Statement

by
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Opening Ceremony
Seventh Global Commodities Forum
UNCTAD 14

15 July 2016
10:00 to 11:30 am
Nairobi, Kenya
Distinguished Ministers,

Excellencies,

Ladies and Gentlemen,

It gives me great pleasure to address the opening ceremony of the Global Commodities Forum. Let me start by expressing my gratitude to the Secretary-General of UNCTAD and the Government of Kenya for organizing this important forum.

As you are all aware, our discussion takes place at rather important moment for all including the vulnerable countries such as the LDCs, LLDCs and SIDS. We are in the first year of implementation of the Agenda 2030 for Sustainable Development. We are glad that there is so much synergy between Agenda 2030 and the African Union’s Agenda 2063.

This timely discussion takes place after a marked decline in commodity prices and amid increased volatility. Today, oil and metal prices are between 40% and 70% below their early-2011 peak, which marked the end of the commodity super cycle. This has resulted in a considerable reduction of economic growth, deteriorating fiscal positions and higher risks associated to wider external deficits, including declining foreign reserves, increased indebtedness, and spikes in debt service. The deterioration of international market conditions for commodity exporters may lead
to a slowdown in investment, especially resource development projects and infrastructure development, and, in many cases, outflows of capital as well as increased pressure on currencies and current accounts. Furthermore, global economic prospects present a complex environment for commodity-dependent countries as commodity prices are expected to remain low and volatile and external financing conditions are expected to tighten.

These developments need to be looked at holistically as most of them are heavily dependent on a reduced number of commodities. For these countries, leveraging the revenues derived from commodity production and export can provide much-needed resources to trigger the diversification of their economies, boost economy-wide productivity by better integrating the commodity sector into the national economy and promoting forward and backward linkages that stimulate a transition towards higher positions in global value chains.

National development policies should aim at giving local stakeholders access to economic opportunities arising from resource extraction or from the production of commodities. Both LDCs and LLDCs could maximize the production linkages between the commodity sector and industry. Inputs needed for commodity production could be used to promote local industrial capabilities in the agricultural, industrial and service sectors, in an inclusive manner. Promoting the engagement of local actors in the provision of inputs to the commodity sector can also promote the building of capacities, including by enhancing access to technology and know-how, and contribute to promote the integration of local economic actors into regional global value chains. The creation of linkages between the commodity sector and the rest of the economy can also support the process of diversification towards higher added-value activities. Thus, the promotion of forward-linkages may lead to the generation of positive externalities, such as increased capabilities that may spill-over to other sectors or that may support the development of infrastructure, thus creating a positive and mutually reinforcing dynamic between commodities, poverty reduction and structural transformation.

An important element to build a more solid foundation that not only accelerates poverty eradication, but also increases prosperity in a sustainable and inclusive way, is a more meaningful and equitable integration into the global economy.
Thus, export diversification, particularly in the context of high commodity dependence, should become a national priority. Whether by encouraging an increase share of manufacture, widening the range of primary exports or moving down the processing of value-added chains, broadening the range of operating businesses and exports facilitates the transition towards higher added-value, and it should be part of a long-term strategy. Export diversification not only facilitates economic growth, but this growth has the potential to be more inclusive and sustained and can provide more opportunities for marginalized groups. This is particularly relevant for countries with a high share of youth in their population. Identification of key sectors and consistent supportive policies are critical.

Achieving greater diversification of exports is critical for structural transformation. In this regard, countries should be provided with adequate financial resources to support this process. In the case of LDCs, the support of the international community and of their development partners in raising necessary resources will be crucial. Fulfilling existing commitment towards, prioritizing ODA to those that need it most, particularly in view of their limited capacity, and leveraging other private resources, both domestic and international, are essential. Aid for trade should play a critical role in this regard.

Facilitating meaningful technology transfer for the LDCs and assisting them in building a viable science, technology and innovation base is an essential component towards an export diversification strategy. Closely related to this important area is the work that my Office is undertaking towards the prompt operationalization of the Technology Bank for the least developed countries.

Sharing best practices, and promoting regional cooperation and consolidation of institutional capacities will go a long way towards such transformative change, particularly women and marginalized communities.

Smallholder farmers are central to food security and sustainable development in both LDCs and LLDCs. It is critical that their important role is acknowledged and supported at the national as well as regional and global levels. Facilitating their access to inputs and markets, providing access to finance to increase agricultural
yields and providing them with adequate access to land would have salutary effects in reducing poverty and promoting sustainable development.

Excellencies,

Ladies and Gentlemen,

Implementing the SDGs in the LDCs, LLDCs and SIDS will require an unprecedented increase in available resources. National development policies should maximize the benefits derived from the revenue generation from commodity production or from extractive resources in a holistic and comprehensive manner that supports structural transformation. Commodities should be part of a long-term strategy that leverages revenues and facilitates productive capacity building, greater and more productive linkages with world markets and sustainable development. Similarly, regional integration plays a very important role in diversification and transformation.

Structural change will not take place without strong, robust and international support and a fair and inclusive regime. Let us work together to make sure that we achieve our collective goals under the 2030 Agenda with enhanced and strengthened partnerships including for those dependent on commodities.

In all areas mentioned above, we see a great prospect with strong national leadership and broad international partnerships.

Measures oriented towards enhancing transparency and accountability or oriented towards combatting illicit capital flight or tax avoidance should be implemented, with the full support of the international community. Institutional capacities should also be strengthened.

It is in this spirit of enhanced level of global partnership that we would be able to achieve our goal of poverty eradication and sustainable development in the years ahead.

I thank you for your kind attention.