UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
GENEVA

TRADE AND DEVELOPMENT REPORT, 2014

Chapter I

RECENT TRENDS IN THE WORLD ECONOMY

UNITED NATIONS
New York and Geneva, 2014

Chapter I

RECENT TRENDS IN THE WORLD ECONOMY

A. Global growth

The world economy has seen a modest improvement in growth in 2014, although it will remain significantly below its pre-crisis highs. Its growth rate of around 2.3 per cent in 2012 and 2013 is projected to rise to 2.5−3 per cent in 2014. This mild increase is essentially due to growth in developed countries accelerating from 1.3 per cent in 2013 to around 1.8 per cent in 2014. Developing countries as a whole are likely to repeat their performance of the previous years, growing at between 4.5 and 5 per cent, while in the transition economies growth is forecast to further decelerate to around 1 per cent, from an already weak performance in 2013 (table 1.1).

1. Developed countries

A moderate acceleration of growth is expected in developed countries as a result of a slight pick-up in the European Union (EU), since the performance of Japan and the United States is not expected to improve in 2014. In Europe, tentative easing of fiscal austerity and a more accommodating monetary policy stance, including by the European Central Bank (ECB), has shifted the direction of domestic demand from negative to positive territory. In some countries (e.g. the United Kingdom), household demand is being supported by asset appreciation and the recovery of consumer and mortgage credit, and in others by some improvement in real wages (e.g. Germany). However, in a number of other large euro-zone economies (e.g. France, Italy and Spain) high levels of unemployment, stagnant or sluggish real wage growth, and persistent weakness in the banking sector continue to dampen the expansion of domestic credit conditions and restrain demand growth. Net exports should make a positive, though very small, contribution to Europe's overall growth performance in 2014.

The United States economy is continuing its moderate recovery from the Great Recession through a reliance on domestic private demand. Fiscal austerity has been a drag on economic growth since 2011, albeit with a slight easing of the negative impact in 2014. Unemployment is continuing to fall thanks to job creation in the corporate sector. However, average real wages remain stagnant. Continued liquidity expansion, although much less aggressive than in previous years, along with asset price appreciations, has helped to support the recovery of domestic borrowing and consumption.

Growth in Japan has also been relying on domestic demand. Private consumption and investment have benefited from the expansionary monetary and fiscal policies of the "Abenomics" plan. There was an increase in public spending, mainly for

Table 1.1

WORLD OUTPUT GROWTH, 2006–2014

(Annual percentage change)

Region/country	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014[a]*
World	**4.1**	**4.0**	**1.5**	**-2.1**	**4.1**	**2.8**	**2.3**	**2.3**	**2.7**
Developed countries	**2.8**	**2.5**	**0.0**	**-3.7**	**2.6**	**1.4**	**1.1**	**1.3**	**1.8**
of which:									
Japan	1.7	2.2	-1.0	-5.5	4.7	-0.6	1.4	1.6	1.4
United States	2.7	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.1
European Union (EU-28)	3.4	3.2	0.3	-4.6	2.1	1.7	-0.3	0.1	1.6
of which:									
Euro area[b]	3.2	2.9	0.3	-4.5	2.0	1.6	-0.6	-0.4	1.1
France	2.5	2.3	-0.1	-3.1	1.7	2.0	0.0	0.2	0.7
Germany	3.7	3.3	1.1	-5.1	4.0	3.3	0.7	0.4	1.9
Italy	2.2	1.7	-1.2	-5.5	1.7	0.4	-2.4	-1.9	0.1
United Kingdom	2.8	3.4	-0.8	-5.2	1.7	1.1	0.3	1.7	3.1
New EU member States after 2004	6.4	6.0	4.0	-3.8	2.1	3.0	0.6	1.1	2.7
South-East Europe and CIS	**8.5**	**8.7**	**5.3**	**-6.6**	**4.8**	**4.7**	**3.3**	**2.0**	**1.3**
South-East Europe[c]	4.6	5.9	5.0	-2.1	1.7	1.9	-0.8	2.0	2.0
CIS, incl. Georgia	8.7	8.9	5.3	-6.8	4.9	4.8	3.5	2.0	1.2
of which:									
Russian Federation	8.2	8.5	5.2	-7.8	4.5	4.3	3.4	1.3	0.5
Developing countries	**7.7**	**8.0**	**5.4**	**2.6**	**7.8**	**6.0**	**4.7**	**4.6**	**4.7**
Africa	5.8	6.1	5.5	2.5	4.9	0.9	5.3	3.5	3.9
North Africa, excl. Sudan	5.3	4.8	6.1	2.9	4.2	-6.8	8.7	2.0	2.4
Sub-Saharan Africa, excl. South Africa	6.4	7.5	6.2	4.5	6.4	5.1	4.6	5.3	5.9
South Africa	5.6	5.5	3.6	-1.5	3.1	3.6	2.5	1.9	1.8
Latin America and the Caribbean	5.5	5.5	3.7	-1.6	5.7	4.3	3.0	2.6	1.9
Caribbean	9.4	5.8	3.1	-0.2	2.6	2.4	2.5	2.6	2.8
Central America, excl. Mexico	6.4	7.0	4.1	-0.3	4.1	5.3	5.1	4.3	4.3
Mexico	5.0	3.1	1.4	-4.7	5.1	4.0	4.0	1.1	2.0
South America	5.5	6.7	4.9	-0.3	6.4	4.5	2.4	3.1	1.7
of which:									
Brazil	4.0	6.1	5.2	-0.3	7.5	2.7	1.0	2.5	1.3
Asia	8.7	9.1	6.0	4.0	8.9	7.2	5.2	5.3	5.6
East Asia	9.9	11.1	7.0	6.0	9.6	7.7	6.0	6.3	6.4
of which:									
China	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.7	7.5
South Asia	8.3	8.9	5.3	4.6	9.1	6.9	3.6	3.8	5.0
of which:									
India	9.4	10.1	6.2	5.0	11.0	7.9	4.9	4.7	5.6
South-East Asia	6.1	6.6	4.3	1.2	8.1	4.7	5.6	4.9	4.4
West Asia	7.5	5.5	4.7	-1.0	6.9	7.4	3.8	3.8	4.0
Oceania	2.8	3.4	2.7	2.4	3.7	4.9	4.3	2.9	3.2

Source: UNCTAD secretariat calculations, based on United Nations, Department of Economic and Social Affairs (UN-DESA), *National Accounts Main Aggregates* database, and *World Economic Situation and Prospects (WESP): Update as of mid-2014;* ECLAC, 2014; OECD, 2014; IMF, *World Economic Outlook*, April 2014; Economist Intelligence Unit, *EIU CountryData* database; JP Morgan, *Global Data Watch*; and national sources.

Note: Calculations for country aggregates are based on GDP at constant 2005 dollars.

a Forecasts.

b Excluding Latvia.

c Albania, Bosnia and Herzegovina, Montenegro, Serbia and the former Yugoslav Republic of Macedonia.

reconstruction, following natural catastrophes in 2011, and a stimulus package propelled the Japanese economy to higher growth in 2012−2013. As the effects of those measures dissipate and the rise in the consumer tax rate in April 2014 begins to discourage household spending in the medium term, a new stimulus package may be needed to help maintain growth targets for gross domestic product (GDP) and domestic prices. Indeed, sustained growth of nominal GDP would be the only viable way to progressively bring down the very high ratio of public debt to GDP.

Despite some differences in their policy stances, all developed regions are expected to grow at a similar rate of around 1.5–2 per cent in 2014. GDP in the EU is likely to return to its pre-crisis level of 2007, albeit one year after Japan and three years after the United States. The international trade of these countries remains weak, but has recovered somewhat since the last quarter of 2013. A progressive relaxation of fiscal austerity in the EU and the United States, and the tapering off of very expansionary monetary policies in the latter country, have led some observers to believe that these economies are reaching a "new normal", and that they have managed to avert most systemic risks. However, in the new situation, growth is likely to be slower than before the crisis, since investment rates remain relatively low and several countries still have a long way to go before unemployment rates fall and overindebtedness, in both the public and private sectors, is addressed. Chapter II of this *Report* discusses some of the policies behind this modest growth regime, and warns of its potential fragility.

2. Developing and transition economies

The main developing regions look set to repeat much the same growth performance as in 2012−2013. Asia is set to remain the most dynamic region, with an estimated growth rate of around 5.5 per cent. Among the largest economies, China should maintain its lead with a growth rate of close to 7.5 per cent in 2014, based on domestic demand, including an increasing role of private and public consumption. Growth in India has recovered slightly from the significant deceleration of the two previous years, led by higher consumption and net exports, but at around 5.5 per cent it is substantially lower than before the crisis. Most countries in South-East Asia, including Indonesia, Malaysia, the Philippines and Viet Nam, are expected to continue to grow at around or above 5 per cent, driven by private consumption and fixed investment, but with little or no contribution from net exports. The main exception is Thailand, where political crisis has caused the economy to stagnate. Economic performance is more contrasted in West Asia: several countries have been directly or indirectly affected by war, the Gulf countries are expected to maintain growth rates of 4−5 per cent, and Turkey, which has been exposed to financial instability, may not be able to sustain a fairly rapid growth trajectory that is driven by domestic credit expansion.

Growth in Africa also shows wide contrasts: it remains weak in North Africa, with marginal improvements in Egypt and Tunisia, but a continued fall in Libya, due to armed conflict and disruptions in oil production. Growth has also remained subdued in South Africa, at around 2 per cent, owing to a weakening of domestic demand and strikes in the mining sector. By contrast, several large sub-Saharan economies (including Angola, Côte d'Ivoire, the Democratic Republic of the Congo, Ethiopia, Mozambique, Nigeria and the United Republic of Tanzania) posted high growth rates, which is likely to result in 6 per cent growth in the subregion in 2014. In several countries, historically high levels of commodity prices have been supporting this growth for more than a decade, but other factors, such as improvements in agriculture and recovery from civil conflicts, have also played an important role. However, there are downside risks as demonstrated by the recent return of both Ghana and Zambia to the IMF, in the face of sharp declines in their currency.

The transition economies are set for a continued economic slowdown in 2014. Slow growth in the European transition economies is mainly attributable to stagnating consumption and investment in the Russian Federation since mid-2013, as financial instability has led to increased capital outflows. On the other hand, Central Asian transition economies, most of which are oil or mineral exporters, were able to maintain fairly high growth rates, as a result of historically high terms of trade.

Following a strong rebound in 2010, economic growth in Latin America and the Caribbean has experienced a continuous slowdown, and is projected to be about 2 per cent in 2014. This weak performance mainly reflects slow growth in the three main economies, Argentina, Brazil and Mexico, where domestic demand (their main driver of growth after the global crisis) has lost momentum. External financial shocks in mid-2013 and early 2014 also affected those economies, leading to a tightening of macroeconomic policy. However, well-capitalized banking systems, low external and fiscal deficits, external debts at historical lows and sufficient levels of international reserves have prevented these shocks from developing into financial crises. Several countries exporting hydrocarbons or minerals (e.g. the Plurinational State of Bolivia, Colombia and Ecuador) are showing significantly higher growth rates, pushed by high levels of domestic demand, in terms of both consumption and investment.

Generally speaking, developing countries have managed to recover from the Great Recession faster than developed countries. Many of them have benefited from high commodity prices, especially those whose governments were able to capture a significant share of natural resources rents and use the additional revenues for supporting domestic spending. Other countries, despite being exposed to the vagaries of international finance, were able to tackle the consequences of the global financial crisis by supporting domestic demand with countercyclical policies. However, there are limits to what can be achieved by both countercyclical policies and gains from the terms of trade, and new sources of dynamism will need to be found. In addition to demand-side policies that may include redistribution policies, several countries need to improve their domestic investment and conduct industrial policies aimed at an expansion of their productive capacity and competitiveness so as to respond to rising demand without excessive pressure on domestic prices or trade balances.

Developing countries will also have to face the challenge of persistent instability of the international financial system. This should involve prudential macroeconomic and regulatory policies, mainly applied at the domestic level, but also better regulation at the global level. In this respect, it is evident that, despite the generally favourable trends in recent years, the present framework for sovereign debt restructuring is inappropriate. This is well illustrated by the legal obstacles currently faced by Argentina in the normal servicing of its restructured sovereign debt.[1] Argentina's experience shows that this framework not only discourages new debt restructuring, but that it may even jeopardize successful past restructurings. Establishing a multilateral structure for dealing with sovereign debt restructuring that would take into consideration general interests, and not just the private ones – a proposal made by UNCTAD two decades ago – appears more pertinent and urgent than ever.

B. International trade

Six years after the onset of the global financial crisis, international trade remains lacklustre. Merchandise trade grew slightly above 2 per cent in volume in 2012–2013 (and was even slower if measured in current dollars), which is below the growth of global output. Trade in services increased somewhat faster, at around 5.5 per cent in 2013 at current prices. This lack of dynamism contrasts sharply with its rapid expansion in the two decades preceding the crisis, when global trade in goods and services expanded more than twice as fast as global output, at annual averages of 6.8 per cent and 3 per cent respectively. During that period, the share of exports and imports of goods and services in GDP virtually doubled, from around 13 per cent to 27 per cent in developed countries, and from 20 per cent to close to 40 per cent in developing countries.

1. *Trade in goods*

International trade in goods has remained subdued. Following its post-crisis rebound in 2010, it slowed down to around 2 per cent in 2012 and 2013 (table 1.2). This trend is expected to continue into

Table 1.2

EXPORT AND IMPORT VOLUMES OF GOODS, SELECTED REGIONS AND COUNTRIES, 2010–2013

(Annual percentage change)

	Volume of exports				*Volume of imports*			
Region/country	*2010*	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*
World	**13.9**	**5.5**	**2.3**	**2.2**	**13.8**	**5.4**	**2.1**	**2.1**
Developed countries	**12.9**	**4.9**	**0.5**	**1.3**	**10.8**	**3.4**	**-0.4**	**-0.4**
of which:								
Japan	27.5	-0.6	-1.0	-1.8	10.1	4.2	3.8	0.5
United States	15.4	7.2	4.0	2.6	14.8	3.8	2.8	0.9
European Union	11.6	5.5	-0.1	1.4	9.4	2.8	-2.5	-1.2
Transition economies	**11.4**	**4.1**	**1.3**	**1.0**	**17.6**	**16.8**	**5.0**	**2.7**
of which:								
CIS, incl. Georgia	11.3	3.9	1.5	0.3	19.9	17.7	5.8	2.4
Developing countries	**16.0**	**6.7**	**4.6**	**3.4**	**18.5**	**7.7**	**5.3**	**5.5**
Africa	10.3	-6.8	7.8	-1.8	6.5	3.9	11.8	5.6
Sub-Saharan Africa	11.9	0.9	1.2	2.3	6.7	9.3	7.1	8.0
Latin America and the Caribbean	8.1	5.1	3.1	1.5	22.3	11.3	3.1	2.4
East Asia	24.3	10.7	5.3	5.2	22.5	7.7	4.4	7.8
of which:								
China	29.5	13.4	7.4	4.8	25.0	10.7	6.1	8.8
South Asia	11.0	9.4	-7.1	1.9	14.5	5.6	2.9	-0.6
of which:								
India	14.0	15.0	-1.8	7.6	13.8	9.7	5.5	0.1
South-East Asia	18.6	4.7	2.2	4.9	22.0	7.0	6.1	3.8
West Asia	4.2	9.1	9.8	2.2	8.6	8.2	8.7	8.6

Source: UNCTAD secretariat calculations, based on *UNCTADstat*.

2014: UNCTAD-WTO (*UNCTADstat*) estimated that international trade grew at 2 per cent (seasonally-adjusted and annualized rate) in the first quarter of 2014. All regions have experienced a deceleration in their volume of trade in varying degrees, the greatest slowdown being in the developed countries, the transition economies and Latin America.

In 2013, developed countries' imports shrank by 0.4 per cent for the second consecutive year, owing to a contraction of 1.2 per cent in the EU. This is primarily the result of weak intra-EU trade. Japan and the United States also experienced significant slowdowns. EU exports picked up to 1.4 per cent in 2013 due to growth of EU exports to countries outside the region, while those from the United States slowed down to 2.6 per cent. By contrast, Japan's exports contracted further to 1.8 per cent, despite the depreciation of the yen.[2] During the first quarter of 2014, estimated trade volumes for developed economies grew 2.4 per cent, year on year, albeit from a rather low base.

Trade in developing and transition economies also decelerated. The slowdown was particularly acute in the transition economies, owing to weak European demand for their exports, while the growth rate of their imports halved, to 2.7 per cent, as a result of a slowdown in their own GDP growth. In developing countries, the growth of exports weakened further, to 3.4 per cent in 2013, also reflecting weak external demand, in particular from developed economies. A notable exception was developing countries' imports, which have remained resilient, growing at close to 5.5 per cent, due to robust demand in some of their largest economies. In addition, persistently high (although in some cases declining) export prices of commodities allowed some of them (particularly in Africa and West Asia) to increase their imports (by volume) even though the volume of their exports grew at a slower rate. Their higher imports provided some impetus for export growth in other countries.

Within the general trend of a slower growth of trade in developing regions, there is considerable variation. Exports remained weak in Africa in 2013 and the first months of 2014, partly due to the shutting down of two important oil-exporting ports in Libya since July 2013 and to falling exports in South Africa. But during this period, export growth improved in several other sub-Saharan countries whose exports have tended to shift direction towards the faster growing Asian developing countries. Imports remained strong, particularly in the sub-Saharan African countries, where they expanded by 8 per cent in volume, in line with rapid GDP growth in the subregion.

Trade in East Asia decelerated dramatically, from annual growth rates of 20 per cent or more (in volume) during the pre-crisis years to 5−6 per cent in 2012 and 2013. Trade in the Republic of Korea was virtually stagnant in these latter years, as exports were affected by a recession in developed-country markets and by its own currency appreciation. However, much of the slowdown of trade in this subregion reflects the steep fall in the growth rate of Chinese exports to developed countries, from an average of 25 per cent before the Great Recession to a mere 2.5 per cent in 2012 and 2013. As China's trade with developing countries still grows at double-digit rates, at present these account for as much as 53 per cent of China's exports, compared with 42 per cent in 2004. Concomitantly, growth of Chinese imports have also slowed down, although more moderately, to 8.8 per cent in volume in 2013. Nevertheless, China remains a very important market for many developing countries, especially because of the rapidly increasing share of commodities in Chinese imports, which climbed from 18 per cent in 2004 to 31 per cent in 2011−2013.

In South Asia, the rebound in India's exports supported the economic recovery in the region. In particular, the country registered double-digit growth of its exports to some of its largest developing-country partners, such as China and the United Arab Emirates. Exports in the subregion as a whole grew much less, owing to restrictions on trade with the Islamic Republic of Iran.

In South-East Asia, growth in trade remained well below pre-crisis trends, mainly due to virtual stagnation in Thailand and Indonesia, though strong domestic demand, including investment in export-oriented sectors, stimulated trade growth in the Philippines and Viet Nam. In West Asia, internal instabilities and stable oil output significantly slowed export growth.

In Latin America and the Caribbean, the trade volume slowed down significantly to a growth rate of around 2 per cent. Slow GDP growth in its major markets (including the United States and the main intraregional partners) and real exchange rate appreciation affected the region's exports: Brazil's exports stagnated in 2013, and in the rest of South America, the modest growth in the volume of exports was more than offset by the fall in export unit prices, leading to an overall reduction in the total value of exports. A moderate increase in Mexico's exports somewhat tempered the reduction in the surplus in the balance of goods trade, from 0.9 to 0.3 per cent of GDP (ECLAC, 2014).

2. Services

Global exports of services expanded at around 5.5 per cent in 2013 (at current prices), and at about 7 per cent in the first quarter of 2014, compared with the same period of the previous year. It reached $4.7 trillion in 2013, representing 20 per cent of total exports of goods and services – a share that has been quite stable since the early 1990s.

The evolution of trade in services tends to be more stable than that of goods, as it reacts less abruptly to the economic situation. Its growth rate, which exceeded that of goods in 2012, 2013 and the first months of 2014, partly reflects its greater resilience to the slowdown in global output, but it may also be evidence of some structural factors that contribute to expanding trade in services. Among the most dynamic services sectors between 2008 and 2013 were computer and information services (with an average annual growth of 9.1 per cent), followed by personal, cultural and recreational services (8.9 per cent), and then by other business and professional services (6.8 per cent). The computer and information services sector in developing economies recorded the highest growth rates: 13 per cent on average annually since 2008, compared with 7.5 per cent in developed countries. Financial and insurance services are other fast-growing areas in developing countries, with an average annual increase of almost 11 per cent. Exports of these modern services also grew rapidly in the least developed countries (LDCs), although from very low levels. Since 2008, computer and information services, insurance services and construction in LDCs have recorded an average annual increase of close to 30 per cent. However, together they represented just 7 per cent of LDCs' total exports of services in 2013.

The two major components of world trade in services remain tourism and transport services. Exports in tourism generated earnings of $1.4 trillion in 2013. Receipts from international visitors grew 5 per cent (in constant dollars), exceeding its long-term trend. Tourist arrivals also grew by 5 per cent in 2013, to reach 1,087 million persons. Europe and Asia and the Pacific accounted for 42 per cent and 31 per cent of all international tourism receipts, respectively (World Tourism Organization, 2014). Tourism flows appear to be unaffected by slow economic growth, which may indicate participation by a larger proportion of the world's population, particularly from developing countries with a growing middle class. Of the $81 billion increase in international tourism expenditure in 2013, Brazil, China and the Russian Federation accounted for $40 billion.

International transport services – the second largest category of commercial services – also posted a positive but declining growth in 2013. Preliminary data indicate that world seaborne trade – a measure of demand for shipping, port and logistics services – increased by 3.8 per cent in 2013, compared with 4.7 per cent in 2012 (UNCTAD, 2014). This growth resulted from a 5.5 per cent increase in dry cargo shipping (including containerized trade and commodities carried in bulk), which accounts for 70 per cent of total shipping. Tanker trade, which constitutes the remaining 30 per cent, was flat compared with 2012 (Clarkson Research Services, 2014).

Developing countries continued to contribute larger shares to international seaborne trade. In terms of global goods loaded, their share increased from 60 per cent in 2012 to 61 per cent in 2013. Meanwhile, their import demand, as measured by the volume of goods unloaded, increased from 58 per cent to 60 per cent. These figures reflect growing South-South/intra-Asian trade, developing countries' increasing participation in the world trading system, and their rising consumption of commodities and consumption goods.

Developing countries have traditionally registered higher loaded volumes than unloaded ones owing to their supply of raw materials to developed economies. However, this trend has been changing over the years since developing countries have started to account for larger shares of imports (unloading). Thus, in these countries unloaded goods are steadily catching up with loaded ones, becoming almost on a par in 2013. This mirrors developing countries' urbanization process, their growing population and their emerging middle class, as well as the internationalization of supply chains and production processes. Nevertheless, the balance between loaded and unloaded volumes at regional levels remains uneven, and skewed to the loaded side in Africa, Latin America and the Caribbean and West Asia.

3. Trade and growth

Slow output growth is the main reason for virtually stagnant trade, especially in goods. Subdued international trade, in turn, is likely to hamper global economic growth in the long run, to the extent that the lower incidence of scale economies and specialization gains holds back the productivity frontier. Expanding trade should therefore be an important component of a process aimed at strong, sustainable and balanced growth. This, in part, is the logic behind efforts to conclude a development-friendly round of multilateral trade negotiations launched in 2001 in Doha. At the end of 2013, a multilateral framework on Trade Facilitation was reached at the IXth WTO Ministerial Conference in Bali to boost the multilateral trading system, and as a stepping stone to closing the more comprehensive Doha package. However, that agreement was not adopted by the membership in Geneva by the proposed deadline of 31 July. Given the insufficiency of global demand, it is anyway unlikely that international trade alone will be able to kick-start economic growth. Whatever the desirability of facilitating trade flows by modernizing customs procedures or further lowering tariffs, these would not, by themselves, be able to significantly change the situation, since they do not address the immediate main constraints on trade. International trade has not decelerated or come to a virtual standstill because of higher trade barriers or supply-side difficulties; its slow growth is the result of weak global demand. In this context, a lopsided emphasis on the cost of trade, prompting efforts to spur exports through wage reductions and an "internal devaluation", would be self-defeating and counterproductive, especially if such a strategy is pursued by several trade partners simultaneously.

The way to expand trade globally is through a robust domestic-demand-led output recovery; not the other way round. Moreover, if an individual country or group of countries were to try an exit from the crisis through net exports, this strategy would create a fallacy of composition if followed by many trading partners. A wider revival of economic growth and trade could conceivably follow from surging demand in a number of systemically important economies. However, demand must also be geographically distributed in a way that is consistent with the reduction of global imbalances. This requires that surplus countries take the lead in expanding domestic demand, so as to enable an expansionary adjustment, in contrast with the recessionary bias of balance-of-payments adjustments, which, typically, place the entire burden on deficit countries.

Therefore, countries cannot passively wait for external sources of demand to revive growth. In the post-crisis environment, where there is less dynamic demand from developed economies, developing countries need to adopt a balanced approach that gives a larger role to domestic and regional demand and to South-South trade than in the past (*TDR 2013*). If many trading partners encourage domestic demand simultaneously, they would also be supporting each other's exports and the recovery of international trade. At the same time, production capacities should be expanded and adapted to the new demand pattern through appropriate, proactive industrial policies.

C. Recent developments in commodity markets

In 2013 and early 2014, most commodity prices continued their declining trend after their peaks reached in 2011, although the decline was at a slower pace than in 2012. The price of crude oil was a notable exception, since it has been relatively stable since 2011. In the second quarter of 2014, there appear to have been signs of stabilization, and even a recovery, in the prices of a number of commodities. In the tropical beverages and vegetable oilseeds and oils commodity groups, the price rebound began a few months earlier (chart 1.1). What is more, during the period 2012−2014 most commodity prices stayed, on average, at substantially higher levels than the average levels of the boom period of 2003−2008 (table 1.3). Prices of many commodities are still at levels close to their peaks of 2008.

While recent developments in commodity prices have differed by commodity group and for particular commodities, a common feature in the physical markets is that supply-side factors have played a predominant role in those developments. There are indications that changes in physical commodity demand factors had only a small influence on the evolution of commodity prices in 2013 and early 2014. In general, demand for commodities continued to grow, although modestly because of the sluggish growth of the world economy. Contrary to widespread belief, the slowdown in the growth of China's GDP during this period does not seem to have made a major dent in global demand growth for many commodities.[3] Indeed, Chinese demand remained robust for most commodities in 2013, and there are indications that it is holding up in 2014, partly due to its Government's stimulus measures. A case in point is that of copper: there was a 12.2 per cent increase in refined copper consumption in China in 2012, with only a slight deceleration to 11.2 per cent in 2013, whereas worldwide refined copper consumption, increased by 4.8 per cent in 2013, compared with a 2.6 per cent rise in 2012 (Cochilco, 2014). However, it is not quite clear how much of the demand for copper in China is for actual consumption and how much is kept in bonded warehouses as collateral for financing deals.

Crude oil prices continued to oscillate within a narrow band in continuation of the trend they had exhibited since 2011. Between mid-2013 and mid-2014, the highest price of the monthly average of United Kingdom Brent (light), Dubai (medium) and Texas (heavy) equally weighted crude oil was $108.8 per barrel in September 2013, while the lowest price was $102.3 per barrel in January 2014. Nevertheless, there were signs of increased volatility during the second quarter of 2014 as geopolitical tensions in West Asia and in Ukraine raised risk perceptions in energy markets.[4] This volatility seems to be related more to market sentiment than to real production effects, as no significant disruption in production associated with these tensions had occurred by July 2014.

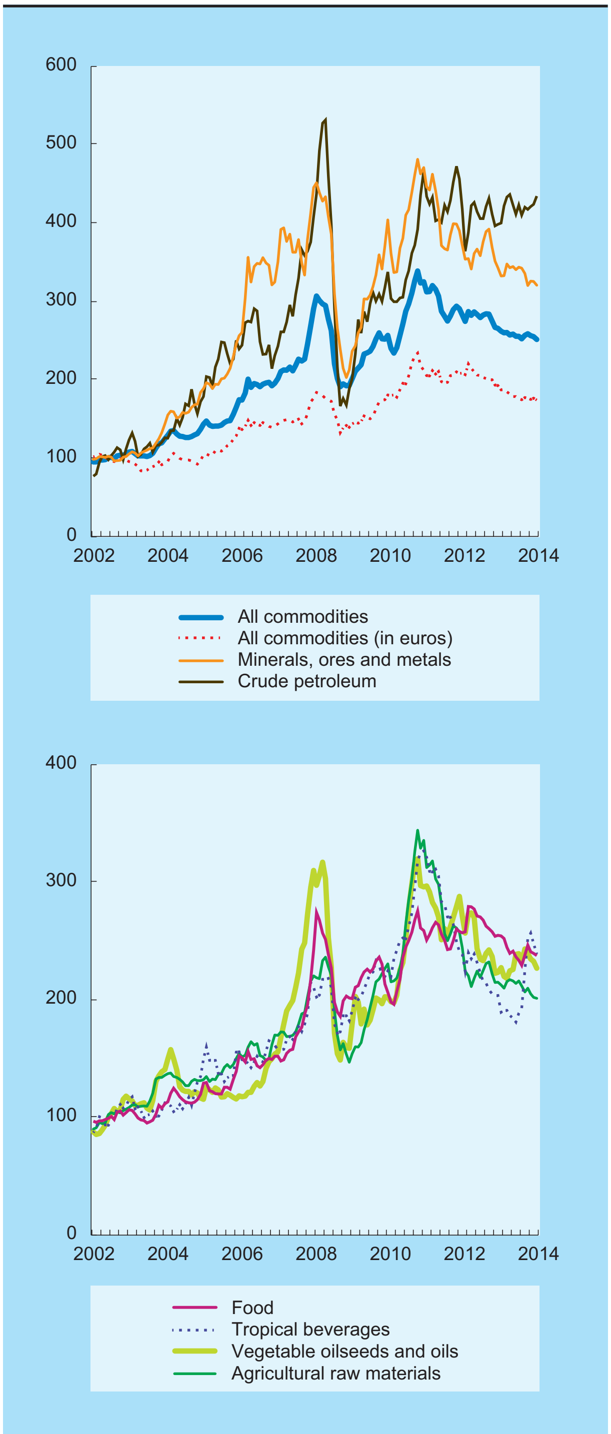
In general, the oil market was well supplied in 2013 and the first half of 2014, mainly due to increased production in the United States linked to the shale oil and gas boom. This has compensated for oil supply disruptions in other producing countries, such as the Islamic Republic of Iran, Libya, Nigeria and South Sudan (AIECE, 2014). Members of the Organization of the Petroleum Exporting Countries (OPEC) continue to play an important role in global markets, as reflected in the perceived impact of the tensions in the West Asian region. However, larger non-OPEC supplies have helped buffer the effect of those pressures. Indeed, only a few years ago similar events would most likely have led to substantial oil price hikes, while this time, although some volatility has emerged, price movements have been contained. After oil prices increased with the intensification of the conflict in Iraq, they fell back in response to indications that Libyan supply would return to the market soon. However, the supply picture remains uncertain and depends very much on the evolution of geopolitical conditions in some major producing countries. As for the demand side, growth of demand for oil continues to be driven by non-OECD countries, where it remained robust in 2013, at 3.1 per cent, with demand from China increasing by 3.8 per cent. However, there was no growth in demand for oil in OECD countries (BP, 2014).

Agricultural commodity prices have continued to display a high degree of volatility (Mayer, 2014). Their evolution has been strongly determined by weather conditions which have favoured or curtailed production, depending on the type of commodity. For food commodities, price developments have differed significantly by commodity group. In the case of cereals, bumper crops as a result of favourable weather conditions led to lower prices and healthy

Chart 1.1

MONTHLY COMMODITY PRICE INDICES BY COMMODITY GROUP, JAN. 2002–JUNE 2014

(Index numbers, 2002 = 100)



Source: UNCTAD secretariat calculations, based on UNCTAD, *Commodity Price Statistics Online* database.

Note: Crude petroleum price is the average of Dubai/Brent/West Texas Intermediate, equally weighted. Index numbers are based on prices in current dollars, unless otherwise specified.

Table 1.3

WORLD PRIMARY COMMODITY PRICES, 2008–2014

(Percentage change over previous year, unless otherwise indicated)

Commodity groups	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014[a]*	*2012–2014 versus 2003–2008[b]*
All commodities[c]	**24.0**	**-16.9**	**20.4**	**17.9**	**-8.3**	**-6.7**	**-3.9**	**55.6**
All commodities (in SDRs)[c]	**19.5**	**-14.5**	**21.7**	**14.1**	**-5.5**	**-6.0**	**-5.3**	**53.3**
All food	**39.2**	**-8.5**	**7.4**	**17.8**	**-1.4**	**-7.4**	**-2.0**	**68.8**
Food and tropical beverages	**40.4**	**-5.4**	**5.6**	**16.5**	**-0.4**	**-6.7**	**-2.5**	**70.8**
Tropical beverages	20.2	1.9	17.5	26.8	-21.5	-18.3	20.5	50.9
Coffee	15.4	-6.9	27.3	42.9	-25.7	-23.6	25.5	58.5
Cocoa	32.2	11.9	8.5	-4.9	-19.7	2.0	23.7	38.8
Tea	27.2	16.5	-1.0	11.4	0.8	-23.9	-11.5	31.9
Food	42.5	-6.0	4.4	15.4	2.0	-5.7	-4.3	72.8
Sugar	26.9	41.8	17.3	22.2	-17.1	-17.9	-1.8	86.1
Beef	2.6	-1.2	27.5	20.0	2.6	-2.3	5.5	64.2
Maize	34.0	-24.4	13.2	50.1	2.6	-12.1	-16.0	93.3
Wheat	27.5	-31.4	3.3	35.1	-0.1	-1.9	-0.8	51.6
Rice	110.7	-15.8	-11.5	5.9	5.1	-10.6	-18.1	52.2
Bananas	24.6	0.7	3.7	10.8	0.9	-5.9	1.3	55.2
Vegetable oilseeds and oils	**31.9**	**-28.4**	**22.7**	**27.2**	**-7.6**	**-12.6**	**2.1**	**55.1**
Soybeans	36.1	-16.6	3.1	20.2	9.4	-7.9	-1.7	66.7
Agricultural raw materials	**20.5**	**-17.5**	**38.3**	**28.1**	**-23.0**	**-7.4**	**-5.4**	**44.5**
Hides and skins	-11.3	-30.0	60.5	14.0	1.4	13.9	14.8	37.1
Cotton	12.8	-12.2	65.3	47.5	-41.8	1.5	3.2	46.2
Tobacco	8.3	18.0	1.8	3.8	-3.9	6.3	10.7	51.7
Rubber	16.9	-27.0	90.3	32.0	-30.5	-16.7	-21.8	62.4
Tropical logs	39.3	-20.6	1.8	13.8	-7.4	2.6	3.5	27.4
Minerals, ores and metals	6.2	-30.3	41.3	14.7	-14.1	-5.1	-6.8	38.9
Aluminium	-2.5	-35.3	30.5	10.4	-15.8	-8.6	-5.0	-11.3
Phosphate rock	387.2	-64.8	1.1	50.3	0.5	-20.3	-27.6	59.9
Iron ore	26.8	-48.7	82.4	15.0	-23.4	5.3	-17.6	10.1
Tin	27.3	-26.7	50.4	28.0	-19.2	5.7	2.7	110.4
Copper	-2.3	-26.3	47.0	17.1	-9.9	-7.8	-5.6	54.4
Nickel	-43.3	-30.6	48.9	5.0	-23.4	-14.3	10.2	-18.9
Lead	-19.0	-17.7	25.0	11.8	-14.2	3.9	-1.9	51.3
Zinc	-42.2	-11.7	30.5	1.5	-11.2	-1.9	7.4	0.6
Gold	25.1	11.6	26.1	27.8	6.4	-15.4	-8.5	163.7
Crude petroleum[d]	36.4	-36.3	28.0	31.4	1.0	-0.9	0.9	78.1
Memo item:								
Manufactures[e]	4.9	-5.6	1.9	10.3	-2.2	1.7	..	..

Source: UNCTAD secretariat calculations, based on UNCTAD, *Commodity Price Statistics Online* database; and United Nations Statistics Division (UNSD), *Monthly Bulletin of Statistics*, various issues.

Note: In current dollars unless otherwise specified.

a Percentage change between the average for the period January to May 2014 and the average for 2013.

b Percentage change between the 2003–2008 average and the 2012–2014 average.

c Excluding crude petroleum. SDRs = special drawing rights.

d Average of Brent, Dubai and West Texas Intermediate, equally weighted.

e Unit value of exports of manufactured goods of developed countries.

levels of inventories. The situation in the rice market is highly dependent on the evolution of the Thai Government's rice reserves. Overall, ample supplies and weaker grain prices in 2013 helped improve the world food security situation; the United States Department of Agriculture (USDA, 2014a) projects that in 2014 the number of food-insecure people will fall by 9 per cent, to 490 million, in the 76 low- and middle-income countries it considers. The greatest decline of all the regions is expected to be in sub-Saharan Africa, where the number of food-insecure people is projected to fall by close to 13 per cent. Nevertheless, in early 2014, cereal markets were upset by some weather-related supply concerns, as well as by geopolitical tensions in the Black Sea region. This led to a temporary rebound in prices of wheat and maize, as there was increasing uncertainty about the impact of the conflict on cereal production in this major producing and exporting region. Dry weather in South America also led to increases in soybean prices in late 2013 and early 2014, in a context of solid growth of soybean consumption in China.

By contrast, the more recent price increases in the group of tropical beverages (chart 1.1) are mainly related to unfavourable weather conditions resulting in reduced harvests; for example, coffee prices surged due to dry weather in Brazil.[5] Similarly, cocoa production was affected by crop conditions in major producing countries in West Africa. As for sugar, weather-related production shortages in Brazil and increased demand contributed to the recent surge in prices, after a sharp decline in 2012−2013. Regarding agricultural raw materials, cotton prices were supported mainly by the stockpiling policy of China, which holds about 60 per cent of global cotton inventories (ICAC, 2014). The price of natural rubber fell due to plentiful supply.

The price index of the group of minerals, ores and metals exhibited the most pronounced declining trend in 2011−2013 (chart 1.1). This price deterioration was mainly due to moderate demand growth in a context of increasing supplies in response to the investments made during the period of rapidly increasing prices.[6] As a result, most metals markets have been in a surplus situation. In particular, abundant supplies in the copper market have continued to exert downward pressure on prices. Nonetheless, there have been price reversals in some metals in 2014. For nickel, a mineral ore export ban in Indonesia, a major producing and exporting country, reduced global supplies, leading to a sharp increase in prices. Concerns on nickel supplies from the Russian Federation have also played a role. The price of aluminium also soared in the first half of 2014, primarily due to reduced supply as smelters shut down production following the low level of prices in 2012−2013. Renewed investor interest has added to these upward pressures on prices (see below).[7] In the precious metals group, gold prices bounced back slightly in early 2014, thanks to increased demand for it as a safe haven following geopolitical tensions in different parts of the world. However, physical demand remained weak. The prices of the platinum-group metals also rose as a result of strikes in the mining sector in South Africa, which is a major producing country together with the Russian Federation.

As in previous years, short-term developments in commodity prices continued to be influenced by the high degree of financialization of commodity markets during 2013 and the first half of 2014. Investments in commodities as a financial asset can take different forms, and for some of these, data are not readily available for providing an overall indication of magnitude. Thus the evolution of financial investments in commodities cannot be properly captured by a single variable. Nevertheless, as an illustration, Barclays' data[8] on commodity assets under management (AUM) indicated a marked drop in 2013. The decline of financial positions in commodity exchanges may have contributed to a weakening of commodity prices. Still, total AUM have remained at very high levels. After a sharp fall in the second half of 2008 following the onset of the global financial crisis, AUM had strongly recovered, reaching a peak of $448 billion in April 2011 (up from a trough of $156 billion in November 2008). The average AUM for January to May 2014 was $321 billion, which is significantly higher than the average of the same period in 2008, at $236 billion. The latter period of commodity price spikes prompted increased questioning about the role of financial investors in commodity markets. During the first half of 2014 there was some stabilization in the level of AUM, which may reflect a revival of investor interest in commodities as a financial asset. This interest has been fuelled by increased price volatility, improving returns on commodities and lower correlations with other financial assets, which encourage portfolio diversification. By 20 June 2014, Deutsche Bank (2014b) noted that commodities had been the world's best performing asset class since the end of 2013.[9]

In the first half of 2014 there were some episodes when investors may have contributed to amplifying commodity price movements beyond what would be warranted by supply and demand fundamentals. This may partly explain the price increases of cereals early in the year, following geopolitical tensions in the Black Sea region. Financial positions in wheat and maize on the Chicago Board of Trade rose strongly during the first four months of 2014 (Mayer, 2014). However, grain production was not affected by those tensions, as had been feared, and financial investors unwound their positions. Another example was the rapid decline in copper prices as a result of a copper sell-off in early March 2014 (AIECE, 2014). This was prompted by uncertainties about the possibility of an unwinding of inventories in China due to prospects of tightening credit conditions which could affect the use of copper as collateral in financing deals. Similarly, by mid-July 2014 big speculators slashed their long crude oil futures and options positions in what was the second largest decline since the United States Commodity Futures Trading Commission began reporting these data in 2009. Changes in position-taking most likely contributed to the gyrations in oil prices in June and July 2014, owing to uncertainties in oil production in connection with geopolitical tensions in Ukraine and West Asia.[10]

In a context of diminishing returns on commodities in 2013,[11] associated with declining prices and stricter financial regulations, including larger capital requirements, a number of major banks involved in commodity futures trading have either withdrawn from this activity or scaled it back substantially. However, this should not lead to the premature conclusion that financialization of commodity futures markets is no longer an influencing factor or an issue of concern for commodity price developments. Indeed, some other major banks have intensified their financial activity in this domain.[12] Moreover, trading in commodity futures does not stop as banks exit it; the banks basically sell their commodity units to other agents. There are indications that commodity trading companies are intensifying their participation in commodity futures trading. For example, the commodity trading firm Mercuria acquired the commodities unit of JP Morgan Chase.[13] As these commodity trading firms operate in a relatively less transparent and regulated environment than banks, this may create additional difficulties when considering possible regulation of the financialized commodity futures markets. In addition, media reports note that some Chinese banks are also moving into this activity.[14] According to Futures Industry (2014) the Chinese commodity futures markets showed explosive growth in 2013, with the number of contracts traded on exchanges up 38.9 per cent from 2012. Furthermore, it is not only financial agents apart from banks, but also other actors, such as major commodity producing companies, that are entering this business; for example, Rosneft, the State-controlled oil enterprise of the Russian Federation, acquired the oil trading unit of Morgan Stanley in December 2013.

The progressively more entangled environment for commodity futures trading suggests that regulating the financialized commodity markets remains as relevant as ever. In considering regulation, this activity should be looked at in a broad sense, examining not just the agents that run the business, but also the kinds of financial activities. Furthermore, in order to prevent the commodity futures trading from moving to different locations where regulations might be weaker or absent, regulations should be global in scope and coverage.

Short-term prospects for commodity prices remain highly uncertain in view of the erratic global economic recovery and geopolitical tensions in different commodity-producing regions. Supply conditions, involving the emergence of new supplies, may continue to exert downward pressure on prices. In particular, there are expectations of another year of good crop conditions for maize and soybeans as a result of a successful planting season and higher yields in the United States.[15] However, the supply of agricultural commodities risks being negatively affected by unfavourable weather conditions associated with the "El Niño" phenomenon in the second half of 2014.[16] On the demand side, much depends on the evolution of the emerging market economies – particularly China – where commodity demand is more dynamic.

From a longer term perspective, the conclusion of the analysis of *TDR 2013* that commodity prices are set to remain high in historical terms, after some short-term corrections, remains valid. This is supported by recent studies by the World Bank and the IMF. According to Canuto (2014: 1), "it may be too soon to say that the commodities super-cycle phenomenon is a thing of the past"; and the IMF (2014b: 36) finds that "China's commodity consumption is unlikely to have peaked at current levels of income per capita".

Notes

1 After defaulting on part of its external debt in December 2001, Argentina restructured 92.4 per cent of it with two debt swaps (2005 and 2010). It has, since, regularly serviced the new bonds. Part of the restructured debt was issued under the jurisdiction of the State of New York. A small number of institutional investors – so-called "vulture funds" – acquired part of the remaining bonds with deep discount and sought to obtain its full face value by filling a suit at the Southern District Court of New York. Based on an unprecedented interpretation of the *pari passu* clause of the debt contracts, a federal judge ruled not only that Argentina had to pay the full amount claimed by the vulture funds but he also forbade any new payments on the restructured 92.4 per cent of the debt unless the vulture funds were paid concurrently or in advance. The ruling was upheld by the Appeals Court of New York, and the Supreme Court declined to hear Argentina's request to review the case. On 30 June 2014, Argentina made a due payment of $539 million through the usual channel, the Bank of New York Mellon. But under the order of the New York District Court judge, that bank did not transfer the money to their owners, the exchange holders. The judge did not agree either to extend the "stay" that allowed bondholders to receive the payments while Argentina negotiated the means for paying the $1,350 million claimed by the vulture funds. Argentina needed to delay any agreement that would offer better conditions to the vulture funds, because the restructured debt has a clause ("rights upon future offers" – RUFO) which stipulates that if Argentina offered better conditions to any creditor in the future, those conditions would extend to all creditors agreeing to restructure their claims in 2005 and 2010. This RUFO clause is due to end on 31 December 2014, but the New York court has so far refused to allow any delay in the implementation of its ruling. This could cancel the successful debt restructurings of 2005 and 2010 and oblige Argentina to disburse more than $120 billion. See UNCTAD News Item on "Argentina's 'vulture fund' crisis threatens profound consequences for international financial system" (25 June 2014), available at: http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=783&Sitemap_x0020_Taxonomy=UNCTAD Home.

2 One explanation for the lack of exchange rate elasticity of Japanese exports is that the share of consumer durables (whose demand is price-elastic) in its exports has halved since the late 1980s, to about 15 per cent at present, while capital goods and industrial materials now account for about 80 per cent of Japan's export volumes. It might well be that Japan's exports will only increase when global investment recovers.

3 See IMF, 2014b, chart 1.2.2.

4 The potential impact on commodity markets of geopolitical tensions over Ukraine is analysed in more detail in IMF, 2014a; AIECE, 2014; and Deutsche Bank, 2014a.

5 Coffee crops in Central America were also damaged by disease (IMF, 2014a).

6 Data from SNL Metals & Mining (2014) show that worldwide metals and mining exploration budgets totalled $13.75 billion in 2008, up 677 per cent from the bottom of the cycle in 2002. While they dropped considerably after the global financial crisis in 2008, they quickly recovered to reach a record $20.53 billion in 2012. However, in 2013 they fell by 30 per cent. This may point to tighter metal supplies in the years to come.

7 See also, *Financial Times*, "Copper confounds bears with strong gains", 3 July 2014.

8 Data provided by Barclays (personal communication).

9 See also *Financial Times*, "Base metals return to investors' radar", 9 July 2014; Reuters, "Commodity investor inflows rebound as sector outperforms shares", 17 April 2014; *Financial Times*, "Sun finally shines on commodities", 30 June 2014; Reuters, "Rallies in energy, metals boost commodity funds in Q2-Lipper", 11 July 2014; and Reuters, "Investors swap grains for metals as flows trickle to commodities", 21 July 2014.

10 See Reuters, "Big funds slash oil bets by nearly $6 bln in biggest exodus-CFTC", 21 July 2014; *Futures Magazine*, "Crude specs cut off guard", 21 July 2014; and *Financial Times*, "Speculators cut bets on higher oil prices", 21 July 2014.

11 According to data from the business intelligence provider, Coalition, quoted in media reports, the revenues of the top 10 banks from commodities dropped by 18 per cent in 2013 to $4.5 billion, down from the record of over $14 billion they had reached in 2008, at the height of the commodity prices boom. See Reuters, "Major banks' commodities revenue slid 18 per cent in 2013", 18 February 2014; and Reuters, "Major banks' Q1 commodities revenue up 1st time since 2011", 19 May 2014.

12 See Reuters, "Amid frigid Winter, Goldman, Morgan Stanley see commodity gains", 17 April 2014; Bloomberg, "Goldman Sachs stands firm as banks exit commodity trading", 23 April, 2014; and *Financial Times*, "Goldman seeks commodities edge as rivals retreat", 15 July 2014.

13 See Financial Conduct Authority (2014); and *Financial Times*, "Banks' retreat empowers commodity trading houses", 31 March 2014.

14 See *Business Insider*, "Chinese banks are jumping into a business that Western banks are dropping left and right", 21 January 2014.

15 For projections on agricultural supply, see USDA (2014b). FAO (2014) also looks at short-term prospects of the world food situation.

16 The United States National Oceanic and Atmospheric Administration gives a 70 per cent probability for it to happen (World Bank, 2014).

References

AIECE (2014). *World Trade and Commodity Prices in 2014-2015*. Associations d'instituts européens de conjoncture économique. Louvain-la-Neuve. Working Group on Commodity Prices and Foreign Trade.

BP (2014). *Statistical Review of World Energy 2014*. London.

Canuto O (2014). The commodity super cycle: Is this time different? World Bank Economic Premise 150, Washington, DC.

Clarkson Research Services (2014). Dry Bulk Trade Outlook. London, Clarkson Research Services Limited, June.

Cochilco (2014). *Anuario de Estadísticas del Cobre 1994-2013*. Comisión Chilena del Cobre. Santiago, Chile.

Deutsche Bank (2014a). Ukraine & Global Commodities. Special Report. Deutsche Bank Markets Research, Frankfurt am Main, 3 March.

Deutsche Bank (2014b). *Commodities Weekly*. Deutsche Bank Markets Research, Frankfurt am Main, 20 June.

ECLAC (2014). Balance Económico Actualizado de América Latina y el Caribe 2013. Santiago, Chile, April.

FAO (2014). Crop Prospects and Food Situation. Rome, July.

Financial Conduct Authority (2014). *Commodity Markets Update*, London, February.

Futures Industry (2014). *FIA Annual Volume Survey*. Futures Industry Association. Washington, DC, June.

ICAC (2014). World prices high despite excess production. International Cotton Advisory Committee, Press Release, 13 February; available at: https://www.icac.org/Press-Release/2014/PR-3.

IMF (2014a). *Quarterly Review of Commodity Markets*, 2014 Q2. Washington, DC.

IMF (2014b). Special Feature: Commodity prices and forecasts. In: *World Economic Outlook 2014*. Washington, DC, April.

Mayer J (2014). Food security and food price volatility. In: Kathuria R and Nagpal NK, eds. *Global Economic Cooperation - Views from G20 Countries*. New Delhi, Springer (India), forthcoming.

OECD (2014). *Economic Outlook* No 95, May.

SNL Metals & Mining (2014). World Exploration Trends 2014. A Special Report from SNL Metals & Mining, for the PDAC International Convention, available at: http://go.snl.com/rs/snlfinanciallc/images/WETReport_0114.pdf.

UNCTAD (2014). *Review of Maritime Transport 2014*. United Nations publication, Geneva, forthcoming.

UNCTAD (*TDR 2013*). *Trade and Development Report, 2013. Adjusting to the changing dynamics of the world economy*. United Nations publication, sales no. E.13.II.D.3, New York and Geneva.

USDA (2014a). International food security assessment, 2014-2024. Washington, DC, United States Department of Agriculture, June.

USDA (2014b). World agricultural supply and demand estimates. Washington, DC, 11 July.

World Bank (2014). Commodity Markets Outlook. Global Economic Prospects. July, available at: http://www.worldbank.org/content/dam/Worldbank/GEP/GEPcommodities/commodity_markets_outlook_2014_july.pdf.

World Tourism Organization (2014). *UNWTO World Tourism Barometer*, vol.12. Madrid, April.