COMMODITY DEPENDENCE IN DEVELOPING COUNTRIES TO BE EXAMINED AT SEVENTH UNCTAD GLOBAL COMMODITIES FORUM

Developing countries dependent on fossil fuels, metals, ores and agricultural exports need to add value and diversify to break the chains of commodity dependence

Geneva, Switzerland, 1 July 2016 – In the context of dramatic volatility in commodity prices, commodity-dependent developing countries will find it difficult to achieve the Sustainable Development Goals without breaking the chains of commodity dependence. What is more, hard-earned development gains could be threatened. Today, 65 per cent of developing countries remain commodity-dependent, and this proportion has remained largely unchanged for over three decades, making them extremely vulnerable to external shocks.

In addition to the short-term impacts, such as a drop in export earnings, currency depreciation, deteriorating current account balances and difficulties in meeting debt obligations, the long-term development impacts of such commodity price volatility on commodity-dependent countries – most, located in Africa – require renewed attention.

Representatives from Governments, the private sector and academia will discuss development challenges of commodity-dependent developing countries and debate actionable solutions at the seventh UNCTAD Global Commodities Forum taking place in Nairobi on 15–16 July 2016. The Forum is co-organized with the Commonwealth Secretariat and the Food and Agriculture Organization of the United Nations.

Ministers who have confirmed their attendance come from Botswana, Burkina Faso, Ethiopia, Ghana, Kenya, Togo, Uganda and Zambia.

The plenary themes to be discussed include:

- From local content to shared value creation in extractive industries
- The changing landscape of export diversification
- Linking family farms to markets
- The role of natural gas in the transition to sustainable energy for all in Africa
- Ministerial round table: Commodity-led development and the Sustainable Development Goals in Africa.

The 2016 Global Commodities Forum will open on 15 July with addresses by Mukhisa Kituyi, UNCTAD Secretary-General, Arancha González, International Trade Centre Executive Director
and Emaz Uddin Pramanik, Minister of Textile and Jute of Bangladesh. Other speakers include Gyan Chandra Acharya, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and Deodat Maharaj, Deputy Secretary-General of the Commonwealth Secretariat.

Participants in the event will propose measures to diversify export baskets, expand export revenues, stabilize export earnings and upgrade value added in global value chains.

One session on policies focuses on how to encourage economic gains from the extractive industries to spill over to local businesses and communities. Such “local content” policies, combined with well-designed incentives, can lead to shared value creation by providing opportunities for entrepreneurship and meaningful economic diversification in commodity-dependent developing countries that boost manufacturing and services sectors.

The Global Commodities Forum will also convene a panel on family farms. Family farms have suffered from policy neglect despite their important role in food production and food security, though the majority of the world’s poor – 70 per cent of the developing countries’ extremely poor people – live in rural areas.

Family farms control only 12 per cent of all agricultural land but produce more than 80 per cent of the world’s food. The Forum panel will examine the market access restrictions they face – particularly with regard to family farms’ crucial role in achieving the Sustainable Development Goals. Family farms are also the major contributor to economic growth, especially in countries with large rural populations. Moreover, as the agricultural sector tends to be labour-intensive, family farms are key employers and thus promote equity, as well as social inclusiveness and environmental sustainability.

Panellists in this session will aim at developing innovative partnership models to improve family farms’ access to markets. Participants include representatives of Ecom Agroindustrial Corporation, a global commodity trading and processing company based in Switzerland, and the Food and Agriculture Organization of the United Nations.

Another panel discussion at the Forum will feature a proposed road map towards an energy mix that will lead to “sustainable energy for all in Africa”. The Paris climate deal and the 2030 Agenda for Sustainable Development both highlight the importance of advancing the use of renewable energy in developing countries. Off-grid and smart-grid solutions can serve to integrate electricity from renewable sources, accounting for approximately 30 per cent of the power supply.

This panel will debate how to tackle still remaining impediments to the increased adoption of renewable energy, including a shortage of capital investment in renewable electricity generation technologies and the storage of electricity generated by renewable technologies. With a focus on natural gas, the Global Commodities Forum will gather experts to identify transitional strategies that can reduce carbon dioxide emissions while expanding energy access and reducing energy poverty in Africa.

At the Forum’s African ministerial round table, to be held on 16 July, ministers will debate how commodities production and trade can contribute to achieving the 2030 Agenda for Sustainable Development.

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