

G77 & CHINA STATEMENT

High Level Segment: The impact of Hormuz Disruptions on Developing Countries: Energy, Food & Development

President of the TDB,

Excellencies,

Distinguished delegates,

Ladies and gentlemen,

The Group of 77 and China congratulates Her Excellency Ambassador Dr. Fancy Too, Permanent Representative of Kenya, on her election as President of the Trade and Development Board. We assure her of the Group's full support and cooperation.

2. The Group also extends its sincere appreciation to the outgoing President of the Board, His Excellency Ambassador José Sánchez-Fung, Permanent Representative of the Dominican Republic, for his able leadership and dedicated stewardship of the Board over the past year.

3. The Group would also like to thank the distinguished panellists for their insightful presentations and for sharing their perspectives on the issues before us.

4. The Group thanks the UNCTAD Secretariat for its timely and comprehensive analysis on the impact of the Strait of Hormuz crisis on developing countries. We note with grave concern that the severe disruptions to global trade caused by the crisis in this critical maritime chokepoint have exposed the vulnerabilities of developing economies, particularly LDC, SIDS, and LLDCs.

Madam President,

5. The Strait of Hormuz carries 20 to 25 per cent of global seaborne oil trade and one-third of global seaborne fertilizer trade. During the recent crisis, the drop in vessel traffic by over 90 per cent in some periods triggered significant shocks across energy, commodity and transport markets.

6. The magnitude of the crisis in numbers is alarming. Higher import costs, particularly oil prices and their derivatives, place additional pressure on public finances, requiring governments to balance protecting households from price increases on one hand, while on the other, maintaining expenditure on essential services and long-term development priorities.

7. Additionally, the crisis has severely disrupted fertilizer supplies. Dependence on fertilizer imports from the Persian Gulf exceeds 30 per cent of total seaborne fertilizer imports in several vulnerable economies. Disruptions to fertilizer supplies threaten agricultural production and global

food security, especially in regions identified as hunger hotspots by the FAO and World Food Programme.

8. Financial conditions have also deteriorated significantly. Developing-country currencies have weakened against the dollar and emerging market equities declined by more than 12 per cent between February and March 2026. At the same time, 46 developing countries, home to 3.4 billion people, spend more on debt servicing than on health and education combined, placing further constraints on their fiscal space's ability to respond to external shocks.

Madam President,

9. This crisis is not just a disruption in shipping, it highlights the interconnections between trade, energy, food systems and development. It has shown how, when transport routes are severed, the consequences are not abstract: they quickly translate into poverty and hunger for many living in developing countries.

10. The development implications are significant. Inflation shocks and financial distress caused by the crises will not immediately fade with the restoration of normal commercial navigation through the Strait. On the contrary, they will exert a powerful and sustained drag on the economic development of developing countries in the long run, by reducing their fiscal spaces even further.

Madam President,

11. In light of these challenges, the Group of 77 and China calls on the international community to take urgent action. We urge UNCTAD to continue signaling and measuring the impact of such crises in the global economy and particularly in developing countries and providing space to hold honest discussions focused on finding development-oriented responses.

12. The Group encourages UNCTAD to continue working with a long-term vision in order to strengthen developing countries' resilience against external shocks. Across its three pillars, UNCTAD has an important role to play in helping developing countries navigate this evolving landscape and strengthen their national capacities to integrate resilience, digital readiness, sustainability and climate risk considerations into transport planning, operations and policymaking. We stress the importance of targeted capacity-building and enhanced international support for developing economies, especially the most vulnerable, to better manage risk and seize emerging opportunities in maritime transport and logistics.

13. Economic diversification has been always a priority of the group. We thus also call for enhanced international cooperation to address the root causes of supply chain vulnerabilities from the demand and the supply side, keeping in mind the need for structural, long-lasting measures focused on achieving sustainable development objectives.

14. Improving access to affordable finance for development continues to be essential, it includes resources to build up infrastructure, health, education, food security, and to create productive capacities.

15. The Group stresses that any decarbonization framework must be guided by the principle of Common but Differentiated Responsibility, ensuring that it remains equitable, inclusive, and responsive to the distinct capacities and circumstances of developing countries. This includes the provision of adequate support through capacity-building, technology transfer, and accessible financing, so as to enable a just, effective, and sustainable energy transition for all.

16. Ensuring peace and security has a long-term impact on economic development: no country can prosper in an environment of instability and uncertainty. The Group considers an inclusive, strong and well-functioning multilateral system which prevents crises, creates an enabling framework for countries to develop, and in the event of a crisis, replies with both short-term relief and long-term vision is the only way to guarantee our shared future.

17. The Group of 77 and China reaffirm our commitment to dialogue, cooperation, and solidarity and stresses that the resources and policy space of developing countries must be safeguarded as we navigate these turbulent times together.

I thank you all.