



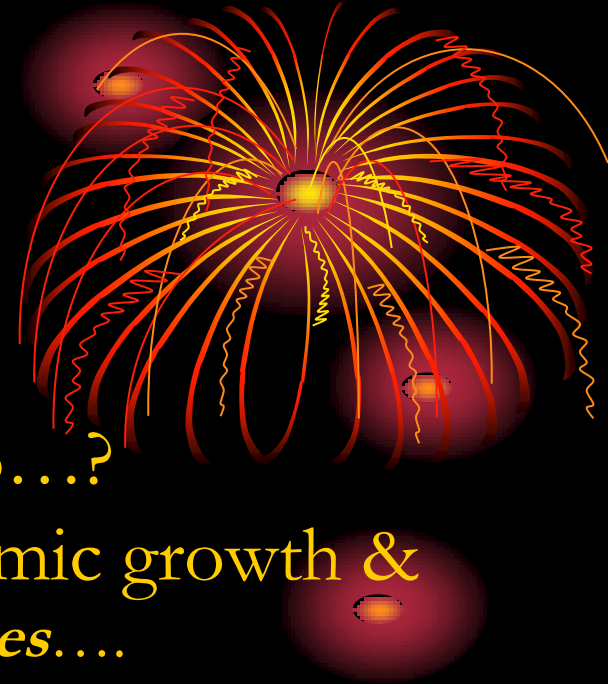
**Commodities – Changing face, New  
consensus?**

*Samuel K. GAYI*

*Special Unit on Commodities*

*UNCTAD, Geneva, Switzerland*

# Changing face?

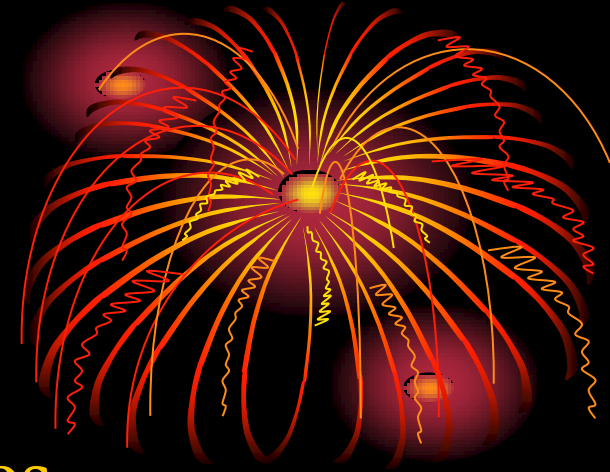


- Commodity boom, since 2002...to...?
- Role of commodity trade in economic growth & poverty reduction, *But note challenges...*
- Price volatility, development gains; Diversification/GVCs.

## **New consensus?**

- Deal with challenges of commodity production, trade and development;
- Tap development gains from commodity booms: move up GVCs, Meet MDGs, etc.

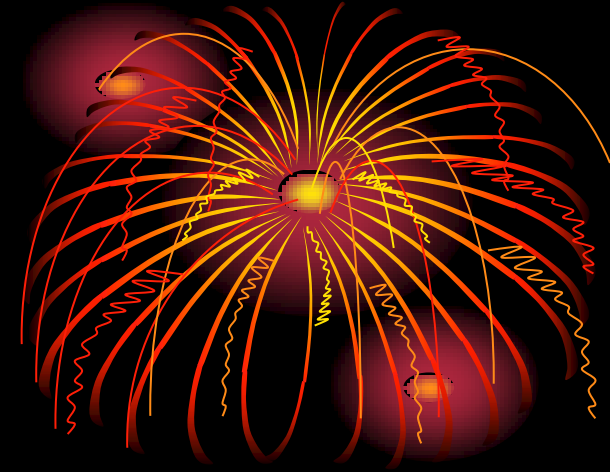
# Policy responses (1)



## A. Commodity producing countries

- Address high price volatility & mitigate impact on incomes: *Safety nets, Risk mgt tools*;
- **Diversify Economy:** Value addition for sustained economic growth, development & poverty reduction;
- Improve transparency & accountability;
- Increase access to finance for commodity development;

# Policy responses (2)



## B. Commodity-importing countries

- BoP problems (DC food import bill increased by 25% to \$356bn (2007-08), almost equal to net ODA receipts);
- Food insecurity (Globally, no. of undernourished increased from 850m (2005-07) to 910m (2008) (FAO, 2010);

## C. International Community

Market failures (high & unstable prices)

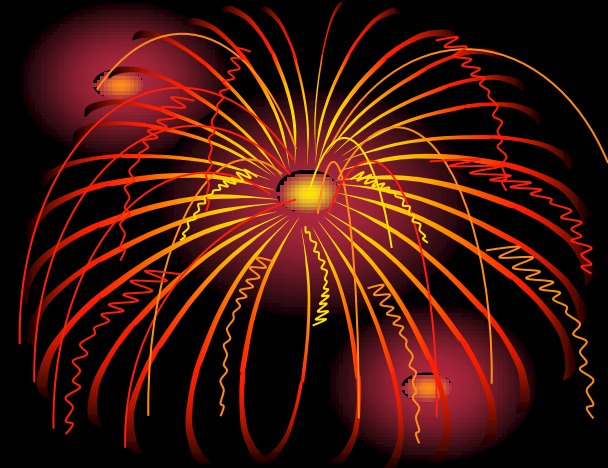
- *Improve efficiency of markets*
- *Increased dialogue between consumers (food-importers) & producers (food-exporters) to reduce & stabilize world food prices*

# UNCTAD's role?



- **Coordination** - International & regional actors, international commodity bodies;
- **Monitor** devts & challenges in commodity markets;
- **Research & develop** policies to:
  - Manage links between international commodity trade & national development -> poverty reduction;
  - Assist producing countries to harness development gains from commodity booms;
  - Address problems of commodity dependence – how to manage boom and burst cycles.

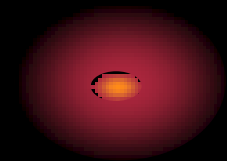
# UNCTAD's role? (2)



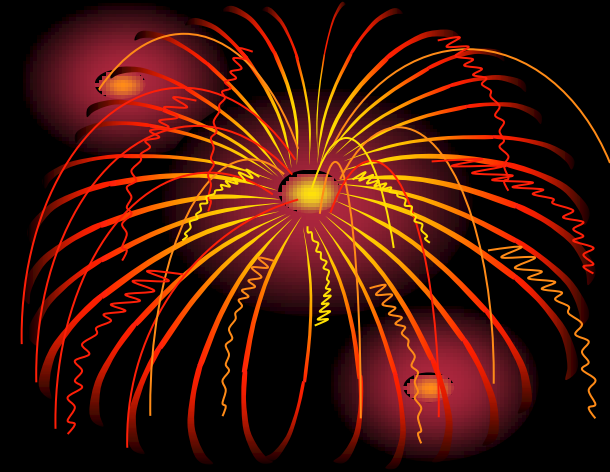
Works through *three pillars....*

## A. Technical assistance, advisory services

- Develop national commodity strategies;
- Build ss-side capacity, move up GVCs/diversify
- Comply with public/private/inter'nal trade standards;
- Improve access to commodity information & databases;
- Improve transparency & accountability, especially in extractive industries (dd-driven).



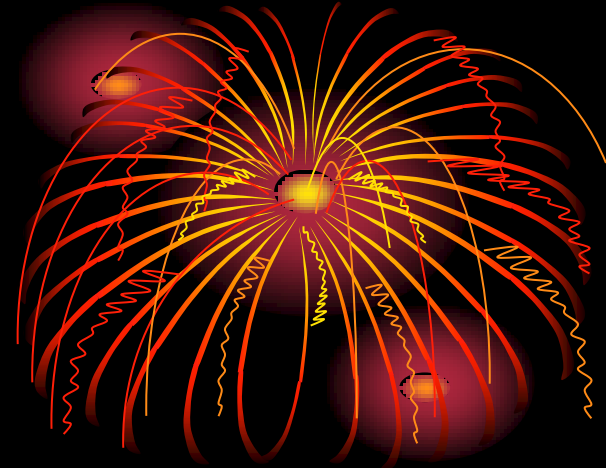
# UNCTAD's role? (3)



## B. Intergovernmental process

- Consensus building on (i) how to integrate commodity policies into national, regional & international development & PRSs; and (ii) Policies & instruments to resolve commodity problems (Annual sessions of the Intergovernmental Group of Experts – MYEM on commodities; IGF)
- Build multi-stakeholder partnerships – new approaches to resolving commodity-related problems (GCF);
- How to access investment & finance (ODA, A4T) for commodity-based development.

# UNCTAD's role? (4)



## C. Research and Analysis

- Analytical studies – commodity development & trade (sustainable strategies & policies, ss-side capacity, value addition, diversification, etc);
  - Commodities and Development Report (2013:*Perennial problems, new challenges and evolving perspectives*)
  - The state of commodity dependence
  - Commodities at a glance
  - Iron ore report





## Special Unit on Commodities (S.U.C)

### Commodity Research and Analysis Section (CRAS)

Preparation of parliamentary reports

UNCTAD Commodity Development Report  
(UCDR)

Monitoring and analysis of the major  
trends and developments in commodity  
markets (e.g. Commodities at a glance,  
State of Commodity Dependence)

Analytical papers on contemporary issues,  
thematic and cross-cutting issues (e.g.  
Working paper series)

Commodity Policy Reviews  
*Pending the availability of funds*

### Commodity Policy Implementation and Outreach Section (CPIOS)

#### **INTERGOVERNMENTAL MEETINGS**

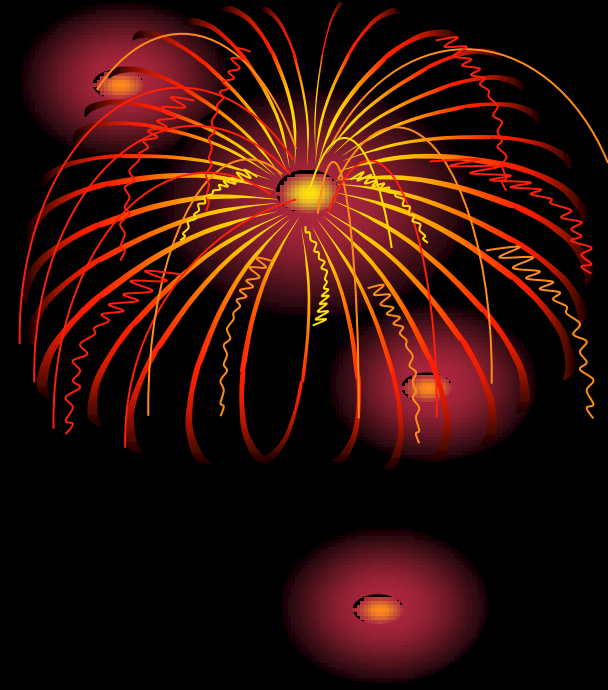
- Multiyear Expert Meeting
- African Oil, Gas, Minerals, Trade and  
Finance conferences
- Intergovernmental Forum on Mining  
and Minerals

#### **MULTISTAKEHOLDER MEETING**

- Global Commodities Forum

#### **TECHNICAL COOPERATION**

- Develop national strategies
- Improve the performance of commodity  
markets
- Market Information Systems
- Commodity Exchanges
- Supply chain finance



**Thank you!!!**