



**Statement by the Republic of Maldives
on behalf of the Alliance of Small Island State
at the High Level Thematic Debate on Achieving the Sustainable Development Goals**

21 April 2016

Mr. President, Secretary General, Excellencies and Colleagues,

I have the honour to deliver this statement on behalf of the Alliance of Small Island States (AOSIS). I align this statement with the statement delivered by the distinguished representative of Thailand on behalf of the Group of 77 and China. I also take this opportunity to thank the President of the General Assembly, for organizing this informal dialogue on commodity markets at this very opportune time.

Eight years after the financial crisis hit, global recovery has been slow. We now find ourselves on the brink of an even more worrying phase, at the other end of the commodity super-cycle. In fact, global demand and supply conditions have led to lower price expectations for all nine of the World Bank's commodity price indices, which they state as being "an extremely rare occurrence".

The effects of rapidly falling commodity prices will be felt most acutely by developing countries, especially commodity-net export economies. The UN World Economic Situation and Prospects 2016 and the IMF Fiscal Monitor has pointed to the potential spillover effects of this downward trend on the stability of the international financial system which is a cause of significant concern.

Research has also shown links between declining commodity prices and sustainable debt management. For small island developing states (SIDS), this is deeply unsettling. SIDS are on average more severely indebted than other developing countries, in addition to being extremely commodity dependent as well.

In 2015 we adopted ambitious commitments, from the 2030 Agenda of Sustainable Development to the Paris Agreement. However, we also inherited a sluggish economy with few signs of recovery. In order for us to reach our goals of eradicating poverty, dealing with climate change, providing for basic needs provisioning and leaving no one behind, we will need significant and stable financial flows.

Mr. President,

SIDS have unique economic profiles compared to other developing and emerging economies. Our exports are concentrated in a small number of commodities like tuna, sugarcane, banana and tropical beverages - many of which have suffered significant setbacks and slowing growth in demand. As has

been documented in various studies, SIDS face structural disadvantages due to remoteness from markets and geographical isolation for achieving economies of scale and access to markets. These inherent difficulties are now getting further exacerbated due to falling commodity prices and competition with imported commodities in domestic markets.

Because many SIDS depend largely on a single commodity, these fluctuations in international markets acutely threaten the financial stability of our island states. Since many SIDS have preferential access to a single market which account for a high proportion of our export earnings, changes in the markets exposes our inherent vulnerabilities.

We know that in order to achieve sustainable development, SIDS will need to develop and diversify our commodity dependent economies as well as develop value added exports in areas where we are internationally competitive. However, this cannot happen without international cooperation both in terms of capacity building for building domestic supply chains in SIDS as well as facilitating a supportive international economic and equitable trading climate. Equally important is support to diversify our exports - poor market access and over dependence on single commodities remain key challenges.

Studies have shown that each commodities super-cycle is followed by a downturn that lasts just as long, if not more. With weak demand and a supply overflow, it is unlikely that this time will be any different. We therefore need to formulate policies, globally and nationally, that takes cognizance of this fact and adapt to these new circumstances. We are therefore very grateful for this dialogue and believe the UN should serve as a platform for consolidating best practices, discuss policy recommendations and share successful experiences regarding commodity wealth management.

Mr. President,

The duration and volatility of the global financial crisis points to the fact that we have not been able to adequately address the structural issues at the core of the problem. The shortcomings of the international monetary and financial regulatory mechanisms need to be looked into with urgency, especially with the end of the commodity super cycle and its implications for external debt management in SIDS.

I thank you.