

Distr.: Restricted
1 May 2014

English only

Trade and Development Board

Trade and Development Commission

Sixth session

Geneva, 5–9 May 2014

Item 6 of the provisional agenda

Promoting and strengthening synergies among the three pillars

Progress report on activities related to the implementation of the provisions of the Doha Mandate and the Accra Accord related to commodities*

Note by the UNCTAD secretariat

Executive summary

This report synthesizes the major outputs delivered by the UNCTAD secretariat during its implementation of the provisions of the Accra Accord and Doha Mandate which are specifically related to commodities.

During the implementation period – 2012 to 2014 – covered in this report, the secretariat ensured greater synergies among the three pillars of UNCTAD's work as it continued to assist CDDPs address the commodity problematique, improve their competencies and capacities to harness development gains from commodities production and trade.

This report brings together the major deliverables of the secretariat – under the three pillars of research and development, consensus building and technical cooperation – in the area of commodities trade and development.

* This document has not been formally edited.

GE.14-50521



* 1 4 5 0 5 2 1 *

Please recycle 



Introduction

1. The Special Unit on Commodities, established under the auspices of the Accra Accord, heads up the work on commodities – in collaboration with key partners – within the secretariat. Its work programme on commodities is premised on (i) the Accra Accord's comprehensive work programme in the key areas of commodities trade and development (adopted in UNCTAD XII)¹, and (ii) the Doha Mandate (adopted in UNCTAD XIII).

2. UNCTAD's thirteenth ministerial conference held in Doha – April 2012 – adopted two outcome documents – the Doha Manar and Doha Mandate. Whilst the Manar is a political declaration, the Doha Mandate provides the secretariat's work programme that is geared toward helping developing countries, including those dependent on commodities, to address the key development and policy challenges, at all levels, and gain from international trade.

3. The Doha Mandate is more generic and cross-cutting in the context of commodities.² More importantly though, it reaffirms and builds upon the Accra Accord, which remains valid and relevant. Thus, both the Accra Accord mandate and the secretariat's work on commodities trade and development in developing countries is validated.³ Commodity-dependent developing countries (CDDCs) figure strongly in the Unit's work programme, given the inextricable linkages between commodities production and trade in these countries and foreign exchange earnings, employment and income creation, livelihoods sustenance and poverty reduction.

4. This report provides a synthesis of the main outcomes or deliverables of the secretariat in the area of commodities from 2012 to 2014. While all attempts have been made to avoid duplication of the substantive outcomes reported in the previous synthesis report,⁴ some repetition is necessary for ease of clarity.

5. The report begins with the key mandates on commodities under the auspices of both the Accra Accord and the Doha Mandate. This is necessary to provide clarity and guidance on the provisions on commodities in Accra Accord and what may be considered as new and additional provisions in the Doha Mandate. The report then presents briefly the secretariat's main deliverables on the commodities work programme under its three guiding pillars – research and analysis, intergovernmental consensus building, and technical cooperation.

I. The road from Accra to Doha

6. The Accra Accord (adopted at UNCTAD XII) gave the secretariat, for the first time in many years, a comprehensive mandate on commodities. Four years later, the Doha Mandate reaffirms and builds upon the Accra Accord, which remains valid and relevant.⁵

¹ Paragraph 91–93, 183 and 208.

² Paragraph 27, 31 (i), 56 (g) (i, ii, iii) and 61.

³ The Doha Mandate subsumes the comprehensive mandate on commodities contained in the Accra Accord and has padded it with new and additional provisions on commodities trade and development. These include, among others, the empowerment of women and youths in export sectors, entrepreneurialism in agri-industry, and food security (paragraph 46, 51, 56 (g) (i)).

⁴ TD/B/C.I/24 as reported in the fourth session of the Trade and Development Board, 12–16 November 2012.

⁵ Paragraph 17.

The Doha Mandate on commodities trade and development vis-à-vis the Accra Accord is more generic and cross-cutting in nature.

7. The recent publication by the secretariat sheds clarity on this matter, where the provisions on commodities of both the Accra Accord and the Doha Mandate are being matched by the respective sub-themes and tabulated alongside each other.⁶ This allows for ease of comparison and understanding of the provisions.

8. Whilst the intention here is not to repeat what is contained in the publication (cited above), it is necessary, however to highlight the seminal paragraphs – of both the Accra Accord and Doha Mandate – which have anchored the secretariat’s work on commodities and its resultant key outputs for the reporting period. These paragraphs are highlighted below.

Accra Accord

9. Paragraph 91 reaffirms the central role of UNCTAD – in collaboration with relevant agencies – in addressing the commodities production and trade and development problems, including poverty reduction, in developing countries. The secretariat is urged to monitor developments and challenges in all commodity markets, with an emphasis on agriculture, forestry, fisheries, metals and minerals, and oil and gas.

10. Paragraph 93 (a) is central to the secretariat’s work on commodities. It mandates UNCTAD to assist CDDCs to develop national commodity strategies, including mainstreaming commodity policies in their national and regional development strategies; build supply-side capacity and attain competitiveness; move up value chains and diversify commodity sectors; comply with public and private international trade standards; access commodity information and databases; take advantage of export opportunities for commodities in emerging markets; assist developing countries, upon request, in building human and institutional capacities; assist developing countries, on request, in promoting and improving transparency and accountability in the public, private and corporate sectors to enable the countries concerned to maximize the benefits that accrue to them from the extractive industries, taking into account, where appropriate, the implementation of relevant initiatives on extractive industries; establish effective marketing systems and support frameworks for small commodity producers, including economically viable safety-net programmes; and develop commodity financing and risk management schemes (including commodity exchanges).

11. Paragraph 93 (b) decrees the secretariat to promote intergovernmental cooperation and consensus building on (i) the integration of commodity policies at all levels including poverty reduction strategies; (ii) trade-related policies and instruments towards resolving the commodity problematique; and (iii) commodity finance and investment policies that drive and leverage commodity-based trade and development prospects and opportunities.

Doha Mandate

12. Paragraph 27 mandates UNCTAD to identify and implement appropriate policies at all levels to address the impacts of volatility of commodity prices on vulnerable groups, and support CDDCs formulate sustainable and inclusive development strategies, including those that promote value addition and economic diversification.

⁶ UNCTAD/SUC/2013/2.

13. Paragraph 31 (i) urges the secretariat to continue supporting CDDCs, particularly in Africa and least developed countries (LDCs), through policy reviews, dialogues and technical assistance. This is to help them maximize the development benefits of commodity production and trade, and promote diversification and integration of natural resources policies into their national development strategies.

14. In the context of commodities, paragraph 56 (g) (i, ii and iii) mandates UNCTAD to work closely with other organizations, particularly the Food and Agricultural Organization of the United Nations (FAO), to strengthen agricultural production capacity, as well as facilitate greater integration of farmers into local, regional and international markets. Furthermore, help developing countries increase investments in agricultural production and strengthen food and nutritional security, while taking into account the special needs of Africa, LDCs and net food-importing developing countries.

II. Research and analysis

Contributions to the intergovernmental Multi-year Expert Meeting on Commodities and Development, 2012–2014

15. The Multi-year Expert Meeting (MYEM) on Commodities and Development is a four-year, time-bound annual event which was mandated in the Accra Accord.⁷ The expert meetings feature strongly – both in substance and stature – in the secretariat’s work on commodities trade and development. The post-Doha expert meetings for the four-year period – 2013 to 2016 – had started in 2013. The terms of reference for the post-Doha expert meetings were approved by the Trade and Development Board in December 2012.⁸

16. These expert meetings provide an intergovernmental forum for member States and other development partners to seek out and deliver “practical options and actionable outcomes” for addressing to the long-standing problems in commodities trade, and in doing so, assuring the development gains from the commodity economy.

17. Besides addressing pre-agreed topics, the expert meetings review the commodity market situation and outlook, commodity price trends and development in the food and energy sectors, and emerging challenges and opportunities in all commodity sectors. For each expert meeting, the secretariat prepares background documents to facilitate the substantive debate and discussions. These are complemented with papers and presentations made by experts.

18. Three MYEM on Commodities and Development were held during this reporting period. At the time of writing this report,⁹ the fourth and fifth sessions of the expert meetings were held on 25–26 January 2012 and 20–21 March 2013, respectively. The sixth session was in the (advanced) preparatory stages and is scheduled for 9–11 April 2014. Below are the highlights of these expert meetings.

⁷ Paragraph 208.

⁸ UNCTAD/SUC/2013/2.

⁹ March 2014.

Fourth session – Multi-year Expert Meeting on Commodities and Development: 25–26 January 2012

19. The fourth session of the MYEM on Commodities and Development was convened in Geneva, from 25–26 January 2012. The secretariat prepared two background notes, and an annex: (a) recent developments in key commodity markets: trends and challenges;¹⁰ (b) review of UNCTAD activities to assist CDDPs, including small commodity producers, in their efforts to address commodity challenges and promote development gains from commodity production and trade;¹¹ and the annex;¹² (c) review of UNCTAD activities to assist CDDPs, including small commodity producers, in their efforts to address commodity challenges and promote development gains from commodity production and trade – annex.

20. The expert meeting was held back-to-back with the UNCTAD Global Commodities Forum (UNGCF); an annual event also organized by the secretariat (more on this later in this report). The substantive discussions of the session focused on, among other issues, (a) developments and challenges in commodity markets, with a focus on emerging issues, and policy and development implications such as the green economy, climate change and technology; (b) salient features in key commodity sectors and markets from a development perspective based on key presentations by industry analysts and representatives of international organizations and commodity bodies; and (c) new approaches to resolving commodity-related problems based on effective multi-stakeholder partnerships.

21. The expert meeting noted that the commodity price trends in the previous year (2011) were largely due to traditional market fundamentals – supply and demand imbalances, rising demand originating from emerging Asian countries, particularly China’s ravenous appetite for food supplies and raw materials. Financialization of commodities as asset classes and by wealth funds and speculative investors had had also influence price movements as well as the nature and duration of price cycles, particularly in the industrial metals sector.

22. Further it noted that commodity prices would remain at relatively high levels into the foreseeable future, on the back of rising demand in emerging economies (China and India), coupled with the changing lifestyles in the light of rising incomes in these economies. Supply side weaknesses were largely attributed to lack of or poor infrastructural facilities, poor access to high technologies and financial services. Concerted efforts are required in the areas of policy interventions, increased investments in research and development (R&D) and productive capacities, and access to export market and agricultural rural credit are needed to correct these deficiencies.

23. In addition, well targeted and sufficiently funded policy options are needed to ensure long-term sustainability in the production and trade of commodities. There is also the need to identify and implement innovative market-based instruments to regulate as well as curb volatility in commodity markets. Timely collection, analysis, dissemination of quality information on commodities – trends, prices, stock levels, weather conditions, market fundamentals, etc. – and access to information is fundamental to addressing these bottlenecks.

24. Three background notes, prepared by the secretariat, were complemented by 14 substantive presentations by experts from the public and private sectors, international

¹⁰ TD/B/C.I/MEM.2/19.

¹¹ TD/B/C.I/MEM.2/18.

¹² TD/B/C.I/MEM.2/18/Add.1.

agencies and international commodity bodies.¹³ The report of the expert meeting¹⁴ was submitted to the Trade and Development Commission for its fourth session, scheduled from 12–16 November 2012.

5th Session – Multi-year Expert Meeting: 20–21 March 2013

25. **The fifth session of the MYEM on Commodities and Development was held, back-to-back with the UNCTAD Global Commodities Forum (UNGCF) in Geneva, from 20–21 March 2013.** This innovative approach of hosting the expert meetings as back-to-back events with the GCF – first used in 2012 – has proven extremely beneficial for both the secretariat and participants. It provides for a high degree of synergy between the two events, reduces organizational and logistical costs, and increases the flexibility of participants to attend both events.

26. Session participants deliberated on the background note prepared by the secretariat, which reviewed the developments in key commodity markets and analysed the underlying factors that contributed to high and volatile commodity prices in 2012.¹⁵ The uncertainty of world economic prospects had weighed heavily on commodity markets, particularly for oil, minerals, ores and metals. While in the food sector, severe climatic conditions in major food producing countries had led to a tightening in food markets and rising prices.

27. The fifth expert meeting discussed the four major developments in the commodity economy which were destined to change the commodity landscape, and pose both challenges and opportunities for CDDCs. These game changers were identified as: the shifting energy power balance in the wake of the shale oil and gas revolution in the United States of America; climate change and its potential impact on commodities; the growth of renewable energy; and the rising importance of rare earth metals.

28. Experts¹⁶ noted that for CDDCs to attain some measurable level of sustainable development and inclusive growth, then, several policy measures are needed. These include, among others, concerted efforts to curb carbon and greenhouse gas (GHG) emissions; increased funding for research and investment in renewable energy; and improved regulations to monitor shale oil and gas production, development and marketing that is economically feasible, socially acceptable and environmentally benign.

29. The background note prepared by the secretariat was complemented by 22 substantive presentations by experts from the public and private sectors, international agencies and international commodity bodies.¹⁷ The report of the expert meeting¹⁸ was submitted to the Trade and Development Commission for its fifth session, held in Geneva from 20–16 March 2013.

6th Session – Multi-year Expert Meeting: 9–11 April 2014

30. The sixth session of the MYEM on Commodities and Development was convened in Geneva, from 9–11 April 2014.

¹³ <http://archive.unctad.org/Templates/Page.asp?intItemID=4791&lang=1>.

¹⁴ TD/B/C.I/MEM.2/20.

¹⁵ TD/B/C.I/MEM.2/22.

¹⁶ A total of 133 experts from the public and private sectors, and NGOs attended the session.

¹⁷ <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=208>.

¹⁸ TD/B/C.I/MEM.2/23.

31. The secretariat has prepared two background notes to backstop the discussions. These are (a) Recent developments and new challenges in commodity markets, and policy options for commodity-based inclusive growth and sustainable development,¹⁹ and (b) Natural resource sector: Review and identification of opportunities for commodity-based trade and development.²⁰

32. Key issues to be discussed at the expert meeting relate to recent developments in commodity markets and policy options to ensure broad-based inclusive growth and sustainable development, amidst volatile commodity markets. In the food sector, food prices had eased due to favourable weather conditions in major food-producing countries, while base or industrial metals prices have been relatively bearish mainly due to ample supply as well as uncertainty over global economic recovery. Commodity prices are expected to remain relatively volatile over the short to medium term.

33. Furthermore, non-renewable natural resources exploitation, economic growth and sustainable development will also feature in the debates and discussions. Bounteous supplies of non-renewable natural resources can turn out to be a blessing or curse on growth and sustainable development.

34. In natural resources-rich (NRR) countries where resource rents²¹ have been efficiently extracted and wisely invested in capital-generating programmes,²² economic growth has followed suite. Efficient capture of resource rent – primarily through corporate taxes, royalty and compensation payments – alone is not a sufficient condition for driving economic growth. It has to be supported by strong political will, effective institutions – for public policy and banking/financial services – and regulatory frameworks.

35. Conversely there is substantial empirical research and anecdotal evidence which shows the abundant supplies of natural resources is not a panacea to economic growth in many NRR developing countries. The evidence on perilous prosperity is clear: show economic growth, lower social indicators, highly vulnerability to external shocks – boom and bust cycles, prone to resource wars and domestic conflict, and crowding-out of investments in intergenerational capital generating programmes, primarily through an economic ailment known as the “Dutch Disease”.

36. Capital-building programmes include, among others, physical infrastructure development (e.g. roads and bridges, and information technology), social capital (e.g. education and health services), financing of local entrepreneurship, and value adding and value retention in host NRR developing countries.

37. The secretariat will prepare and submit a report of the expert meeting to the Trade and Development Commission, after the completion of the meeting, later in the year.

Contributions to the United Nations General Assembly and Other Organizations

38. Besides the research and analytical works undertaken by the Special Unit on Commodities on key issues related to commodities trade and development, it is obligated to

¹⁹ TD/B/C.I/MEM.2/25.

²⁰ TD/B/C.I/MEM.2/26.

²¹ Resource rent is defined as the price of the product after deducting all the necessary costs of production and normal profits. In economic jargon, it is the depreciation value of an extractive resource.

²² Examples include Sovereign Wealth Funds, Future Generation Funds, and infrastructural development.

backstop deliberations on commodities at the General Assembly, contribute to chapters on commodities issues in the annual United Nations reports, the World Economic Situation and Prospects and the World Economic and Social Survey–WESP, and deliver the UNCTAD Commodity Development Report, working papers and ad hoc studies on traditional as well as contemporary issues on commodities.

39. Pursuant to the United Nations General Assembly resolutions on commodities, the secretariat is obligated to prepare and submit biennially analytical reports on world commodity trends and prospects for its deliberations. During this reporting period, the secretariat delivered the report “World commodity trends and prospects.”

2013: General Assembly Paper

40. Pursuant to United Nations General Assembly resolution 66/190, the secretariat prepared and submitted in July 2013 an analytical report on world commodity trends and prospects for the sixty-eight session of the General Assembly under item 17 (d) of the provisional agenda (Macroeconomic policy questions: commodities).²³

41. The report presented the recent trends in commodity prices, and reviews of the major international initiatives adopted to coordinate responses to excessive price volatility.

42. The report noted that overall, the factors that contributed to high volatility of commodity prices were driven by traditional market fundamentals, although financialization of commodities had exacerbated price volatility.

43. Furthermore, low interest rates and loose monetary policies in major economies also contributed to high price volatility as commodities, such as gold, became higher-return assets relative to traditional investment instruments.

44. The international community adopted a number of initiatives to address the negative effects of excessive price volatility in the agricultural, energy and metals markets. These include the Agricultural Market Information System (AMIS), the High-level Task Force on the Global Food Security Crisis, the Global Agriculture and Food Security Programme and the Zero Hunger Challenge, a new vision on food security. In the energy space, efforts have been targeted at improving the Joint Oil Data Initiative (JODI-oil), and the creation of a similar initiative for gas, JODI-gas.²⁴

45. Threats to food security in the aftermath of the 2008 food crisis have also revived interest in the constitution of regional grain reserves.

46. The secretariat will submit to the General Assembly at its seventieth session a report on the updated assessment of commodity trends and prospects, long-term commodity prices and ways to strengthen coordination among international commodities organizations and other relevant international organizations.²⁵

Contributions to the World Economic Situation and Prospects Report – WESP

47. The Special Unit on Commodities has been contributing to the non-oil commodities sections of the chapter on international trade in the World Economic Situation and Prospects Report (WESP). The secretariat has made contributions to the annual and mid-year updates of the WESP in past three years.

²³ A/68/204.

²⁴ Ibid.

²⁵ UN General Assembly Resolution 68/203: Commodities.

48. In 2013 and 2014, the secretariat contributed analysis on key agricultural and food products, industrial and precious metals, minerals and raw materials; that is, non-oil commodities.²⁶

Major reports, working papers and ad hoc studies

49. Pursuant to the provisions of the Accra Accord,²⁷ the secretariat had strengthened its role in research and analysis on commodities and trade-related issues of importance to its clientele of CDDPs. It continues to seek and strengthen research partnerships with leading think tanks and academia, leveraging such partnerships to deliver cutting-edge research on commodities and trade-related issues. Highlighted below are briefs on selected reports, working papers and analytical studies.

2012: UNCTAD Commodities and Development Report – UCDR

50. The 2012 UNCTAD Commodities and Development Report²⁸ is the first in a series of an analytical report that is published bi-annually by the secretariat. The 2012 report provided a balanced and critical analysis of important issues in commodities trade and development related to energy, mining, minerals and metals, food and agriculture.

2014: UNCTAD Commodities and Development Report – UCDR

51. The 2014 UCRD²⁹ focuses on the key issues facing smallholder farmers in agriculture food (agrifood) and commodities production and sustainable development in developing countries. Smallholder farmers are overrepresented in agrifood production and trade in developing countries. For example, over 80 per cent of the food supply in Asian and sub-Saharan Africa regions, is produced by small farmers. About 60 per cent of the people in poor countries depend on the agrifood sector. Globally, about 2 billion people depend on the agricultural sector for the livelihoods.

2012: The State of Commodity Dependence 2012

52. The State of Commodity Dependence 2012 is a statistical publication on commodities prepared by the secretariat. The 2012 report provided an overview of the commodity-related situation of 154 developing countries, with graphical presentations that depicted regional and global perspectives of commodity dependence in developing countries over the period 2009–2010.³⁰

2012: The Potential Establishment of Emergency Food Reserve Funds

53. This study explored the potential for establishing national and regional emergency food reserves to help address food supply problems in poor countries. The creation of food reserves is pertinent in light of the global food price crisis and the failure of market forces to deliver food where it is most needed in times of food stress and shortages.

²⁶ http://www.un.org/en/development/desa/policy/wesp/wesp_current/wesp2014.pdf.

²⁷ Accra Accord paragraph 92.

²⁸ UNCTAD/SUC/2011/9.

²⁹ The second UCRD is expected to be published in Fall 2014.

³⁰ UNCTAD/SUC/2011/8.

54. The paper reviewed earlier schemes and new schemes based on lessons learnt as well as methods of financing food reserves to ensure food security. Greater reliance on domestic or regional supplies and the deployment of public reserves of staple foods are policy options available to low-income food-deficit countries.³¹

2012: Extractive Industries: Optimizing value retention in host countries

55. This study focused on ways to improve local content of NRR developing countries in servicing foreign companies operating in extractive industries. It also explored the challenges and opportunities for natural resources – rich countries to optimize value-adding and value-retention.

56. It show-cased experiences in three NRR countries, where having an functional and effective regulatory framework is necessary prerequisite on the road to increasing local content in extractive industries.³²

2013: Current State of Commodities in the Global Markets, Prospects and Challenges

57. The secretariat prepared and delivered the report “Current State of Commodities in the Global Markets, Prospects and Challenges”, at a workshop held in Serra Leone, in November 2013. The workshop was hosted by the African Union Task Force on Commodities.

58. The report analysed the recent trends and developments in the agriculture and food, minerals, ores and metals.

2012–2014: Commodities at a Glance

59. *Commodities at a Glance*, is a relatively new product, first published – in English and French – by the secretariat in March 2011. The report provides pictorial snapshots of comprehensive data on commodities concerning topical issues of importance to CDDCs. It collects, presents and disseminates accurate and relevant statistical information linked to international primary commodity markets in a clear, concise and user-friendly format.

60. During this reporting period, 2012 to 2014, two issues of the *Commodities at a Glance* have been published. The fourth issue delivered in February 2012 focused on energy, while food security was at the centre of attention in fifth issue, released in July 2013.

3rd Issue February 2012 – Special Issue on Energy

61. The February 2012 issue on energy provided key information on world energy trade, energy prices, and output and consumption trends, with an emphasis on Africa. It showed that over the past three decades, world consumption of primary energy nearly doubled from 280 quadrillion British thermal units (Btu) in 1980 to 490 quadrillion Btu in 2008.

³¹ http://unctad.org/en/PublicationsLibrary/suc-miscDP03_en.pdf.

³² UNCTAD/SUC/2012/1.

62. The dramatic increase in consumption may be partly explained by global economic growth, rapid industrialization in developing countries and increasing world population and urbanization.

63. Most of the projected increase in consumption is expected to come from non-OECD countries, particularly the emerging economies India and China which account, respectively, for 18 per cent and 36 per cent of the increase. The Middle East is expected to experience the most rapid growth in demand, at 2 per cent per year. Demand in sub-Saharan Africa is also expected to grow as energy needs, particularly electricity supply, responds to population growth.³³

4th Issue July 2012 – Special Issue on Food Security

64. The July 2012 issue on food security focused on global food security, price volatility and continuing high food prices. The report also discussed the different indicators of food security that may help policy makers and practitioners to analyse food security issues more pragmatically. It also provides detailed statistics on the availability, access and stability of food. Food utilization is also covered using indicators of malnutrition in children and weight for age as proxies.³⁴

5th Issue 2014 – Special Issue on Rare Earth Metals

65. The fifth issue of the *Commodities at a Glance* focuses on rare earth metals (REMs).³⁵ REMs are often required in small quantities, but they are essential inputs to the development and production of highly sophisticated products. REMs are in high demand in technology development, national (defence) security applications, renewable energy industries (e.g. petroleum refining), automobile catalysts, permanent magnets, and optical and medical equipment. Further REMs are also omnipresent in everyday lives of people, in products such as mobile phones, iPhones, computers, fluorescent light, plasma screens and batteries.

66. Rare does not imply that this group of metals³⁶ are physically unavailable or rare. In fact, rare earths are more abundant than many other minerals. However, they are not concentrated enough to make them easily exploitable economically.

67. Global supplies of the rare earths are concentrated in China, which accounts for around 97.3 per cent of world's rare earths production.³⁷ Global demand for rare earths is on the rise. This brings to fore the important issue of supply vulnerability in the OECD countries, particularly the United States, which imports up to 90 per cent of its REMs from China. Further supply restrictions and rising prices would hamper innovation and investments in technological advances, increase costs of production, and heighten national security concerns.

2013: Mexico's Agriculture Development

68. UNCTAD's Division on International Trade in Goods and Services, and Commodities, and the UNCTAD's Special Unit on Commodities, undertook the analytical

³³ UNCTAD/SUC/2011/6.

³⁴ UNCTAD/SUC/2012/3.

³⁵ This document will be published by June 2014.

³⁶ There are 17 rare earth metals, 15 from the chemical group called lanthanides, plus two others – yttrium and scandium.

³⁷ TD/B/C.I/MEM.2/22.

study of Mexico's agriculture sector and its challenges and opportunities. The study was carried out in response to a request from Mexico's Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA).

69. The report, "*Mexico's Agriculture Development: Perspective and Outlook*",³⁸ which was presented to the Government of Mexico, through the Permanent Mission of Mexico to the United Nations and other International Organizations in Geneva, on 11 February 2013.³⁹

70. The work was supported by the Permanent Mission of Mexico to the United Nations and other International Organizations in Geneva, and SAGARPA, with special involvement of the Agrifood and Fishery Information Service (SIAP) and of the Mexican Ministry of Energy (SENER).

71. The farming sector employs nearly 6 million people in Mexico. Agricultural exports from the country totalled some \$17 million in 2010.

III. Intergovernmental consensus buildingxxx

72. The consensus building pillar of UNCTAD is critically important to the secretariat's work on commodities trade and development. Consensus-building at the intergovernmental level, for example, membership of and participation in the decision-making process of the Trade and Development Board, is very important. And the (consensus) decisions made in the context of commodity economy have ramifications on an estimated 2 billion people who are gainfully engaged in agricultural and food production throughout the developing world.

73. Despite the growth of manufacturing and services industries in world trade, agriculture and food, and commodities sectors still remain the engines of growth in most developing countries. The sectors generate foreign exchange, provide employment and income opportunities, and support livelihoods sustenance and reduce poverty. Poverty reduction starts with addressing the core problems associated with agricultural foods and commodities production in the developing world.

74. Accra Accord mandated UNCTAD to "promote intergovernmental cooperation in the field of commodities and consensus-building on ways of integrating commodity policies into national, regional and international development and poverty reduction strategies; trade-related policies and instruments for resolving commodity problems; and investment and financial policies for accessing financial resources for commodity-based development, including with respect to ODA, Aid for Trade and other possibilities."⁴⁰

75. During this reporting period, the Special Unit on Commodities maintained its extensive inter-agency cooperation network, with a view to promoting a comprehensive approach to commodity sector development. It continued its close cooperation with organizations both within and outside the United Nations system, such as the Common Fund for Commodities (CFC), United Nations Department of Economic and Social Affairs (UN DESA), FAO, World Trade Organization (WTO), International Trade Centre (ITC), World Bank, United Nations regional commissions, and international commodity bodies.

76. Furthermore the secretariat continues to service a number of conferences and international commodity bodies and study groups, and serve as a neutral platform for policy

³⁸ UNCTAD/DITC/TNCD/2012/2.

³⁹ http://unctad.org/es/paginas/newsdetails.aspx?OriginalVersionID=401&Sitemap_x0020_Taxonomy=UNCTAD%20Home.

⁴⁰ Paragraph 93(b).

dialogue, given its mandate on key issues regarding global commodity supply chains, markets and international trade and development. Some of these events have become flagship events in their domains: the Africa Oil, Gas and Minerals Trade and Finance Conferences, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, the United Nations Cocoa Conference, and the UNCTAD Global Commodities Forum.

77. Some of the selected activities implemented by the secretariat under the consensus-building pillar are highlighted below.

Africa Oil, Gas and Minerals Trade and Finance Conference and Exhibition – Africa OilGasMine

78. The Africa OilGasMine Conference is one of the flagship events of the secretariat's work on commodities trade and development,⁴¹ which has gained both momentum and in stature in the past few years. This annual conference brings together the "Who's Who" in Africa's vast oil, gas and mining space. High-levels participants from the public sector (Heads of State, or Ministers) and key decision-makers from the industry (CEO's of major gas, oil and mining companies) have attended the annual conference over the years, which are hosted in different African countries.

15th Africa OilGasMine Conference – the Brazzaville, Congo, 2-6 April 2012

79. The secretariat organized, in collaboration with the Government of the Congo and development partners, the fifteenth Africa OilGasMine Conference in Brazzaville, Congo, from 2–6 April 2012.

80. The conference brought together over 500 participants from 26 African countries engaged in the oil and gas, and mining sectors in Africa.

81. Key issues pertaining to the energy sectors in African were deliberated on including value creation and retention in national economies, diversification, transparency and governance, and access to energy. The conference called for the establishment of more production (i.e., vertical and horizontal) linkages in the extractive industries to capture – in host countries – some of the value created by the industries. Such linkages contribute positively to building domestic productive capacities in-country.

82. The creation and establishment of the Natural Resources Information Exchange in Africa (NRIE) will contribute towards the operationalization of the African Mining Vision as well as the ACP Framework of Action for Mineral Resources Development.

83. UNCTAD has since put into motion the ministerial resolution which had requested the secretariat to help establish the NRIE in Africa. This information exchange should assist NRR countries in Africa (and elsewhere) to capture the untapped potential of geosciences information with the view of optimizing natural resource-driven economic growth and development.

16th Africa OilGasMine Conference – Niamey, Niger, 18-23 November 2013

84. The 16th Africa OilGasMine Conference and Exhibition was held in Niamey, Niger, from 18 to 23 November 2013. The conference was hosted by the Government of Niger and

⁴¹ Pursuant to paragraph 98 of the Accra Accord which calls on the secretariat to provide advisory services and trade-related capacity-building activities to natural resources-rich developing countries.

other partners,⁴² under the patronage of His Excellency Mr. Mahamadou Issoufou, President of the Republic of Niger.

85. The event attracted more than 500 delegates from the oil and gas, and mining industries in Africa. Thirty-four 34 African countries attended the event.

86. The conference's theme was "Natural Resources Development: Governance in Extractive Industries, Trade and Markets". Discussions focused on topics relating to production, good governance, transparency and trade in the extractive industries. Participants shared experiences and success stories on transparency and accountability in management of the windfall revenues from the oil and gas sectors. A special session on improving women participation in extractive industries was also held, which recommended policies and strategies to improve governance and empower women in extractive industries.

87. The creation and establishment of NRIE, is a direct outcome or product of the Africa OilGasMine Conference.

88. This year (2014), the 17th Africa OilGasMine Conference could be held in South Sudan. The Government of South Sudan has expressed interest to host the conference.

UNCTAD Global Commodities Forum – GCF

89. In line with the provisions established in the Accra Accord, UNCTAD launched in March 2010 the inaugural UNCTAD Global Commodities (GCF). UNGCF provides UNCTAD with a unique opportunity "to build consensus on policies that allow developing countries to maximize the opportunities and address challenges of globalization and economic integration, and that promote an enabling environment for sustained economic growth and sustainable development".⁴³

90. GCF is a major multi-stakeholder meeting on the secretariat's calendar, which brings together major stakeholder groups, including ministerial and other high-level policymakers, regulators, business leaders, experts, academics and representatives of non-governmental organizations. Together they discuss and seek solutions to the perennial problems associated with commodities production, trade and development.

91. The first three sessions of the GCF were supported mainly by a large grant from the Common Fund for Commodities. The Forum has also received generous financial support from the Government of China, France and Swiss; Gaznat; Afremix Bank; and Audit Control and Expertise.

92. Since its inception, the secretariat has hosted the annual GCF consecutively in the four years. During this reporting period – 2012 to 2014, the secretariat will have hosted three sessions of the GCF. These are highlighted below.

3rd UNGCF – 23–24 January 2012

93. The third UNGCF was convened in Geneva, from 23–24 January 2012 under the theme "Globalization and Commodity Trade: Harnessing Development Gains from Commodity Production".

94. Forum participants addressed key issues related to the fallout from the euro zone debt crisis, rising loan rates; mounting food and petroleum bills for poor nations; trade-related innovations in response to high credit costs; financialization of commodities

⁴² Conference partners from both the public and private sectors.

⁴³ Paragraph 93 (b).

markets; food security, biofuels and agricultural investment; energy markets in developing countries; commodities trade and development; and commodity price volatility and trade finance.⁴⁴

95. The links between financial and agricultural markets, as well as the concomitant need to rethink agricultural markets and policy issues, needed in light of the developments. Furthermore, developing countries needed to strengthen the resilience of their institutions and markets, to prevent volatile international commodities prices from causing damage to production and exports.⁴⁵

96. A special session was convened for stakeholders to discuss opportunities for collaboration focusing on private sector solutions to the challenges faced by developing countries.

97. During the third UNGCF, four statements and 33 substantive papers and presentations were delivered.⁴⁶

4th UNGCF – 18–19 March 2013

98. UNCTAD hosted the fourth annual UNGCF held in Geneva, from 18–19 March 2013, under the theme “Globalization and Commodity Trade: Harnessing Development Gains from Commodity Production”.

99. The Forum brought together about 300 participants to discuss and find better solutions to perennial problems of the commodity economy. Participants from the public and private sectors, academia and Non-governmental Organizations not-for-profit organization – attended the meeting.

100. The Forum addressed key issues including energy markets, risk management and resilience, investment and transparency in commodity markets, commodity-based development and poverty, and support mechanisms.

101. Development experiences and good practices were shared from different regions (Africa, Asia and Latin America) in terms of increasing local content in extractive industries (e.g. oil and gas), and community-based development under the rubric of corporate social responsibility, in soft commodities (e.g. agriculture and food).

102. Twenty-two substantive papers and three keynote addresses were delivered at the fourth UNGCF.⁴⁷

5th UNGCF – 7–8 April 2014

103. UNCTAD secretariat hosted the fifth annual GCF on 7–8 April 2014 at the Palais des Nations in Geneva. The theme of the GCF was “Global value chains, transparency and commodity-based development.”

104. The focus on global value chains (GVCs) is critical as many CDDCs continue to produce and export agrifood and commodities primarily as bulk or semi-processed products with little to no value addition done in-country before shipment. These products are then sold in oversupplied, sluggish and volatile commodity markets, resulting in below-cost returns for small-scale agrifood producers and exporters.

⁴⁴ UNCTAD/SUC/2012/4.

⁴⁵ Ibid.

⁴⁶ <http://www.unctad.info/en/Global-Commodities-Forum-2012/Presentations/>.

⁴⁷ <http://unctad.org/en/Pages/MeetingDetails.aspx?meetingid=203>.

105. Panels will discuss GVC in the context of it being a dynamic, effective framework through which to evaluate perennial problems faced by CDDC in the governance of their resource wealth. Discussions will also centre on the potential for governance reform and transparency in the commodities sector.

106. Documents pertaining to the fifth GCF are available on the UNCTAD website.⁴⁸

Collaborations with other organizations – national, regional and international

2013–2014: United Nations-Energy

107. UNCTAD is a member of the inter-agency group of 21-member organization within the system of the United Nations related to energy. United Nations-Energy was created after the 2002 World Summit on Sustainable Development in Johannesburg, and its purpose is to create a coherent approach towards a sustainable energy system especially in developing countries to meet the Millennium Development Goals.

108. As a member of the interagency alliance on energy, the secretariat participates in the quarterly United Nations-Energy Video conference calls.

109. Presently, United Nations-Energy focus is on the “human face” of energy (Phase I). Meaning it is focused on developing indicators on cross-cutting issues under four thematic issues; (i) energy and women’s health, (ii) energy and water, (iii) energy and food security, and (iv) energy and women’s economic empowerment. Under this phase, the main organizations involved are DESA, FAO, UNDP, WHO, WMO and the World Bank.

110. The second phase (in 2015) will fully integrate (i) energy and trade, and (ii) energy and governance. The Chairman of the United Nations-Energy has pledged to visit UNCTAD in mid-2015; hence, the secretariat has to coordinate its substantive contributions to United Nations-Energy. Energy and trade are inextricably linked, and hence, UNCTAD’s contribution to this interagency initiative – approved by the CEB – is critical.

G-20 initiative on commodities: Agricultural Marketing Information System

111. UNCTAD, with nine other international organizations, contributes to the Group of 20 initiative on commodities, in the areas of the Agricultural Market Information System (AMIS), AMIS Rapid Response Forum (RRF) meetings, and meetings of the Information Group.

112. UNCTAD not only participates at these AMIS and AMIS-related meetings, but also works with the Information Group which advises on the programme on indicators to monitor price volatility for the major internationally-traded food crops, policy option available to AMIS-member countries that suit specific short term market upheavals, and develop guidelines to inform RRF on the appropriate policy options during periods of crisis and market/price volatility.

113. The AMIS was launched in the aftermath of the 2007–2008 food crisis during the French Presidency of the Group of 20. AMIS aims to help improve the gathering and sharing of quality data on food balance sheets. AMIS has gained in stature and scope since

⁴⁸ <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=429>.

its inception. It monitors commodity markets and crop conditions, and promote dialogue among key stakeholders in global commodity markets.

114. The third meeting of the AMIS RRF meeting was held in Canberra, Australia, 6 March 2014. The next meeting of the AMIS Information Group will be held in Mexico, from 28–30 April 2014. More detail on the work of AMIS and AMIS-related activities are online on AMIS' official website.⁴⁹

Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

115. UNCTAD continues to collaborate with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF). It co-hosted the ninth Annual General Meeting of the IGF which was held in Geneva, from 29–31 October 2013.

116. The IGF is a global forum that discusses on practical issues related to the sustainable management and development of the mining sector. It serves as a forum for dialogue between member-country governments, mining companies and industry associations.⁵⁰

117. The ninth Forum brought together 217 participants who discussed a wide array of issues ranging from good governance, negotiating mining investments and contracts, to artisanal and small-scale mining (ASM). Participants also explored the interplay between large- and small-scale miners, strategies and approaches to support ASM producers, and building strategic partnerships to increase transparency in the extractive sector.

118. A workshop was organized for IGF members, which focussed on negotiating mining investments and contracts. It was organized in partnership with the International Institute for Sustainable Development (IISD), the World Bank Institute and the African Legal Support Facility.⁵¹

119. The Forum is an important platform for consensus-building on the key issues affecting mining and improving the mining sector's role in sustainable development. More information on the ninth annual forum and the activities of the IGF are accessible on its website.⁵²

IV. Technical cooperation

120. In compliance with the provisions of the Accra Accord,⁵³ the Special Unit on Commodities implemented technical cooperation activities that have helped build capacity in key areas of commodities (e.g., market information systems, commodity finance and agricultural standards) in many CDDCs. Some of these activities, which are regional and intraregional in scope, cover the following major themes:

- (a) Agricultural market information services – Infocomm and InfoShare;

⁴⁹ <http://www.amis-outlook.org/>.

⁵⁰ [http://www.globaldialogue.info/IGF%202013%20Flyer%20\(updated\).pdf](http://www.globaldialogue.info/IGF%202013%20Flyer%20(updated).pdf).

⁵¹ <http://www.globaldialogue.info/IGF%202013%20-%20PRESS%20COMMUNIQUE%20C3%89%20-%20EN.pdf>.

⁵² http://www.globaldialogue.info/wn_e.htm.

⁵³ Paragraph 93(a).

(b) Compliance with international trade standards, technical regulations, food laws and certification schemes including sustainable standards – Sustainability Claims Portal;

(c) Commodity financing, commodity exchanges (e.g., warehouse receipt systems) and commodity risk management.

121. During this reporting period – 2012 to 2014, funding for technical cooperation programmes and projects in the area of commodities has been minimal. The above formerly donor-funded activities are maintained by resources from the regular budget.

122. Extrabudgetary resources became precarious, after the completion of the European Union-funded All ACP Agricultural Commodities Programme (AAACP), in December 2011.

123. The AAACP programme was the single largest donor-funded project, in terms of the amount of funding (€3.4 million) and the geographical spread (covering all African, Caribbean and Pacific countries (ACP)), implemented by the secretariat that focused entirely on agricultural commodities and food crops.

124. Funded by the European Union for €45 million over the period 2007–2011, the Programme was implemented collectively by five international organizations.⁵⁴ With an allotted budget of €3.4 million,⁵⁵ UNCTAD implemented four subcomponents of the programme, namely, (a) agricultural market information services, (b) agricultural food standards, (c) commodity exchanges and (d) commodity finance.

125. The major outputs of the AAACP were presented in the report to the fourth session of the Commission in November 2012.⁵⁶ On completion of the AAACP in December 2011, UNCTAD delivered 17 capacity-building workshops, 199 papers and presentations and four analytical studies, had across the ACP regions.

126. After the termination of the AAACP in December 2011, the sustainability of the four subcomponents has remained uncertain. Additional resources from the donor community are required to sustain, scale-up and replicate AAACP-supported activities elsewhere in developing countries to have a lasting impact.

127. On the brighter side, the secretariat has applied for and got project funding (US\$641,000) under the 9th Tranche of the United Nations Development Account to finance the project titled “Strengthening the capacity of the Economic Community of Central Africa Member States (EECAS) to enhance domestic production linkages from the mineral resources sector”. The project, which is expected to start in 2014, will be implemented in collaboration with ECCAS, Economic Community of Africa, African Union Commission, and the University of Cape Town, South Africa.

Contributions to the UNCTAD Virtual Institute

128. The Special Unit on Commodities supports the UNCTAD Virtual Institute in developing and delivering, on request, tailor-made training courses on commodity economics, production and trade, prices and trends, and other topical issues as the impact of the financial crisis on commodities, the financialization of commodity markets, and natural resources development and development in extractive industries.

⁵⁴ AAACP implementing international organizations: CFC, FAO, ITC, UNCTAD, and the World Bank.

⁵⁵ TD/B/C.I/24.

⁵⁶ Ibid.

129. Virtual Institute training is targeted at university staff and students, post-graduate researchers, and personnel from governments as well as the private sector. UNCTAD's Virtual Institute is a success in terms of interdivisional cooperation with the secretariat, helping the secretariat to leverage the synergies between research and analysis on one hand and technical assistance as well as institutional capacity-building in CDDCs on the other.

130. In July 2012, the Unit assisted the UNCTAD Virtual Institute in delivering an intensive study tour programme for 23 students and two lecturers from the University of Dar es Salaam Business School from 9–13 July 2012. During the study tour, the Unit made a substantive presentation on the effects of the recent commodity boom on developing countries.

131. In April 2013, the Special Unit on Commodities assisted the UNCTAD Virtual Institute deliver training courses on commodities trade and development issues to the study visits made to the Palais des Nations by four academic institutions from the Russian Federation. The Unit also and delivered a presentation on "Food security and International trade: what is the nexus?" to Master's students from the University of West Indies, The Caribbean.⁵⁷

132. The Unit also contributed to the UNCTAD Virtual University training workshop held in Dar es Salam, United Republic of Tanzania, from 25–26 April 2013. The presentation focused on the development challenges and policy options for developing and gaining from their extractive industries, particularly oil, gas, mining, minerals and metals sectors.

133. The capacity building training programmes developed and delivered by the UNCTAD Virtual Institute, not only increases interdivisional cooperation and synergies within UNCTAD, but also increase the human capital of beneficiaries irreversibly. More information on the UNCTAD Virtual Institute and its programme activities are accessible on its website.⁵⁸

Iron Ore Trust Fund Project

134. The secretariat implements the Trust Fund Project on Iron Ore Information. Reports generated by the project provide comprehensive information on developments in the world markets for iron ore for interested parties – producers, purchasers, shipping agents, suppliers, industry and government representatives, researchers, analysts and consultants.

135. In 2012, the secretariat released, in collaboration with partners, two reports: (a) The Iron Ore Market 2011–2013; and (b) Ore Statistics. According to The Iron Ore Market Report 2011–2013, iron ore production of 1.92 billion tons, an all-time in 2011. However, uncertainty over prices and decrease of corporate concentration signal tightening of markets in the years ahead.

136. In 2013, the secretariat released, in collaboration with partners, two reports: (a) The Iron Ore Market 2012–2014; and (b) Ore Statistics.

137. The reporting costs are offset by donor contributions from several governments and from sales of project publications. More information on Secretariats work through the Iron Ore Trust fund is accessible on the UNCTAD website.⁵⁹

⁵⁷ <http://vi.unctad.org/images/files/vi13.pdf>.

⁵⁸ <http://vi.unctad.org/>.

⁵⁹ <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=206>.