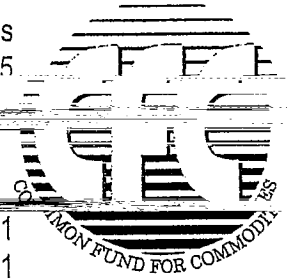


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STATEMENT

by *Amb. Ali Mchumo*
Managing Director

ECOSOC 2007 HIGH-LEVEL SEGMENT

Annual Ministerial Review: Strengthening efforts at all levels to eradicate poverty and hunger, including through global partnership for development

United Nations

The thematic discussion at this year's ECOSOC is of crucial importance and relevance to the mandate of the Common Fund for Commodities. We believe that it is impossible to eliminate poverty and hunger and achieve sustainable development and attain the targets of the MDGs without addressing the commodity problematic and improve the conditions and prospects of commodity producers. This is so because for many developing countries commodities remain the backbone of their economies. Indeed, it is this thesis that inspired the international community in the 1970s and 1980s to establish the Common Fund for Commodities in the search for a new international economic order that would be supportive of the development aspirations of the developing countries.

Even today, there are more than 55 developing countries that depend on commodities for at least 50% of their export earnings. In Africa approximately half the countries derive

more than 50% of their merchandise exports from commodities. In the case of the Least Developed Countries (LDCs) whose economies are heavily dependent on commodities are the main exports. In the middle-income countries, it is frequently the poorer strata of the population who are heavily engaged in commodity production and are directly or indirectly depend on commodities for their livelihood. In this context any discussion and

subsequent policy recommendation relating to poverty and sustainable development must bring to centre stage the issue of commodities

Mr. Chairman,

It is the necessity of the commodity sector to become the engine of growth and development.

Exporters in developing countries.

While we recognise that the current favourable commodity prices, mainly due to the demand surge in China and India, have helped in

do not include all commodities and in some cases their magnitude is reduced by other factors such as exchange rate movements and higher oil import bills. At the same time

and long-term decline in commodity prices have not been fully addressed

In order therefore to overcome the challenge facing the commodity sector, we feel that following are some of the key areas that should be addressed, both by national governments and the international community in partnership.

Supply Capacities

commodity-dependent developing countries. The commodity sector is

functioning of domestic and regional markets, and enabling producers to carry out more of the "value added" steps themselves. There is a need to improve the effective

participation of developing country women

(e.g. from coffee to other viable and more remunerative crops) and/or vertical

extension services and technical assistance, which would have a major

impact on the productivity and income of small-scale farmers and rural women.

Despite the current price boom and as identified by the African delegations in the WTO

the consistent decline and volatility in commodity prices is the major constraint on

growth of the manufacturing sector. The current market-based instruments such as

need to address this underlying problem. The current market-based instruments such as

commodity price mechanisms should be established through trade

agreements in the WTO.

account the needs of developing countries in general and of commodity producers in particular.

6. Global Partnership

For commodity producers to become more competitive, it is necessary to undertake basic support measures to assist them. As mentioned above, such measures include provision of infrastructure, storage and irrigation facilities, capacity to comply with required market

provided by national governments. However, support measures are also required at the international level because one of the major obstacles to tackling the commodity problem remains the lack of political will and resource allocation in international development

I thank you, Mr. Chairman.