

**73rd session of Trade and Development Board  
5-7 September 2016**

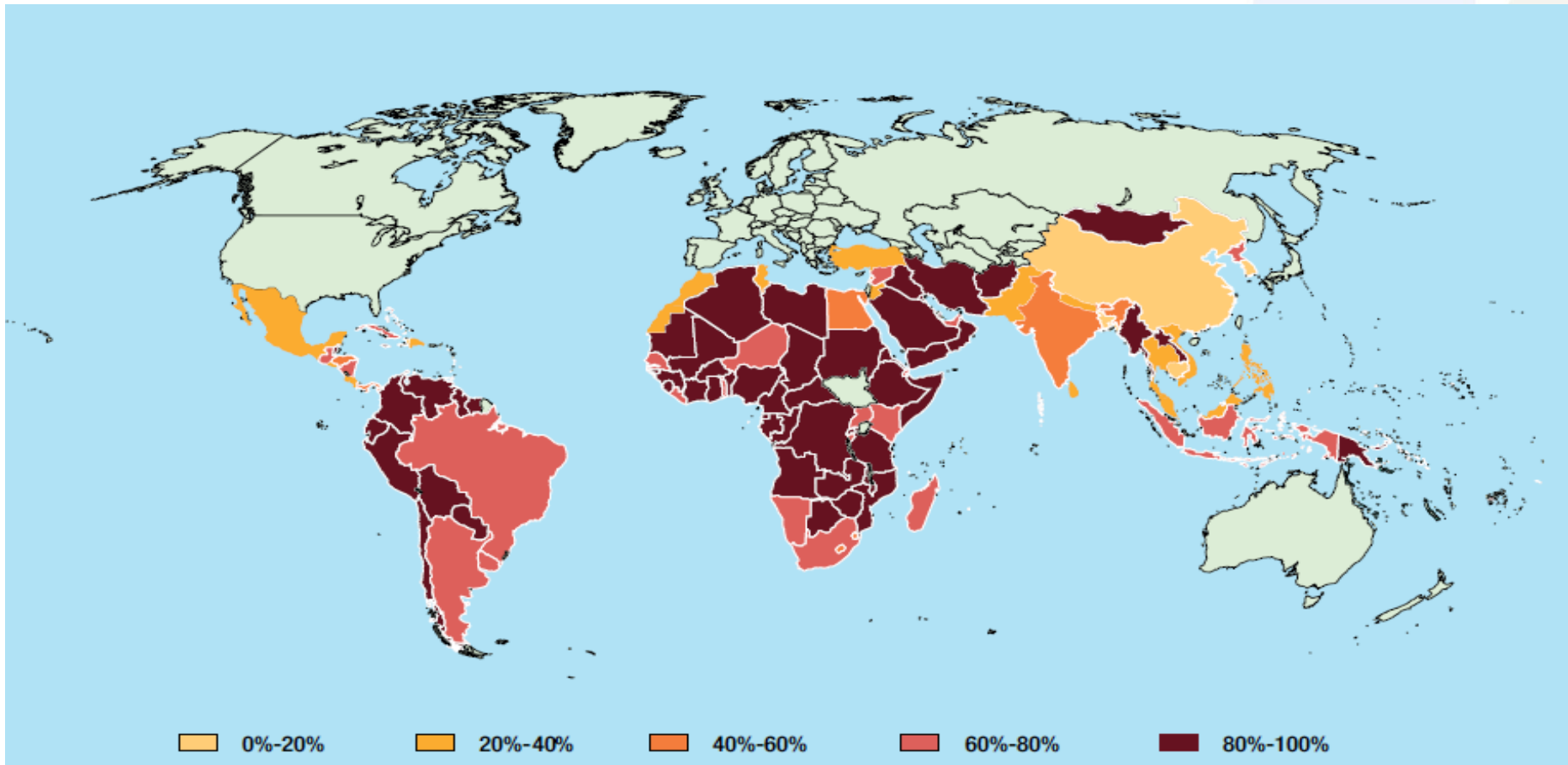
**Agenda item 3: Review of the technical cooperation  
activities of UNCTAD and their financing**

**Special Unit on Commodities  
(SUC)**

**Yanchun Zhang**



# High level of commodity dependence across the developing world



✓ Source: UNCTAD, State of commodity dependence 2014

✓ Note: Commodity export dependence is measured as the ratio of primary commodity exports (agricultural products; minerals, ores and metals; and, oil) to total merchandise exports in value term

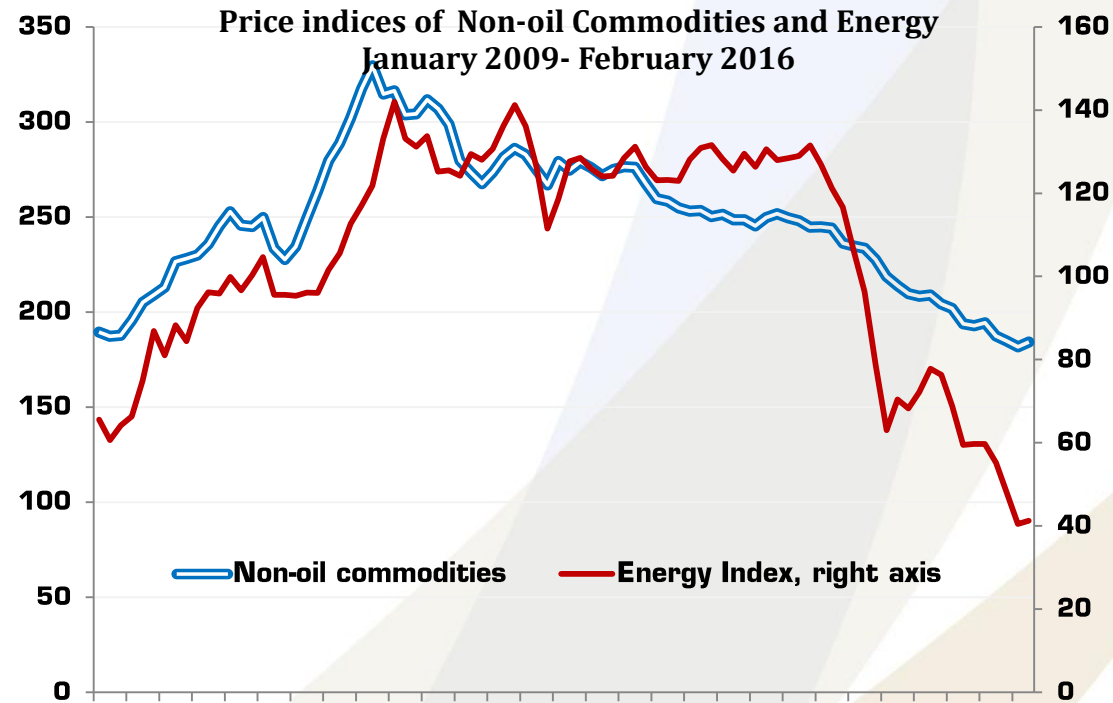
---

## **A Harsh Reality: Commodity Booms & Busts**

- **Latest commodity boom: 2003-2011;**
- **Overall price decline since 2011;**
- **Commodities can fuel growth & contribute to poverty reduction;**
- **But note the challenges:**
  - **Price volatility**
  - **Maximizing development gains**
  - **Diversification**
  - **Integrating Global value chains (GVCs)**

# Commodity market overview

- Prices of non-oil and energy commodities under downward pressure
- Key driving factors:
  - *oversupply*
  - *lacklustre global economic conditions*
  - *strong US Dollar*



0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160

- ✓ Source : Data from UNCTADStat (Non-oil Commodities) and WB (Energy)
- ✓ Notes : Indices of Non-oil Commodities (2000=100), Energy (2010=100)

---

## **Falling commodity prices and challenging environment for CDDCs**

**Falling commodities prices :**

- **Huge challenges for various stakeholders in the raw commodity sector, especially in CDDCs**
- **Particularly damaging for countries where governments have poorly anticipated the reversal of the upward price trend after almost a decade-long boom :**
  - **Worsening fiscal position,**
  - **Increasing debt vulnerability and sovereign risk**
  - **Deteriorating current account balance**
  - **Depletion of foreign reserves**

---

## Aim of SUC's Technical Cooperation Activities

- To **improve the capacity** of commodity-dependent developing countries to harness development gains from their commodity production and exports;
- To **enhance international cooperation** to addressing trade and development challenges associated with the commodity economy (e.g. food security, poverty reduction, sustainable development and etc.).

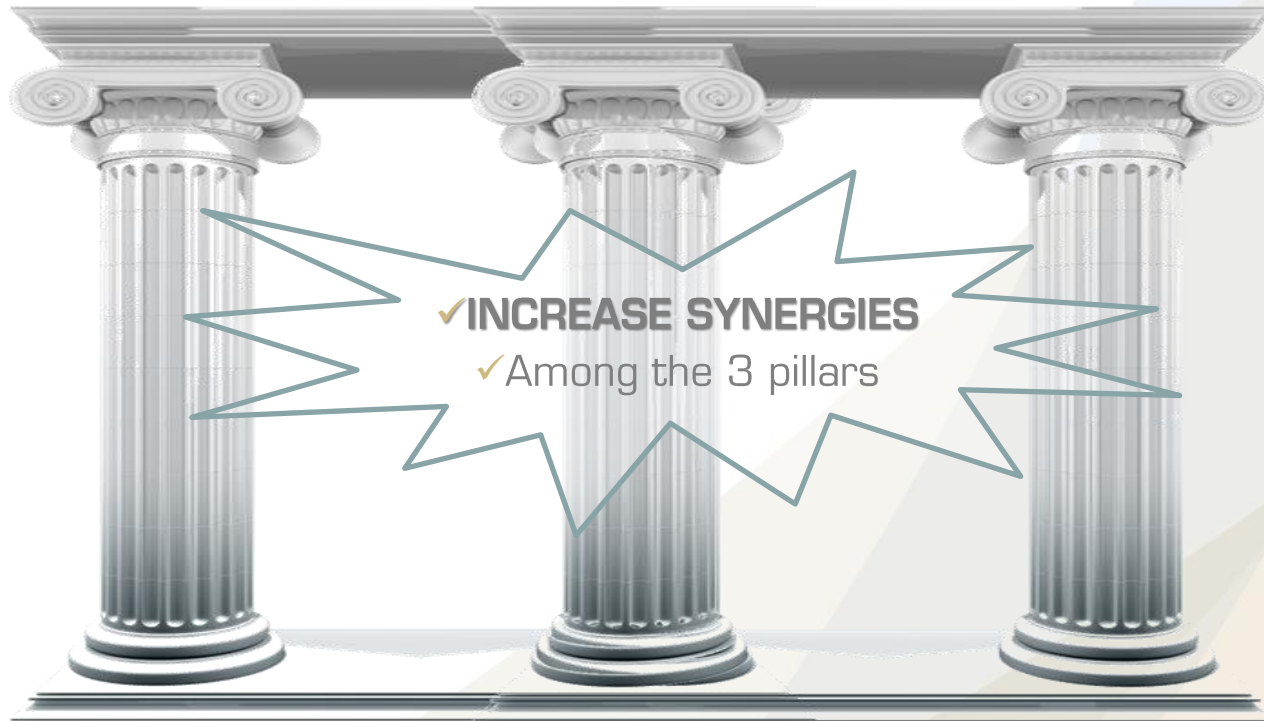
---

# Major Deliverables on Commodities SUC - UNCTAD

✓ **Research  
and analysis**

✓ **Consensus  
building**

✓ **Technical  
cooperation**



# 3<sup>rd</sup> pillar: Technical Cooperation

## ✓ Technical cooperation focus areas



✓ **Market Information Services**  
✓ Infocomm

✓ **Global Commodities Forum**

✓ **UN development account**  
✓ (9<sup>th</sup> tranche)

✓ **UN development account**  
✓ (10<sup>th</sup> tranche)

✓ **Strengthening the capacity of the ECCAS to enhance domestic production linkages from the mineral resources sector**

✓ **Improving the value-added of cotton by-products in Eastern and Southern Africa**

✓ **Iron Ore Trust Fund Project**

✓ **Africa OILGASMINE**



## "Market information in the commodities area" project – INFOCOMM

- **Outputs:** The INFOCOMM project updates and disseminates information on a list of commodity products.
- **Results:** In 2015, the INFOCOMM webpage was updated with 11 selected agricultural products: [banana](#), [cocoa](#), [coconut](#), [coffee](#), [cotton](#), [gum Arabic](#), [mango](#), [palm oil](#), [pineapple](#), [soy beans](#), and [tea](#). Each commodity profile includes information and analysis on
  - a) sources, cultivation, harvesting, processing and transporting;
  - b) varieties, nutritional properties, pests and diseases, environmental and social impacts;
  - c) production, consumption, exports, imports, trade agreements and disputes;
  - d) factors affecting supply and demand, historical prices, and price outlook;
  - e) market structure, public and private standards, and niche markets; and
  - f) useful links on statistics, international organizations and associations, latest news and partners.
- **Updates:** The profiles will be made available online in English, French and Spanish.

---

## Global Commodities Forum (GCF)

- **Outputs:** UNCTAD launched in March 2010 the inaugural GCF. The forum provides a multi-stakeholder platform to debate policy challenges faced by CDDCs.
- **Results:** UNCTAD organized the sixth Global Commodities Forum in Geneva on 13-14 April 2015 under the theme “**Trade in Commodities: Challenges and Opportunities.**” Approximately 20 per cent of registered participants came from developing countries.
- **Updates:** The 2016 GCF, co-organized with ComSec and FAO, took place in Nairobi on 15-16 July 2016 under the theme “**Breaking the Chains of Commodity Dependence.**”

---

## Trust Fund on Iron Ore Information

- **Outputs:** The *Iron Ore Market Report* contains updated information on iron ore production, trade and prices. *Iron Ore Statistics* contains worldwide and country-specific data for iron ore production, exports, imports and prices.
- **Results:**
  - The *2015 Iron Ore Market Report* covers developments in the iron ore and steel markets in 2014, an overview for 2015-2016, and as well as country, company and project information.
  - The *Iron Ore Statistics Database* replaces former printed publications of the Iron Ore Statistics, and is accessible from the UNCTADSTAT portal. The data dates back as far as 1970 with the latest for October 2015, covering 119 countries and more than 150 ready-to-use analytical country groupings.
- **Updates:** The *2016 Iron Ore Market Report* is forthcoming in September 2016, and the *Iron Ore Statistical Database* will be updated soon after.

# Africa Oil, Gas and Minerals Trade and Finance Conference and Exhibition (OILGASMINE)

---

- **Outputs:** The UNCTAD's 17th OILGASMINE was held in Khartoum, Sudan, from 23 to 26 November 2015 under the theme, “*Extractive industries and sustainable job creation*”. The conference was attended by more than 700 participants.
- **Key outcomes:**
  - a call for strengthening local, national and regional institutions and developing a comprehensive policy framework to promote sustainable job creation;
  - a call for promotion of local content through innovative finance, training and capacity building, technology transfer, and South-South cooperation to achieve sustainable job creation;
  - a call on policymakers to mainstream gender and intergenerational considerations in the policy making process and close the gender equality gap, in particular in the extractive industries.
- **Updates:** Plan of organizing future OILGASMINEs in other regions.

---

## Funding Challenges and Opportunities

- Extra-budgetary resources diminished, after the completion of the European Union (EU) funded All ACP Agricultural Commodities Programme (AAACP), in December 2011.
- As such, during current reporting period, funding for technical cooperation programmes and projects in the area of commodities has been minimal.
- On the brighter side, two United Nations Development Account Projects:
  - 9<sup>th</sup> Tranche: “Strengthening the capacity of the Economic Community of Central Africa Member States (ECCAS) to enhance domestic production linkages from the mineral resources sector” (US\$ 641,000). Implementation started in 2015.
  - 10<sup>th</sup> Tranche: “Improving the value-added of cotton by-products in Eastern and Southern Africa” (US\$ 591, 000 ). Implementation started in 2016.

---

## Imminent Funding Gaps

- There are challenges of seeking steady and sufficient funding to continue extra-budgetary technical cooperation activities.
- Support is needed to responding to **incoming TC requests** in the area of commodities and development.

---

## Contact Info

**Ms. Yanchun Zhang**  
**Chief, Commodity Policy Implementation and**  
**Outreach Section**  
**Special Unit on Commodities**

- [yanchun.zhang@unctad.org](mailto:yanchun.zhang@unctad.org), Ext: 75790,
- [commodities@unctad.org](mailto:commodities@unctad.org), Office: E9022-24

# UNCTAD

PROSPERITY FOR ALL

[www.unctad.org](http://www.unctad.org)



UNITED NATIONS  
UNCTAD