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Economic Structure of Muslim Countries A Research Analysis

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Abstract

Muslim countries are bestowed with abundant natural resources. They have fertile lands and vast water and mineral resources which play a vital role in their economic development. The agricultural sector has remained a backbone for the economy of most of the Muslim countries such as Pakistan, Bangladesh, Kazakhstan, Kyrgyz Republic and Guinea-Bissau etc. Some Muslim countries like Malaysia, Indonesia, Bangladesh and Pakistan are focusing on their industrial development. Muslim countries are also following liberal market policy to attain the rewards of a dynamic economy. Natural resources, especially oil and gas, have a large contribution to the GDP and foreign exchange earnings of Muslim countries such as Kazakhstan, Kuwait, Iraq, UAE, Saudi Arabia, Algeria and Libya etc. A few Muslim countries such as Qatar and Oman are attaining increasing and stable GDP and per-capita income growth. The main reason for this growth is the abundance of natural resources. Furthermore, they are focusing on the development of industry, construction and service sectors. It is the need of time that Muslim countries should enhance their cooperation in industry, trade and investment. They should work together to set up an economic union for the integration and development of Muslim countries. The purpose of this research paper is to discuss the economic structure of Muslim countries. This research work will add a new asset to the literature. It will contribute to the field of Islamic Economics. It will help readers learn about the main economic feature of Muslim countries. The research paper follows content analysis.

KEYWORDS

Muslim countries;
Mineral Resources;
Agriculture;
Industry; Economic
Development



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Introduction

The Muslim population is increasing rapidly. In 2018, it was 2.14 billion while in 2019, it augmented to 2.25 billion.¹ Almost 62% of the Muslim population is concentrated in Asia-Pacific Region; 20% in the Middle East and North Africa; and 16% in Sub-Saharan Africa. The rest of the world's Muslim population is in Europe. About less than 1% of Muslims live in North America, Latin America and in Caribbean countries.² Islam is the second largest religion in the world, Christianity being the first. In 2010, the Muslim population was 1.6 billion, 23% of the total world population. It is estimated that Islam will be the largest religion in 2050.³

Muslim countries with their regions have been mentioned in the following table.

2.1.1 Muslim Countries with their Regions

Country	Region	Country	Region	Country	Region
Cameroon Chad Gabon	Central Africa	Algeria Egypt Libya Morocco Sudan Tunisia	Northern Africa	Comoros Djibouti Mozambique Somalia Uganda	Eastern Africa
Azerbaijan Bahrain Iraq Jordan Kuwait Lebanon Oman Palestine Qatar Syria Saudi Arabia Turkey United Arab Emirates Yemen	Western Asia	Kazakhstan Kyrgyzstan Tajikistan Turkmenistan Uzbekistan	Central Asia	Benin Burkina Faso The Gambia Guinea Guinea-Bissau Ivory Coast Mali Mauritania Niger Nigeria Senegal Sierra Leone Togo	Western Africa
Afghanistan Bangladesh Iran Maldives Pakistan	South Asia	Brunei Indonesia Malaysia	South East Asia	Albania	Southern Europe
Guyana Suriname	South America				

(WorldData.info, [OIC-Organization for Islamic Cooperation](https://www.worlddata.info/alliances/oic-organization-of-islamic-cooperation.php),

<https://www.worlddata.info/alliances/oic-organization-of-islamic-cooperation.php>)

Muslim countries are bestowed with abundant natural resources. A few Muslim countries with their natural resources have been mentioned below.

- **Afghanistan-** Afghanistan produces 90% of the world's Opium and is also a leading Hashish producer. Precious Metals {Gold and Silver}, Rare-Earth Metals, Uranium, Coal, Gemstones, Gas and Oil. 4
- **Algeria-** Hydrocarbons⁵ Uranium, Iron Ore, Lead and Phosphates Deposits⁶
- **Azerbaijan-** Petroleum, Natural gas, Iron Ore, Nonferrous Metals and Bauxite⁷
- **Bahrain-** Proven reserves of Crude Oil- 120 million barrels: 0.02% of the Arab Oil reserves and 0.01% of the world Oil reserves. Natural Gas reserve- about 92 billion cubic meters: 0.17% of the Arab reserves and 0.05% of the world reserves.⁸
- **Bangladesh-** 7th largest Natural Gas producer in Asia. Coal, Petroleum, and Timber.⁹
- **Egypt-** Holds more than 65,201 billion cubic feet of Natural Gas, the 6th largest on the African continent.¹⁰
- **Indonesia-** 1st largest Palm Oil producer and exporter, 2nd largest producer of Rubber, Robusta Coffee and Fisheries products in the world. Holds 40% of the world's geothermal energy reserves. Steam Coal, Gold, Bauxite, Refined Tin, Copper, Nickel Ore, Zinc and Lead.¹¹
- **Iran-** It holds 1st position in Natural Gas reserves and 3rd in oil reserves throughout the globe.¹² Iron Ore, Zinc, Lead, Coal, Sulphur, Copper and Chromium.¹³
- **Iraq-** 5th largest Petroleum reserves globally. Salt, Gypsum and Stone Large Sulfur.¹⁴
- **Kazakhstan-** 2nd largest Uranium deposits & 5th largest Oil reserves worldwide. Uranium, Zinc, Coal, Lead, Chromite and Natural Gas.¹⁵
- **Kuwait-** 5th largest Oil producer in the world. Oil and Gas reserves of more than 100 billion barrels.¹⁶
- **Kyrgyzstan-** Kumtor Mine is one of the world's largest Gold Mines.¹⁷ Gold, Tin, Antimony and Coal, Tungsten, Uranium Oxide and Mercury.¹⁸
- **Morocco-** 3rd largest producer of Phosphates after the United States and China.¹⁹
- **Niger-** 12th largest producer of petroleum in the world. Natural Gas, Lead, Limestone, Coal, Zinc, Gold, Iron Ore, Bauxite, Niobium and Tin.²⁰

- **Oman**- Largest Oil reserves among any non-OPEC country in the Middle East. Proven Natural Gas reserves stand at 11.73 trillion cubic feet.²¹
- **Pakistan**- 2nd largest Salt Mine, 2nd largest Coal reserves, 5th largest Gold Mines & 7th largest Copper Mines in the world. Petroleum, Iron Ore, Natural Gas and Limestone.²²
- **Qatar**-3rd largest Natural Gas reserves in the world. Proven Natural Gas reserves stand at almost 25 trillion cubic meters. Holds nearly 14% of total world Natural Gas reserves & 3rd largest in the world after Russia and Iran.²³
- **Saudi Arabia**-2nd biggest Oil reserves on the planet, accounting for more than 20% of the oil reserves in the world. 6th biggest Natural Gas reserves globally. Sulphur, Zinc, Feldspar, Manganese, Lead, Copper, Phosphate, Tungsten, Silver and Gold.²⁴
- **Tajikistan**- Hydro capacity places it among the top 10 nations of the world for hydropower potential. Bolshoy Konimansur deposit in the north contains one of the world's largest silver deposits.²⁵ Gold, Silver and Antimony.²⁶
- **Turkmenistan**-4th largest Gas reserve worldwide, representing about 10% of global reserves.²⁷Hydrocarbons, Bentonite, Oil, Gas, Salt, and Gypsum.²⁸
- **UAE**-6th largest Crude Oil reserves in the world. Abu Dhabi discovered seven billion barrels of oil in November 2019 and raised UAE's total crude reserves to 105 billion barrels. Oil and Gas²⁹

Muslim countries have fertile lands and vast water and mineral resources which play a vital role in economic development. However, a few Muslim countries are being exploited for special purposes. For example, after 9/11, the United States attacked Afghanistan to fight against so-called terrorism and its purpose was to access the natural resources of Afghanistan. "Since 2001, the USA has spent an estimated \$714 billion on war and reconstruction in Afghanistan. It holds rare minerals which are projected at \$3 trillion. It is more than enough to compensate for the cost of war."³⁰ It is included in the American agenda to access the natural resources of Central Asian countries through Afghanistan. The United States invaded Iraq on 5th February 2003, based on the evidence presented by Colin Powell. The evidence alleged that Iraq held weapons which may destroy on a vast level. Nevertheless, the main reason to invade Iraq was to control the largest oil reserves and other natural resources.

The agricultural sector has remained the backbone of the economy of most Muslim countries. For instance, in Pakistan, it accounted for 19%

of the GDP. The total earnings through the export of products based on agriculture accounted for 80%. Also that this sector employs 42.3% of the total labor force.³¹ In Kazakhstan, more than 75% of the land is agricultural. It has 185 million hectares of pasture which is the fifth largest pastureland in the world. Its agricultural sector employs more than 30% of people. It has a highly developed market of meat, dairy, wool and leather products.³² Agriculture is a significant sector of the Kyrgyz Republic's economy. Aluminium and cotton have long been the backbone of its economy. However, cotton is now losing its significance. It is being replaced by fruits and other horticultural products.³³ Both the price rate and the total sale volume of cashew nuts are deeply connected with the economic progress of Guinea-Bissau. If 'green oil' is considered, in 2019, nuts employed 70% of the total labor force and its share in exports was 90% plus.³⁴ Muslim countries have also initiated agriculture reforms to modernize this sector.

Some Muslim countries like Malaysia, Indonesia, Bangladesh and Pakistan are focusing on their industrial development. The contribution of manufacturing and service sectors to the GDP of Muslim countries is increasing significantly. Muslim countries are also following liberal market policy to attain the rewards of a dynamic economy. They are introducing reforms and fiscal incentives to encourage private entrepreneurs and foreign investors. Few Muslim countries are mentioned here such as Bangladesh a developing Muslim country where agriculture, and export-oriented industrialization, particularly ready-made garments, have the largest share in the growth of GDP. According to the Commonwealth report: The economy of the country is a developing market economy. From the mid-1990s, successive governments were committed to free-market policies, privatization of state-owned enterprises, attracting overseas investment and banking reform. More than 60 state-owned enterprises, in areas as diverse as manufacturing, agriculture, transport and communications, were identified for divestment. These policies led to an improvement in economic performance.³⁵ The telecommunication industry has rapid growth due to the attraction of high investment from foreign companies.

In the past two years, despite adverse shocks, the Turkish economy has grown very fast. The creation of sustained jobs outside agriculture, which accelerated in the 2010s, has improved well-being, particularly in less-developed regions. Macroeconomic policies have been strongly expansionary since the coup attempt in mid- 2016.³⁶ "Government spending rose considerably and a series of new consumption, investment and employment incentives have been granted."³⁷ A large number, of

successful medium-sized firms, have emerged. The government has committed to bringing Turkey's business framework closer to international good practice.³⁸

Iraq has various industries such as metal processing, textiles, chemicals and leather.³⁹ Oman has rising natural gas production. It resulted in the expansion of natural gas-based industries, such as petrochemicals, power generation, and the use of natural gas as a feedstock for enhanced oil recovery projects.⁴⁰ In Qatar, the Government of Sheikh Tamim bin Hamad Al-Thani focused on the expansion of the financial, construction and manufacturing sectors.⁴¹ Qatar remained on the path of development due to gas and oil resources and investment projects. UAE has one of the highest per capita incomes in the world. Even though it was heavily dependent on revenues from hydrocarbons in the initial year, UAE has equally well-developed different economic sectors such as financial service, import-export, manufacturing, construction and tourism. It has one of the best infrastructures in the world with superb multi-lane highways, state-of-the-art communications and a well-connected network of world-class airports and ports.⁴²

Malaysia is developing in the sectors of science, tourism and commerce. Malaysia has a newly industrialized market economy.⁴³ Indonesia also has a market economy. The state-owned enterprises (SOEs) and large private business groups (conglomerates) play a noteworthy role. There are hundreds of diversified privately-held business groups. Micro, small and medium-sized enterprises are the backbone of the economy. It accounts for 99 per cent of the total amount of enterprises. They account for about 60% of the GDP and generate work opportunities for approximately 108 million citizens.⁴⁴ Egypt has a developed industry based on hydropower, oil and natural gas.⁴⁵ The economic development of Benin remains vigorous due to the increase in public investment, growth of the agricultural sector especially in cotton production, the vitality of the construction industry, and the dynamism of the port of Cotonou.⁴⁶ Gu

in economic growth remains stable due to reforms in the business environment.⁴⁷ Niger attains growth due to investment in infrastructure and services. The government also introduces structural reforms. Particularly, the state has the aim to develop the private sector and strengthen the resilience of agriculture.⁴⁸ Nigerian economy also has well-developed communication, transport, financial and legal sectors. The Nigerian Stock Exchange is the second largest in Africa.⁴⁹

Since its independence, the Kyrgyz Republic has suffered a challenging era of political, social and economic upheavals. Despite the persisting political tension, the country has the capability of developing

and attaining macroeconomic stability. In the mid-1990s, to boost economic development, the Kyrgyz Republic followed liberal economic policies; liberalizing foreign trade and introducing broad systematic reforms to set up the platform for a market economy. Consequently, this policy accelerated GDP growth.⁵⁰

The countries of the Middle Eastern region have a distinct advantage in mining resources. Natural resources, especially oil and gas, have a large contribution to the GDP and foreign exchange earnings of Muslim countries. For example, oil production and hydrocarbon investment in Kazakhstan have added to its rapid development.⁵¹ Kuwait has a developed economy. The oil and gas sector accounts for almost 40% of its total GDP and 92% of export earnings.⁵² Two third of the economy of Iraq is powered by oil production.⁵³ In Iraq, oil accounts for the largest portion of GDP. It contributes to almost 95% of foreign exchange earnings.⁵⁴ Approximately 30% of the GDP of the UAE is directly based on oil and gas products.⁵⁵ In Saudi Arabia, the oil and gas sector contributes to almost 50% of the GDP and approximately 70% of export earnings.⁵⁶ Energy exports are the keystone of Algeria's economy. These account for almost 60% of budget revenue and 34% of GDP. The economy of Libya depends largely on the oil sector, which is almost 69% of its total export earnings. The oil and gas sector accounts for almost 60% of the total GDP.⁵⁷ For Nigeria, the capital-intensive oil sector provides 20% of GDP, 95% of foreign exchange revenue, and almost 65% of budgetary revenues.⁵⁸

A few Muslim countries are attaining increasing and stable GDP and per-capita income growth. The main reason for this growth is the abundance of natural resources. Furthermore, they are focusing on the development of agriculture, industry, construction and service sectors. They are also introducing economic diversity. They are adopting a dynamic liberal market policy and initiating trade reforms to boost foreign trade and attain foreign exchange. A few examples of developing and developed Muslim countries have been discussed. It is the need of time that Muslim countries should enhance their cooperation in industry, trade and investment. They should work together to set up an economic union for the unity and prosperity of Muslim Ummah.

Yet, a strong political will is a prerequisite to construing formal measures into definite implementation. Otherwise, all determinations and efforts for Muslim unity would prove futile.

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