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COMMITTEE ON COMMODITY PROBLEMS

Seventieth Session

Rome, 7-9 October 2104

CHAIR'S SUMMARY OF THE THIRD MINISTERIAL MEETING ON GOVERNANCE AND INTERNATIONAL COMMODITY MARKETS (6 OCTOBER 2014)

**Presented by His Excellency Lassaad Lachaal, Minister for Agriculture of Tunisia, and
Chairperson of the Regional Conference for Africa**

Mr. José Graziano da Silva, FAO Director-General

Mr. Eric Robinson, Chairperson of the Committee on Commodity Problems

Honourable Ministers and Ambassadors

Distinguished Delegates and Guests

Members of the CCP Secretariat

Excellencies, Ladies and Gentlemen

It is with real pleasure that I am reporting to you today on the outcome of the Ministerial Meeting on Governance and International Commodity Markets, which was held yesterday here at FAO.

The meeting saw the participation of about 30 Ministers and Vice Ministers, which reflects the importance of the discussed subject.

I would like to thank FAO and the Mr. Graziano for convening this meeting which has provided all of us with a platform to exchange views and debate on a number of critical issues on agricultural commodities and trade.

The agricultural commodity sector remains an essential source of job creation, income generation and government revenues for the majority of countries.

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More than 100 developing countries depend on primary commodities, and particularly agricultural commodities, for the bulk of their export earnings. The majority of the Least Developed Countries (LDCs), while dependent on agricultural commodity exports, are food importers and increasingly so over the last 15 or 20 years.

A number of important points have emerged from our fruitful debate yesterday. I would like to highlight some of them in my report to you.

First – it seems we all agree that the governance of agricultural commodities is still framed by the institutional set up of the 1970s. Commodity markets today are very different. There have been structural changes in both the demand and supply sides that will have lasting effects. We need to consider the new conditions and realities of commodity markets.

Second – the issue of price volatility. While volatility has decreased recently, it continues to represent a threat to the commodity sector and global food security more generally. Commodity markets are expected to remain more volatile over the medium term. We should not drop it from our priorities.

Third – it is important to improve market information for better market transparency. We need more timely and credible data on commodity markets and on prices. AMIS – the Agricultural Market Information System has been mentioned many times during the interventions. Maybe we should look at ways to expand and replicate this initiative.

Fourth – the issue of smallholders. The majority of interventions highlighted the importance of smallholders, calling for the need to give room for their voices to be heard and reflected in policy and development strategies. They are the people in the front line of our fight against hunger and poverty. According to FAO, about 85 percent of the world's farms are smaller than 2 hectares.

Fifth – another important point that emerged is the need for risk management tools that are tailored for smallholder and vulnerable producers. These farmers have very limited access to financial mechanisms to contain the impacts of fluctuating prices and low or negative returns. Social protection and safety nets are important tools.

Sixth – we all agree that only a rules-based international trading system that is open, non-distorted, non-discriminatory, equitable and fair can promote agricultural and rural development and contribute to world food security.

Seventh – partnerships. With more modern and globalized commodity value chains, we need to develop strong and more inclusive partnerships in which all concerned actors come together to find the proper solutions and overcome the challenges. We need more public-private partnerships, but also better partnerships that are built on equity and shared objectives.

It is clear from all this that we need strengthened collaboration among the commodity institutions.

I think it is critical that the Committee on Commodity Problems (CCP) becomes a central pillar of the new governance system of agricultural commodities. I would recommend that the CCP takes all these issues in its programme of work and gives them priority in its agenda.

I would also like to report to you on an interesting comment about the name of the Committee. It was seen that the Committee should not only be concerned with commodity problems, but should identify solutions. One proposal was to change the name to the Committee on Commodity Perspectives. I would leave this suggestion with you and the Chair of the Committee.

Another very interesting suggestion that was proposed at the meeting is the elaboration of a Global Agenda for Commodity Development. I hope this can be considered by this Committee.

I would also encourage the continuation of convening the Ministerial Meetings on commodity markets and prices. We need to create space for dialogue between the technical and scientific side and the political side at the highest possible level. It is only by doing so that we reach our common goals.

I trust that this Committee will play an important role in this regard.

Last, and not least, I would like to commend FAO, and namely Mr. Graziano for the great organization of the Ministerial Meeting.

Mr. Director-General,

Mr. Chairperson of the CCP,

Excellencies, Ladies and Gentlemen,

Thank you for giving me the opportunity to report to you on the outcome of the Ministerial Meeting.

I wish you a fruitful and successful session of the CCP. Thank you for your kind attention.