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**SOUTH-SOUTH COOPERATION IN
INTERNATIONAL INVESTMENT
ARRANGEMENTS**

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POLICY ISSUES

South-South cooperation on investment policy is one dimension of a broader South-South cooperation aimed at achieving developmental goals. Within that context, attracting investment is *one* important component of a country's overall development strategy, interacting with other economic, social, environmental or other policies in the pursuit of a better, balanced and sustainable future.

Although it is difficult to establish a clear cause and effect relationship between IIAs and FDI flows, both have been increasing at the same time. While there is an overall proliferation of IIAs, investment cooperation is experiencing a remarkable increase in the South-South context, with South-South IIAs being concluded in parallel to an increase in FDI flows among developing countries. These parallel trends are expected to continue, indicating a potential for further South-South cooperation in investment.

This underlines the importance of carefully reviewing South-South policies on investment cooperation and of analyzing how such cooperation can be used to further strengthen the enabling policy framework, from the point-of-view of developing countries as recipients of FDI and as outward investors themselves, to maximize the benefits that can be derived from such investment in the pursuit of economic and social development.

Such a review could look carefully at the specific features of South-South IIAs. In particular, it could examine their objectives, the breadth and depth of the issues they cover, including the scope of their commitments and/or reservations, as well as their specific developmental features, and identify policy options. Furthermore, such a review could assess the role of South-South investment cooperation within the broader range of South-South and North-South cooperation. It could seek to identify where there is a need and space for complementing investment cooperation with South-South initiatives in related areas, especially trade.

Finally, the sharing of experiences by developing country negotiators and policy makers as regards the formulation and

implementation of South-South IIAs would facilitate the identification of best practices. It could also offer an opportunity to compare lessons learnt, both from the negotiation of South-South and North-South agreements. This can help to maximize the benefits from cooperation on investment policy, with a view towards meeting the goals of poverty alleviation and the beneficial integration of developing countries into the world economy.