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

Introductory remarks by Samuel Gayi
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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 in 2012

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Energy - Oil, Gas and Coal in 2012

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  - 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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- Way forward: some policy options
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

- 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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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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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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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 adaption in developing countries;
  
  - Promote environmentally sound technology transfer between developed and developing countries, including clean-energy technologies;
THANK YOU