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Summary record of the joint meeting of the Second Committee and the Economic and Social Council on "Leveraging commodities for sustainable economic development"
Held at Headquarters, New York, on Tuesday, 10 October 2023, at 10.10 a.m.

Co-Chair: Mr. Amorín (Chair, Second Committee) .... (Uruguay)
Co-Chair: Ms. Narváez (President, Economic and Social Council) .... (Chile)

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The meeting was called to order at 10.05 a.m.

Opening statements

1. **Mr. Amorín** (Co-Chair) said that the current joint meeting was an opportunity to hold a frank debate, learn directly from experts about key sustainable development issues and identify the opportunities and challenges associated with commodities. Despite the fact that commodity markets had major implications for the development of most developing countries, the patterns and rules of commodity markets had changed little over the past two centuries. It was undeniable that their present structure generated little added value for low-income producing countries, which were forced to keep their production costs down while the industrialized countries received much of the profit from the final products.

2. According to the United Nations Conference on Trade and Development (UNCTAD), more than 100 countries were dependent on commodities. Their economies were very sensitive to the volatility of commodity prices, and therefore highly vulnerable to global shocks. For example, fluctuations in export and import prices could seriously reduce economic growth, worsen the distribution of income and increase the probability of currency crises.

3. Guided by the road map of the 2030 Agenda for Sustainable Development, the international community had a responsibility to promote global prosperity. At the recent high-level political forum on sustainable development convened under the auspices of the General Assembly, the representatives of many countries had emphasized that the Sustainable Development Goals might not be achieved by 2030. In that context, the urgent need to promote financing for sustainable development had been stressed in the political declaration. One way to do so was to foster policies that added value to exportable products. Furthermore, the adoption of innovations in technologies, marketing and trading could not only improve processing in countries of origin, but also reduce their dependence on intermediaries, thus empowering producers and consumers. Important changes were already being reflected in the preferences of consumers, who had begun to prioritize more sustainable consumption patterns and demand greater transparency and a more equitable distribution of income in value chains.

4. Henceforth, there were great opportunities to join efforts and start to change the reality of commodity markets. The draft resolution on commodities to be negotiated by the Second Committee should be a first step towards identifying common sustainable development objectives that would leave no one behind. The current session of the Committee was also an important prelude to the fourth International Conference on Financing for Development in 2025, where ambitious actions would be agreed upon to rescue the Goals.

5. **Ms. Narváez** (Co-Chair) said that she welcomed the opportunity to hold a fruitful joint discussion on the opportunities, challenges and policies needed to improve the position of commodity-dependent countries in international markets, finance sustainable development and achieve the Sustainable Development Goals.

6. Commodity-dependence was a challenge facing most developing countries and an extremely important issue, given the urgent need to speed up actions to achieve the Goals and energy transitions. For example, many developing countries had abundant reserves of critical minerals and metals for energy transitions, and such resources were deemed strategic for their potential to contribute towards economic development. Her own country, Chile, was one of the greatest global producers of copper and lithium, both essential for various industrial applications. However, the role of developing countries was usually relegated to the extraction and export of minerals and other commodities, despite the fact that many of those countries had the potential to improve their processing capacities and, thereby, join other links in the value chain. New policies, investments and capacities were therefore needed to transform commodities into engines to drive sustainable development. In short, it was imperative to adopt a new way of thinking about such resources.

7. The challenge of adding value to commodities involved incorporating a certain degree of differentiation and processing that allowed producing countries to enter markets with high profit margins. Doing so would allow those countries to add stability to their economies by not being as subject to world commodity price fluctuations. It would also require the promotion of measures to sustain economic growth in the medium and long term, such as continued investment in human capital development and infrastructure.

8. The 2024 session of the Economic and Social Council forum on financing for development follow-up would provide an opportunity to build on ideas brought forward at the present meeting and to address the structural barriers faced by commodity-dependent developing countries. It would also be instrumental in providing major inputs for a possible fourth International Conference on Financing for Development in 2025.

9. **Mr. Stiglitz** (Professor at Columbia University and Founder and Co-President Initiative for Policy Dialogue), delivering the keynote address, said that there was a long history of commodity-dependent countries not performing well as a result of what was known as “the natural resource curse”. Compared to many other countries, commodity-rich countries on average had not managed their resources well, had grown more slowly and surprisingly had greater inequality.

10. Much had been written about how to turn the natural resource curse into a blessing and there were many reasons for the current situation. For example, commodity-dependent countries were too often engaged in rent-seeking behaviour, which diverted resources from creative and productive activities; and natural resources were marked by highly volatile prices, which gave rise to high levels of exchange rate volatility. Managing the macroeconomic and microeconomic risks associated with such volatility was hard for any country, but especially for poor countries. A further problem was that countries with large amounts of natural resources had high exchange rates because of the value of the resources they were exporting. That made it difficult for those countries to compete to export their goods, which stymied their development. Furthermore, only a few companies were typically involved in any commodity and they were able to exercise market power. As consequence, developing countries were not compensated adequately for their natural resources. Moreover, such companies generally ensured that they did not have to pay for the environmental damaged caused by their extraction of the natural resources.

11. Additional problems were caused by the way in which the global economy operated. Lenders tended to be very open to lending to countries when prices were high and they also had a strong proclivity to lend too much money, leading to a debt crisis in the borrowing countries. Unfortunately, the current global financial architecture had no good way to resolve problems of excessive indebtedness across countries. While the States Member of the United Nations had almost universally adopted a set of debt restructuring principles in 2015, six creditor countries, including the United States of America, had not endorsed those proposals. As a result, there was still no debt framework in place for dealing with the current debt crisis and any restructuring would be too little, too late and too costly.

12. For more than two centuries, advanced countries had exploited the natural resources and commodities of the developing world: they had often not paid a fair market value for those resources; they had not compensated developing countries adequately for the environmental impact of extracting their resources and had even actively discouraged their attempts to introduce environmental protection measures by issuing lawsuits; and they had relegated developing countries to the lower rungs in the value creation chain. In the era of colonialism, military power had often been used to achieve those adverse outcomes, whereas in the twenty-first century economic power was being used with the same results.

13. The model of economic development that had previously worked so well in East Asia was no longer as effective because manufacturing no longer accounted for the same share of global output or employment. The reality was that manufacturing would not be the same engine of growth for Africa that it had once been for East Asia. Another development model would therefore be required for the next half century, instead of an exploitative extractive model in which advanced countries took advantage of developing countries by extracting their natural resources, which contributed to environmental degradation and impoverished their future. Developing countries with a wealth of natural resource must now learn how to leverage their commodities for sustainable development. Resource extraction without the necessary reinvestment only left countries poorer. Investment was thus central to managing natural resources in a way that would lead to development. However, that alone was not sufficient.

14. There were many reasons why, after colonialism and the use of military force had ended, the same exploitative extractive model had continued. The first and probably most important reason was that the neoliberal trade regime, enforced by the World Trade Organization (WTO), had a system of escalating tariffs that was designed to keep developing countries producing only raw materials. The second reason was that the intellectual property regime was also designed to restrict access to knowledge and technology, which in turn were central to development. Third, many aspects of the neoliberal global architecture were designed to keep developing countries poor, such as the multilateral tax system, which made it very difficult for developing countries to tax economic activity within their countries. For example, global multinational companies had been able to avoid being taxed by using tax havens, which deprived both developed and developing countries of revenues. The outcome of the developed countries’ albeit well intentioned efforts to prevent such tax avoidance, known as the base erosion and profiting shifting initiative of the Organisation for Economic Co-operation and Development, was that developing countries received only a pittance. That attempt to create a fairer global tax system had failed because it had too

many exemptions and had set the level of taxation too low.

15. Another reason for the continuation of the extractive model was the refusal of advanced countries to compensate developing countries for their ecological services, such as carbon sequestration and the protection of biodiversity. The Convention on Biological Diversity had entered into force in 1993, but one rich country still refused to ratify it because the pharmaceutical industry was afraid of having to pay compensation for the genetic material derived from developing countries. The inadequate treatment of traditional knowledge within standard frameworks for intellectual property rights also deprived developing countries of the necessary revenue for development.

16. The current unbalanced regime governing trade, finance, intellectual property rights and investment, which had been much defended on the basis of official neoliberal ideology, but more accurately reflected the legacy of economic power, had deprived developing countries and emerging markets of resources and opportunities to develop. However, he was optimistic that new strategies for development could enable developing countries to better leverage their resources. To usher in a new era, the first necessary change was an end to the ideology of neoliberalism, which had led to slower growth, more inequality, increased market volatility and a less resilient global economy, as seen during the coronavirus disease (COVID-19) pandemic. Research over the last four decades, including his own, had shown that markets in general did not lead to efficient outcomes and neoliberalism did not conform to the principles of good economic.

17. Climate change was an existential threat that could only be solved through cooperation among all countries. Given that developing countries and emerging market were the largest emitters, it was insufficient for the developed countries to tackle climate change alone. However, as the current configuration of the global economy did not allow developing countries and emerging markets to have the necessary resources, technology or knowledge to solve the problem of climate change, the current situation would need to change. The new era of geopolitics brought about by climate change, which had made cooperation a necessity while introducing new levels of competition, could increase opportunities to better leverage natural resources.

18. The end of hyperglobalization could also create further opportunities to leverage natural resources. The year 2008 had shown that excessive financial integration led to global instability while, more recently, the COVID-19 pandemic and the Russian invasion of Ukraine had exposed how globalization left so many countries and their citizens vulnerable and lacking in resilience. The inclusion of subsidies estimated to be worth over $1 trillion in the Inflation Reduction Act of the United States clearly highlighted the lack of a level playing field. The adoption of the Act constituted walking away from the WTO rules-based system, albeit in a good cause, namely, to save the planet. But it demonstrated how the rich and powerful broke the rules, even ones they had been instrumental in writing, when those rules proved inconvenient. One powerful country had even refused to allow the appointment of appellate judges to adjudicate disputes, preferring instead to decide for itself whether the actions of other countries were compliant with the rules-based international order.

19. Moving forward, development must be predicated on structural change that, at its core, was not managed solely by markets. Interventions in industrial and trade policy would be needed and the institutions and rules established after the Second World War must be adapted to better meet the needs of developing countries. Commodity-dependent countries should work together with emerging markets to leverage their market power, which collectively was significant.

20. Lastly, there were examples of countries that were already successfully leveraging their natural resources. For instance, Norway had avoided the natural resource curse by using its natural resources to pursue innovation, Indonesia had moved up the value chain by restricting its exports of nickel and Brazil had now begun thinking of ways to use the Amazon as a sustainable source of income, in comparison with the destruction of the rain forest under the previous regime. In conclusion, it was important to go beyond merely managing natural resources but to leverage them in a way that promoted economic transformation, which in turn would form the basis for sustainable development.

Panel discussion 1: "Commodity-dependence and sustainable economic development – voices from the field"

21. **Mr. Badillo** (Chief of the New York Office of the United Nations Conference on Trade and Development (UNCTAD)), moderator, said that overcoming commodity dependence was a crucial challenge for developing countries. According to the UNCTAD *Commodities and Development Report 2023*, a country was deemed commodity-dependent when 60 per cent or more of its merchandise export revenue came from raw materials. Based on that threshold, roughly half the countries in the world were considered commodity-dependent, including most developing countries. While

commodities had brought revenues to developing countries and had supported their economies, commodity dependence had also created numerous challenges and vulnerabilities. The UNCTAD report highlighted that commodity dependence had a high correlation with low levels of human and social development, slow productivity growth, macroeconomic instability, and exchange rate and income volatility. The essential question to explore was how to move away from the commodity dependence trap and leverage the conditions for inclusive economic growth.

22. **Mr. Milambo** (Permanent Representative of Zambia to the United Nations), panellist, speaking via videolink, said that the Zambian economy remained dependent on the export of primary mineral products in spite of efforts aimed at diversification. The dependence in particular on one commodity, copper, which had declined in value from $10,231 per metric ton in March 2022 to $7,545 per metric ton in July 2022, had rendered the national economy highly vulnerable to commodity price volatility and shocks, affecting stability in foreign exchange reserves and sustainability in economic development.

23. Zambia also faced the challenge of being a landlocked developing country, thus incurring higher costs to access international markets. To escape from the trap of commodity dependence, Zambia was seeking to leverage technology innovations and invest in infrastructure through its national development plan for economic transformation. The plan encouraged partnerships for technology transfer, digital connectivity and the growth of small and medium-sized enterprises and aimed to raise levels of productivity in agriculture by placing emphasis on value addition through agroprocessing. Zambia also wished to take full advantage of the opportunities presented by the African Continental Free Trade Area for intra-Africa trade and connectivity.

24. At the multilateral level, the international community must pay greater attention to the power of economic transformation to lift millions out of poverty. The issue of economic transformation was central to the graduation of countries from least developed status. To that end, developing countries should continue to work with United Nations, in particular UNCTAD, multilateral development banks should use their knowledge and advisory services to assist developing countries and private sector investment should also be leveraged.

25. **Ms. Tickner** (Deputy Permanent Representative of Colombia to the United Nations), panellist, speaking via videolink, said that her Government's policy sought to move from an extractive economy to a decarbonized knowledge-based, productive and sustainable economy that guaranteed life, peace and social and environmental justice. The first component of that policy was energy transition to reduce the dependence on raw materials such as oil and coal, which currently accounted for around 45 per cent of Colombia's exports. The second component involved comprehensive agrarian reform and ensuring food sovereignty.

26. Through reindustrialization, her Government sought to accelerate decarbonization, close productivity gaps, strengthen production chains and diversify domestic and export supply with higher value-added goods and services. The aim was no less than to transform the current development model towards one that promoted wealth creation and employment, technological advances and increased energy integration with Latin America and the Caribbean.

27. A key measure to scale up resource mobilization in the fight against climate change was debt-for-nature and climate swaps and other alternative green finance schemes, which should take a multilateral, standardized, simplified and multilateral bank-facilitated approach.

28. The policy of comprehensive agrarian reform under way in Colombia aimed to democratize access to land and ensure self-sufficiency in food production. The national development plan 2022–2026 included strategic investment in the development of the rural economy through the creation of infrastructure, credit programmes, technical assistance, incentives for agricultural production and the promotion of integrated ancestral practices and knowledge.

29. **Mr. Dubeux** (Adviser to the Minister of Finance of Brazil), panellist, speaking via videolink, said that his Government, since taking office earlier that year, had been working on an ecological transformation plan, which constituted an economic plan with very strong environmental and technological components. While Brazil had always had an economy that was dependent on the export of commodities, such as sugar cane, coffee, gold and iron ore, there were now great opportunities for ecological transformation through decarbonization and by strengthening the technological capabilities of the productive sector. The challenge was how to move up the value chain while taking advantage of assets such as renewable resources. Brazil was therefore working on how to incorporate technology and innovation for renewable energy, including through greater tax incentives and the involvement of the private sector, and on how to ensure payment for environmental services.

30. **Mr. Tharyat** (Director General for Multilateral Cooperation of Indonesia), panellist, in a pre-recorded video statement, said that the Golden Indonesia 2045 Vision had set goals to strengthen the foundation of the national economy and accelerate sustainable development. By 2045, the aim was for per capita income in Indonesia to range from $20,000 to $23,200. The Gini ratio was also estimated to fall to the ideal level of 0.34 in 2035 and then to a sustainable range, where Indonesia was free from acute poverty.

31. In order to achieve the 2045 Vision, Indonesia recognized the importance of creating a mature and globally competitive industrial sector, which was important to elevate Indonesia from its current status as a middle-income country. Indonesia also recognized its responsibilities to ensure energy transition and emission reduction.

32. To accomplish those ambitious goals, a strategic road map set out three fundamental steps that Indonesia would undertake. The first step was the creation of an enabling ecosystem, which entailed a robust regulatory framework, the enhancement of infrastructure and the facilitation of financing mechanisms, as well as research and development. The second step was a commitment to uphold a just, transparent, inclusive and sustainable international trade system. The third step was fostering collaboration and solidarity among nations, particularly among the global South.

33. Indonesia aimed to bolster cooperation among developing countries as well as commodity-producing nations. By strengthening sectors both upstream and downstream, it aspired to create a more equitable and mutually beneficial global economic landscape.

Panel discussion 2: "Leveraging commodities for sustainable economic development – expert panel perspective"

34. **Mr. Belal** (Managing Director, Common Fund for Commodities), panellist, said that while, in theory, the free market system was the best option available it was not working for all and, in reality, much still need to be done to make it work for both producers and consumers. Commodities, especially those produced in developing countries, had a transformative role to play in lifting up economies, preserving the environment and ensuring social well-being. However, the benefits from commodities did not always accrue where they were most needed.

35. Commodity-dependence in African countries left them highly vulnerable to global commodity price shocks, which undermined their continued inclusive growth and development prospects. For example, in 2021, 65 per cent of the goods imported to the European Union from Africa had been primary goods. Côte d'Ivoire produced around 45 percent of the world's cocoa beans but received only around 4 percent of the chocolate industry's estimated annual worth of $100 billion. Millions of cocoa farmers in the country survived on an average of just $0.78 a day. The Democratic Republic of the Congo was considered to be one the richest countries in the world in terms of mineral wealth, but that was not reflected in the daily reality.

36. The gap between the revenue that farmers in developing countries received for their commodities and the final retail price in advanced countries was far too wide. The poorest smallholder farmers were working harder than ever, only to subsidize consumers in rich countries. For example, while the global coffee business was worth $460 billion, the developing countries shared only $25 billion of that wealth, including only $2.5 billion for African countries. Globally, 3 billion cups of coffee, produced by 25 million farmers, were consumed every day. Increasing by only 1 cent the revenue that poor farmers received per cup of coffee could make a big difference to their livelihoods. The world could and must do better by making the necessary changes, including to how coffee was grown, transported and consumed, which could reduce carbon emissions by 67 per cent.

37. **Ms. Shiroti** (Director of the Division on International Trade and Commodities, United Nations Conference on Trade and Development (UNCTAD)), panellist, said that structural transformation strategies for commodity-dependent developing countries must incorporate decarbonization imperatives. Commodity-dependent developing countries needed not only access to energy but also the right energy mix for their structural transformation strategies. Countries producing critical minerals must also be included in energy transitions in order to leave no one behind. To that end, production on site and regional cooperation and coordination would be vital.

38. It was possible to avoid falling into the commodity trap through regional and South-South cooperation initiatives, but structural transformation also required the necessary investment from the international community. Structural transformation would not be achieved without enhancing technology transfer, reducing market concentration and increasing investment in commodity-dependent developing countries.

39. **Ms. Pickbourn** (Professor, University of Massachusetts, Amherst and Mount Holyoke College), panellist, said that commodity-dependent countries

must leverage commodities by developing new value chains or moving up existing ones. Ghana was a classic example of a commodity-dependent country and its experiences could illustrate the challenges facing those countries.

40. Gold, crude oil and cocoa accounted for 80 per cent of the exports from Ghana. In 2020, gold alone had accounted for 47 per cent of Ghana’s merchandise exports. Despite 37 years of uninterrupted growth in per capita gross domestic product (GDP) since 1984, the manufacturing sector in Ghana accounted for less than 5 per cent of GPD, down from 12 per cent in 1985. In the absence of an adequate manufacturing basis, the Ghanaian economy had failed to general adequate levels of decent employment. The majority of Ghanaians worked in the informal service sector, especially in trade services, where labour productivity was even lower than in agriculture. Two thirds of those employed, mostly women, were engaged in vulnerable employment that was precarious, insecure and associated with low earnings. Examples of vulnerable employment included harvesting copper and other metals from toxic piles of electronic waste without protection.

41. Despite relatively high gold prices in recent decades, Ghana had been unable to leverage that resource for employment generation in other sectors because six foreign-owned mining firms dominated its gold exports. They benefited from a lenient tax regime, tax loopholes, generous incentives and the ability to manipulate accounting profits in their interest. While those firms had produced more than $5.2 billion worth of gold between 1990 and 2002, the Government had received only $87.3 million in royalties and corporate income tax from them. In the last 10 years, the mining sector had contributed an average of only 17.4 percent to tax revenue, which was far less than its share in total exports.

42. Moreover, regulations allowed gold mining firms to retain a substantial portion of the foreign exchange earned from exports in offshore accounts. Since 2009, the proportion of gold export earnings repatriated to Ghana had averaged a pitiful 52 per cent. In other words, gold mining was more lucrative for foreign investors than it was for Ghana. That situation made it difficult for the Central Bank to mobilize adequate foreign exchange earnings to support the country’s import capacity and its debt servicing obligations. The consequences for people’s lives had become increasing glaring after 2020. In the past year, even as gold prices had increased, the Ghanaian cedi had lost more than half of its value against the dollar. Between January and December 2022, year-on-year inflation had risen from 15 to 54 per cent and it was estimated that an additional 850,000 Ghanaians been pushed below the poverty line.

43. While Ghana’s experience was a cautionary tale for other commodity-dependent countries, it also pointed to what they must do to reduce their dependence on commodities, including reforming their fiscal regimes in order to maximize tax revenues and foreign exchange earnings. Furthermore, as commodity-dependent developing countries were at a disadvantage in negotiating contracts individually with powerful transnational corporations, a supranational body, similar to the Organization of the Petroleum Exporting Countries, was needed for commodities. Such a body would represent the interest of commodity producers, regulate production and pricing mechanisms in commodity markets and offer technical assistance and support to producer countries in their negotiations with transnational corporations.

44. **Mr. Mutasah** (Vice President of Global Programmes, Oxfam America), panellist, said that a lack of transparency about commodity prices was prejudicial to farmers and to those engaged in vulnerable work in commodity-dependent countries, many of whom were women. Greater transparency about how commodity markets worked, including through contract disclosures, would benefit commodity-dependent countries. The latter should also adopt general rather than individual approaches in order to avoid a race to the bottom.

45. **Mr. Lebdioui** (Professor, Oxford University), panellist, speaking via videolink, said that, under the right conditions, natural resources could act as a lever for economic and social development that was even superior to manufacturing industries. Malaysia and Chile were examples of countries that had managed to diversify and industrialize their commodities to create jobs and generate revenue. However, turning commodities into engines for structural transformation did not happen through market forces alone.

46. The role of industrial policy was critical in leveraging commodities and managing value addition. A wide range of policy tools had proven useful in that regard, such as price control mechanisms and subsidies, but they had met with active resistance from those already controlling processing and value addition activities. For example, the European Union had often imposed tariffs on value-added products, such as refined palm oil from Malaysia. Industrial policy tools also needed to be adapted to the local context.

47. **Mr. Guevara Rodríguez** (Cuba), speaking on behalf of the Group of 77 and China, said that commodity dependence continued to be a challenge for the global South. For most developing countries, the

longer term solution was the structural transformation of their economies, which had been impacted for decades by the unfair and unbalanced international economic order that had perpetuated poverty and underdevelopment. However, it was not easy for most developing countries to diversify their economies and establish high-technology sectors. Adding value to the commodities they produced was limited by inadequate access to finance and technology and by poor infrastructure, among other constraints.

48. To implement diversification strategies successfully, developing countries required human and physical capital accumulation, including infrastructure, technology transfer on concessional and preferential terms, technical assistance and capacity-building. Developing countries also needed financial support and investment, including foreign direct investment in specific areas of the value chain such as non-traditional industries that facilitated technology acquisition or innovation to address specific challenges.

49. There could be no resilience without international cooperation. Developing countries looked forward to creating and implementing initiatives and projects with development partners to diversify their economies, provide added value to their products and promote economic growth that translated into benefits for the population and higher levels of development.

50. **Ms. Mokhawa** (Botswana), speaking on behalf of the Group of Landlocked Developing Countries, said that, notwithstanding export diversification efforts under the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024, their countries continue to depend heavily on a narrow range of commodities, which made them susceptible to external commodity price shocks, hampered their competitiveness and restricted the expansion of their exports. Those vulnerabilities had come to the fore during the COVID-19 pandemic, when demand and supply constraints, coupled with trade restrictions, had impeded their exports at a rate significantly higher than the global average.

51. A heavy reliance on commodities had not only resulted in a loss of export revenues, but had also hindered the ability of landlocked developing countries to implement long-term recovery policies for sustainable economic growth. That was a concern for those countries, as any setbacks in their economies obstructed progress towards the implementation of the Vienna Programme of Action and the achievement of the Sustainable development Goals.

52. She wished to briefly highlight the key priorities that could provide opportunities for landlocked developing countries. First, those countries required adequate productive capacities, through effective investment and robust industrial policies. Second, they needed to attract investment in the manufacturing and service sectors, which could be achieved by securing consistent and reliable support from development partners and international institutions in terms of financing and foreign investments. Third, they needed to overcome trade and transport-related disadvantages through better infrastructure, especially through the adoption of new technologies, including extending support for the Technology Bank for the Least Developed Countries to include landlocked developed countries. Lastly, landlocked developing countries needed to strengthen their capacities, build resilience and preparedness for future shocks.

53. **Mr. de la Maisonneuve** (Representative of the European Union, in its capacity as observer) said that, despite market volatility, mineral ores were in high demand, especially those needed for the digital and green transitions, and countries rich in resources should take advantage of the new opportunities provided by the overall increase in their prices through policies aimed at linking value chains, supporting and funding infrastructure, cooperating on research, development and regulation, and ensuring social and environmental sustainability. The European Union stood ready to do more in that regard, including through an initiative on critical raw materials.

54. In commodity-dependent developing countries, industrial systems were too often organized to enable transfers from commodity producing areas to international trade routes. That made investment and trade in manufacturing only a secondary priority. The European Union aimed to better link manufacturing centres to international trade routes.

55. Reforming multilateral development banks and introducing more innovative financing instruments should be a collective priority at the global level. It was also crucial to ensure that there were sufficient investment projects in commodity-dependent least developed countries.

56. **Ms. Adnan** (Malaysia) said that the key challenge for developing countries was to reassess policies for their commodity sectors and translate their natural resource wealth into catalysts for sustainable and resilient development. Malaysia was implementing smart agricultural practices and believed that science, technology and innovation were powerful tools for transforming commodity-dependent economies. Her delegation would be interested to hear more insights on how developing countries could establish effective

mechanisms for robust governance and transparency measures within their commodity sectors.

57. **Ms. Skoczek** (Poland) said that commodity dependence remained a significant challenge, even a major obstacle, for developing countries to fully achieve the Sustainable Development Goals. Developing countries' economic vulnerability in relation to commodity trade was a phenomenon that needed urgent and multifaceted action by the international community. Price fluctuations disproportionally affected commodity-dependent countries, including investments in development and infrastructure.

58. Poland had been doing its part to alleviate global food insecurity, which had been greatly exacerbated by the Russian aggression against Ukraine, by establishing "solidarity lanes". The Secretary-General had stated that regional food supply chains could add resilience and flexibility to food systems as well as isolate logistical disruptions. Poland believed that those supply chains could also alleviate food insecurity in developing countries. In that vein, she asked how developed countries could assist developing countries in building resilient regional food supply chains.

59. **Ms. Rodríguez Mancia** (Guatemala) said that Guatemala was a middle-income country whose economy depended largely on agricultural commodity exports, tourism and family remittances. At the same time, the country was highly vulnerable to the effects of climate change, which had an impact on productivity and on the generation of sustainable livelihoods for families, especially in areas with food insecurity and increasing pressures to migrate. Overcoming those challenges required a holistic approach aimed at supporting commodity-dependent countries to achieve the Sustainable Development Goals and improve their position in international markets. She asked what the most significant contribution was of the United Nations system to overcoming those challenges and what ambitious actions were required to achieve the necessary structural changes.

60. **Mr. Rupende** (Zimbabwe) said that his country was heavily dependent on commodities and its challenges had been compounded by being landlocked and by the unilateral coercive measures that had been unjustifiably imposed on it since 2002. The current situation made it difficult and costly to secure financing from external sources, constraining the ability of Zimbabwe to service its debt and meet other equally important competing needs, including the achievement of the Sustainable Development Goals.

61. Despite the tight fiscal space, his Government had implemented measures to contain the effects of the COVID-19 pandemic and counteract the downwards trend in global growth. It had also taken deliberate steps to increase the proportion of value-added minerals and agricultural products, to get better returns and address trade deficit issues, to encourage investments in value-addition facilities and to leverage commodities. He invited investors to come to Zimbabwe to do business there.

62. The international community, the United Nations and UNCTAD could play a crucial role in identifying, steering and facilitating structural transformations to strengthen commodity sectors and diversify export and import portfolios in commodity-dependent countries. There was a collective responsibility to ensure that those countries were not left behind.

63. **Mr. Nicolino** (Argentina) drew attention to the importance of multilateral frameworks to address external debt and said that the draft resolution submitted by Argentina and subsequently adopted by the General Assembly, outlining the principles on sovereign debt restructuring, was more important than ever.

64. Argentina supported the urgent conclusion of WTO agricultural negotiations, including the removal of trade distortions and barriers that had affected agriculture for decades. A fairer, more transparent, equitable and predictable system of international trade in agricultural products was essential to enable efficient producing countries to make the necessary investments to increase production and meet a growing world demand for food, in a global context where the elimination of hunger was a priority.

65. **Ms. Gahlot** (India) said that new technologies such as artificial intelligence and geospatial data could be deployed to help developing countries leverage their strengths in commodity exports, particularly those like India engaged in agricultural exports. However, challenges persisted in terms of insufficient finance, technology and capacity-building for developing countries when it came to adding value to commodities through processing. Gaps in meeting the standards set for commodities by developed markets needed to be filled in order for developing countries to have access to more markets, where they could also have a chance to reach high-paying consumers.

66. **Ms. Robledo López** (Mexico) said that as export-dependent nations needed to favour endogenous economic activity, it was necessary to redouble investment in capital goods, technology transfer and human capacity-building. Her delegation called for the promotion of trade liberalization schemes to diversify markets and incorporate local production chains into international trade flows. Of particular importance was

the full integration of micro-, small and medium-sized enterprises into global trade, as it was those enterprises that generated most of the jobs in developing countries.

67. A new onus must be placed on efficient multilateralism and strengthened international cooperation. Her delegation proposed to continue promoting economies of scale at the regional level, as well as South-South and triangular cooperation as complementary means to official development assistance. In that regard, she wished to highlight two initiatives that Mexico had implemented in Central America and the Caribbean: the investment of $100 million, through the Yucatan Fund, for the development of communications infrastructure, alternative energy and the sustainable use of natural resources; and the "Sembrando Vida" (Sowing Life) programme, which sought to promote food self-sufficiency for small rural producers.

68. Her delegation called for the effective distribution of basic commodities and the avoidance of shortages. It rejected interrupting and manipulating the supply of resources, which was a tool of coercion. In that regard, it supported the Secretary General's efforts to resume the Initiative on the Safe Transport of Grain and Food Stuffs from Ukrainian Ports.

69. **Mr. Atrous** (Algeria) said that dependence on a narrow base of commodity exports had been a defining feature of developing countries, particularly in Africa, and represented a major obstacle to their economic growth and development. It was imperative to support the efforts of developing countries to strengthen their resilience against market shocks and to underpin successful economic diversification and value addition strategies through the implementation of development policies, investment in human capital, the promotion of industrial development and the strengthening of governance and institutional capacity-building. Furthermore, to reduce commodity dependence and its economic repercussions, it was crucial to invest in technological capabilities and to strengthen institutions that fostered innovation.

70. His Government had implemented national policies and strategies to diversify the economy by fostering greater openness to the private sector, enhancing economic competitiveness and increasing investment in human capital. It had also provided tax breaks and other incentives to businesses that invested in non-hydrocarbon sectors, it had supported the development of start-ups and small businesses and it had invested in infrastructure. In addition, it had adopted structural reforms to increase domestic resource mobilization, efficiently utilize public resources and promote foreign direct investment, particularly in areas with high potential such as renewable energy, agriculture, manufacturing and tourism. Algeria had made notable achievements to diversity its economy and was ready to share its experience with other developing countries.

71. **Ms. Viales** (Costa Rica) noted that middle-income countries were also affected by commodity dependence and asked how they could increase their resilience to sudden shocks in commodity prices.

72. **Ms. Parra-Lancourt** (Chief, Strategic Engagement and Policy Integration Branch, Financing for Sustainable Development Office, Department of Economic and Social Affairs), moderator, said that, in the interests of time, the panellists would respond to the outstanding questions posed in writing. The discussion had brought to the fore the need for more than 100 commodity-dependent countries to explore new pathways. Countries and populations were ready to move away from the cycle of relying on commodities with low value added to increase revenues and resources to invest in sustainable development. Developing countries understood the need for diversification. However, diversifying without being able to gain more value added from primary products had limited the options and resources available for sustainable development. The current meeting had shown that the international community, the private sector, academia, civil society and non-governmental organizations were working together to build an array of options to leverage commodities for the achievement of the Sustainable Development Goals. Those options would need a forward-looking perspective that benefited from trends in technological advancement, sustainable consumption and production, marketing and sustainable investment to enhance financing for sustainable development.

Closing statements

73. **Ms. Narváez** (Co-Chair) said that the current exchange of ideas would feed into negotiations to better harness commodities for sustainable development. The key opportunities, challenges and policies presented by all the speakers should lead to a more robust conceptual framework for identifying opportunities on how to leverage commodities to improve the position of producing countries in international markets. She hoped that the ideas presented to would lead to a shift in thinking towards greater value addition for commodities through marketing, processing and other innovative approaches. As President of the Council, she was committed to strengthening efforts to keep discussions on commodities high on the agenda in the coming months, as those resources could provide a launch pad

for increasing financing for sustainable development and achieving the Sustainable Development Goals.

74. **Mr. Amorín** (Co-Chair) said that developing countries must implement policies that generated greater added value in order to have greater bargaining power with different actors in the value chain and even be able to diversify exports. He also wished to highlight the cross-cutting importance of raw materials for developing countries and the need to overcome the "natural resource curse". New opportunities to overcome the commodities trap could be exploited through the green economy and the development of clean technologies, alongside diversification measures that promoted the knowledge economy and the digital economy.

The meeting rose at 12.55 p.m.