



UNITED NATIONS GENERAL ASSEMBLY INFORMAL INTERACTIVE DIALOGUE ON COMMODITY MARKETS

Draft Concept Note

TRUSTEESHIP COUNCIL CHAMBER
UNITED NATIONS HEADQUARTERS, NEW YORK
15 MAY 2019

Background

The United Nations General Assembly (UNGA) in its resolution A/RES/72/205 adopted on 20 December **2017, decided “to hold a one-off one-day informal interactive dialogue of the General Assembly on commodity markets during the first half of 2019 to review world commodity trends and prospects, particularly in commodity-dependent countries”.**

The UNGA acknowledges that commodity-dependent developing countries face specific structural constraints to international trade and economic diversification.¹ As price takers, commodity-dependent developing countries are exposed to the vagaries of international commodity markets, which are particularly volatile. As a result, export revenues of these countries follow commodity price cycles - increasing during commodity price booms and collapsing during downturns. Many commodity-dependent developing countries are currently experiencing hardship due largely to a generalized commodity price downturn.

Most commodities are characterized by long value chains, from production to final consumption through stages such as transportation, transformation, marketing, and final use. Commodity-dependent developing countries are mostly only active at the low-value entry level of the value chain, the rest being generally controlled by big multinational companies. As a result, many commodity-dependent developing countries get a tiny share of the value of the final good derived from the primary commodity that they produce. This is the case with agricultural commodities where, for example, a coffee producer may get as little as less than 3 per cent of the value of a cup of coffee in consumer markets.

¹ A/RES/72/205.

The picture for minerals is similar. In many African countries for example, most mining contracts were negotiated in the 1980s and 1990s. During this period, low commodity prices and high political risks discouraged foreign investments in the mining sector, limiting the negotiating power of these countries. As a result, until now, many mining operations in the continent are governed by contracts that allocate to host countries as little as 3 percent of the total value of production in tax revenues.²

Commodity production and exports are critical for commodity-dependent developing countries, in particular, their capacity to implement the 2030 Agenda for Sustainable Development and achieve the Sustainable Development Goals (SDGs). Commodity-dependent developing countries continue to be characterized by low industrialization and diversification of their economies and weak human and physical productive infrastructure, leading to slow and erratic growth and development. Therefore, low commodity prices as well as contracts that drastically limit the revenues accruing to host countries represent a major constraint to commodity-dependent developing countries in their efforts to improve the wellbeing of their populations and reducing inequality.

Objective

The Interactive Dialogue will review world commodity trends and prospects, particularly in commodity-dependent countries and focus on the long-term price

KEY FACTS ON COMMODITIES

- *The share in global consumption of non-food commodities, manufactures and services is projected to increase from 87% in 2010 to 91% in 2030.*
 - *Commodity policies are directly associated with several SDGs, including the following: SDG 2 (achieving food security), SDG 7 (achieving energy security), SDG 9 (adding value to commodities), SDG 12 (ensuring sustainable consumption and production patterns), SDG 14 (conserving and sustainably using the oceans, seas and marine resources), and SDG 15 (protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, halting and reversing land degradation and halting biodiversity loss).*
 - *The link between commodity dependence and human development is a highly relevant aspect of development policy since 64% of developing countries are commodity-export-dependent and 45% are commodity-import-dependent.*
 - *Commodity dependence is particularly prevalent among the group of least developed countries (LDCs), where 79% were commodity-export-dependent and 56% were commodity-import-dependent over the sample period.*
 - *At the global level, although the value of output of the primary food sector is projected to increase by nearly 35% between 2010 and 2030, its economic importance could diminish from 2.5% to 2.1% of total production value, with the non-food and crude oil sectors increasing their shares significantly.*
 - *The use of restrictions on the export of commodities drastically increased during the recent commodity price boom. For example, the OECD found that over 50% of the 2,000 export restrictions on industrial raw materials in force worldwide in 2012 were implemented after 2009.*
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² Taxing Africa, Zed Publications, London (2018). See <http://www.africafocus.org/docs18/tax1811.php>.

trends of commodities prices, the concentration of producing countries at the low-value entry level of the value chain and their impact on the capacities of many developing countries to effectively implement the 2030 Agenda for Sustainable Development.

The Interactive Dialogue will provide a platform to discuss the challenges being faced by commodity-dependent developing countries and generate recommendations on improving macroeconomic prospects.

[Format](#)

The one-day informal interactive dialogue, which will take place on 15 May, will consist of an opening segment, two interactive panels and, one closing segment. The panellists will include renowned experts, high-level government officials and representatives from the private sector and international financial institutions, among others.

[Participants](#)

In addition to Member States and Observers of the General Assembly, the meeting is open to the United Nations system and accredited representatives of civil society.

[Outcome](#)

The outcome will be a President's summary to be circulated to all Members States, the UN System and other stakeholders.

PROGRAMME

10:00 - 10:40	OPENING SEGMENT <ul style="list-style-type: none">• H.E. Maria Fernanda Espinosa Garcés, President of the General Assembly of the United Nations• Mr. José Graziano da Silva, Director-General of FAO (Video-message)• Ms. Pamela Coke-Hamilton, Director of the Division on International Trade and Commodities of UNCTAD
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10:40 - 11:40	INTERACTIVE PANEL 1 Commodity Prices and Development <p>Commodities continue to play an important role in the economies of many developing countries, with commodity price movements significantly impacting economic growth, poverty, food security and the path to a socially, economically and environmentally sustainable growth. The commodity price surges of 2008 and 2012 gave way to lower global prices, and prices are generally expected to remain at lower levels in the short to medium term. These events renewed global interest in the relationship between commodity prices and long-term economic development. The panellists will be invited to discuss how commodity-dependent countries can design policies that promote productivity, diversification, value addition and value-chain development, promoting inclusive growth and enabling the achievement of the 2030 Agenda for Sustainable Development.</p> <p><u>Panellists:</u></p> <p>Moderator: Ms. Carla Mucavi, Director of the FAO Liaison Office with the United Nations</p> <ul style="list-style-type: none">▪ Mrs. Raziye Bilge Koçyiğit Grba, Deputy Permanent Representative of Turkey▪ Mr Rob Vos, Director of Markets, Trade and Institutions Division, IFPRI▪ Mr Fredrik Alfer, Chair of Committee for Commodity Problems▪ Mr. Mario Cimoli, Deputy Executive Secretary of the Economic Commission for Latin America and the Caribbean
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11:40 - 12:30	PLENARY SEGMENT
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12:30 – 13:00	LAUNCH OF UNCTAD REPORT ON THE STATE OF COMMODITY DEPENDENCE (Simultaneous launch in New York and Geneva) <p>Moderator: Ms. Coke-Hamilton, Director, Division on International Trade and Commodities, UNCTAD</p> <p>Speaker:</p> <ul style="list-style-type: none">• Ms. Yanchun Zhang, Head, Commodities Branch, Division on International Trade and Commodities, UNCTAD – presenting the main report findings• Mr Ayodele Odusola, Chief Economist, UNDP African Bureau – short remarks• Mr. Fredrik Alfer, Chairperson of the FAO Committee on Commodity Problems – short remarks
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15:00 - 16:00	INTERACTIVE PANEL 2 Moving up the commodity value chain
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Commodity trade is characterized by long and complex value chains in which producers are generally stuck at the entry level. As most of the value is captured by participants in upper nodes of the value chain, producers only get a very small share of the value of the final good derived from the primary commodity that they produce. The panellists will discuss the main reasons why commodity-dependent developing countries fail to move up along the value chain and suggest ways and means that can help them to achieve this. Case studies of successful and not so successful experiences will be shared to make the discussion specific while drawing generalizable lessons.

Panellists:

Moderator: Ms. Coke-Hamilton, Director, Division on International Trade and Commodities, UNCTAD

- Dr. Athaliah Lesiba Molokomme, Permanent representative of Botswana to the United Nations in Geneva
- Mr. Róger Madrigal-López, Chief Economist of the Economic Division to the Central Bank of Costa Rica
- Mr. Pedro Conceição Director, Director of Strategic Policy – Bureau for Policy and Programme Support, UNDP, New York
- Mahmoud Mohieldin , Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships of World Bank

16:00 - 17:00

PLENARY SEGMENT

17:00 - 17:30

CLOSING REMARKS

- H.E. Maria Fernanda Espinosa Garcés, President of the General Assembly of the United Nations
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