Developing-8,” Ministry of Foreign Affairs.

and appropriate decision. The Secretary-General may also be consulted or requested to use his good offices. In case of a serious breach of the Charter or non-compliance, the matter is referred to the Summit for consideration and disposal.<sup>23</sup>

- **Budget and Finance.** The budget is financed through the contributions of the member states based on the scale of assessment established by the Council of Ministers. The Secretariat prepares the budget and submits it to the Commission for its consideration, adoption and recommendation to the Council for final approval. Consistent with the objectives and principles of D-8, voluntary and/or project-based contributions are welcomed from D-8 member states, other countries, international organizations, institutions, private corporations, or non-governmental organizations etc.<sup>24</sup>
- **Legal Status.** As an inter-governmental organization, D-8 enjoys a legal personality and capacity. Representatives of the member states and officials of the Organization enjoy such privileges and immunities as laid down in the Headquarters Agreement.<sup>25</sup>

## Performance Evaluation

While judging the performance of D-8, the global economic context needs to be kept in mind. There are continuing difficulties faced by the global economy, particularly in the Eurozone. The economic slow-down continues to persist beyond all expectations of an early recovery. The impact of economic and financial crisis is likely to continue overshadowing the ability of the developing countries to achieve their growth potentials, for an indefinite period.

Unfortunately, D-8 has not moved at the envisaged pace to achieve its objectives. This is despite the fact that the member states have complementary economies and can do a lot to intensify intra-group trade and economic cooperation. Clearly, it is because of lack of commitment on the part of its member states.<sup>26</sup> Except Bangladesh, all members signed the

<sup>23</sup> "Organization Structure," Developing 8.

<sup>24</sup> "Budget, D-8 Organization for Economic Development," Developing 8, <http://www.developing8.org/budget.aspx> (accessed March 21, 2013).

<sup>25</sup> "Legal Status, D-8 Organization for Economic Development," Developing 8, [http://www.developing8.org/legal\\_status.aspx](http://www.developing8.org/legal_status.aspx) (accessed March 21, 2013).

<sup>26</sup> "D-8 15<sup>th</sup> Anniversary Booklet, D-8 Secretariat Istanbul 2012," Developing 8, <http://www.developing8.org/image/Booklet/Booklet.pdf> (accessed November 22, 2013).

PTA on May 14, 2006 at the fifth D-8 Summit at Bali, Indonesia. So far, six members have ratified the agreement. Bangladesh and Egypt are reluctant to ratify the treaty. Egypt is demanding a 50 per cent value addition; while the “Bangladesh Tariff Commission” has advised the country not to ratify the treaty saying that it will not help boost the country’s exports.<sup>27</sup> During the eighth Summit in Islamabad, Chairman of the D-8 Federation of Chambers and Commerce and Industries, Dr Herbert Ademola of Nigeria, expressed his concern that “implementation of PTA is still pending.”<sup>28</sup>

Despite the constraints that be, the D-8 governments have taken many practical steps to facilitate promotion of trade. Besides the PTA, other important frameworks such as: Agreement on Visa Facilitation, Cooperation on Customs and Memorandum of Understanding (MoU) on Civil Aviation have been concluded. Forums have also been created to promote institutional linkages among the business communities of member states.<sup>29</sup>

In 2006, trade between the D-8 member states stood at US\$35 billion, and it rose to around US\$68 billion in 2010. Intra D-8 transactions account for 3.3 per cent of the world trade.<sup>30</sup> During the Kuala Lumpur Summit of 2008, the member countries agreed to establish the “10-year (2008-2018) Roadmap” focusing on five priority areas of trade, industry, agriculture, transportation and energy. By 2018, the intra-D-8 trade volume is poised to increase to 10-15 percent of the total trade with the world as compared to 7.5 percent in 2008.<sup>31</sup>

Since July 2010, the organization has made substantial progress in a number of fields and areas. The gradual but steady progress in the organizational structures is reflected in the formal establishment of Secretariat. Likewise the Charter has been adopted that will further institutionalize the cooperation and boost the D-8 image as a model for economic cooperation.<sup>32</sup>

While one tends to have an overall positive outlook and assessment of the D-8 achievements, caution is due, especially with regard to the challenges lying ahead.<sup>33</sup> To stay the course and to make a

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<sup>27</sup> *Express Tribune* (Islamabad), November 21, 2012.

<sup>28</sup> *Ibid.*

<sup>29</sup> *Dawn* (Islamabad), November, 22, 2012.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Nation* (Islamabad), November, 22, 2012.

<sup>32</sup> *Dawn* (Islamabad), November 23, 2012.

<sup>33</sup> “Islamabad Declaration,” Ministry of Foreign Affairs.



difference, D-8 countries are in urgent need of real, hard work in a number of areas.

The “Roadmap 2008-18” outlines the scope of D-8 activities during the period. It is intended to provide the overall vision, framework and policy guidelines for the Organization and direct the process of formulation and implementation of programmes and projects. Moreover, it provides a line of action for mobilizing resources from governmental and non-governmental sources, and broadens the support for the D-8 community. The Roadmap also focuses on promotion of the private sector in future activities of the Organization.

Since its establishment, D-8 has grown both in scope and activities, supported by the vigour and dynamism of the private sector, which has built many partnerships and alliances. At the same time, people-to-people contact has increased, helping build trust and confidence and instill a feeling of community in the D-8 regions. There has been significant boost in trade, industry, investment, travel and tourism, as well as improvements in physical projects.<sup>34</sup>

### **Strategy for Future Growth**

D-8 Strategy towards achieving its long-term ideals and objectives should be based on an objective assessment of the potential of the community and analysis of the commonalities, particular characteristics and challenges faced by the member states, and their resolve to overcome such challenges through cooperation and collective effort.<sup>35</sup> D-8 should collaborate with other compatible entities in accordance with its Charter.

D-8 should explore, in consultation with national investment and trade promotion agencies, the strategies and plans of action for increasing D-8 trade and investment with special emphasis on the energy sector through public-private partnerships.

D-8 should broaden and deepen cooperation in critical areas and stress the importance of collaborative efforts on capacity-building. D-8 should strengthen the resolve for realization of the objectives of its Roadmap (2008-2018), in particular, the “Five Priority Areas.”<sup>36</sup>

There has been satisfactory progress in the area of Small and Medium Enterprises (SMEs); this sector still has potential for further

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<sup>34</sup> *Nation* (Islamabad), November 23, 2012.

<sup>35</sup> “Islamabad Declaration 2012,” Ministry of Foreign Affairs.

<sup>36</sup> “D-8 Global Vision (2012-2030),” Ministry of Foreign Affairs, Pakistan, November 22, 2012.

expansion. Therefore, member states should make concerted efforts to promote cooperation in this field.<sup>37</sup>

Likewise, the emergent role of Islamic Banking and Finance in Muslim societies is quite promising; there is a need to develop this as a catalyst for expansion in financial and trade activities.<sup>38</sup>

D-8 should enhance its outreach in the widest possible areas, including proactive liaison with and engagement in the activities of other regional organizations and institutions.<sup>39</sup>

Member States should provide enabling environment to their private sector in promoting effective liaison with the Chambers of Commerce at the national level towards utilizing existing and emerging investment opportunities.<sup>40</sup>

It should promote fair and open market for agriculture products with a view to promoting better access to food. Member states should exert every effort to enhance industrial cooperation through the development of joint ventures as outlined in the D-8 Roadmap as well as strengthen efforts towards achieving self reliance and sufficiency in food production.<sup>41</sup>

## Conclusion

Though the pace and progress of D-8 has been slower than expected, it has been making steady advancements in important areas. It has overcome the teething problems and has evolved appropriate structures to move ahead. The purpose of the organization is to coordinate the efforts of each member state, and not necessarily to join together in order to increase each member's collective influence in global politics.<sup>42</sup> D-8 countries should work together, in partnership and in harmony, to take their intra trade to 500 billion dollars by 2018. Mutual benefits of trading with each other would be enormous, and the surest way to improve the economic indicators of member countries. The private sector should be the main engine of growth, with the governments proactively promoting an enabling environment. Pakistan is keen to expand business and trade relations with the D-8 member countries. Pakistan has ratified all three key agreements. On the eve of the eighth D-8 Summit, an initiative was taken by Pakistan

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<sup>37</sup> Ibid.

<sup>38</sup> *Pakistan Observer* (Islamabad), November 23, 2012.

<sup>39</sup> *Nation* (Islamabad), November 23, 2012.

<sup>40</sup> "Islamabad Declaration 2012," Ministry of Foreign Affairs.

<sup>41</sup> *Dawn* (Islamabad), November 23, 2012.

<sup>42</sup> Ibid.

to organize the first ever meeting of the heads of Trade Promotion Organizations of member states.<sup>43</sup>

Recognizing the uncertain prospects of global economic recovery and growth, there is a need to further strengthen intra D-8 cooperation to counter the adverse fall-out of the global economic crisis. Extensive collaboration is required for sharing best practices, lessons learned and knowledge. With resolve, effort and perseverance, D-8 has all the chances of becoming a role model for regional cooperation entities.<sup>44</sup> Surely, there are formidable challenges in the form of competitiveness by well established and better organized trade groups; however, these are surmountable through political will and tenacity. ■

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<sup>43</sup> *Express Tribune* (Islamabad), November 22, 2013.

<sup>44</sup> Press Release, no. 227/2012, "Eighth Summit of the Developing Eight (D-8)," Ministry of Foreign Affairs, Pakistan, November 23, 2012.