



Commodities Forum



CONCEPT NOTE

13-14-15 September 2021

Strengthening Resilience in Commodity Dependent Countries



Our world is facing unprecedented challenges that transcend national boundaries. The vital signs of our planet are showing severe strain, with climate change at the forefront. At the same time, millions still lack access to electricity, water supply and good sanitation, mostly in rural areas of the developing world, while the demand for food is projected to increase by 60 per cent as the world population approaches 10 billion by 2050. Significant transitions will be required to build a long-term sustainable future and help to overcome poverty and other social and economic inequities. The COVID-19 crisis can seriously compromise the achievement of Sustainable Development Goals and other long-term development objectives, and clearly points to the necessity to accelerate such transitions. As a result, responding effectively to the crisis and meeting development needs will be a challenge for many Commodity Dependent Developing Countries (CDDCs).

The performance of the agricultural sector has been negatively affected by climate change and natural disasters, which have increased the vulnerability of states and individuals. Food security is central to development and is a multi-faceted issue. Ensuring appropriate domestic productive capacity, access to international markets, which may help create economies of scale and scope [within a quality dimension], and the protection of domestic consumers are all major structural components of food security. Acting on one of these components may have consequences on the others and possibly on the efficiency of how policy measures are implemented. An integrated framework must be defined to maximize policy action and leverage. Moreover, in the event of negative shocks (such as those observed during the pandemic) collective and coordinated actions at both the regional and global levels are necessary to avoid supply disruptions and subsequent situations of social distress at the local level.

Achieving and maintaining food security rely heavily on accessing a specific resource: freshwater. In fact, freshwater is fundamental for life and health of all species living on the planet. Where it is scarce, technologies such as desalination have contributed to increasing its availability. Challenges associated with climate change and population growth require a deep understanding of how the resource should be managed. A clear definition of the coordinated actions that are required within and beyond national boundaries is also needed.





Commodities play a critical role in the global transition to renewable energy as countries reduce their dependence on the extraction and consumption of fossil fuels and demand increases for new commodities, such as rare-earth elements associated with the manufacture of batteries and solar photovoltaic systems. The accelerated pace of change is also a consequence of the COVID-19 crisis, with major implications for countries and companies.

The fight against poverty certainly involves a sustained upward shift in agricultural productivity, but it also requires an appreciation of distributional forces along the various value chains, whether global, regional, or national. “Non-competitive” behaviour based on asymmetries in access to information and the abuse of dominant positions in local markets inevitably translate into biased redistribution of value added among forward and backward actors. Such bias is likely to induce asymmetric pass-through mechanisms that expose farmers to accentuated revenue variations in the event of prices shocks as those observed during the COVID-19 crisis. Policy measures aiming at rebalancing bargaining power may require political will and non-partisan convictions. However, they may prove indispensable to improving life conditions of rural populations.

2021 Global Commodities Forum

Against this backdrop, high-level representatives of governments, agriculture, industry, banking and finance institutions, academics and experts, and non-governmental organizations will gather virtually on **13 to 15 September 2021** for the **2021 Global Commodities Forum**. The Forum – co-organized by UNCTAD and the Government of Barbados in collaboration with their partners – is a major multi-stakeholder meeting to discuss pragmatic solutions to perennial problems of the commodity economy. It will be held as a pre-event to the 15th UNCTAD (UNCTAD XV) quadrennial Conference, which will take place online from 04 to 07 October 2021. The quadrennial Conference is the highest decision-making body of UNCTAD, where member states conduct assessments of the current trade and development issues, discuss policy options, and formulate global policy responses.

The theme of the **2021 Forum** is “**Strengthening Resilience in Commodity Dependent Countries**”. It will connect policy makers with practitioners to address the current challenges and future opportunities for commodity dependent economies.

Due to the online format and consequent time constraints, the forum will take place over three days. The first session on Day 1 will be dedicated to agriculture, with a focus on food security and the necessary policy actions to preserve it. The second session will examine the challenges related to access to water in the twenty-first century. The third and fourth sessions will take place on Day 2 and will examine issues related to energy commodities and minerals with a focus on energy transition. The issue of distributional forces along production and value chains will also be addressed across the three-day forum. The Forum will conclude on Day 3 with a high-level round table discussion.



Food Security and Smart Agriculture: The Role of Technology and Services

The United Nations has set ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture as the second of its 17 Sustainable Development Goals (SDGs) to be achieved by the year 2030. Ensuring food for all also poses enormous economic, political and technological challenges. Such challenges have been exacerbated during the pandemic. Countries facing a trade deficit in food products have been the most exposed to internal social tensions due to their dependence on imported food products to cover their population's basic needs. On top of policy reforms aiming at promoting the domestic production of food crops whenever feasible, some consensual approach to ensure food availability and accessibility at a supra national levels should be identified and implemented as rapidly as possible. Trade is expected to play a central role, as it would be necessary in a stable and reliable sourcing network at any supranational level.

In this context several issues need to be addressed – namely:

- What are the major farm-to-market issues?
- How could production integration enhance supply capacity?
- How can regional integration help reduce food import bills?
- What are the policy instruments to be put in place to facilitate food security?
- How is climate change and deregulation impacting agricultural production and food security?
- How is land availability affected by energy crops and solar farms?
- Access to natural gas offers a major comparative advantage in the area of agriculture, given its function as one of the key ingredients in fertilizer. Besides attracting fertilizer manufacturing companies, how are countries using this to build a strong agricultural sector, adding value to their economies and providing greater food security?

Technology has already played an important role in improving efficiency of agricultural production and it will be essential to render such improvements sustainable. Technology could increase not only the quantity and but also improve the quality of agricultural products. Farmers nowadays can have access to solutions such as GPS, soil scanning, data management, and Internet of Things technologies. By precisely measuring variations within a field and adapting strategies accordingly, farmers can greatly enhance the effectiveness of their use of pesticides and fertilizers. A major constraint to most farmers in developing countries remains access to capital and eventually investment capacity. Services incidental to agriculture are important at all stages of the food value chain, from the credit farmers need to invest in inputs, through to the processing and distribution of finished goods. The role of government in providing such services varies from one country to another particularly in cases of persistent market failure. There is scope however for enhancing linkages between the services and agriculture sectors through public-private partnerships.



Several issues need specific attention:

- How could a smart agriculture approach help to deal with supply shocks such as those observed during the COVID-19 pandemic?
- How could the deployment of various services foster food security and help achieve the SDGs?
- What would be an appropriate regulatory framework to enable a proactive role of services in achieving SDG 1 and SDG 2?
- How could access to capital be facilitated? Can trade in services play a role in improving food production?
- What are the linkages between agriculture, intellectual property and services trade and how could these linkages help answer the previous question?

Water

Water is indispensable for leading a life in human dignity. Water is a human right and a prerequisite for the realization of other human rights. The COVID-19 pandemic has pointed to the importance of sanitation, hygiene and adequate access to clean water for preventing and containing diseases. According to the WHO, 785 million people still lacked basic drinking water services in 2017 and 2 billion people had no access to basic sanitation services that same year. Access to water is also an increasing challenge in terms of agriculture and energy. Water is bulky, and transferring or storing is quite costly, requiring large infrastructure. Water as a final product is not intensively traded internationally, due to its bulky properties. Trade only occurs in the form of bottled water and beverages. However, trade in embodied water - i.e. water required to the production of commodities traded from one place to another - also needs to be accounted for. Each person drinks no more than a few litres of freshwater per day, while the total water used per capita – for producing all goods and services consumed – amounts to at least a few thousands of litres per day.

The set of issues related to access to water is vast and interplays with several dimensions. However, some questions are crucial for developing countries. Among them are:

- What should be the role of freshwater when defining food security frameworks and policies in developing countries?
- What are the policy options in cases of structural scarcity?
- Do we observe economies of scale or of scope across the various available solutions?
- What are the imbalances observed in trade in virtual water?
- What could be implemented at the international level to promote a smart and sustainable use of freshwater resources? International standards?



Energy Transitions

As the population continues to grow, so will the demand for affordable energy. The number of issues that need to be addressed in relation to this increasing demand is growing. While the arguments for the world to reach a carbon neutral destination are not disputable, the best route to this new energy future is still being charted. Time is not on our side. There are serious long-term implications for action, or lack of action, today. We need credible transition plans to be shaped in line with the Paris Agreement. Many countries are heavily dependent on fossil fuels, whether as exporters or as importers. The recent COVID-19 crisis probably triggered a non-reversible process speeding up the transition pace. The work that needs to be done to realign these heavily dependent economies to support the overarching objective of climate change mitigation presents unique challenges and opportunities.

In this context, several issues need to be addressed:

- How will countries and companies transition to fossil fuel independence?
- What strategies should fossil fuel export dependent countries adopt to adapt to the decline of the fossil fuel sector?
- How do countries well-endowed in the commodities required by the surge in renewable energy technologies create new domestic industries and provide value added opportunities for their citizens?
- Has the demand for land for energy production - solar, wind, biomass, biodiesel - created new conflicts with the need for increased food production? How do we strike the right balance?
- What is the scale of the investment required and what are the challenges and opportunities for investors and bankers? To what extent has the financial sector started to put its weight behind the transition to renewable energy?
- What mechanisms – e.g. hedging – should be adopted to protect national economies and corporate entities from price shocks during the transition?
- What are the skill sets needed in this new energy future and how do we train our people to take advantage of these opportunities?



PROGRAMME

13 September Agriculture and water

- 15:00–15:15 Opening Statements
- 15:15–16:30 **Food security and smart agriculture: the role of technology and services**
- 16:30-16:45 Virtual coffee break
- 16:45-18:00 **Sustainable solutions to address water challenges**

14 September Energy transition

- 15:00–16:15 **The future of oil and gas-dependent countries in an era of energy transition**
- 16:15-16:30 Virtual coffee break
- 16:30-17:45 **Greening mining for a green energy transition**
- 17:45-18:00 Official Announcements

15 September High Level Round Table

- 15:00-15:15 Opening remarks and introductions
- 15:15-17:00 **Strengthening resilience in commodity dependent countries**
- 17:00-17:15 Closing address



Registration and Attendance

Registration and attendance are free of charge, but registration through UNCTAD website is mandatory for all participants, including invited government representatives, experts, and speakers.

Please register online at: <https://indico.un.org/event/1000150/>

Venue

The Forum will be held online (link to be provided). We recommend each participant to log in to the event 20 minutes in advance to verify the quality and stability of their connection.

Contact

UNCTAD
Division on International Trade and Commodities
Commodities Branch

✉ commodities@unctad.org
<https://unctad15.org/commodities-forum>
<https://unctad.org/topic/commodities>
<https://unctad.org/meeting/global-commodities-forum-2021>