

Interactive Dialogue on Commodity Markets
Remarks by H.E. Mr. Abdulla Shahid, President of the 76th
session of the United Nations General Assembly
31 March, 2022

Excellencies,

Distinguished delegates,

Ladies and gentlemen,

In partnership with UNCTAD, I am pleased to hold this one-day informal interactive dialogue on commodity markets. It is my hope that, together, we can give due attention to the plight of commodity-dependent developing countries, in the face of complex, contemporary global challenges.

One thing is clear: *Trends in commodities markets have profound impacts and implications on the ability of commodity dependent developing countries to achieve sustainable development.*

Today's dialogue therefore provides an opportunity to exchange views and discuss successful strategies for economic and export diversification. I welcome the focus on energy, technology, and innovation as opportunities to enable commodity dependent developing countries to escape the dependency trap.

Excellencies,

Last December, the General Assembly adopted the resolution on *Commodities* which recognized the interlinkages between the adequate and transparent functioning of commodity markets, the capacity to collect revenues from commodity exports, and the mobilization of domestic resources to support the achievement of the SDGs.

The world has changed since then.

As we speak, the conflict in Ukraine is expected to severely impact the already fragile economies of commodity-dependent developing countries, undermining their recovery from the COVID-19 pandemic and weakening their capacity to meet the SDGs.

Rising food prices and the costs of energy and fertilizer as a result of the Ukraine conflict, among others is already expected to create a downward pressure on global growth prospects, and upward pressure on inflation.

Ladies and gentlemen,

The nature of commodity prices influences the monetary policy of central banks.

A recent UNCTAD report noted that the combination of very high prices of food and fuel, and macroeconomic tightening, will place severe pressure on developing countries, constraining economic growth and development.

This outlook is most concerning for Least Developed Countries, which make up 83% of commodity dependent developing countries, and for SIDS, which are dealing with the effects of inflation and high debt burdens.

These countries are already struggling with a wide range of macroeconomic vulnerabilities, compounded by the COVID-19 pandemic, and exacerbated by the shocks emanating from the war in Ukraine.

Excellencies,

I welcome the UN Secretary General's swift establishment of the Global Crisis Response Group on Food, Energy and Finance, which held the first meeting of its Steering Committee last week.

The work of this group is crucial for the UN System to help manage the immense and interconnected challenges of global food security, energy security, and financing.

These challenges are not insurmountable. The resources, tools and instruments are there to overcome them.

We need to harness political will and rally public-private partnerships to support the efforts of commodity dependent developing countries. This will allow them to address the factors that create structural barriers and dependency.

Key steps include addressing the bottlenecks in the global supply chain; enhancing market access; building capacity; and investing in sustainable and resilient infrastructure and technology, among others.

Excellencies,

Commodity dependence is not just a sectoral issue. It is fundamentally a development challenge.

Commodity dependent developing countries are at risk, of being trapped in the vicious cycle of poverty and low human development.

We need to reverse this alarming trend.

Concrete support for commodity dependent developing countries by the international community, development partners, and the private sector, particularly in promoting economic diversification and value-addition, is more urgent now than ever.

The emergence and growth of regional and global value chains, offer developing countries a path out of the trap of having to specialize in whole industries, with all of the cost and risk that such a strategy entail.

Commodity-dependent countries have found new opportunities by embracing new technologies – essentially allowing them to migrate to value-added export services including e-commerce.

Expansion into these fields not only broadens the base of production, it also diversifies the structure of employment, especially for women, increasing their opportunities to find more productive work.

This is growth that can transform households and countries and boost participation in education which, in turn, enhances long-term productivity and poverty reduction.

Excellencies,

Today's dialogue focuses on this. And I urge you to use the discussions to identify strategies, best practices, and policies that support and promote economic diversification and value addition.

Going forward, it is crucial that governments in commodity dependent countries change their regulatory emphasis away from rigid tools governing investment in extractives toward a more flexible approach that encourages investment in a wider range of activities.

We must act together to do what it takes to help countries build more resilient, inclusive, and sustainable economies.

I thank you.