

Trade and Development Board, seventy-second executive session

High-level segment: Getting the economy back on track and addressing the most pressing challenges

Concept note

20 October 2022

Description

A once-in-a-generation global cost-of-living crisis has been unfolding since 2020 and, with the war in Ukraine, it is now at critical levels. In the last three years, the number of people who are food insecure has almost tripled to 350 million people. Poverty has risen by 70 million people in just the first three months of the year. Thirty per cent of middle-income countries and 60 per cent of low-income countries are near debt distress. Inflation is at multi-decades highs. Climate change is hitting harder each year, piling up costs at a time when countries lack the resources to deal with disaster, let alone invest in their long-term development and achievement of the United Nations Sustainable Development Goals. Trade is being disrupted, social unrest is rising, and peace and security are under threat.

These challenges are all interconnected. As much as half of the price of food is driven by the price of crude oil and the cost of shipping. Energy prices affect the cost of fertilizers, which is now so high that, globally, many farmers are being priced out and decreasing their farm output at the worst possible moment. Interest rate hikes as an answer to inflation in developed countries is feeding a stronger dollar that is depreciating the currencies of developing countries, making their imports and debts more expensive. This explains why, in recent months, domestic prices in developing countries have kept climbing even as international prices decreased in some commodity markets. There is no answer to the cost-of-living crisis without an integrated answer to the food, energy and finance crises.

Today, this is a crisis of affordability: to deal with it, prices need to come down and liquidity needs to go up. Tomorrow, it may turn into a crisis of availability. Without enough fertilizers, next year's harvest will be unable to feed the world. Without enough liquidity for social protection, nutrition and health (all with a focus on women and children), rising food and energy prices will deepen the dangers that poorer households face. Without financial support, a debt crisis seems inevitable.

In response to the challenges of the war in Ukraine, UNCTAD has assumed a critical role in coordinating the task teams of the Global Crisis Response Group on Food, Energy and Finance established by the United Nations Secretary-General.

Through this work, UNCTAD has highlighted the urgency of implementing the Bridgetown Covenant – the institution's recently renewed mandate – and of committing its four transformations to achieve the 2030 Agenda for Sustainable Development: diversifying economies, fostering sustainability and resilience, revitalizing multilateralism, and improving the way development is financed. Today, these transformations are even more critical and the Covenant, therefore, even more timely than when it was signed in October 2021.

To resolve the current cascade of crises, systemic and transformative action will be needed, focused on the three areas of work highlighted above: bringing prices down, increasing liquidity and preventing an even wider crisis in 2023. Cooperation in this context is an imperative.

Objective and key questions

The objective of the high-level segment discussion at the seventy-second executive session of the Trade and Development Board is to enhance political will and cooperation to face the current pressing challenges, **through systemic and transformative action that allows economies to get back on track.**

Key questions for the discussion are:

- What kinds of systemic action are needed to bring commodity prices down? How is trade policy, including recent United Nations-backed efforts such as the Black Sea Grain Initiative and the agreement for unimpeded access to Russian food and fertilizers, able to help in the current context? How can further food trade export restrictions be avoided?
- How can the world deal with an emerging finance and debt crisis in developing countries? How can countries “undo the knot” and obtain sufficient fiscal resources at a time when capital flight is high? What is the role of special drawing rights and multilateral development banks in finding a solution?
- With winter looming on the horizon in the Northern Hemisphere, how can cooperation be sustained to avoid solutions that leave out many vulnerable countries? How can a global scramble for energy resources, particularly natural gas, be avoided?
- In light of the twenty-seventh Conference of the Parties in November 2022, how can climate funding for developing countries be fostered? How can the international community go from the billions at hand to the trillions needed in the quest to fund the climate transition and to achieve the Sustainable Development Goals?

Format, time and date

The high-level segment of the seventy-second executive session of the Trade and Development Board will be held on Thursday, 20 October 2022, from 3 to 5 p.m. in room XVII of the Palais des Nations, Geneva. The session will be hybrid, and the UNCTAD Secretary-General will convene a panel discussion.

Proposed programme

Introductory remarks: Ms. Rebeca Grynspan, Secretary-General of UNCTAD

Panel discussion: Ms. Mia Amor Mottley, Prime Minister of Barbados
Ms. Sigrid Kaag, First Deputy Prime Minister and Minister of Finance of the Netherlands (tbc)
Ms. Amina Mohammed, Deputy Secretary-General of the United Nations

Interactive debate: Member States of UNCTAD

Closing remarks: Ms. Rebeca Grynspan, Secretary-General of UNCTAD