

How Can Australia Play a Special Role in Bridging the Global North-South Divide?

April 2024

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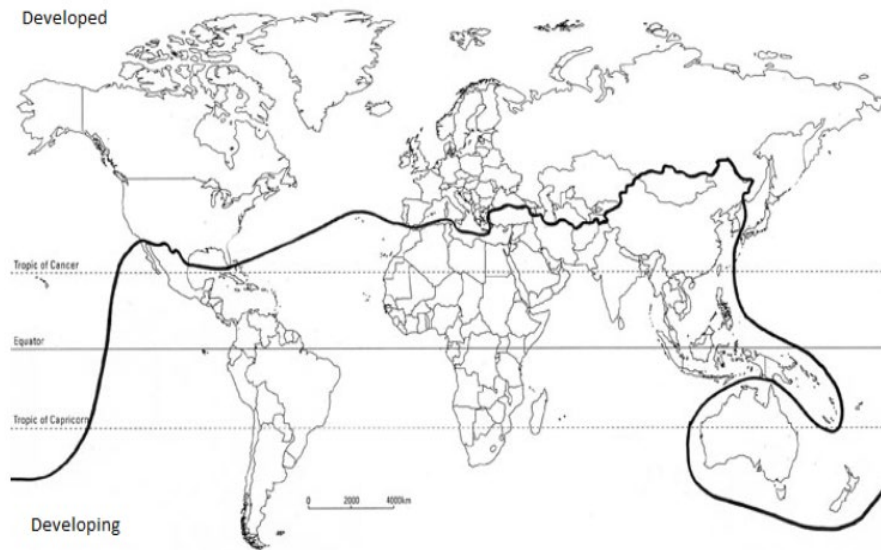
The world has been a very eventful place in the recent past. One of the terms that has made a linguistic comeback due to all the action that the planet has been witnessing is “Global South”. The renewed currency of the blanket term — one of many that have been used colloquially to describe the world’s political and economic divisions (and which has not much to do with the equator) — is unsurprising. In recent times, the escalating geopolitical rivalry between the United States and China has revived bipolar dynamics reminiscent of the Cold War, when much of the world became pawns in a superpower competition. Moscow’s aggression against Ukraine has only intensified pressure on developing nations to pick a side between the democratic West and authoritarian China and Russia — a choice that many resist. Meanwhile, a succession of systemic shocks — including the coronavirus pandemic, economic fallout from Ukraine, and deepening climate emergency — have underscored the gross inequities at the core of the world economy and the vulnerability of lower- and middle-income nations to political, economic, and ecological crises not of their own making.¹ Within this, there stands a nation that is uniquely positioned because of its ties to ‘both camps’ that can help bridge the divide potentially like no other — but easier said than done!

What is the structural understanding of the North-South divide?

The Global South is a multifaceted concept encompassing geographical, geopolitical, historical, and developmental aspects, with certain exceptions.² Used since the late 20th century, the term has seen increased application as we moved into the 21st century. Carl Oglesby, a political activist, is credited with first using “Global South” in 1969. In an article for the liberal Catholic magazine *Commonweal*, Oglesby discussed how the Vietnam war represented a peak in the North’s dominance over the South. But it was only after the 1991 breakup of the Soviet Union — which marked the dissolution of the so-called “Second World” — that the term gained momentum.

¹ <https://carnegieendowment.org/2023/08/15/term-global-south-is-surg-ing.-it-should-be-retired-pub-90376>

² <https://economictimes.indiatimes.com/news/international/world-news/everyones-talking-about-the-global-south-but-what-is-it/articleshow/103453914.cms?from=mdr>



The Brandt line, a definition from the 1980s dividing the world into the wealthy north and the poor south.

<https://handwiki.org/wiki/index.php?curid=1098296>

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In a global context, "the North" and "the South" serve as alternative terms for "developed" and "developing" countries, respectively, based on the Brandt line. Together, these terms constitute nearly the entire global population.⁴ The two groups are often differentiated by their levels of wealth, economic development, income inequality, democracy, and political and economic freedom, as measured by freedom indices. States that are seen as part of the Global North tend to be wealthier, less unequal, and considered more democratic and developed countries. Southern states are generally poorer, developing countries with younger, more fragile democracies, often reliant on primary sector exports and frequently share a history of colonialism by Northern states.⁵ After colonialism, the North continued to maintain unequal trade relationships with the South, which further perpetuated the economic disparities between the regions.⁶

Nevertheless, the divide between the North and the South is often challenged and said to be increasingly incompatible with reality. For example, the differences in the political, economic, and demographic makeup of countries tend to complicate the idea of a monolithic South.⁷ How can countries like China and India, each with about 1.4 billion people and GDPs of about \$18 trillion and \$3.4 trillion, respectively, be lumped together with the Pacific island nation of Vanuatu, with a population of a little over 300,000 and a GDP of \$984 million, or the southern African country of Zambia with 19 million people and a GDP of \$30 billion?⁸ Furthermore, globalization has also contested the notion of two distinct economic spheres.

³ <https://encyclopedia.pub/entry/37558>

⁴ [https://www.encyclopedia.com/social-sciences/applied-and-social-sciences-magazines/north-and-south-global#:~:text=As%20terms%2C%20the%20North%20\(also,were%20increasingly%20seen%20as%20pejorative](https://www.encyclopedia.com/social-sciences/applied-and-social-sciences-magazines/north-and-south-global#:~:text=As%20terms%2C%20the%20North%20(also,were%20increasingly%20seen%20as%20pejorative)

⁵ <https://encyclopedia.pub/entry/37558>

⁶ <https://tourismteacher.com/north-south-divide/>

⁷ <https://apnews.com/article/what-is-global-south-19fa68cf8c60061e88d69f6f2270d98b>

⁸ <https://economictimes.indiatimes.com/news/international/world-news/everyones-talking-about-the-global-south-but-what-is-it/articleshow/103453914.cms?from=mdr>

Why has the North-South divide within the Global South been garnering limelight?

In 2023, many newspaper articles and reports have increasingly referenced the “North-South divide”, predominantly in the context of the war-struck era our planet is experiencing. Illustrating this point, Russia’s invasion of Ukraine sparked unity among Western democracies not seen since the first Gulf War. However, the Global South did not meet the Western expectation of global, unified condemnation and action against Russia.⁹ As such, the unwillingness of many leading countries in Africa, Asia, and Latin America to stand with NATO over the war in Ukraine has brought the term to prominence once again. Global South leaders have been demanding an end to the “plundering international order,” calling for a more representative and responsive global system that caters to the needs of developing economies.¹⁰

Apart from this, not long ago, the pandemic also posed many challenges for the Global South. The challenges were daunting for a myriad of reasons varying across the diverse countries. They include weak public health systems, lower living standards, and a lack of services in densely concentrated cities or widely dispersed rural populations. Even amongst middle-income countries, whose economies tend to be export-oriented and commodity-dependent, the collapse of global demand puts significant pressure on their national accounts. For some, dependency on tourism and foreign remittances makes up a substantial portion of their GDP, and any losses in these sectors exacerbate unemployment and revenue losses.¹¹

From a Japanese lens, the term “Global South” has become such a buzzword that it graces the daily news.¹² Japan has been actively engaging with the Global South, pursuing this engagement through various means such as frequent visits, dialogues, and regional forums, including the G20. Japan’s approach is characterized by its desire to foster a free and open international order, ensure global peace, and address global inequalities.¹³

What are the keys to addressing the North-South divide?

The North-South divide remains relevant today, as global inequality continues to pose a significant challenge. This divide surrounds economic, social, and environmental disparities.¹⁴ While some countries in the Global South have achieved considerable economic and social progress, others still grapple with poverty and underdevelopment. The divide also influences vulnerability to climate change, with developing countries in the South often facing a disproportionate share of the impacts. Factors such as limited resources for adaptation and

⁹ https://ppr.lse.ac.uk/articles/10_31389/lseppr.88

¹⁰ <https://theconversation.com/the-global-south-is-on-the-rise-but-what-exactly-is-the-global-south-207959>

¹¹ <https://www.lse.ac.uk/international-relations/centres-and-units/global-south-unit/COVID-19-regional-responses/COVID-19-and-the-Global-South>

¹² <https://asia.nikkei.com/Opinion/Japan-must-take-its-Global-South-vision-forward-in-2024>

¹³ <https://ecfr.eu/article/what-europe-can-learn-from-japans-approach-to-the-global-south/>

¹⁴ <https://tourismteacher.com/north-south-divide/>

mitigation, widespread poverty, and exposure to natural disasters contribute to this vulnerability.¹⁵

Addressing the North-South divide thus requires a comprehensive and coordinated approach that includes policies to promote sustainable economic development, improve governance and political stability, increase access to education and healthcare, and reduce inequality within and between countries. International cooperation and partnership are also essential for addressing global challenges and promoting equitable development. Although easier said than done, some of the ways to address the North-South divide can include:

1. Trade Policies: Reforming international trade policies to ensure fair and beneficial trade relationships for the countries in the Global South.
2. Investment in Education and Healthcare: Increasing investment in education and healthcare to reduce disparities in access to these essential services.
3. Environmental Protection and Climate Action: Addressing environmental challenges and climate change, which disproportionately affect the Global South, through international cooperation and support.
4. Technology Transfer: Facilitating the transfer of technology from the North to the South to support development and economic growth in the Global South.

To that end, Japan is setting a five-year investment target of more than \$13 billion to support developing countries in the Global South, a move that aims to deepen ties with growing, resource-rich economies. The 2 trillion yen (\$13.3 billion) in funding would come from investments by Japanese companies backed with government aid, Japan's Minister of Economy, Trade and Industry (METI) stated.¹⁶ As per the then METI Minister Nishimura, "We will strengthen collaboration through support and investments that lead to solutions to societal challenges facing emerging markets, such as carbon reduction and digitalization; Japan aims for 'win-win' relationships with the Global South, in which aid leads to economic expansion, local investments by Japanese companies, and export growth."¹⁷

Japan's focus on the Global South brings a ray of light amid an increasingly chaotic global situation.¹⁸ As an example of the themes mentioned above, such as climate change and investment, an initiative that was recently announced is India-Japan Fund (IJF). IJF is a \$600 million fund launched by the Japan Bank for International Cooperation (JBIC) and India's National Investment and Infrastructure Fund (NIIF). The fund will be supported by JBIC-IG Partners (a JV of JBIC and IGPI) and aims to invest in environmental sustainability and low-carbon emission strategies, focusing on areas such as renewable energy, e-mobility, and waste management.¹⁹ Interestingly, the fund will have almost equal financial contribution from the Japanese and Indian sides, which is significant in the North-South discussion as it brings in connotations of equality — one of the root issues of this historical divide.

¹⁵ <https://tourismteacher.com/north-south-divide/>

¹⁶ <https://asia.nikkei.com/Politics/International-relations/Japan-aims-for-13bn-in-Global-South-investments-economic-minister>

¹⁷ <https://asia.nikkei.com/Politics/International-relations/Japan-aims-for-13bn-in-Global-South-investments-economic-minister>

¹⁸ <https://asia.nikkei.com/Opinion/Japan-must-take-its-Global-South-vision-forward-in-2024>

¹⁹ https://www.jbic.go.jp/en/information/press/press-2023/press_00102.html

What role can Australia potentially play in bridging the Global North-South divide?

From a global North-South lens, Australia's role in this divide is complex due to its unique position. Geographically located in the Global South, Australia is considered part of the Global North due to its economic and political ties. If we examine Australia further, it is a regional superpower and one of the richest nations in the world²⁰, situated in an important and strategic position for Global North allies with Asia-Pacific interests. Its Western-influenced political economy, combined with its relations with many Asian countries provide a unique geopolitical context.²¹

The above makes Australia's role in the Global North-South divide crucial, and based on Australia's worldview, including the growing importance of the Global South, Australia can contribute to the world order in a way that matches its interests. Some of the dimensions along which Australia is/can further play a role include economic, environmental, and security aspects, acting as a bridge in the divide:

1. Economic Partnerships and Aid for Development
 - ◆ Foster economic partnerships with Global South countries by increased trade, investment, and joint ventures.
 - ◆ Providing targeted development aid to less economically developed countries as well as showcasing successful case studies of aid initiatives that have positively impacted Global South nations.
2. Environmental & Innovation Cooperation
 - ◆ Emphasizing the significance of addressing environmental challenges in the context of global development as well as Australia's potential role in collaborating on climate change initiatives and sustainable practices.
 - ◆ Australia can contribute to the Global South through technology transfer/exchange and the potential impact of sharing innovations in sectors like agriculture, healthcare, and renewable energy.
3. Regional Stability, Security & Cooperation
 - ◆ Playing its part in the regional stability for sustainable development as well as Australia's contributions to diplomatic efforts and peacekeeping missions in the Southern Hemisphere.
 - ◆ Multilateral cooperation by engaging in multilateral forums and organizations can be Australia's potential contribution to global initiatives aimed at addressing the North-South divide.

²⁰ <https://www.primicapital.com/insights/australians-are-the-richest-in-the-world/#:~:text=In%20terms%20of%20mean%20wealth,United%20States%20and%20Hong%20Kong.>

²¹ <https://eprints.qut.edu.au/123774/1/North-In-South.pdf>

4. Education, Knowledge & Cultural Exchange

- ◆ The role of education in addressing the North-South divide, e.g. facilitating educational exchange programs and knowledge sharing.
- ◆ Cultural exchange is of vital importance in fostering collaboration. Australia has a strength in its diverse cultural landscape and potential role in promoting understanding.

It is essential to note that the role of any individual country, including Australia, is complex and multifaceted. Furthermore, we have established that all Global South countries can't have a 'one-size-fits-all' strategy due to their diverse global views and progress.

IGPI established its Australian operations in 2020 as we recognized the increasingly prominent role that Australia is playing and can play in APAC and the wider world. Although Australia is not new to corporate Japan, since business relationships go back several decades, the nature of the relationship has been evolving quickly. There are many untapped opportunities waiting to be introduced to the world — based on the fact that Australia has a relatively high quality of innovation²², but commercialization of those innovations hasn't been its strong point. This is one area where Japanese expertise in globalizing businesses can complement Australia in solving global issues. On that note, IGPI supports JETRO's J-Bridge program, which encompasses open-innovation-driven collaborations between Japanese corporations and Australian companies in their strength areas of "Green" and "Digital".

Several Australian innovations can potentially solve issues in the Global South. As a public example of the above point with regards to innovation cooperation — Australian insurance company, Hillridge Technology helps farmers lessen the financial impact of adverse weather events by using blockchain technology to immediately and automatically pay out insurance claims as soon as a weather event occurs within a certain distance from a farmer's operations.²³ Also, Hillridge Co is co-operating with Mitsui Sumitomo Insurance Group (MSIG) in Vietnam to launch a new agricultural insurance product that protects farmers in Vietnam from the risks of drought.²⁴

In future, IGPI Australia will endeavor to continuously focus on joining more dots between Japan, Australia and the rest of the world through its business pillars of advisory and investments to play its part in making this planet a more cohesive place.

To find out more about how IGPI can provide consulting support for businesses, browse through [our insight articles](#) or [get in contact with us](#).

²² <https://www.linkedin.com/pulse/why-isnt-australia-moving-up-ranks-global-innovation/>

²³ <https://research.csiro.au/aus4innovation/australian-insurer-helps-vietnamese-farmers-though-new-technology/>

²⁴ http://bizhub.vn/corporate-news/hillridge-msig-team-up-to-protect-farmers-in-vn_344956.html

About the author

Mr. Rachit Khosla is a seasoned strategy consulting professional with rich experience in leading and executing market entry, growth strategy and open innovation/new business creation engagements for Fortune 500 businesses, large MNCs and Govt. bodies across the Asia Pacific. He has advised clients in diverse industries including green and digital areas. Before joining IGPI, Rachit was the Country Manager at YCP Solidiance, and after that, a co-founder of Conquerem — an online B2B e-bidding platform for boutique consulting firms. Rachit is an avid traveler who has set foot in 40+ countries and lived in 4 countries.

About IGPI

[Industrial Growth Platform Inc. \(IGPI\)](#) is a premier Japanese business consulting firm with a presence and coverage across Asian markets. IGPI was established by former members of the Industrial Revitalization Corporation of Japan (IRCJ) in 2007. IRCJ, a US \$100 billion Japanese sovereign wealth fund, is known as one of the most successful turn-around funds supported by the Japanese government.

In 2017, IGPI collaborated with the Japan Bank for International Cooperation (JBIC) to form JBIC IG, providing investment advisory services and supporting overseas investment. In 2019, JBIC, along with BaltCap, jointly established Nordic Ninja, a €100 million venture capital fund to focus on deep tech sectors such as autonomous mobility, digital health, AR/VR/MR, artificial intelligence, robotics and IoT in the Nordic and Baltic region. In 2019, IGPI established IGPI Technology to focus on the area of science and technology. The company invests in technological ventures and provides hands-on management support. The company also provides business development support towards commercialization and monetization of technologies.

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