



Division for Africa, Least Developed Countries and
Special Programmes (ALDC)
UNCTAD



Commodities and LLDCs: Implications for post-Almaty PoA

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Structure of the presentation

- I. Role of commodities in LLDCs: Why commodities?
- II. Current position of LLDCs in GVCs
- III. Challenges in maximizing gains from commodities
- IV. Policy conclusions and recommendations

Major observations

- Resource-rich LLDCs are in a better position to build productive capacities and enhance structural economic transformation.
- There is a total lack of commodity policies or strategies at the national, regional and global levels;
- The current form of integration into RVCs and GVCs is through primary commodities i.e. the locus is at the lowest segment in the value chains;
- Geographical disadvantage and commodity dependency are causes and consequences high export concentration and greater vulnerability to volatile financial and commodity markets

I. Role of commodities in LLDCs: Why commodities?

- A. Share of commodities in total merchandise exports
 - Top ten export items of LLDCs
 - Export Concentration Index (ECI)
 - Economic Complexity Index

- B. Commodities in total value addition

- C. Employment intensity of commodities

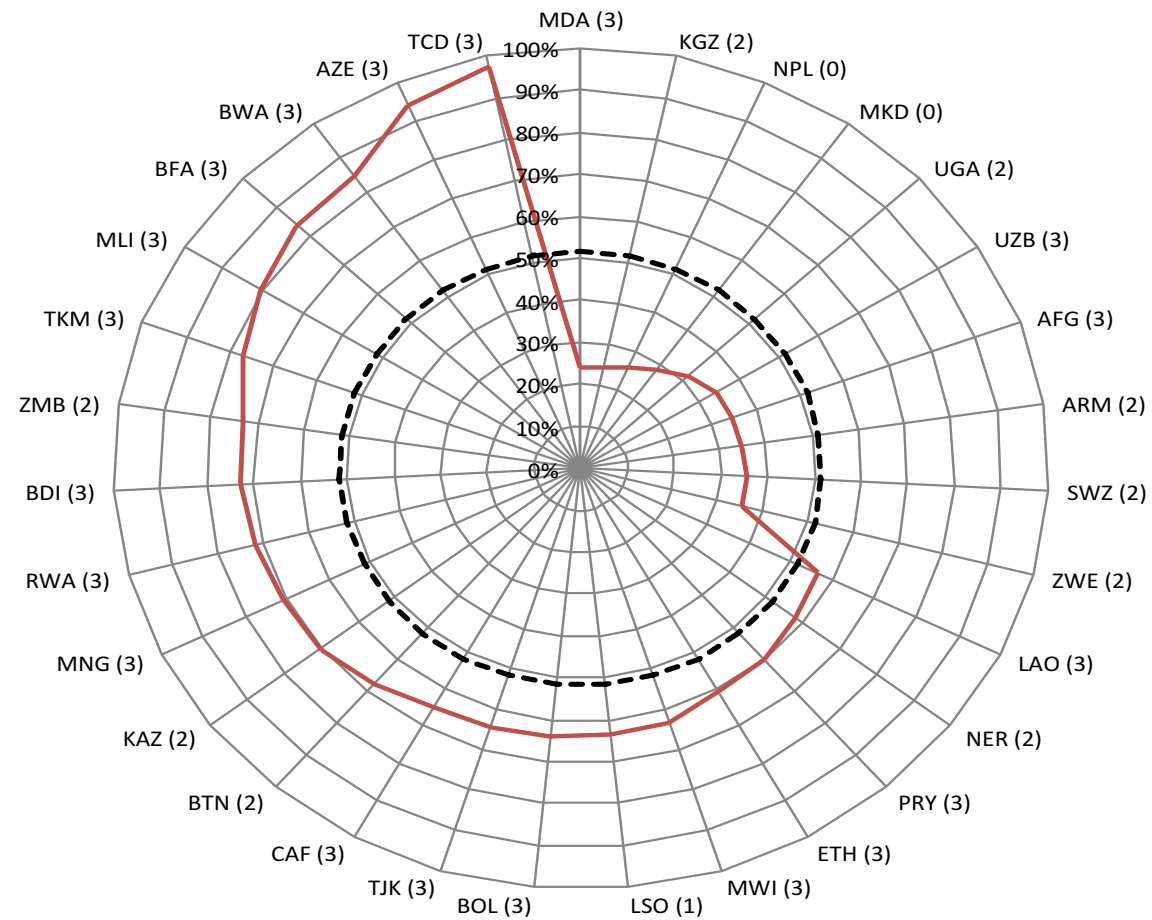
A. Share of commodities in total exports

- 24 of the 32 LLDCs are commodity dependent for their exports;
- Range: 28 % (Nepal) - 99% (Chad);
- Median LLDC is dependent on commodities for 84.5% of its export (2011- 2012);
- This share was 83.2% during 1995-1997
- In LLDCs dependency increased over time

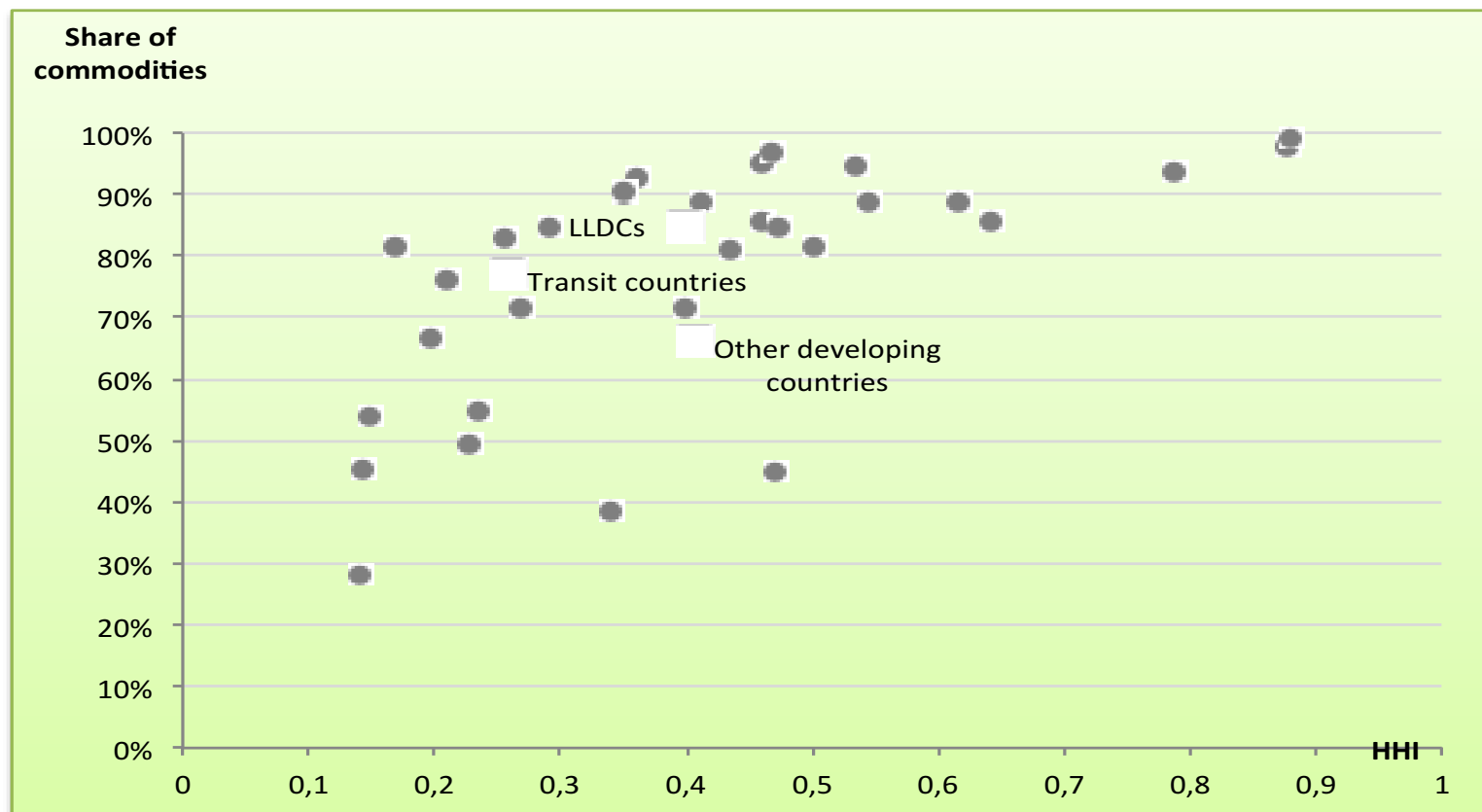
Top 10 export items of LLDCs (2010 – 2012)

Product	Share
Petroleum, petroleum products and related materials	43.30%
Non-ferrous metals	7.40%
Gas, natural and manufactured	7.40%
Metalliferous ores and metal scrap	5.70%
Iron and steel	3.60%
Textiles fibres and their wastes	3.00%
Non metallic mineral manufactures, n.e.s.	2.70%
Gold, non-monetary (excluding gold ores and concentrates)	2.50%
Inorganic chemicals	2.40%
Vegetables and fruits	1.80%
Source: UNCTADstat	

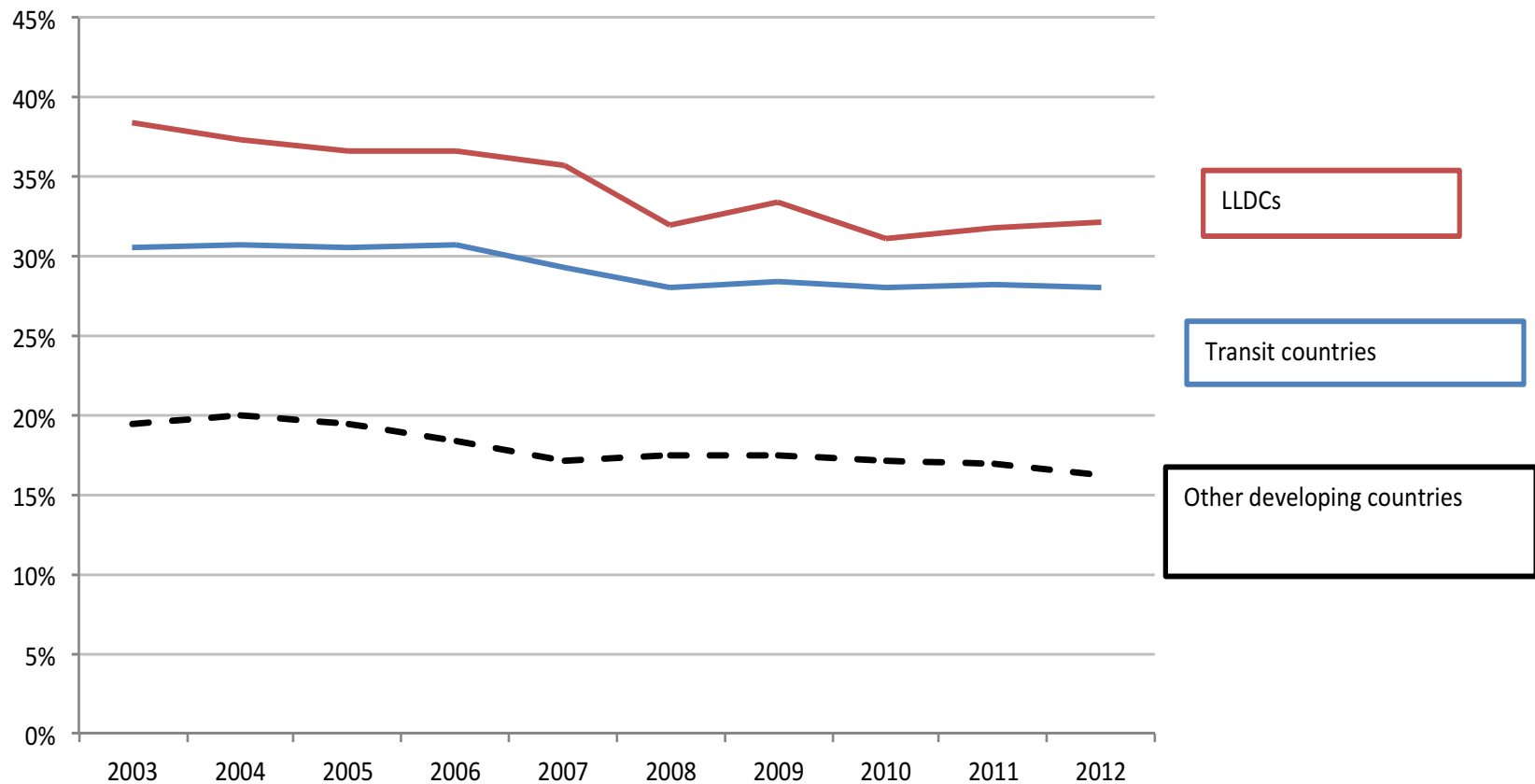
Degree of commodity dependence



Commodity dependence & ECI: (2011 – 2012)

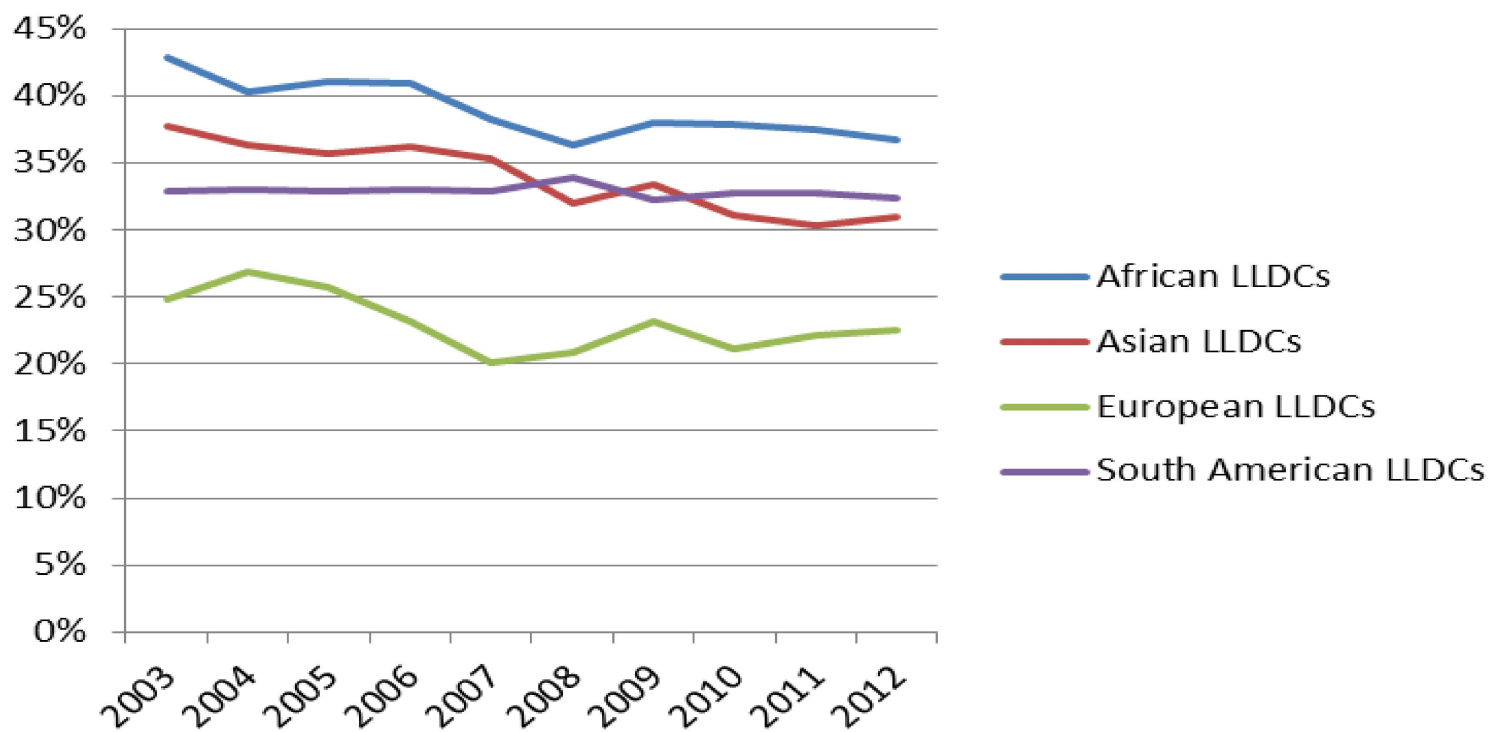


B. Median share of commodities in total value added (% GDP) (2003 – 2012)

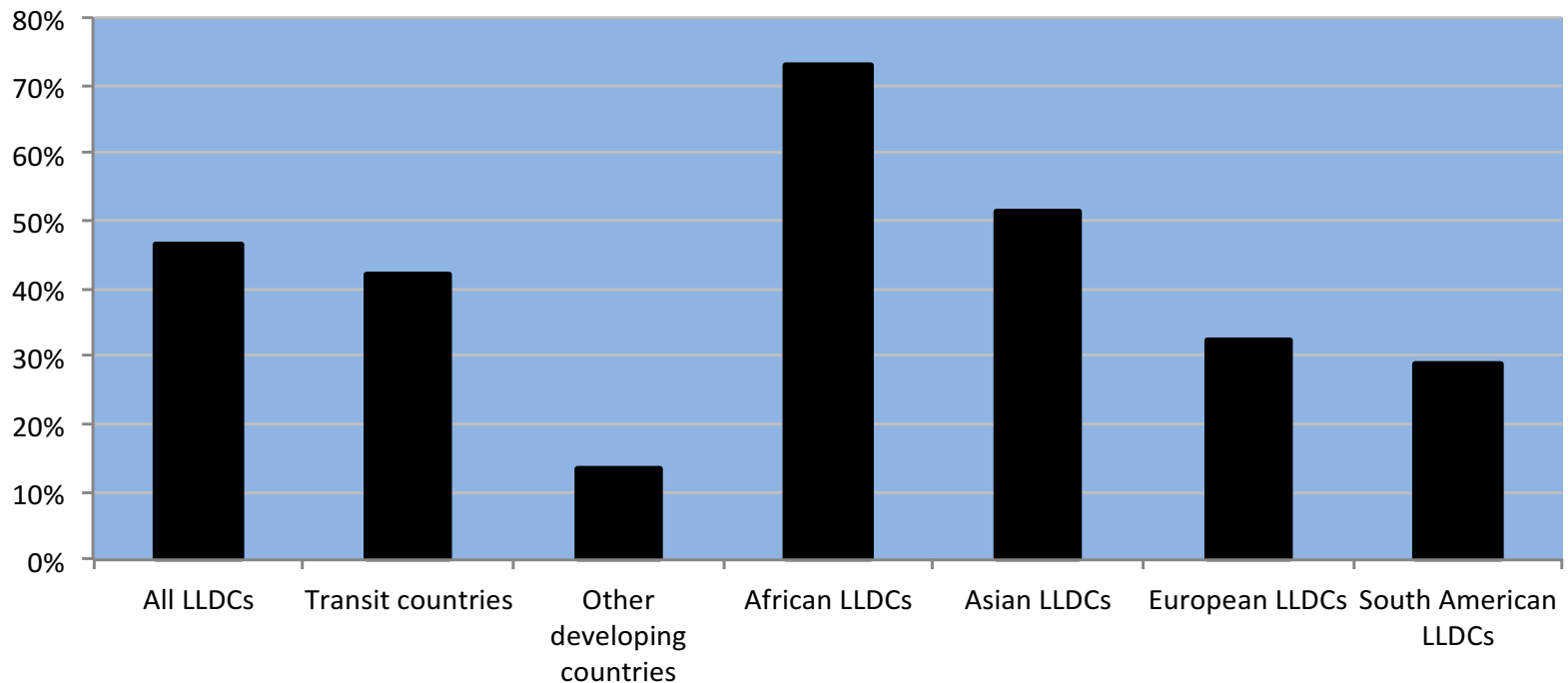


Median share of commodities in total value added within LLDCs

(% GDP) (2003 – 2012)



C. Employment: Median share of commodities in country groups in 2013

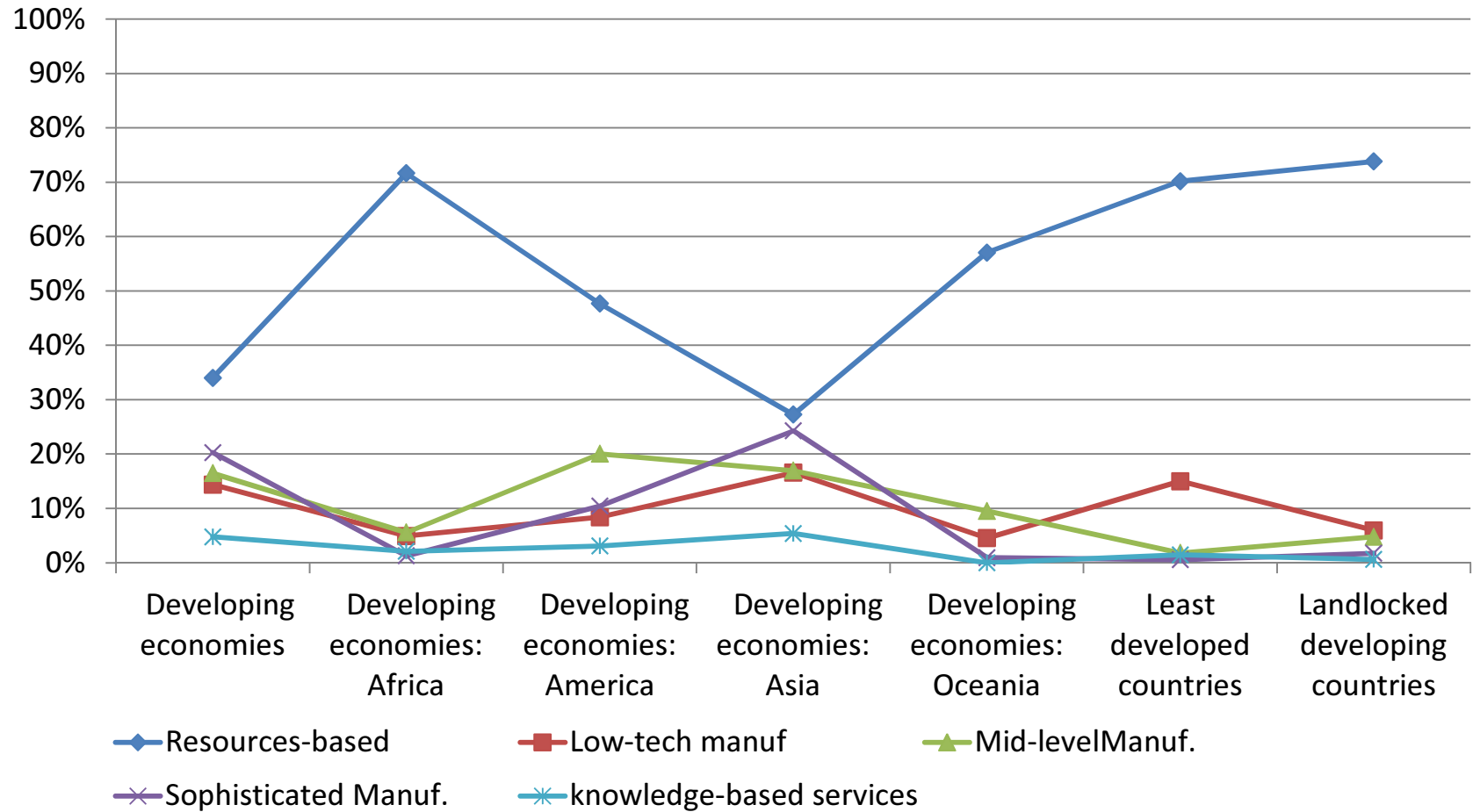


II. Where do LLDCs stand in Global Commodity Value Chains?

A. Technological sophistication:

- i. Resource-based activities
- ii. Low-tech manufacturing
- iii. Middle level manufacturing
- iv. Sophisticated manufacturing
- v. Knowledge-based services

Exports by level of sophistication



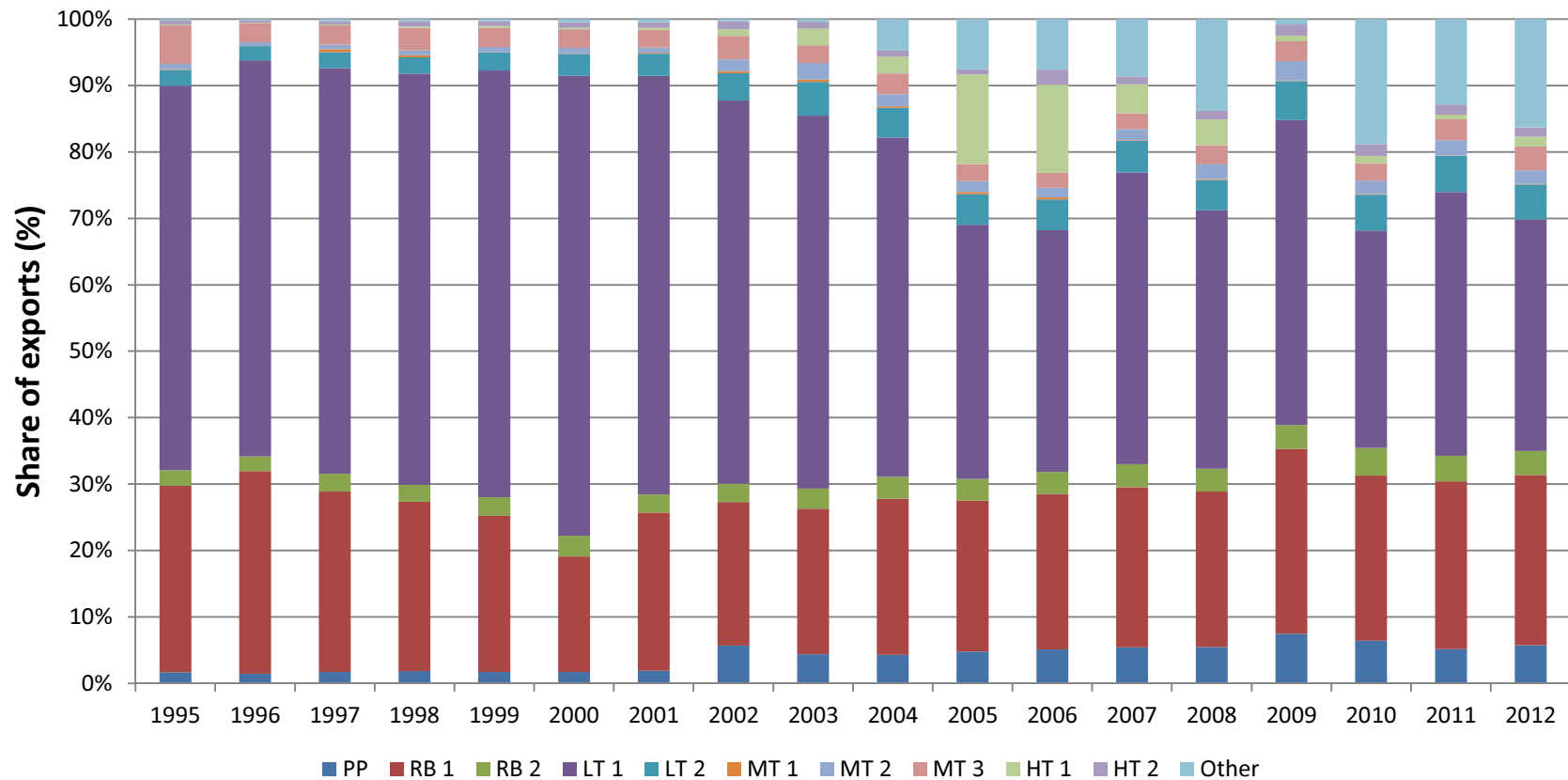
Economic Complexity Index (ECI)*

A. Diversity of Exports (No. of distinct products a country produces and exports)

B. Ubiquity of Exports (No. of countries that produce and export a given product)

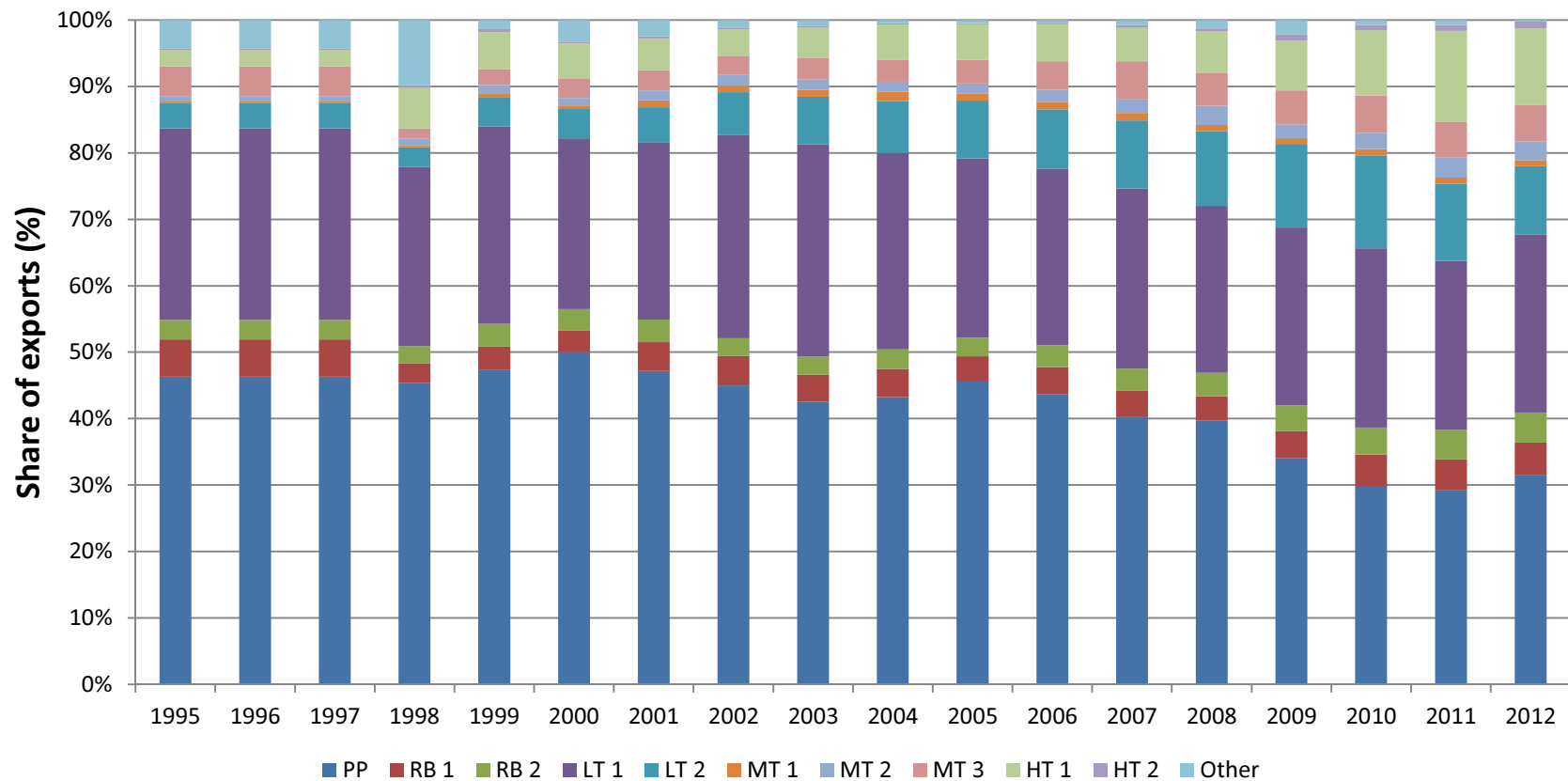
For Comparison: Mauritius

Mauritius Exports by Technology Classification, 1995-2012



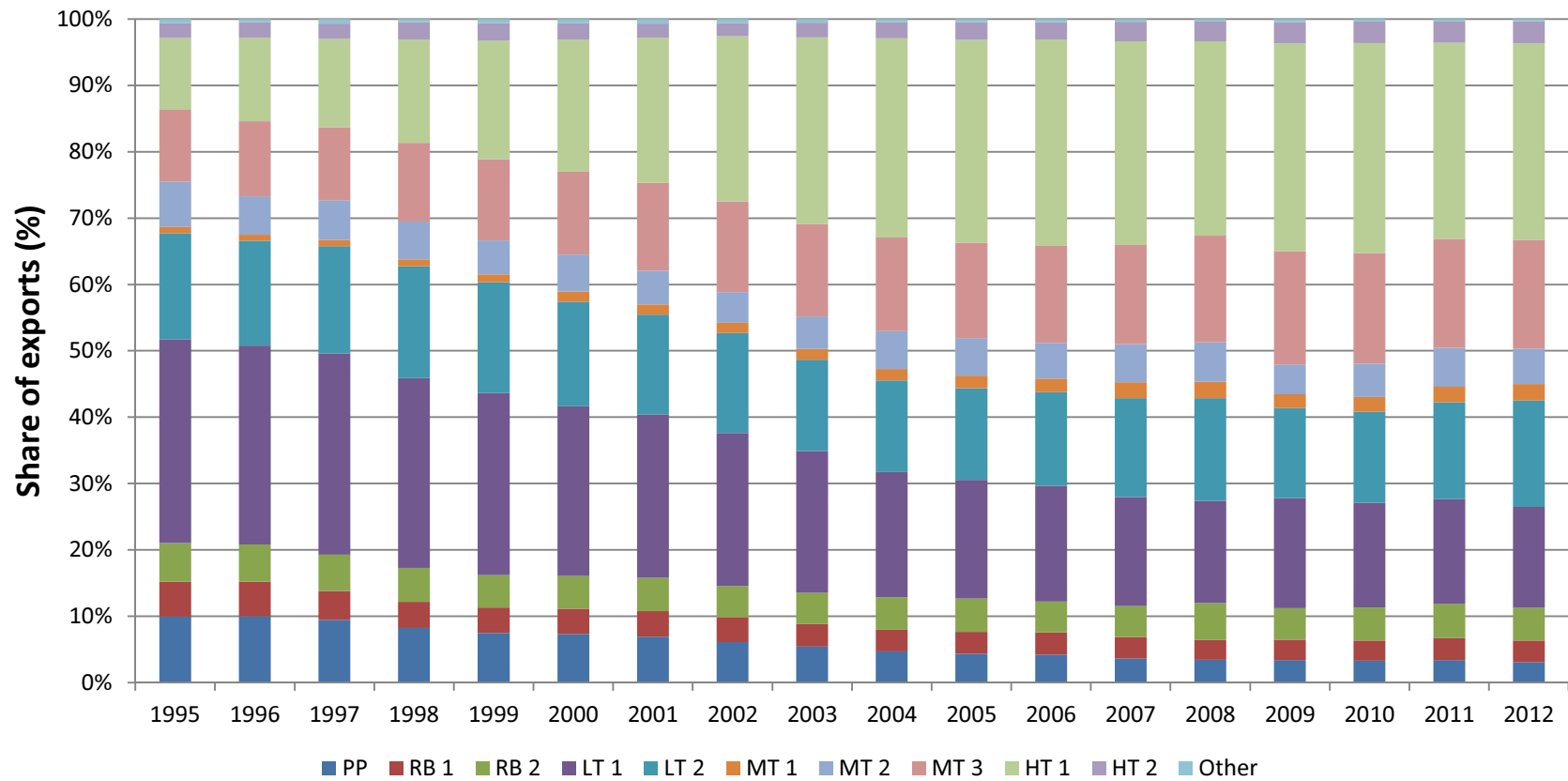
Vietnam....

Vietnam Exports by Technology Classification, 1995-2012



China.....

China Exports by Technology Classification, 1995-2012



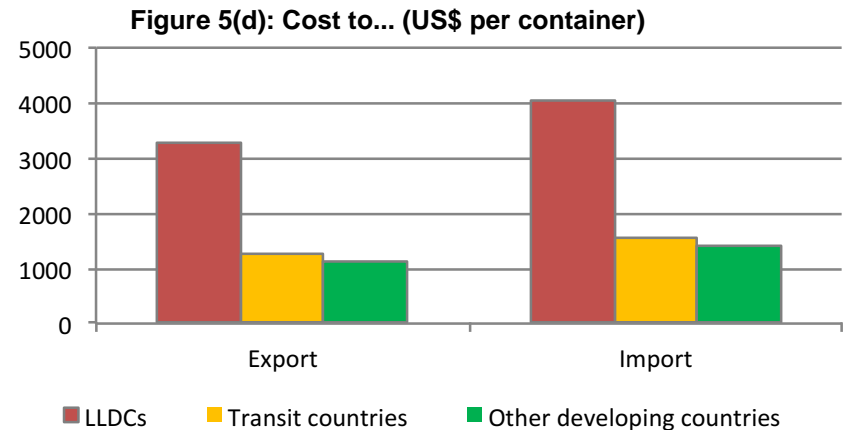
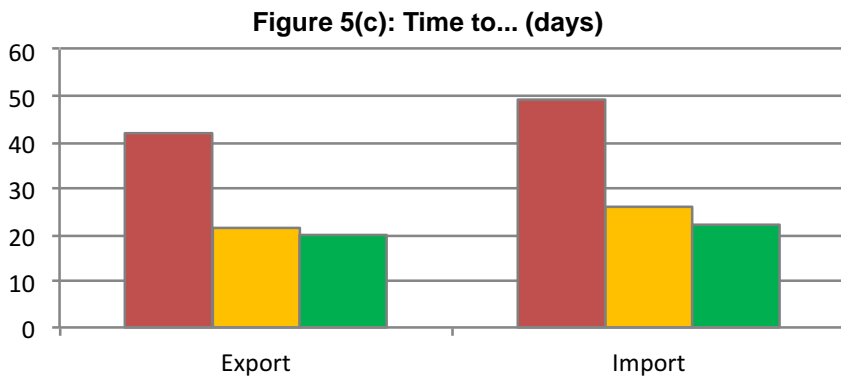
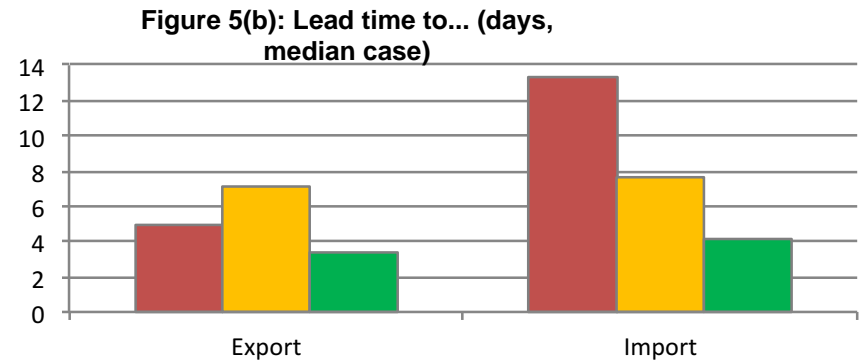
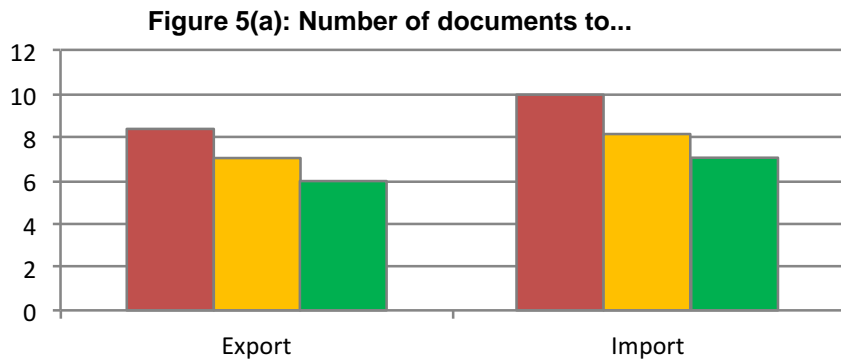
III. Challenges & areas for policy action

- Trade facilitation
- Infrastructure
- Trade and investment policies
- Productive capacities
- Institutions



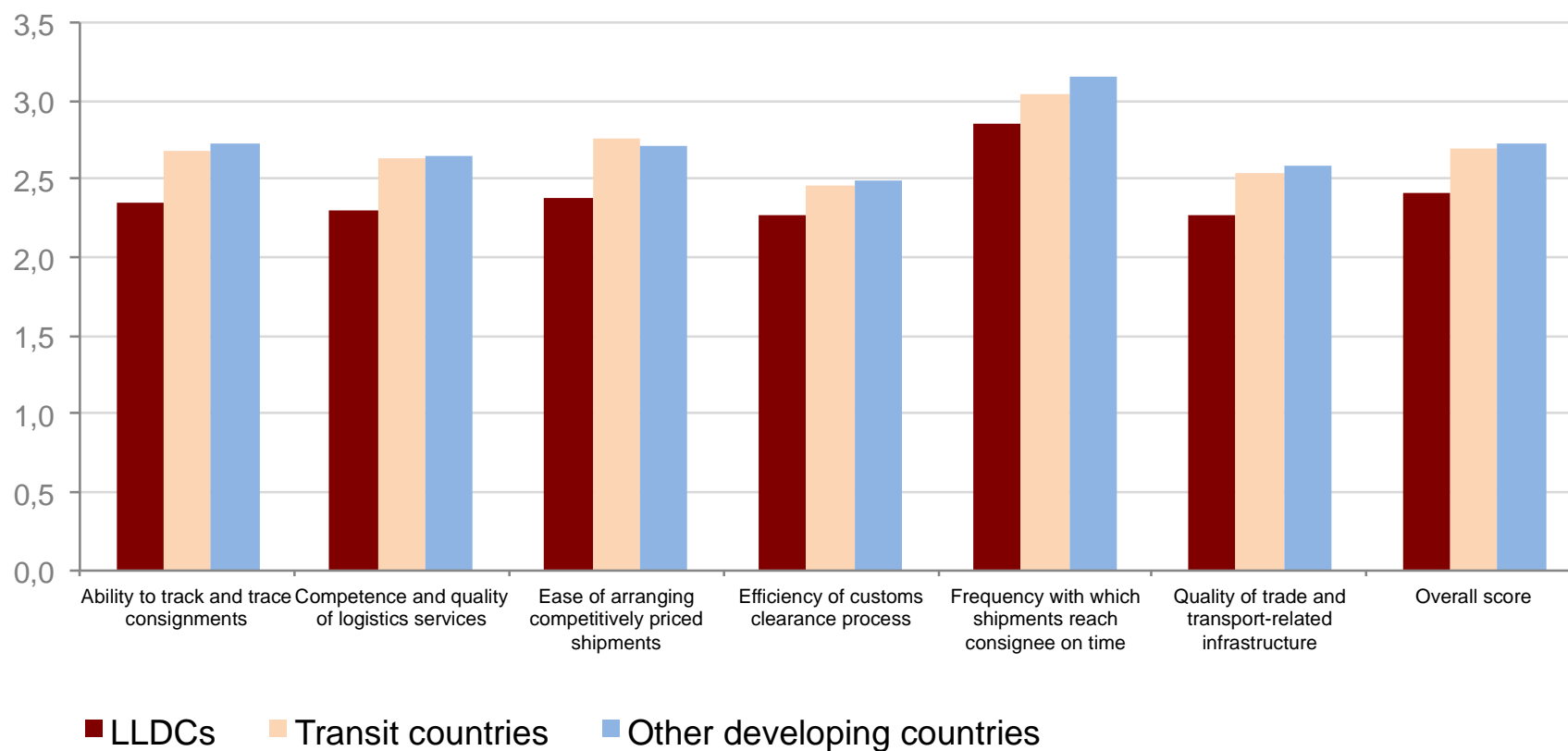
II. Trade Facilitation

i....Ease of trading across borders for LLDCs....



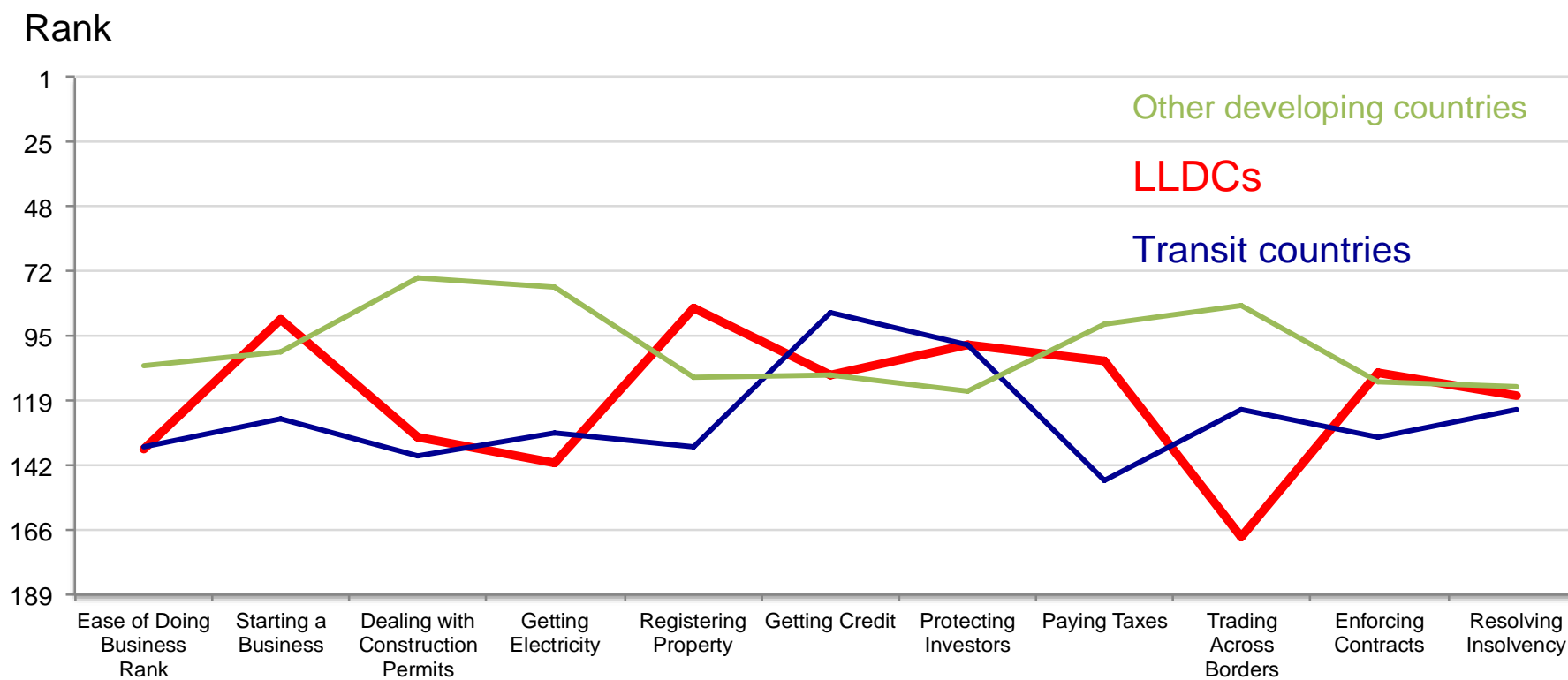
II. Trade Facilitation

ii....Logistics Performance Index for LLDCs....



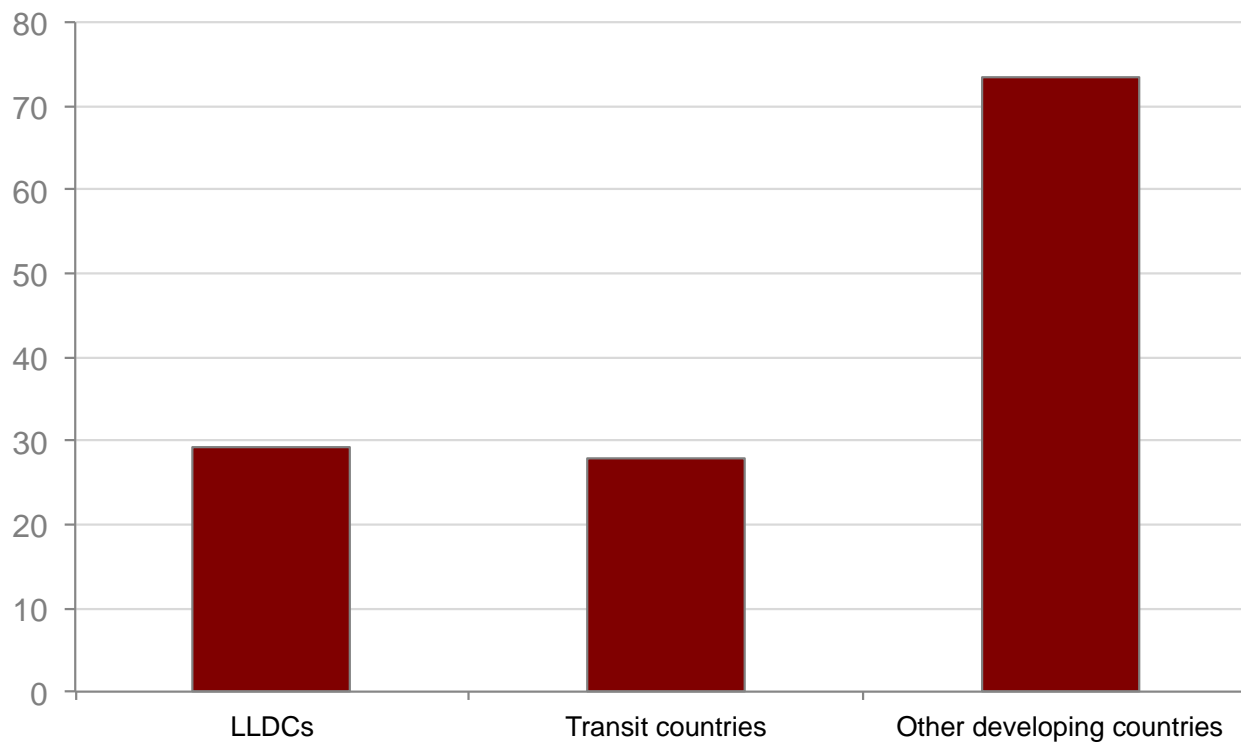
II. Trade Facilitation

Ease of Doing Business



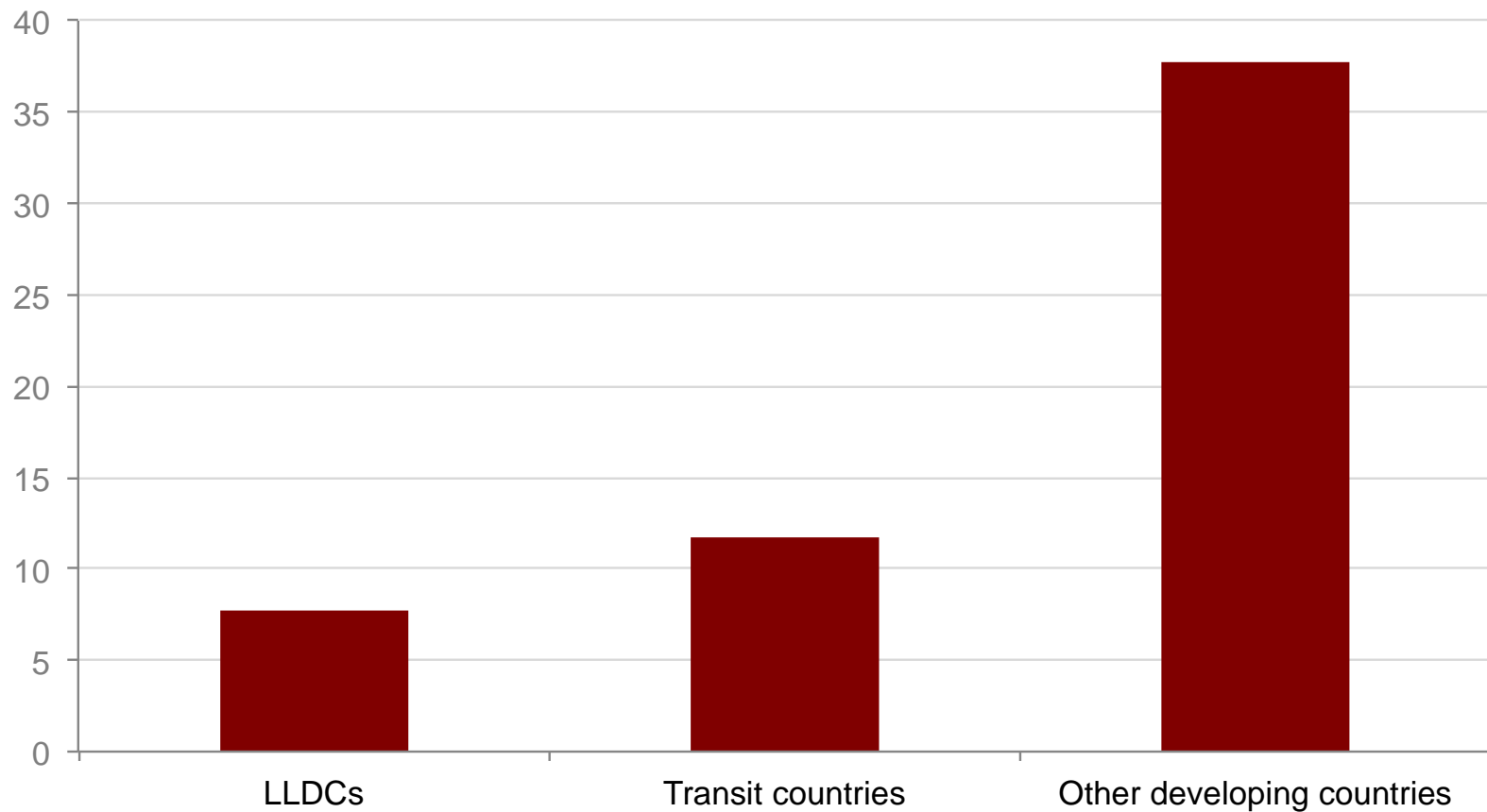
II. Infrastructure

Roads, paved (% of the total roads)



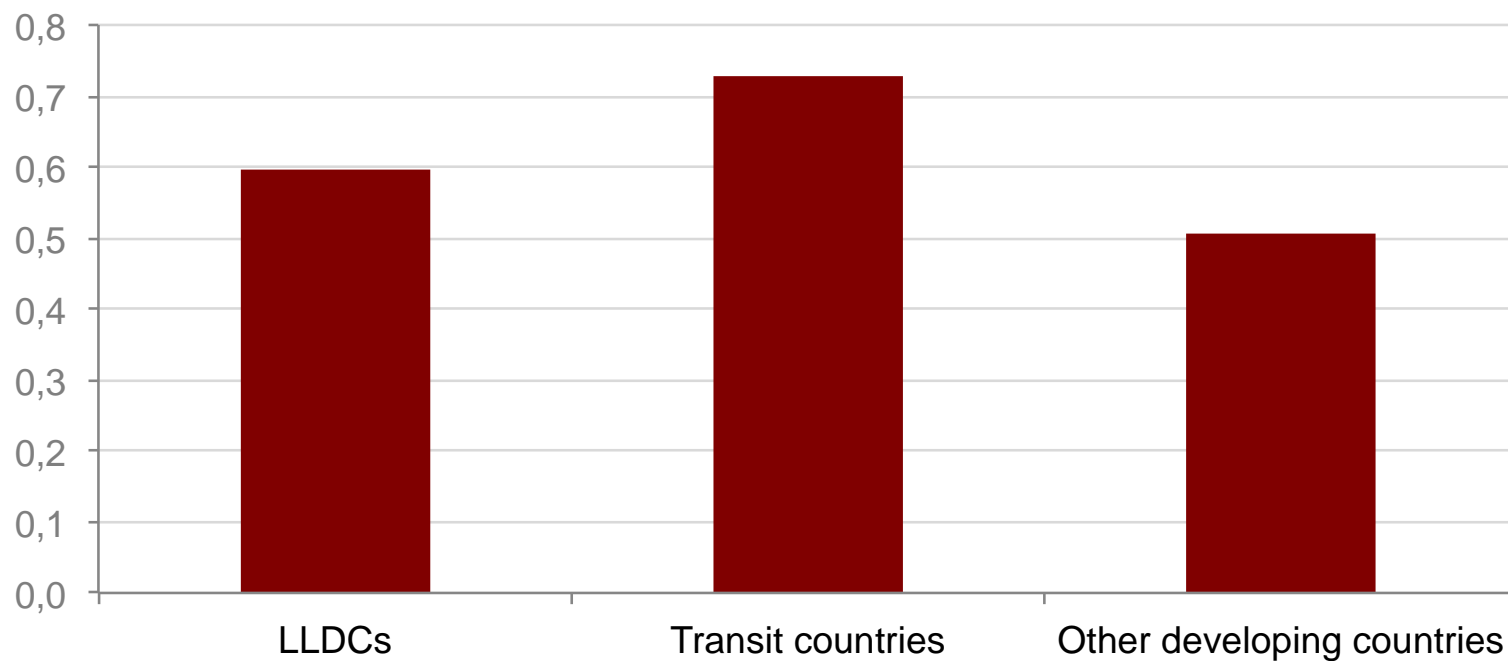
II. Infrastructure...

Median Road density (km of road per 100 sq.km of land area)



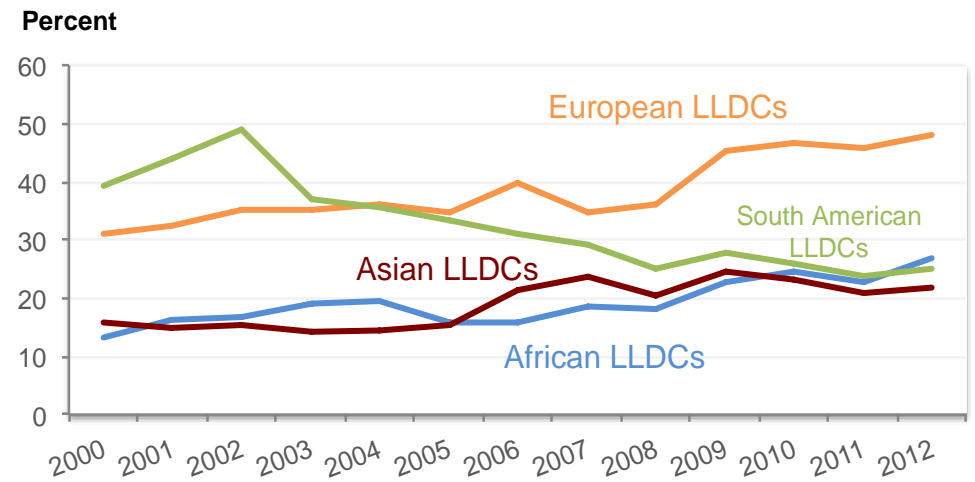
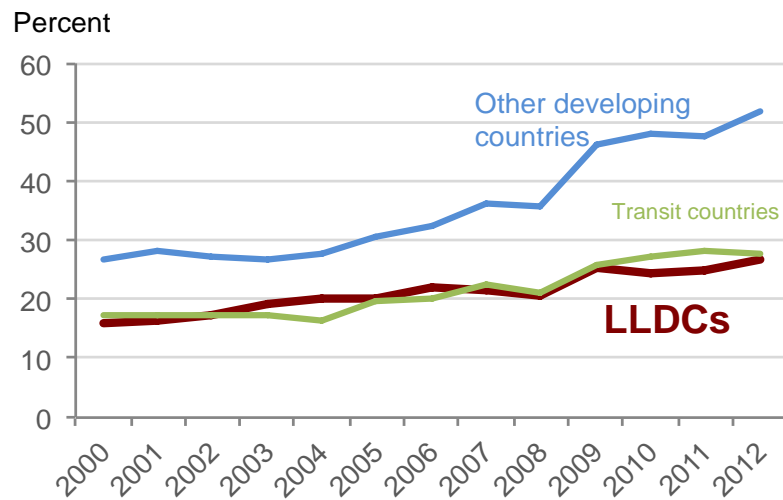
II. Infrastructure...

Median Rail density (Rail lines per 100 sq.km)



Capital accumulation...

FDI Stock in selected country groups (% of



IV. Policy Conclusions and Recommendations

- Commodity-based policies ;
- Facilitate investment inflows to sectors of development interest;
- Encourage or enhance the role of the private sector (domestic);
- Foster industrialization, value addition & diversification;
- Build productive capacities and acceleraerate structural economic transformation;
- Address main constraints on doing business;
- Take advantages of RVCs and GVCs by carefully examining regional and global supply and demand chains along exports of their strategic interest;