

UNCTAD

Multi-Year Expert Meeting on Commodities and Development 2013

Recent developments and new challenges in commodity markets, and policy options for commodity-based inclusive growth and sustainable development

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Recent Developments and New Challenges in Commodity Markets, and Policy Options for Commodity-Based Inclusive Growth and Sustainable Development

Introductory remarks by Samuel Gayi
Head, Special Unit on Commodities, UNCTAD

20 MARCH 2013

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**Introductory remarks by Samuel Gayi
Head, Special Unit on Commodities, UNCTAD**

**Multi-Year Expert Meeting on Commodities and Development (Fifth Session)
Geneva, 20-21 March 2013**



STRUCTURE OF THE PRESENTATION

- **Commodity markets in 2012**

- ⇒ Food and agricultural commodities

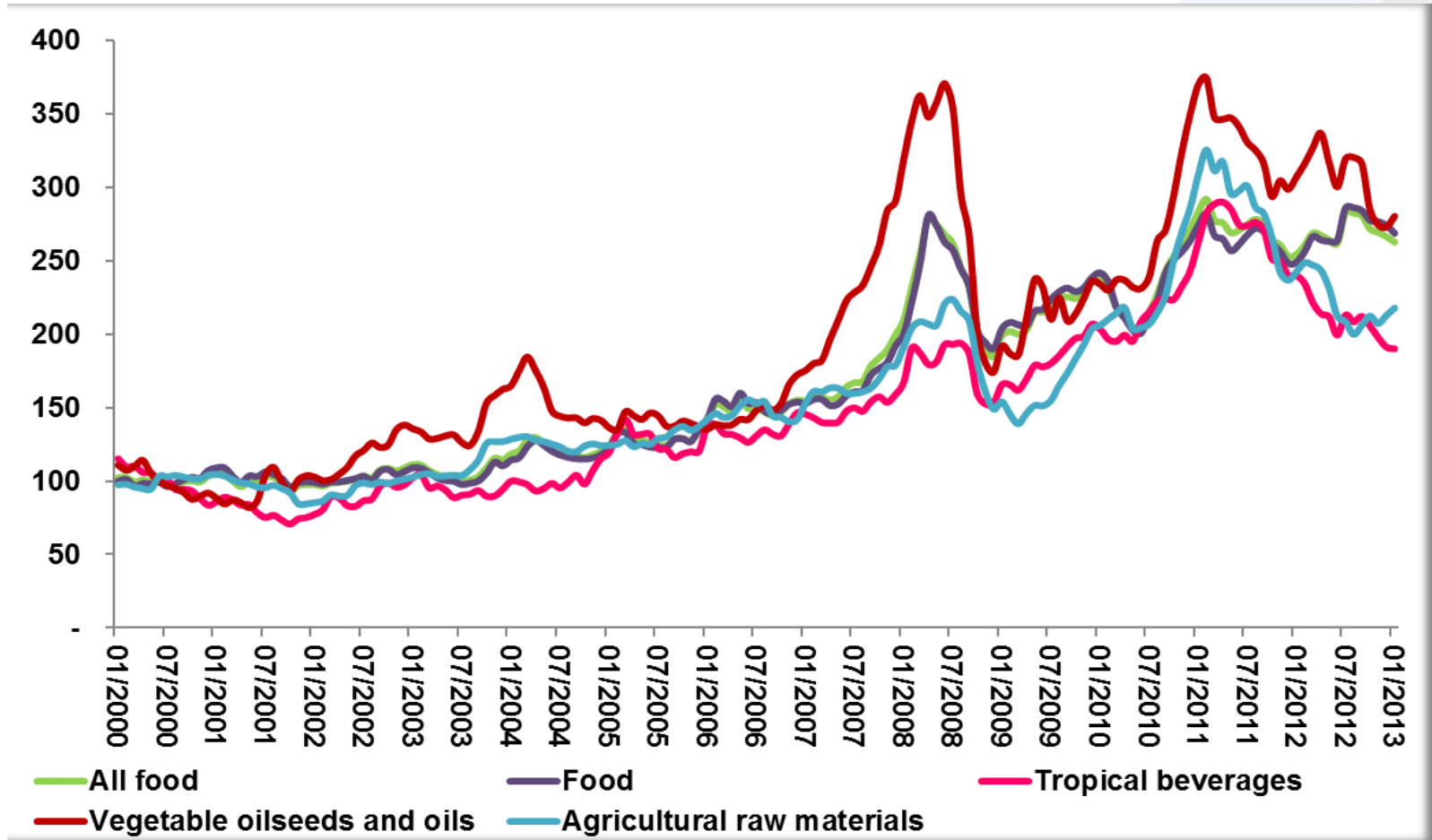
- Minerals, metals and ores

- Energy: oil, gas and coal

- Four key developments in the global commodity economy
- Way forward: some policy options

Food and Agricultural Commodities in 2012

Price indices of selected food and agricultural commodity groups, Jan.2000 - Jan.2013
(2000=100)



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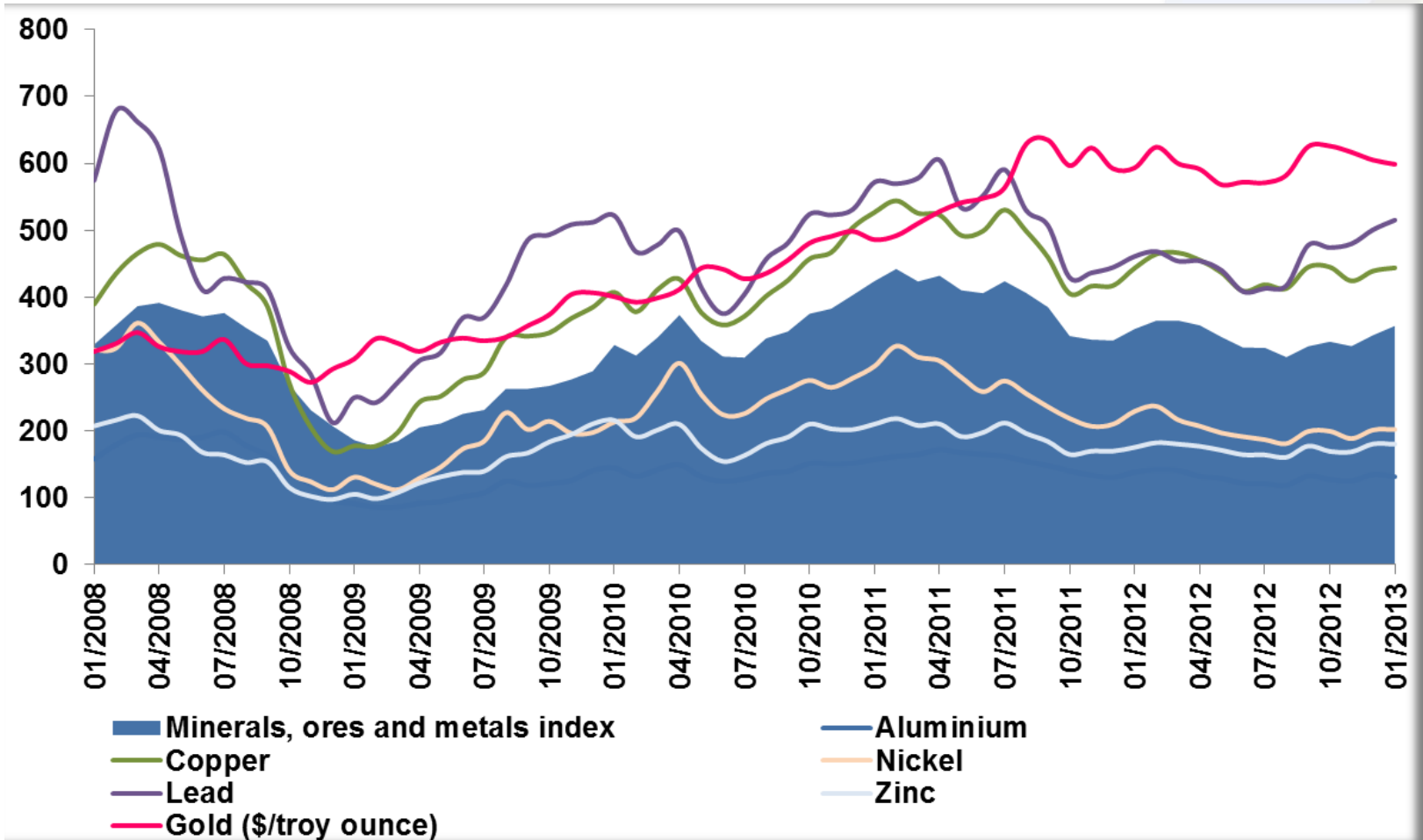
 - ⇒ **Minerals, metals and ores**

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Minerals, Metals and Ores in 2012

Price indices of selected metals, Jan.2008 - Jan.2013 (2000=100)



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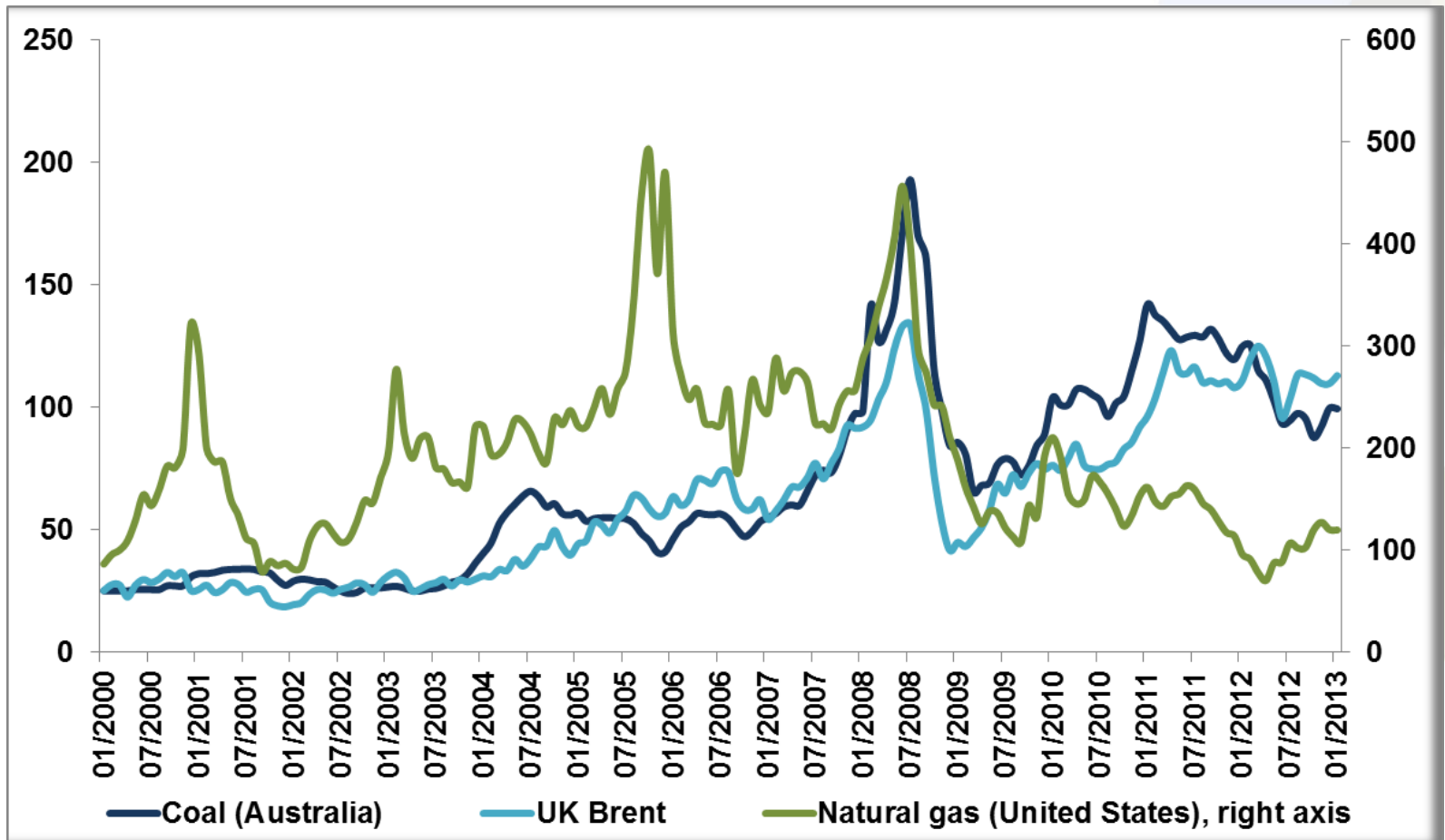
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 - ⇒ **Energy: oil, gas and coal**

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Energy - Oil, Gas and Coal in 2012

Price indices of crude oil, natural gas and coal, Jan.2000 - Jan.2013 (2005=100)



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- **Four key developments in the global commodity economy**

⇒ Shifting energy power balance: Shale oil and Gas Revolution in the U.S.

Climate change and commodities

Growth of renewable energy

Strategic importance of rare earth metals

- Way forward: some policy options

Shale Oil and Gas Revolution in the U.S.: Opportunities and Challenges

- **Opportunities**

- Substitute natural gas for coal in the U.S. electricity generation;
- Revive industrial and petrochemical sectors in the U.S.;
- Reduce the reliance on fuel imports and contribute to energy self-sufficiency and security;
- Change LNG trade pattern;
- Put pressure on current natural gas pricing mechanisms in Europe and Asia;

Shale Oil and Gas Revolution in the U.S.: Opportunities and Challenges

- **Challenges:**
 - Possibility of replicating the U.S. experience in other countries;
 - Potential impact on environment;
 - Role of natural gas in moving towards a low-carbon economy.

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⇒ Climate change and commodities

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Climate change and commodities

- Impacts of climate change on commodity production and trade;
- Climate change and agriculture;
 - Impacts of agricultural activities on climate change;
 - Impacts of climate change on agriculture



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⇒ **Growth of renewable energy**

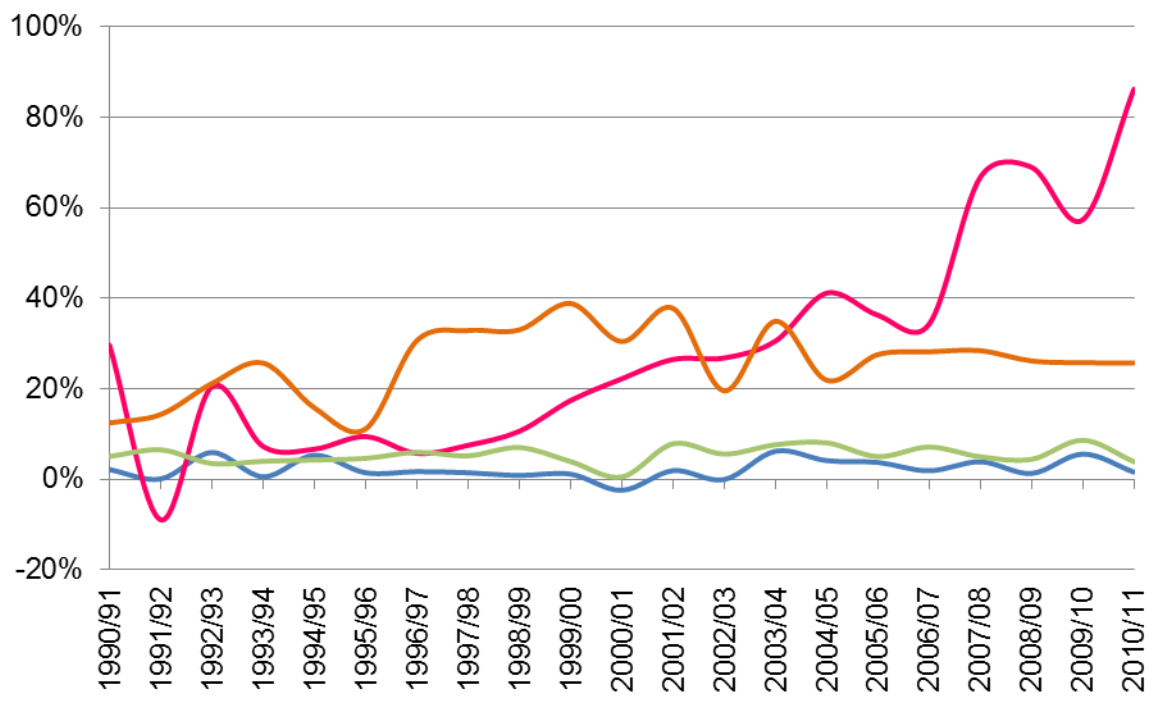
Strategic importance of rare earth metals

- Way forward: some policy options

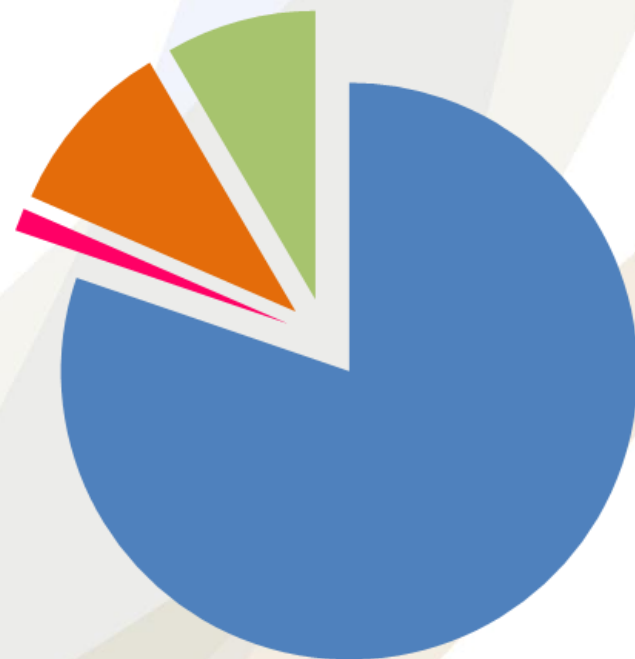
Growth of Renewable Energy

- Growth of renewable energy in recent years

Renewable energy consumption, growth rate (%),
1990/91-2010/11



Renewable energy
consumption in 2011



■ Hydroelectricity ■ Solar ■ Wind ■ Other*

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Revolution in the U.S.

Climate change and commodities

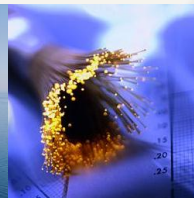
Growth of renewable energy

⇒ Strategic importance of rare earth metals

- Way forward: some policy options

Rare Earth Metals: Strategic importance

- What are rare earth metals?
- Application of rare earth metals;
- Supply and demand;
- Outlook



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- **Way forward: some policy options**

- ⇒ Food and agricultural commodities

- Energy and Minerals & Metals

- Climate Change & Renewable Energy Development

Way Forward: Some Policy Options

- **Food and Agricultural commodities**
 - Enhancing food security for low-income net food-importing countries, in particular at a time of high food prices;
 - Establishing emergency food reserves;
 - Integrating into and moving up the commodity value chain;
 - Empowering small commodity producers;

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⇒ **Energy and Minerals & Metals**

Climate Change & Renewable Energy Development

Way Forward: Some Policy Options

- **Energy and Minerals & Metals**
 - Better use of windfall revenues for a broad-based economic development;
 - Promoting the linkages between extractive industries and wider economy;
 - Addressing the environmental impacts of shale gas production through sound regulations and internalizing environmental costs;
 - Ensuring proper balance between natural gas and renewable energy development.

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Food and agricultural commodities

Energy and Minerals & Metals

⇒ Climate Change & Renewable Energy Development

Way Forward: Some Policy Options

- **Climate Change & Renewable Energy Development (country-level)**
 - Strengthening the resilience of agricultural production systems;
 - Enhancing sustainable food production;
 - Promoting organic agriculture;
 - Forging strategic alliances between various partners and building their capacities;
 - Establishing appropriate policy incentives to increase investments in renewable energy

Way Forward: Some Policy Options

- **Climate Change & Renewable Energy Development (international level)**
 - Developed countries should fulfill their commitments to provide by 2020 \$100 billion annually for mitigation and adaptation in developing countries;
 - Promote environmentally sound technology transfer between developed and developing countries, including clean-energy technologies;

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