

**STATEMENT OF SRI LANKA BY AMBASSADOR A.M.J. SADIQ
AT THE 29TH ANNUAL MEETING OF THE GOVERNING COUNCIL OF THE CFC
THE HAGUE, 7TH DECEMBER 2017**

Mr. Chairman,
Managing Director of CFC,
Excellencies,
Distinguished Governors, Alternate Governors,
Ladies & Gentlemen,

It is an honour and privilege, on behalf of Sri Lanka, to address the 29th annual session of the Governing Council of the Common Fund for Commodities. At the outset, I would like to convey our warm and sincere appreciation to the Chair of the Governing Council of the CFC, Mr Aly Toure for his skilful guidance of the proceedings of this conference, which I am confident, will lead to a successful outcome. I also wish to commend the Managing Director of the Common Fund, Mr Parwindar Singh for his professional and competent leadership in steering the activities of the Secretariat towards realising the objectives of the CFC.

Sri Lanka appreciates the unique and important role of the CFC in combating poverty in developing countries by promoting greater productivity and increased income, as well as enhanced export earnings from commodities. We also appreciate the support extended by the Common Fund to commodity dependent developing countries in their socio-economic development through the financing of commodity focused projects.

Many developing countries, especially the least developed countries, rely heavily on commodities for employment, government revenue and export earnings. It is estimated that out of the roughly two and a half billion people engaged in agriculture in developing countries, about one billion earn a significant part of their income from the production of export commodities. According to UNCTAD statistics, commodities account for about 80% of aggregate exports of the least developed countries.

In this context, projects related to productivity improvement are a particularly decisive factor. Improving the yield of crop varieties and minimizing pre-harvest and post-harvest losses through the development of disease-resistant varieties, should continue to be strongly supported by the CFC. Also, the development of small and medium scale agricultural processing technologies, which are adapted to local conditions, should continue to receive support from this organisation.

The Common Fund has consistently fostered sustainable commodity development. Unregulated and rapid trade liberalization within many developing countries has resulted in the value chain from farmer to exporter getting eroded or breaking down. Therefore, we welcome the initiative of the CFC that has facilitated the rebuilding of such trading structures with market orientation.

Over the last decade, there has been growing concern regarding the insufficient supply of commodities to meet increasing global demand. The negative impact of climate change, manifested by erratic weather patterns and environmental degradation, is making agricultural production and food prices less predictable and less stable.

Food is a basic human right. With more than a billion people currently facing under-nourishment, corrective measures are urgently required to end excessive market speculation in commodity trading to ensure that food is accessible at affordable prices at all times around the world. Since the vast majority of the poorest people of the world live in net food importing countries, international institutions, such as the CFC should support projects and programmes that mitigate the effect of price volatility of food crops, thereby ensuring food security.

In commodity trading, voluntary sustainability certification initiatives are now increasingly becoming an integral part of the emerging global governance system. Key agricultural sectors such as palm oil, soya, sugarcane and cotton are good examples in this regard. These new aspects in global commodity trading further highlight the importance of international institutions like the CFC in supporting projects with a clear focus on sustainable development, while taking the local context into account.

Given that the mandate of the CFC is “to enhance the socio-economic development of commodity producers and thereby contribute to the development of society as a whole”, the provision of grant-based funds to developing countries is necessary to stimulate and encourage innovation and research and development activities, to ensure that value added production can take place indigenously.

Despite the latest efforts undertaken, including the amendments to the Agreement establishing the Common Fund for Commodities in January 2018, Sri Lanka believes that the CFC still lacks a strategic vision to fulfil its purpose of assisting developing countries in their efforts to improve the conditions of people involved in the commodity sector. In this regard, the Governing Council could consider appointing a Task Force to explore and propose a plan to shape the strategic working modalities of the CFC.

In the new operational mode of loan funding, the capital base of the Common Fund seems too limited to have a significant impact on commodity development. Hence, expanding the capital base must be the next priority of the Governing Council. This too can be an area of focus of the Task Force that will reflect on the strategy of the CFC.

In conclusion, it is necessary to make commodities a growth factor and to unlock the potential which is embedded in the natural and human resources of many developing countries. Through its commodity-focused measures, the Common Fund should commit to make a concrete and identifiable contribution to the eradication of poverty and to accomplish its mandate. All member States should support this collective endeavour, to ensure its successful implementation.

I thank you for your kind attention.