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Opening Statement

By

by Paul Akiwumi, Officer-in-Charge of UNCTAD
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The views expressed are those of the author and do not necessarily reflect
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OPENING STATEMENT**by Paul Akiwumi, Officer-in-Charge of UNCTAD****8th Global Commodities Forum***Building skills for sustainable development***23 April 2018****Palais des Nations, Room XXVI****Geneva, Switzerland**

Excellencies, distinguished colleagues, ladies and gentlemen,

As a group, economists agree on little, especially about how economies grow and become rich. The divide widens further around strategies for resource-rich countries, where the so-called "resource curse" contributes to lower-than-average growth and human development.

A rare point of consensus is on the fundamental role that human capital plays in economic growth. Theory and experience converge on the importance of equipping workers with the education, skills and knowledge that allow them to use technologies to increase their productivity and develop further technological advancements.

It is right and fitting therefore that this year's Global Commodities Forum; is entitled: "**Building skills for sustainable development**". An essential element if we are to achieve the SDG's.

Ladies and Gentlemen,

It is fundamentally important that we debate on how to move from theoretical consensus to concrete action on building skills and human capital in commodity-dependence developing countries.

As a contribution to the discussions this week let me underline three points that we at UNCTAD think will structure ongoing efforts to build human capital in developing countries.

The first point is Local content

Local content requirements have in recent years become very important in particular in developing countries reliant on oil, gas and mineral resources.

As a policy objective “increasing local content”, or domestic participation, in the resource sector contributes to more general strategies, such as:

- Vertical integration;
- Moving up the value chain; or, indeed,
- Human capital development.

Countries may use a variety of policy tools to increase domestic participation in their natural resource sectors, although “local content” typically refers to requirements or quotas for operators to procure and hire locally, including for skilled jobs.

Recent experience shows however that, if there is not an existing supply of skilled workers, SMEs or specific goods or services – introducing a requirement is ineffective.

In this regard, we recommend that countries first establish programmes that build a critical mass of skilled workers, capable SMEs, or competitive goods and services, before considering reinforcing these markets with local content requirements.

My second point is Investing in agricultural productivity

On Agriculture, we stress once again although, this Forum has debated it several times over the years that we still need far more investment in agricultural productivity in developing countries, from both governments and development partners.

Among economists there is nearly as much consensus around the central role of agriculture in economic development as around human capital.

To this end all parties should re-commit to increasing agricultural productivity as a policy priority:

- Governments in their national budgets;
- Development partners in their cooperation programmes; and
- All states in their trade agreements.

This brings me to my third point: Fourth Industrial revolution

Automation and information technologies are rapidly transforming manufacturing processes and, more broadly, global value chains. This is the so-called fourth industrial revolution, or Industry 4.0.

There is skepticism among some developing countries that because Industry 4.0 assumes cutting-edge technology and high levels of internet connectivity and human capital, it will afford them few opportunities. Nonetheless, Industry 4.0 will accelerate the ongoing shift in trade, from cross-border exchanges of goods and services, to coordinated global value chains arranged around tasks and functions. Critically for developing countries, and particularly resource-rich ones, trade competitiveness will rely less and less on the cost of factors of production, such as labour and commodities.

Developing countries must therefore adapt to Industry 4.0 to remain competitive.

And finally, Ladies and Gentlemen,
As always, UNCTAD stands ready to support you. I wish you fruitful deliberations.

Thank you.