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General Statement of the Group of 77 and China

**Delivered by the Delegation of Cambodia and
President of the Group 77 and China**

(on 14 October 2024)

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



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**GROUP OF 77 & CHINA
G E N E V A**

**General Statement of the Group of 77 and China
Delivered by the Delegation of Cambodia and President of the Group 77 and China
(Geneva) at the 15th Session Multi-year Expert Meeting on Commodities and Development
14 - 16 October 2024 | Room XVII, Palais des Nations**

- President of the 15th Session of the Multi-year Expert Meeting on Commodities and Development
 - Ms. Rebeca Grynspan, Secretary-General of UNCTAD
 - Distinguished delegates, Ladies and gentlemen,
1. On behalf of the Group of 77 and China, I am honored to deliver this statement at this 15th Session of the Multi-year Expert Meeting (MYEM) on Commodities and Development.
 2. At the outset, the Group would like to extend our congratulations to you, Mr./Ms. President, and the Bureau for presiding over this important meeting. We are confident that this session will yield valuable insights and productive outcomes under your leadership.
 3. We warmly welcome the opening remarks of the SG Grynspan of UNCTAD and appreciate the remarks of Mrs. Luz Maria de la Mora, Director, Division on International Trade and Commodities.
 4. In addition, I would like to begin by expressing my deep appreciation for the background notes provided in preparation for this important meeting. These documents have helped frame our discussions, and I would like to welcome them with gratitude on behalf of the Group of 77 and China. They reflect the complexity of the issues at hand, and I am particularly pleased to see that one of the topics under discussion is the value addition on commodities—a subject of great importance to our Group.
 5. Commodity-dependent economies remain at the forefront of the development challenges faced by many of our member countries, making this conversation both timely and critical. The position of the Group of 77 and China on this matter has long been clear and consistent: We have consistently advocated for the establishment of frameworks that empower developing countries to add value to their commodities, diversify their economies, and transform their development trajectories. This is not only about economic growth but about creating the kind of sustainable, inclusive development that is essential for achieving the broader objectives of our international development agenda.

I. The Vulnerability of Commodity-Dependent Countries

6. As we all know, commodity-dependent countries are highly vulnerable to a wide array of external shocks. Price volatility has long been one of the most persistent challenges, leaving our economies at the mercy of global markets. But beyond price swings, our countries are vulnerable to various disruptive events that can impede our ability to make progress. These disruptions range from natural disasters—such as floods, droughts, and other climate-induced phenomena—to pest outbreaks, global pandemics, and even geopolitical crises. Each of these events has the potential to derail our efforts to

achieve sustainable economic growth, and they make the need for value addition and economic diversification all the more urgent.

7. A diversified economy is inherently more resilient. When we focus solely on the export of raw commodities, we limit our ability to create jobs, enhance productivity, and secure long-term growth. By adding value to our commodities and moving up the value chain, we create the conditions necessary for more stable and inclusive economic development. But this, as we all know too well, is easier said than done.

II. Barriers to Value Addition

8. While the need for value addition is widely recognized, there remain several significant obstacles that hinder our ability to achieve this goal. I would like to take a moment to highlight some of these issues, which, though not fully addressed in the background note, are critical to our discussion.
9. First and foremost are the market access-related barriers that our developing members face when attempting to add value to their commodities. These barriers take many forms, but I would like to focus on two in particular: non-tariff measures and tariff barriers.

i. Non-Tariff Measures (NTMs)

10. The proliferation of non-tariff measures (NTMs) presents a formidable challenge for developing countries. These measures, which include everything from sanitary and phytosanitary standards to complex technical regulations, often act as hidden barriers to trade. While they are sometimes justified on the grounds of health, safety, and environmental protection, the reality is that they disproportionately affect developing countries by making it more difficult for us to access markets. Furthermore, these measures can also hinder our ability to add value to our commodities. When our producers face overly stringent standards or overly complex requirements, they often lack the capacity or resources to comply, and this stifles their ability to innovate and upgrade their production processes.

ii. Tariff Barriers and Tariff Escalation

11. Tariff barriers, and in particular the phenomenon of tariff escalation, represent another significant obstacle for our economies. Tariff escalation refers to the practice of imposing higher tariffs on processed goods than on raw materials, thus discouraging value addition in developing countries. This is an issue that has been raised by the Group of 77 and China for many years, and yet it persists. The effect of tariff escalation is to lock developing countries into a pattern of exporting low-value raw materials while preventing them from moving up the value chain by adding value to those materials. It is an unjust and self-defeating system, one that we must work to change if we are serious about promoting inclusive and sustainable development.

iii. Subsidies and Unfair Competition

12. In addition to market access barriers, we must also address the issue of subsidies. While some developing countries are, in principle, allowed to provide subsidies under certain international agreements, the reality is that many of our members simply do not have the financial resources to do so. This creates a situation where developing countries are placed at a competitive disadvantage vis-à-vis developed countries that are able to heavily subsidize their industries.

13. One of the most remarkable examples of this can be found in the cotton sector. Cotton is a commodity of critical importance for several least developed countries (LDCs), where it plays a vital role in sustaining rural livelihoods and driving economic growth. Yet these countries are forced to compete with cotton producers in certain developed members who benefit from massive subsidies. These subsidies distort global cotton prices, making it impossible for unsubsidized producers in developing countries to compete on a level playing field. The consequences of this are devastating, not only for the economies of the LDCs affected but for the millions of smallholder farmers whose livelihoods depend on the production and sale of cotton.
14. This is a matter of both economic justice and development equity. If we are to achieve the goals we have set for ourselves under the 2030 Agenda, we must address these distortions and create a fairer, more equitable trading system.

III. Way Forward: Building Supportive Frameworks

15. In light of the challenges, I have outlined, it is clear that we need a concerted effort at the international level to create the kind of supportive frameworks that will enable developing countries to add value to their commodities, diversify their economies, and move up the global value chain.
16. **First**, we must continue to advocate for the removal of non-tariff barriers (NTBs) and tariff escalation practices that unfairly restrict market access for developing countries. **Second**, we must work to ensure that the international trading system is more responsive to the needs of commodity-dependent developing countries, including by addressing the issue of subsidies that distort competition, as well as effectively implementing internationally agreed special and differential treatments (SDTs) in favor of developing countries especially the least developed countries (LDCs) and graduating LDCs. **Finally**, we must promote policies and initiatives that build the capacity of developing countries to upgrade their production processes, adopt new technologies, and move into higher-value activities.
17. To this end, these are not small tasks, but they are essential if we are to achieve a more equitable and sustainable global economy. The Group of 77 and China remains fully committed to this agenda, and we look forward to working with all stakeholders to ensure that the voices and interests of developing countries are heard and respected in these critical discussions. We believe Members of G77 and China Members will interactively pose questions and share their reflections during this session, respectively.

Thank you, Mr./Ms. President.