

Book Review: The Future of South-South Economic Relations

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*In recent years, it has become apparent that South-South economic relations are increasing, and will continue to do so for the foreseeable future. There will be more trade agreements and more trade, more economic alliances and more political alliances with economic goals, more investment flows and an increasing acknowledgement that the Global South has more to offer than it has in the past. This book aims to cover topics from the strengths and weaknesses of regional trade integration in Africa to the potential environmental impacts of increased South-South trade. **Aysegul Kayaoglu** finds a book rich in case studies of use to scholars.*

The Future of South-South Economic Relations. Adil Najam and Rachel Thrasher. Zed Books. December 2012.

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The Future of South-South Economic Relations covers a wide range of subjects, from the importance of regional integration for economic relationships, to the impact of upsurge in South-South trade relationships on environmental prospects. Realizing the trend of increasing trade and investment relationships in Southern regions, this book aims to offer a rounded understanding of the future of South-South economic relations, and highlights their impact on the deepening economic cleavages between the 'Global South' – defined as the BRIC countries and South Africa – and the 'Second South' – defined as Bangladesh, the Maldives, Nepal, Pakistan, Sri Lanka, and developing countries in Latin America, the Caribbean region, and Middle Eastern countries, amongst others.



Essays focus on the improvements to policies which must be made in order to improve South-South economic relations and transform them into a new global order with lower levels of conflicts, be those political or economic in nature, and decreased development disparities. However, various region-specific analyses in the book suggest that this is a very difficult target to achieve, at least without changing the current parameters of the South-South economic relations. Edited by Professor [Adil Najam](#), the vice-chancellor of the Lahore University of Management Sciences, and [Rachel Thrasher](#), lecturer-in-law at Boston University School of Law, this collection also features contributions from leading scholars including Mariana Rangel Padilla, Alcides Costa Vaz, and Nader Habibi.

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An interest in "South-South cooperation" has existed since the 1970s, when developing countries aimed at narrowing the gap with the North with some negotiated agreements. Most recently, following the [Doha Development Round](#) – the aim of which was to lower trade barriers around the world and facilitate the increase of global trade – groups of developing countries joined together to collectively face economic challenges. However, the North has kept its power as leader of the world economy, and regionalism among developing countries has not improved South-South trade relationship as was expected. Despite the recent global economic crisis making it apparent that diversification of trade and investment partners is a good way of escaping potential economic turmoil, existing political conflicts in the southern regions are doing little to improve economic relations, creating new asymmetries of power with the domination of larger southern countries.

In the chapter 'Regional Trade Integration and Conflict Resolution: An Institutional Paradigm', Shaheen Rafi Khan analyses whether or not inter- or intra-state conflict is an important constraint for trade relations, specifically looking at the situation in India and Pakistan. This question is of special importance for the southern countries since they face persistent conflicts. Khan also analyses the link between trade agreements and enduring peace, and concludes that "the high tariff and non-tariff barriers in South Asia have stunted trade growth significantly and have led to trade leakages to extra-regional sources" (p.79). Another important finding is that increasing inter- and intra-region conflicts lead to increasing bilateral trade arrangements rather than regional trade agreements.

Mariana Rangel, in the chapter 'South-South Foreign Direct Investment Flows: Wishful Thinking or Reality?', discusses the evolution of the outward foreign direct investment from the South and concludes that the conflict of interests between governments and businesses is crucial to understanding why South-South cooperation is not easy to achieve. Rangel looks at the types of major investments in the 'Second South' since it is important to understand the developmental effect of those investments. Unfortunately, those investments are found to be resource-seeking, such as projects in Sudan, and this heavy concentration in the natural resource sector is very similar to the investments by the global North. So, it seems that it is not easy for western and central African countries to deviate from what seems to be the destiny of their economic well-being.

In chapter 7, Alcides Costa Vaz focuses on the case of Brazil to discuss South-South economic relations. The Brazilian case is particularly very important to analyse the tendency of larger southern countries to trade with the other larger players together with the traditional northern partners rather than the 'Second South'. It seems that increasing numbers of political initiatives to improve trade relations with the developing world was not a pragmatic approach to see a sufficient change in the situation. A proof for the inefficiency of these political initiatives is the fact that "the markets of western and sub-Saharan Africa (with the exception of South Africa), the Caribbean and Central America receive only 9 per cent of Brazilian exports" (p.141-142) He also argues that this pattern of concentration in economic relations favours the big emerging economies.

Brazilian trade relations improved since 2003 with the aim of creating an alternative to "stagnant economies of most OECD countries" (p.134) which was in line with the direction of Brazilian trade policy after the millennium which can be called as diversification of trade partners. An interesting observation is that "the greater share of the developing markets in Brazilian exports is somehow balanced by the growing participation of OECD countries in Brazil's total imports, a trend that was partially interrupted only in 2008/9, in the wake of the global financial crisis" (p. 135) At the same time, the existing trade relations are concentrated on a few southern countries, the "Global South", puts the rest of the region in a secondary position since a similar pattern is followed by the other member countries of the *Global South*.

Questioning the future of the South-South economic relationships, a crucial message of the book is that the growing gap between two Souths is causing political and economic tensions in the region. Even if development in South-South economic relations were a response to the asymmetric North-South relations, new asymmetries are now being created and must be dealt with. Countries in the Global South, such as India and Brazil, have more inclination to invest in the global North than in the "Second South"; as the editors write, "left unchecked, these unbalanced South-South relations could undercut the ability of the global South to act collectively to shape the global economy" (p. 7).

As the contributors seem to highlight the issue of growing dissociation in southern countries, it seems that the book actually focuses on the situation in the 'Global South,' disregarding the impact of South-South economic relations in the 'Second South'. The situation in western and sub-Saharan Africa and Islamic countries requires special attention to discover the important unknowns of today's economic and political picture. The impact of South-South economic relations on the development prospects and analyzing the trade data with a more rigorous econometric analyzes would be enriching the discussion. Moreover, the editors suggest China as a model for managing their growth for the actors of other South-South economic players. This suggestion, however, should be considered by caution given the recent struggles of China to manage the sustainability of their growth progress.

This book is worth the attention of anyone who wishes to understand the future of South-South economic relations. It is rich in case studies, and successful in conveying the idea that dissatisfaction of the aim of economic cooperation between South-South to reach long-term interest creates both economic and political cleavages which in turn draw the Southern countries in a prisoner's dilemma situation.

Aysegul Kayaoglu studied Business Administration at Bogazici (Bosphorus) University in Istanbul and completed her MSc in Economics at Birkbeck College, University of London with Chevening Scholarship. She is currently studying towards her PhD degree on the Policy Implications of International Migration at Université Catholique de Louvain, IRES (Institut de Recherches Economiques et Sociales) and also enrolled in the European Doctoral Program. She is a graduate teaching assistant at the London School of Economics and Political Science in the Departments of Economics and Management. Her main research interests are development economics, population economics and applied econometrics. [Read more reviews by Aysegul.](#)