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**Extractive Industries and Sustainable Job Creation**

**Prospects of South-South Cooperation in Trade,  
Investment and Technology in Africa**

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The views expressed are those of the author and do not necessarily reflect  
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# Prospects of South-South Cooperation in Trade , Investment and Technology in Africa

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- \* **What South-South Cooperation?**
  - \* **Economic and Political landscape – changing architecture**
  - \* **Realities and Prospects of South-South Cooperation in Africa**
  - \* **BRICS: Entry point towards reform in the global economic power**

# Background and definition:

- \* South-South cooperation emerged in the 1950s in the context of the common struggle of former colonies to attain genuine independence and development.
- \* The Bandung 'South-South' conference in 1955
- \* The Non-Aligned Movement (NAM) in 1961
- \* The Group of 77 in 1964.

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- \* The rapid economic growth of some developing countries improved the prospects of neighboring countries, catalyzed economic growth, intra-South trade and investment, as well as technology transfer and exchanges.
  - \* All member countries of the Group of 77, regardless of their size or level of development, have accumulated varying degrees of capacities and experiences in development that can be shared on a South-South basis.

# What South-South?

South –South Cooperation is about developing countries working together to find solutions to common development challenges. It's a tool to support and facilitate political and economic integration, promote financing for development, investment, trade social, cultural, environmental and technological fields.

# GUIDING PRINCIPLES OF SSC & TC

- \* National sovereignty
- \* Mutual accountability and transparency
- \* National ownership and independence
- \* Equality
- \* Non-conditionality
- \* Non-interference in domestic affairs
- \* Mutual benefit


# Economic and Political landscape:

## Trade and Investment in the South:

- \* Rapid economic and political transformations in world and in the South, particularly, in the last three decades.
- \* New patterns of trade, investment and other economic linkages among the countries of the Global South are emerging rapidly.




- \* 56 percent of exports from developing countries went to other developing countries in 2011, bolstered by trade liberalization, technological advancement, increased connectivity and dispersed production networks.
- \* The share of the most heavily exported manufactured products from developing countries amounted to more than 60 per cent of the world total for 2010 and 2011.

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- \* Increase in South-South flows of foreign direct investment (FDI), technology and skills transfers across the South.
  - \* 33 percent of global investments provided by developing countries, and 50 percent by 2030 (projected by WB)
  - \* In 2012, overall global FDI declined by 18 per cent, whereas flows to the least developed countries, mostly from the South, rose by 20 per cent to a record \$26 billion. ( Total LDCs 48 ,Africa has 34)-World bank.

# Change in Aid Architecture

- \* Developing countries – former aid recipients – are now new donors. China, Cuba, Brazil, South Korea, Turkey, South Africa, India etc ...
- \* Changing the global power of balance and the formation of new aid architecture supported by developing countries (\$ 12 billion to \$ 16 billion) complementary to traditional donors.

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- \* There is ample opportunity for South-South investment in pro-poor sectors, where productivity is generally low and potential for poverty reduction is significant. Therefore, South –South Cooperation can make difference in the agenda of the Sustainable Development Goals-SDGs.

# Prospects and opportunities of South-South Cooperation in Africa

Focus areas for SS investments:

Extraction and related infrastructure – both opportunity and challenge

Main players:

Intraregional (Within the continent)

Interregional (China, India , Turkey etc..)


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- \* Trade between developing countries, African and non-African- rapidly growing - from \$ 283 billion in 2008 to \$ 595 billion in 2012.
  - \* Exports from developing countries to Africa increased in the past 15 years from 26% to 43%, while imports of these countries to Africa have grown from 33% to 50%.
  - \* African economic outlook: the linkages with emerging economies are increasing, equal footing with "traditional partners" from Europe and USA.
  - \* Additionally, non-traditional donors such as private sector foundations represent a significant and largely untapped resource in financing all spheres of development.

# BRICS: Entry point towards reform in the global economic power:

- \* In light of the current global momentum IBSA fund has been emerged first and includes India, Brazil and South Africa, with the objectives to alleviate poverty and hunger in the countries of the South. Latter IBSA fund expanded its partnership to include China and Russia under the name of BRICS.
- \* BRICS was established in the aftermath of aggravation of economic and financial crisis in 2007-2008 as an international power intends to influence in the economic and political clout along with the two largest players in the world (USA and Europe) monopolies to the biggest two financial institutions (Bretton Woods).

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- \* BRICS also aims to foster growth and financial stability to address unemployment as one of the critical issues facing the global economic situation. BRICS works to avoid liquidity pressures in the short term and provides funds for the development of countries of the South.
  - \* BRICS was convinced that the world need balance of power to restore political and economic stability, establishes the principles of fair trade and equitable development.



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- \* Several factors assisted the BRICS in achieving its objectives, including its growing population , which amounts to about 2.828 billion people, representing 42% of the world's population, as well as BRICS represents 27% of the global GDP, and 56% of exports were in 2011 among developing countries.
  - \* The new economic transformation and the shift in the ODA in which developing countries from the South became recipients of aid and investment , all these factors strongly catalyzes the BRICS to call for adjustment policies in the International economic and financial institutions with full consideration to the ongoing transformation .

# BRICS IN NUMBER

42%

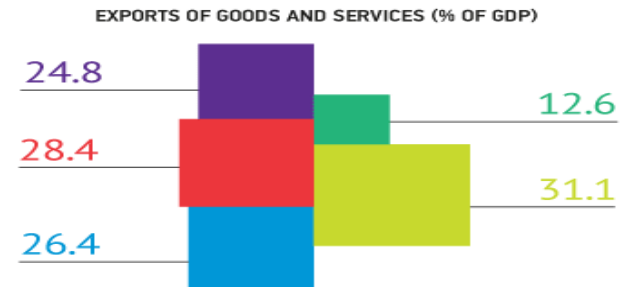
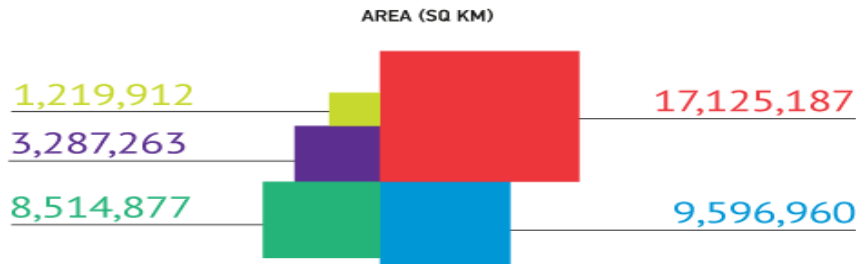
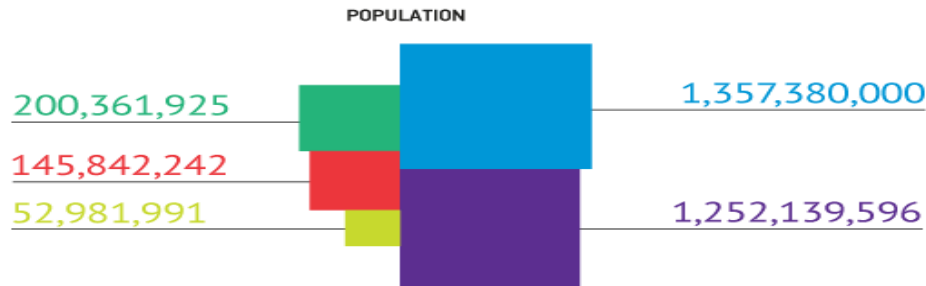
OF THE WORLD'S POPULATION

26%

OF THE WORLD'S LAND TERRITORY

27%

OF THE WORLD'S GDP



■ - BRAZIL

■ - RUSSIA

■ - INDIA

■ - CHINA

■ - SOUTH AFRICA

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- \* BRICS announced this year the BRICS Development Bank with the amount of US\$100 billion, the main purpose of this fund is to finance major infrastructure projects in the developing countries, namely in Africa. Half of the fund US \$ 50 billion will be allocated for funding infrastructure projects.



**THANK YOU...**