

# United Nations Conference on Trade and Development

## **Multi-Year Expert Meeting on Commodities and Development**

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### **Commodities exports in times of pandemic: Implications for CDDCs**

By

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UNCTAD

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



# Commodities Exports in times of pandemic: Implications for CDDCs

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**Multi-Year Expert Meeting on Commodities and Development**

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# Outline

- Preliminary remarks
- Projections scenarii
- Results
- Discussion



## Preliminary remarks

- Main objective:
  - assess/identify possible impact of COVID-19 on exports of commodities (restricted products sample) from CDDCs to three major markets: *EU-27, China and the United States*
- Hybrid computational exercise based on *monthly trade data (ITC trademap + official releases)* comparable in scope to dynamic partial equilibrium models (not a forecast)
- Effects of the pandemic are quantified by comparing scenarii projections with benchmark projections
- Identification of COVID-19 effects only via imports (possible supply shocks are at best reflected in imports variations)



## Scenarii

- **Scenario 1:** the COVID shock is assumed to last until the end of August 2020 for China and the end of October 2020 for other destinations
- **Scenario 2:** the COVID shock is assumed to last until the end of October 2020 for China and the end of December 2020 for other destinations



# Results

Aggregate effects: by country groups (US\$ billion and %)

Country Group	Commodity Group	Scenario 1	Scenario 2
		<i>US\$ billion</i>	
ALL	Total	<b>-183</b>	<b>-193</b>
		<i>Share in total variation</i>	
Non-CDC	Total	40,4%	36,8%
Developed CDC	Total	2,5%	3,4%
<b>Developing CDC</b>	<b>Total</b>	<b>57,1%</b>	<b>59,8%</b>
	Agricultural products	0,6%	0,6%
Developed CDC	Energy	0,8%	1,7%
	Mining	1,1%	1,1%
	<b>Agricultural products</b>	<b>14,5%</b>	<b>20,5%</b>
<b>Developing CDC</b>	<b>Energy</b>	<b>39,9%</b>	<b>36,3%</b>
	<b>Mining</b>	<b>2,6%</b>	<b>3,0%</b>



# Results

Aggregate effects: variations with respect to benchmark (%)

Country Group	Commodity Group	Scenario 1	Scenario 2
ALL	Total	<b>-10.9%</b>	<b>-11.5%</b>
Non-CDC	Total	-11,2%	-10,8%
Developed CDC	Total	-2,8%	-4,0%
<b>Developing CDC</b>	<b>Total</b>	<b>-12,2%</b>	<b>-13,5%</b>
	Agricultural products	-6,8%	-6,8%
Developed CDC	Energy	-3,5%	-8,6%
	Mining	-1,9%	-1,9%
	<b>Agricultural products</b>	<b>-14,2%</b>	<b>-21,0%</b>
<b>Developing CDC</b>	<b>Energy</b>	<b>-12,6%</b>	<b>-12,1%</b>
	<b>Mining</b>	<b>-5,6%</b>	<b>-6,7%</b>



# Results

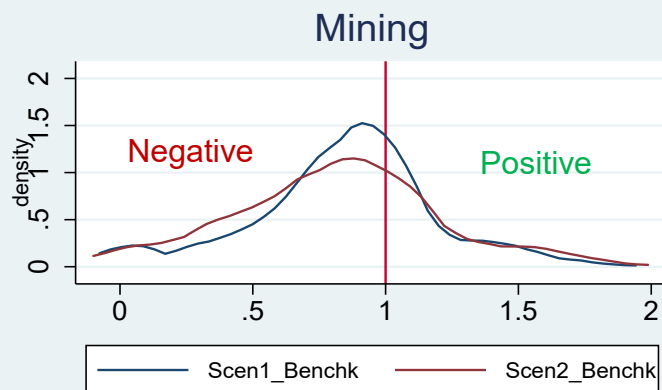
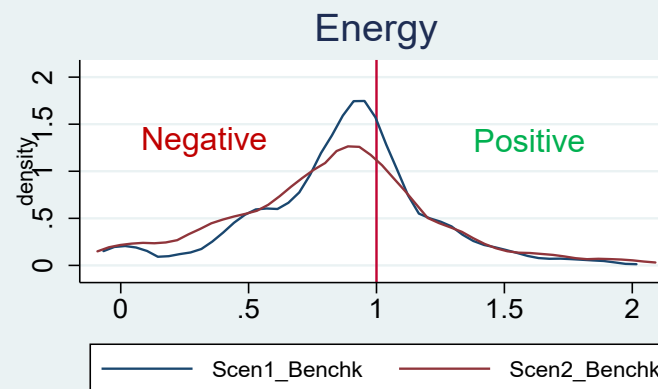
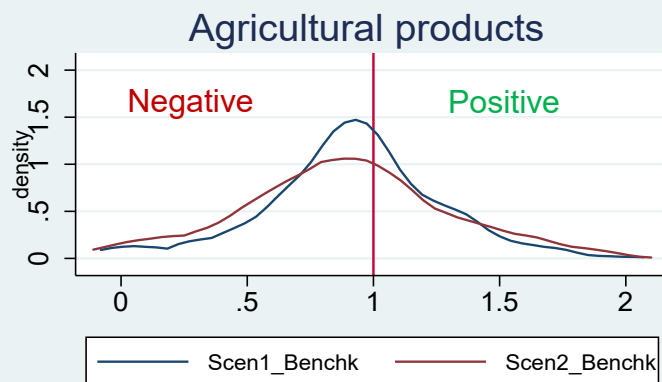
Growth rates (Sector-destination) with respect to 2019

Importer	Commodities	Benchmark	Scenario1	Scenario2
China	Energy	11	3	10
	Food	94	63	41
	Minerals and ores	18	7	3
	Raw agricultural	-17	-16	-14
EU27	Energy	-10	-26	-32
	Food	4	2	5
	Minerals and ores	-6	-12	-14
	Raw agricultural	-20	-17	-17
United States	Energy	-8	-33	-40
	Food	3	5	8
	Minerals and ores	-22	-19	-18
	Raw agricultural	-32	-34	-34



# Results

## Relative effects: countries distribution



kernel=epanechnikov, bandwidth=.1002

Heterogeneous effects:  
**higher** versus **lower**  
 exports with respect to  
 benchmark



## Results

- Most countries are expected to lose export revenues in 2020 both as compared to business-as-usual projections and with respect to 2019 performance
- African oil exporters are among the hardest hit both in absolute and relative terms ( i.e., Nigeria - minus US\$ 14 to 17.5 billion- and Ghana -minus US\$ 2.5 to 2.7 billion- )
- However, the impact on the commodity sector is disproportionately higher among smaller economies
- Countries such as Eswatini, Vanuatu, Saint Kitts and Nevis, Brunei Darussalam, the Gambia, Kiribati, Rwanda, Samoa, Grenada, Maldives and Fiji may see their exports revenues fall by at least 40 per cent



## Discussion

- The decline in export earnings represents a source of balance of payments disequilibrium especially for primary commodity exporters
- It would add to:
  - the decrease in FDI flows observed in 2020 (e.g. -18 % in Africa)
  - the decrease in remittances flows observed in 2019 (e.g. -0.5 % in SSAfrica) and projected to deepen in 2020 (e.g. -23 % in SSAfrica)
- These losses and the consequent macroeconomic tensions may have severe negative repercussions not only on debt reimbursements but also on governments' capacity to extend the public services needed to respond effectively to the crisis and eventually on the progress of post-COVID-19 recovery and resilience building efforts

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## References

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<https://unctad.org/webflyer/covid-19-and-commodities-assessing-impact-exports-commonwealth-countries>



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# Thank You

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# Appendix

