Activities related to the implementation of the provisions of the Doha Mandate related to commodities: June 2014 to May 2015

Progress Report

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- UNCTAD XIII – Doha mandate and commodities
- Recent developments in the global commodity markets
- Major deliverables on commodities
- Concluding remarks
UNCTAD XIII – Doha Mandate and commodities

• Doha Mandate (April 2012)
  – Mandate reinforces and builds upon Accra Accord, which remains valid and relevant;
  – Provisions of the Doha Mandate related to commodities (para. 4, 5, 27, 31 (i), 46, 56 (g), 61 and 65 (g))

• Other Mandates and Accord
  – MDGs
  – UN General Assembly resolution on commodities
  – Istanbul Plan of Action for LDCs 2012-20
  – Accra Accord (2008-2012)

• Development objectives (SUC)
  – Improve the capacity of CDDCs to harness development gains from commodities production and trade
  – Enhance international cooperation to address problems associated with the commodity economy.
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Recent developments in Commodity markets
Agricultural markets


Price indices of selected food and agricultural commodity groups, January 2000 to March 2015 (2000=100), Source: UNCTAD, UNCTADstat
Recent developments in Commodity markets
Minerals, Ores and Metals markets

Overall downward trend of minerals, ores and metals prices in 2014 and the beginning of 2015

Price indices of selected minerals, ores and metals, January 2000 to March 2015 (2000=100), 
Source: UNCTAD, UNCTADstat
Recent developments in Commodity markets
Energy markets

Large drop of oil prices since June 2014

Price indices of crude oil (UK Brent, US$ per barrel), natural gas (United States, US$ per million BTU) and coal (Australia, US$ per metric ton), January 2000 to March 2015 (2010=100)

Source: International Monetary Fund, International Financial Statistics
Impact of the commodity price volatility?

- Volatility of commodity prices has adverse impacts on developing and least developed countries. For instance, in regard to food security:

- **Short-term solutions proposed**
  - Food reserves
  - Safety nets

- **Long-term solutions proposed**
  - Economic diversification
  - Risk management strategies
  - Increase value addition
Current key commodity problematique

As highlighted in the Multi-year Expert Meeting on Commodities and Development background paper, the current key commodity issues are:

- Dealing with the conundrum of export restriction measures in commodity exporting countries
- Supporting small farmers to cope with falling prices
- Policy implications of low energy prices
- Mitigating commodity price risk exposure
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  – Research & Analysis
  – Intergovernmental Consensus Building
  – Technical Cooperation

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Major Deliverables on Commodities
SUC - UNCTAD

Research and analysis
Consensus building
Technical cooperation

INCREASE SYNERGIES
Among the 3 pillars
1st pillar: Research and analysis

• Current issues
  – Price trends and market developments,
  – Price volatility,
  – Food security,
  – Market intelligence and market information systems,
  – Challenges facing small-scale producers,
  – Coordination among international commodities organizations and other relevant international organizations

• Recurrent issues
  – Market information,
  – Commodity finance and exchanges,
  – Commodity policy reviews and commodity development strategies,
  – Agri-food standards,
  – Resources management (rents, SWF, local content)
1st pillar: Research and analysis (cont.)

- UNCTAD Commodities and Development Report
  - Smallholder farmers and sustainable commodity development (*being finalized*)
  - Perennial problems, new challenges and evolving perspectives (2012)

- Statistical publications
  - Commodities at a Glance # 5: Rare earths – 2 new editions will be prepared in 2015 (#6 on gold and #7 on shale oil and shale gas)

- Ad hoc studies on traditional and contemporary issues on commodities
  - Research paper on cocoa

- Contribution to the World Economic Situation and Prospects Report (annual)

- General Assembly Paper
2nd pillar: Intergovernmental consensus building

Addressing the core problems associated with commodity production in the developing world

Intergovernmental Consensus Building (by source & partners)

- Multi-year Expert Meeting
- Africa Oil, Gas and Minerals Trade and Finance Conference and Exhibition
- G-20 Agricultural Market Information System
- Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development
- Network Partners: CFC, DESA, FAO, World Bank, WTO, ITC, UN Regional Commissions, ICBs
- Global Commodities Forum
- UN energy

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**3rd pillar: Technical cooperation**

*Help build capacity in key areas of commodities*

**Technical cooperation focus areas**

- **Market information services**
  - Infocomm, Infoshare

- **Compliance with trade standards**
  - Sustainability Claims Portal

- **UN development account (9th tranche)**
  - Enhancing domestic production linkages from the mineral resources sector in ECCA member states

- **Commodity financing, Exchanges and commodity risk management**

- **UN development account (9th and 10th tranche)**
  - Value addition of cotton by-products in Eastern and Southern Africa

- **UNCTAD Virtual Institute**

- **Iron Ore Trust Fund Project**
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Concluding remarks

- Global fall of commodity prices in 2014-2015
- Lacklustre economic conditions
- Oversupply on commodities markets
- Conundrum of export restriction measures in commodity exporting countries