Trade and Development Commission
4th Session
Geneva, 12th November 2012

Item 3:
Key Issues addressed in the four sessions of the MYEM on Commodities and Development
First Session
Geneva, 6th – 7th April 2009

Key Issues:

- The role of economic Governance in the management of windfall revenues;
- Macroeconomic Challenges: i.e. “Dutch Disease”;
- Deterioration of ToT: implications for DCs’ growth;
- Commodity Price Volatility: implications for smallholders;
- Lack of commodity diversification: vulnerability to price shocks;
- The role of Governance in Supply Chains;
- Transportation Costs;
- Difficulty in accessing finance: implications for productivity;
- Trade Barriers to DCs’ exports: implications for value-addition and industrialization in CDDCs;
- Market-distorting subsidies in DCs: the case of cotton;
- Imbalance in negotiating power: the role of TNCs.
Key Issues:

i. Developments and Challenges in Commodity Markets: current situation and outlook:

1. Agricultural Commodities (speculation, supply-side constraints, climate change, biofuel production);
2. Oil and Gas Sector (demand shift, role of speculative trading, oil markets’ interconnection);

ii. Diversification of the energy matrix: opportunities and food security issues;

iii. Financial resources for commodity-based development: ODA, Aid for Trade, etc.;

   - Comex, WRSs, Value Chain finance, MIS and SCP.
Key Issues:

i. Developments and Challenges in Commodity Markets: current situation and outlook:
   a. Commodity price volatility: the role of the financialization of commodity markets and impact on CDDCs;
   b. Mineral and Metal Sector: the role of supply and demand imbalance in price increases;
   c. Medium term prospects for commodity prices: high and volatile.

ii. Policy Actions to mitigate volatile commodity prices and incomes in CDDCs:
   a. Commodity market regulation & emergency food stocks;
   b. Increased transparency and information;
   c. Market-based instruments at the national level;
   d. Agricultural commodities: analysis of supply shortfalls;
   e. Diversification and Value Addition: role of regional and S-S cooperation.
iii. The role of multi-stakeholder partnerships as an innovative approach to resolve commodity-related problems:

b. Requirements: good regulatory framework, transparency, rule of law and pro-competition policies.

iv. Special Session on CFC: future prospects

a. ICBs stressed the importance of CFC’s broad mandate and practical work;
b. Re-evaluation of CFC’s regional coverage because costly and complex;
c. Absence of political consensus to establish international buffer stocks;
d. Replication of pilot projects thus low levels of individual grants.
Key Issues:

i. Developments and Challenges in Commodity Markets: current situation and outlook:
   a. Commodity price trends: the role of Asian emerging countries and financialization of commodity markets;
   b. Future prospects: high commodity prices (higher demand from China, low supply response and no increase in investments).

ii. Oil and gas, minerals and metals, and agricultural commodities:
   a. Analysis of recent trends in commodity markets;
   b. Food crises and international response;
   c. Main source of energy: fossil fuels;
   d. Agricultural commodities: improvement of farmers’ livelihoods;
   e. Financialization of commodities market;
   f. Local retention of value added to reduce poverty and improve income redistribution in DCs.
iii. Review of UNCTAD’s activities to assist CDDCs to address commodity challenges and promote development gains from commodity production and trade:

a. The work of the SUC;

b. Member States encouraged to deliver more resources to assist UNCTAD in delivering its mandate with regards to Commodities Trade and Development.

Thank you!