

**FORUM ON THE NEW APPROACH
OF THE ACP COMMODITIES SECTOR**

CONCEPT NOTE

ACP House, Brussels

18 November 2014

1- Context

In recent years the commodities market has evolved and experienced fundamental changes, particularly in its financing and price structure, as well as in industrial manufacturing and consumption processes, coupled with new requirements for quality standards and ethical and environmental standards. These changes represent many challenges that must be overcome by the countries of the African, Caribbean and Pacific (ACP) Group of States whose economies are highly dependent on the trade in commodities.

According to UNCTAD estimates, between 2010 and 2012, commodities accounted for 94%, 85% and 60% respectively, of total exports from African, Caribbean and Pacific countries. While, admittedly, diversification statistics vary considerably over time and from one region to another, it is worth noting that between 1995 and 2012, the concentration of the economies of ACP countries was even greater with a decrease in the diversification index from 0.5763 to 0.5554.

The respective economies of ACP countries remain very vulnerable, due notably to their poor diversification, coupled with a heavy dependence on the commodities sector, as the primary vector for economic development and a means of participating in global trade.

Despite the significant efforts made over many years through various programmes in the context of cooperation with the European Union, the diversification of productive capacities, industrial manufacturing and the development of the value chain for ACP commodities remain weak. Recognising the correlation between dependence on commodities and the fight against poverty, the ACP Heads of State and Government, at their 7th Summit in Malabo in December 2012, strongly recommended providing sustainable solutions to the long-standing challenges to the ACP commodities sector.

With a view to reducing the dependence of ACP countries on commodities, the SIPOPO Declaration therefore calls for concerted efforts to increase the added value and the technological contents of ACP commodity exports, and the diversification of the Industrial and Services sectors, which offer potential for dynamic growth, development promotion and resistance to price instability.

Given this mandate, the ACP Secretariat ACP quickly commissioned a feasibility study on the new approach to the ACP commodities sector. It is a highly targeted and pro-active multi-sectoral approach to ACP commodities as a whole. This study, conducted with assistance from UNCTAD's Special Unit on Commodities, reviewed the state of the commodities sector in ACP Member States and made recommendations. It facilitated the identification of a series of priority needs and highlighted the options that could assist ACP countries dependent on commodities to find solutions to the challenges which characterise this sector, as well as opportunities, as required by the SIPOPO Declaration.

It is in this framework that the ACP Secretariat is organising a forum on the new approach to the ACP commodities sector in Brussels, on 18 November 2014. A restitution workshop of the case study titled, ***"New Project on ACP Commodities, Review of commodity-related policies: Towards an integrated development of the ACP commodities"***, will bring together

experts and resource persons and Embassy officials, for an in-depth examination of the preliminary results of the study in question.

2- Primary Objectives of the Forum

The Forum will enable discussion of persistent problems that affect the commodities economy of ACP countries, principally with the aim of agreeing on recommendations on the new approach of the ACP commodities sector and defining their implementation modalities.

Horizontal and/or vertical economic diversification will be a major strategic focus in the context of the exercise in question. Although several countries have the opportunity to take advantage of the considerable trade possibilities by drawing on their comparative advantages, as providers for commodities on international markets, their potential for diversification remains insufficiently exploited.

The Forum will also address the essential issues regarding the functioning of supply chains, the status of trade practices and the innovation, stability and interdependence of markets, as well as the effectiveness of commodity-related policies.

In short, the discussions will focus on the following major issues:

- The examination of existing opportunities offered by the multilateral trade and financial system, the constraints linked to trade and financial agreements and the financing of commodities markets;
- Vertical and horizontal diversification, and the development of the value chain around commodities to stimulate the development of the commodities sector, by taking into account the general development priorities of ACP countries;
- The management of economic resources linked to the production (and export) of commodities to stimulate the structural transformation of ACP economies through the optimum use of policy instruments at the micro, meso and macroeconomic level;

3- Expected outcome

Taking into account the specific characteristics of the commodities sector, the Forum will give rise to recommendations to define:

- an "All-ACP" roadmap which will require more targeted studies to maximise, for ACP countries, any funds derived from the exploitation of their agricultural and mineral commodities.

- the context for a sustainable integrated programme for the ACP commodities sector, to be financed under the next multiannual financial framework.

4- Participants

The Forum will bring together representatives from Embassies and Diplomatic Missions in Brussels, commodities specialists, representatives from financial institutions and other development partners notably, UNCTAD, the FAO, UNIDO, the UNDP, ITC, the CFC, the WTO, ICAC, the ICCO, NEPAD (AU), SPC, CARDI, GIZ, ADB, AFD, ICTSD, the SOUTH CENTRE, CIRAD, UNECA and BRGM.

5- Venue

The Forum will be held at ACP House from 10:00-13:00 and from 15:00-18:00, on 18 November 2014, in accordance with the draft programme attached.
