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South-South Cooperation: A Case Study of Contemporary Sudanese-Malaysian Relations

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Abstract: South-South cooperation is an approach to international economic and political relations among developing countries to enhance development prospects; it has been increasing in significance. Such a strategy was adopted bilaterally at the outset between Malaysia and Sudan but eventually evolved to include a broader network of Asian and African Countries. This paper is focused on Malaysia-Sudan relations as a case study. It adopts a qualitative approach comprising reliance on primary and secondary sources of data to study the relations of exchange between the two countries. Findings lend support to claims of potential rewards in South-South Cooperation. Through it Sudan managed to exploit its idle oil reserves and achieve high rates of economic growth. Similarly, Malaysia achieved very good results in areas of trade and investment and managed to open up business opportunities in other African countries. Sudan was also able to build productive cooperation with a number of Asian countries. All countries involved benefited from the cooperation.

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Key Words; South-South cooperation, political relations, economic relations, PETRONAS, foreign policy

Abstrak: Antarabangsa di kalangan negara-negara membangun yang semakin meningkat kepentingannya. Strategi tersebut diguna pakai secara dua hala pada awalnya antara Malaysia dan Sudan tetapi akhirnya berkembang untuk merangkumi rangkaian yang lebih luas merangkumi negara-negara Asia dan negara-negara Afrika. Berdasarkan kepentingan ini, kertas kajian ini dibuat untuk menerangkan hubungan antara Malaysia-Sudan sebagai kajian kes yang lebih mendalam. Ia megguna pakai pendekatan kualitatif termasuklah sumber rujukan yang terdiri daripada pergantungan kepada sumber-sumber primer dan sekunder untuk mengkaji hubungan pertukaran antara kedua-dua negara. Hasil daripada kajian ini menunjukkan betapa benarnya potensi faedah yang boleh diperolehi daripada kerjasama Selatan-Selatan tersebut. Melalui kerjasama ini, Sudan sudah berjaya mengeksploitasi sumber yang terbiar dan mencapai kadar pertumbuhan ekonomi yang tinggi. Begitu juga, Malaysia mencatatkan keputusan yang sangat baik dalam bidang perdagangan dan pelaburan dan berjaya membuka peluang perniagaan yang lebih luas di negara-negara Afrika yang lain. Negara Sudan juga telah berjaya membina kerjasama menguntungkan dean beberapa buah negara Asia. Begitujuga semua negara yang terlibat telah mendapat manfaat daripada kerjasama tersebut.

Kata Kunci: Kerjasama Selatan-Selatan adalah satu pendekatan untuk hubungan ekonomi dan politik

Introduction

Until 1991, when Sudan approached Malaysia to enhance their economic and political relations, Sudan's foreign policy and international trade relations were directed towards Western countries in a traditional North-South pattern. Malaysia and Sudan always had good relations with each other since their independence, but stronger ties and redirection of Sudan's relations towards South-East Asia, South Asia and East Asia as well as towards African economic integration was a recent development which was largely motivated by an attempt to circumvent the Western boycott imposed on the Islamic government of Sudan. In addition, some leaders in the Sudanese government of the early Nineties of the Twentieth Century were well acquainted with Malaysia and the countries of East Asia. The most prominent among leaders acquainted with Malaysia was the President of the Republic and the Minister of Finance. Hence, Sudan

took the initiative to approach Malaysia and China first to help exploit its oil reserves abandoned by American companies which accepted to sell their franchise to the Sudan Government. Ever since the Sudan government followed this line of policy consistently towards other developing countries, particularly Asian countries. By now most other African countries redirected at least partially their international trade and investment towards Asian countries.

Yet, while adoption of the South-South Cooperation approach was imposed on the Sudan by the circumstances, it is useful to note that in the case of Malaysia it was a strategy deliberately pursued as part and parcel of its foreign policy and development strategy. Thus, immediately after the independence of Malaysia followed a pro-Western stance in its foreign relations; but, during the 1970s,Tun Abdul Razak, as the second prime minister, changed the course of policy to join the Non-Alignment Movement (NAM) (Abdul Hamid 2005)). Furthermore, Dr. Mahathir as prime minister introduced two important policy orientations: first a policy of 'look east' that sought to learn from the examples of South Korea and Japan. Second the Malaysian foreign policy was reoriented to emphasize South-South Cooperation by virtue of which economic integration with countries of ASEAN and closer relations with Muslim countries were cultivated while maintaining good relations with the rest of the World. Eventually, Malaysia emerged as a leading champion of South-South Cooperation and assumed a leadership role in the Organization of Islamic Conference (OIC). It was also an active member of NAM, the Group of 77 and the Group of 15 (Abdul Hamid 2005, Khalid 2016). Hence Malaysia's positive response to the proposal by the Sudanese government to invest in oil and gas production was hardly surprising. Abdul Hamid (2005) Identified: 'National interests, external sources and leadership variables' as the most important influences on Malaysia's South-South Cooperation policy orientation.

In this specific case under consideration it is important to note that Malaysia had its own reasons for cooperation with Sudan, paramount among which were: cultural relations and national economic interests. Thus Malaysia's adoption of South-South cooperation and 'look east' policy was part of its development strategies and was not imposed by any boycott (Khalid 2016). On a broader perspective Sudan also learned from the example of Malaysia by following a 'look east' policy that

resulted in further engagement with China, South Korea, India and Japan (Large 2008).

The Research Problem

This paper handles a case study pertaining to contemporary political, economic and human resource development relations of exchange between Malaysia and Sudan which started back in 1991 in light of a South-South Cooperation framework. It is imperative to face up to such questions such as: how has this relationship started and evolved? Has this relationship gone smoothly and yielded sufficient benefits for both countries? What obstacles were faced? What lessons can be learned for South-South cooperation based on this case and what policy reforms are indicated?

Objectives of the paper

The following salient objectives are envisioned:

1. To examine the implications of the strategy of South-South Cooperation.
2. To explore Malaysia-Sudan relations in terms of South-South Cooperation.
3. To point out factors which have set limits on these relations of cooperation.
4. To indicate the implications of this specific case of cooperation for the two countries and the fledgling cooperation between African and Asian countries.
5. To derive lessons and suggest policy reforms

Literature Review

South-South Cooperation

South-South Cooperation (SSC) was a late Twentieth Century development with some ambiguity about its specific connotation as a concept. Thus, some of the definitions lay emphasis on the political solidarity side while others underscore the economic exchange dimension; but both viewpoints recognize the significance of the other dimension. This was apparently due to the fact that its introduction as an approach by the United Nations in 1978 (McPherson 2015) was

preceded by a number of political forums set up by developing or underdeveloped countries, which had just gained their independence, mainly as organizations for political solidarity. The most significant institutions included: the Non Alignment Movement (NAM), the Group of 77 (G77) and the Group of 15 (G15). These same forums, including NAM eventually directed their attention to cooperation for development; particularly after non-alignment lost its rationale after the end of the Cold War (Modi 2011). Thus, Abdul Hamid defines SSC as: '—the strategy for greater mutual use of developing countries resources in order to promote economic independence, increased self-reliance and improved bargaining power with the developed countries' P.2. He suggests that the purpose of mutual cooperation is to end dependency on advanced Western countries and increase bargaining power. This viewpoint underscores political cooperation at the multi-lateral level to promote mutual economic interests. It must be admitted that political solidarity as a means and economic cooperation as the end is an appropriate perception of this concept.

A glaring example was the solidarity shown by developing countries during the World Trade Organization (WTO) Negotiations at Doha in 2001. It looked as if advanced countries were trying to open up markets of developing countries for their export commodities while at the same time closing their own markets to exports from developing countries. Actually this has always been the case providing the rationale for the South-South cooperation argument. International financial institutions generally dubbed as: 'the Bretton Woods Institutions' were alleged to be used as instruments for advanced counties' hegemony. They gave advice which resulted in doing more harm than good to developing countries applying for financial loans. Hence, it is believed, the best chance for developing countries to get developed is to cooperate among themselves (Modi 2011, Silva 2010)).

The other viewpoint, advocated by the United Nations and development economists does not imply any multi-lateral polarization between advanced and developing countries. The UN coined the specific terminology as a development strategy in 1978 and established an office for that purpose to encourage developing countries to cooperate between themselves in order to promote their development prospects. Yet, it was suggested as a strategy that complements the usual North-South cooperation and not as a substitute for it. There was

no suggestion of political solidarity against the North or developed countries. Todaro, et. al. (2012) confined the concept of South-South Cooperation to: regional economic integration associations, customs unions, trade in commodities and foreign direct investment, in addition to technology transfer. Economic integration and customs unions help widen the size of the market to enable industrialization in countries with small economies which do not enable establishment of industries that require economies of scale. While trade between them is more likely to realise benefits from trade and speed up development. Thus, the United Nations Office for South-South Cooperation (UNOSSC) defines the concept as: 'South-South cooperation is a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, sub-regional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts.' (UNOSSC, retrieved from WIKEPEDIA) This definition recognizes political cooperation as important but underscores tangible economic benefits resulting from exchange. Anyway, at the international level political and economic relations are inextricably intertwined and cannot be dissociated from each other; whenever one of them is mentioned the other is implied. Silva (2010) considered the first 30 years of South-South Cooperation to be politicized where developing countries' cooperation was aimed mainly at the establishment of a 'new world economic order'; but by the turn of the century it took the form of cooperation for development.

Theories of International Political Economy

While South-South Cooperation is an argument in favour of multi-lateral cooperation between the group of countries designated as 'developing', it is important to review theories of international political economy which provide explanation for: why and how countries establish relations at the bilateral level? Some international relations scholars may explain foreign policy in terms of extension of domestic policy into the international arena (Hiscox, 2008).While Ravenhill (2008) using a realist approach to international relations sees foreign policy as rational decision making whereby each country seeks to achieve its national goals at the international level. Thus, foreign economic policy, in the present case, can be explained in terms of rational pursuit of tangible

national interests paramount among which are economic interests; other theories pertaining to international influence or hegemony and strategic advantage need not be reviewed here since neither of the two countries involved is showing interest in international hegemony or power politics at the international stage.

Literature pertaining to Sudan-Malaysia relations, however, attributes the beginning of the recent more productive relations to two reasons: the ascendance to power of General Omer Al Bashir, who had completed his military studies in Malaysia; and the Western boycott to which Sudan was subjected (Ahmed 2000). Sudan approached Malaysia to help exploit its untapped crude oil resources. Eventually, relations developed beyond that to wider horizons.

In the case of Malaysia, it appears that it was caught up in a similar situation to that of Sudan, inspiring redirection of policy to 'look east' and adopt a South-South orientation. The reorientation took place in the wake of the economic crisis that struck the country in the early 1980s and reflections on its possible causes. It became important to aim a drive at industrialization and consequently to look for foreign direct investment, human resource development and economic integration as well as foreign markets (Abdul Hamid 2005).

Explaining Sudan's foreign policy designs, two well informed authors, Mansour Khalid (1990) and al Mahgoub (1974), emphasized the point that Sudan's foreign policy had always been based on the pursuit of national interests. It should be noted that both were former foreign ministers and Mahgoub was, in addition, twice a prime minister of the country in the periods preceding 1985. They dominated the field before 1989 and were the most credible observers. But Woodward (1990), another well informed author, considered Sudan's foreign policy to be an extension of its internal politics, as the country has always been plagued by political instability forcing incumbent governments to approach foreign policy from the standpoint of achieving security and political stability. Woodward's view was inspiring, useful and realistic; it seems to be applicable even in this particular case. By the same token views underscoring national interests in terms of national political and economic development are even more applicable as will be explained later. Hence, it appears that Sudan's foreign policy was mostly geared towards the pursuit of national interests particularly highlighting the

urgent needs of development and political stability. However, the country's foreign policy during the Nineties of the Twentieth Century, before building relations with Asian countries, did not seem to conform to these principles as will be explained later. Yet, after 1999, under duress, the government of Sudan learned the lessons of how to adopt more realistic foreign policies aiming at the pursuit of national interests.

International trade and investment relations, as the most visible feature of the relationship between Sudan and Malaysia, relate to economic interests that can be explained in terms of international economic theories pertaining to: trade, finance and investment. It is useful to bear in mind that theoretical models in this field pertain to economic liberalism. Thus, the most widely used theoretical explanation in this field is Heckscher-Ohlin's model of comparative advantage and factor endowments. Ohlin proposes that countries engage in international trade because they are essentially different in their factor endowments i. e. labour, capital and natural resources endowments; and the proportions in which they hold such factors of production. This may also be extended to include intangible factors such as entrepreneurship and management capacity in addition to technical know-how, as additional factors of production in today's world of K-economies. This diversity inspires countries to specialize in production of commodities that utilize their available factors of production efficiently; and import from other countries goods which can be produced more efficiently and, therefore, cheaply in the other country with factor endowments more suitable for production of the imported commodities. Both countries will benefit from this relationship of exchange which enables them to obtain locally produced as well as imported goods at the lowest cost (Kreinin 2002). The model is widely used to explain North-South trade relations but can also explain the present trading situation since one country, Malaysia, is more advanced in technology and capital intensity while the other country, Sudan- by way of contrast, is less so and is predominantly using labour intensive production methods. Malaysia is an industrialised country while Sudan is still a producer of agricultural commodities and raw materials. Malaysia has the investment capital which can be invested profitably in other countries while Sudan provided for lucrative investment opportunities. Ladd (2010) argued that developing countries are by now at different stages of development; hence notions about comparative advantage were applicable to them.

They may benefit from exchange of commodities, finance, technical knowhow and experiences.

Pertaining to this same issue Elfaki (2012) completed a dissertation and published a paper on Malaysia-Sudan relations that was full of information about Sudan and Malaysia. But it was generally descriptive. Osama Idarous also wrote a publication on this topic but focused on the earlier period up to 1999 which marked the beginning of useful cooperation. In this paper we use a south-south frame of reference as an entirely different approach and Sudan-Malaysia relations as a case in point; this approach has not been used before but we relied on the same sources of information as the two authors.

Framework for Analysis

Based on the foregoing theoretical part, the remaining substantive part of this paper will assume that at the international exchange level of political relations between the two sides to a bilateral relationship have to be established first in order to facilitate and coordinate cooperation, negotiate agreements and manage other features of international relations aimed at the achievement of mutual interests. Then that will be followed by tangible exchange of commodities, investment and transfer of knowledge and technology. If the international engagement is successful tangible economic and political solidarity benefits can then be reaped. The present paper will, therefore, first discuss the beginning and evolution of political relations to be followed by economic relations and finally transfer of knowledge, knowhow and capacity-building under the rubric of: human resource development. In the conclusion, tangible benefits will be indicated and implications for cooperation between Asian and African countries will be highlighted.

Methodology and Sources of Data

The adopted methodology of this paper was essentially qualitative involving the use of primary and secondary data sources. Primary data took the form of interviewing some members of the Sudan embassy in Kuala Lumpur who possessed useful knowledge pertaining to our project. We also obtained some written materials and information about events and agreements from the embassy. Relating to the factual aspects; the source of any factual information where no source is mentioned can be assumed to be the embassy. In addition, two of the authors were

witnesses to many of the events during the Nineties in Sudan and the 21st Century in Malaysia. Secondary sources vary over a wide range featuring: books on the subject matter, papers, reports, internet sources and sources of statistical data.

Areas of Cooperation: Political, Economic and Human Resource Development

It is important to remember, at the outset, that the bilateral cooperation between the two countries started as political contacts to eventually evolve into economic and cultural exchange. Although geographically located in two different continents, Sudan and Malaysia share some important cultural, social and religious values. Both countries were former British colonies and gained their respective independence in the same decade: Sudan became a sovereign state in early 1956 and Malaysia achieved that status in 1957. The two countries seemed to face similar problems of nation-building: Sudan, being a multi-ethnic country, was fighting to determine its national identity. The country was confronted with a costly civil war in the south on the issue of conflict of identities. Malaysia on the other hand, was facing similar challenges. Malaysian leaders worked hard to maintain stability, security and racial harmony within a fragile multi-racial society. Comparing the two contexts, it becomes obvious that Malaysia's experience with nation-building was met with much more success than the Sudanese counterpart. It is by now on the verge of full-fledged development. While the Sudanese experiment faltered and reached a climax as the two parts of the country, the North and the South, split into two separate political units in 2011. In terms of development only recently that Sudan has crossed the boarder-line between the least developed and low-middle income countries. Thus, the stage is right for useful exchange as Malaysia has comparative and competitive advantage that Sudan lacks and Sudan has plenty of untapped resources. Back in the early 1970s when Tun Razak was outlining the new economic policy, Sudan was slightly better in terms of development than Malaysia. However, due to bad politics time was wasted in fighting and generation of conflict and no progress was achieved in economic development.

Political Cooperation

It is important, at the outset, to explain the specific context and circumstances within which closer relations between the two sides

were promoted. It should be remembered that Sudan took the initiative to promote the relationships with Asian countries including Malaysia under the duress of international sanctions. The scenario of events started when the National Islamic Front seized power by means of a military coup starting an Islamic movement generally known as: 'the Salvation Revolution' which continued to rule Sudan up to this day. However, the early days of Islamic rule were characterized by extremism and unrealistic ambitions. Yet, in spite of the many misguided policies and acts, it is useful to assert that rhetoric voiced out by zealots had done more damage to the country's image and interests than tangible behaviours. Those earlier policies and rhetoric eventually involved the country into much trouble that led to its isolation and other consequences from which it continues to suffer. The government had to waste much of the 21st Century to work itself out of the trouble stemming from events in the 20th Century. The 'look east' policy was one of the earliest avenues for circumvention of international sanctions and isolation.

Events leading to international sanctions had their beginning when the government took the wrong position on the outbreak of the first Iraq war in 1990 as it stood on the side of Iraq; the result was isolating itself from Middle Eastern countries. In addition, an open door policy was followed towards opposition and revolutionary movements throughout the Muslim World including the Egyptian Islamist groups and Afghan Arabs who could not find a haven anywhere else. That helped largely to isolate the country in the Muslim World. Moreover, the different guest movements continued to practice violence inside and outside the country. The most serious event that led to imposition of international sanctions was the failed assassination attempt against the Egyptian President in the city of Addis Ababa on the 25th of June 1995 by an Egyptian Islamist group. It was alleged that those who committed the act came from Sudan and that three of them who survived the failed attempt went back to it (Niblock 2001). Following that international sanctions involving diplomatic sanctions and air embargo were imposed on the country by the UN Security Council. Generally speaking those sanctions were not effectively observed by most countries. But the United States, who considered the UN sanctions as not effective, imposed its own sanctions which featured the blocking of Sudan government property and discontinuation of all transactions with the country (Niblock, 2001). Other Western countries did not pass any such

decisions but generally observed the American boycott. After 1998 a split took place within the ranks of the Islamic movement that was ruling the country resulting in the ability of the military establishment to impose its will by excluding the civilian zealots and started to follow more realistic policies, gradually working it out of earlier liabilities. Yet the spectre of American sanctions still looms over the country.

Narration of these events is important for three reasons: first to explain how the chain of events forced the incumbent Sudan government to 'look east' towards Asian and Muslim countries after working itself out of isolation. Second, American sanctions forced Western companies to pull out of oil exploration and production in the country to avoid the threat of heavy fines and other losses which could be imposed by Americans. Finally, the financial boycott is still being used to thwart transactions of funds for foreign companies, including Chinese and Malaysian companies, in and out of the country.

The Malaysian experience was already alluded to but some further elaboration is imperative. Malaysia, with the turmoil of the 1960s behind, moved with a more conciliatory approach in its foreign policy. The country's relations with the Arab and Muslim world improved remarkably in the 1970s. The Arab oil producing countries exempted Malaysia from oil cutbacks during the energy crisis following the October 1973 war between Arabs and Israelis. Malaysia began to cash in on its improved Arab ties by concluding a number of cultural, scientific, technical and economic agreements with several Muslim states in the Middle East (Khalid 216). It was within this context that Sudan and Malaysia started to establish normal relations based on reciprocity and mutual interest. Up to that point, there was just a non-resident diplomatic representation between the two countries.

Before the beginning of the recent relations cooperation was largely confined to the level of participation within regional and international organizations such as the Organization of Islamic Conference (OIC), Non-Aligned Movement (NAM), and the United Nations (UN). In this regard, the two countries shared identical views on many regional and international issues such as the Palestinian issue, support for the national liberation movements, opposition of apartheid in South Africa and the call for a New World Economic Order (Mustafa Osman Ismael, 1998, 4).

Diplomatic relations between the two countries go back to the 1970s; yet it was only in the late 1980s and early 1990s that they witnessed rapid promotion. At the outset the enhancement of relations took the form of exchange of visits between heads of state. The beginning of serious contacts was marked by a 1991 visit by General Bashir, the president of Sudan, to Malaysia. That was the first state visit at this level to Malaysia by a Sudanese head of state. During the visit Sudan opened its embassy in Kuala Lumpur to upgrade the non-resident representative status. It must be noted that Bashir was well acquainted with the country and its experience in development; he completed a course at the Malaysian Military Academy. Relations between the two states grew gradually and steadily, reaching their highest level after a state visit to Khartoum by Malaysian Prime Minister, Dr. Mahathir Mohammed in May 1998. After receiving an honorary Doctor of Laws from Khartoum University, the Prime Minister announced the need for Malaysia to restore and boost its relations with Sudan and other countries in order to rebuild its economy after suffering the worst currency crisis. In his entourage was a large delegation of Malaysian businessmen who were looking for joint economic ventures with their Sudanese counterparts (New Strait Times, 1998).

State visits at the ministerial level continued with high visibility. These visits were facilitated by a commonality of interest: Malaysia was frustrated with the hegemonic attitude of the leading Western countries, hence its policy of "looking East". On its part, to achieve that goal, Sudan strove to build relations with countries like China, India, Korea and Malaysia. In July 1999, Bashir paid his second state visit to Malaysia to attend the Fourth Langkawi International Dialogue. He was accompanied by a large group of Sudanese businessmen with the goal of negotiating with their Malaysian counterparts (The Sun Newspaper, 1999). A month later, in August 1999, Malaysian diplomatic mission flew to Khartoum to open the first resident Malaysian embassy in Sudan (SUNA, 1999). At this point, Sudan and Malaysia had already concluded very close ties with many bilateral projects and investment, the most important of which was cooperation in the oil sector.

One of the early expressions of solidarity and cooperation was the Malaysian assistance in the efforts to reach an amicable resolution to the intractable conflict in Southern Sudan. When Sudan signed the Peace Agreement in Khartoum on April 21st 1997, Malaysia's representative

was among the foreign witnesses at that historic moment. Malaysia took the unusual step of introducing Sudan to Asian States, particularly the ASEAN group of nations, the matter that opened a window of opportunity for a besieged Sudan. As a result of that, Sudan's representation in Asian countries increased from four missions to nine. In addition, as a result of Malaysian efforts, Japan invited Sudan to participate in the Tokyo International Conference on African Development (TICAD), which was organized in Tokyo on the 19th of October 1998. Sudan's participation in that gathering, not only helped to break Western isolation/embargo imposed on it, but also signified the acceptance of Sudan in the Asian community (Elfaki, 2012 a).

It can be upheld that Sudan's involvement with Malaysia paved the way for establishment of relations with other influential Asian countries providing a feasible alternative to relations with the West. By the same token Sudan acted as a gateway and a bridge for engagement of those countries with Africa. The opportunity that opened up for Malaysia was more productive this far than in the case of Sudan where relations with Korea and Japan were hampered by Western sanctions. Malaysia made the best use of its relations with Africa. This point will be expanded further when assessing impacts.

High level state visits by officials of the two countries visibly increased after 1998. Sudanese President Bashir paid official visits to Malaysia in 1991, 1999, 2002, 2003 and 2007. Most of these visits were conducted within the context of participating in the "Smart Partnership" Conferences, annually organized in Langkawi Island. Malaysian Prime Minister, Dr. Mahathir Mohammed visited Sudan in May 1998. This was followed by a state visit by his successor, Abdullah Ahmad Badawi, in April 2007, who was then the Chair of the OIC. During that visit, the Malaysian PM argued against the imposition of more international sanctions against Sudan. Upon returning to Kuala Lumpur; Badawi moved to mobilize support for Sudan within the OIC and other forums. He addressed some of the leading members of the OIC and the general manager of the Islamic Development Bank to establish a mechanism to contribute to the development of the war-torn state of Darfur and to extend emergency aid to that region. To follow up his diplomatic drive, Badawi appointed a special envoy in Darfur.

The significance of Malaysia as a smart partner stems not only from its remarkable economic success, but also from its principled attitude against the exploitation of the developing nations by the developed countries and the unfair terms of international trade. During a number of international gatherings, Malaysia together with some developing nations have successfully resisted efforts by the developed countries, particularly the US, to use global issues such as human rights, democracy, labour standards and the protection of the environment to impose their values and interests on others (Badawi, 1997). Such factors singled Malaysia out as a potentially good trade and investment partner for Sudan to help the country to implement its vital development program.

Economic Cooperation

Political Relations between and among nations cannot be dissociated from their economic context. Whatever the strength of diplomatic and political contacts, they are usually embedded in a network of economic relations. There is evidence that Sudan was heavily dependent on aid provided by Western countries during the years before 1989 (Saeed, 1985 b). But after that date aid, economic relations with the West were greatly downsized. Political stances made by the incumbent government at the beginning of post 1989 era only made matters worse by alienating most other non-Western countries. Thus, after most Western countries stopped aiding and financing Sudanese developmental projects, Malaysia helped in filling that economic and financial gap. PETRONAS and Advance Synergy, two Malaysian giant companies, invested in and financed the Sudanese oil project (Elfaki a, 2012).

Just as Sudan was badly in need of exploiting its available oil reserves, Malaysia had genuine reasons for engagement. First, the enhancement of relations and the beginning of genuine Malaysian involvement in the oil ventures coincided with the aftermath of the 1997 ASEAN economic crisis and the country was in need of economic recovery. Second, it was becoming evident with foresight that the Malaysian economy would soon be in need of crude oil importation and therefore should consider any chance to invest in energy resources abroad. Finally, Malaysian companies had the technical know-how and investment capital to venture abroad and undertake profitable opportunities to add to the national wealth; it made sense for the country to capitalize on the opportunity.

PETRONAS, Malaysia's National Petroleum Company, which represented the bridge and spearhead in building relations between the two countries invested heavily in Sudan's oil industry. Sudan's oil exploration and production program was undertaken by a consortium incorporated in 1997 made up of: China National Petroleum Corporation (CNPC) with 40% stake, PETRONAS which owned 30% and the Sudanese company SUDAPET (Sudan Petroleum) having a stake of 5%. The consortium was known as: Greater Nile Petroleum Operating Company (GNPOC). Canadian Talisman, which invested substantially in the venture, was forced to pull out of its projects in Sudan under US pressure and sold its stakes to the Indian company INOGC (India Oil and Natural Gas Corporation) with 25% stake (Sadasivan, 2011). Eventually, that encouraged India to promote further its trade and investment relations with Sudan. Between them those companies helped produce crude oil from abandoned American fields, built oil pipelines to the ports of exportation and built refineries. By doing so they prepared the ground work for the Sudan oil industry. Without this technical knowhow and financial investment it would have been very difficult for Sudan to make any use of its oil reserves. Revenue from oil represented about 70% of Sudan government's budget. Of more importance was the fact that the cooperation resulted in almost a decade of sustained economic growth.

Very substantial investments were involved at the beginning. PETRONAS' activities covered two sectors: Upstream and Downstream. The Upstream activities included: exploration, development and production, costing at the initial stage over US $1 billion. The Downstream activities included the construction of an export pipeline from the oilfields in the Southern-Western belt Sudan to Port Sudan terminal on the Red Sea. The pipeline (1600 km) had a capacity of 250,000 barrels per day. The Downstream project cost another US $1 billion. PETRONAS investment in Sudan is her largest in a foreign country (Suhaimi, 1999). The entry of PETRONAS into Sudan formed part of the company's global drive in the 1990s. For Malaysia, the venture represented a choice to put into practice its concept of South-South cooperation and smart partnership. From the Sudanese perspective, the venture was by all means beneficial: Sudan which was money-stripped needed finance and foreign currency to fund its development projects

and relations with Malaysia and other Asian countries helped achieve that ambition.

Understandably, the economic sector and investment received the most attention in the course of the Sudanese-Malaysian relations. PETRONAS investment in the oil sector was and remains the most substantial. Until 2013, the company's total investment in Sudan amounted to US $4 billion compared to its outlays of US $3 billion in Egypt, and US $2 billion in South Africa, the two other countries where it made substantial investments. This success has encouraged other Malaysian companies to engage in various investments in the country (PETRONAS, 2013, Annual Report).

Oil revenues enabled Sudan to build its basic infrastructure and develop energy resources in addition to making improvements in service delivery. These factors helped to improve the country's rates of economic growth. Meanwhile the country became an attractive destination for foreign direct investment; a trend which continued despite the slowdown in economic growth rates as can be seen from table (1). The following table illustrates the impact of oil production on the Sudanese economy in terms of economic growth and foreign direct investment.

Table (1): Sudan's Rates of economic growth and foreign direct capital inflows between the years of 2000 and 2014 ($millions).

Year	2000	2007	2008	2009	2010	2011	2012	2013	2014	2015
Economic Growth %	6.3	11.5	7.8	3.2	3.5	-2.0	-2.2	3.3	3.1	3.4
Foreign Direct investment	392.200	1,504.380	1,653.120	1,726.298	2,063.731	1,734.377	2,311.461	1,687.884	1,251.281	1,736.784

Source: www. databank.worldbank.org

Even a cursory glance at the above table can disclose the impact of production of oil starting in 1999 on the Sudanese economy. It resulted

in high rates of economic growth up to 2008 when the impact of the international economic crisis slowed down economic growth. The drop in production of oil resulting from the secession of the Southern Sudan in 2011 caused temporary negative rates of economic growth for the next two years. However, after 2013 the Sudanese economy started to grow again albeit slowly realizing low rates of growth due to reduction of oil revenues.

Investment in oil production is not the only feature of economic cooperation between the two countries. Investment in other areas included some lucrative fields of activity; in addition to trade in commodities. After the two countries signed two milestone agreements on technical, cultural, educational and economic cooperation in 1990, a solid foundation of mutual understanding had grown and opened the door wide for shared economic activities between the two countries. Consequently, a number of subsequent agreements were signed: the agreement for the avoidance of double taxation (7 October 1993); payment arrangement agreement (11 October 1996); the agreement for the promotion and protection of investments (14 May 1998); and the trade agreement (14 may 1998); together with a number of agreements for investment in the mining and energy fields (Sudan Embassy, Kuala Lumpur, 1998).

These agreements and others encouraged businessmen and companies, public and private, to work in different fields of investment. Malaysian companies operated on a division of labour basis: PETRONAS "petroleum and gas", Advance Synergy "mining and hotels" and Tabung Hajji "plantations", particularly palm oil and oil seeds. Malaysia appointed Lembaga Tabung Hajji and Jawala Corporation Sdn. Bhd. as the exporters of palm oil to Sudan under the Palm Oil Credit Payment Arrangement (POCPA). The agreement called for the Sudan Oil Seeds Company and Lembaga Tabung Hajji to conduct research on palm oil plantation in Sudan. The cost was repayable by Sudanese products on barter basis through a counter purchase agreement between the two companies. The arrangement was beneficial to the two countries as it did not involve transfer of hard currencies (Haikal 1999). Malaysia would import from Sudan sesame seeds, groundnuts, meat, hibiscus flower, fruits and vegetables, sunflower and sorghum, among other Sudanese products. Currently, over 50 Malaysian companies are operating in

Sudan where Malaysia is the second most important economic partner after China and one of the major investors.

But, unlike foreign direct investment, trade in commodities was not equally successful. Thus, even as late as 2013 and 2014 the size of trade amounted to no more than $194.7 and $287.4 respectively (Bank of Sudan Annual Report 2014). It is substantial but low in comparison to trade with China and India. This was probably due to a number of factors that hampered the full realization of the goals of the cooperation. The most salient among these were: lack of regular direct shipping lines as an obstacle to the development of trade relations as reflected in higher shipping costs and shipping delays, which also affected the cost of commodities given that geographically the two countries are too far from each other. In addition, the exchange of trade was made through intermediaries, whether for Malaysian exports or Sudanese imports which increased the cost of those goods and rendered them less competitive. The lack of information on Sudanese goods and products in the Malaysian markets and lack of information of Malaysian products in Sudanese markets have all hampered the development of bilateral trade between the two countries. Another formidable obstacle was the fact that Malaysian companies and investors complained of the difficulty of transferring their profits from Sudan because of the impact of American sanctions. Finally, Sudan, after the independence of the Republic of Southern Sudan, has lost almost 70 per cent of its oil revenues. However, recently concerted efforts are being made to open up new oil fields in North Sudan to compensate for the loss of Southern oil fields. Exploitation of gold deposits became another important source of foreign currency.

Human Resource Development and Capacity Building

Starting in 1996, Malaysia offered partial scholarships to Sudanese graduates to pursue their higher degrees in Malaysian Universities. A number of agreements were signed between the two countries to implement similar programs, the most important of which is a protocol to train Sudanese medical personnel in Malaysian hospitals. In addition, Sudanese students continue to pursue their undergraduate studies in private colleges in Malaysia. By 2010 their number exceeded 3000 (Elfaki a, 2012). On the other hand, initially, the Malaysian community in Sudan was comprised of a few students in the Africa International

University, Khartoum. They mainly studied Islam and the Arabic language. Gradually, the number of Malaysian students climbed to reach 145 in 1999. After PETRONAS started its operations in full swing, the number of Malaysian families in Sudan multiplied, reaching over 300 in Khartoum alone. (Nadzri, 1998). The increase of the number of PETRONAS professionals and skilled manpower fostered the impression of interaction between two nations sharing a lot in common.

Sudanese students in Malaysia are divisible into undergraduates and postgraduates. Many Postgraduates had benefited from Malaysian Technical Cooperation programme and are studying either medicine and health sciences in general or are staff of Sudanese universities; there are few private students at that level. Undergraduates predominantly choose to study either engineering or technology; but it is noticeable that few choose to study social sciences or English language. Currently the Sudan embassy in Kuala Lumpur estimates the total number of Sudanese students to approximate 5000.

PETRONAS helped to set up a skills development centre and a research centre in Sudan, to train Sudanese workers in the field of oil industry. The Malaysian company participated in the development of a petroleum laboratory for the Sudanese Ministry of Energy and Mining, besides holding joint studies for the upstream technical evaluation of Northern blocks and for the expansion of Port Sudan refinery (Beladi, 1999). The capacity building programme undertaken by PETRONAS and Chinese companies was so effective to the extent that recent exploration and test drilling for oil were recently done almost entirely by Sudanese staff.

Conclusions

This paper purported to place in perspective the contemporary bilateral relations between Malaysia and Sudan as a case study using South-South cooperation and political economy pertaining to it as frames of reference. Case studies are not generalizable but this case serves at least as a strong indicator to the potential in the South-South Cooperation for the promotion of economic and political interests of countries of the South. Both countries reaped substantial benefits from it. Through it Sudan was able to exploit its oil reserves and other resources based on cooperation with Malaysia and other Asian countries. Sudan achieved its best development performance in decades; while Malaysia also made

substantial benefits in the form of returns from trade and investments. It also opened the way for Malaysia and some other Asian countries to venture into other African Countries where they managed to open up very substantial opportunities and build trading relations, make very substantial investments in oil and gas fields; in addition to other areas of investment and cultural relations. It must be emphasized that Malaysia has better comparative advantage and competitive advantage in dealing with Africa. It is generally seen as a hub of education and halal products and characterized by more developed technical knowhow.

On a broader scope Sudan's engagement with Malaysia and China served as a gateway for those countries into the African landscape while Malaysia introduced Sudan to Asian countries including South Korea, India and Japan. Ostensibly, China and India had a very successful engagement with Sudan and other African Countries and they continue to enhance their trade and investment relations with Africa which they adopt as a strategic policy as part of their economic development planning. Reuters (2013) reported that Malaysian investments in Africa went ahead of other Asian countries standing at $19.3 billion, followed by China with African Investments amounting to $16 billion and India investing $14 billion. In addition to this there were investments by Western countries and emerging countries such as Russia and Brazil in Africa. Mougani (2012) speculated that Africa was going to be the next most attractive destination for investment.

Today, African countries are more inclined to do business with Asian countries because it resulted in visible development. This supports the contention that trade in commodities, human resource development and direct capital inflows proved to be better than aid offered by the West (Malhotra 2010). In addition, unlike Western countries, Asian countries follow policies of non-interference in internal affairs of host countries. It surfaced in the news recently that Japan was planning to invest tens of billions of dollars in East Africa to help uplift its backward infrastructures.

It appears that South-South Cooperation within a wider context has the potential to become on par with the Western alternative. Yet, it is still wise to use both channels of cooperation simultaneously in an increasingly globalized World. Yet, it appears that cooperation with both groups of countries and beyond will speed up a country's

development by more than insistence on one alternative approach. Thus it is advisable for countries like Sudan to mend its relations with the international community. In addition, it has to improve its infrastructure and the general investment climate to be able to reap the benefits of globalization and make use of its huge idle resources.

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