

UN Trade and Development (UNCTAD)

Webinar on inclusive economic diversification and energy transition

7 May 2024, Bangkok - Geneva

**Commodities and Development Report 2023:
Inclusive Diversification and Energy Transition**

By

Clovis Freire

Chief, Commodity Research and Analysis Section

Commodities Branch, Division on International Trade and Commodities, UN Trade and Development (UNCTAD)

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Commodity and Development Report 2023:

Inclusive Diversification and Energy Transition

Clovis Freire

Chief, Commodity Research and Analysis Section

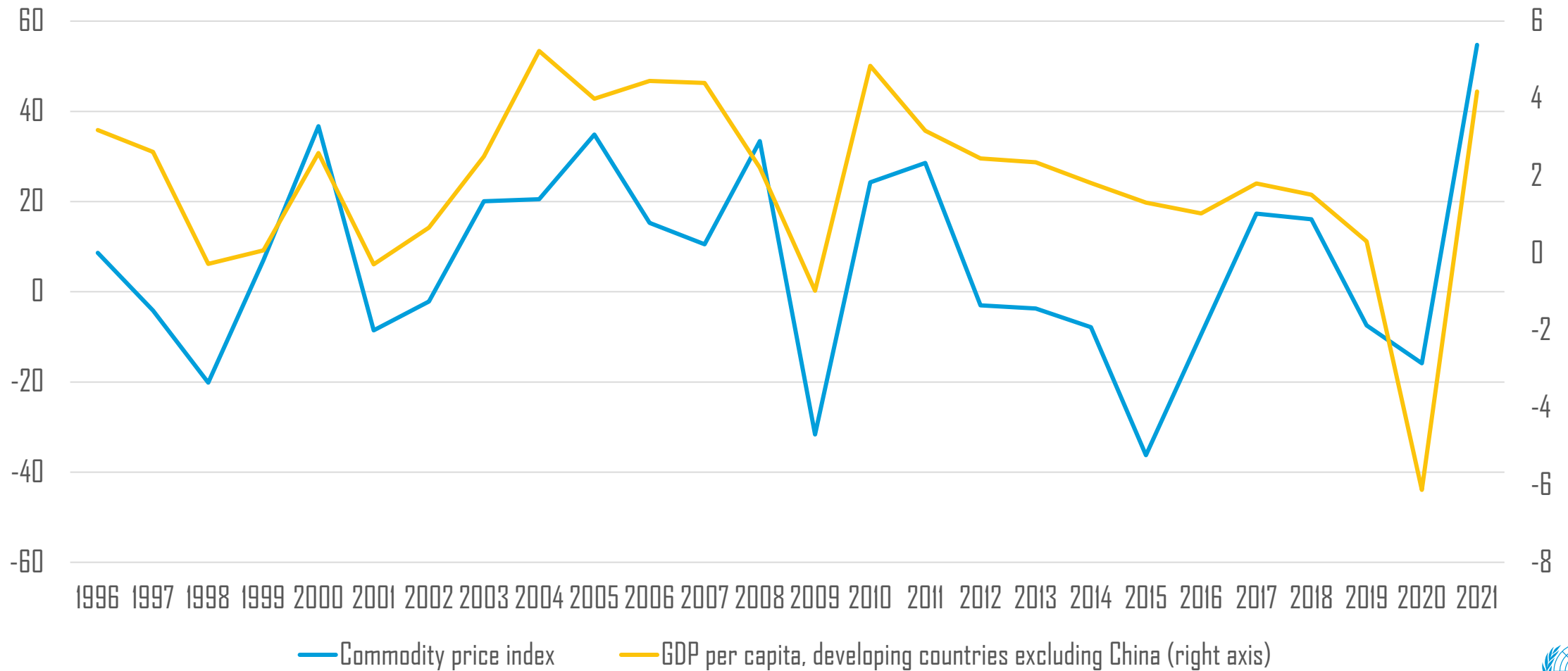
Commodities Branch, Division on International Trade and Commodities, UNCTAD

freire@un.org



Dependence on commodities is a matter of development

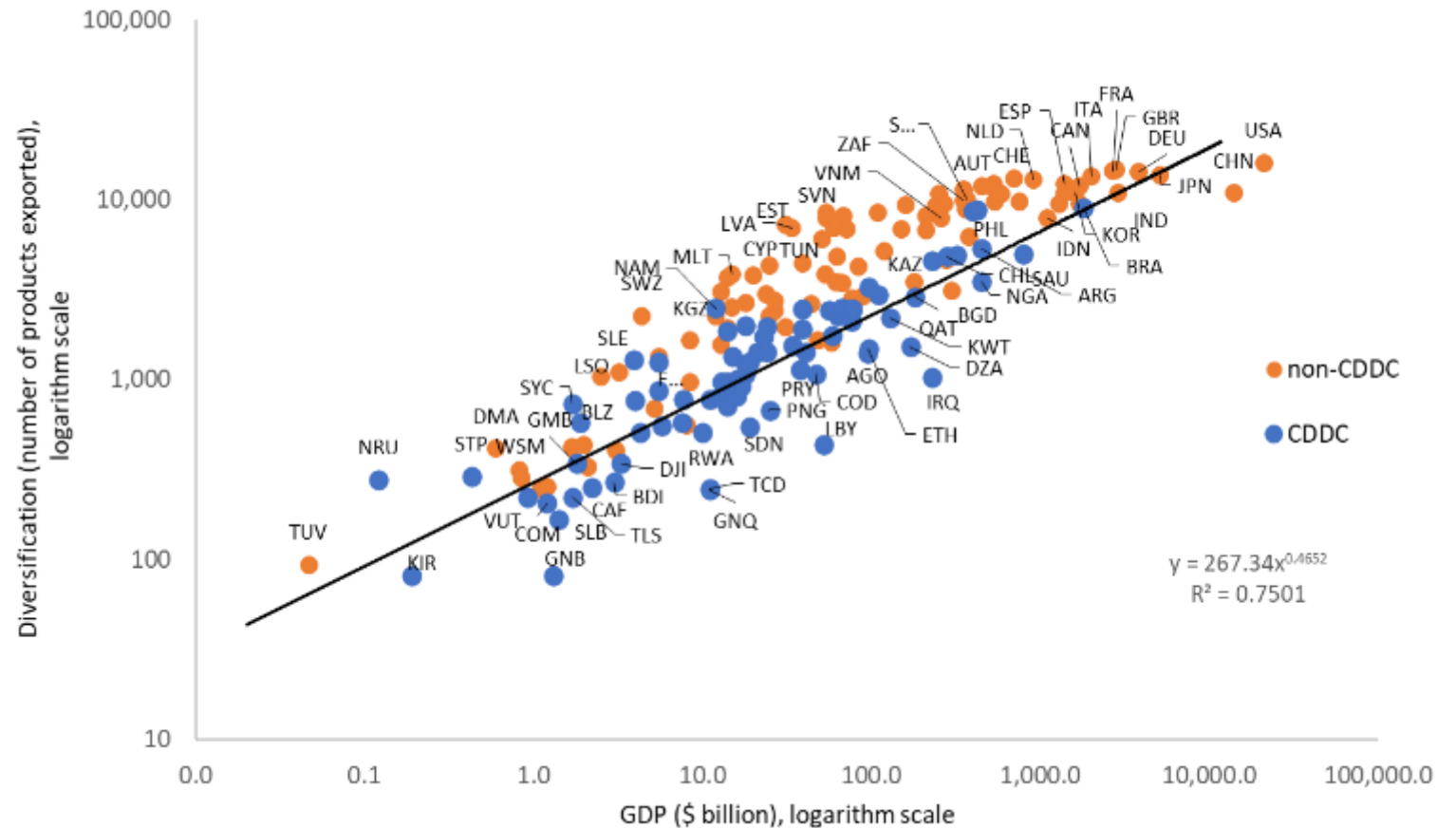
UNCTAD commodity price index and GDP per capita in developing countries, excluding China, 1996-2021 (annual % change)



Correlation coefficient = 0,62

The total output of an economy is associated with the diversification of exports

Association between diversification and total GDP, 2019



Source: Commodities and Development Report 2021. UNCTAD based on Freire (2019) and data from UN COMTRADE. Note: 2019 data, Number of products is based on SITC rev 3 5-digit data disaggregated by unit value as presented in Annex B – Data and methodology



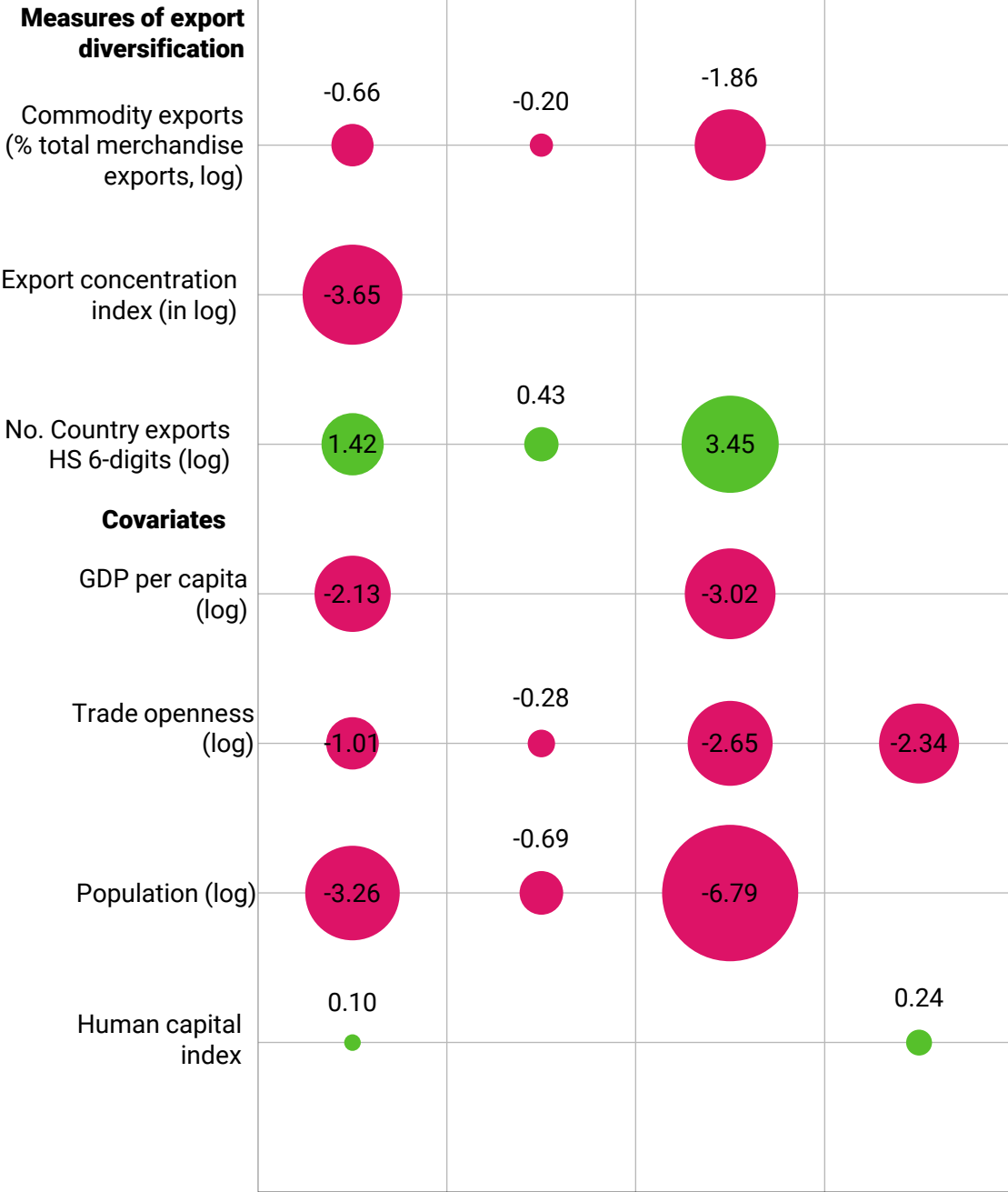


Diversification and income inequality

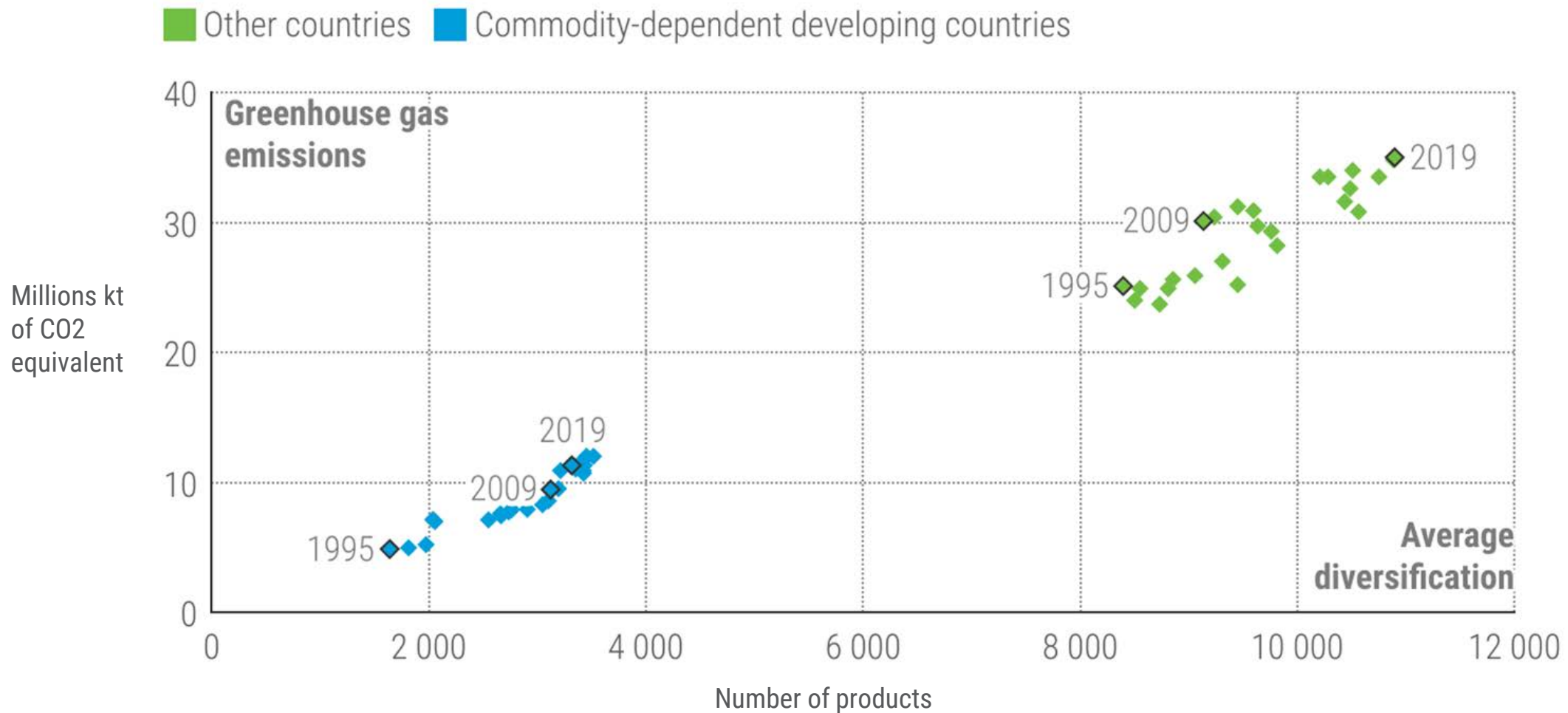
- Drawbacks if not accompanied by inclusiveness
- May widen within-country inequalities

Export diversification associated with greater inequality

- Econometric study covering **182 countries** over **20 years**
- Fixed effects model
- Data from UNU-WIDER and UNCTAD
- Results confirm that **export diversification** is associated with **greater inequality within countries**
 - **Robust to different measures** of income inequality and export diversification

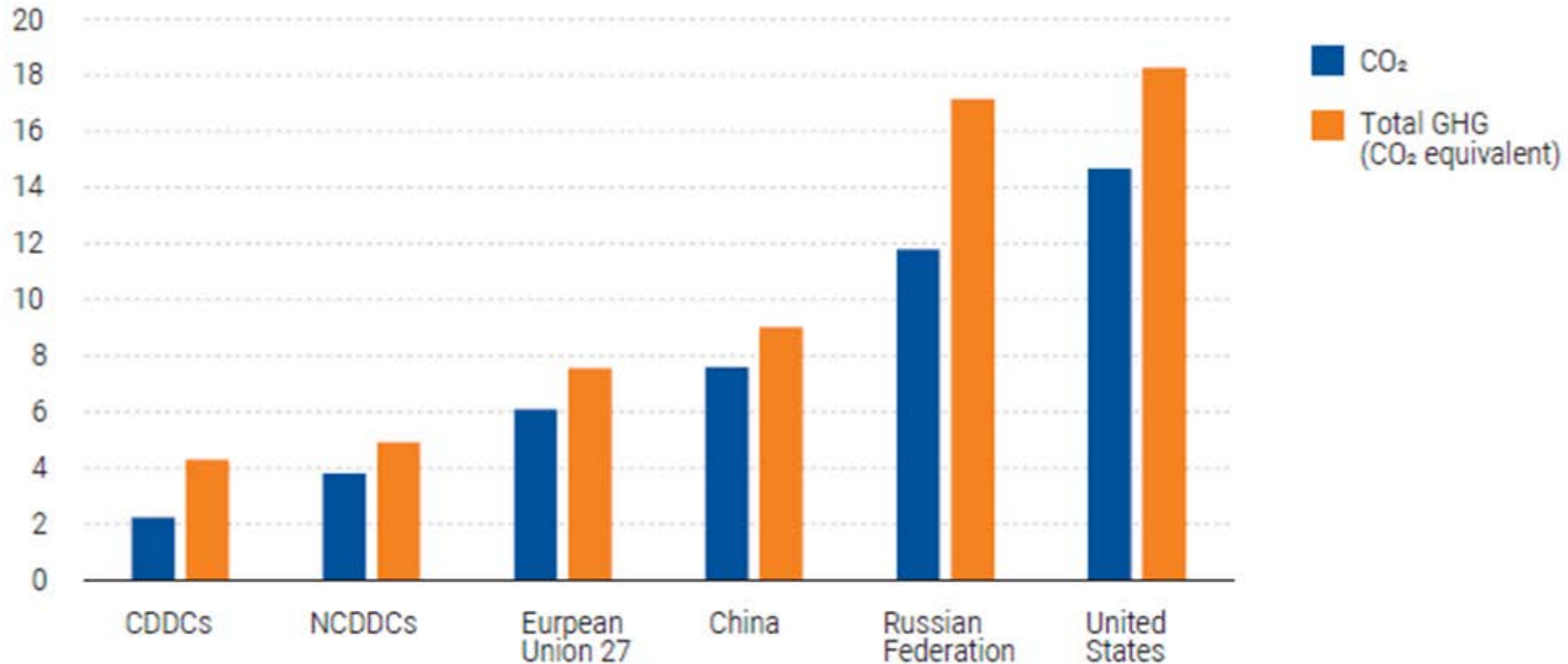


Diversification associated with high emission of GHGs: Countries need to diversify through a new low carbon-path



Commodity dependent developing countries have lower GHG emissions per capita

GHG emissions, metric tons per capita, 2019

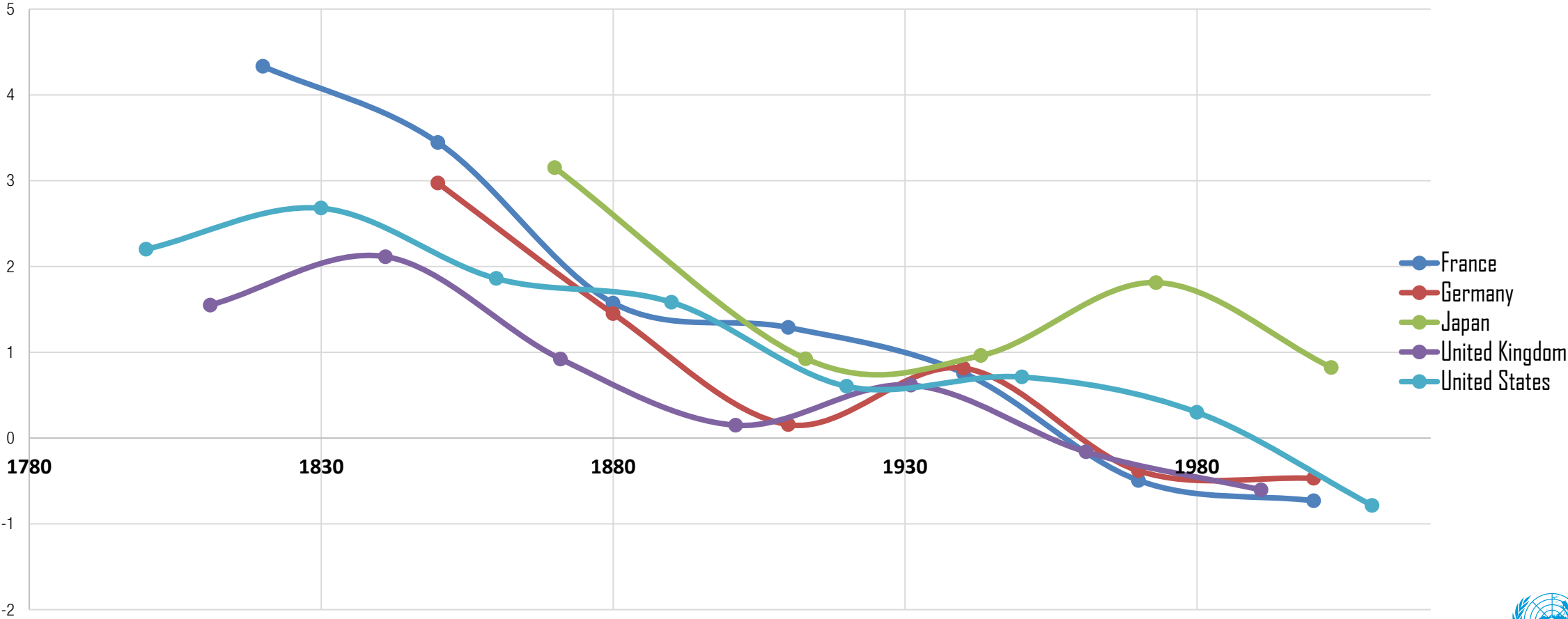


Source: UNCTAD based on data from UNCTADstat database and World Development Indicators.

Note: Values for country groups represent population-weighted averages.

Developed countries have economies that are less GHG-intensive; but this was achieved after centuries of high-GHG emissions

OUTPUT ELASTICITIES OF EMISSIONS BY EARLY INDUSTRIALIZERS



Source: Commodities and Development Report 2023.

Green industrial policies in CDDCs: Entry points



Agriculture-dependent

- Promote local processing
- Adopt digital and climate-friendly agricultural techniques

Fossil fuel-dependent

- Convert hydrocarbon assets into sustainable forms of capital
- Use sovereign wealth funds

Mineral-dependent

- Move up supply chains of critical mineral adding value domestically
- Uphold environmental, social and governance standards

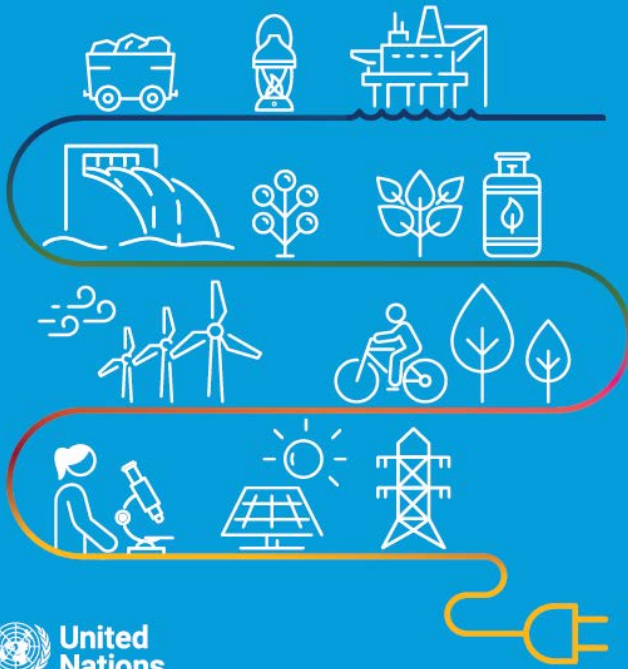
International support

- Help stabilize commodity markets
- Combat tax evasion and illicit financial flows
- Promote technology transfer and technical capacity-building
- Support the use stronger trade and investment measures
- Support energy transition and mitigate the consequences of stranded resources
- Provide adequate financial support

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

COMMODITIES &
DEVELOPMENT
REPORT 2023

Inclusive Diversification and Energy Transition



 **United Nations**
Geneva, 2023

Available on UNCTAD's website

https://unctad.org/system/files/official-document/ditccom2023d2_en.pdf


UNITED NATIONS
UNCTAD