

Beat: News

## UPSKILLING WORKERS CAN CUT DEPENDENCE ON COMMODITY EXPORTS

### GLOBAL COMMODITIES FORUM 2018

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**USPA NEWS** - Governments, civil society and private sector stakeholders gather in Geneva “<sup>a</sup>on 23<sup>”</sup>“24 April 2018<sup>”</sup>–

With more than 90 developing economies dependent on commodity exports, according to the latest UNCTAD data, building the human skills needed to add value to raw materials and provide decent work are key objectives to be discussed at UNCTAD's eighth Global Commodities Forum at the Palais des Nations in Geneva “<sup>a</sup>on 23<sup>”</sup>“24 April<sup>”</sup>–.

Moving up the value chain would help commodity-dependent developing countries achieve their Sustainable Development Goals, in particular Goal 4 (on professional education), Goal 8 (on providing decent work) and Goal 9 (on industrial development)

“Lack of skilled workers dissuades investment in value added activities, which, in turn, limits incentives for young adults to acquire more skills,” <sup>[?]</sup> chief of UNCTAD’s commodity implementation and outreach section Yanchun Zhang said.

“Those workers seeking careers in skilled fields often choose to pursue education and jobs abroad, fueling a brain drain from developing countries, and further dissuading investments in industrial development. It’s a vicious circle.” <sup>[?]</sup>

Calibrating skill-building programmes to the needs of employers can be tricky. For example, government of the Republic of the Congo partnered with Total to establish masters programmes in engineering and geology.

While they produced a steady flow of graduates, Congolese employment in the oil sector has underperformed expectations and employers continue to complain of a shortage of skilled workers, as well as a mismatch between their needs and the training graduates receive.

The plenary themes to be considered through panel discussions and open debates during the two-day event are:

- “¢ Skills for trade and economic diversification
- “¢ Sustainable job creation in extractive industries and beyond
- “¢ Multi-skill training in agricultural value addition
- “¢ Energy transition, natural gas and the skills gap
- “¢ Changing skill requirements in the mining sector

The forum, on the theme of Building Skills for Sustainable Development, will be chaired by Ambassador Christopher Onyanga Aparr of Uganda.

Many developing countries add little value to commodities, by transforming them into finished or semi-finished goods, and struggle to diversify into other manufacturing sectors, which constrains the industrialization of their economies.

These countries rely on exports of unprocessed commodities, such as agricultural produce, mineral ores or crude oil, for 60% or more of the total value of their merchandise exports.

UNCTAD figures show that in 61 of these countries more than 80% of economic activity depended on commodity exports, with severe economic, environmental and social consequences, not least due to volatile prices playing havoc with macroeconomic management.

In most developing countries, agriculture is predominantly undertaken by labour-intensive small farms that employ manual techniques and offer few industrial prospects.

The mineral, oil and gas sectors usually provide developing countries with some limited technology transfer and skilled jobs, for example related to the infrastructure used to extract crude oil or transport natural gas. Nevertheless, in both agricultural and mineral value chains, value added activities generally offer the greatest potential for technological and human capital development.

Moving up the value chain requires intervention, as seen in Ethiopia, which offers incentives to invest in its agro-processing sector, or Indonesia, which has imposed an export ban on nickel and bauxite ores to compel the construction of smelters in the country.

Horizontal diversification strategies involve leveraging skills and resources in the commodity sector to develop non-commodity industries, for example Iran using revenues and engineers from its oil sector to develop export-oriented manufacturing of agricultural machinery, medical equipment and greenhouse irrigation systems.

First held in 2010, the Global Commodities Forum provides a high-level, neutral multi-stakeholder and free platform to discuss issues related to the production and trade of commodities, with a focus on developing countries. It aims to generate partnerships and innovative policy ideas for leaders of government, the private sector and civil society.

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