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Commodity Dependence and Trade

by

Alessandro Nicita, Trade Analysis Branch, UNCTAD

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



Commodity Dependence and Development Seminar

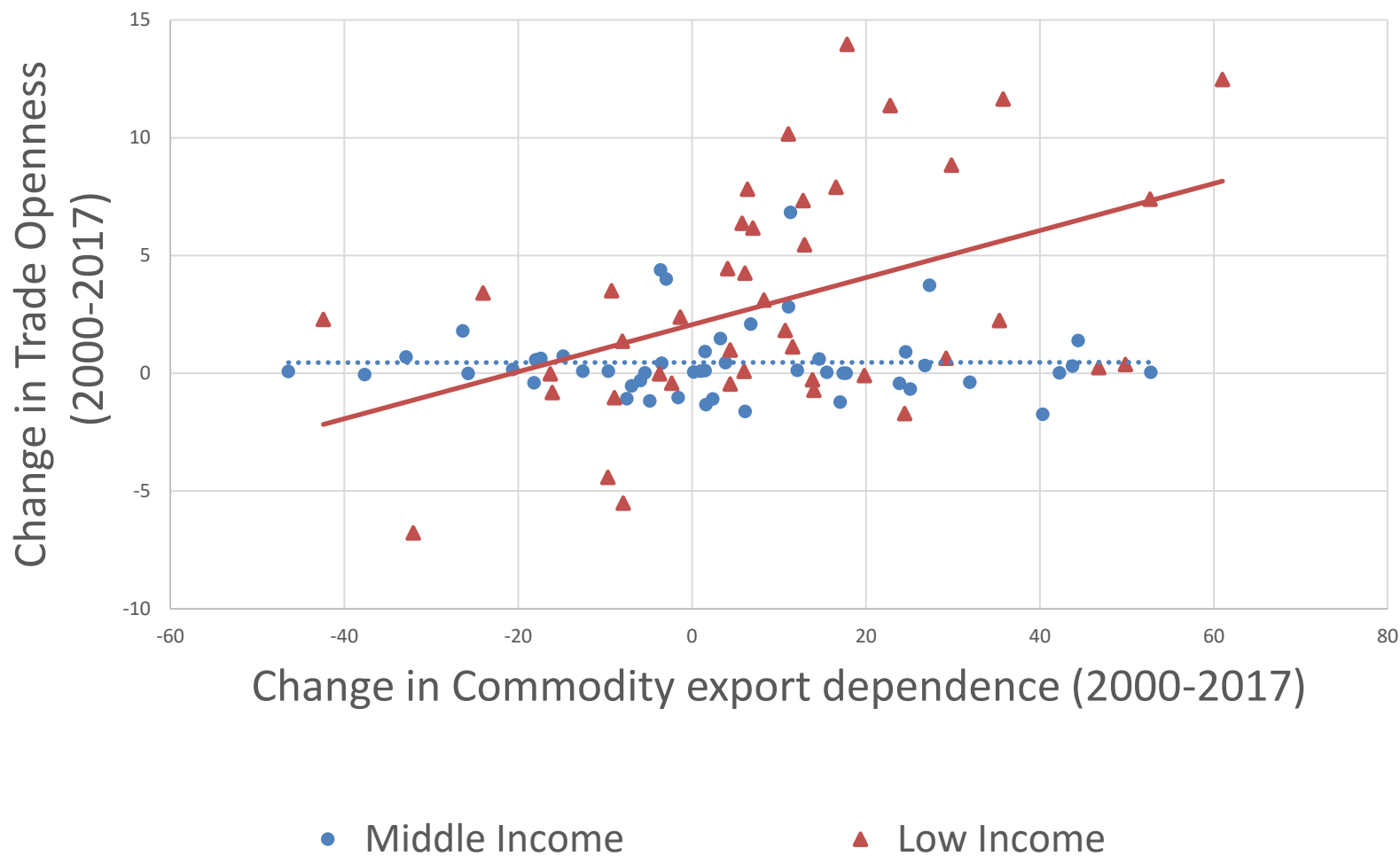
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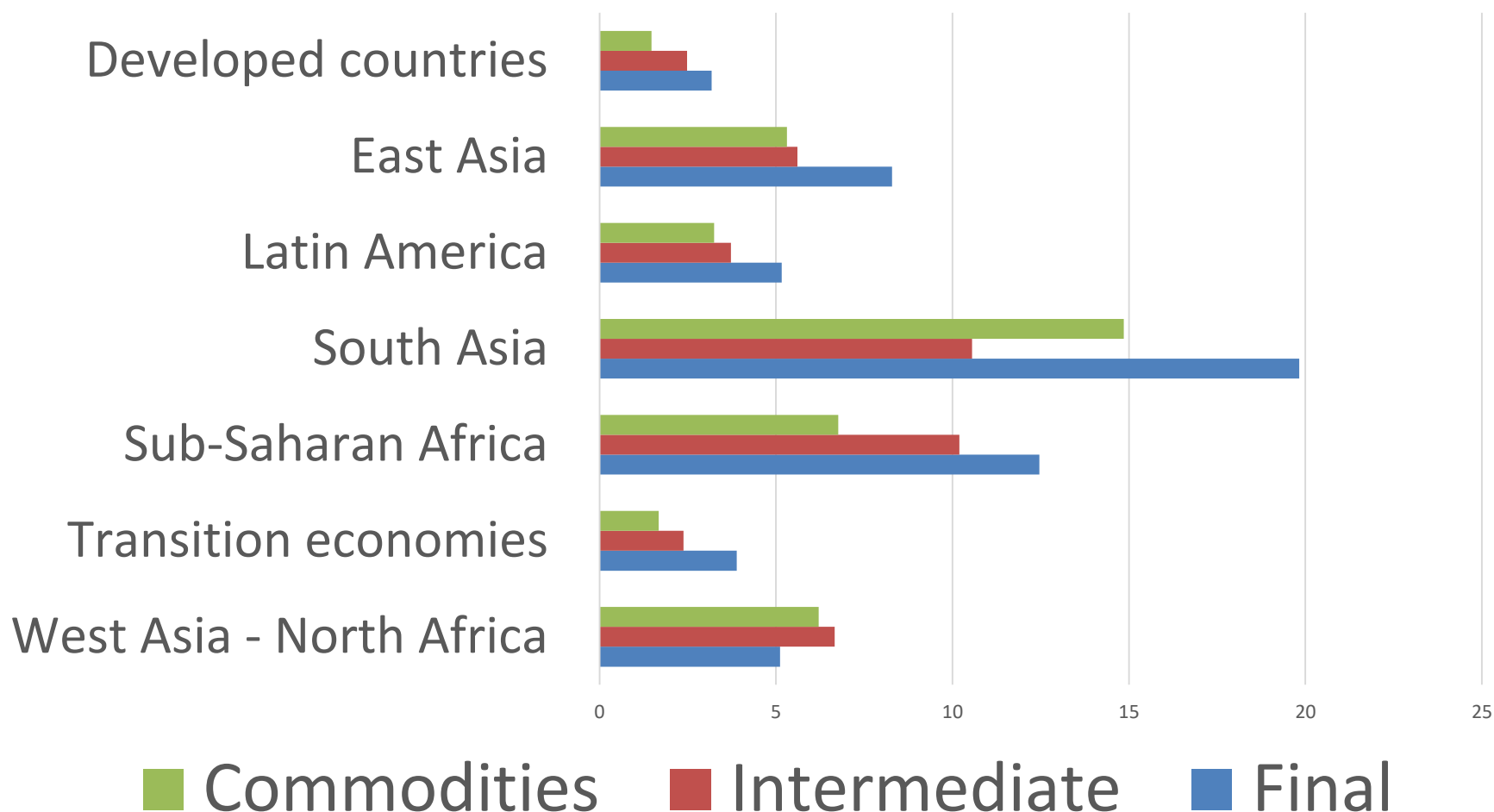
Alessandro Nicita

Trade Analysis Branch, UNCTAD

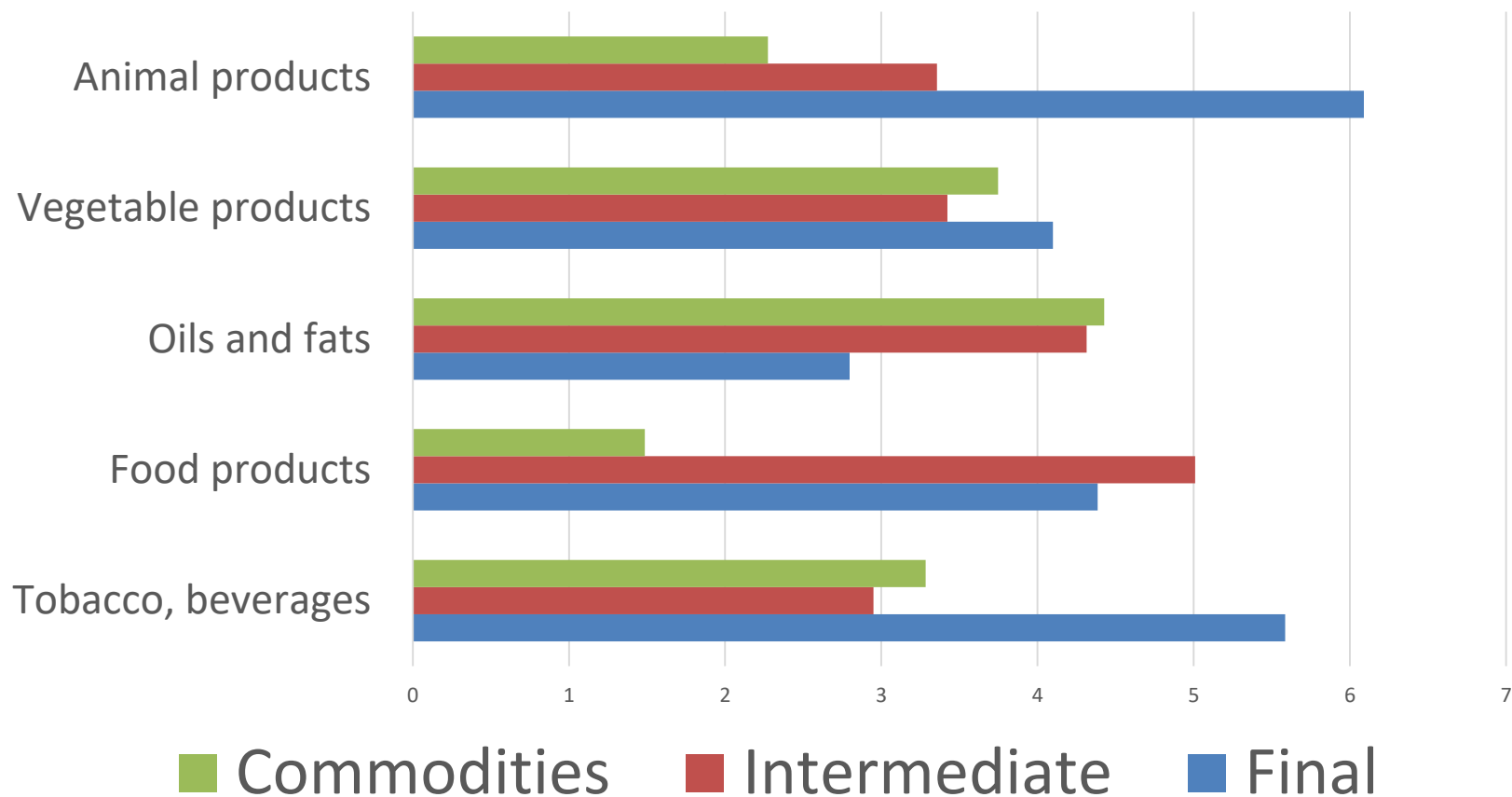
Trade openness and commodities specialization



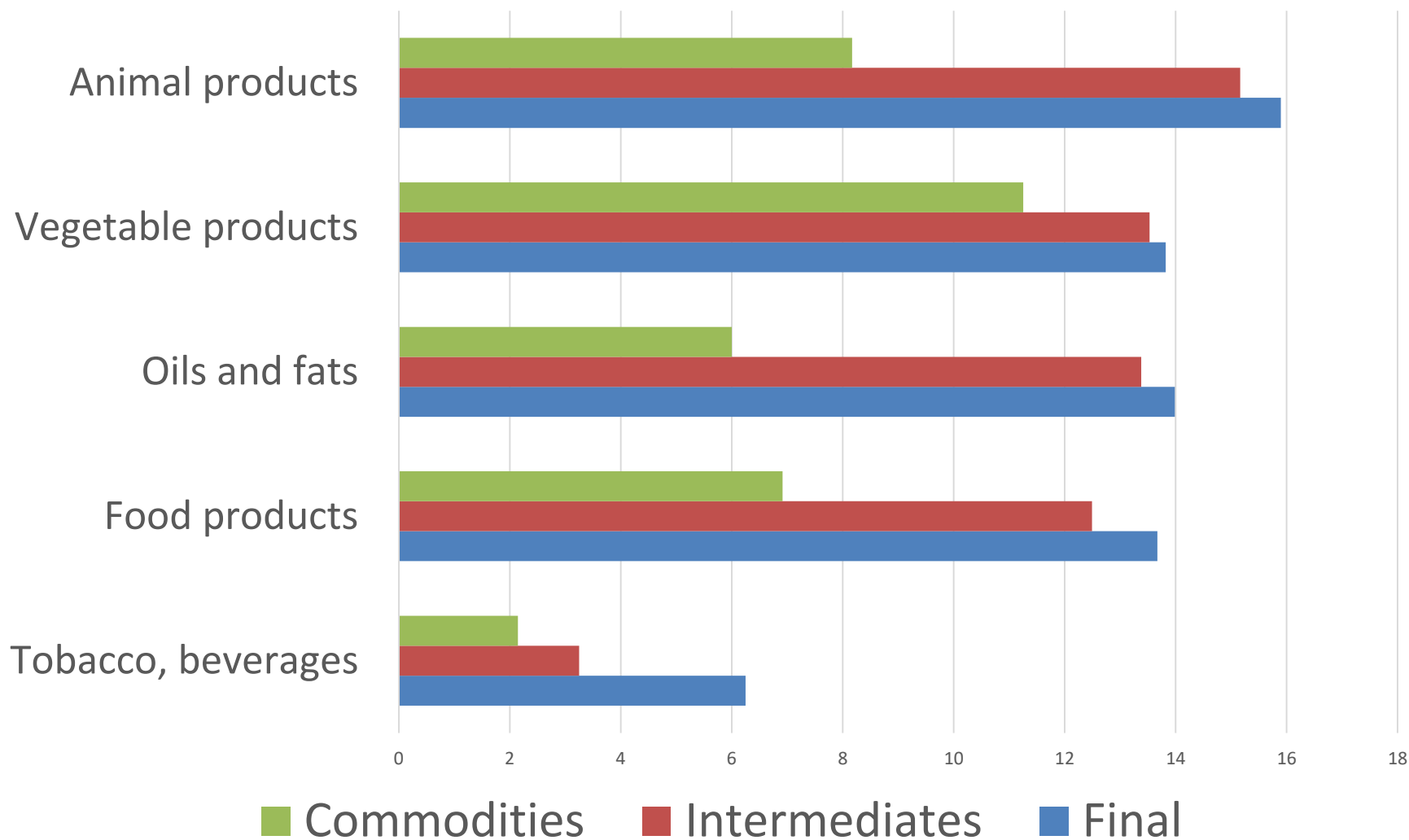
Tariff escalation by region (agriculture)



Tariff Escalation by product



Average number of Standard



Take-away points

- Trade contributes to **specialization**, and therefore has created commodity export dependence in some countries.
- **Policy abroad matters, market access conditions** are conducive to maintaining commodity dependence of developing countries.
 - *Tariff escalation* is still a problem, and could be corrected
- International markets are governed by **standards**, which are more numerous and stringent in case of final/consumer products.
 - *Standards as barrier* for low income countries exports.
- Trade offers an **opportunity** for countries rich in natural resources. Development of such countries depends on context (type of commodity) and on how the windfall from the commodity sector are employed.
- Commodity dependence is **not a curse**, but an opportunity. Diversification is challenging, but worth it.

