

Ninth Annual General Meeting
Intergovernmental Forum on Mining, Minerals, Metals
and Sustainable Development

Geneva, Palais des Nations, 29 October 2013.

Welcoming remarks by the Deputy Secretary-General of UNCTAD

AS PREPARED FOR DELIVERY

Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

It is a great pleasure for me to welcome you all to Geneva for the Ninth Annual General Meeting of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development.

As we are meeting here today, global minerals markets are beginning to be affected by the continuing uncertainty in the world economy. For the past decade, minerals markets were shaped by growing demand, originating particularly from China and other Asian economies. While the financial crisis of late 2008 also affected minerals markets, prices largely recovered by 2010, and the upward trend in metal prices continued during 2011 due to a combination of tightening supply and a strong demand from Asian countries and Brazil. Even in late 2012 and in early 2013 the markets were still optimistic on the prospects of economic recovery in the United States and China.

The trend abruptly changed in the later months of 2013. For example, copper prices rose to \$8,070 in February 2013 before dropping to \$7,203 in April 2013, their lowest level since August 2010. According to the International Copper Study Group, refined copper production is expected to exceed demand in 2013 after three years of consecutive deficits. Aluminum, nickel, lead and zinc exhibited a similar

price trend, which demonstrates that there is considerable homogeneity among mineral commodity markets regarding their current performance and outlook for the near future. The price declines were particularly pronounced for aluminum and nickel, whose average prices during the first five months of 2013 fell below their five-year averages. The price of nickel, a crucial raw material used in the production of stainless steel, hit a four-year low of 14.635 US dollars per ton in May 2013. Chronic oversupply, high stocks and weakened demand also drove the aluminum price down to \$1,830 per ton in May 2013, the lowest level since August 2009. Macroeconomic factors such as the recent economic slowdown in China, the weak pace of recovery in the United States and the uncertainty over the economic outlook in the Eurozone contributed to the price correction. Furthermore, the downward pressure on the prices was due to the supply surplus in recent years. The future outlook of the minerals and metals markets is therefore closely tied to the overall health of the world economy.

Ladies and Gentlemen,

Minerals play a key role in supporting consumer needs. However, in a number of cases, mining activities have generated only very limited benefits for producing countries in terms of economic growth and poverty reduction. Indeed, in spite of progress achieved since 2002, some mining activities still have adverse social and environmental consequences for the communities living next to extraction sites, and sometimes even at the national level.

In this context, the activities of your Forum in improving the governance of extractive industries to contribute to sustainable development take on particular importance. Since its inception, the Forum has focused its work on reviewing and discussing emerging best practices in mining-related issues, be they social,

environmental or economic. Your previous meetings provided an opportunity to prepare for the deliberations related to mining in the framework of the Multi-year programme of work of the United Nations Commission on Sustainable Development (UNCSD). The major achievement in this regard is the Mining Policy Framework, the key document that provides the guidelines for the Forum's current and future activities.

The key substantive topics of this year's Forum are Revenue and Benefit Management and Finance and Fiscal Management. Members will consider best practices in the whole range of mining sector issues, the challenges they face in addressing these issues and proposed measures to enable them to exercise better governance of their mining sectors. It is also worthwhile to note that this Forum is for the first time preceded and followed by Workshops - on Negotiating Mining Investments and Contracts and on Artisanal and Small Scale Mining, topics that are both very relevant and practical for the economies of developing countries dependent on mining.

Over the course of this week, many institutions working on mining and development issues, such as the International Institute for Sustainable Development, the International Monetary Fund, the World Economic Forum, the World Gold Council, the Prospectors and Developers Association of Canada and others will share their experiences and initiatives in the field of sustainable mining. I am delighted to note that this year a special session is devoted to the UNCTAD experience in the mining sector, which will be presented by my colleagues. I am convinced that this week's discussion will be an important step by Governments, international organizations and the United Nations to build capacity and support good governance in the mining sector.

Ladies and Gentlemen,

UNCTAD can look back on a long history of research and analytical work as well as several policy initiatives in the area of mining and development. In recent years, we have focused on the impact of mining on local and regional economies and on the ways in which the minerals sector can contribute to national economic development. Many of you are aware of UNCTAD initiatives such as the Global Commodities Forum (GCF), and the Africa Oil, Gas, Minerals Trade and Finance Conference (OILGASMINE).

The theme of this year's Global Commodities Forum was "Recommitting to commodity sector development as an engine of economic growth and poverty reduction". Indeed, the 2013 Forum focused, among other things, on issues such as energy markets, transparency in commodities markets and also explored the link between commodity-based development and poverty reduction. A highlight of this year's Forum was the deliberation on how the energy sector is contributing to growth and poverty reduction in Africa, Asia and Latin America, which was led by three major energy companies - Total, GDF Suez and Gas Natural Fenosa.

The GCF is inclusive, bringing together participants from all links in the commodities value chain. It is the only event on commodities during which leading economists, executives from the private sector, high ranking policymakers and activists from civil society interact freely. It is one of the most highly attended UNCTAD events, with about 300 participants annually.

We would like to thank those of you who participated in the previous GCFs, and invite all of you to participate in the next one, which will take place on 7-9 April 2014 here at the Palais des Nations with the theme "Global value chains,

transparency and global commodities trade". We are confident that your attendance will further strengthen the complementarity between your Forum and the GCF.

Allow me to also say a few words about the Africa Oil, Gas, Minerals Trade and Finance Conference (OILGASMINE), which is a renowned annual conference and exhibition jointly organized by UNCTAD and national Governments of African countries. This well-established event has been held since 1996 in fifteen different African countries. The Conference is an opportunity to highlight the potential of a host country in particular, and of Africa in general, in the energy and mining sectors. The aim is to share experience and knowledge, and create new partnerships and networks.

This year, the 16th OILGASMINE will take place in Niger, in cooperation with the national Government and Cubic Globe Ltd, from 18 to 21 November. Many challenges will be discussed under the theme "Natural Resources Development: Governance in the Extractive Industries, Trading Prices and Markets". In addition, a special session which focuses on "Women in Extractive Industries", which is being organized in close collaboration with the Foundation Tattali Iyali, will take place on 22 November. We would be happy to welcome you for the Conference in Niger next month.

With regards to our research and analytical work I'd like to mention two recent UNCTAD publications, namely the State of Commodity Dependence 2012 and the 2013 Commodities and Development Report. While the first one aims to provide the country overviews of the commodity-related situation in 154 developing countries, the second publication depicts perennial problems, new challenges and evolving perspectives in the area of commodities. You will find copies of these publications in this room.

Ladies and Gentlemen,

UNCTAD looks forward eagerly to the outcome of this year's Forum session. We see it as a key advisor on best practices in mining to advance capacity in developing countries as well as on global policies that may affect the mining sector. Let me assure you that UNCTAD will continue to provide its steadfast support to the activities of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development. I wish you successful deliberations.

Thank you.