

The Importance of the UN International Task Force on Commodities

What is the International Task Force on Commodities?



At the United Nations Conference on Trade and Development's eleventh ministerial in June 2004, member countries acknowledged the urgency of the global commodity crisis. Governments established an International Task Force on Commodities for a period of four years to meet under the auspices of UNCTAD. The task force will meet up to twice a year to address commodity issues, set an agenda for new research, improve partnerships and greater cooperation, and outline new policy strategies. It will be headed by a chairperson of international stature and assisted by a small number of UNCTAD staff.

The task force will be a multi-stakeholder partnership. It will include international organizations such as the UN Food and Agriculture Organization and the World Bank; corporations engaged in the commodity trade; farmer organizations; non-governmental organizations that promote action on commodity issues; and those in the academic community who research broad commodity problems and related solutions.

The members and chairperson have not yet been selected. The task force is expected to include around 30 people.

Why is a task force on commodities needed?

In 2000, the United Nations agreed on an ambitious set of Millennium Development Goals (un.org/millenniumgoals). The goals aim to reduce by half the number of people suffering from poverty, hunger and infectious disease. Decreased infant mortality rates and improved access to education, especially for girls, are also among the goals. In September 2005, the UN General Assembly will convene a high level summit to review the world's collective progress towards meeting these goals. According to the FAO, the average annual decrease in the total number of people that are malnourished stands at about 6 million people. To meet the Millennium Goal on hunger by 2015, this decrease should be 22 million.

There is a growing international consensus that the decline in living conditions for the poor in developing countries is tied to declining prices for basic agricultural commodities. The production and marketing of agricultural commodities underpin developing countries' economies—they are the raw material of development and determine whether those economies produce enough food, jobs and growth to bring people out of poverty. For hundreds of millions of people in developing countries, a healthy agricultural sector is essential to their well-being.

Global agricultural prices have plunged over the last decade for three primary reasons:

► **Dumping:** Widespread export dumping at prices below the cost of production from the U.S. and the European Union have driven down global commodity prices, forcing farmers in developing countries off the land. Current WTO rules are too complicated and weak to provide relief to developing countries.

► **Unstable prices:** Agricultural commodity markets are inherently unstable (e.g., due to crop failures) and prone to both price spikes and prolonged periods of overproduction and low prices. Unregulated commodity markets have failed to manage these structural characteristics. For example, the recent roller coaster ride of coffee prices has devastated the lives of millions of poor coffee growers.

► **Transnational market power:** The companies that process and ship agricultural commodities are growing in size as they decrease in number. Horizontal and vertical integration in the commodity value chain has limited the scope for new entrants into the marketplace and decreased competition. Despite the growing power of transnational agribusiness, there are no international antitrust disciplines, nor is there access to data that discloses the scope and market power of the small number of transnational corporations that control agricultural commodity trade.

What would the task force do?

The core objective of the task force is to facilitate sustainable development by improving the commodity sectors in developing countries. The official functions of the task force include improved networking of activities, a forum for information exchange, prioritizing commodity-related research and greater technical cooperation. The task force is free to set its own agenda and deal with any issue that it deems appropriate.

The task force will set up action groups to work on specific themes or initiatives. The focus of these action groups has not yet been established. IATP would like to see areas of work include:

► **Root causes of agricultural dumping:** Improving the methodology used to calculate margins of dumping for agricultural commodities. The task force could review existing dumping methodology, develop ways of applying the methodology across multiple countries, and propose measures that countries can implement to keep dumped commodities off world markets.

► **Market presence of transnational corporations:** Until the mid-1980s, UNCTAD could report which companies had what share of different markets at the global level. This information is vital to understand multilateral needs for competition rules, and how policy interventions to regulate markets will play out in practice. The task force could initiate a study to update this information and evaluate options for policy.

► **Impact of state trading enterprises:** More research is needed to understand the impact of dismantling state trading enterprises and to determine how best to replace the vital services these organizations have provided to agricultural producers, rural communities and commodity revenue-dependent economies. The task force could survey the stakeholders in commodity-dependent countries and issue recommendations.

► **International commodity agreements:** International commodity agreements could help to stabilize commodity export earnings, create conditions for effective planning and investment, and enhance the capacity of producer countries to diversify their economies toward higher value processed commodities. The task force could examine the potential for such agreements for the major commodities and convene an experts group to investigate whether and how such agreements might work to raise developing country export revenues from selected commodities.

What are the next steps for the task force?

UNCTAD is in the early stages of forming the task force. There are many opportunities for input into the process. Key immediate issues to be addressed include:

► **Funding:** In the past, governments have not provided UNCTAD with the resources needed to fulfill the mandate governments set for it. The UNCTAD Commodities Task Force must have sufficient funds to implement its mandate, including funds to pay for staff, consultants and travel commensurate with the scope of a given task force project.

► **Composition:** UNCTAD will select a chairperson and around 30 stakeholders who represent governments, international organizations, businesses, farm organizations, non-governmental organizations and the academic community.

► **Action groups' agenda:** Once the task force is selected, the chairperson should invite proposals from members towards composing the agenda items of the first meeting of the task force. Such proposals could include procedures for prioritizing which commodities to select for analysis, guidelines for selecting research proposals, specific research proposals, guidelines for working groups and plenary meetings, guidelines for communication among members, and proposals on financing, budgeting and managing further meetings.

How to get involved

All interested parties are encouraged to contact their government representatives and express support for the work of UNCTAD's International Task Force on Commodities, emphasizing the critical need for representatives of farm groups and other civil society organizations to participate directly.

In addition, a process for gathering public input and evaluating the task force's findings and recommendations should be established and sustained as an integral part of the task force's operations and mandate.

The Institute for Agriculture and Trade Policy will be following the formation of the task force closely. If you would like more information on how you can get involved, contact Kristin Dawkins at kdawkins@iatp.org or (612) 870-3410. •