

South-South cooperation

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The United Nations defines South-South cooperation as a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. It takes place on a bilateral, subregional, regional and interregional basis. Countries of the South share knowledge, skills, expertise, resources and solutions; and South-South cooperation manifests itself in the forms of trade, foreign direct investment, regional integration, and technology transfers.

Africa, Central and Latin America, and most nations of the Asia-Pacific region constitute the Global South. Although passing through varying degrees of political turbulence, economic upheaval, and social instabilities, most of the states of these regions are becoming strong emerging markets and setting new trends in economic growth, investment, trade, and even cultural collaboration.

There are forecasts that in the next decade the Global South could catch up and its economic output could surpass that of the Global North. By 2030, the bulk of the middle class of the world, roughly 80 percent, would be living in today's developing countries. The recently established Asian Infrastructure Investment Bank shows that the South is developing new and innovative ways to mobilize finance for development.

In the last 70 years, as poor and developing nations emerged from colonial and foreign domination, they had to work hard to establish their political identities and to define their economic systems. During the Cold War, the world was divided into two camps, one advocating capitalism and the other centrally planned command economies led by the United States and the Soviet Union, respectively.

During the Cold War, the Official Development Assistance (ODA), was considered an essential ingredient for stimulating growth and production in the developing countries. There were also aid flows from the Soviet bloc and the international financial institutions. The apparent rationale for the ODA was the "promotion of the economic development and welfare of developing countries" through grants and concessional loans. The real motives included creation of markets for goods and services of the developed countries, buying off bloc loyalties, and consolidating political alliances.

In all fairness, in many instances, the ODA and the investment flows accompanying them, did help many fledgling economies of the developing world. Pakistan, as we know, was one such country.

But overtime, reliance on ODA created dependency and crony capitalism. Stark inequalities grew. The rich became richer and the poor poorer. Economic growth unaccompanied by social justice was not enough. It became evident to nations that they should reduce inequity and eliminate abject poverty. The developing countries' people-centred policies started increasing the size of the middle class and indigenous manufacturing and marketing capabilities.

Post-Cold War, after 9/11, and especially after Eurozone crisis, the support for ODA dwindled dramatically and today many of the OECD countries' ODA allocations fall short of the UN target of 0.7 percent of the GDP. The 'aid fatigue' is growing.

Later this month, world leaders will adopt at a United Nations Summit a 2030 Sustainable Development Agenda, which incorporates sustainable development goals already agreed. The success of this agenda will depend in large measure on scaling up south-south and triangular cooperation. The emphasis would be on infrastructure development, energy, accessing and transferring technology, and building industrial capacities. More importantly, the mechanisms for providing concessional financing for such projects should work.

South-South Cooperation is and should remain a level playing field and a platform based on the principle of sovereign equality of states and built on inclusive partnerships. Within the existing South-South Cooperation architecture, there is a tendency to either focus on the large economies or least developed countries. In the process, the vast chunk of middle income developing countries is ignored. This trend should be rectified. Moreover, the institutions to promote South-South Cooperation should be strengthened.

The developing countries also need to increase coordination of positions in multilateral trade negotiations to advance North-South partnership for economic and social dialogue and mutually beneficial investments.

Pakistan is part of the Global South. It needs to make conscious efforts to integrate itself more deeply into the multilateral politics and markets of the South. We should particularly focus on the areas of trade, finance and technology.

The China-Pakistan Economic Corridor is probably by far the biggest South-South project with the planned investment of US \$ 46 billion. It will connect not just Pakistan and China and bring economic dividends to both countries but connect East Asia to South-Central-and-West Asian regions, and go down to the Gulf and Africa.

As envisaged in Vision 2025, we should strive to develop a competitive knowledge economy through value addition, quadruple contribution of total factor productivity to growth, improve our Knowledge Economy Index score, and make Pakistan a regional hub of trade. To attain these goals, we need to focus not just on the quantity but quality of products so that they create their own demand. Enhanced production should give us exportable surpluses for which we may explore new markets. In the past several years, our exports have remained static and their base is narrow mainly comprising the cotton group, synthetic products, leather and rice. Moreover, they are heavily dependent on the European Union and the US. We need to look east and south to generate demand in East Asia, Africa and Latin America. We need to diversify products and navigate to new destinations in the Global South.

But this would be a two way traffic. Pakistan will buy products from emerging markets and host more enterprises from such countries as Indonesia, Malaysia, the Gulf, Turkey, and South Africa; and even from such distant lands as Mexico, Brazil and Argentina. Pakistan would have to go global.

No conversation on South-South cooperations will be complete without mentioning science and technology. Amongst developing countries, Pakistan has a definite edge as it started investing in basic sciences and technology way back in the 1960s and 1970s. Despite many successes, we need to upgrade our efforts in the fields of chemistry, biology, physics, mathematics, agriculture, and industrial research. Biotechnology and nanotechnology are not just buzzwords but huge opportunities for Pakistan.

In this regard, we should develop closer ties with the Chinese universities, science academies and research institutions. Simultaneously, we should deepen our ties with the state of the art universities in the US and Europe because they still remain the prime source of knowledge and innovation. The ultimate objective should be to acquire indigenous capabilities and to work more closely with the Global South.

For its part the Global South should work together to support the United Nations pro-poor policies and its efforts to enhance the capabilities of people in the developing countries.

The North should continue to fulfill its obligations in regard to the ODA as it creates an environment for investment and robust global growth. On the other hand, nations of the South should generate new resources through fiscal reforms and leverage the strengths of their banking institutions and the private sector, not just for growth but also for poverty eradication and creation of jobs and businesses at the grassroots level.

UN Secretary General Ban Ki-moon has said that South-South cooperation can play a key role in implementing the 2030 Agenda for Sustainable Development and that “we need to accelerate development momentum across the South, including by building resilience and mitigating risk.” This is the best way to promote South-South cooperation.

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