

Statement delivered by Egypt on behalf of the African Group at the 73st regular session of the Trade and Development Council

Agenda item 2: High-level segment – The impact of Hormuz Disruptions on Developing Countries: Energy, Food and Development

Ambassador, Ms. Fancy TOO, President of the Trade and Development Board
Mr. Pedro Moreno, Acting Secretary General of UNCTAD,
Excellences, Distinguished Delegates,

The African Group extends its appreciation to the esteemed panelists for their valuable presentations and also thanks UNCTAD for its continued analytical work on the impact of supply-chain chokepoints on international trade and development, particularly the implications of disruptions in the Strait of Hormuz in the areas of energy, food security and development.

Shipping remains the backbone of global commerce, carrying more than 80% of world merchandise trade. Yet, maritime transport and global supply chains remain particularly vulnerable to a wide range of external shocks.

In today's highly interconnected global economy, even seemingly isolated disruptions can generate far-reaching consequences. These shocks have increased transport and production costs, affected the prices of essential goods and commodities, and ultimately placed significant pressure on the economies of countries and regions around the world.

Supply-chain chokepoints can create a particularly damaging cycle for developing economies. Shipping disruptions contribute to higher oil, gas and fertilizer prices. These increases raise the import bills of developing countries and further constrain the fiscal space available for investment in sustainable development.

Madame Chair,

The consequences for food security are particularly concerning. Higher energy, transport and fertilizer costs increase agricultural production costs and place additional pressure on food prices, exacerbate food insecurity. The effects of such shocks can persist even after international commodity prices begin to decline.

These pressures are further compounded by the growing effects of climate change on agricultural production in many parts of the world, particularly in Africa and net food-importing developing countries.

Economic and trade shocks have the greatest impact where the capacity to absorb them is weakest. The African Group believes that this lies at the heart of the challenge: the lack of economic resilience amplifies the impact of external shocks.

This challenge is particularly acute for countries facing difficulties in mobilizing adequate domestic and external resources, while simultaneously confronting heavy debt-servicing burdens.

For Africa, these vulnerabilities are especially profound. Commodity dependence, limited economic diversification,

The international community must therefore place greater emphasis on supporting developing countries in building the productive capacities and economic resilience necessary to withstand recurring external shocks.

In conclusion,

The African Group further emphasizes the importance of safeguarding freedom of navigation and the uninterrupted flow of international commerce through critical maritime routes, in accordance with international law. Maintaining secure and reliable maritime transport routes is essential to protecting international trade, global supply chains.

I thank you.