# The rationale for South-South trade; An Alternative Approach

Shafaeddin, Mehdi

Institute of Economic Research, Neuchatel University

October 2010

**The rationale for South-South trade; An Alternative Approach**

**M. Shafaeddin***

**Available at:**

**www2.unine.ch/webdav/site/irene/shared/documents/The_rationale_for_South.pdf**

## Abstract

Arguing that the theoretical literature on South-South trade is not satisfactory, the author provides an alternative framework and rationale for the South-South trade as a vehicle for industrialization and development of developing countries. He also applies this framework to developing countries in the Asia-Pacific region. In particular, showing that the low-income countries of the region are not benefiting much from the dynamism of the China market for their industrialization, he proposes, *inter alia*, industrial collaboration among the low-income countries as a necessary condition for benefiting from the potential role of China as a "pole" of industrialization and development of the countries of the region.

---

* The author is a development economist affiliated with the Institute of Economic Research, University of Neuchatel, Switzerland. He is the former head of the Macroeconomics and Development Policies Branch, UNCTAD, and author of many articles on industrialization and development policies in international journals. His books include Trade policy at the Crossroads, Recent Experience of Developing Countries (Macmillan, 2005) and Competitiveness and Development (Anthem Press, forthcoming). This paper is developed mainly based on the earlier work of the author (Shafaeddin, 2008). The author would like to thank the participants of the conference on 'The future of trade relations in the global South', for their comments, but the author remains responsible for any shortcomings. The author can be contacted at: m.shafaeddin@gmail.com or m.shafaeddin@shafaeddin.com.

## Introduction

The purpose of this brief is to argue that the theoretical literature on South-South (S-S) trade is not satisfactory and to provide an alternative approach. The Neo-classical theory is against discriminatory trade among developing countries through trade agreements. Nevertheless, the opponents of this theory have not provided a strong argument in favour of S-S trade despite the fact they have made some relevant points. To do so, we will briefly review the literature on S-S trade in the following section before providing an alternative view in section III. The final section will conclude the paper.

## II. The literature on S-S trade

Cooperation among developing countries for the expansion of South-South trade in general and regional S-S trade agreements RTAs has been subject to controversy in the literature between neoclassical/neo-liberal economists and their opponents. The proponents of universal free trade have argued against discriminatory trade agreements, in general, and FTAs among developing countries for the expansion of S-S trade, in particular. For example, it has been argued that regional integration among developing countries would result in diversion of some trade from low-cost to high-cost producers and would involve welfare costs, so it is undesirable and unconvincing (Viner, **1950 and Greenaway and Milner (1990:1). Corden (1993: 457, 459**) goes even further, arguing that developing countries will be far better off if they liberalize their trade regime "unilaterally in a non-discriminatory fashion…" rather than targeting markets in the South. Some others argue that RTAs between the South and North are more advantageous than RTAs among developing countries **(World Bank, 2000, Moen,1998 and Subramanian and Tamirisa, 2001**); that "…South-South trade does not clearly have a vast development potential", as the theory of comparative advantage would indicate that "North-South trade would achieve higher gains" and "…the potential for trade based on economies of scale among relatively small and poor countries of the South is uncertain" **(Kowaski and Shepherd, 2006:10).**

However, inefficiency of regionalization has been disproved empirically **(e.g. Ng and Yeats, 2003; Baier, Bergstrand and Vidal, 2007);** regionalism has trade creation effects not only for members but also for trade with third parties **(Cernat, 2003).**

The neo-liberal views against S-S trade are based on their ideological bias in favour of universal free trade, which is, in turn, based on the static version of the theory of comparative cost advantage. This theory is based, further, on hypothetical and unrealistic assumptions, including full employment of resources, availability of the same technology to all countries, independence of present and future costs of production, as well as the lack of influence of experience on the production cost, the lack of external economies, atomistic units of production, constant returns to scale and the lack of risk and of influence of power in trade. The opponents of South-South trade do not take into account the characteristics of developing countries, such as underemployment of resources and their lack of technological capabilities; existence of scale economies in many manufacturing industries, and the interdependence of present and future costs.

**F. List (1856)** was among the first to challenge the classical "theory of exchangeable value" (universal free international trade) as he argued that trade was a means to enhancing "productive power" – not an aim per se (**see Shafaeddin, 2005.c).** In the same context, contrasting Neo-classical theorists, **Kaldor (1972)** suggested that developing countries should be concerned mainly with promoting "creative efficiency" (growth and development) rather than allocative efficiency, (i.e. allocation of given and "fully employed" resources among different activities efficiently) which is the concern of the static theory of comparative cost advantage. In other words, they should be concerned with attaining dynamic comparative advantage for the sake of promoting "creative efficiency". However, to attain dynamic comparative advantage requires actions by the government; it will not be attained automatically through the operation of market forces alone **(Cline, 1983; Amsden 1989; Shafaeddin, 2005a and 2005.b).**

F. List also introduced, inter alia, the idea of regional integration in his proposal for German unification and cooperation among European countries, which eventually led to the signature of the Treaty of Rome in 1958. In the early 1950s, Raul Prebisch provided the strongest dynamic argument for regional integration in developing countries in the context of his theory of "collective import substitution" for industrialization and upgrading of the industrial structure **(ECLA, 1950; Prebisch, 1984, Shafaeddin, 2005a: 151–153).**

For many years, following the initial ideas of Prebisch, arguments in favour of S-S trade centred mainly on the issues of small size of the domestic market, economies of scale, problems of access to developed country markets (see, for example, **UNCTAD, 1986:10–11 and Agatiello, 2007)** or a slowdown in growth rates of developed-country economies thus growing potential for S-S trade expansion **(South Centre 1996: ix-xiii).** Some elements of these arguments are no longer valid. For example, access to markets of the North has improved considerably. Moreover, the experience of 1960s and 1970s has shown that S-S trade will not necessarily expand, even when regional preferential or free trade agreements are signed among a number of developing countries (**de Melo and Panagariya,** 1993:14–15 and chapters 8 and 9).

One argument in favour of, S-S trade is that, trade among equal partners will have a positive influence on the net barter terms of trade (**Sarkar and Singer, 1991**). Another is that too much reliance on trade with the North will increase vulnerability and risks of dependence on trade **(Hirschman, 1968**). But, it should be noted that geographical diversification would be possible only to the extent that alternative sources of supply are available in the South as many developing countries have similar production structure and depend on production and exports of primary commodities. The question, then, is "how" alternative sources of supply can be developed.

In the recent era of globalization, some scholars attributed the revival of regionalism in the 1990s to disappointment by the United States of slow progress in the negotiations in Uruguay Round (e.g**. Bhagwati, 1993),** and, more recently in the Doha Round. Others attributed it to the lack of development dimensions in approaches of multilateral institutions and to weaknesses in the international trading system **(UNCTAD, 2007: 40-45, and ch. VI; Kowai and Wingaraja, 2007: 8).** Yet others regard regionalization as a possible option for countries that risk exclusion, or marginalization, from the growth dynamics of globalization **(Oman, 1994).** Another argument in favour of S-S trade is that N-S plurilateral and bilateral agreements can limit policy space of developing countries because of the inclusion of "WTO-plus" conditions and "Singapore issues", in these agreements; that the approved agreements have not been fully respected by developed countries; and that "post-modern" hidden protectionist "backslidings such as antidumping practices are still present even in advanced North-South or East-West RTAs" **(Cernant and Laird, 2007).** By contrast, S-S trade agreements do not, they argue, limit policy space of the partners **(UNCTAD, 2007: 54–64** and chap. IX). Unfulfilled expectations from N-S RTAs, such as NAFTA,is another reason provided **(Gallagher and Zarsky, 2007; Pizarro and Shafaeddin , 2010).**

Although the above-mentioned "defensive" arguments are valid, they are not necessarily arguments in favour of S-S regionalism or S-S trade. Even if it is proved desirable theoretically, under what conditions and through what mechanism S-S trade would be beneficial to industrialization and development of the partner countries particularly low-income ones. These countries, have, in fact, benefited less from regional integration than those with a more diversified production structure **(UNCTAD, 2007: 41; xxi).**

Let us take it for granted that economic development is the key objective of a developing country and industrialization is necessary for development-at least in most cases. Therefore, in order to benefit from S-S regionalism, should a country develop first before integrating regionally, rather than using regional integration and S-S trade as a vehicle for industrialization and development? Should it wait until it is developed and conditions for intra-industry trade prevail? The "normative" aspect of S-S regionalism for the expansion of S-S trade as a means of industrialization and development requires a more solid ground than the analysis of the "positive economics" of S-S regionalism and trade.

## III. An alternative conceptual framework

In this section after defining development we will provide an alternative theoretical rationale for S-S trade and explain it by using the case of China and other developing countries in Asia-Pacific region.

To begin with we define development as "a movement upwards of the whole social system" (Myrdal, 1971). The social system of course includes economic system the upward movement of which includes, inter alia, acceleration of development. Industrialization is, *inter alia*, an essential part of a strategy for the acceleration of development.

The rationale for S-S trade in general can be based on a combination of four main elements: an extension of the "vent for surplus theory"; dynamic comparative cost advantage; scarcity of resources needed for industrialization and development; and "division of labour" and specialization.

Developing countries suffer from underutilization of resources-particularly unemployment. In other words, a developing country possesses some potential surplus productive capacity, which can be mobilized for producing additional goods for export without shifting resources away from production for the domestic market **(Myint, 1958),**or one can add, from domestic consumption and exports to the North. This is the essence of the "vent for surplus theory" (ibid).

In theory, international trade can provide effective demand and employment for the army of unemployed labour through the expansion of supply of products for which domestic demand is insufficient provided complementary factors of production were not scarce. In neoclassical theory, trade liberalization could provide the necessary effective demand leading to further specialization and division of labour and export expansion. Yet, the experience of the last quarter century indicates that trade liberalization does not necessarily lead to export expansion; even when it has led to export expansion, it has also resulted, in the case of lower-income countries, in deindustrialization, and unemployment. It has led to specialization based on natural-resource-based industries and/or assembly operations, in line with static comparative advantage rather than to upgrading of the industrial structure **(Shafaeddin,2006.a,** and the sources therein, and **2009).** The North will not provide effective demand for high-cost new industrial products of a developing country that is at the early stages of industrialization even if the supply capacity can be easily expanded. The experience of successful industrializers indicates that creating supply capabilities, which is a prerequisite for export expansion and intra-industry and inter-industry trade, is not easy **(Amsden, 1989; Malhotra, 2006; and Shafaeddin, 2006.b**). It requires following the principle of dynamic comparative advantage.

The potential surplus capacity of a developing country would not be turned into actual production capacity because of its scarcity of the complementary factors of production and resources necessary for industrialization such as skilled labour, finances, technology, organization, institutions, back-up services , entrepreneurship, and, more importantly, decision-making capabilities of the government machinery (**Hirschman, 1958).**

*Limited role of foreign direct investment (FDI)*

Inward foreign direct investment FDI) can, in theory, remedy some of the scarcity problems of developing countries and TNCs can act as a channel for directing their exports to developed countries. However, foreign direct investment has a number of limitations in deepening industrialization and upgrading of the industrial structure of developing countries. First, the experience of the last quarter century demonstrates that lower-income countries in particular encounter difficulties in attracting FDI in the industrial sector because of their low capabilities and scarcity of complementary factors of production **(Lall,2004).** Second, the interests of TNCs – which is to earn profits - are different from those of a host developing country which is, or is supposed to be, industrialization and development. Even when TNCs contribute to export expansion, it is concentrated mainly in assembly operations and resource-based activities that are governed by static comparative advantage of the host country (Lall, op.cit. ). The experience of Mexico and Costa Rica in this respect is telling **(Gallaher and Shafaeddin, 2010 and Pizarro and Shafaeddin, 2010 and Paus, 2005).** Third, TNCs' contribution to development of the host country would depend on the extent to which these firms are managed and regulated by the government of the host country as well as capabilities of their domestic firms as exemplified by the case of China (Gallaher and Shafaeddin,2010). The policy space of developing countries has become, however, limited by international trade and investment rules, international financial institutions and bilateral trade agreements and arrangements **(Shafaeddin, 2010.b).**

*Enhancing regional cooperation exemplified by the case of East and South East Asia (ESSEA*

We have shown elsewhere that while China has been a dynamic market for exports and sources of supply of imports for ESSEA countries, its trade with the countries of the region involves two shortcomings as far as its implications for industrialization and development of other countries is concerned. First, the low-income countries of the region have not benefited much from the dynamism of the China's economy. Secondly, other ESSEA countries, whose exports of manufactured goods to China have expanded fast, have become heavily dependent on exports of parts and components to China involving risks. Further, they have not been able to upgrade their industrial structure to reduce the related risks (Shafaeddin, 2008 and 2010.a). To benefit from the dynamism of the China's economy, the low-income countries need to expand their supply capabilities and other need to upgrade their industrial structure. Neither of these is achieved through the operation of market forces alone.

*Industrial collaboration among low-income countries*

To remedy their scarcity problem, the low-income countries need to initiate industrial collaboration. Instead of relying on trade to lead to division of labour and specialization, it should be the other way round. That is, concerted effort is needed to achieve the division of labour and specialization in production, through industrial collaboration and cooperation among low-income countries themselves for the provision of the necessary back-up services. Some support by China and NIEs is necessary and will be at mutual advantage of these countries as well as Low-income ones. FTAs, or preferential tariff agreements, can facilitate, inter alia, the S-S flow of trade in products that are already being produced, yet they are insufficient to promote supply capacity in new products for enhancing industrialization.

To do so, three policy measures are required. First, there is a need for industrial collaboration and production sharing for division of labour for supply capacity creation, production of new "industrial" goods and, or upgrading of the industrial structure, in accordance with the principle of dynamic comparative advantage. Each country would be allocated the production of particular parts and components for using as an input in the production of a product in the same country, or in another country for assembly operation. At the same time each country may be also engaged in assembly operations, or production of at least one final product the output of which would be exchanged with products of other countries. In this way, both the scarcity problem and the "effective demand" constraint would be remedied. Although for a while high cost products would be exchanged among the countries engaged in industrial collaboration, this would be only an accounting issue as long as bilateral trade or the trade balance of each country with its partners is balanced. The result would be the creation of employment and income. As industrialization proceeds, the cost of production would decline gradually due to learning-by-doing, experience, internal and external economies of scale and increasing return, which are characteristics of manufacturing industries **(Young, 1928).**

Of course, in the meantime lower cost alternatives would be available on the international market, but the necessary purchasing power for acquiring the extra imports would be missing in this case. By contrast, in our proposals supply creates its own demand. The modalities of such an arrangement would depend on the level of development and industrial capacity of the countries concerned.

**Industrial collaboration is necessary but not sufficient. Thus t**he second requirement is cooperation and the division of labour in the provision of producer services, training and skills development, back-up services, including trade facilitation, export credit, insurance and information and the development of the infrastructure necessary for the expansion of regional trade and supply capacity, R&D, training and skills development, and business cooperation through chambers of commerce, harmonization of rules of origin among others.

The third requirement is development of a clear industrial policy, both by individual countries and collectively. In all countries, provision of facilities and the use of collective market should be linked with performance requirements that over time they improve their competitiveness in the international market. The advantage of this scheme over traditional import substitution, where protection was provided across the board to all industries, is selectivity in the use of scarce resources as well as benefiting from the larger size of the collective market. Its advantage over selective infant industry protection is the benefit of the larger market provided by the member countries. While WTO rules limits.

In all cases, the existence of a large and dynamic country in the region, such as China in East Asia, is an advantage for industrialization of lower-income countries provided these countries engage in industrial collaboration and production sharing to enhance their productive capacity **(see Shafaeddin, 2010.a).**

Industrial collaboration can be facilitated by regional FDI by countries like China and NIEs as it will be beneficial to the host country as well as the investing countries as they are market seekers. The processing of raw materials before exporting to China could be one possibility, but it is not the only one. India's investment cooperation with Nepal and Sri Lanka for production of manufactured goods is an example (Wishwanath, 2007: 2).

Cooperation among countries concerned necessitates political will, as well as external assistance. Often, there are political problems in securing agreements among the countries for industrial collaboration. Each country may have its own individual interest as against the common interest of the group. Appreciation by the partners of the ultimate benefits of such arrangements for individual countries requires dialogue and the dissemination of information and knowledge. The scarcity of financial and other resources also requires external financial and technical assistance: it is in the interest of China itself to provide such assistance. If China is faced with obstacles in expanding its markets in developed countries, it may be interested in expanding its regional market in ESSEA (Shafaeddin, 2008). Such expansion in low-income countries requires expansion of their effective demands which is, in turn, a function of their level of development and industrialization.

*Technological collaboration*

The countries which rely on export of P&C to China needs, inter alia, to adjust their production/export structure by upgrading their technological and skill capabilities in order to reduce their vulnerabilities. One option is to emphasize production for the domestic market rather than exports. More recently in a shift from its traditional stance of propagating export-led growth, the Managing Director of IMF also recommended that "Asia, which has until now relied heavily on exports for economic growth, needed to boost domestic investment and consumption" (Choonsik and Jong-woo, 2010). Such adjustment will also help the expansion of exports of differentiated products to China even if this country shifts to consumption-led growth.

Technological development requires, inter alia, R&D, skill development etc. Regional cooperation can help the countries concerned to attain their growth objective through division of labour and specialization in R&D and development of skills.

The lack of skills and financial and technical resources prevents countries in the group to undertake research in a large number of areas individually. Large countries, such as China and India, are in a better position to do so. For example, India has succeeded to some extent in the particular case of pharmaceuticals and software industries; so has China in IT technology. Nevertheless, even for these countries the R&D/GDP ratios are far below those of developed countries (Gallagher and Shafaeddin, 2010). Therefore, the division of labour and specialization in technology development could help all countries of the group in advancing their technological capabilities. Attempts have been made by ASEAN and China to cooperate in research on ICT activities for which they have envisaged the establishment of an R&D centre for telecommunications equipment. Such initiatives need further extension.

There are a number of other areas in which China and other countries of the ESSEA region can cooperate. One is coordination of their policies for intensifying the technological spill-over of FDI. Another is cooperation on financial issues to reduce the risks of financial crisis. Having experienced the financial crisis of 1997/8, the East Asian countries have increased their currency reserves, developed on the Chiang Mai Initiative (a kind of "ASEAN, swap arrangement") and a network of bilateral financial swap arrangements among ASEAN+3 countries **(Shafaeddin, 2008).** Nevertheless, there are areas on which they can further expand their cooperation. One can mention a few: "stronger regional cooperation in monitoring and regulating financial markets" ; modalities of capital controls in the region; establishment of a regional South Bank and development of strategic energy reserves (Shafaeddin, 2008).

**Conclusions**

We have argued in this paper that the theoretical literature on South-South (S-S) trade suffers from some shortcomings. The Neo-classical school is against discriminatory expansion of south-south trade through establishing trade agreements and other measures as it believes that the direction trade flows should be governed by the operation of market forces based on the static version of the principle of comparative coat advantage. According to this theory countries exchange goods for which they have supply capabilities and show relative cost advantages. While the opponents of the Neo-classical theory make some points in favour of S-S, they have not come up with a strong theoretical argument in its favour.

We have proposed an alternative theoretical rational and framework for S-S trade applying it to the case of developing countries in Asia-Pacific region (ESSEA). Our proposal is based on a combination of four main elements: an extension of the “vent for surplus theory”; dynamic comparative cost advantage; scarcity of resources needed for industrialization and development; and “division of labour” and specialization. To apply it to the case of ESSEA, we have provided a framework for industrial collaboration among low-income countries, supported by provision of assistance by China and NIES, to enhance industrialization and development of low-income countries through S-S regional cooperation and trade. We have also suggested technological cooperation among other ESSEA countries including for upgrading their industrial structure and reducing their risks of dependence on production and exports of parts and components.

## References


Agatiello, O. R. (2007). “Is South-South Trade the Answer to Bringing the Poor into the Export Process?” Paper presented to the UNCTAD Expert Meeting on Participation of Developing Countries in New and Dynamic Sectors of World Trade: The South-South Dimension, Geneva, 16–17 October, 2007.

Amsden, A.H. (1989). Asia's Next Giant: South Korea and Late Industrialization. New York: Oxford University Press.

Baier, S., Bergstrand, J.H. and Vidal, E. (2007). "Free Trade Agreements in the Americas: Are the Trade Effects Larger than Anticipated?" World Economy, 30 (9): 1347-77.

Bhagwati, J. (1993). "Regionalism and Multilateralism," in de Melo, J. and Panagariya, A. (eds.). New Dimensions in Regional Integration. Cambridge: Cambridge University Press, for Centre for Economic Research.

Cernat, L. (2003). "Assessing South-South Regional Integration: Some Issues, Many Metrics." UNCTAD, Policy Issues in International Trade and Commodities, Study Series no. 21. Geneva: UNCTAD.

Cernat, L. and Laird, S. (2007). "North, South, East, West: What's Best? Modern RTAs and Their Implications for the Stability of Trade Policy." CREDIT Research Paper no. 03/11. Centre for Research in Economic Development and International Trade (CREDIT), School of Economics. Nottingham: University of Nottingham.

Choonsik, Y., and Jong-woo, C. (2010), "Asia faces risk from rising capital flows: IMF", available at: http/finance.yahoo.com/news /Asia-faces-risks-from-rising-rb-13

Cline, R.W. (1983). "Trade Policy in the 1980s." Washington, DC: Institute for International Economics.

Choonsik, Y., and Jong-woo, C. (2010), "Asia faces risk from rising capital flows: IMF", available at: http/finance.yahoo.com/news/Asia-faces-risks-from-rising-rb-13.

Corden, W.M. (1993). "Round Table Discussion," in de Melo, J. and Panagariya, A., (eds.). New Dimensions in Regional Integration. Cambridge: Cambridge University Press, for Centre for Economic Research, 457-60.

de Melo, J. and Panagariya, A. (1993). New Dimensions in Regional Integration. Centre for Economic Research Cambridge: Cambridge University Press.

ECLA (Economic Commission for Latin America) (1950). The Economic Development of Latin America and its Principal Problems. New York: United Nations.

Gallaher and Shafaeddin,2010). Policies for Industrial Learning in China and Mexico; Technology in Society, ……….

Gallagher, K. and Zarsky, L. (2007). The Enclave Economy: Foreign Investment and Sustainable Development in Mexico's Silicon Valley. Cambridge, MA: MIT Press.

Greenaway, D. and Milner, C. (1990). "South-South Trade, Theory, Evidence and Policy." The World Bank Research Observer (5)1: 47-68.

Haltmaier, J.T. et al. (2007). "The Role of China in Asia: Engine, Conduit or Steamroller." Washington, DC: Federal Reserve System.

Hirschman, A.O. (1958). The Strategy of Economic Development. New Haven, CT: Yale University Press.

Hirschman, A.O. (1968). National Power and the Structure of Foreign Trade. Berkeley: University of California Press.

Kaldor, N. (1972). "The Irrelevance of Equilibrium Economics." Economic Journal, 8 (338): 1237–55.

Kawai, M. and Wignaraja, G. (2007). "ASEAN+3 or ASEAN+6: Which Way Forward?" Paper presented at the Conference on Multilateralizing Regionalism, sponsored and organized by World Trade Organization (WTO)-Graduate Institute of International Studies (HEI) and co-organized by the Centre for Economic Policy Research at WTO, Geneva, 10 September, 2007.

Kowaski, P. and Shepherd, B. (2006). "South-South Trade in Goods." OECD Trade Policy Working Papers, No. 40. Paris: Organisation for Economic Cooperation and Development.

Lall, S. (2004). "Reinventing Industrial Strategy: The Role of Government Policy in Building Industrial Competitiveness." UNCTAD, G-24 Discussion Papers no. 28. Geneva: United Nations.

List, F. (1856). The National System of Political Economy (translated into English by

Malhotra, K. (2006). "National Trade and Development Strategies: Suggested Policy Direction." Background paper prepared for the 2006 UNDP Human Development Report: Trade on Human Terms: Transforming Trade for Human Development in Asia and the Pacific. New York, United Nations Development Programme.

Moen, J. (1998), Trade and Development: Is South-South Cooperation a Feasible Strategy?, Paper Series 21. Bergen, Norway: Norwegian School of Economics and Business Administration.

Myrdal, G. (1971). Asian Drama: An Inquiry into the Poverty of Nations. London: Penguine Books.

Myint, H. (1958). “The Classical Theory of International Trade and Underdeveloped Countries.” Economic Journal, 68. Reprinted in Livingstone, I. (1971). Economic Policy for Development. London, Penguin Books.

Ng, F. and Yeats, A. (2003). “Major Trade Trends in East Asia: What Are Their Implications for Regional Cooperation and Growth?” World Bank Policy Research Paper, Working Paper Series no. 3084. Washington, DC: World Bank.

Oman, C. (1994). Globalization and Regionalization: The Challenge of Developing Countries. Paris: OECD. Foreign Investment, Development and globalization: Can Costa Rica Become Ireland? London, Palgrave.

Paus, E. (2005). Foreign Investment, Development and Globalization: Can Costa Rica Become Ireland? London, Palgrave.

Pizarro, J. and Shafaeddin, M. (2010)“The Evolution of Value Added in Assembly Operations; the Case of China and Mexico”, Journal of Chinese Economic and Business Studies, forthcoming, November 2010.

Prebisch, R. (1984). “Five Stages in My Thinking on Development,” in Mier, J.M. and Seers, D., (eds.). Pioneers in Development. Oxford: Oxford University Press.

Sarkar, P. and Singer, H.W. (1991). “Manufactured Exports of Developing Countries and Their Terms of Trade since 1965.” World Development (19) 4: 333–40.

Shafaeddin, M. (2005a). Trade Policy at the Crossroads: The Recent Experience of Developing Countries. Basingstoke and New York: Palgrave Macmillan.

Shafaeddin, M. (2005b). “Towards an Alternative Perspective on Trade and Industrial Policies.” Development and Change (36) 6: 1143–62.

Shafaeddin, M. (2005.c). "F. List and the Infant Industry Argument" In Jomo, K. S. (ed.), The Pioneetrs of Development Economics. New Delhi. Tulika Books and London and New York, Z Books.

Shafaeddin, M. (2006.a). "Is Industrial Policy Relevant in the 21st Century?" Keynote speech to the plenary session of the International Conference on New Approaches to Design of Development Policies, Beirut, 20-21 March, organized by the Arab Planning Institute (published by the same Institute as a monograph).

Shafaeddin, M.(2006.b). Does Trade Openness Favour or Hinder Industrialization and Development?, A text of a paper presented at the Technical Group Meeting of the International Group of Twenty-Four on International Monetary Affaires and Development (G24) in Geneva on 16-17 March 2006, Third World Network, , Geneva, Trade and Development Series, No. 31

Shafaeddin, M. (2008). South-South Regionalism and Trade cooperation in the Asia-Pacific Region, UNDP, Colombo, Regional Centre in Colombo.

Shafaeddin, M.(2009). Impact of the Global Economic Crisis on LDCs' Productive Capacities and Trade prospects: Threats and opportunities. Report prepared for the South Centre and UNIDO. See http://ideas.repec.org/p/pra/mprapa/18788.html.

Shafaeddin, M. (2010.a). The Role of China in Regional South-South Trade in Asia-Pacific: Prospects for industrialization of the low-income countries. Paper presented to the Conference on "The future of trade relations in the global South; organized by Fredrick S. Pardee Cenre for the Study of Long-Range Future, Boston University, 23-4 September 2010.

Shafaeddin, M. (2010.b). Political Economy of WTO with Special Reference to NAMA Negotiations. European Journal of Development Research. 22.175-96

South Centre (1996). Enhancing South-South Trade. Geneva: South Centre.

Subramanian, A. and Tamirisa, N.T. (2001). Africa's Trade Revisited. IMF Working Paper 01/33. Washington, DC: International Monetary Fund.

UNCTAD (1986). South-South Trade and Finance: Strengthening the Weakest Link. New York and Geneva: United Nations.

UNCTAD (2007a). Trade and Development Report, 2007. New York and Geneva: United Nations.

Viner, J. (1950). “The Customs Union Issue.” Washington, DC: Carnegie Endowment for International Peace.

Wishwanath, T.C. (2007), “South-South Cooperation: A Business Perspective on India’s Engagement”, Presentation at the Expert Meeting on Participation of Developing countries in New and Dynamic Sectors of World Trade: the south-South Dimension, UNCTAD, Geneva, 16-17 October 2007

World Bank (2000). Trade Blocs. New York: Oxford University Press.

Young, A.R. (1928). “Increasing Return and Economic Progress.” The Economic Journal, December.