

**Second preparatory meeting of the Global Dialogue of Governments
on Mining/Metals and Sustainable Development, Geneva, 1-3 June 2004**

**Welcoming remarks by Lakshmi Puri, Director, Division on International Trade
in Goods and Services, and Commodities, UNCTAD Distinguished delegates,**

Distinguished delegates,

On behalf of Rubens Ricupero, Secretary-General of UNCTAD, I am pleased to welcome you all to Geneva and to the Second preparatory meeting of the Global Dialogue of Governments on Mining/Metals and Sustainable Development.

We in UNCTAD are particularly pleased that this meeting is taking place since we believe that it confirms our conviction that mining and metals production is important for development. It is encouraging to see that this conviction is becoming more widely shared. While we do not wish to understate the importance of the many difficult issues that face governments and civil society of countries with large mineral sectors, we think it is important to highlight the potential of the mineral sector to contribute to economic development and to poverty alleviation.

Last week, UNCTAD published its biannual report on the Least Developed Countries. Much of the analysis in the report focuses on the problems of LDCs with large mineral sectors, and we note that the record for mineral dependent LDCs with respect to economic growth and poverty reduction has on average been disappointing. The report argues that new international commodity policies are needed to address the problems of mineral dependent LDCs effectively. Two priority elements of such new commodity policies that are likely to have the most poverty reducing impact in LDCs are identified: (a) reducing vulnerability to commodity price shocks and (b) improving transparency in revenue and payments from extractive industries.

While the record, as I mentioned, is disappointing, we also need to recognize that there is nothing inevitable about this. The debate about the "resource curse" in recent years has illustrated that there are important problems, but also that the means to resolve them are available. Policies can be developed to deal with slow growth, macroeconomic imbalances, uneven regional development and widening income differences. We should remember that the only country ever to graduate from LDC status, Botswana, did so as a result of good economic management and stewardship of mineral wealth.

One of the most important ways in which policies are developed is through information exchange and international debate. The initiative taken by the Governments of Canada and South Africa to establish the Global Dialogue has our wholehearted support precisely because it seeks to engage governments in constructive discourse about the issues facing countries that aim to base their development on mineral and metals production. UNCTAD welcomes the opportunity to participate in this discourse.

For its part, UNCTAD has a long history of analysis and policy initiatives in the area of mining and development. In recent years we have focused on both the ways in which the mineral sector can contribute to national economic development and the associated requirements, and on the impact of mining on local and regional economies. With respect to our work on local and regional economic impacts we have made a priority of working closely both with governments at different levels and with civil society, including the enterprise sector. We have found that today's problems are often too complex to be resolved by governments or industry alone. Thus, at present we are working under tripartite agreements with companies and provincial governments in two countries, Indonesia and Peru. Solutions require efforts from all interested parties to be viable.

They also require intensive exchange of information. In addition to its traditional work on mineral and metal statistics and Internet based commodity information, UNCTAD is about to launch, together with the International Council on Mining and Metals and other institutions, a website on good practices in mining, which we hope will prove useful to governments and industry alike. We have also set up a regional website on extractive industries and sustainable development for Latin America in cooperation with several institutions in that region, and we are preparing a similar website for Africa.

It is partly against this background that we are planning to shortly establish an International Task Force on Commodities. The Task Force will have as its core objective to facilitate the development, through a multi-stakeholder approach, of innovative strategies and modalities for the sustainable development of commodity sectors in developing countries. It will seek to build upon existing and emerging initiatives and activities, and help generate new ones in order to find practical solutions and produce results that have a real impact on the situation of the poor in developing countries. It will focus on adding value to current work on commodities by helping to coalesce and scale up existing efforts and promote innovative approaches, particularly market-based ones, by facilitating collaboration among all stakeholders. The Task Force will encompass work on all commodities and mining and metals will certainly occupy a central place in its activities. In particular, we plan to establish a partnership -under the Task Force -on mining and sustainable economic development. The partnership will aim to demonstrate, through public-private sector cooperation around individual, representative pilot sites that mining can provide the foundation for diversified and sustainable local economies. We look forward to working with the Global Dialogue initiative and to find ways that these two initiatives can be mutually supportive.

Distinguished delegates, I wish you all success in your important work during these three days.