



**Peer Review Meeting on the Commodities and Development Report 2017:  
Commodity Markets, Economic Growth and Development  
30 June - 1 July 2016, Palais des Nations, Geneva**

**Background**

The purpose of the meeting is to review the preliminary outline and draft material that will form the joint UNCTAD-FAO Publication entitled *Commodities and Development Report 2017: Commodity Markets, Economic Growth and Development*.

After the commodity price boom of the 2000s and a prolonged period of excessive price volatility, commodities prices started a downward trend in 2011. The publication will focus on the role of commodities in development, focusing particularly on commodity dependence and the role of commodity price trends and fluctuations on economic growth, development and poverty.

UNCTAD and FAO have produced/commissioned a series of background working papers on thematic areas and case studies. The work focuses on:

- (i) Commodity dependence and human development (J. Nkurunziza and K. Tsowou);
- (ii) Long-term movements of commodities prices and revisiting the Prebisch-Singer hypothesis (D. Hallam); and,
- (iii) A simulation of the impact of commodities prices on growth and poverty based on a Computable General Equilibrium (CGE) model (M. Kuiper et al, LEI).

This analysis is complemented by a series of case studies that focus on the role of specific commodities on economic growth, poverty, and social development. These case studies are not limited to commodities that give rise to commodity dependence in the traditional sense (i.e. commodities represent a large share of export revenues in a country). Food staples are also included and the macro and micro-economic channels through which they affect growth and poverty are explored. The case studies focus on:

- (iv) Oil in Nigeria (M. Chérel-Robson);
- (v) Nickel in Indonesia (K. Terauds);
- (vi) Diamonds in Botswana and Sierra Leone (T. Boel);
- (vii) Copper in Zambia (R. Perez);
- (viii) Soybean in Argentina and Brazil (E. Bianchi);
- (ix) Rice in Bangladesh (KAS Murshid);
- (x) Sorghum in Mali (J. Vitale);
- (xi) Diversification in Costa Rica (Ferreira, Garcia-Fuentes, and Ferreira);
- (xii) Cotton in Burkina Faso (J. Vitale); and,
- (xiii) Cocoa in Ghana (M. Vigneri).

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In this peer-review meeting, direct contributors to the report are invited to present their papers and all participants, including resource persons, are invited to share their constructive feedback on the publication's form and content. The comments will serve to enrich the thematic debate and will be taken into consideration by the lead writers in finalizing the publication.

The draft content of the publication and the background working papers will be shared with participants in this peer review meeting as a way of eliciting their constructive comments. The material will fill in the draft outline, provided below.

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## **Draft Outline of Commodities and Development Report 2017: Commodity Markets, Economic Growth and Development**

### **1. Introduction *(yet to be written)***

The introduction will discuss the relationship between commodity dependence, growth and development viewed from both commodity dependence and price perspectives. It will examine the mechanisms through which commodity prices have affected growth and development in commodity-dependent developing countries (CDDCs) and other developing countries where economies depend on food staples.

The introduction will include a discussion of the role of commodity prices focused on the mechanisms through which commodity dependence and prices have historically affected growth and development, including:

- a. the role of terms of trade and fiscal effects, and the importance of exchange rate regimes
- b. the impact on other macroeconomic variables, such as government spending, employment and wages; and
- c. the impact on poverty.

### **2. Commodity dependence, growth and development (based on J. Nkurunziza and K. Tsowou, draft shared)**

The chapter discusses the concept of commodity export dependence and introduces the concept of import dependence. The chapter explores the relationship between commodity dependence and human development considering both export and import dependence, using disaggregated data covering the period from 1995 to 2013.

### **3. The role of commodities prices on growth and development: a simulation analysis (based on M. Kuiper et al., draft shared)**

This chapter explores the implications for future economic growth and poverty of different commodity price trajectories through scenario analysis. Through a global computable general equilibrium model, the chapter will present scenarios based on changes of the key variables driving commodity prices.

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#### **4. Revisiting Prebisch-Singer hypothesis (Chapter III, based on D. Hallam, draft shared)**

The recent commodity price boom spurred renewed interest in the Prebisch-Singer hypothesis of deteriorating terms of trade of commodities relative to manufactures. This chapter will review the data, the theoretical basis for the hypothesis, and the empirical evidence for its validity or otherwise.

#### **5. Case studies (draft case studies shared both in the form of summaries and background working papers)**

This section will seek to show whether or not economic growth, poverty reduction, and social development are related to commodities prices by reviewing several country and product case studies.

Case studies will include an examination of the policies that either amplified or limited the effects of price changes on economic growth, the role of institutions, the effects of commodities prices on poverty, food security and nutrition; and the implications of these findings for future economic growth. Case studies will explore these issues highlighting the differences between agricultural and food commodities on one hand, and energy, minerals, ores and metals on the other hand. Agricultural case studies will also include a discussion on whether or not the nature of production (concentrated among smallholders or in plantation-style systems) affected either the rate or the distribution of economic growth.

#### **6. Conclusion (yet to be written)**

This section will summarize the findings and articulate the implications for policy making in commodity-dependent developing countries.

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## Draft Agenda

### Day 1

**10:00-10:30**

#### **Item 1: Opening Remarks**

Samuel Gayi, Head, Special Unit on Commodities, UNCTAD

George Rapsomanikis, Senior Economist, Trade and Markets Division, FAO

**10:30-13:00**

#### **Item 2: Presentation of the draft report and thematic background studies**

- 2.1. Outline and Scope of publication ((J. Nkurunziza and G. Rapsomanikis)
- 2.2. Commodity Dependence and Human Development (J. Nkurunziza & K. Tsowou)
- 2.3. Revisiting the Prebisch-Singer Hypothesis: Long-term Trend in Commodities Prices and the Future of CDDCs (D. Hallam, presentation by G. Rapsomanikis)

Discussion

**13:00-14:00**

Lunch time

**14:00-15:30**

#### **Item 3: Presentation of Case Studies: Agriculture**

- 3.1. Soybean Prices, Economic Growth and Poverty in Argentina and Brazil (E. Bianchi & C. Szpak)
- 3.2. Growth through Pricing Policy: The Case of Cocoa in Ghana (M. Vigneri and S. Kolavalli)
- 3.3. The Economic Importance of Cotton in Burkina Faso (J. Vitale)

Discussion

**15:30-16:00**

**Coffee break and informal interactions**

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**16:00-17:30**

**Item 3 (continued): Presentation of Case Studies: Agriculture**

- 3.4. The Role of Prices in Growth, Agricultural Productivity and Food Security: Sorghum in Mali (J. Vitale)
- 3.5. The Importance of Rice for Economic Growth and Poverty Reduction in Bangladesh (K. Murshid)
- 3.6. The Successes and Shortcomings of Costa Rica's Export Diversification Policies (Ferreira, Garcia-Fuentes, and Ferreira, presentation by C. Baldin)

Discussion

**Day 2**

**10:00-12:00**

**Item 2: Presentation of the draft report and thematic background studies (continued)**

- 2.4. Exploring Growth and Poverty Effects of Agricultural Price Changes (M. Kuiper)

**Item 4: Presentation of Case Studies: Energy, Minerals, Ores and Metals**

- 4.1. Local Content as a Catalyst for Development? The Case of Oil in Nigeria (M. Chérel-Robson)
- 4.2. Betting the Mine: Indonesia's Mineral Export Ban Gamble and the Case of Nickel (K. Terauds)
- 4.3. Policy and Institutional Gaps Affecting the Management of Copper Resources in Zambia (R. Perez)
- 4.4. Diamonds in Botswana: The role of Institutions in Mitigating the Impact of Commodity Dependence on Human Development (T. Boel)

Discussion

**12:00-13:00**

**Item 5: Debate on the Draft Commodities and Development Report**

**13:00-14:00**

**Lunch Break**

**14:00-15:30**

**Item 5 (continued): Debate on the draft Commodities and Development Report**

**15:30-16:00**

**Concluding Remarks and Closing of the Peer Review Meeting**

**16:00-17:00**

**Coffee Break and Informal Interactions**

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